



FY 2009 Results ČSOB Group Czech Republic

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**EU IFRS Unaudited Consolidated
11 February 2010, Prague**



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Highlights



ČSOB Group Results FY 2009

Highlights

ČSOB group reported a net profit for FY 2009 of CZK 17.4 bn.

The underlying net profit for FY 2009 reached CZK 10.5 bn (-17% Y/Y), despite the recession of the Czech economy in 2009. On the underlying basis:

- Operating profit up Y/Y: operating income +1%, operating expenses -2%.**
- High credit costs stemming from the economic downturn in line with expectation.**

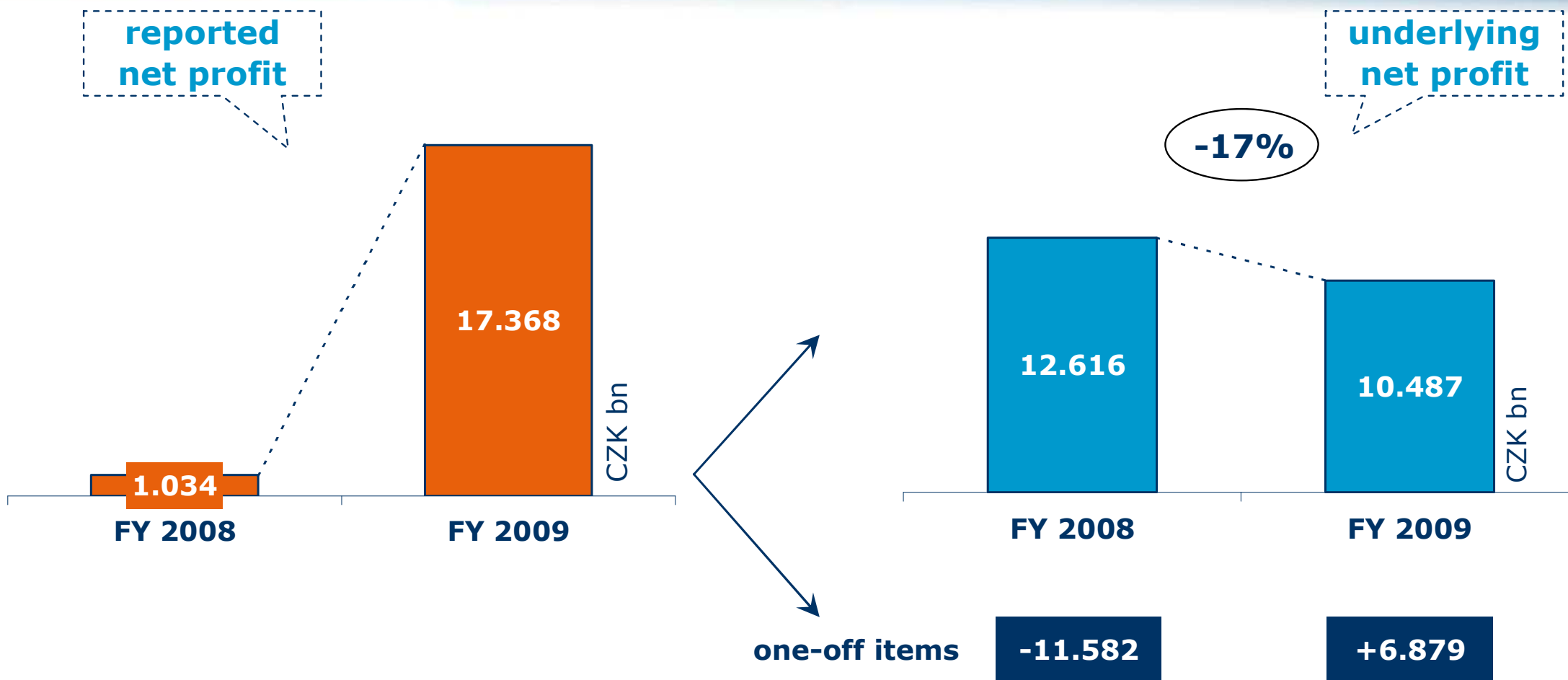
The reported net profit was positively impacted by one-off revenue (+ CZK 6 bn net) from selling the remaining share in ČSOB Slovakia to KBC and positive revaluation of the CDO portfolio (+ CZK 0.9 bn net).

Deposits increased by 6% to CZK 566.6 bn and group business lending remained flat (-0.2%) at CZK 403.4 bn.

Capital and liquidity position remains strong with capital adequacy ratio of 15.0% and liquidity ratio of 71.1%.

Net profit

Reported vs. underlying



Note: One-off items in 2008 were negative especially due to the revaluation of CDO portfolio (- CZK 8.4 bn net) The main one-off in 2009 was the sale of ČSOB Slovakia (+ CZK 6.0 bn net) and positive revaluation of CDO portfolio (+ CZK 948 m net).



Financial Ratios

Consolidated

		FY 2008	FY 2009
Reported	C/I ratio	78.8%	36.0%
	ROAA	0.1%	2.1%
	ROAE	1.8%	28.2%
Underlying	C/I ratio	46.9%	45.2%
	ROAA	1.6%	1.2%
	ROAE	21.6%	17.0%
NIM		3.06%	3.24%
		31/12/2008	31/12/2009
Liquidity ratio		75.2%	71.1%
CAD group (Basel II)		10.31%	14.96%
Solvency ratio (ČSOB Pojišťovna)		193%	264%

ČSOB group managed to further strengthen its efficiency and profitability.

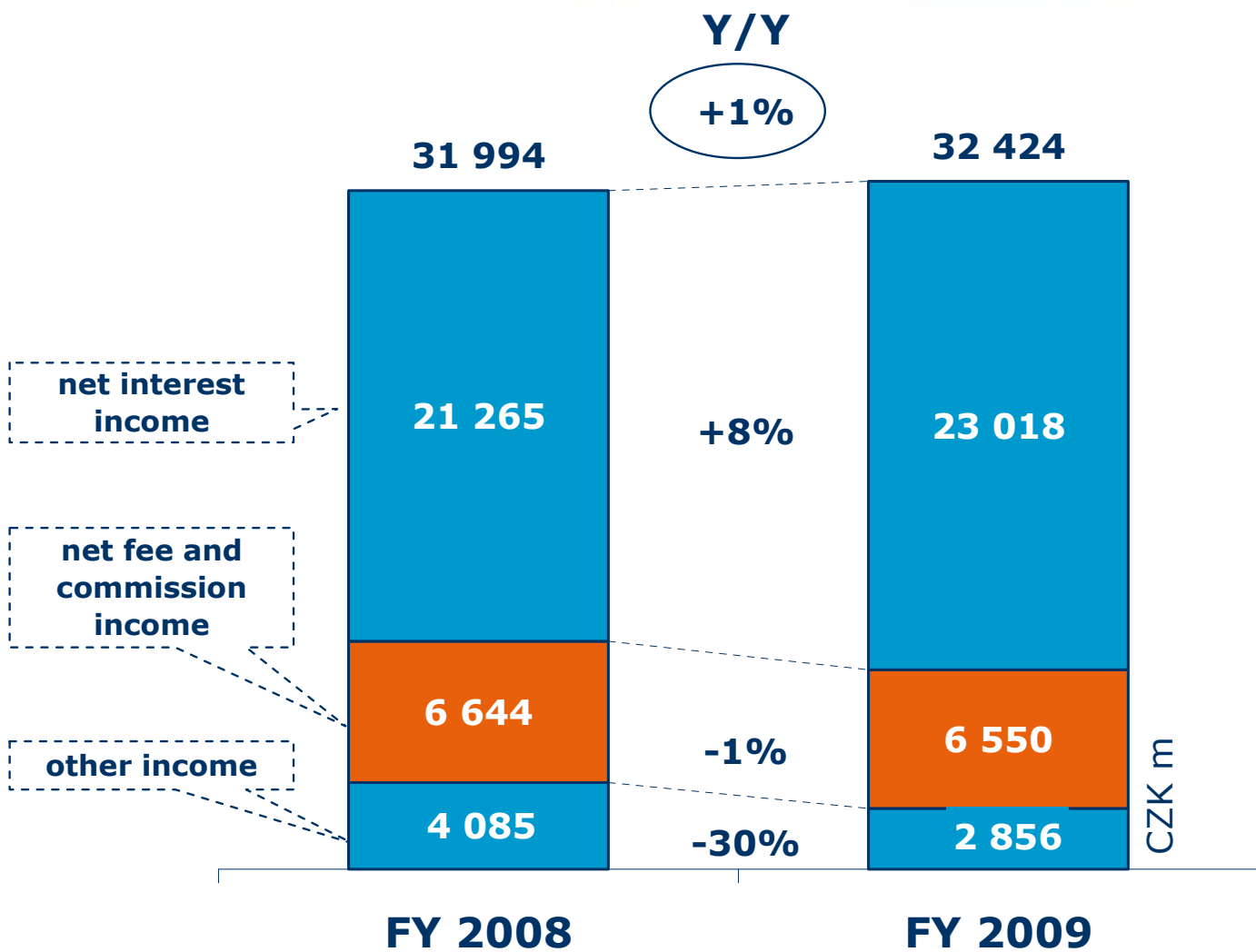
Liquidity and capital adequacy improve from already strong levels.



Financial Situation

Operating Income

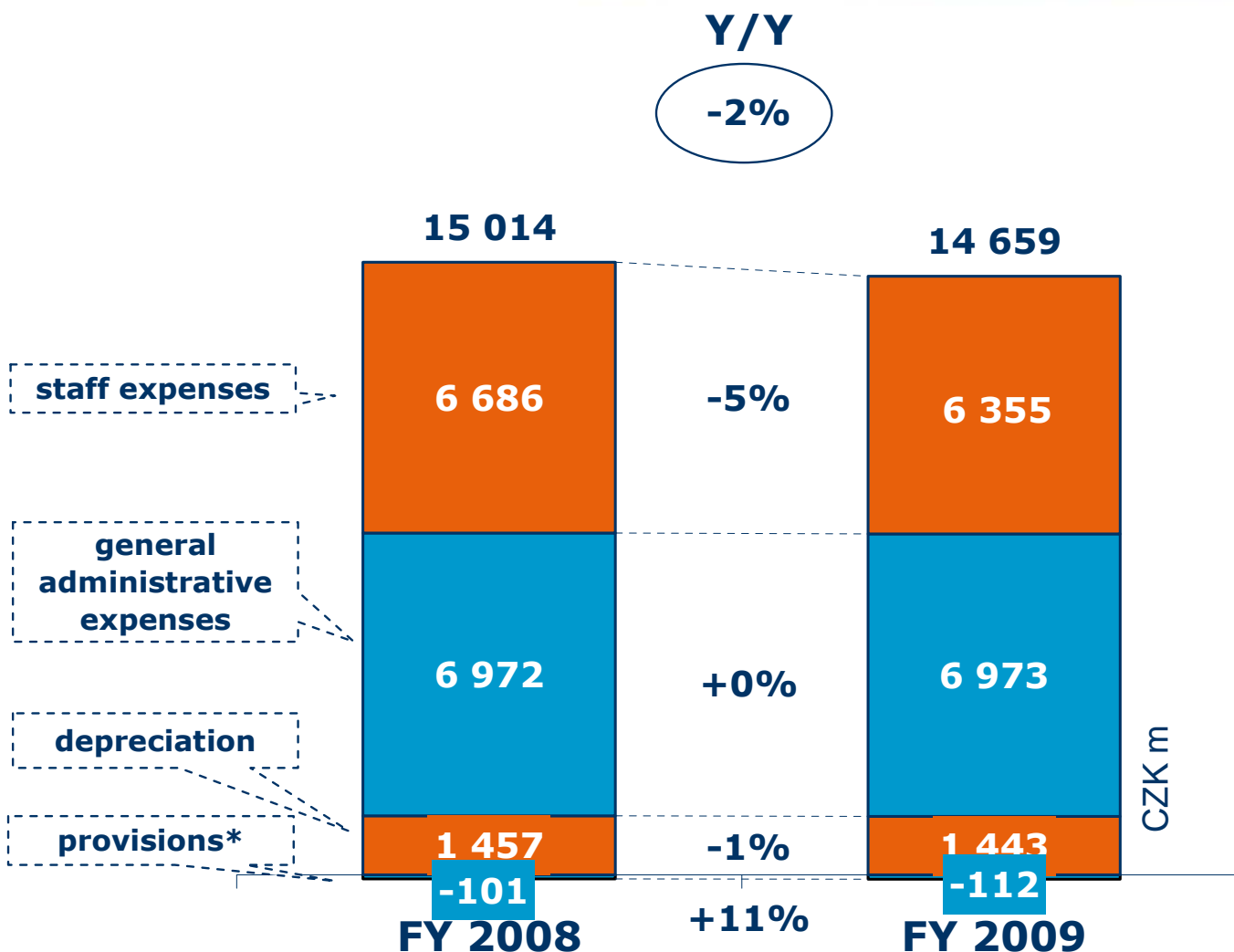
Underlying, net of extraordinary items



Net interest income increased especially due to volume growth (see the next slide), while net fee and commission income remained flat.

The decrease in other income is caused by a lower volume of international payments and lower hedging activity of ČSOB clients.

Operating Expenses



Note: * Only provisions for legal issues and other losses, restructuring and contractual engagements are included in item "provisions".

Operating expenses are kept under strict control.

Cost containment measures (including a 5% staff reduction) have brought results.

Part of expenses shifted from staff expenses to GAE. On a comparable basis, staff expenses decreased by 1.5%. The ICT services of ČSOB and ČSOB Pojišťovna were put under one management structure and transferred to the newly created Czech Branch of KBC Global Services in June 2009.



Strong Capital Position

Consolidated (CZK m) 31/12/08 31/12/09

Total regulatory capital	41 733	55 081
- Tier 1 Capital	42 131	44 500
- Tier 2 Capital	11 967	11 970
- Deductions from Tier 1 and Tier 2	-12 364	-1 390
Total capital requirement	32 379	29 452
- Credit risk (IRB approach)	26 474	25 288
- Market risk (internal model)	2 501	1 176
- Operational risk (standardized approach)	3 404	2 987
Total RWA	404 733	368 150
Tier 1 ratio	8.88%	11.90%
CAD	10.31%	14.96%

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

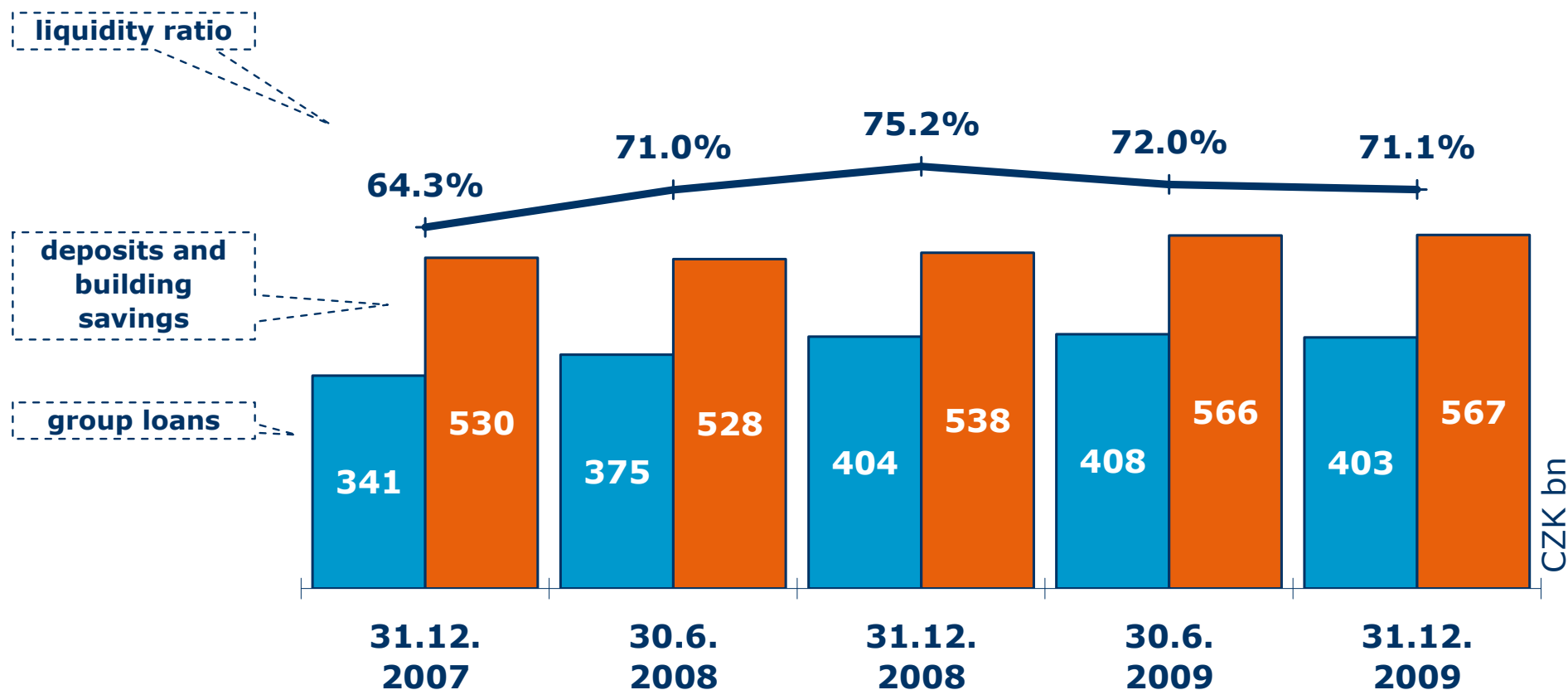
Tier 2 capital = subordinated debt

Total regulatory capital = Tier 1 + Tier 2 – deductions (mainly participation in ČSOB SK)

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

Ample Liquidity

	31/12/07	30/06/08	31/12/08	30/06/09	31/12/09
Deposits & building savings minus group loans (CZK bn)	189	153	134	158	164





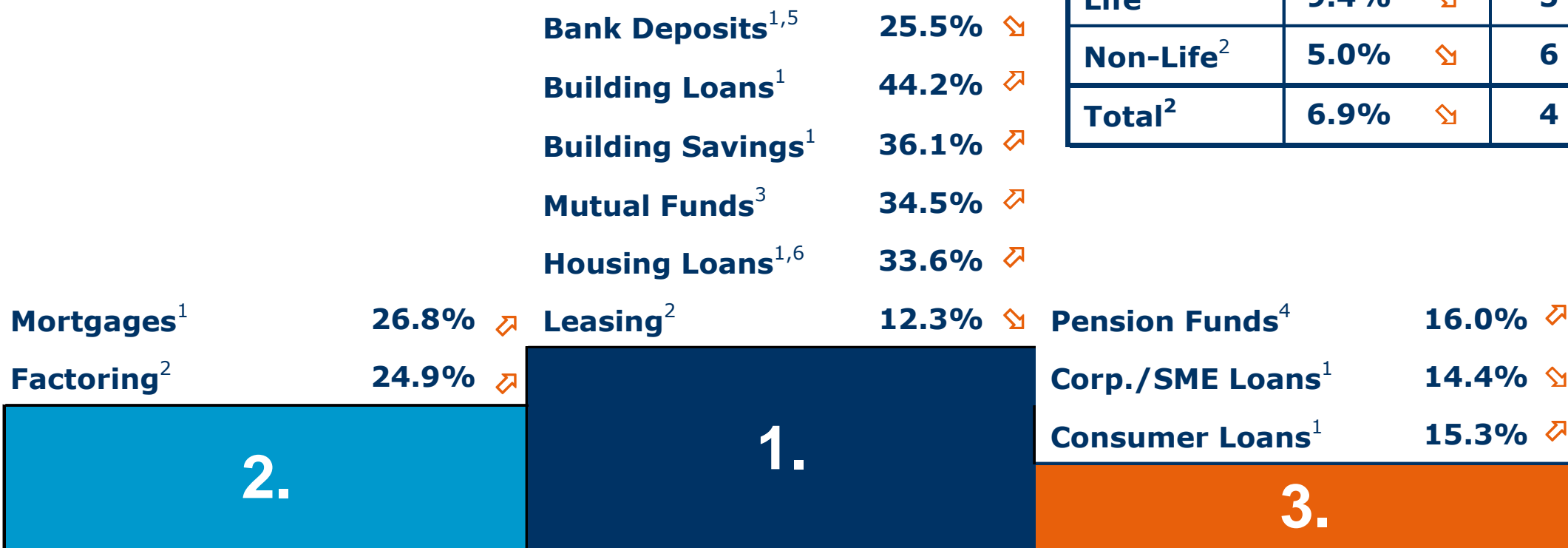
Business Development



ČSOB Group's Market Shares

Maintaining leading positions in the Czech financial market

Insurance	MS	Rank
Life ²	9.4% ↘	5
Non-Life ²	5.0% ↘	6
Total ²	6.9% ↘	4



Notes: Arrows show Y/Y change. Market shares as of **30/09/09** (i.e. latest available), insurance as of 31/12/09.

1 Market share according to outstanding volume at the given date

2 Market share according to volume of new business in the year to the given date

3 Incl. institutional funds and third parties funds; market share according to outstanding volume at the given date

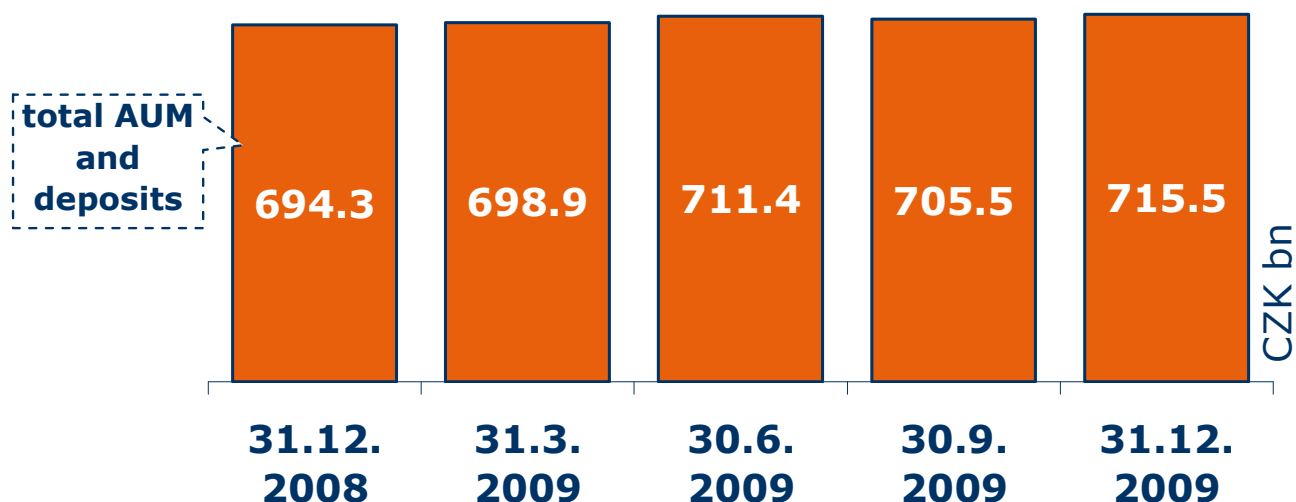
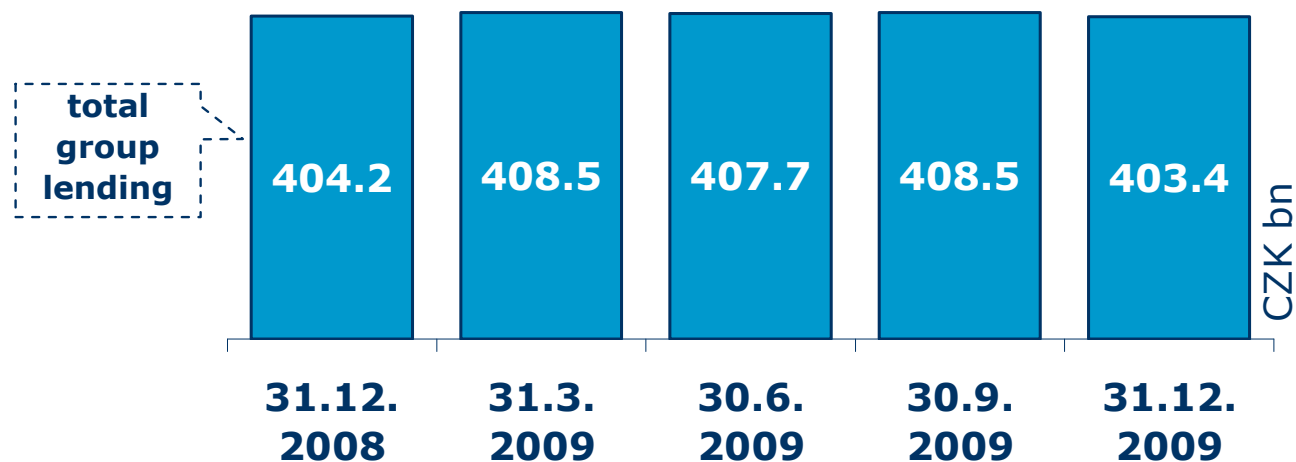
4 Market share according to the number of clients at the given date

5 Comprise current accounts, bills of exchange and repo-operations (numbers excl. repo-operations are not published by peers).

6 Comprise mortgages and building savings loans

Source: ČNB, financial associations

Business Highlights



On a comparable basis, total volume of loans remained flat Y/Y. An increase in housing loans was offset by decreased volumes of leasing and corporate loans.

Total AUM and deposits grew by 3% Y/Y especially due to deposits which increased by 6%. Building savings and pension funds grew by 4% and 9%, respectively. AUM in mutual funds and other asset management products decreased by 8% Y/Y.



Total Group Lending at a Glance

(CZK bn)

31/12/2008

31/12/2009

Y/Y

Total group lending*

404.2

403.4

0%

Selected segments:

Retail - Housing loans**

199.5

232.2

+16%

- mortgages to individuals

98.7

113.1

+15%

- building loans (ČMSS 55%)

55.4

65.5

+18%

Retail - Consumer lending

15.4

17.4

+13%

SME loans

68.9

66.4

-4%

Corporate loans

100.2

83.3

-17%

Leasing

37.3

29.2

-22%

Note:

All figures are gross outstanding volumes at the given date

* Total group lending (outstanding amount) = loans and receivables according to IFRS including corporate client bonds with a coupon in the HTM and FVPL portfolios and excluding money market placements with banks, nostro and loro accounts, other receivables from clients, promissory notes with banking counterparties.

** Housing loans = mortgages + building loans (ČMSS 100%)



Quality of Loan Portfolio

IFRS, consolidated, gross

(CZK bn)

	31/12/08	31/03/09	30/06/09	30/09/09	31/12/09
Total group lending	404.2	408.5	407.7	408.5	403.4
- of which, NPLs	8.82	10.51	11.74	12.97	13.04
NPL ratio	2.18%	2.57%	2.88%	3.18%	3.23%
NPL ratio, excl. EGAP guaranteed*	2.06%	2.43%	2.71%	3.07%	3.16%
Credit-cost ratio	0.59%	0.70%	1.08%	1.09%	1.12%

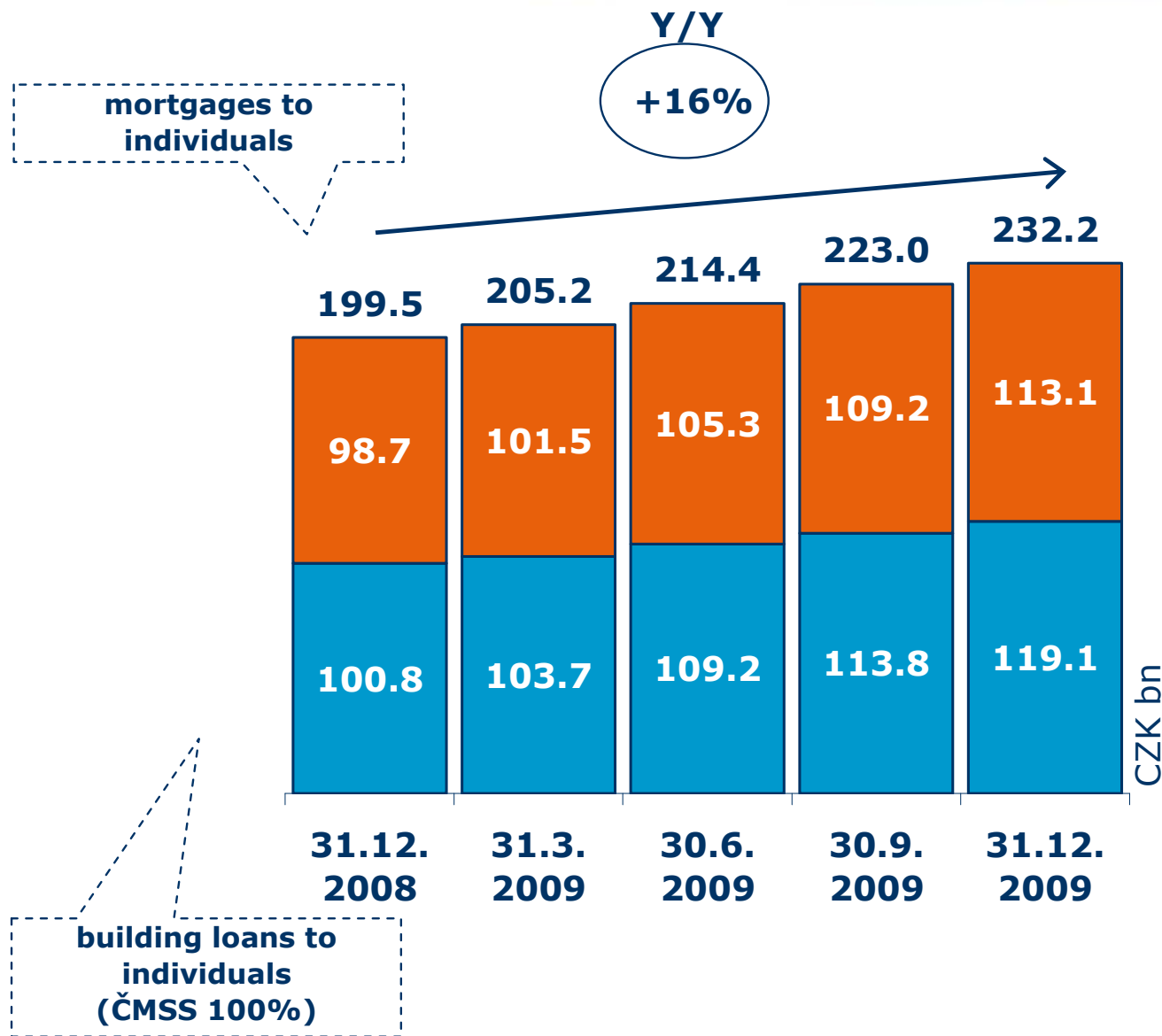
Impairment on loans and receivables increased from CZK 2.1 bn in 2008 to CZK 5.5 bn in 2009. The credit-cost ratio increased to 112 bps. The highest increases were in leasing and corporate and SME loans.

Notes:

NPL (non-performing loans) = loans for which principal repayments or interest payments are more than 90 days overdue.

* EGAP (Export Guarantee and Insurance Corporation) is a Czech state-owned export credit agency.

Housing Loans

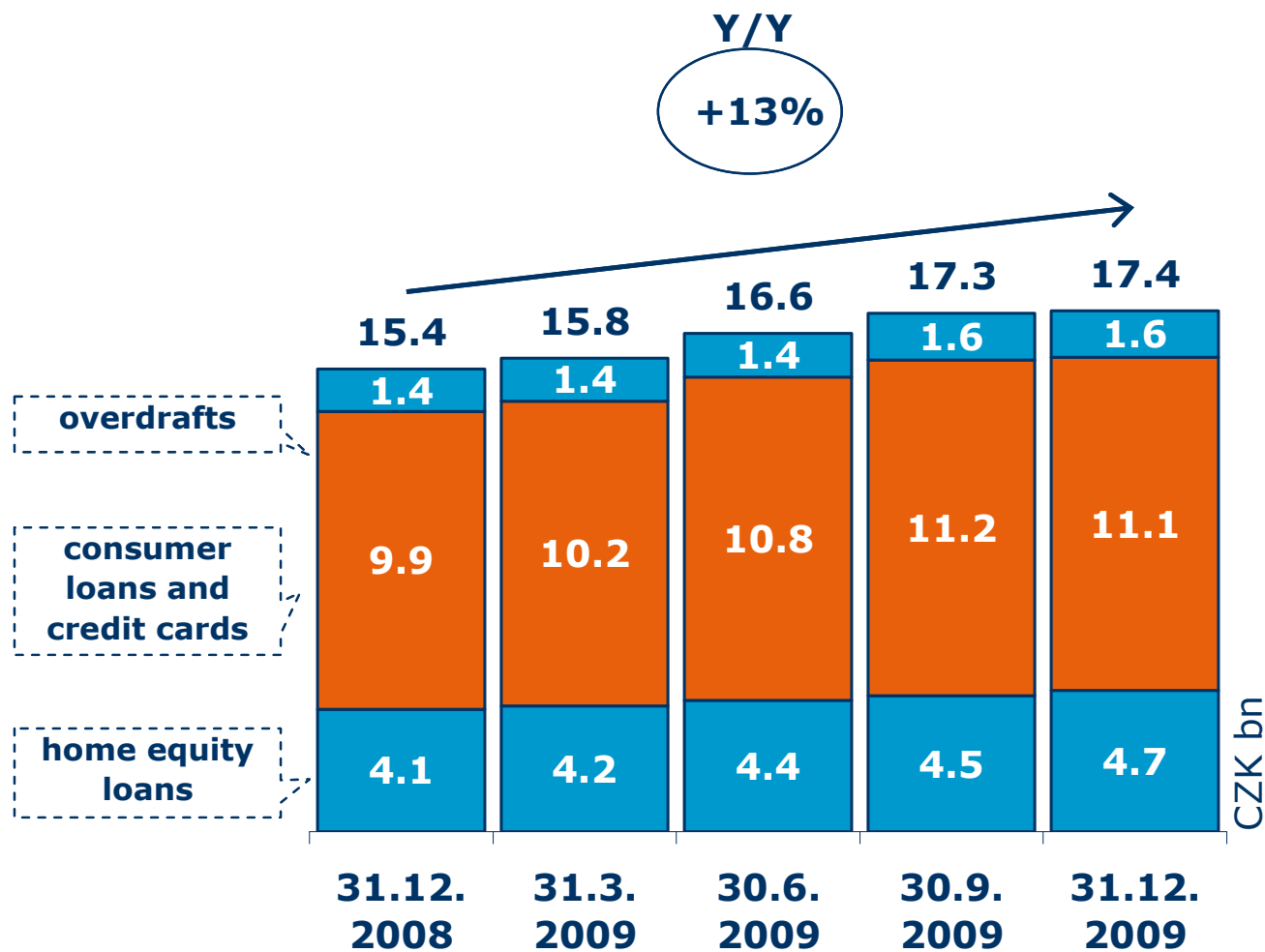


ČSOB group ranks first in the production of new mortgages in the Czech market, with a new contracted volume of CZK 28 bn.

ČMSS remains the clear market leader in the field of building loans.

The outstandings of ČSOB group's mortgages increased by 15% Y/Y and those of the ČMSS building society's loans by 18% Y/Y.

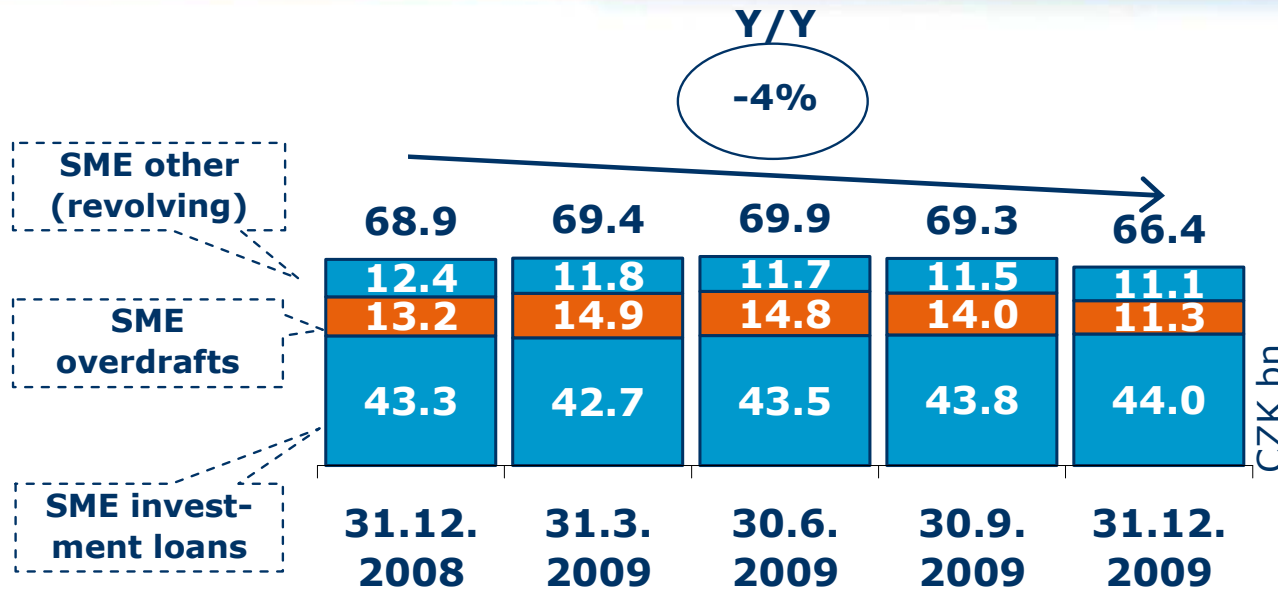
Consumer Lending



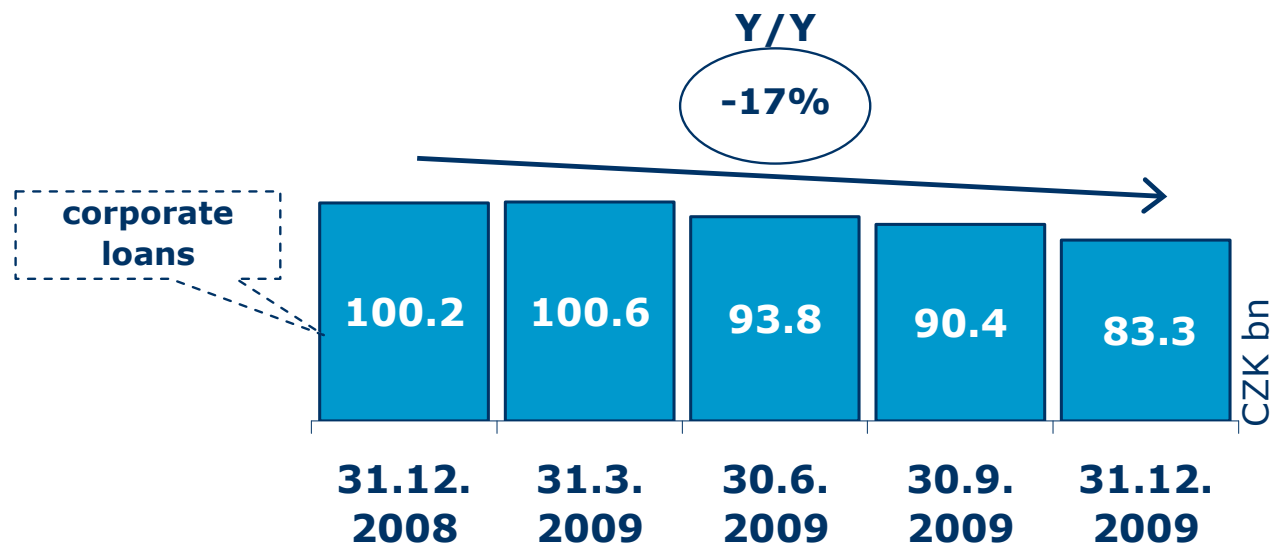
ČSOB continued proactively selling consumer finance products to its wide client base.

Products bought using ČSOB credit cards newly enjoy a 90-day purchase protection and a prolonged guarantee period.

SME and Corporate Lending



Investment loans remained stable. A decrease in volume of SME loans is driven by a decline in working capital demand.



Lower demand for loans in the corporate segment reflects the impact of the recession on industrial demand and lower export.



Total AUM and Deposits at a Glance

(CZK bn)

31/12/2008

31/12/2009

Y/Y

Total AUM and deposits

694.3

715.5

+3%

of which:

Deposits

458.4

484.9

+6%

Building savings (ČMSS 55%)

79.3

82.5

+4%

Mutual funds and asset management*

133.8

123.3

-8%

Pension funds

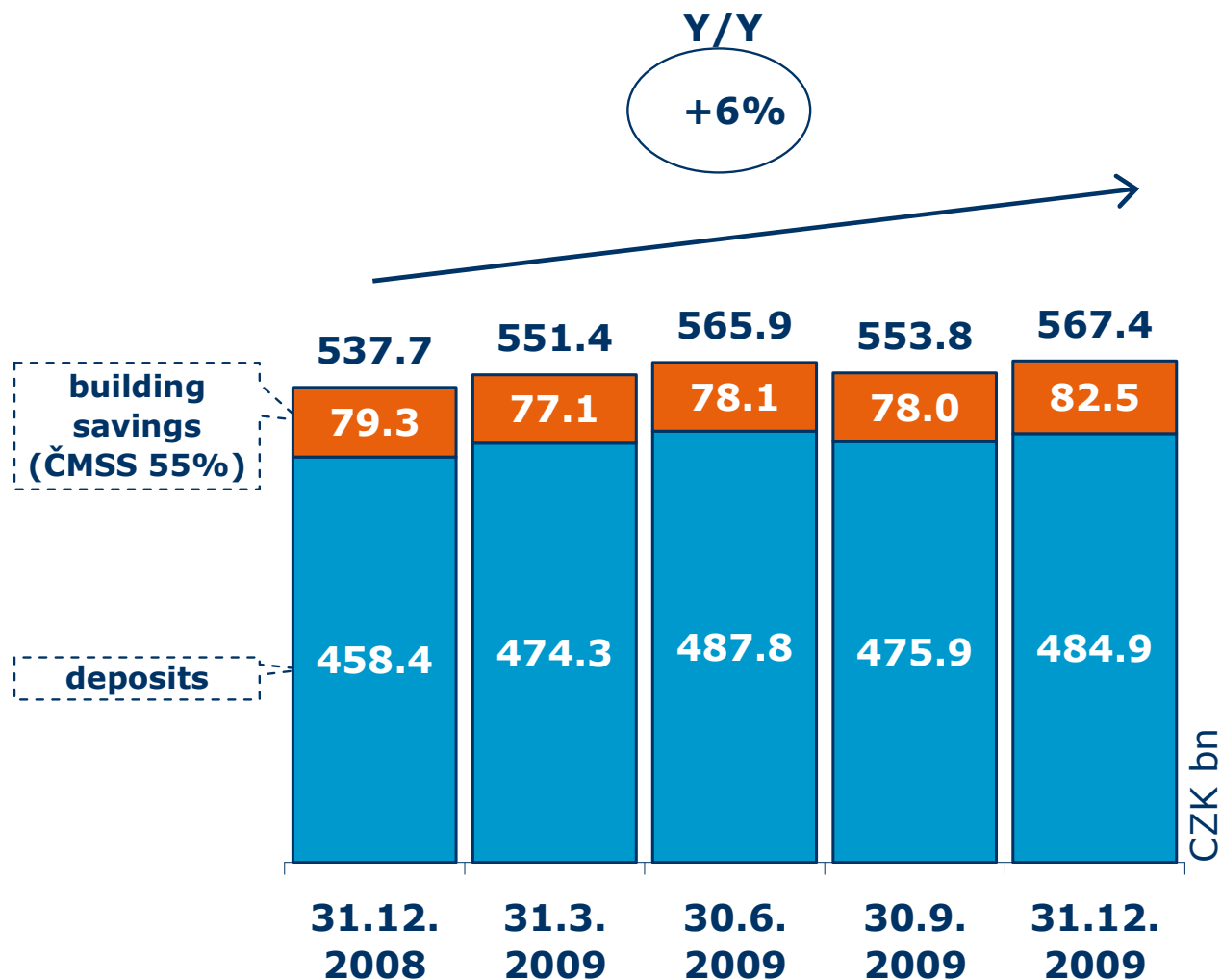
22.7

24.8

+9%

Note: * Mutual funds and asset management = mutual funds (incl. institutional) + individual discretionary asset management + institutional asset management (excl. pension funds).

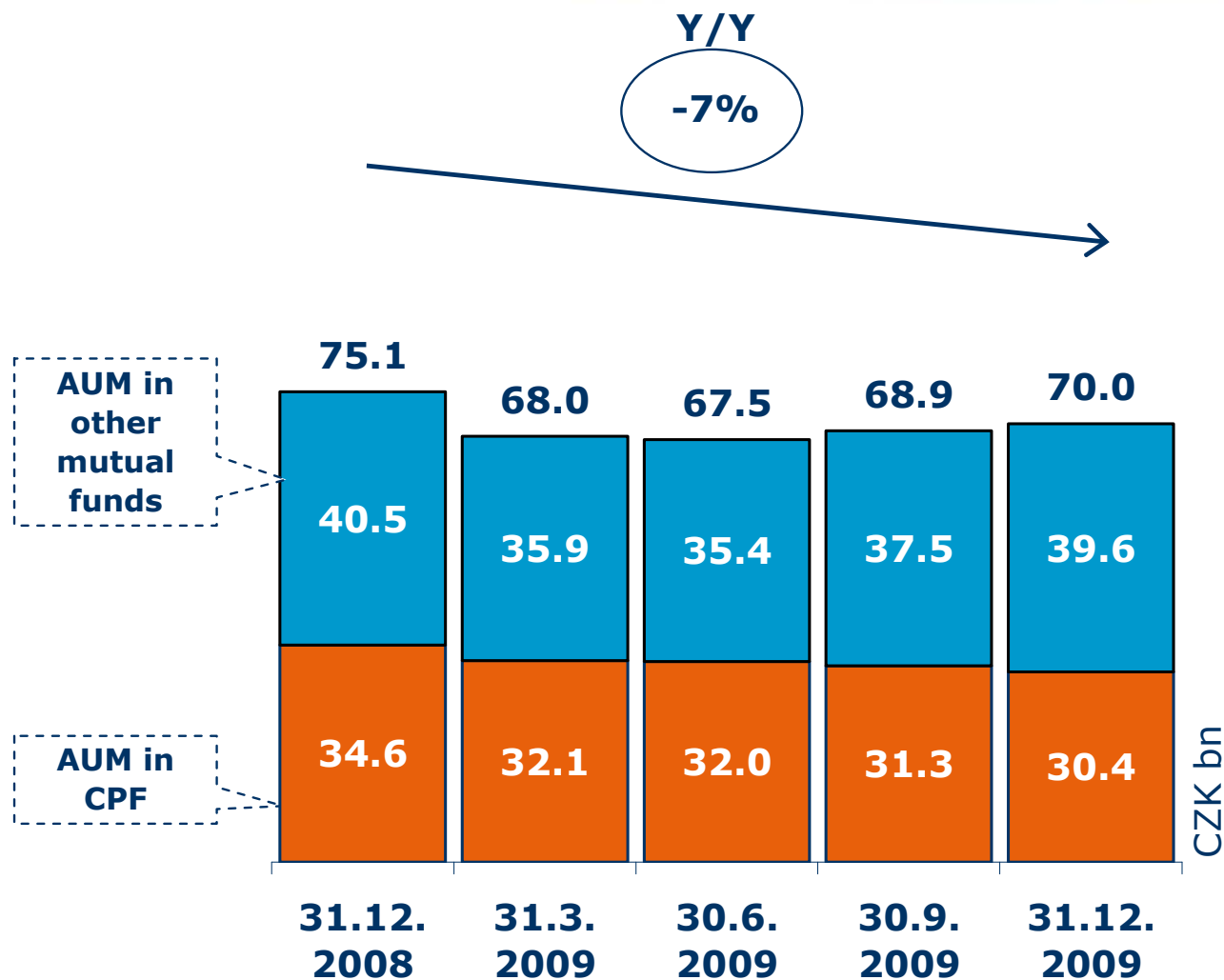
Deposits and Building Savings



ČSOB group maintains the leading position in deposits with about a 25% share in the Czech market.

Retail deposits grow both Y/Y and Q/Q, reflecting the shift of consumer preferences to saving accounts.

Mutual Funds



In mid 2009, the volume of ČSOB's mutual funds stabilized and turned to a positive development, which combines new sales increase with performance effect.

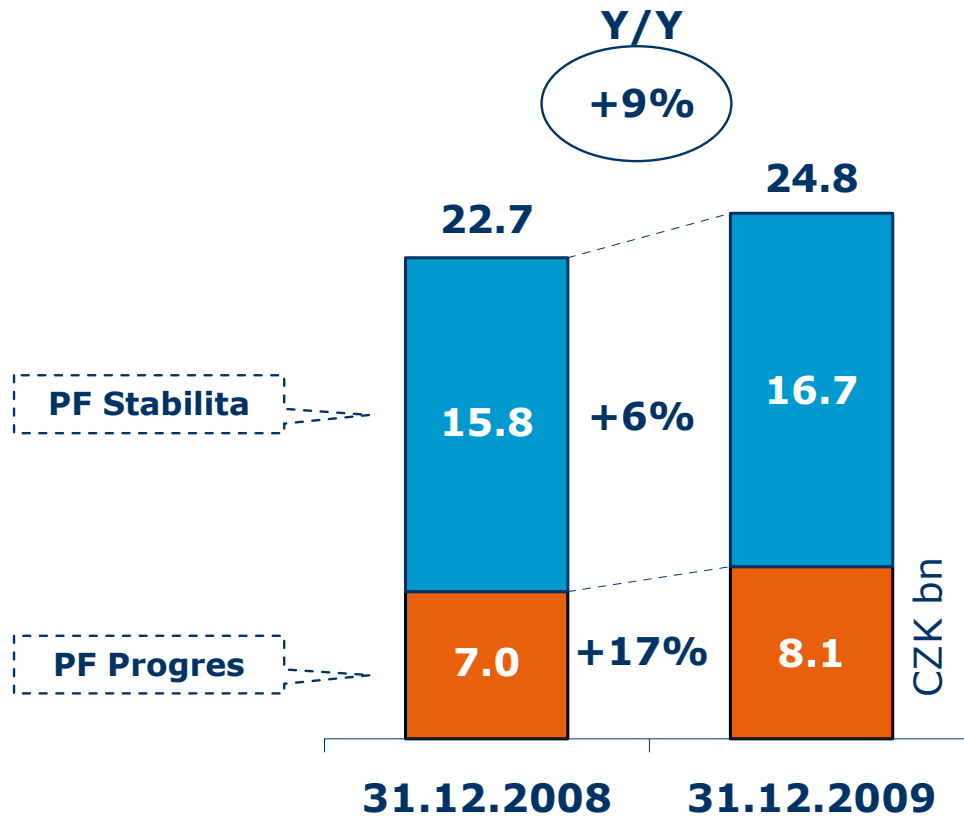
Higher volume of maturing funds is the reason for a decline of volume in capital protected funds.

Note: Only direct positions are included

Pension Funds

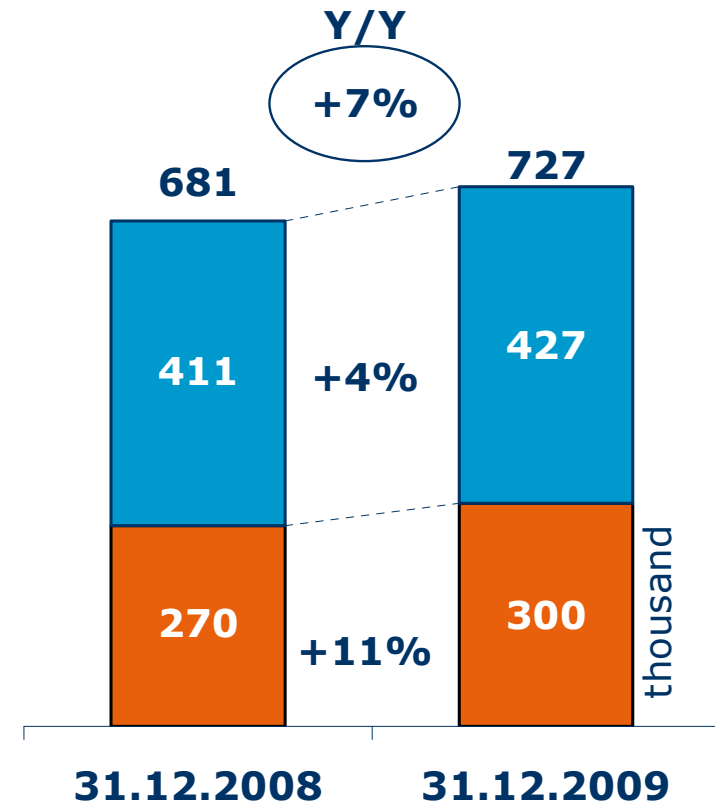
AUM

Y/Y
+9%

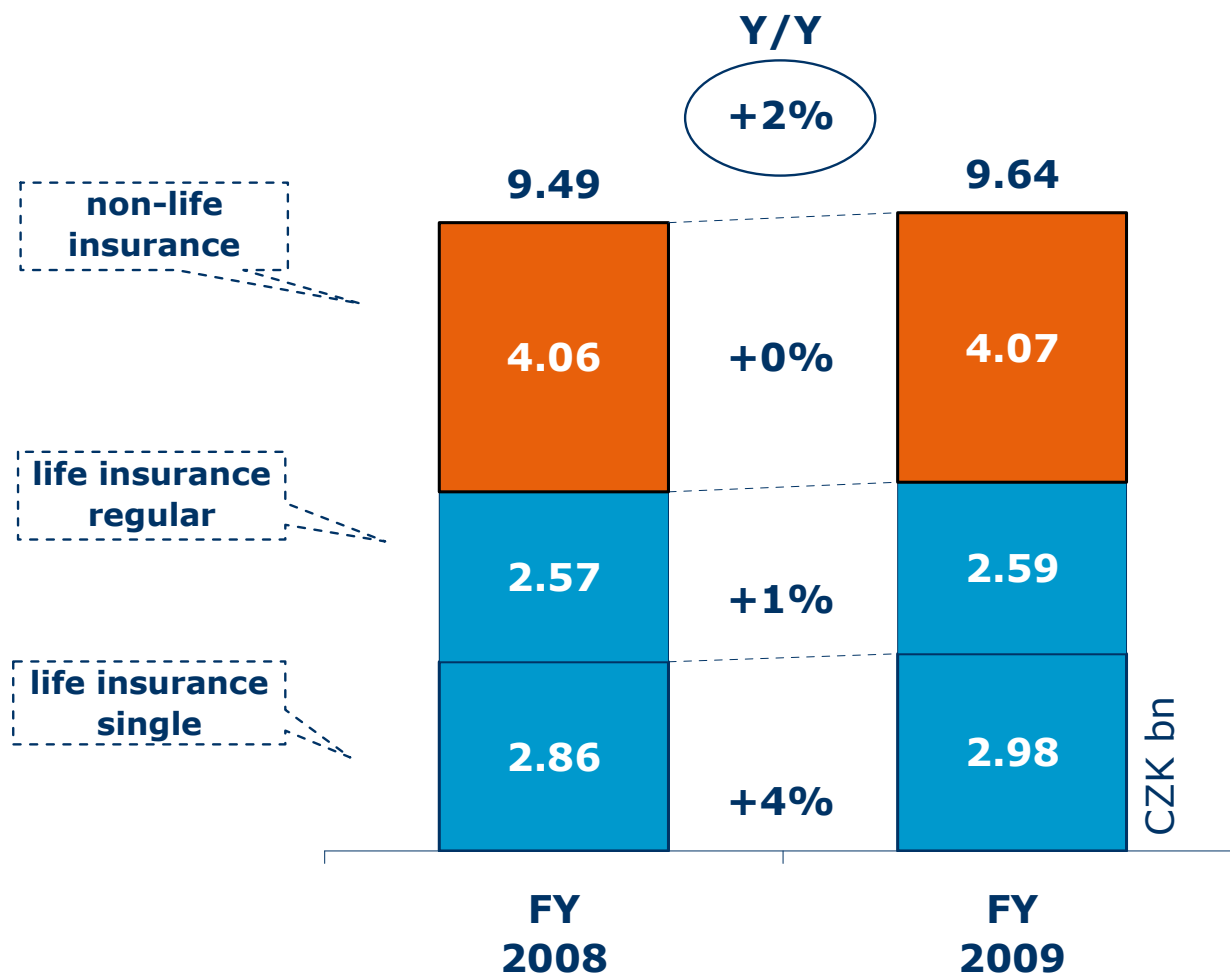


Number of clients

Y/Y
+7%



Gross written premium



The increase in single life premium is due to strong customer demand for the bancassurance product Maximal Invest, which combines safety, a good return and life coverage.

ČSOB Pojišťovna was selected as the best insurance company in the Czech Republic by the World Finance magazine.

In January 2010, Standard & Poor's affirmed ČSOB Pojišťovna's rating at A-.



Bancassurance and Product Penetration

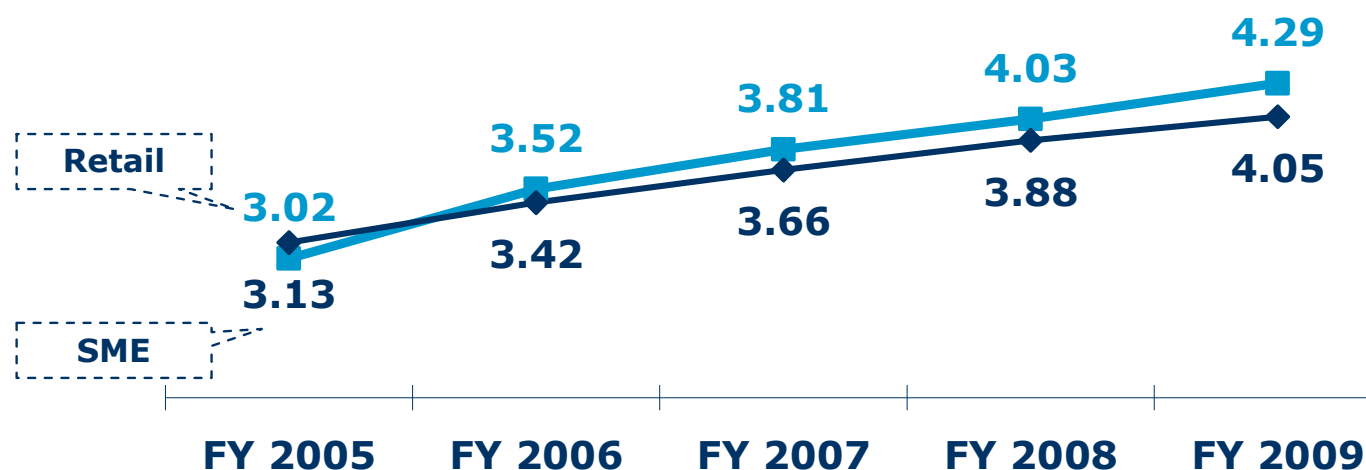
High sales of insurance linked to retail banking products

Bancassurance

	FY 2007	FY 2008	FY 2009
Life insurance / ČSOB mortgages	68%	69%	68%
Property insurance / ČSOB mortgages	75%	88%	91%
Consumer loans insurance / ČSOB consumer loans	77%	78%	75%

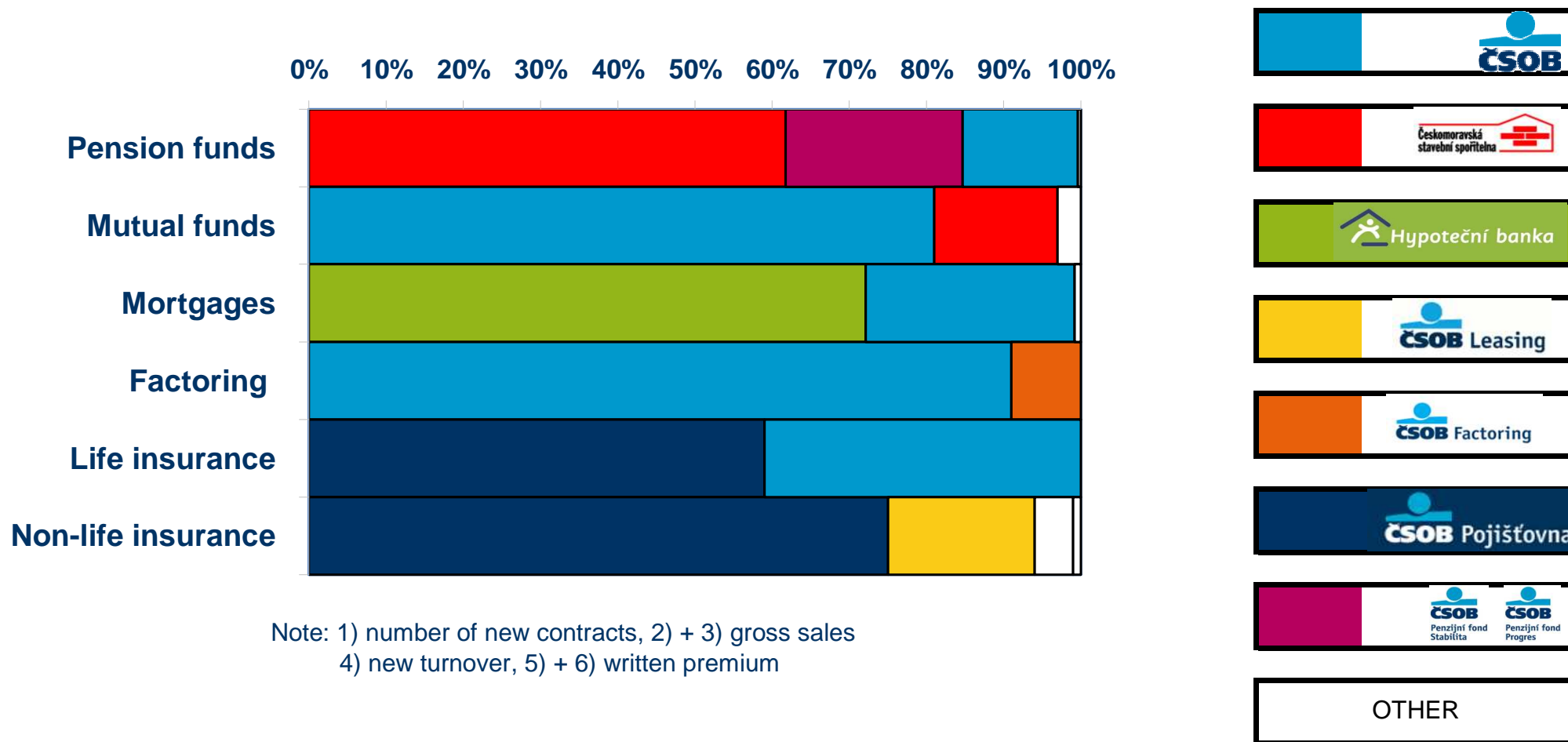
Note: number of new contracts insured / all insurable

Products sold per client



Note: There is no standard methodology in calculating the ratios of products sold per client. The figures reported can be compared only in time, not across banks. Data excludes debit cards.

New production in 2009 – shares of distribution channels per product type:



Strategy of Multibranding and Multichannel is our competitive advantage which delivers strong outcomes.



Appendix



ČSOB's Profile

Numbers and statistics - ČSOB bank (incl. PSB)

	31/12/08	31/12/09
Customers (ths)	3 047	3 061
Users of direct banking (ths)	1 787	2 083
Payment cards (ths)	1 938	2 000
- of which: credit cards (ths)	100	130
ČSOB Retail/SME branches	231	237
ČSOB Corporate branches	11	11
PSB branches (Financial centers)	42	52
PSB outlets of Czech Post Offices	ca. 3 330	ca. 3 320
ATMs (ČSOB+PSB)	680	734



Co-operation with the Education Fund of the Committee of Good Will - **Olga Havel Foundation** that has been going on for over ten years. This activity involves employees who serve as patrons taking care of the handicapped students sponsored by the Fund.

Co-operation between **PSB and Ergotep** (a cooperative of the disabled) extended: **back office operations** newly added to running the loyalty program.



Association of Citizens Advice Centers - ČSOB cooperates in a debt advisory project aiming to foster financial literacy as a prevention into against falling debt trap.



ČSOB and PSB **support regions**: the biggest problem of local NGOs have is to raise donations but they are the ones who can use them often by the most effective way. They know local problems the best. This year, PSB announced mayor of the year for the first time. This is the mayor, who went the extra mile for the development of a village up to two thousands residents.

"We help together" - ČSOB allows its employees to spend **a day at volunteer activities**; from a grant program.



Charitable Markets: employees could buy products from sheltered workshops and fair-trade products during the year.

Charitable Events - By collecting things of no use for them, the employees helped the Sure Ryder retirement home or the Kapka naděje foundation which is helping ill children. A blood donor campaign took place.



ČSOB is a member of the donor club **Donator** (founded by Czech Donors Forum).

ČSOB headquarters in Prague - Radlice received the **gold certificate LEED**, a standard for measuring environmental friendliness of building.



Awards for the ČSOB Group in 2009

Zlatá koruna: 7 medals in 18 categories

Employer of the Year: The Most Desired Company

ČSOB insurance: 3 industry awards

- ✓ **The Best Insurance: silver medal**
- ✓ **INI Service Excellence Award**
- ✓ **World Finance Global Insurance Award**

ČSOB: 4 specialized awards

- ✓ **Best Trade Finance 2009**
- ✓ **Best Foreign Exchange Provider 2009**
- ✓ **Best Sub-custodian 2009**
- ✓ **Best Bank in Acquisition Finance 2009**





ČSOB Group in the Czech Republic



KBC Group in CZ



Rating and Shareholder Structure

ČSOB's credit rating (as at 11 February 2010)

	Long-term rating	Short-term rating	Other ratings	
Moody's	A1	Prime-1	Financial strength:	C
Fitch	A-	F2	Individual:	C
			Support:	1

ČSOB's shareholder structure
KBC Bank NV holds 100% of ČSOB shares.



Profit and Loss Statement

Reported

(CZK m)	FY 2008 <i>reclassified</i>	FY 2009	Y/Y
<i>Interest income</i>	37 742	33 886	-10%
<i>Interest expense</i>	-16 477	-10 868	-34%
Net interest income	21 265	23 018	+8%
Net fee and commission income	6 644	6 550	-1%
Net gains from financial instruments at FVPL*	-11 050	3 373	+/-
Other operating income*	2 196	7 743	+253%
Operating income	19 055	40 684	+114%
Staff expenses	-6 686	-6 355	-5%
General administrative expenses	-6 972	-6 973	+0%
Depreciation and amortisation	-1 457	-1 443	-1%
Provisions	101	112	+11%
Operating expenses	-15 014	-14 659	-2%
Impairment losses*	-3 783	-6 509	+72%
<i>Impairment of loans and receivables</i>	-2 130	-5 363	+152%
<i>Impairment of available-for-sale securities</i>	-984	-245	-75%
<i>Impairment of other assets</i>	-669	-901	+35%
Share of profit of associates*	116	360	+210%
Profit before tax	374	19 876	> 1000%
Income tax expense	721	-2 459	+/-
Profit for the period	1 094	17 417	> 1000%
Attributable to:			
Equity holders of the parent	1 034	17 368	> 1000%
Minority interest	60	49	-18%

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.

* The four highlighted lines make the difference between reported and underlying figures.



Profit and Loss Statement

Underlying

(CZK m)	FY 2008 <i>reclassified</i>	FY 2009	Y/Y
<i>Interest income</i>	37 742	33 886	-10%
<i>Interest expense</i>	-16 477	-10 868	-34%
Net interest income	21 265	23 018	+8%
Net fee and commission income	6 644	6 550	-1%
Net gains from financial instruments at FVPL*	1 889	1 204	-36%
Other operating income*	2 196	1 652	-25%
Operating income	31 994	32 424	+1%
Staff expenses	-6 686	-6 355	-5%
General administrative expenses	-6 972	-6 973	+0%
Depreciation and amortisation	-1 457	-1 443	-1%
Provisions	101	112	+11%
Operating expenses	-15 014	-14 659	-2%
Impairment losses*	-2 458	-5 660	+130%
<i>Impairment of loans and receivables</i>	-2 370	-5 363	+126%
<i>Impairment of available-for-sale securities</i>	-165	0	-100%
<i>Impairment of other assets</i>	-163	-297	+82%
Share of profit of associates*	211	360	+70%
Profit before tax	14 733	12 464	-15%
Income tax expense	-2 057	-1 927	-6%
Profit for the period	12 676	10 537	-17%
Attributable to:			
Equity holders of the parent	12 616	10 487	-17%
Minority interest	60	49	-18%

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.

* The four highlighted lines make the difference between reported and underlying figures.



Balance Sheet

Assets

(CZK m)	31/12 2008 <i>reclassified</i>	31/12 2009	Ytd
Cash and balances with central banks	16 602	23 050	+39%
Financial assets held for trading	131 342	160 117	+22%
Financial assets designated at fair value through P/L	23 514	16 987	-28%
Available-for-sale financial assets	90 454	101 567	+12%
Loans and receivables	411 644	395 774	-4%
<i>Loans and receivables - gross</i>	418 474	406 494	-3%
<i>Loans and receivables - provisions</i>	-6 830	-10 720	+57%
Held-to-maturity investments	115 236	132 761	+15%
Derivatives used for hedging	7 215	8 040	+11%
Current tax assets	1 128	27	-98%
Deferred tax assets	1 248	271	-78%
Investments in associate	858	1 196	39%
Investment property	1 002	791	-21%
Property and equipment	10 095	8 468	-16%
Goodwill and other intangible assets	4 852	3 922	-19%
Non-current assets held-for-sale	127	919	+621%
Other assets	9 168	5 082	-45%
Total assets	824 485	858 972	+4%



Balance Sheet

Liabilities and Equity

(CZK m)	31/12 2008 <i>reclassified</i>	31/12 2009	Ytd
Financial liabilities held for trading	35 064	23 036	-34%
Financial liabilities at fair value through P/L	62 796	105 057	+67%
Financial liabilities at amortised cost	649 371	644 982	-1%
<i>of which Deposits received from credit institutions</i>	40 246	26 027	-35%
<i>of which Deposits received from other than credit institutions</i>	551 686	573 147	+4%
<i>of which Debt securities in issue</i>	43 907	32 572	-26%
<i>of which Subordinated liabilities</i>	11 965	11 970	+0%
<i>of which Accrued interest expenses</i>	1 567	1 266	-19%
Derivatives used for hedging	2 493	5 158	+107%
Current tax liabilities	133	883	+563%
Deferred tax liabilities	553	603	+9%
Provisions	993	758	-24%
Other liabilities	16 238	8 644	-47%
Total liabilities	767 641	789 121	+3%
Share capital	5 855	5 855	0%
Share premium account	7 509	7 509	0%
Statutory reserve	18 687	18 687	0%
Retained earnings	19 212	34 478	+79%
Available-for-sale reserve	4 145	2 814	-32%
Cash flow hedge reserve	743	-393	+/-
Foreign currency translation reserve	-196	1	+/-
Parent shareholders' equity	55 955	68 951	+23%
Minority interest	889	900	+1%
Total equity	56 844	69 851	+23%
Total liabilities and equity	824 485	858 972	+4%

ROAA (return on average equity)	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
C/I (cost / income ratio)	operating expenses / operating income
Liquidity ratio	total group lending / (bank deposits + building savings). The value of the liquidity ratio may differ from the loan/deposit ratio which is calculated according to the same methodology across the KBC group.
Solvency ratio	according to prudential reports of ČNB - Solvency I
CAD (capital adequacy ratio)	according to prudential reports of ČNB - Basel II (since 1 July 2007)
NPL (non-performing loans)	outstanding amount of non-performing loans / total outstanding loan portfolio
CCR (credit-cost ratio)	total credit costs / granted loan portfolio (ČMSS 55%)
NIM (net interest margin)	net interest income / average interest earning assets excluding repo operations



Contacts

Ondřej Vychodil

Head of Investor Relations

+420 224 114 106, onvychodil@csob.cz

Tereza Měrtlová

Investor Relations Analyst

+420 224 114 109, tmertlova@csob.cz

Michal Nosek

Investor Relations Analyst

+420 224 114 111, minosek@csob.cz

investor.relations@csob.cz

www.csob.cz/ir

Member of KBC group