1H 2011 Results
ČSOB Group
Czech Republic

EU IFRS Unaudited Consolidated

Presentation for press
9 August 2011

Contents

1. Highlights

Measures of sustainable performance

Consistent business profitability and resilience

Key indicators		2008	2009	2010	1H 2010	1H 2011
Profitability	underlying* net profit (CZK bn)	12.6	10.5	13.0	7.0	6.1
	underlying* RoE	21.6%	17.1%	19.6%	20.8%	19.4%
Liquidity	loan/deposit ratio	75.2%	71.1%	68.5%	69.0%	71.0%
Capital	capital adequacy ratio	10.3%	15.0%	18.0%	16.5%	16.3%
Credit costs	credit cost ratio	0.59%	1.12%	0.75%	0.75%	0.31%
Cost efficiency	underlying* cost/income ratio	46.9%	43.4%	44.7%	41.6%	44.3%

** Excluding extraordinary items. However, impairment on AFS portfolio (which includes Greek bonds) is included in the underlying P&L.*

1H 2011 at glance

Profit from business performance is further growing

- **In 1H 2011, ČSOB group reported net profit of CZK 6.209 bn.** While the profitability of the loan and deposit business was further growing, an impairment on Greek bonds in the AFS portfolio bit CZK 1.1 bn off the net profit, making it 13% lower than the same period a year ago.
- Excluding extraordinary items, such as the revaluation of bonds in the FVPL portfolio and non-hedging derivatives, the 1H 2011 underlying net profit reached CZK 6.125 bn. Note that in line with KBC group-wide methodology, impairments on the AFS portfolio (which includes the Greek bonds) are not treated as extraordinary items but are included in the underlying P&L.
- 1H 2011 experienced **favorable development of business activities:**
  - **Loan portfolio** has been rising for four consecutive quarters to reach CZK 412.5 bn, while the volume of **deposits** has climbed to CZK 593.5 bn.
  - **Net interest income** from loans and deposits grew by 9% Y/Y to exceed CZK 10.1 bn.
  - **Credit costs further decreased** to half of the 1H 2010 figure.
- The profit growth from loan and deposit business was **partly mitigated by lower trading result** and outweighed by the impairments on Greek sovereign bonds. ČSOB decided to book impairment on those bonds of CZK 1.306 bn impairments (CZK 1.058 bn after tax) in the underlying P&L, which represents impairment to their fair value (market prices) as at 30 June 2011.
- In 1H 2011, ČSOB group continued in its **investments into ICT and staff**, operating expenses grew by 6% Y/Y.*
- ČSOB group maintains **strong capital and liquidity position**:
  - Total capital ratio stands at 16.3% and the (core) Tier 1 ratio at 12.6% as of 30 June 2011.
  - Loan to deposit ratio stands at 71.0% as of 30 June 2011.

Note: ČSOB adjusted the methodology of reporting economic hedges, cash-flow hedging derivatives and depreciation of investment property in profit and loss statements. Thus 2010 statements (1Q through 4Q, both underlying and reported) are reclassified in this presentation to allow for a like-to-like comparison. See annex for details.

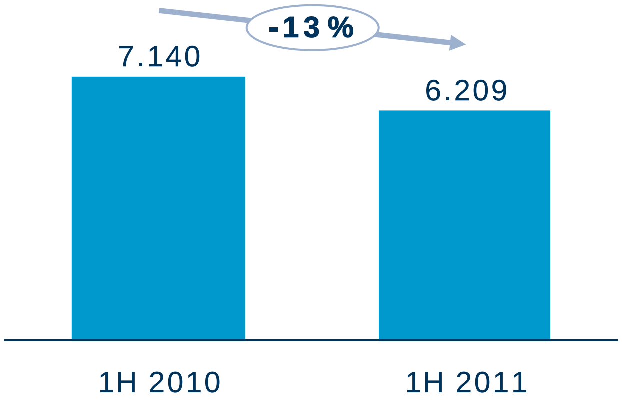
** Correction made from 2% to 6% on 11 August 2011*

Net profit

Reported vs. underlying

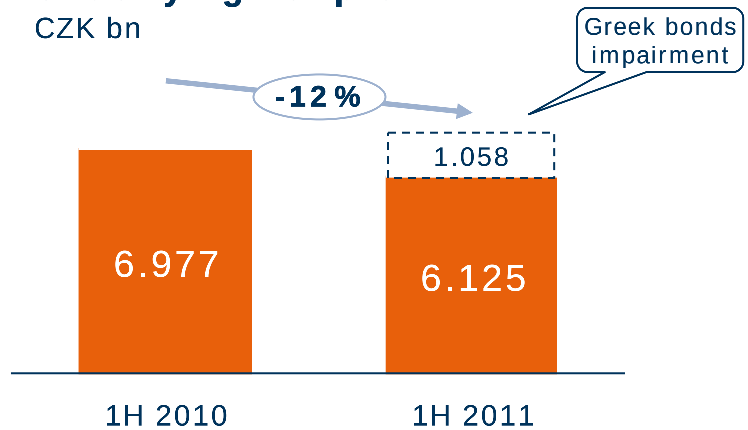
Reported net profit

CZK bn



Underlying net profit

CZK bn



The 1H 2011 net profit was influenced by a positive revaluation of bonds in the FVPL portfolio and non-hedging derivatives (CZK +0.1 bn net).

According to KBC group-wide methodology, impairments on the AFS portfolio (which includes the Greek bonds) are not treated as extraordinary item but are included in the underlying P&L.

The main extraordinary item in 1H 2010 was a settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services.

Extraordinary items

CZK bn

Financial ratios

Consolidated

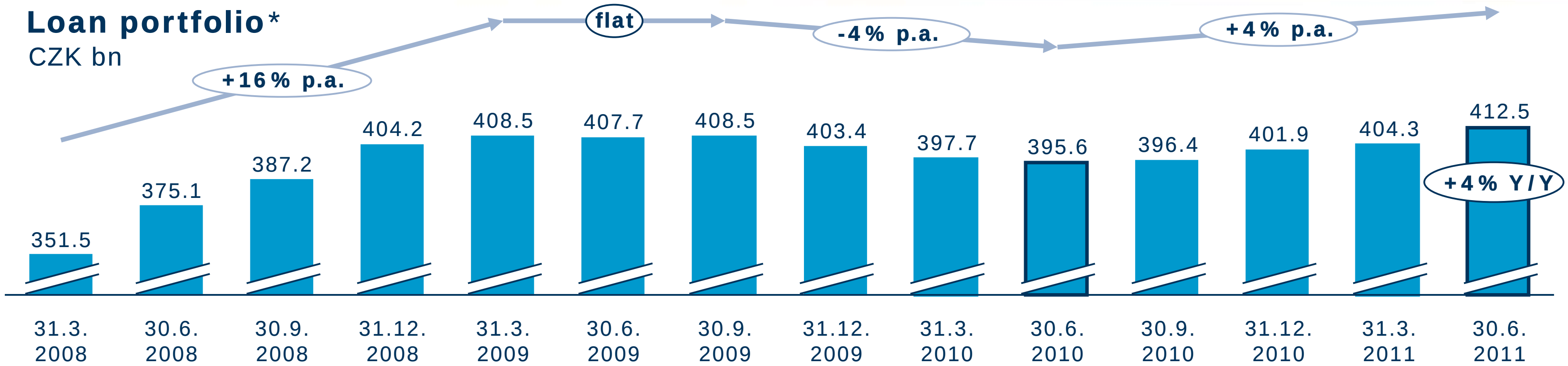
	1H 2010	1H 2011	Y/Y
Profitability (Ytd. ratios)			
Net interest margin	3.38%	3.40%	+2 bps
Cost/income (underlying)	41.6%	44.3%	+2.7 pp
Cost/income (reported)	41.1%	44.1%	+3.0 pp
RoE (underlying)	20.8%	19.4%	-1.4 pp
RoE (reported)	21.3%	19.7%	-1.6 pp
RoA (underlying)	1.66%	1.38%	–0.28 pp
RoA (reported)	1.70%	1.40%	-0.30 pp
	30.6.2010	**30.6.2011**	**Y/Y**
Asset quality			
Credit cost ratio (Ytd., annualized)	0.75%	0.31%	–44 bps
NPL ratio	3.98%	4.04%	+0.06 pp
NPL coverage ratio	75.4%	74.4%	-1.0 pp
Capital adequacy (Basel II)			
Core tier 1 ratio	13.10%	12.55%*	-0.87 pp
Total capital ratio	16.45%	16.26%	-0.19 pp
Solvency ratio (insurance)	219.2%	348.1%	+128.9 pp
Liquidity			
Loan to deposit ratio	69.0%	71.0%	+2.0 pp

*Note: For definitions of the ratios see Appendix., * correction made from 12.23% to 12.55% on 11 August 2011*

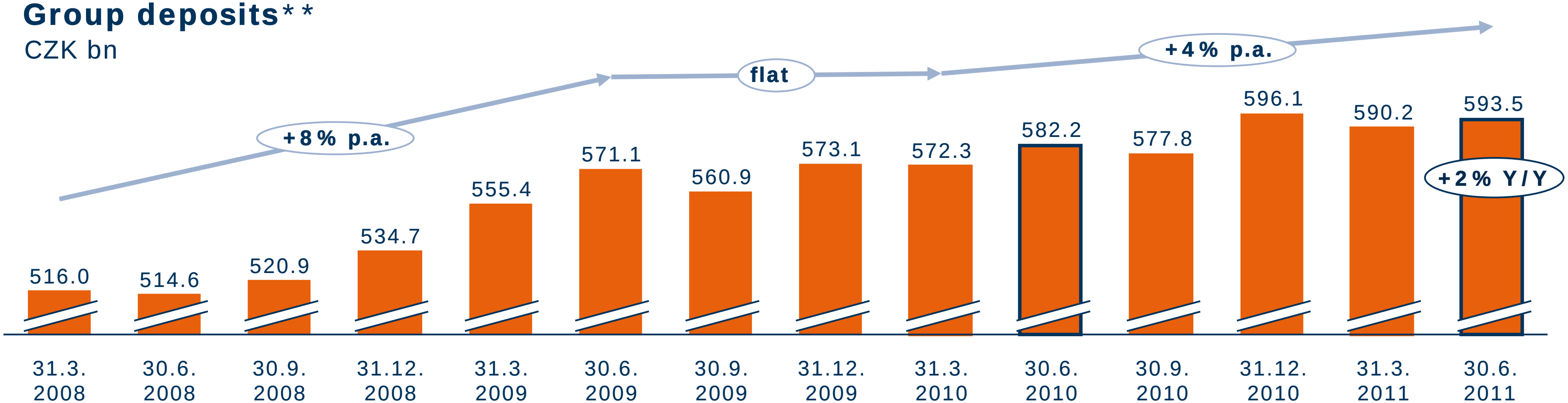
Lending and deposits

Positive trend

Loan portfolio*
CZK bn



Group deposits**
CZK bn



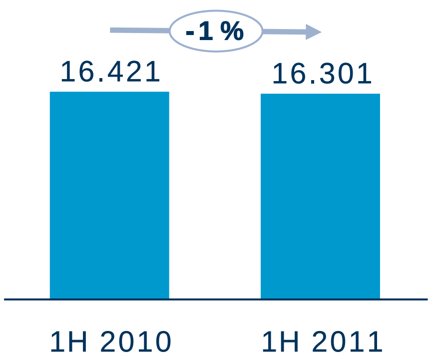
*Notes: * Item Loans and receivables minus exposure to banks from inter-bank transactions plus credit replacing bonds*
*** Item “Deposits received from other than credit institutions” from the consolidated balance sheet.*

2. Analysis of underlying results

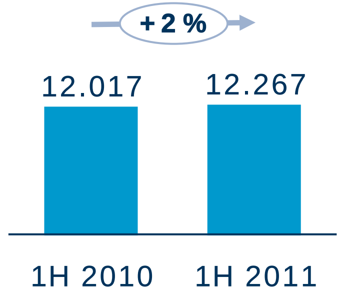
Operating income – underlying

Strong growth of income from loans and deposits

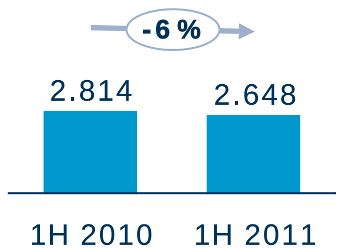
Operating income
CZK bn



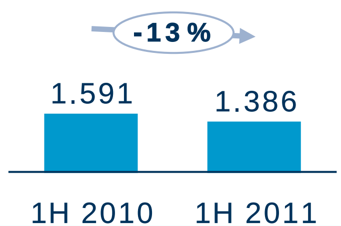
net interest income



net fee and
commission income



other*



Note:

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

Net interest income (NII) from loans and deposits increased by 9% Y/Y, helped especially by the growing mortgage volumes and retail deposit base. In the opposite direction, there was an effect of decreasing NII from bonds brought along by the investment portfolio de-risking. As a result, NII grew by 2%, while NIM (2Q) slightly increased by 2bps Y/Y to 3.40%.

The net fee and commission income (NFCI) decreased by 6% Y/Y primarily due to higher payments to the deposit insurance fund by CZK 154 m as the annual deposit insurance premium went up from 10 to 16 bps (effective since mid-2010). Adjusting for this effect, NFCI was flat Y/Y.

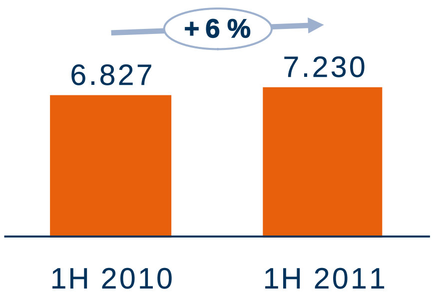
Other income decreased mainly due to higher deduction related to the pension funds (PF) income sharing as a result of positive PF asset portfolio yield development in 2011, this was partially offset by reduction of client FX operations on customer desk.

Operating expenses

Increase driven by investments

Operating expenses

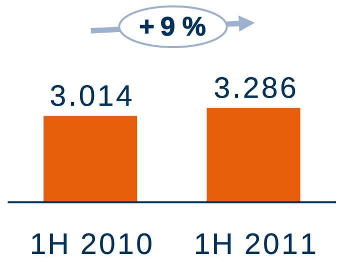
CZK bn



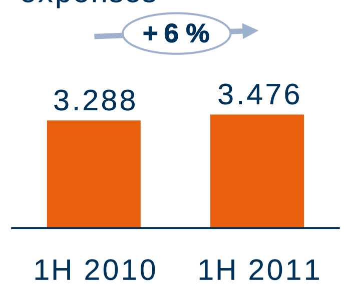
Note:

** Depreciation and amortization.*

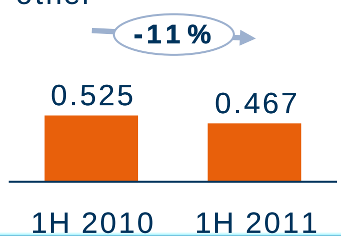
staff expenses



general administrative expenses



other*



On a comparable basis, i. e. disregarding the effect of accruals for performance-related bonuses, staff expenses increased by 6% Y/Y. This development resulted from the regular annual salary adjustment and the growth of the overall number of employees.

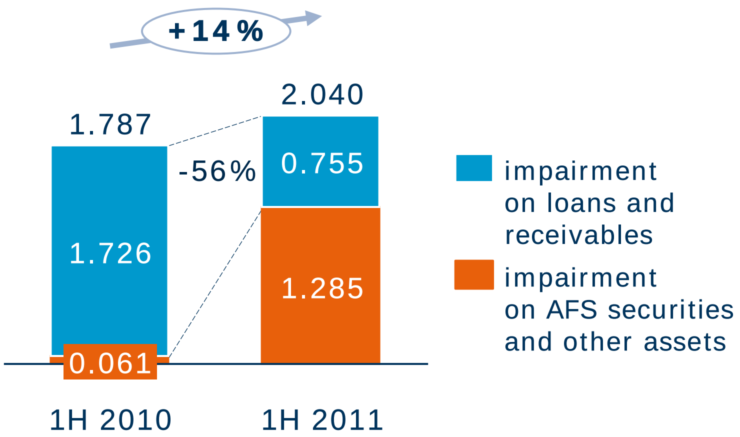
General administrative expenses (GAE) grew by 6% Y/Y, mainly attributable to planned ICT-related investments going on since 2Q 2010. Since the ČSOB group uses outsourced ICT services provided by KBC Global Services Czech Branch, these investments are accounted directly through P/L. In addition, an increase of marketing expenses contributed to the growth.

Depreciation and amortization decreased Y/Y due to lower depreciation of application software remaining in the property of ČSOB after the mid-2009 transfer of ICT services to KBC Global Services Czech Branch.

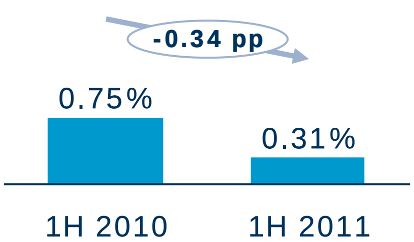
Impairments

Further decrease of credit costs

Total impairments
CZK bn



Credit cost ratio



The costs of credit risk more than halved Y/Y as the impairments on loans and receivables fell to CZK 755 m. As result, credit cost ratio further contracted to 31 bps.

The highest drop of credit costs was recorded by corporates and SMEs.

As the situation in lending to companies continued improving, the number of worsening clients decreased. The decline of credit costs in corporate and SME was also contributed to by the fact that already provisioned clients performed better than expected, which was reflected in the release of allowances.

Improvement in credit costs is also seen in all areas of retail lending – mortgages, building savings loans and consumer finance.

Effect of the Greek assistance program: ČSOB decided to book CZK 1.306 bn impairments (before tax) on the Greek sovereign bonds with a maturity date before end 2020 held in the AFS portfolio.

As required by IAS 39, the AFS bonds are impaired to their fair value (market prices) as at 30 June 2011. The impairment is booked in item impairment on AFS securities of the underlying P&L (i.e. not treated as an extraordinary item).

Strong capital position

Consolidated, CZK m	31.12.2010	31.3.2011	31.3.2011 pro forma*	30.6.2011
Total regulatory capital	**57 522**	**58 714**	**54 364**	**53 012**
- Tier 1 Capital	45 583	46 445	42 095	41 239
- Tier 2 Capital	12 564	12 894	12 894	12 398
- Deductions from Tier 1 and Tier 2	-625	-625	-625	-625
Total capital requirement	**25 530**	**25 941**	**25 941**	**26 082**
- Credit risk (IRB approach)	21 564	21 664	21 664	21 557
- Market risk (internal model)	613	617	617	865
- Operational risk (standardized)	3 354	3 660	3 660	3 660
Total RWA	**319 124**	**324 258**	**324 258**	**326 031**
Core Tier 1 ratio = Tier 1 ratio	**14.19%**	**14.23%**	**12.89%**	**12.55%**
Total capital ratio	**18.03%**	**18.11%**	**16.77%**	**16.26%**

*Notes: * after dividend paid out according to the decision by the sole shareholder from 13 May 2011*

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

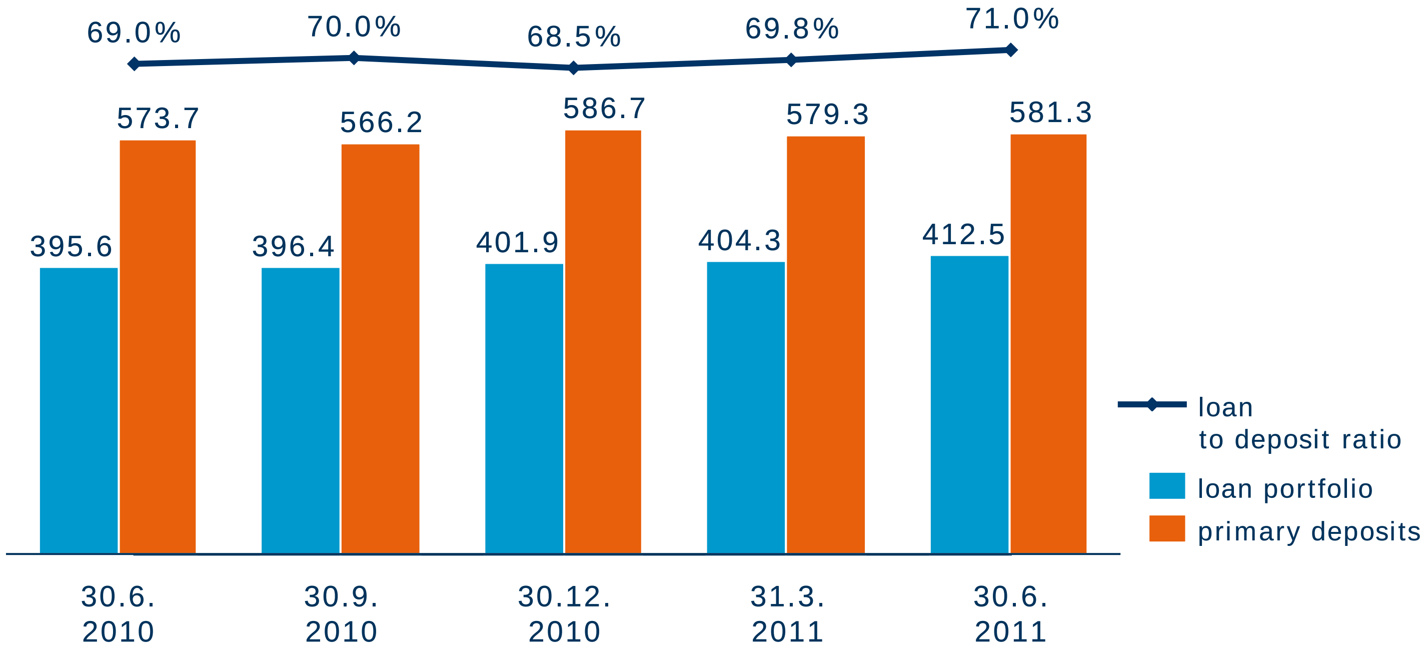
*Tier 1 ratio = (Tier 1 capital – 0.5*deductions) / (total capital requirement / 0.08)*

Ample liquidity

CZK bn

	30.6.2010	30.9.2010	31.12.2010	31.3.2011	30.6.2011
Excess of primary deposits over loan portfolio	178.1	169.8	184.8	175.0	168.8

Basel III will require banks to publish net stable funding ratio. Based on the latest version of Basel III rules published, the value of NSFR for ČSOB stands at 137% as of 30 June 2011.



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

South European countries and Ireland

Exposure to bonds of selected Southern European countries and Ireland
as at 30 June 2011
book value, CZK bn

	Sovereign	Banks	Corporates	Total
Portugal	-	-	-	-
Ireland	-	-	-	-
Italy	1.99	-	-	1.99
Greece	3.06	-	-	3.06
Spain	0.57	-	-	0.57
Total	5.62	0.00	0.00	5.62

Since 2Q 2010, ČSOB has been reducing selected foreign sovereign exposure. ČSOB group actively reduced the exposure to Greek and Italian sovereign bonds during 2010. During the first half 2011, there has been no reduction of the above-mentioned bonds in nominal terms. Exposure to bank bonds disappeared as the bonds reached their maturity in 2Q 2011.

The **Greek bonds** are classified as available-for-sale assets (i.e. disregarding market prices). The book value of these bonds (which reflects their fair value) is lower than their amortized cost of EUR 180 m. As of 30 June 2011, the Greek sovereign bonds with a maturity date before end 2020 were impaired to their fair value (market prices), as required by IAS 39.

The **Italian and Spanish** bonds are classified as held-to-maturity investments. The book value of these bonds (which reflects their amortized cost) is close to the fair value.

3. Analysis of business performance

ČSOB group's market shares

Number 1 position in housing loans and mutual funds

Insurance	market share	rank
Life[2]	↗ 13.1%	2
Non-life[2]	↗ 5.4%	7
Total[2]	↗ 9.2%	3

2nd

Deposits[1]	↗	21.7%
Total loans and leases[1]	↘	17.8%
Factoring[2]	↘	23.0%
Leasing[2]	↗	12.1%

1st

Building savings loans[1]	↘	43.9%
Building savings deposits[1]	↗	36.4%
Mortgages[1]	↗	28.5%
Housing loans[1,4]	↗	34.7%
Mutual funds[1]	↘	30.7%

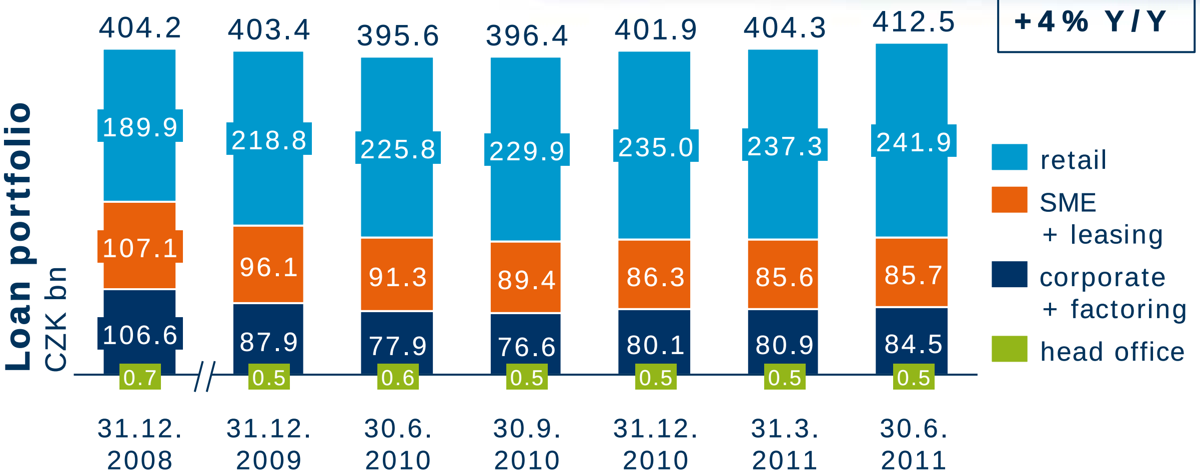
3rd

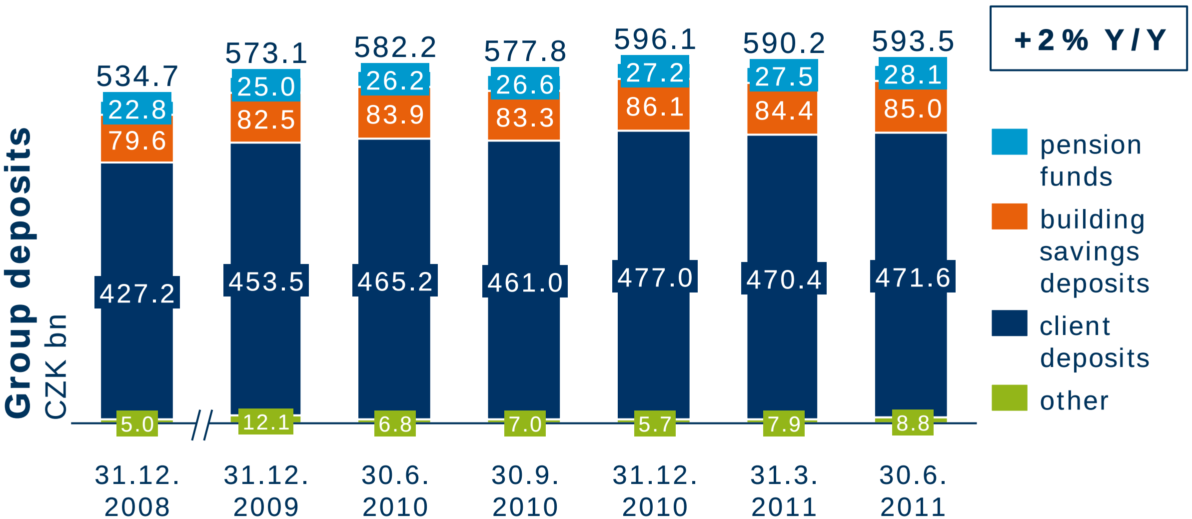
Pension funds[3]	↘	16.2%
Corporate/SME loans[1]	↘	12.8%
Other retail loans[1,5]	↘	14.6%

Notes: Arrows show Y/Y change. Market shares as of 31 March 2011 (i.e. latest available). Insurance as of 30 June 2011.
[1] Outstanding at the given date
[2] New business in the year to the given date, insurance: gross written premium to the given date
[3] Number of clients at the given date
[4] Comprise mortgages and building savings loans
[5] Retail loans excluding mortgages and building savings loans
Sources and detailed definitions are provided in Appendix.

Lending and deposits development

Loans are growing twice faster than deposits





In 2Q 2011, loan portfolio reached CZK 412.5 bn. The 4% Y/Y growth is the highest since the end of 2008.

The second quarter was the fourth showing a consequent growth in loan portfolio. The Q/Q increase of 2% was driven especially by mortgages and corporate loans.

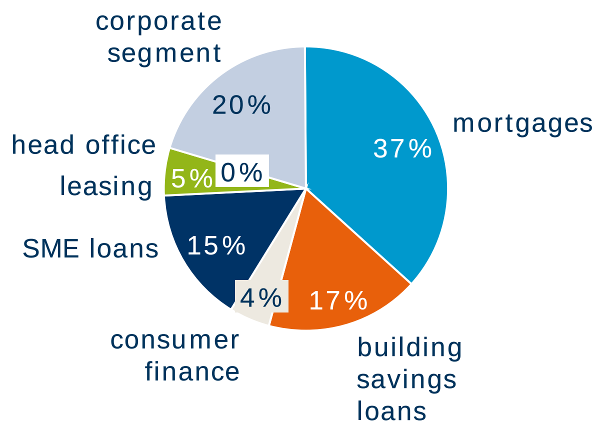
The share of mortgages and building savings loans (together referred to as housing loans) grew to 54% as at 30 June 2011 from 53% one year earlier.

Among deposits, each quarter shows a Y/Y increase, which was recorded across all major products – client deposits, building savings deposits, and pension funds.

Loan portfolio at a glance

Housing loans and corporate lending drive the growth

Gross outstanding volumes, CZK bn	30.6.2010	30.6.2011	Y/Y
Loan portfolio	**395.6**	**412.5**	**+4%**
Retail / SME Segment			
Mortgages[1]	139.0	151.6	+9%
Building savings loans[2]	69.2	72.0	+4%
Consumer finance	17.6	18.3	+4%
SME loans	65.8	63.7	-3%
Leasing	25.5	22.0	-14%
Corporate Segment			
Corporate loans[3]	74.1	80.5	+9%
Factoring	3.8	3.9	+4%
Head Office[4]	0.6	0.5	-17%



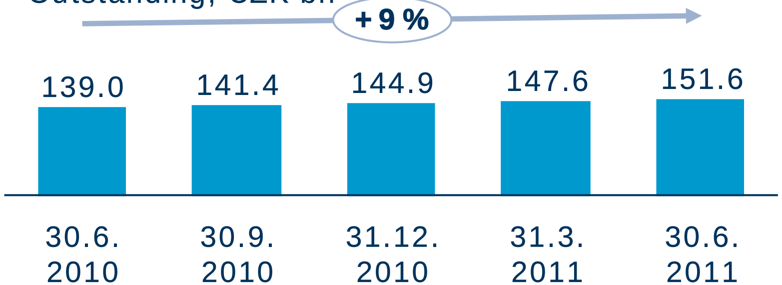
30.6. 2011

Notes:
[1] ČSOB group mortgages are in the balance sheet of ČSOB's subsidiary Hypoteční banka.
[2] 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.
[3] Including credit-replacing bonds.
[4] Historic files.

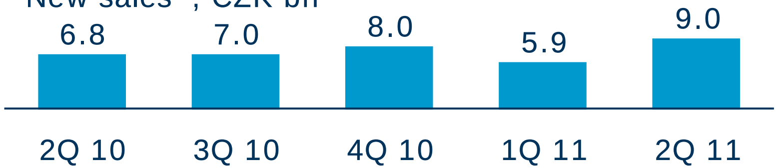
Housing loans

Mortgages

Outstanding, CZK bn



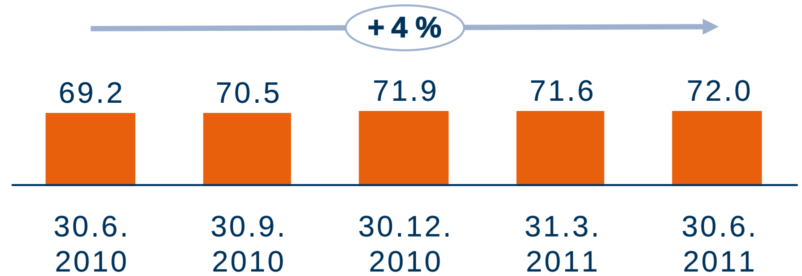
New sales*, CZK bn



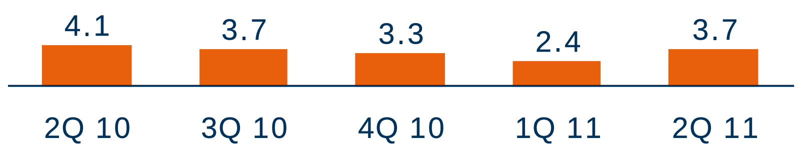
The mortgage portfolio (fully booked in HB, a 100%-owned subsidiary) has been steadily growing. After higher sales in 2H 2010, which reflected rebounding demand for residential real estate, new sales in 1Q 2011 decreased Q/Q due to seasonal effect. However in Y/Y comparison, 1Q new sales were growing. The growth continued in 2Q 2011 supported by favorable development of interest rates, stable real estate prices, and increased occurrence of housing loans' refinancing by mortgages.

Building savings loans

Outstanding (ČMSS 55%), CZK bn



New sales (ČMSS 55%)*, CZK bn

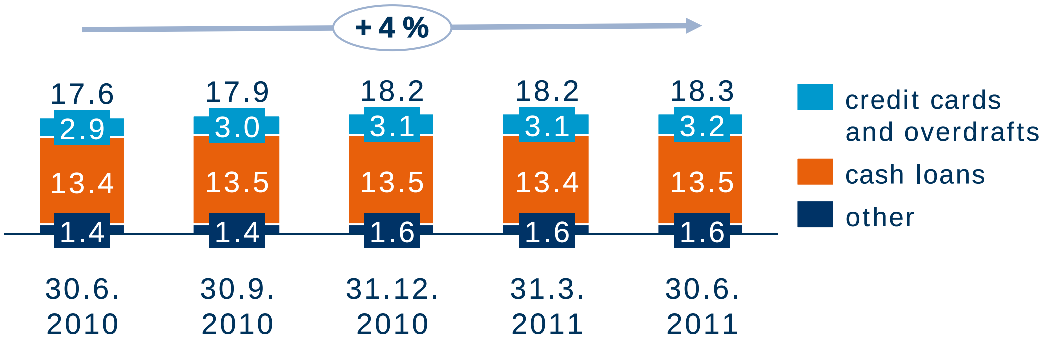


The portfolio of building savings loans (fully booked in ČMSS, a 55%-owned subsidiary) increased Q/Q and Y/Y as well. With client preference in financing housing needs shifting to mortgages, the whole market of building savings loans experienced a significant fall in new sales. ČMSS decreased less than the market.

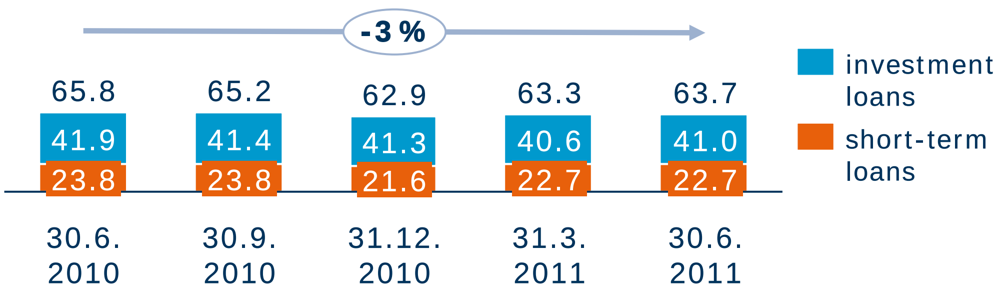
*Note: * Building savings loans: granted loan limits, Mortgages: signed contracts, in line with MMR statistics*

Consumer finance, SME loans, leasing

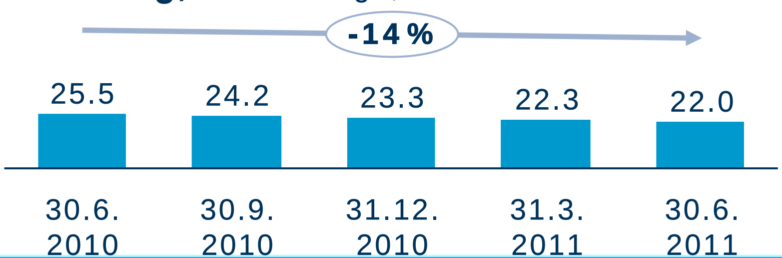
Consumer finance, outstanding, CZK bn



SME loans, outstanding, CZK bn



Leasing, outstanding*, CZK bn



Consumer finance development:

The main driver of the 4% Y/Y growth were credit cards. Within the cash loans item, loans related to housing needs increased.

SME loans development:

In 2Q 2011, the outstanding volumes repeated the 1Q growth of ca. CZK 400m, driven especially by new sales of investment loans which almost tripled Q/Q.

Leasing development:

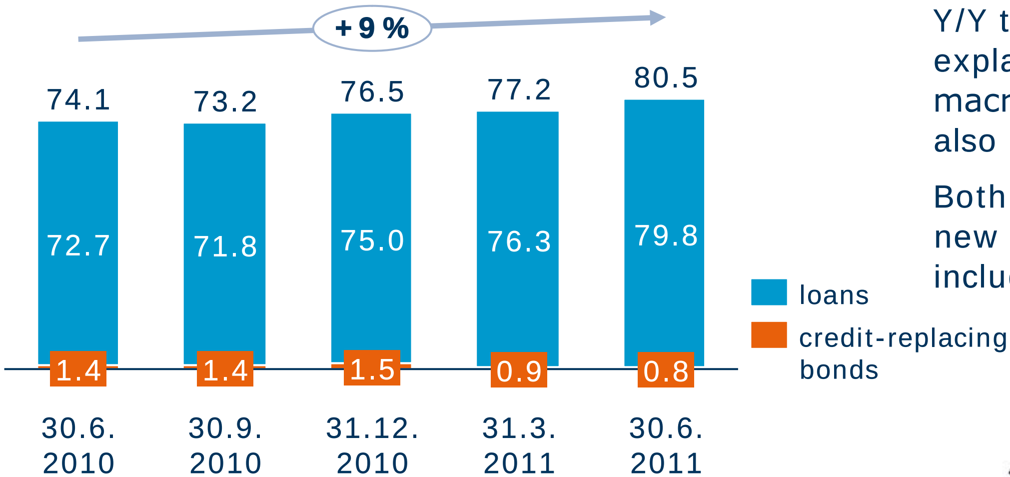
The Y/Y decline of outstanding volumes was caused by the dramatic drop of the leasing market in 2010. Although new sales for 1H increased by 29% Y/Y, they remain below their pre-crisis level and thus do not compensate for repayments.

In the *Zlatá koruna* contest, ČSOB Leasing won in both the retail and SME leasing categories.

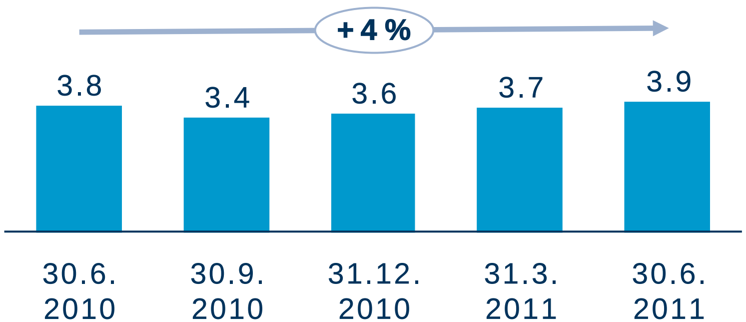
*Note: * Total exposure of ČSOB Leasing, excluding operational leasing.*

Corporate segment

Corporate loans
Outstanding, CZK bn



Factoring
Outstanding, CZK bn



The second quarter of 2011 is the fourth in a row showing the increase in corporate loans volumes. Y/Y the outstandings grew by 9%. Generally, it is explained by revival of Czech companies after the macroeconomic slowdown. At ČSOB, the increase is also due to acquisitions of new corporate clients.

Both operational and investment financing grew; new sales are significantly up (by 83% Y/Y including guarantees).

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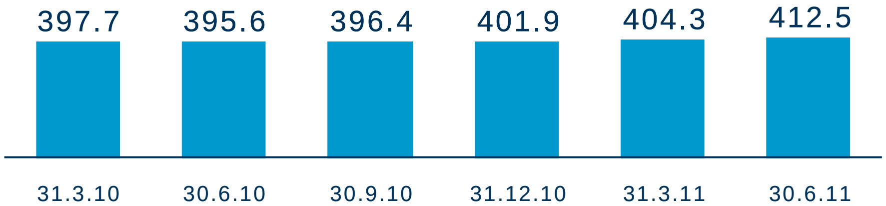
Note: The corporate segment comprises mid-cap corporate customers with an annual turnover above CZK 300 m, local subsidiaries of international groups and selected institutional clients.

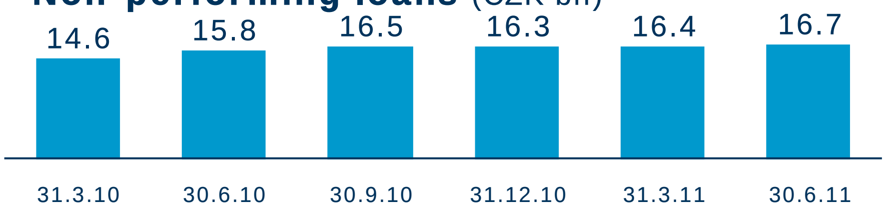
Credit risk under control

Loan portfolio[1] (CZK bn)

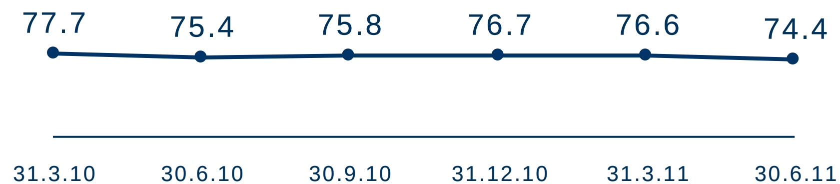


Allowances for loans and leases[3] (CZK bn)

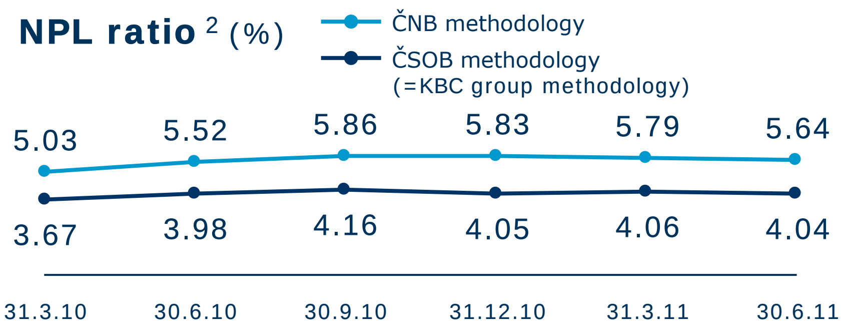
Non-performing loans (CZK bn)



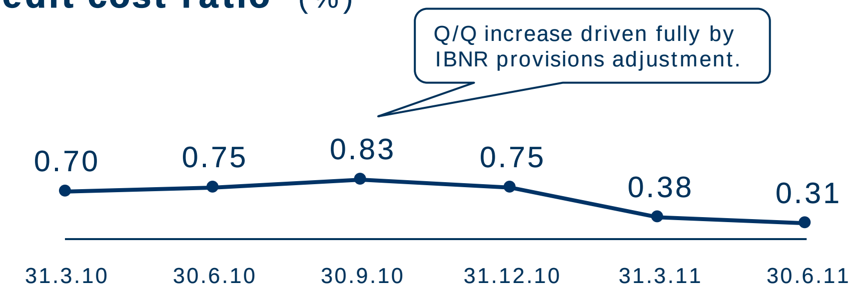
NPL coverage ratio (%)



NPL ratio[2] (%)



Credit cost ratio[4] (%)



Notes: [1] *Group lending excluding "other" loans.*
[2] *ČSOB methodology in line with KBC group methodology.*
[3] *Allowances for on-balance sheet items.*
[4] *Ytd. annualized, including off-balance sheet items.*

Credit risk development

Credit costs

- Quarterly costs of risk declined to one-third of the level year ago, the impairments on loans and receivables fell to CZK 318 m and credit cost ratio (Ytd. annualized) further contracted to 31 bps.
- The most remarkable drop of credit costs was recorded by corporate and SME businesses. As the situation in lending to companies continued improving, the number of worsening clients decreased. The decline of credit costs in corporates and SMEs was also contributed by the fact that already provisioned clients performed better than expected, which was reflected in the release of allowances.
- Improvement in credit costs is also seen in all areas of retail lending – mortgages, building savings loans and consumer finance. Even the CCR of consumer finance, which is the highest among the ČSOB loan portfolio, is under the level of 2%.

Non performing loans

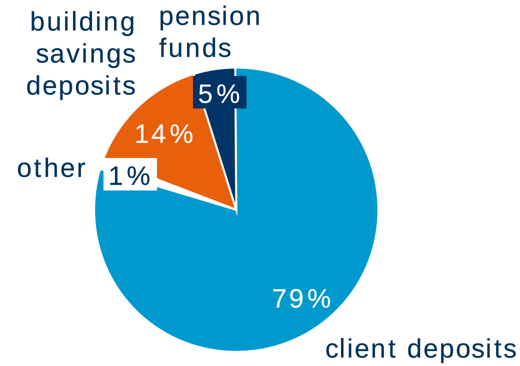
- The NPL ratio was rather flat during the last three quarters at the level of 10 bps below the 3Q 2010 peak.
- While NPLs in the retail loans (mortgages, building savings loans and consumer loans) were still slightly increasing, the corporate and SME lending, being in the more advanced phase of the cycle, showed an opposite development.

Coverage of non performing loans

- The provision coverage of NPLs stands at high 74.4%. Housing loans (mortgages and building savings loans), representing more than a half of the group's loan portfolio, require less provisioning given the fact they are largely secured by collateral. The NPLs from the remaining part of the portfolio are fully covered by allowances, i.e. showing the coverage ratio above 100%.

AUM and deposits at a glance

Outstanding volumes, CZK bn	30.6.2010	30.6.2011	Y/Y
Group deposits	**582.2**	**593.5**	**+2%**
Client deposits	465.2	471.6	+1%
Building savings deposits[1]	83.9	85.0	+1%
Pension funds[2]	26.2	28.1	+7%
Other[3]	6.8	8.8	+29%
Mutual funds[4]	**67.5**	**58.5**	**-13%**
Other asset management	**54.3**	**59.8**	**+10%**
AUM and deposits	**703.9**	**711.7**	**+1%**



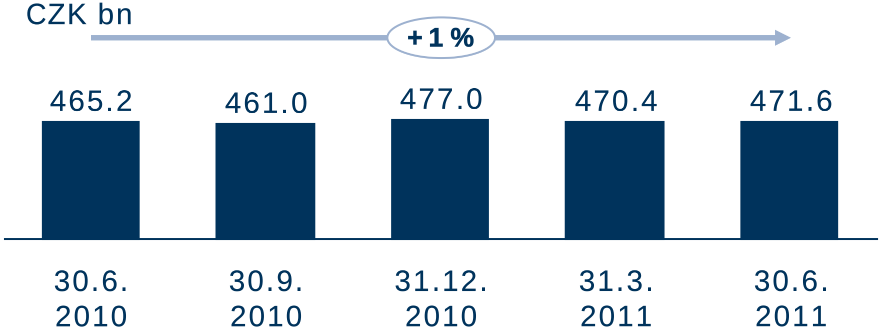
30.6.2011

Notes:
1 ČSOB group building savings deposits 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.
2 Liabilities to pension fund policy holders.
3 Repo operations with non-banking financial institutions and other.
4 Only direct positions are included.

Group deposits

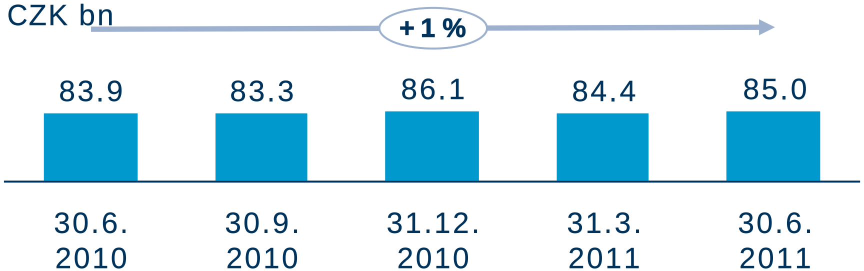
Client deposits

CZK bn



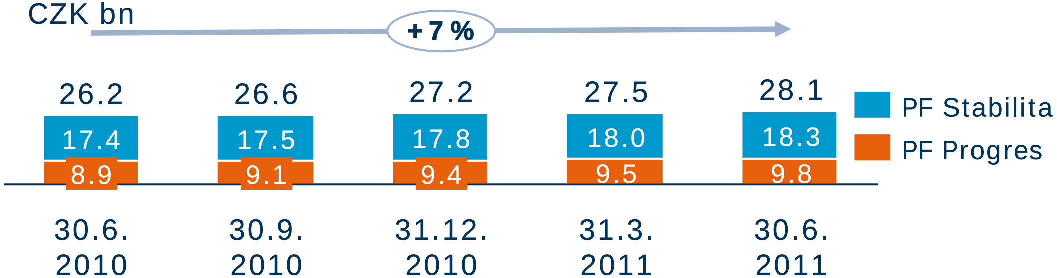
Building savings deposits

CZK bn

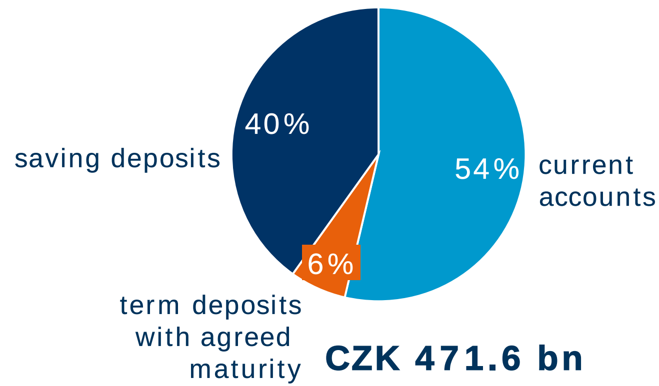


Pension funds

CZK bn



Client deposits as of 30 June 2011



CZK 471.6 bn

All major products of group deposits – client deposits, building savings deposits and pension funds – showed an increase Y/Y. The largest contributor were client deposits (CZK +6.4 bn, +1% Y/Y).

Within client deposits, saving deposits recorded a 17% Y/Y growth. About half of the increase can be attributed to an inflow from term deposits which decreased by 30% Y/Y. Current accounts decreased by 3% Y/Y.

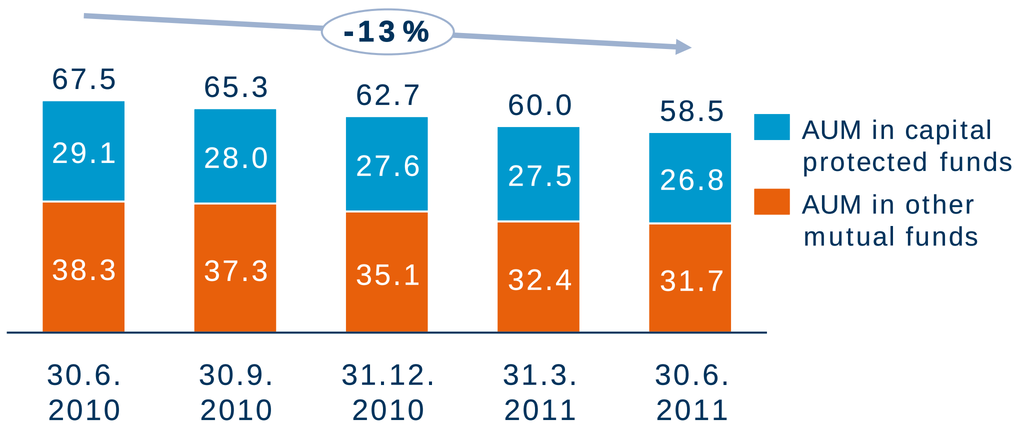
AUM in both ČSOB pension funds kept increasing Q/Q.

Mutual funds

Assets under management

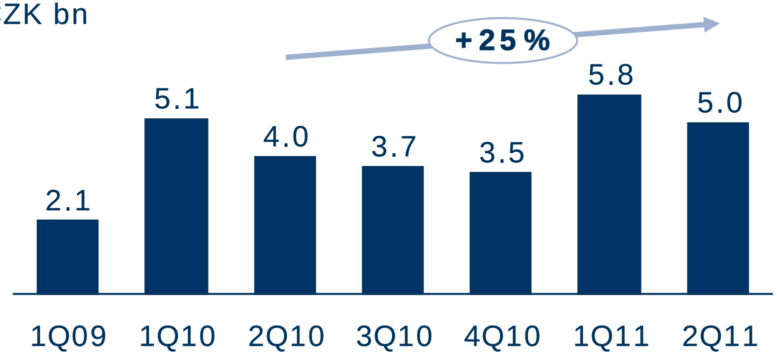
outstanding volumes

CZK bn



New sales

CZK bn



ČSOB still keeps the first position on the market, although the AUM in mutual funds decreased by 2% Q/Q and 13% Y/Y.

New sales of mutual funds in 2Q 2011 reached CZK 5 bn, which represents 25% Y/Y growth. The main drivers were bond funds and mixed funds among other mutual funds, new sales in both categories more than doubled Y/Y. Outflows from ČSOB's money market funds continued, though at lower rate than in 1Q 2011.

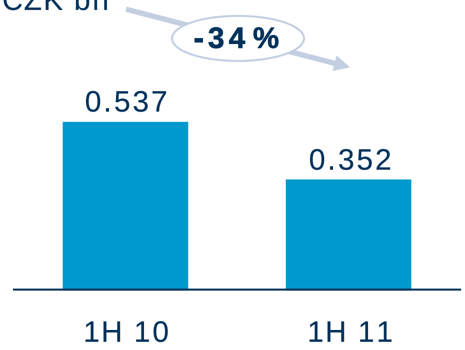
As for capital protected funds, the re-investment ratio of maturing CPFs showed further improvement.

Note: Only direct positions are included.

Insurance

Net profit of ČSOB Pojišťovna*

CZK bn



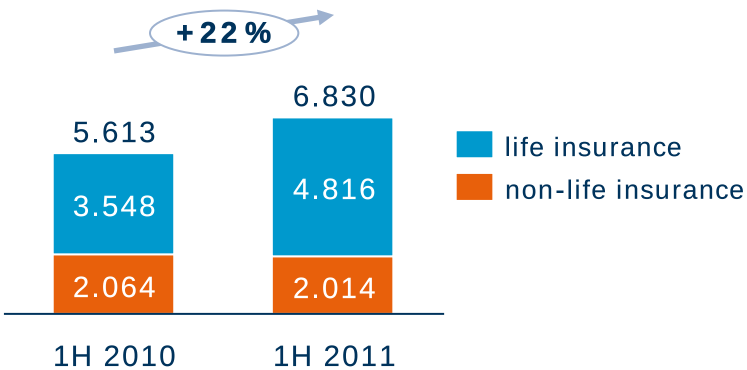
ČSOB Pojišťovna's contribution to the group underlying P/L in 1H 2011 was CZK 88 m, compared to CZK 134 m a year ago.

This Y/Y development results from two opposite trends: the positive performance in non-life claims was more than offset by the change in policy on recognition of life insurance commissions (implemented in June 2010) with a net impact of CZK 351 m.

Gross written premium sharply increased thanks to sales of the bancassurace product, Maximal Invest.

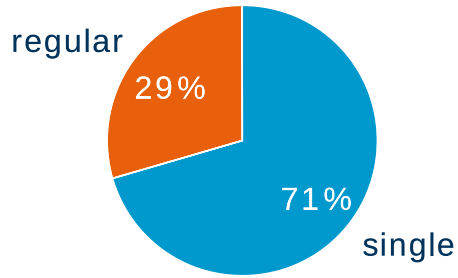
Gross written premium

CZK bn



Life insurance

as of 30 June 2011



CZK 4.816 bn

Note:

** Underlying 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.*

ČSOB group's distribution platform

	30.6.2010	30.6.2011
Customers of the group*	> 4 m	> 4 m
of which ČSOB + PSB (ths)	3 061	3 086
Retail / SME branches and advisory centers	**554**	**566**
ČSOB Retail/SME branches	237	238
PSB branches ("Financial Centers")	52	60
ČMSS advisory centers	150	152
Hypoteční banka centers	26	27
ČSOB Pojišťovna branches	89	89
Leasing branches	**12**	**12**
Corporate branches	**11**	**11**
PSB outlets of the Czech Post network	**ca. 3 300**	**ca. 3 200**
ATMs (ČSOB+PSB)	756	805

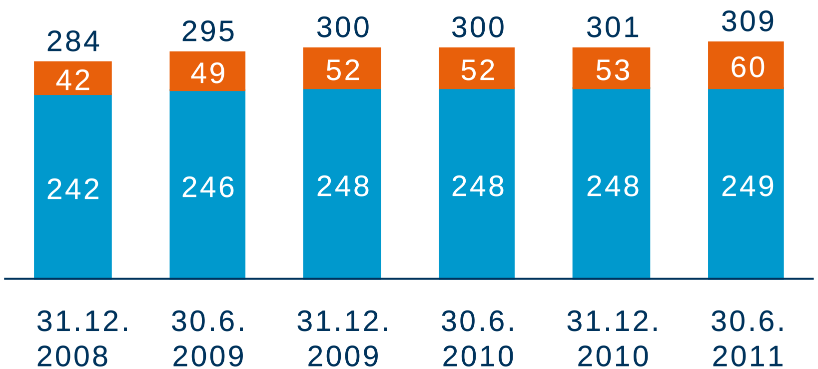
Multi-channel distribution platform includes also wide **agent network** amounting ca. 8,000 ČMSS tied agents, intermediaries and individual brokers for the Mortgage Bank, ČSOB Leasing dealers, ČSOB Pojišťovna tied agents and multi-agents and individual brokers.

** The total number of unique clients is >4 million. Some overlap of client groups exists among different brands, esp. between ČMSS and the two full service brands (ČSOB and PSB). The overlap between ČSOB and PSB is very limited.*

Other information

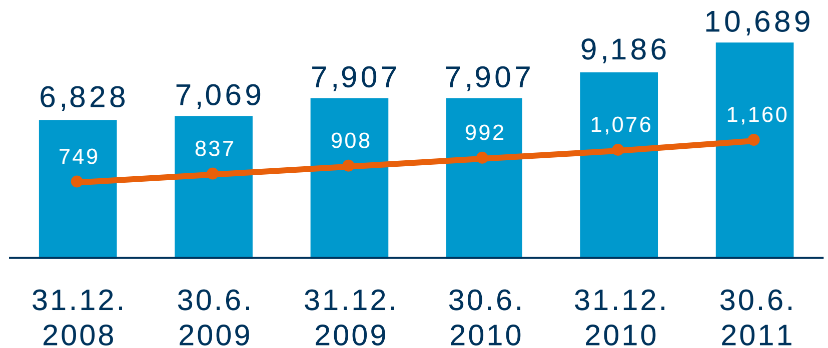
Branches

PSB financial centres
ČSOB branches (Ret/SME + CORP)

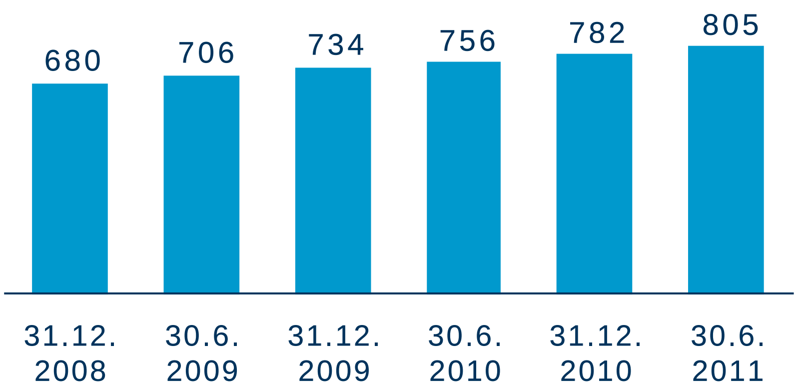


Internet banking

Number of users (thousand)
Number of transactions during the quarter (thousand)

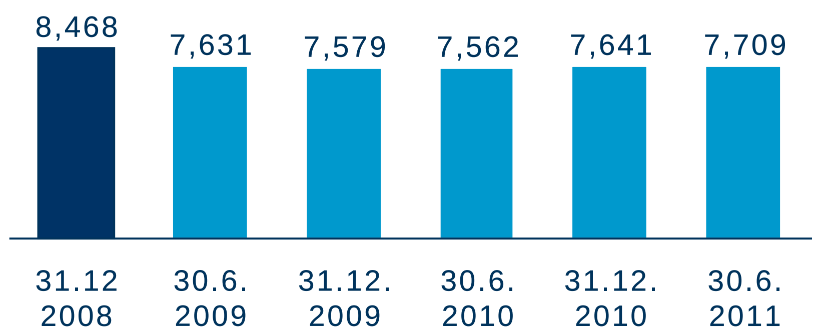


ATMs



Group employees

Including employees of ICT services – these were in 1H 2009 transferred to KBC Global Services Czech Branch



4. Corporate social responsibility

Corporate Social Responsibility (CSR)

We educate…

ČSOB Education Foundation Program:
- Supporting disabled and disadvantaged students
- Improving financial literacy
- Research findings on financial literacy
- Safer Internet

We support regions…

- ČSOB supports regions
- Investment grants for environmental protection
- Era Mayor of the Year Award
- Small grants to support community life and local care for cultural and natural heritage

Our employees help…

- Blood donating campaign
- ČSOB and Era Fund of Aid
- Charity Prague marathon run

We break down barriers…

- Travelling exhibition “We can stand on our own”
- “Pomněnkový den”: Charity day in ČSOB

CSR in 2011 (1/2)

We educate…

- ČSOB donated CZK 1m to the Education Foundation and to the Committee of Good Will – The Olga Havel Foundation; the amount is distributed in **scholarships for disabled and disadvantaged students**. ČSOB announced Committee of Good Will Talent, the competition for students of Education Foundation, with the aim to **support their creativity and personal development**.
- The ČSOB Education Foundation Program supported 11 projects to improve **financial literacy** with a total expenditure of CZK 1m. In addition, ČSOB is the main partner for selected projects to improve financial literacy for low-income groups of people and children. ČSOB supported 79 theatrical performances “Poslední mince” under the theme financial literacy for children from children’s homes and grammar schools.
- ČSOB (under the Era brand) and the Czech National Centre for Safer Internet continued operating the “Safely-Online” project: the www.bezpecne-online.cz website gives advice on the **safe use of the Internet**.

We support regions…

- ČSOB (under the ČSOB and Era brands) allocated a total of CZK 2.1m in small grants to **support community life and local care for cultural and natural heritage**.
- Investment grants for **environmental protection and landscape restoration** were launched – three projects will receive CZK 300,000 each in 2011.
- **Era’s Mayor of the Year Award** – call for applications to the competition launched; the winner will receive CZK 250,000 for his/her municipality.

CSR in 2011 (2/2)

Our employees help…

- A number of ČSOB employees donated blood within the ČSOB **blood donating campaign**.
- 150 employees ran Prague marathon under the name of Committee of Good Will – The Olga Havel Foundation. ČSOB, paying the participation fee for employees and adding an equal amount of money to the Foundation, ČSOB contributed CZK 173,000 to the **activities of The Olga Havel Foundation**.
- ČSOB and Era Fund of Aid for ČSOB's employees aims to help the disabled among families or friends of ČSOB's employees.
- ČSOB employees donated CZK 52,000 to **abandoned children** in the Children Center of Thomayer Faculty Hospital.
- During the employee campaign "Who if not me?/Kdo, když ne já?" employees are informed through various events, a competition and a newsletter about issues such as the first aid, solitude or how to help in general. The aim is to inspire employees to be more attentive and considerate of others.

We break down barriers…

- ČSOB (under the Era brand) and the Czech Paraplegic Association organized travelling exhibition "We can stand on our own/Umíme se postavit na vlastní nohy". The topic is the **life of health disabled people on wheelchairs** who didn't give up.
- "Pomněnkový den" – In cooperation with Safety Line / Linka bezpečí a charity day was organized in ČSOB. The proceeds were donated to a free phone line operated to **help children and young people in crisis situations**.
- Children Day for ČSOB employees and their children was organized in cooperation with the foundation Mathilda, which helps **visually impaired people.**

Appendix

2Q 2011 Events

- On 13 May, ČSOB's sole shareholder KBC Bank NV approved distribution of the non-consolidated net profit for the year 2010 in total amount of CZK 12.8 bn and the non-distributed profit from previous years in total amount of CZK 5.0 bn. The **dividend** per share is CZK 60.87. Dividends were paid on 18 May 2011. Reported capital adequacy ratio was 18.11% and (Core) Tier 1 ratio was 14.23% as of 31 March 2011. The pro forma ratios after dividend payment were 16.77% and 12.89%, respectively.

- On 15 June 2011, ČSOB's sole shareholder KBC Bank NV, exercising the powers of the General Meeting, decided about **personnel changes in the ČSOB's Supervisory Board and in the ČSOB's Audit Committee**.

  - **Patrick Vanden Avenne** was elected a member of the ČSOB´s Supervisory Board (to a new term in office) with effect from 15 June 2011. He has been a member of ČSOB's Supervisory Board since April 2006.
  - **Dirk Mampaey** was dismissed from the ČSOB's Supervisory Board and from the ČSOB's Audit Committee with effect from 30 June 2011;
  - **Philip Marck** was elected a member of the ČSOB's Supervisory Board and as a member of the ČSOB's Audit Committee with effect from 1 July 2011. He replaced Dirk Mampaey in both bodies.

  The term of office for the newly elected members of the ČSOB's Supervisory Board is four years.

Credit rating and shareholder structure

ČSOB's credit ratings

As at 9 August 2011

Rating agency	Moody's	Fitch
	Long-term rating: A1 (stable)	**Long-term rating: A-** (stable)
	Short-term rating: Prime-1	Short-term rating: F2
	Financial strength: C	Individual: C
		Support: 1
Rating valid since	23 February 2007	14 May 2009
Last confirmation	8 December 2010	15 October 2010

Shareholder structure

As at 30 June 2011, ČSOB's share capital was CZK 5.855 bn and comprised of 292,750,000 ordinary bearer shares with a nominal value of CZK 20 each.

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

Management structure

- ■ Chairman of the Board of Directors, Chief Executive Officer
- ■ Members of the Board of Directors, Senior Executive Officers
- □ B-1 units managing respective branch networks
- □ Other B-1 units

Chief Executive Officer (CEO)
Pavel Kavánek

- Internal Audit
- Legal
- PURE Program
- Compliance
- Corporate Office

Distribution
Petr Hutla
- Retail Branch Network Management
- SME Branch Network Management
- Private Banking
- Retail/SME Segment Business Development
- Retail/SME Marketing and Segments
- Business Support

Corporate Banking
Petr Knapp
- Corporate and Institutional Banking
- Financial Markets
- Facilities Management

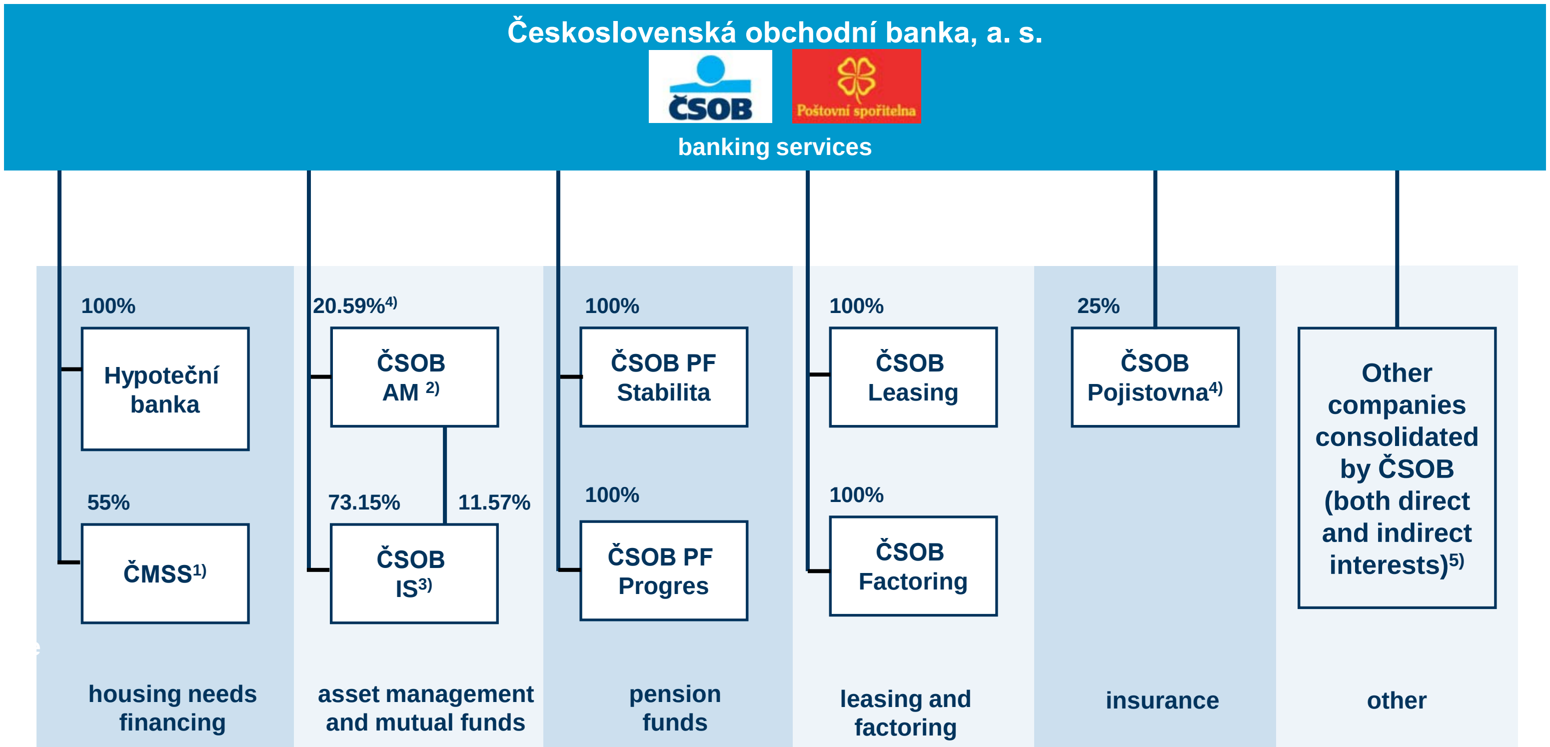
Mass Market
Jan Lamser
- Mass Market Sales and Distribution
- Direct Financial Services
- Mass Market Segment Management
- Mass Market Strategic Management
- Mass Market Business Support
- Operations

CFO
Bartel Puelinckx
- Finance
- Central Procurement
- Credits
- Assets and Liabilities Management

CRO
Koen Wilmots
- Integrated Risk Management
- Risk Shared Services
- Risk Specific Management

CSO
Jiří Vévoda
- Human Resources Management
- Communication
- Strategy and development
- Consumer Finance
- Payment Products and Services

ČSOB group in the Czech Republic



Notes:
Percentages show ownership interests on company's equity as of 31-Dec-2010
1) 45% of shares owned by Bausparkasse Schwäbisch Hall; a proportional consolidated subsidiary of ČSOB.
2) 79.41% of shares owned by KBC Participations Renta; ČSOB AM is a fully consolidated subsidiary of ČSOB
3) 15.28% of shares owned by KBC Participations Renta; ČSOB IS is a fully consolidated subsidiary of ČSOB
4) 75% of shares owned by KBC Insurance; subsidiary consolidated in ČSOB by an equity method
5) A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report

Awards for ČSOB group

Accolades received in 2011

ČSOB as a whole

Named the best bank in the Czech Republic by Global Finance magazine

Named Best Bank Czech Republic in 2010 by EMEA Finance magazine

Named the best bank in the Czech Republic by Euromoney magazine

Selected business areas

Postal Savings Bank	ČSOB Leasing	Trade Finance	Foreign Exchange	Acquisition Finance
Named the most client friendly bank in the Czech Republic *(contest organized by the Economic News daily)*	Named best in the Czech Republic in both leasing categories – retail and SME *(Zlata koruna contest)*	Named best in the Czech Republic	Named best in the Czech Republic	Named best bank in Eastern Europe

Profit and loss statement – Ytd.

Reported

(CZK m)	1H 2010	1H 2011	Y/Y
Interest income	*16 159*	*16 228*	*0%*
Interest expense	*-4 142*	*-3 961*	*-4%*
Net interest income	12 017	12 267	+2%
Net fee and commission income	2 814	2 648	-6%
Net gains from financial instruments at FVPL*	714	1 043	+46%
Other operating income*	1 081	445	-59%
Operating income	**16 626**	**16 403**	**-1%**
Staff expenses	-3 014	-3 287	+9%
General administrative expenses	-3 288	-3 476	+6%
Depreciation and amortisation	-525	-467	-11%
Operating expenses	**-6 827**	**-7 230**	**+6%**
Impairment losses	-1 787	-2 040	14%
Impairment on loans and receivables	*-1 726*	*-755*	*-56%*
Impairment on available-for-sale securities	*0*	*-1 277*	*N/A*
Impairment on other assets	*-61*	*-8*	*N/A*
Share of profit of associates*	134	90	-33%
Profit before tax	**8 146**	**7 223**	**-11%**
Income tax expense*	-961	-955	-1%
Profit for the period	**7 185**	**6 268**	**-13%**
Attributable to:			
Equity holders of the parent	**7 140**	**6 209**	**-13%**
Minority interest	45	59	+31%

Notes: FVPL = fair value through profit and loss.

Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

** Lines designated by asterisk as reported differ from underlying figures.*

Profit and loss statement – Ytd.

Underlying

(CZK m)	1H 2010	1H 2011	Y/Y
Interest income	*16 159*	*16 228*	*0%*
Interest expense	*-4 142*	*-3 961*	*-4%*
Net interest income	12 017	12 267	+2%
Net fee and commission income	2 814	2 648	-6%
Net gains from financial instruments at FVPL*	838	941	+12%
Other operating income*	752	445	-41%
Operating income	**16 421**	**16 301**	**-1%**
Staff expenses	-3 014	-3 287	+9%
General administrative expenses	-3 288	-3 476	+6%
Depreciation and amortisation	-525	-467	-11%
Operating expenses	**-6 827**	**-7 230**	**+6%**
Impairment losses	-1 787	-2 040	14%
Impairment on loans and receivables	*-1 726*	*-755*	*-56%*
Impairment on available-for-sale securities	*0*	*-1 277*	*N/A*
Impairment on other assets	*-61*	*-8*	*N/A*
Share of profit of associates*	134	88	-34%
Profit before tax	**7 941**	**7 120**	**-10%**
Income tax expense*	-919	-936	+2%
Profit for the period	**7 022**	**6 184**	**-12%**
Attributable to:			
Equity holders of the parent	**6 977**	**6 125**	**-12%**
Minority interest	45	59	+31%

Notes: FVPL = fair value through profit and loss.

Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

** Lines designated by asterisk as reported differ from underlying figures.*

Balance sheet

Assets

(CZK m)	31/12 2010	30/06 2011	Ytd
Cash and balances with central banks	21 164	35 164	+66%
Financial assets held for trading	173 810	158 219	-9%
Financial assets designated at fair value through P/L	11 132	11 025	-1%
Available-for-sale financial assets	102 521	88 673	-14%
Loans and receivables - net	399 741	419 143	+5%
Loans and receivables to credit institutions - gross	*14 137*	*19 792*	*+40%*
Loans and receivables to which other than credit institutions - gross	*397 445*	*410 762*	*+3%*
Allowance for impairment losses	*-12 466*	*-12 387*	*-1%*
Accrued interest income	*625*	*976*	*+56%*
Held-to-maturity investments	150 240	146 604	-2%
Derivatives used for hedging	9 437	10 424	+10%
Current tax assets	39	62	+59%
Deferred tax assets	488	304	-38%
Investments in associate	1 163	1 249	+7%
Investment property	713	693	-3%
Property and equipment	8 057	7 992	-1%
Goodwill and other intangible assets	3 625	3 535	-2%
Non-current assets held-for-sale	140	150	+7%
Other assets	2 785	2 580	-7%
Total assets	**885 055**	**885 817**	**0 %**

Balance sheet

Liabilities and equity

(CZK m)	31/12 2010	30/06 2011	Ytd
Financial liabilities held for trading	21 096	19 472	-8%
Financial liabilities at fair value through P/L	117 774	130 571	+11%
Financial liabilities at amortised cost	663 418	659 803	-1%
of which Deposits received from credit institutions	*30 442*	*27 517*	*-10%*
of which Deposits received from other than credit institut.	*596 078*	*593 496*	*0%*
of which Debt securities in issue	*24 105*	*25 097*	*+4%*
of which Subordinated liabilities	*11 974*	*11 976*	*0%*
of which Accrued interest expenses	*819*	*1 717*	*+110%*
Derivatives used for hedging	5 567	5 141	-8%
Current tax liabilities	1 203	545	-55%
Deferred tax liabilities	830	950	+14%
Provisions	651	620	-5%
Other liabilities	8 676	13 035	+50%
Total liabilities	**819 215**	**830 137**	**+1%**
Share capital	5 855	5 855	0%
Share premium account	7 509	7 509	0%
Statutory reserve	18 687	18 687	0%
Retained earnings	30 560	19 098	-38%
Available-for-sale reserve	2 422	2 830	+17%
Cash flow hedge reserve	-2	791	+/-
Foreign currency translation reserve	0	-1	N/A
Parent shareholders' equity	**65 031**	**54 769**	**-16%**
Minority interest	809	911	+13%
Total equity	**65 840**	**55 680**	**-15%**
Total liabilities and equity	**885 055**	**885 817**	**0%**

Methodological note

Reclassification of the profit and loss statement:

This presentation shows 2010 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. There are following reclassifications:

- Between interest income and interest expenses, there are changes in accounting of net interest income realized on cash-flow hedging derivatives.
- Interest income and expenses realized on financial derivatives used as economic hedges were reclassified from Net gains from financial instruments recognized at fair value through profit or loss into Net interest income.
- Depreciation of investment property was reclassified from Operating expenses into Other net income.

Reconciliation of business volumes:

ČSOB changed the way of showing lending volumes. Instead of term „group lending" shown in last year presentations defined as item „loans and receivables – gross" from the consolidated balance sheet plus credit–replacing bonds, ČSOB newly uses throughout the whole presentation the term „loan portfolio" defined as loans and receivables to other than credit institutions plus loans and receivables to credit institutions minus exposure to banks from inter-bank transactions plus credit replacing bonds (in HTM, AFS and FVPL portfolios).

Market shares definitions and sources

Sources for the slide on ČSOB group's market shares

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. home-equity consumer loans and mortgages for non-housing real estate 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
Other retail loans	Outstanding volume of cash loans, credits cards, overdrafts, home equity loans, student loans and mortgages for non-housing real estate purposes	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
RoA (return on average assets)	Net profit for the year / five point average of total assets (calculated based on the period end closing balance and the closing balances of the preceding four quarters)
RoE (return on average equity)	Net profit for the year / five point average of total shareholders' equity (calculated based on the period end closing balance and the closing balances of the preceding four quarters)
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) and non-sovereign bonds in credit book.
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	Loan portfolio / primary deposits

Glossary

Other definitions

Underlying	Excluding extraordinary items. KBC group methodology.
Loan portfolio	Loans and receivables to other than credit institutions plus loans and receivables to credit institutions minus exposure to banks from inter-bank transactions plus credit replacing bonds (in HTM, AFS and FVPL portfolios).
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.

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