



# 1H 2010 Results ČSOB Group Czech Republic

The information contained herein is not for publication or distribution, directly or indirectly, in or into the United States of America. The materials do not constitute an offer of securities for sale in the United States, nor may the securities be offered or sold in the United States absent registration or an exemption from registration as provided in the U.S. Securities Act of 1933, as amended, and the rules and regulations thereunder.

**EU IFRS Unaudited Consolidated**

**Press Conference  
5 August 2010, 14:00 CET  
Radlická 333/150, Prague**



# Contents

1. Highlights

2. Analysis of underlying results

3. Analysis of business performance

4. Corporate social responsibility

Wrap-up

Appendix



## 1. Highlights



# ČSOB group results 1H 2010

## Highlights of underlying results

**Strong net profit growth:** +24% Y/Y on the underlying basis.

**Healthy operating profit:** +7% Y/Y (income +5%, expenses +2%) → cost/income ratio down to 41.6%.

**Decreasing cost of risk:** Impairment losses -30% Y/Y → credit cost ratio down to 0.75%.

**Solid business volumes:** Group deposits +2% Y/Y. Group lending -3% Y/Y.

**Ample liquidity:** L/D ratio down to 69.0%.

**Strong capital position:** Capital adequacy ratio up to 16.5%.

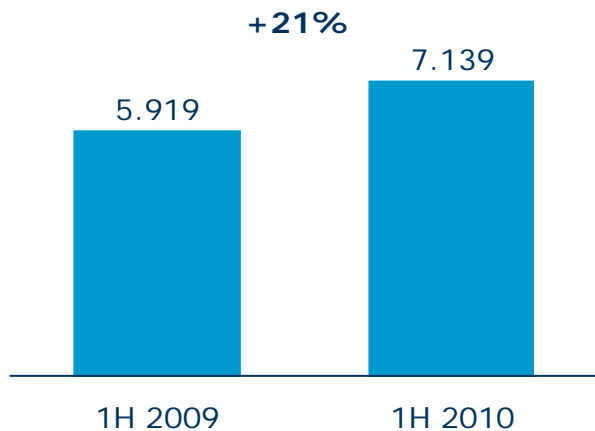
*Note: Based on underlying figures*

# Net profit

Reported vs. underlying

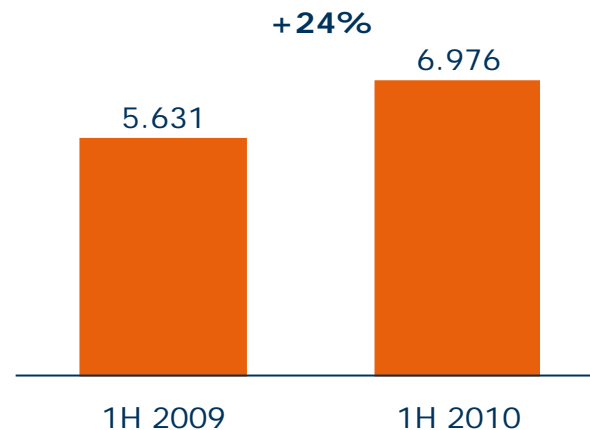
## Reported net profit

CZK bn



## Underlying net profit

CZK bn



## One-off items

CZK bn

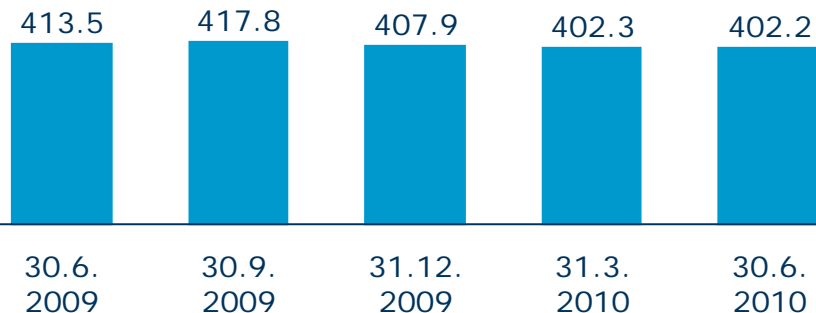


	1H 2009	1H 2010	Y/Y
<b>Profitability (Ytd. ratios)</b>			
Net interest margin	3.26%	3.45%	+19 bps
Cost/income (underlying)	42.7%	41.6%	-1.1 pp
Cost/income (reported)	41.1%	41.1%	0.0 pp
ROAA (underlying)	1.31%	1.66%	+0.35 pp
ROAA (reported)	1.38%	1.70%	+0.32 pp
ROAE (underlying)	19.7%	20.8%	+1.1 pp
ROAE (reported)	20.7%	21.3%	+0.6 pp
	30.6.2009	30.6.2010	Y/Y
<b>Asset quality</b>			
Credit cost ratio	1.06%	0.75%	-31 bps
NPL ratio	2.88%	3.98%	+1.1 pp
NPL coverage ratio	76.2%	75.4%	-0.8 pp
<b>Capital adequacy (Basel II)</b>			
Core tier 1 ratio	10.13%	13.10%	+2.97 pp
Total capital ratio	11.71%	16.45%	+4.74 pp
Solvency ratio (insurance)	183.0%	219.2%	+36.20 pp
<b>Liquidity</b>			
Loan to deposit ratio	72.0%	69.0%	-3.0 pp

Note: For definitions of the ratios see slide 45.

### Group lending\*

CZK bn

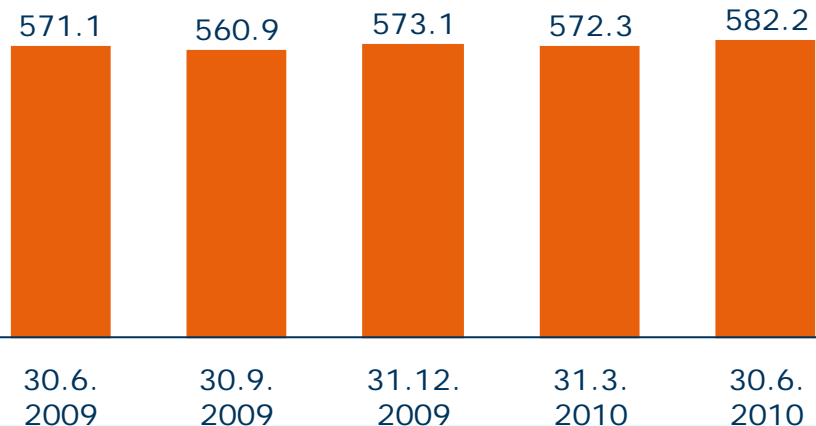


Group lending: -3% Y/Y and flat Q/Q

- Retail lending continues growing, with outstanding volumes of housing loans growing by a double-digit pace Y/Y.
- Corporate loans and leasing declined Y/Y.

### Group deposits\*\*

CZK bn



Group deposits: +2% Y/Y and +2% Q/Q

- Growth was recorded across all major types – client deposits, building savings deposits, and pension funds.

Notes:

\* Item "Loans and receivables – gross" from the consolidated balance sheet plus credit-replacing bonds.

\*\* Item "Deposits received from other than credit institutions" from the consolidated balance sheet.



## 2. Analysis of underlying results

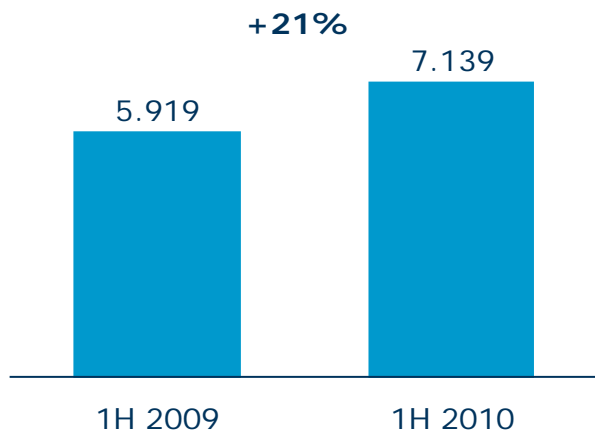


# Net profit

## Reported vs. underlying

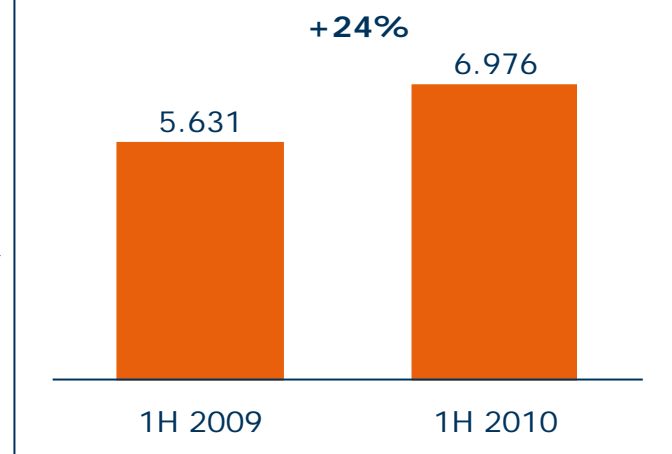
### Reported net profit

CZK bn



### Underlying net profit

CZK bn



### One-off items

CZK bn



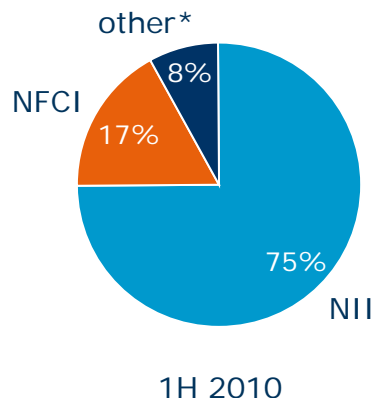
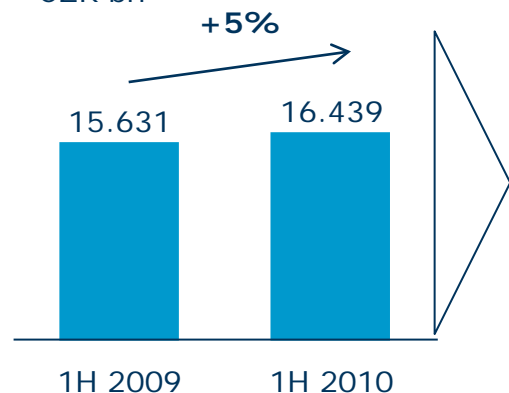
One-off items: The 1H 2009 net profit was positively influenced by volatility in the valuation of ALM instruments. The main one-off in 1H 2010 was a settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services.

# Operating profit (1)

Underlying

## Operating income

CZK bn



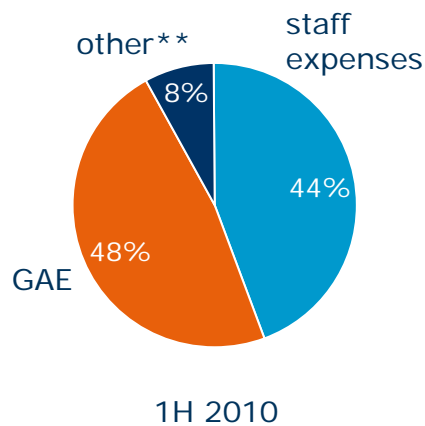
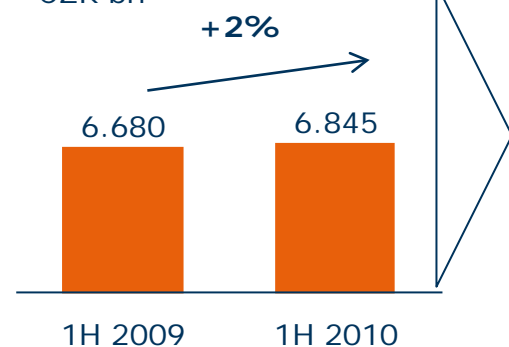
Operating profit grew by 7% Y/Y from CZK 9.0bn to CZK 9.6bn as the operating income increased more than operating expenses.

C/I decreased from 42.7% in 1H 2009 to 41.6% in 1H 2010.

Operating income increased by 5% Y/Y when the main contributor to the Y/Y difference was net interest income (NII), which grew by 7% Y/Y. Consequently, the share of NII on operating income increased from 73% in 1H 2009 to 75% in 1H 2010.

## Operating expenses

CZK bn



Operating expenses increased by 2% Y/Y. On a comparable basis (i.e. adjusting for the June 2009 transfer of part of ICT expenses), staff expenses decreased by 1% Y/Y, while general administrative expenses (GAE) increased by 9% Y/Y.

Notes:

\* Net gains from financial instruments at FVPL, net realized gains on available-for-sale financial assets, dividend income, other net income.

\*\* Depreciation and amortization.

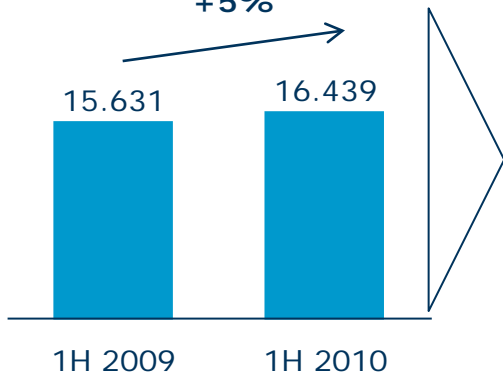
# Operating profit (2)

## Underlying

### Operating income

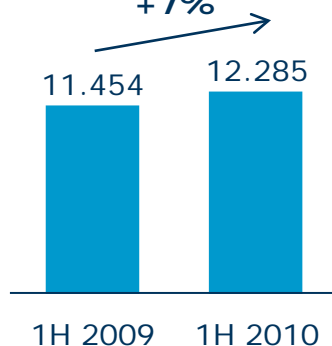
CZK bn

+5%



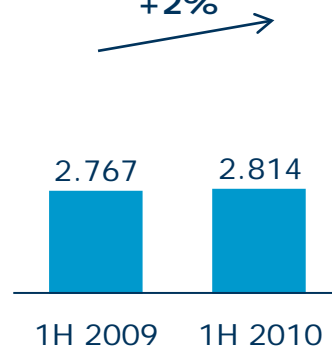
### net interest income

+7%



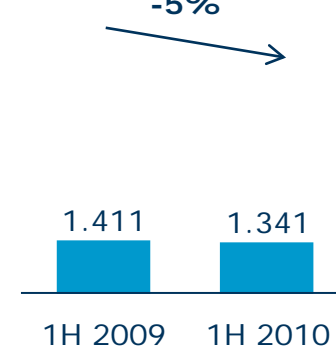
### net fee and commission income

+2%



### other\*

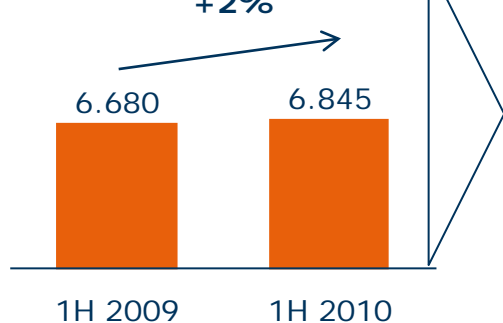
-5%



### Operating expenses

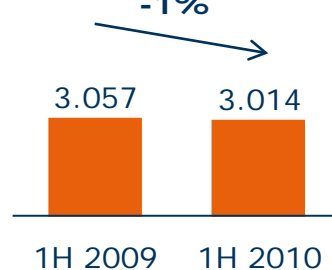
CZK bn

+2%



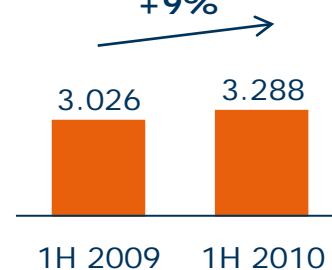
### staff expenses (pro forma\*\*)

-1%



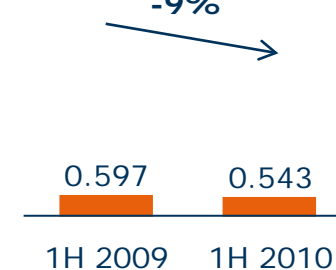
### general administrative expenses (pro forma\*\*)

+9%



### other (pro forma\*\*)

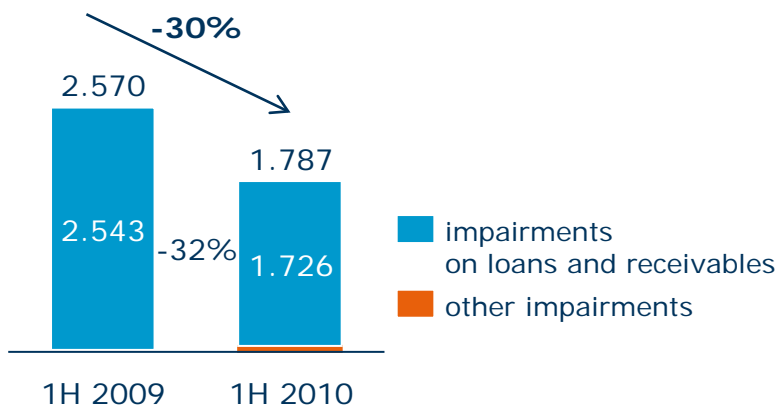
-9%



Notes: \* Net gains from financial instruments at FVPL, net realized gains on available-for-sale financial assets, dividend income, other net income.  
\*\*Adjusted for the June 2009 ICT transfer.

### Impairment losses – Ytd.

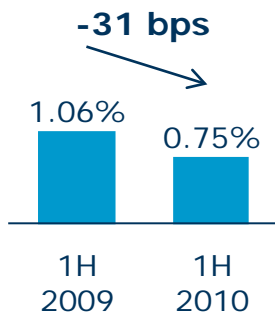
CZK bn



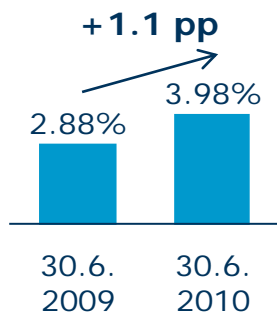
Total Ytd. impairments decreased by 30% Y/Y, of which impairments on loans and receivables recorded a 32% reduction.

Favorable evolution of impairments on loans was driven by CORP and SME segments, where significant release of allowances booked in 2009 took place as the outlook of problem loans improved and the inflow of new problem files decreased.

### Credit cost ratio



### NPL ratio



NPL growth is from about a half constituted by the growth of non performing mortgages (where, as expected, the crisis impact arrived later than in corporate and SME). However, as mortgages are in general less provisioned, the credit costs are relatively limited.

*Note: Credit cost ratio (CCR) relates impairment loss on loans and receivables of the current year to the average loan portfolio, while non-performing loans (NPL) ratio relates the outstanding non-performing loans at reporting date to the total loan portfolio as at the same date.*

# Strong capital position

Consolidated, CZK m	31.12.2009	30.6.2010
<b>Total regulatory capital</b>	<b>55 162</b>	<b>56 480</b>
- Tier 1 Capital	44 582	45 473
- Tier 2 Capital	11 970	11 972
- Deductions from Tier 1 and Tier 2	-1 390	-965
<b>Total capital requirement</b>	<b>29 452</b>	<b>27 464</b>
- Credit risk (IRB approach)	25 288	23 283
- Market risk (internal model)	1 176	827
- Operational risk (standardized approach)	2 987	3 354
<b>Total RWA</b>	<b>368 150</b>	<b>343 306</b>
<b>Core Tier 1 ratio = Tier 1 ratio</b>	<b>11.92%</b>	<b>13.10%</b>
<b>Total capital ratio</b>	<b>14.98%</b>	<b>16.45%</b>

Notes:

*RWA (risk weighted assets) = total capital requirement / 0.08*

*Tier 1 capital = share capital + share premium + legal reserve funds + retained earnings – goodwill – intangible assets*

*Tier 2 capital = subordinated debt*

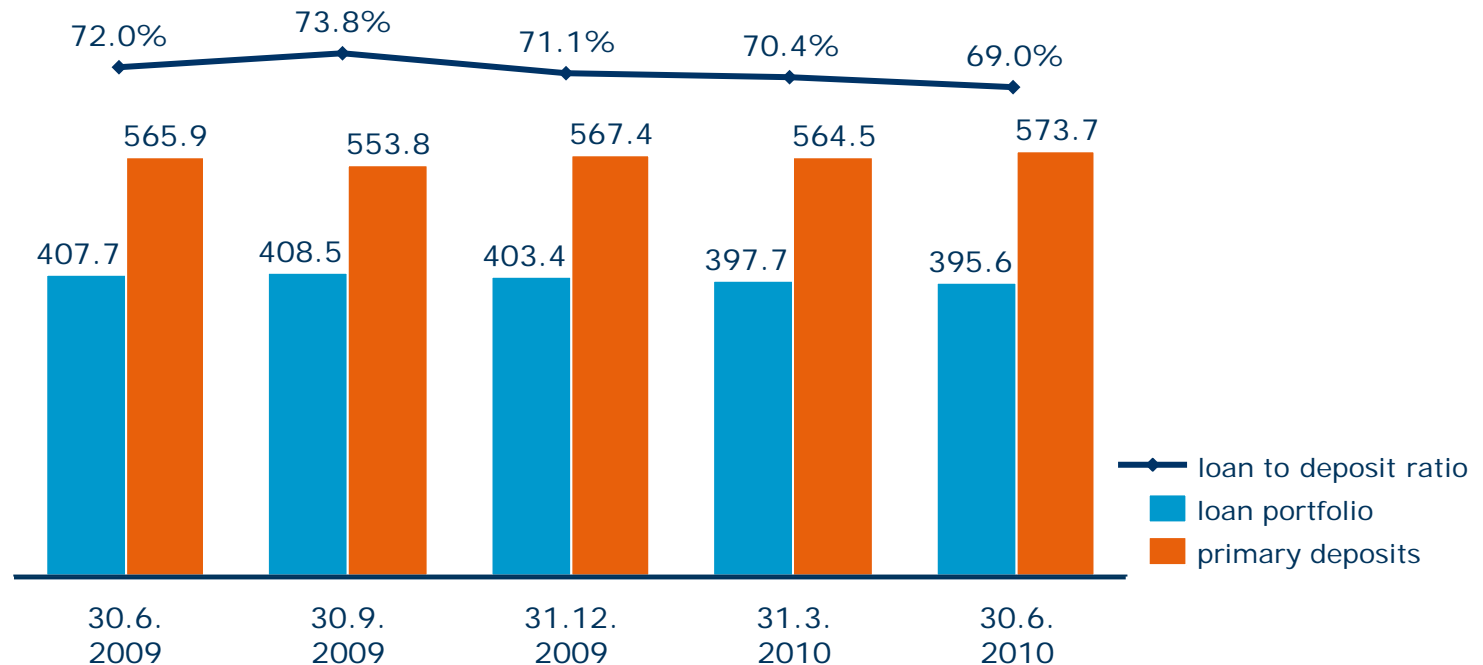
*Total regulatory capital = Tier 1 + Tier 2 – deductions*

*Tier 1 ratio = (Tier 1 capital – 0.5\*deductions) / (total capital requirement / 0.08)*

# Ample liquidity

CZK bn                      30.6.2009      30.9.2009      31.12.2009      31.3.2009      30.6.2010

Excess of primary deposits over loan portfolio	158.2	145.3	164.0	166.8	178.1
------------------------------------------------	-------	-------	-------	-------	-------



**Notes:**

Primary deposits = group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions)

Loan portfolio = group lending minus item "other group lending" (which comprises money market placements with banks, loro/nostro accounts and other settlement accounts).

# Selected exposure to bonds

## Southern European countries and Ireland

### Exposure to bonds of selected Southern European countries and Ireland

as at 30 June 2010

book value, CZK bn

	Sovereign	Banks	Corporates	Total
Portugal	-	-	-	-
Ireland	-	-	-	-
Italy	3.14	0.77	-	3.91
Greece	6.81	-	-	6.81
Spain	0.61	-	-	0.61
<b>Total</b>	<b>10.56</b>	<b>0.77</b>	<b>0.00</b>	<b>11.33</b>

All sovereign bonds are eligible for being pledged against the ECB.

**Strong net profit growth:** both reported and underlying net profit.

**Ample liquidity:** L/D ratio down to 69.0%.

**Strong capital position:** capital adequacy ratio up to 16.5%.

**Decreasing cost of risk:** credit cost ratio down to 0.75%.

**Growing efficiency:** underlying cost/income ratio down to 41.6%.





### 3. Analysis of business performance

# ČSOB group's market shares

Insurance	market share	rank
Life <sup>2</sup> ↗	↗ 10.4%	5
Non-life <sup>2</sup>	↘ 4.9%	6
Total <sup>2</sup>	↗ 7.3%	3



Notes: Arrows show Y/Y change. Market shares as of 31 March 2010 (i.e. latest available). Insurance as of 30 June 2010.

<sup>1</sup> Outstanding at the given date

<sup>2</sup> New business in the year to the given date

<sup>3</sup> Number of clients at the given date

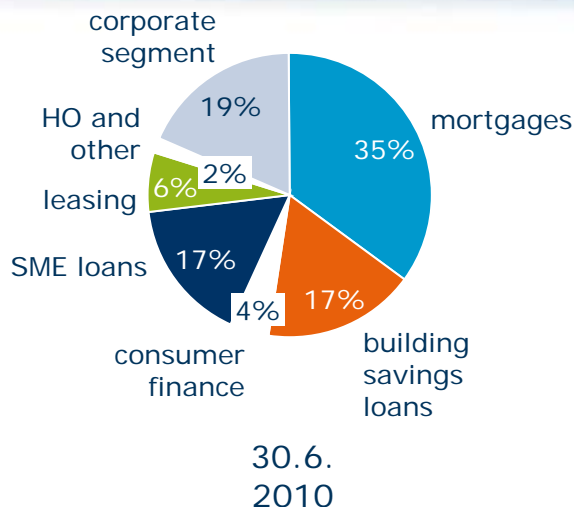
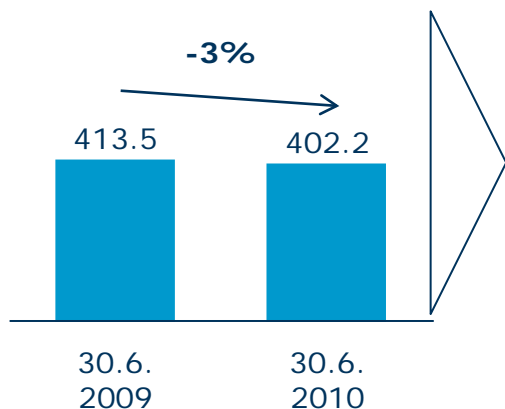
<sup>4</sup> Comprise mortgages and building savings loans

Sources and detailed definitions are provided in Appendix, slide 44.

# Lending and deposits development

## Group lending

CZK bn



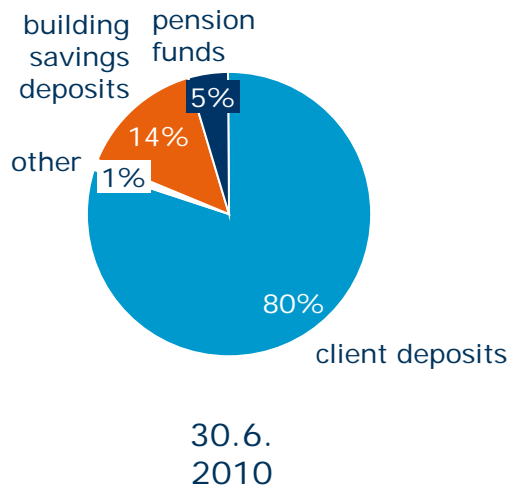
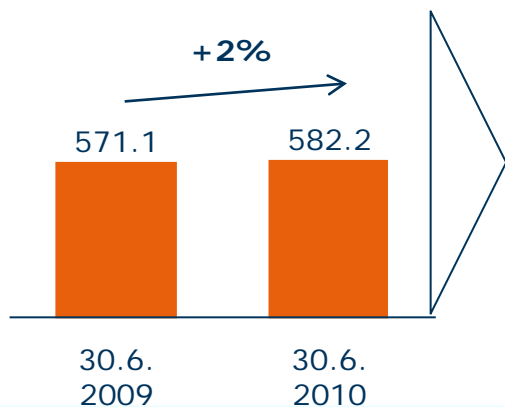
Group lending decreased by 3% Y/Y and remained flat Q/Q.

As mortgages and building savings loans recorded a double-digit Y/Y growth, the combined share of housing loans on group lending grew from 45% in 2Q 2009 to 52% in 2Q 2010.

Retail/SME segment as a whole has grown to 79% of group lending.

## Group deposits

CZK bn



Group deposits increased by 2% Y/Y and by the same rate Q/Q. Growth was recorded across all major types – client deposits, building savings deposits, and pension funds.

# Group lending at a glance

Gross outstanding volumes, CZK bn	30.6.2009	30.6.2010	Y/Y
<b>Group lending</b>	<b>413.5</b>	<b>402.2</b>	<b>-3%</b>
<b>Ret/SME Segment</b>			
Mortgages <sup>1</sup>	126.6	139.0	+10%
Building savings loans <sup>2</sup>	60.3	69.2	+15%
Consumer finance	17.1	17.6	+3%
SME loans	70.5	65.8	-7%
Leasing	32.8	25.5	-22%
<b>Corporate Segment</b>			
Corporate loans <sup>3</sup>	96.2	74.1	-23%
Factoring	3.6	3.8	+4%
<b>Head Office</b>	<b>0.5</b>	<b>0.6</b>	<b>+28%</b>
<b>Other<sup>4</sup></b>	<b>5.9</b>	<b>6.6</b>	<b>+12%</b>

*Notes:*

<sup>1</sup> ČSOB group mortgages are in the balance sheet of ČSOB's subsidiary Hypoteční banka.

<sup>2</sup> ČSOB group building savings loans are in the balance sheet of ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported in the 55% proportion, i.e. the way they enter ČSOB's consolidated balance sheet.

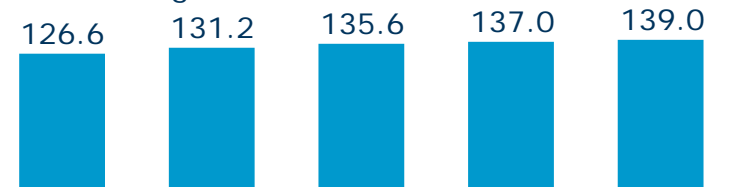
<sup>3</sup> Including credit-replacing bonds.

<sup>4</sup> Money market placements with banks, loro/nostro accounts and other settlement accounts.

# Housing loans

## Mortgages

Outstanding, CZK bn



Y/Y  
**+10%**

30.6. 2009    30.9. 2009    31.12. 2009    31.3. 2010    30.6. 2010

New sales\*, CZK bn

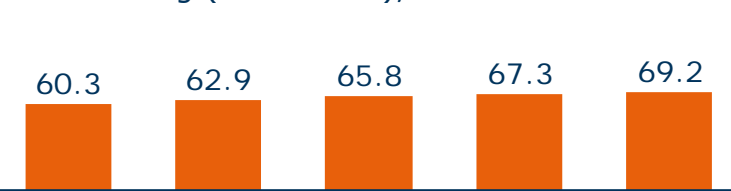


Y/Y  
**-12%**

2Q 09    3Q 09    4Q 09    1Q 10    2Q 10

## Building savings loans

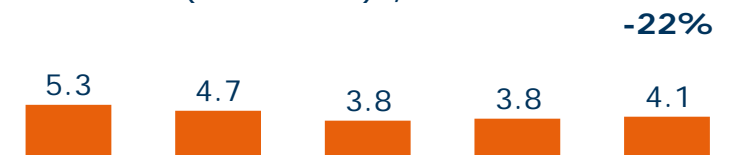
Outstanding (ČMSS 55%), CZK bn



Y/Y  
**+15%**

30.6. 2009    30.9. 2009    31.12. 2009    31.3. 2010    30.6. 2010

New sales (ČMSS 55%)\*, CZK bn



Y/Y  
**-22%**

2Q 09    3Q 09    4Q 09    1Q 10    2Q 10

The mortgage portfolio as a whole has been steadily growing as the new production of mortgages exceeded repayments in each quarter since mid-2009.

In 2Q 2010, the new sales of building savings were by 8% higher than in 1Q 2010, however, the sales in each month of 2Q 2010 were lower than in April, May, June 2009. In 2010, the strongest month in new sales was June with the new volume of CZK 2.6 bn.

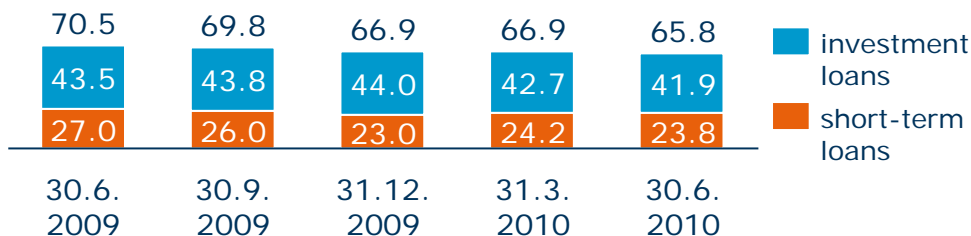
Note: \* Granted loan limits.

## SME loans

Outstanding, CZK bn

Y/Y

-7%

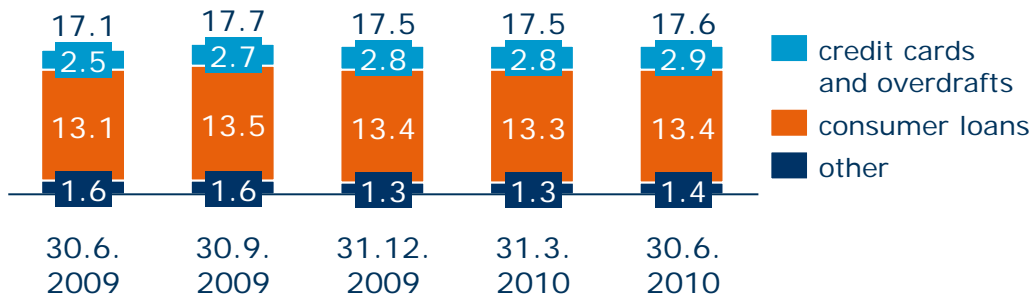


## Consumer finance

Outstanding, CZK bn

Y/Y

+3%

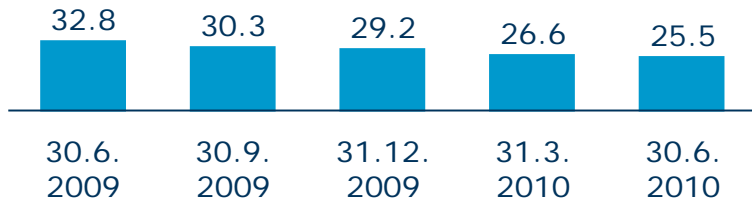


## Leasing

Outstanding, CZK bn

Y/Y

-22%



## SME loans development:

Contraction of the outstandings in short-term loans which was in line with the working capital demand decline.

The decline felt stronger in short-term loans (-12% Y/Y) than in long-term investment loans (-4% Y/Y).

## Consumer finance development:

The main driver of the Y/Y growth were credit cards and overdrafts which increased by 16%.

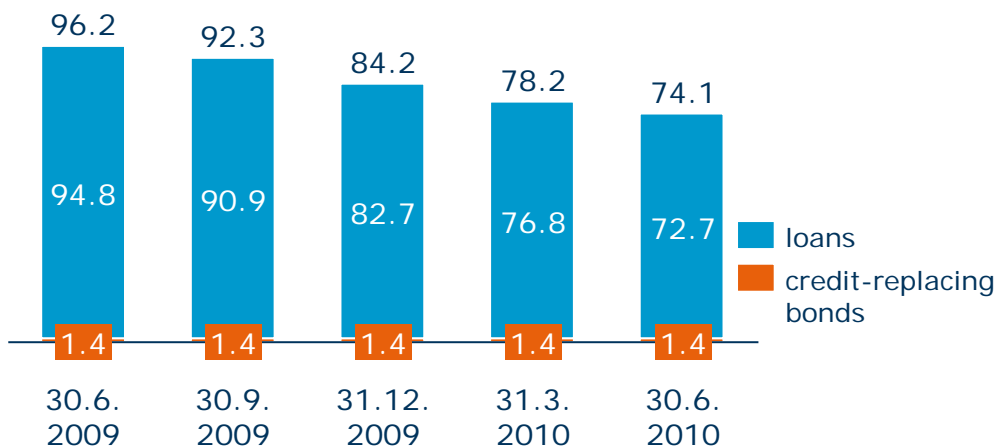
## Leasing development:

The largest decline was recorded in machinery, equipment and trucks where the market has decreased.

## Corporate loans

Outstanding, CZK bn

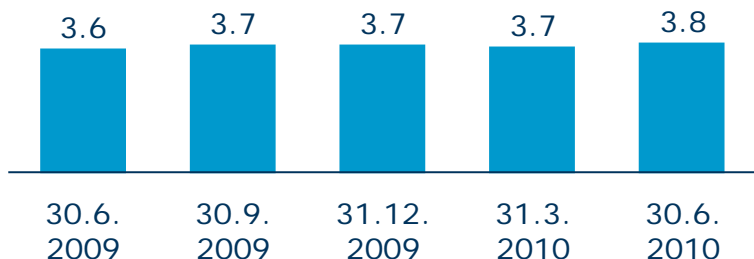
Y/Y  
-23%



## Factoring

Outstanding, CZK bn

Y/Y  
+4%



The reduction of corporate loans (-23% Y/Y, -5% Q/Q) results from a combined effect of prudent risk management approach of the ČSOB group and contracting demand for corporate lending. The demand was affected by some companies' switch from loans to bond financing on the capital market.

In 2010, ČSOB was awarded the best corporate bank in the Czech Republic, based on the vote among Czech corporates' CFOs. In the area of acquisition finance, ČSOB was named Bank of the Year, Eastern Europe.



**FIREMNÍ 2010  
BANKA ROKU**

*Note: The corporate segment comprises mid-cap and corporate customers with an annual turnover above CZK 300m, local subsidiaries of international groups and selected institutional clients.*

# AUM and deposits at a glance

Outstanding volumes, CZK bn	30.6.2009	30.6.2010	Y/Y
<b>Group deposits</b>	<b>571.1</b>	<b>582.2</b>	<b>+2%</b>
Client deposits	444.1	465.2	+5%
Building savings deposits	78.4	83.9	+7%
Pension funds <sup>1</sup>	24.0	26.2	+9%
Other <sup>2</sup>	24.7	6.8	-72%
<b>Mutual funds<sup>3</sup></b>	<b>67.5</b>	<b>67.5</b>	<b>+0%</b>
<b>Other asset management</b>	<b>54.3</b>	<b>54.3</b>	<b>+0%</b>
<b>AUM and deposits</b>	<b>692.8</b>	<b>703.9</b>	<b>+2%</b>

*Notes:*

<sup>1</sup> Liabilities to pension fund policy holders.

<sup>2</sup> Repo operations with non-banking financial institutions and other.

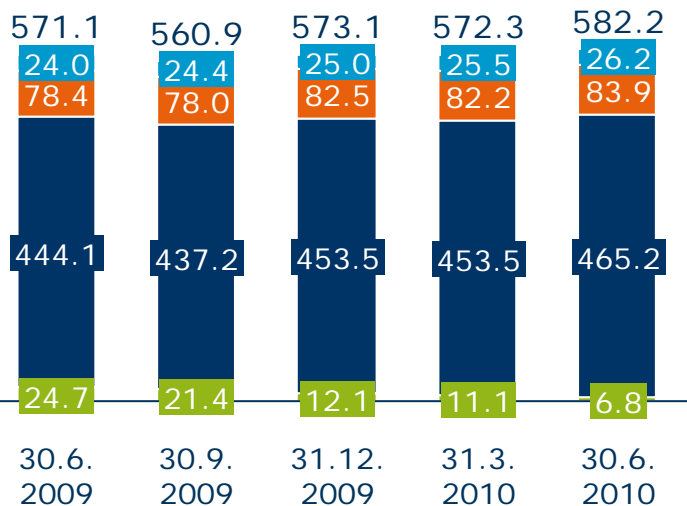
<sup>3</sup> Only direct positions are included.



# Group deposits

## Group deposits

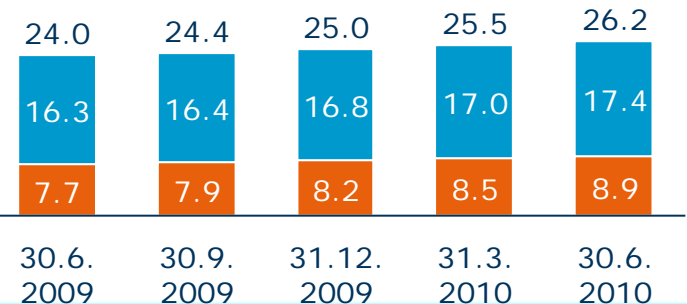
CZK bn



- pension funds
- building savings deposits
- client deposits
- other

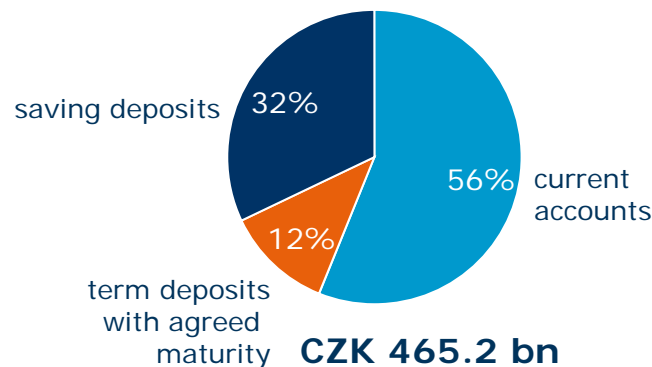
## Pension funds

CZK bn



- PF Stabilita
- PF Progres

## Client deposits as of 30.6.2010



All major categories of group deposits – client deposits, building savings deposits and pension funds – showed an increase Y/Y. The largest contributor was client deposits (CZK +21bn).

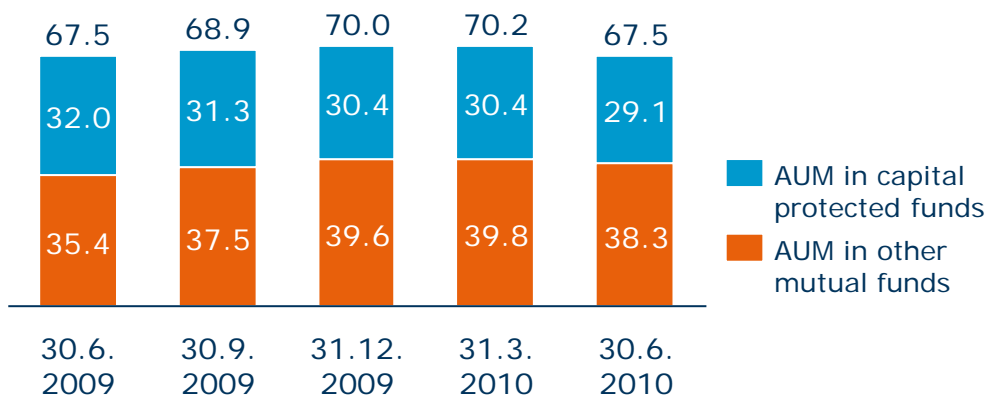
Within client deposits, current accounts slightly increased Y/Y. A decrease of term deposits with agreed maturity was offset by an increase of saving deposits.

AUM in both ČSOB pension funds kept increasing quarter to quarter.

## Assets under management

CZK bn

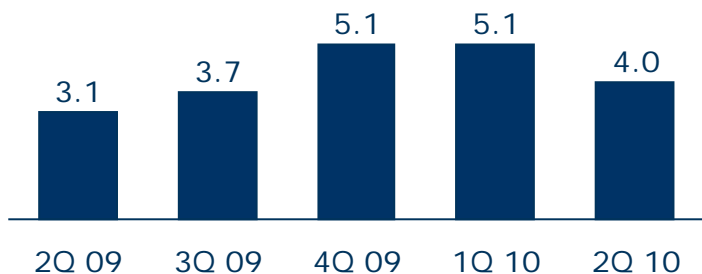
Y/Y  
+0%



## New sales

CZK bn

Y/Y  
+27%



The AUM in mutual funds decreased by 4% Q/Q, getting back to the level of mid-2009.

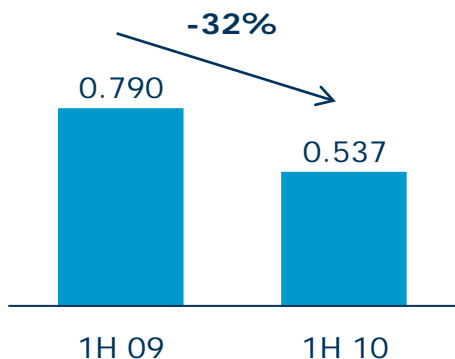
The main reason for the decline was a partial transfer of clients' funds from asset management products to saving accounts. Amount of savings in capital protected funds (CPFs) that matured in 2Q 2010 exceeded the new sales, because part of the money from maturing CPFs shifted to deposits. Among other mutual funds, money market funds saw the partial transfer to deposits. Also the effect of decreasing prices on the capital market contributed to the quarterly decline.

New sales of funds in the first half of the year reached CZK 9.1 bn, which is 72% more than in the same period of the last year. The lower sales in 2Q compared to 1Q (-22%) were caused by lower sales in category other mutual funds, especially money market and mixed funds.

*Note: Only direct positions are included.*

## Net profit of ČSOB Pojišťovna\*

CZK bn



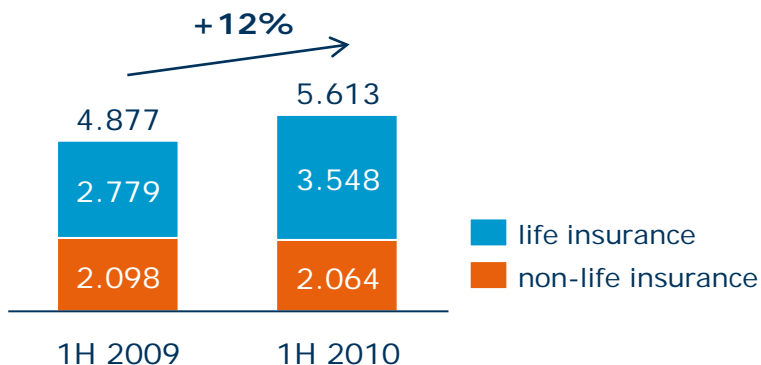
The ČSOB Pojišťovna's contribution to the ČSOB consolidated P/L in 1H 2010 was CZK 134 m, compared to CZK 198 m in 1H 2009.

ČSOB Pojišťovna was named the Best Insurance Company 2010 in the Czech Republic by the Hospodarske noviny daily.



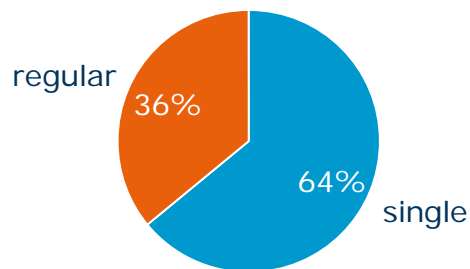
## Gross written premium

CZK bn



## Life insurance

as of 30.6.2010



**CZK 3.548 bn**

Note:

\* Reported net profit of ČSOB Pojišťovna used for consolidation purposes. 25% of the figures shown enter the ČSOB group's profit and loss statement through the line share of profit of associates.

# Awards for ČSOB group

Awarded the best Czech bank/insurer by many



Euromoney magazine's Awards for Excellence:  
Best Bank Czech Republic

**emea**finance

Europe • Middle East • Africa

EMEA Finance magazine: Best Bank Czech Republic



Awards by the *Hospodarske noviny* daily:  
Best Bank and Best Insurance Company



# Awards for ČSOB businesses

Accolades for individual segments and businesses

## ČSOB named:

Best Sub-custodian

Best FX Provider

Best Trade Finance Provider

Best building society product

Corporate Bank of the Year

Acquisition Finance Bank of the Year  
(Eastern Europe)



“Zlatá koruna”  
award  
for ČMSS



**FIREMŇÍ 2010  
BANKA ROKU**

“Corporate Bank of the Year”  
based on a vote of Czech  
corporates’ CFOs



Best in acquisition finance  
in Eastern Europe



## 4. Corporate social responsibility



# Corporate Social Responsibility (CSR)

**ČSOB group educated** to improve financial literacy and supports disabled and disadvantaged students by donating to the Education Fund of ČSOB and Committee of Good Will – The Olga Havel Foundation.

**ČSOB group supported** regions by small grants to support community life and local care for cultural and natural heritage. PSB votes Mayor of the Year.

**ČSOB group's employees** cleaned Czech mountains, collected clothes and fashion accessories for Sue Ryder Home or ran for Committee of Good Will – The Olga Havel Foundation.

**Postal saving bank** helped by supporting the festival I Live Just Like You, host a travelling show of paintings by young blind artists and with the Czech National Safer Internet Centre launched the Safely-online project.



## The "Ď" (Thanks) award for the support of the Education Fund

- ČSOB won the award in the category Foundation and Charity in the Czech Republic for the 16 years of support and financing the studies for young disabled people and involvement of employees in the project.



## ČSOB at a bronze position in the CSR Award

- An award in the Large Companies category for the concept of CSR and friendly approach to the environment and community.



## ČSOB acknowledged in the Olga Havlová Award 2010

- ČSOB was acknowledged for its long term cooperation with Committee of Good Will – The Olga Havel Foundation, including the Education Fund, Prague International Marathon related events and ČSOB employees patronage of disabled students.



## PSB won the Bridges 2009 award

- PSB won in the non-government entities category for its cooperation with the Ergotep cooperative.





Wrap-up



# ČSOB group results 1H 2010

## Wrap-up

**Strong net profit growth:** +24% Y/Y on the underlying basis.

**Healthy operating profit:** +7% Y/Y (income +5%, expenses +2%) → cost/income ratio down to 41.6%.

**Decreasing cost of risk:** Impairment losses -30% Y/Y → credit cost ratio down to 0.75%.

**Solid business volumes:** Group deposits +2% Y/Y. Group lending -3% Y/Y.

**Ample liquidity:** L/D ratio down to 69.0%.

**Strong capital position:** Capital adequacy ratio up to 16.5%.

*Note: Based on underlying figures*



Appendix

## ČSOB group educates...

The Education Fund:

- Improving financial literacy
- Supporting disabled and disadvantaged students

## ČSOB group supports regions...

- ČSOB and PSB support regions
- Mayor of the Year Award

## ČSOB group employees help...

- Czech mountains cleanup
- Considerate and Healthy campaign
- Charity collections for the Sue Ryder Home
- Prague marathon for Committee of Good Will

## Postal Savings Bank helps...

- Job opportunities for the disabled
- Safer Internet

A blue square icon with a white shape on the right side, resembling a puzzle piece or a speech bubble.

## ČSOB group educates...

- ČSOB education foundation program supported 10 projects to improve financial literacy with a total of CZK 1m.
- ČSOB donated CZK 0.9m to the Education Fund of ČSOB and Committee of Good Will – The Olga Havel Foundation; the amount will be distributed in scholarships for disabled and disadvantaged students.

An orange square icon with a white shape on the bottom side, resembling a speech bubble or a callout box.

## ČSOB group supports regions...

- ČSOB and PSB allocated a total of CZK 2.1m in small grants to support community life and local care for cultural and natural heritage.
- PSB's Mayor of the Year Award: this year's nominations are open. Towards the end of 2010, an expert panel will select the winner who will receive CZK 250,000 for his/her municipality.
- Investment grants for Environmental protection and landscape restoration launched: three projects will receive CZK 300,000 each in 2010.

A dark blue square icon with a white semi-circle at the top, resembling a pushpin or a document tab.

## ČSOB group employees help...

- Czech mountains cleanup after the winter: employees with their relatives and friends cleaned the Jizerské hory, Krušné hory and Šumava mountains.
- Two charity collections of clothes and fashion accessories for the Sue Ryder Home.
- The six-month campaign Considerate and Healthy concluded with a markets with fair trade products and organic food and introduction of environment friendly technologies in the headquarters building in Prague.
- Running for Committee of Good Will – The Olga Havel Foundation: ČSOB donated CZK 81,000, which was the total amount paid by 60 employees of the ČSOB group as registration fees at the Prague International Marathon.

A green square icon with a white semi-circle on the left side, resembling a pushpin or a document tab.

## Postal Savings Bank helps...

- PSB supported the festival I Live Just Like You : a consultation center assisting the disabled to find a job and a tent city presenting sheltered workshops from the entire nation.
- PSB Financial Centers host a travelling show of paintings by young blind artists from the ARTEVIDE Foundation; the paintings may be bought after the show at [www.ctyrlitek.eu](http://www.ctyrlitek.eu).
- PSB and the Czech National Safer Internet Centre launched the Safely-online project: the [www.bezpecne-online.cz](http://www.bezpecne-online.cz) web gives advice on safe use of the Internet.



# ČSOB's profile - bank only (incl. PSB)

	30.6.2009	31.12.2009	30.6.2010
Employees (group)*	8 025	8 018	8 069
Bank customers (ths)	3 062	3 064	3 061
Users of direct banking (ths)	1 953	2 083	2 239
Payment cards (ths)	1 969	2 000	2 014
- of which: credit cards (ths)	114	130	138
ČSOB Retail/SME branches	235	237	237
ČSOB Corporate branches	11	11	11
PSB branches ("Financial Centres")	49	52	52
PSB outlets of the Czech Post network	ca. 3 320	ca. 3 320	ca. 3 300
ATMs (ČSOB+PSB)	706	734	756

Note: \* FTEs. The figure as at 31.12.2009 and 30.6.2010 includes also employees transferred to KBC Global Services Czech Branch.

# ČSOB group in the Czech Republic







# Rating, shareholder structure and dividend

## ČSOB's credit rating

As at 5 August 2010

Rating agency

Moody's	
<b>Long-term rating:</b>	<b>A1</b>
Short-term rating:	Prime-1
Financial strength:	C

Fitch	
<b>Long-term rating:</b>	<b>A-</b>
Short-term rating:	F2
Individual:	C
Support:	1

Valid since

23. 2. 2007

14. 5. 2009

Last confirmation

10. 9. 2009

19. 11. 2009

## Shareholder structure and dividend

As at 30 June 2010, ČSOB's share capital was CZK 5,855 bn and comprised of 292,750,000 ordinary shares with a nominal value of CZK 20 each, following the split of ČSOB's shares 1:50 as of 2 March 2010.

ČSOB is directly controlled by KBC Bank NV whose ownership interest in ČSOB is 100%.

On 10 May 2010, KBC Bank NV decided as the sole shareholder in exercising the powers of the General Meeting to pay CZK 17,389,350,000 in dividends (i. e. CZK 59.40 per one share).

## **Reclassification of the profit and loss statement:**

This presentation shows 2009 quarters' profit and loss statement items reclassified in accordance with the current accounting methodology in order to ensure comparability of IFRS financial statements in time. List of reclassifications is provided on slide 43.

## **Reconciliation of business volumes reporting to the balance sheet:**

As of 1 January 2010, ČSOB adjusted its methodology of the external reporting of business volumes, i.e. loans and deposits and their respective categories, to be fully derived from the IFRS balance sheet. In this presentation, volumes of loans and deposits for the 2Q 2010 and previous four quarters are shown according to the new methodology. Formerly reported volumes were based on the internal management reporting system.

Term "group lending" used throughout the presentation is defined as the item "Loans and receivables – gross" from the consolidated balance sheet plus credit-replacing bonds. Term "loan portfolio" shown in section Risk Management is consistent with the internal credit risk management reporting system and is defined as group lending minus item "other group lending" (see slide 20).

Term "group deposits" used throughout the presentation is defined as the item "Deposits received from other than credit institutions" from the consolidated balance sheet. Term "primary deposits" shown in section Risk Management is consistent with the internal liquidity management reporting system and is defined as group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions).

# List of reclassifications

Compared to the reporting in previous quarters, there have been a number of reclassifications among items of operating income and operating expenses:

- **Fees to third parties**

- reclassified from operating expenses (GAE) to operating income (NFCI).

- **Provisions for legal issues and other losses, restructuring and contractual engagements**

- transferred from a separate expense item “provisions” to three items – staff expenses, GAE, and other net income.

- **Accrued interest on non-performing loans**

- reversed through reclassification of relating impairment additions from impairments on loans and receivables to net interest income.

- **Interest from hedging derivatives**

- separated into interest income and interest expense.

- **Interest income related to hedge derivatives**

- reclassified from net gains from financial instruments at FVPL to net interest income. (Reclassified figures for 1Q 2009, 2Q 2009 and 3Q 2009 in these two lines differ from those previously published due to corrections made in 2Q 2010.)

# Market shares definitions and sources

Item	Definition	Source
Deposits	Total bank deposits (Retail and COR/SME) excl. repo operations, comprise current accounts and bills of exchange	ČNB (Time series ARAD), ČSOB
Building savings loans	Outstanding volumes of building savings loans, ČMSS 100%	ČNB (ARAD), ČMSS
Building savings deposits	Deposits of buildings savings clients, ČMSS 100%	ČNB (ARAD), ČMSS
Housing loans	Outstanding volumes; building loans + mortgages	ČNB (ARAD), HB, ČSOB, ČMSS
Mutual funds	AUM in both Czech and foreign funds at the given date, including institutional funds and third parties funds; according to AKAT methodology	Association for Capital Market (AKAT)
Total Loans and Leases	Outstanding volumes, consumer loans, mortgages, housing loans (55%), COR/SME loans	ČNB (ARAD), Ministry for Regional Development, HB, ČSOB, ČMSS
Leasing	Volume of newly granted loans (leasing of movables, commercial loans and hire purchase, excl. consumer loans); related to the relevant market comprising both banks and non-banking institutions	Association of Leasing and Factoring Companies ČR (ČLFA)
Mortgages	Outstanding volumes; mortgages for private individuals excl. American mortgages (home-equity consumer loans) and mortgages for non-housing purposes, consumer loans for house purchase, according to ČNB definition	ČNB (ARAD), HB, ČSOB
Factoring	Volume of new business	ČLFA
Pension funds	AUM at the given date	Association of Pension funds, ČSOB PFs
CORP/SME loans	Remaining loans that are not reported in any of the retail loans categories (loans to other than households)	ČNB (ARAD), ČSOB
Consumer loans	Outstanding volume of consumer loans, credit-cards, overdrafts (+in wider scope we also add American Mortgages)	ČNB (ARAD), ČSOB
Life insurance	Gross written Premium, life insurance	Czech Insurance Association (ČAP), ČSOB Pojišťovna
Non-life insurance	Gross written Premium, non-life insurance	ČAP, ČSOB Pojišťovna
Total insurance	Gross written Premium, life insurance + non-life insurance	ČAP, ČSOB Pojišťovna



# Glossary

## Ratios

NIM (net interest margin)	Net interest income / average interest earnings assets excluding repo operations
C/I (cost/income ratio)	Operating expenses / operating income
ROAA (return on average assets)	net profit after tax and minority interest*time factor/average assets
ROAE (return on average equity)	net profit after tax and minority interest*time factor/average equity
NPL (non-performing loans) ratio	outstanding amount of non-performing loans (KBC group methodology) / loan portfolio
CCR (credit-cost ratio)	total credit costs / average outstanding credit portfolio (loans, loans replacements and drawn credit commitments - e.g. guarantees)
NPL coverage ratio	Allowances for loans and leases / non-performing loans
Core tier 1 ratio	According to prudential reports of ČNB – Basel II (since 1 July 2007)
Total capital ratio	According to prudential reports of ČNB – Basel II (since 1 July 2007)
Solvency ratio (insurance)	According to prudential reports of ČNB – Solvency I
Loan to deposit ratio	Primary deposits / loan portfolio



# Glossary

## Other definitions

Underlying	Excluding extraordinary items. KBC group methodology.
Group lending	Item "Loans and receivables – gross" from the consolidated balance sheet plus credit-replacing bonds.
Loan portfolio	Group lending minus item "other group lending" (which comprises money market placements with banks, loro/nostro accounts and other settlement accounts). Consistent with the internal credit risk management reporting system.
Mortgages	All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.
Building savings loans	All customer lending granted by ČMSS in book values. Gross.
Consumer finance	Loan portfolio granted by ČSOB Bank retail network (ČSOB brand and PSB brand) in book values. Gross.
SME loans	Loan portfolio granted by ČSOB Bank SME network in book values. Gross.
Corporate loans	Loan portfolio granted by ČSOB Bank Corporate banking network in book values, including credit-replacing bonds. Gross.
Group deposits	Item "Deposits received from other than credit institutions" from the consolidated balance sheet.
Building savings deposits	All ČMSS financial liabilities at amortized cost minus deposits received from other than credit institutions
Primary deposits	Group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions). Consistent with the internal liquidity management reporting system.



# Contacts

## **ČSOB Investor Relations Team**

Ondřej Vychodil (director),  
Jana Kloudová, Ida Markvartová,  
Tereza Měrtlová, Michal Nosek

Tel: +420 224 114 111

Tel: +420 224 116 929

[investor.relations@csob.cz](mailto:investor.relations@csob.cz)

[www.csob.cz/ir](http://www.csob.cz/ir)

Československá obchodní banka, a. s.  
Radlická 333/150, Praha 5  
Czech Republic

**ČSOB group Czech Republic**  
member of KBC group