



FY 2010 Results ČSOB Group Czech Republic

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EU IFRS Unaudited Consolidated
Presentation for press conference
10 February 2011
Radlická 333/150, Praha



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1. Highlights



Five measures of resilience

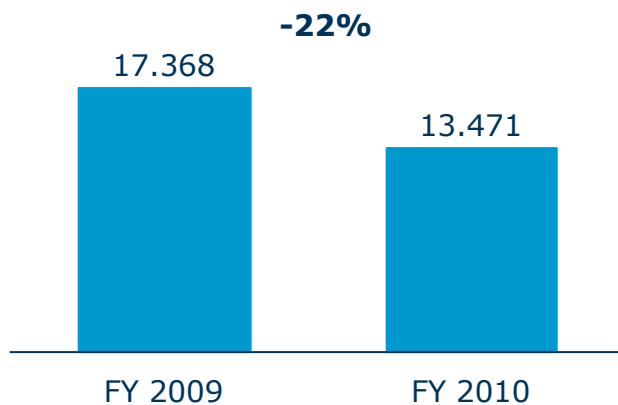
Five indicators of resilience		2008	2009	2010
Profitability	high underlying net profit	CZK 12.6bn	CZK 10.5bn	CZK 13.0bn
	high underlying RoE	21.6%	17.1%	19.6%
Liquidity	low loan/deposit ratio	75.2%	71.1%	68.5%
Capital adequacy	high capital adequacy ratio	10.3%	15.0%	18.0%
Cost of risk	low credit cost ratio	0.59%	1.12%	0.75%
Cost efficiency	low underlying cost/income ratio	46.9%	43.4%	44.8%

Net profit - Ytd.

Reported vs. underlying

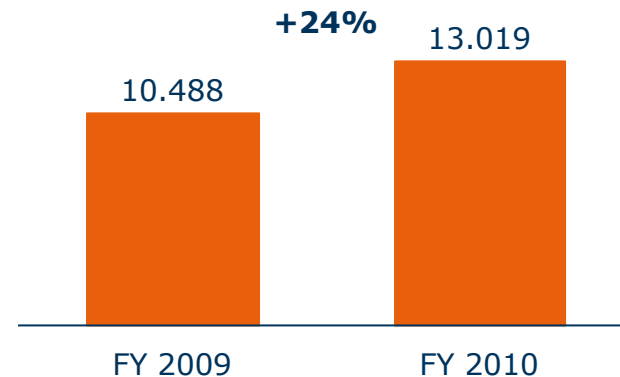
Reported net profit

CZK bn



Underlying net profit

CZK bn



One-off items

CZK bn



One-off items:

The main one-off item in FY 2010 was the settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services to KBC (CZK 0.3bn net).

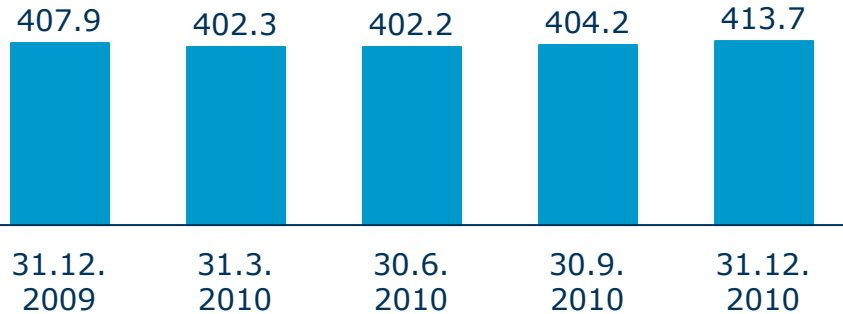
The FY 2009 net profit was positively influenced by the sale of the remaining stake in ČSOB Slovakia (CZK 6.0bn net) and a positive revaluation of the CDO portfolio (CZK 0.9bn net).

	FY 2009	FY 2010	Y/Y
Profitability (Ytd. ratios)			
Net interest margin	3.24%	3.43%	+19 bps
Cost/income (underlying)	43.4%	44.8%	+1.4 pp
Cost/income (reported)	34.4%	44.0%	+9.6 pp
RoA (underlying)	1.21%	1.50%	+0.29 pp
RoA (reported)	2.00%	1.55%	-0.45 pp
RoE (underlying)	17.1%	19.6%	+2.5 pp
RoE (reported)	28.3%	20.3%	-8.0 pp
	31.12.2009	31.12.2010	Y/Y
Asset quality			
Credit cost ratio (Ytd., annualized)	1.12%	0.75%	-37 bps
NPL ratio	3.35%	4.05%	+0.70 pp
NPL coverage ratio	79.2%	76.7%	-2.5 pp
Capital adequacy (Basel II)			
Core tier 1 ratio	11.92%	14.19%	+2.27 pp
Total capital ratio	14.98%	18.03%	+3.05 pp
Solvency ratio (insurance)	263.9%	236.5%	-27.4 pp
Liquidity			
Loan to deposit ratio	71.1%	68.5%	-2.6pp

Note: For definitions of the ratios see slide 52.

Group lending*

CZK bn

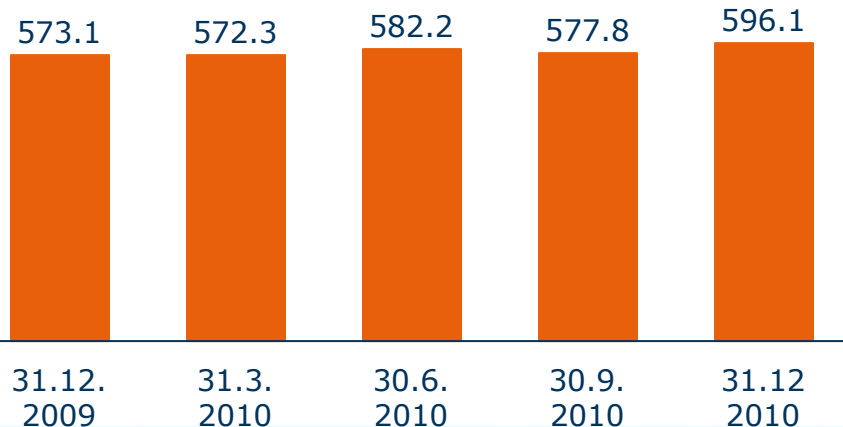


Group lending: +1% Y/Y and +2% Q/Q as total volumes increased in the second half of the year after a decline in the first quarter.

- Housing loans and consumer finance continued growing.
- Corporate loans began to revive after hitting the bottom in 3Q 2010.
- SME loans and leasing declined both Y/Y and Q/Q.

Group deposits**

CZK bn



Group deposits: +4% Y/Y and +3% Q/Q

- Y/Y growth was recorded across all major products – client deposits, building savings deposits and pension funds.

Notes:

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

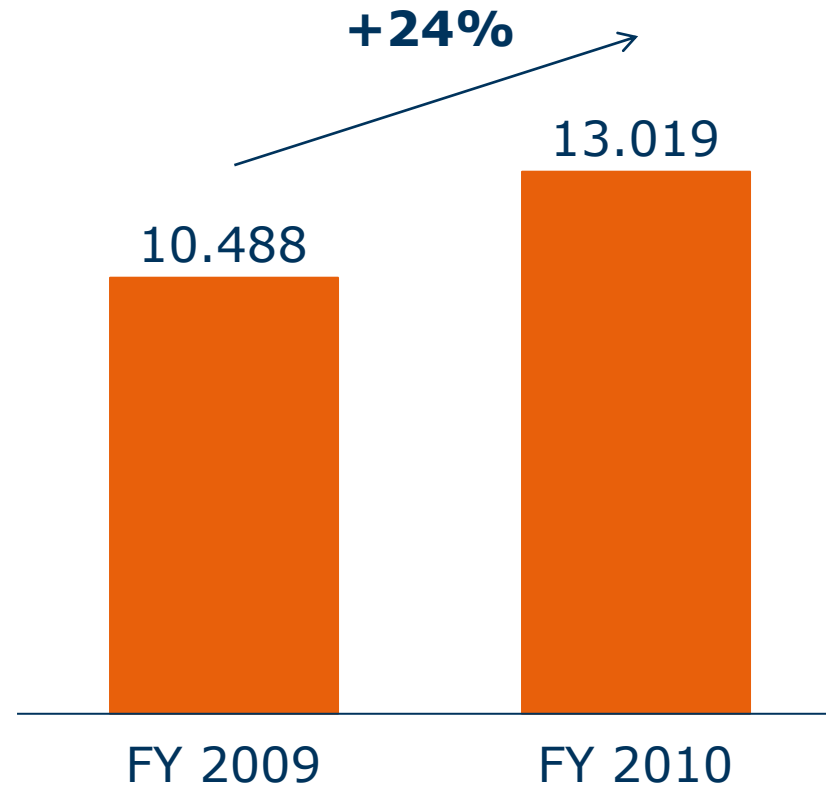
** Item "Deposits received from other than credit institutions" from the consolidated balance sheet.



2. Analysis of underlying results

FY 2010 underlying net profit

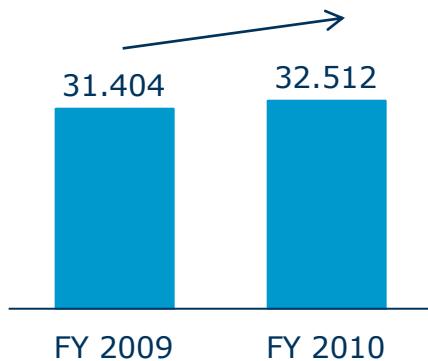
CZK bn



Operating income

CZK bn

+4%

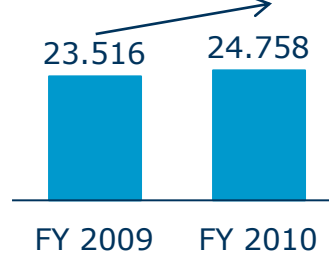


Note:

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

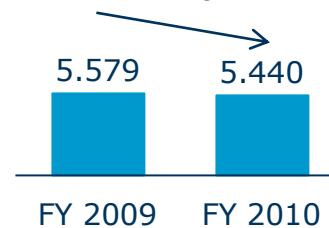
net interest income

+5%



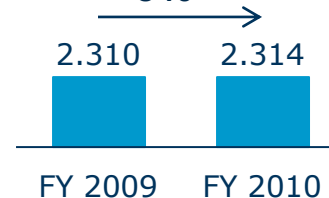
net fee and commission income

-2%



other*

0%



Net interest income grew by 5% driven by mortgages, building savings loans and growing retail deposit base. Net interest margin increased Y/Y by 19 bps to 3.43%.

Net fee and commission income decreased by 2% Y/Y primarily due to higher payments to the deposit insurance fund by CZK 163m. This was caused by the increase of the annual deposit insurance premium from 10 bps to 16 bps that has been reflected in ČSOB's P&L since 3Q 2010.

A drop in dividend income after the December 2009 sale of the remaining stake in ČSOB Slovakia to KBC was offset by higher income from financial markets reflected in net gains from financial instruments at fair value through profit and loss.



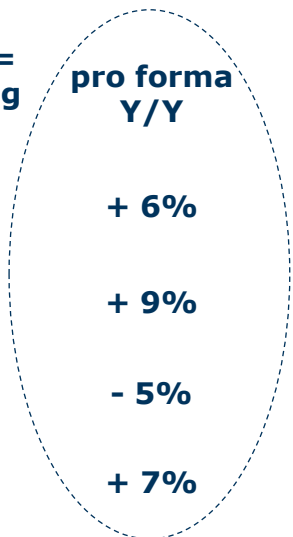
Operating expenses

Underlying (=reported) vs. pro forma

The split of operating expenses (to staff expenses, GAE, and other) was distorted by the transfer of ICT services in June 2009 and January 2010 to KBC Global Services. As a result, about 400 employees of the ČSOB group were transferred to the Czech Branch of KBC Global Services (KBC GS CZ).

A part of ICT-related expenses, formerly booked as staff expenses and depreciation (within other operating expenses), has since the transfer been booked as general administration expenses. The following table provides pro forma figures that eliminate the distortion across categories.

<i>CZK m</i>	FY 2009 reported = underlying	FY 2009 pro forma	FY 2010	reported= underlying Y/Y	pro forma Y/Y
Staff expenses	6 219	6 050	6 414	+ 3%	+ 6%
General administrative expenses	5 979	6 448	7 053	+ 18%	+ 9%
Other	1 443	1 143	1 084	- 25%	- 5%
Total	13 640	13 640	14 551	+ 7%	+ 7%



for comments
see next slide

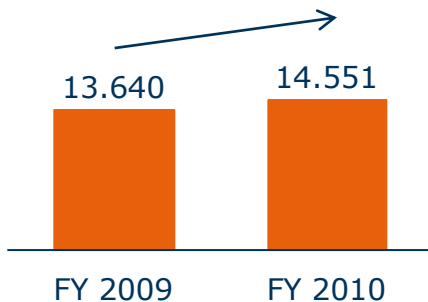
Operating expenses

Underlying

Operating expenses

CZK bn

+7%



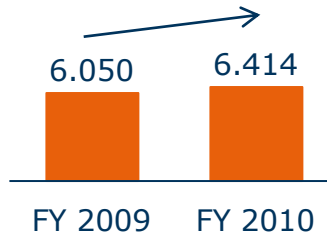
Note:

* FY 2009 figures adjusted for the June 2009 ICT transfer to enable like-to-like comparison.

** Depreciation and amortization.

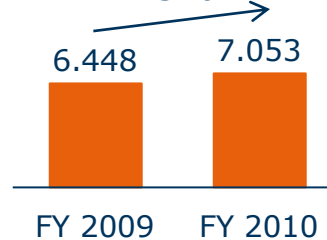
staff expenses
(pro forma*)

+6%



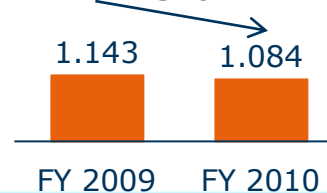
general administrative
expenses (pro forma*)

+9%



other** (pro forma*)

-5%

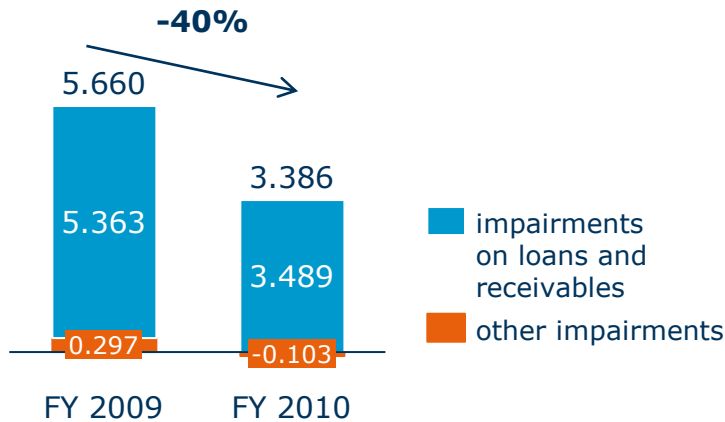


The increase in staff expenses was mainly due to creation of accruals for performance-based bonuses which are derived from positive underlying profit development. Also a slight growth of overall number of employees and regular annual salary adjustment (in May 2010) added to the Y/Y difference of staff expenses.

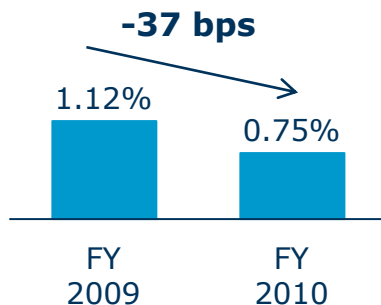
General administrative expenses (GAE) and, to a lesser extent, staff expenses were influenced by increased business-driven demand for ICT services. GAE were further affected by a relatively lower level of capitalization of smaller-scale ICT development. This is also the reason for declining depreciation as a part of other operating expenses. Part of the growth of GAE is also attributed to marketing expenses.

Total Impairments – Ytd.

CZK bn



Credit cost ratio



The decline in loan impairments was primarily driven by corporate lending, SME loans and leasing each of which profited from improved economic situation in the Czech Republic.

On the other hand, mortgages and consumer finance remained under pressure as unemployment in the Czech Republic remained elevated, although the first signs of improvement in retail credit costs are visible in the fourth quarter.

Non-performing loans decreased during 4Q 2010 after the increase in the first three quarters. The growth of non-performing mortgages accounts for more than a half of total Y/Y difference in NPL. However, as mortgages in general require less provisioning, the credit costs are relatively limited.

The release of impairments on other assets was driven by the favorable CZK 0.3bn effect of the arbitration award in the J.Ring case.

Notes:

Credit cost ratio (CCR) relates impairment losses 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	31.12.2010
Total regulatory capital	55 162	57 522
- Tier 1 Capital	44 582	45 583
- Tier 2 Capital	11 970	12 564
- Deductions from Tier 1 and Tier 2	-1 390	-625
Total capital requirement	29 452	25 530
- Credit risk (IRB approach)	25 288	21 564
- Market risk (internal model)	1 176	613
- Operational risk (standardized approach)	2 987	3 354
Total RWA	368 150	319 124
Core Tier 1 ratio = Tier 1 ratio	11.92%	14.19%
Total capital ratio	14.98%	18.03%

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

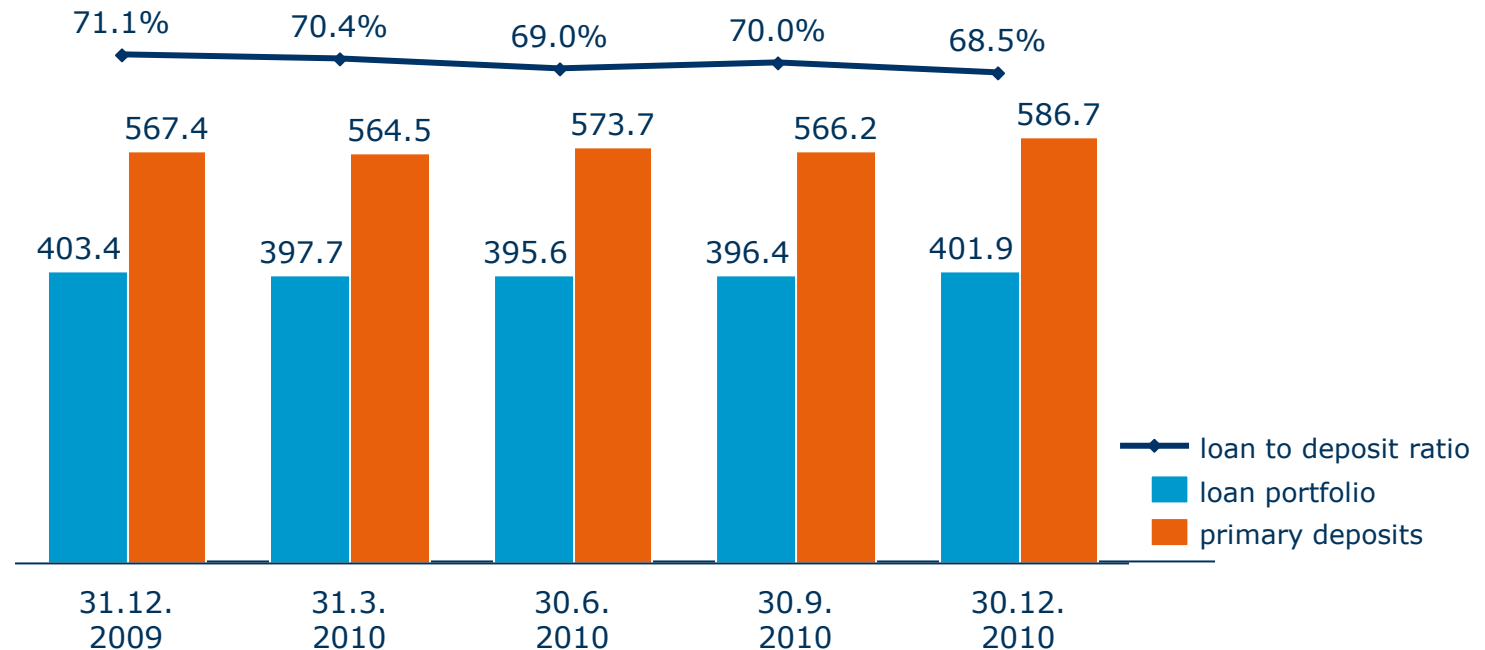
Total regulatory capital = Tier 1 + Tier 2 – deductions

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

Ample liquidity

CZK bn 31.12.2009 31.3.2010 30.6.2010 30.9.2010 31.12.2010

Excess of primary deposits over loan portfolio	164.0	166.8	178.1	169.8	184.8
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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 31 December 2010

book value, CZK bn

	Sovereign	Banks	Corporates	Total
Portugal	-	-	-	-
Ireland	-	-	-	-
Italy	2.13	0.75	-	2.88
Greece	3.62	-	-	3.62
Spain	0.59	-	-	0.59
Total	6.34	0.75	0.00	7.09

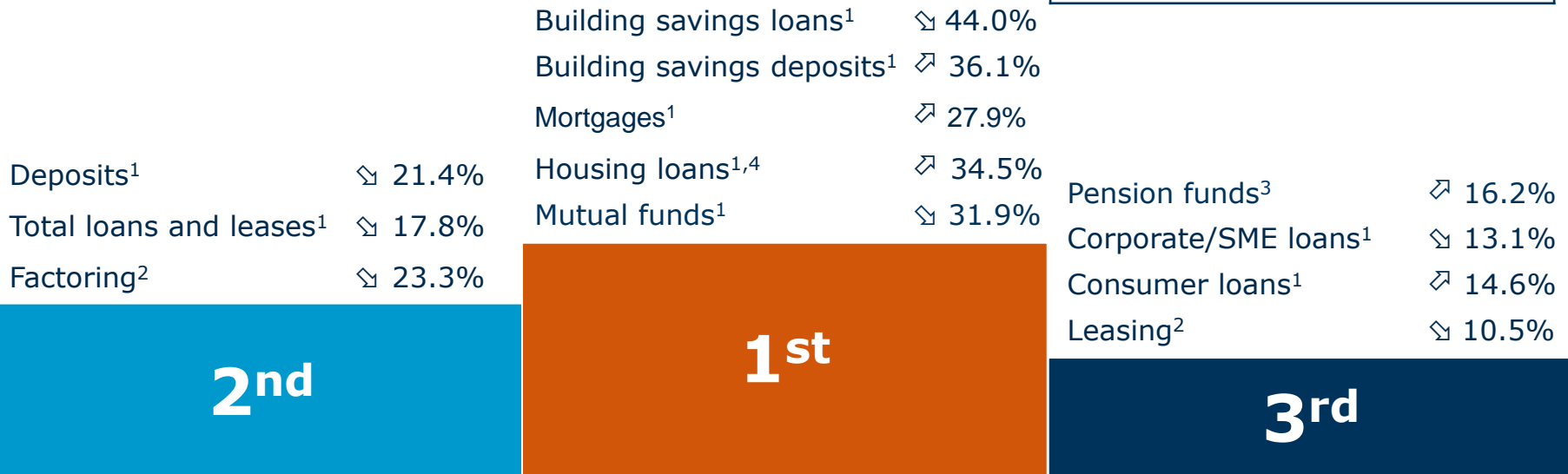
All sovereign bonds are eligible for being pledged against the ECB.

In EUR terms the exposures to Italian and Spanish bonds remain unchanged compared to the latest disclosed data (as of 9 November 2010).



3. Analysis of business performance

ČSOB group's market shares



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

¹ Outstanding at the given date

² New business in the year to the given date

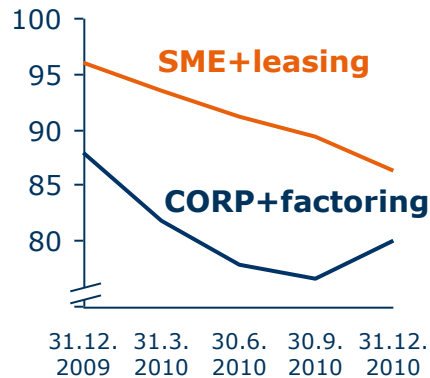
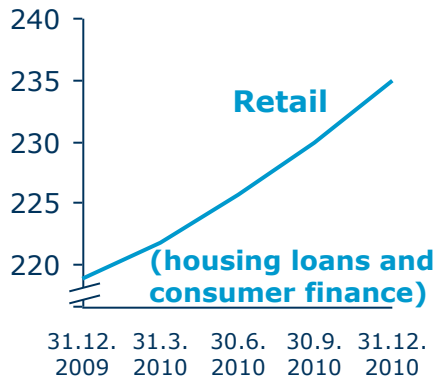
³ Number of clients at the given date

⁴ Comprise mortgages and building savings loans

Sources and detailed definitions are provided in Appendix, slide 51.

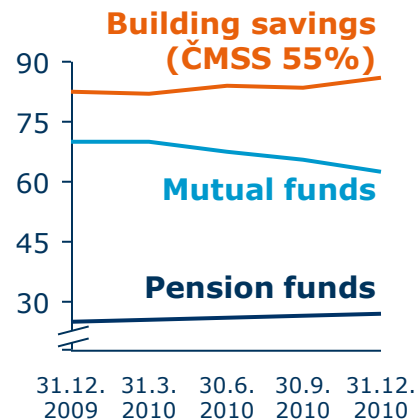
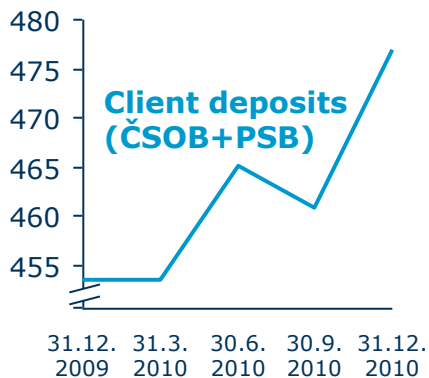
Business trends in 2010

(CZK bn)



The business trend on the **loan side** turned to positive again.

Group lending grew by 3% during the second half of the year, after a 1% decrease in the first half of the year.

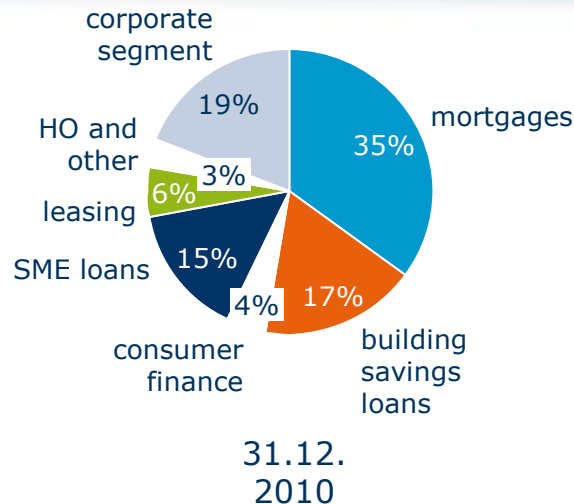
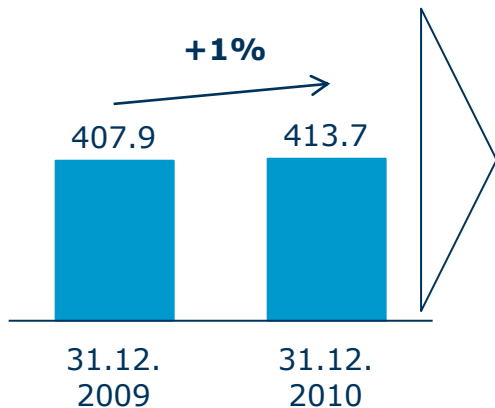


On client savings side, **group deposits** (CSOB+PSB+CMSS+PFs) accelerated growth during the year and ended up 23.5bn (+4%) above the 2009 level.

The growth was partly fuelled by outflow from **MFs** which decreased by 7.3bn (-10%).

Lending and deposits development

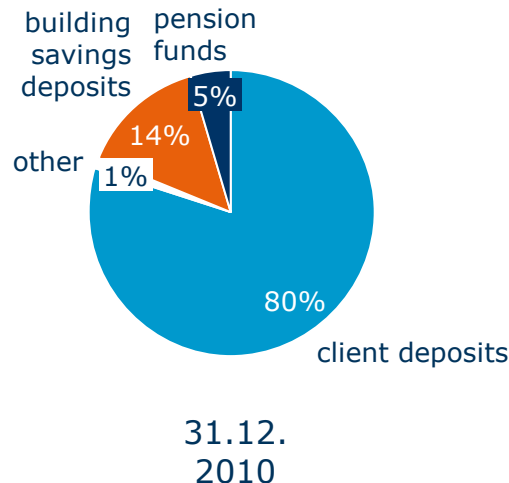
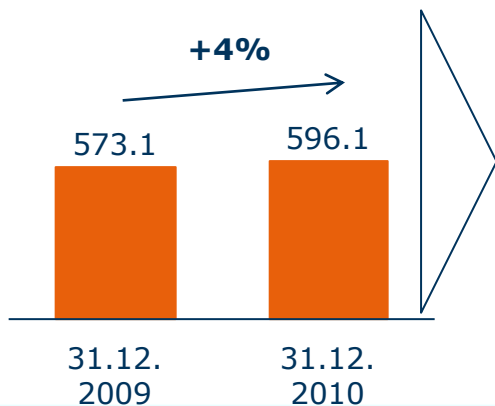
Group lending CZK bn



During the last quarter of 2010, group lending increased by 2% primarily thanks to the moderately reviving Czech economy, making the end-2010 volume 1% above the last year's level.

The share of mortgages and building savings loans (together called housing loans) grew to 52% as at end-2010 from 49% as at end-2009.

Group deposits CZK bn



The 4% Y/Y growth of group deposits was recorded across all major products – client deposits, building savings deposits, and pension funds. During the fourth quarter of 2010, group deposits increased by 3%.

Group lending at a glance

Gross outstanding volumes, CZK bn	31.12.2009	31.12.2010	Y/Y
Group lending	407.9	413.7	+1%
Retail/SME Segment			
Mortgages ¹	135.6	144.9	+7%
Building savings loans ²	65.8	71.9	+9%
Consumer finance	17.4	18.2	+4%
SME loans	66.9	62.9	-6%
Leasing	29.2	23.3	-20%
Corporate Segment			
Corporate loans ³	84.2	76.5	-9%
Factoring	3.7	3.6	-5%
Head Office	0.5	0.5	+5%
Other⁴	4.5	11.8	+162%

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.

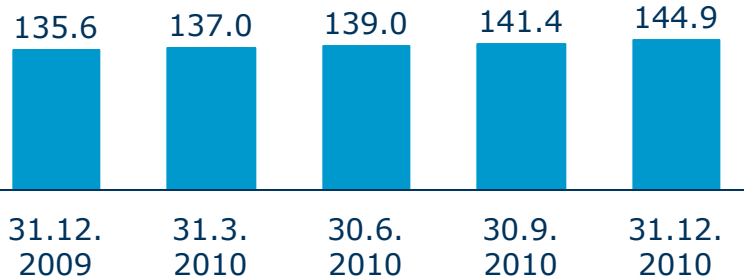
³ Including credit-replacing bonds.

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

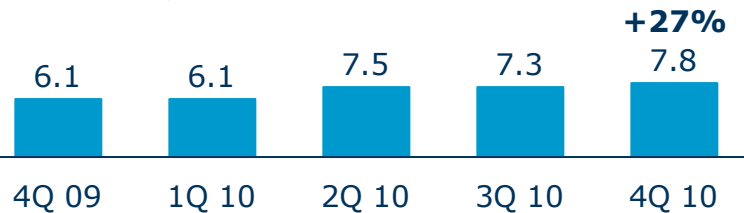
Housing loans

Mortgages

Outstanding, CZK bn



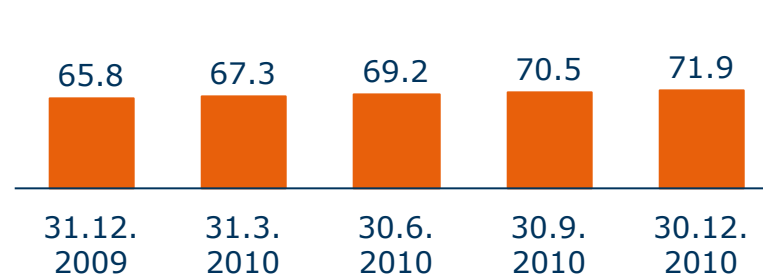
New sales*, CZK bn



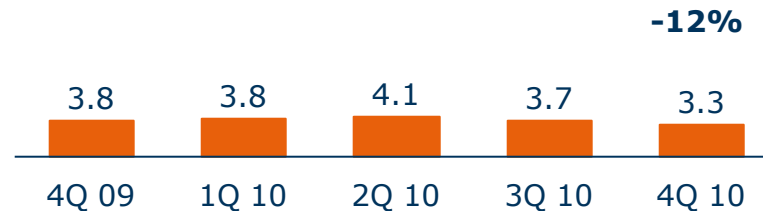
The mortgage portfolio (fully booked in HB, 100%-owned subsidiary) has been steadily growing. In the company's view higher sales in 2Q, 3Q and 4Q reflected rebounding demand for residential real estate and part of the increased demand may be attributed to catch-up purchases by people who were postponing their investment in previous quarters.

Building savings loans

Outstanding (ČMSS 55%), CZK bn



New sales (ČMSS 55%)*, CZK bn



The portfolio of building savings loans (fully booked in ČMSS, 55%-owned subsidiary) continues growing. The second half of the year was weaker on new sales than the first half.

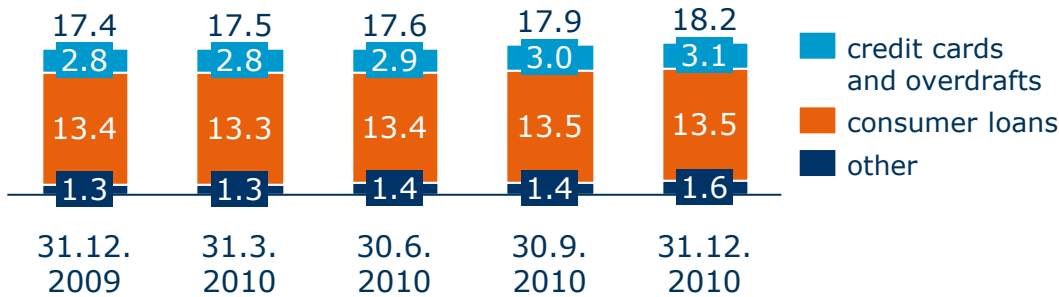
Note: * Granted loan limits.

Consumer finance, SME loans, leasing

Consumer finance

Outstanding, CZK bn

Y/Y
+4%



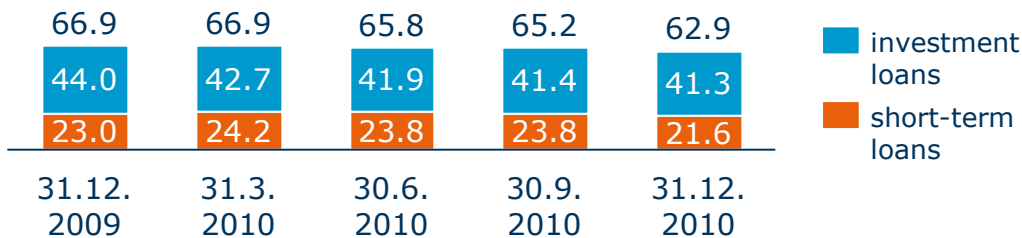
Consumer finance development:

The main driver of the Y/Y growth were credit cards and overdrafts which increased by 12%.

SME loans

Outstanding, CZK bn

Y/Y
-6%



SME loans development:

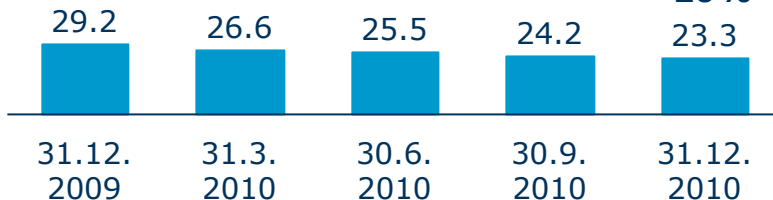
SME loans decreased by 6% Y/Y. The decline was the same in short-term loans as well as in long-term investment loans.

The decrease in overdrafts reflected limited demand by slowly reviving firms and rigorous risk management approach of the ČSOB group.

Leasing

Outstanding, CZK bn

Y/Y
-20%



Leasing development:

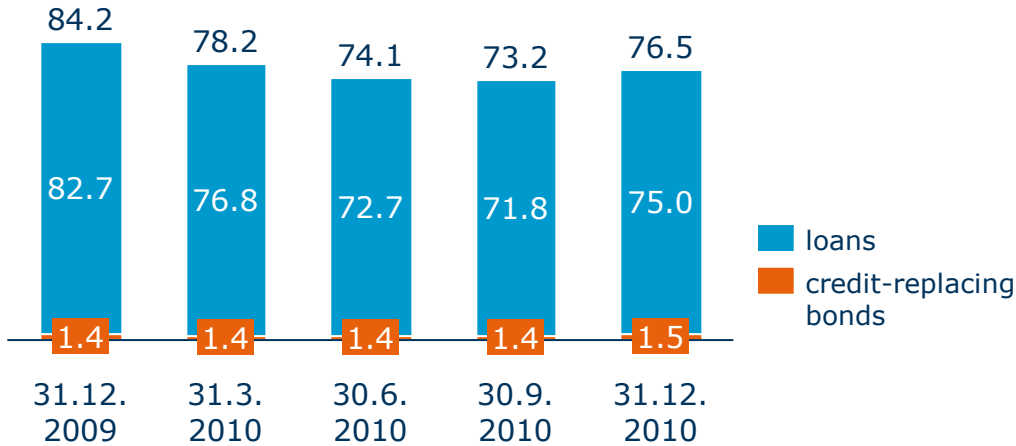
The Y/Y decline of leasing was caused by the customer demand decrease (primarily as a result of the economic downturn, mostly in transportation) and prudent risk control.

The largest decline was recorded in machinery, equipment and trucks.

Corporate loans

Outstanding, CZK bn

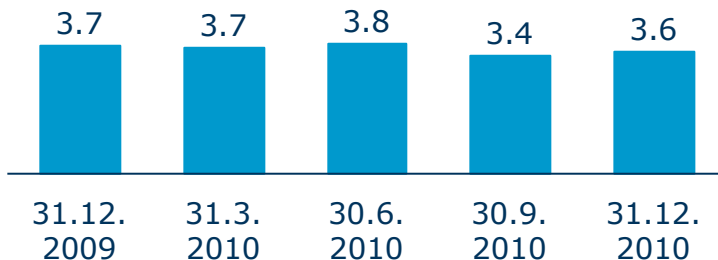
Y/Y
-9%



Factoring

Outstanding, CZK bn

Y/Y
-5%



The volume of corporate loans went down Y/Y by 9% to 76.5bn but the quarterly development of corporate loans turned to positive in 4Q 2010 after bottoming out in 3Q 2010. The volume of corporate loans is picking up together with the revival of Czech companies.

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 the Bank of the Year, Eastern Europe.

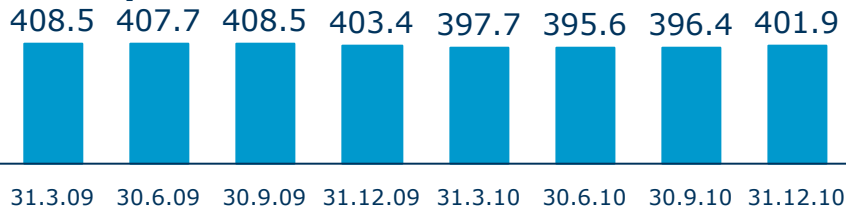


**FIREMNÍ 2010
BANKA ROKU**

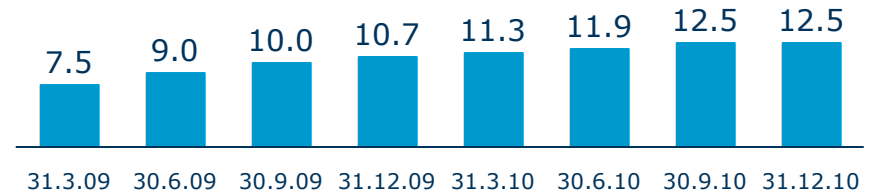
Note: The corporate segment comprises mid-cap corporate customers with an annual turnover above CZK 300m, local subsidiaries of international groups and selected institutional clients.

Credit risk starts to come down

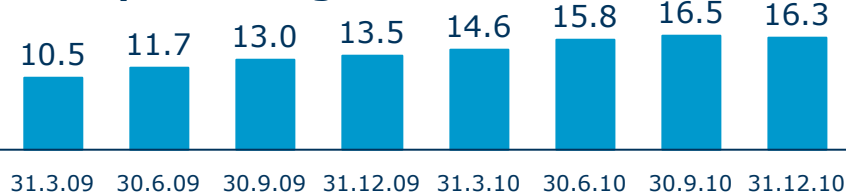
Loan portfolio¹ (CZK bn)



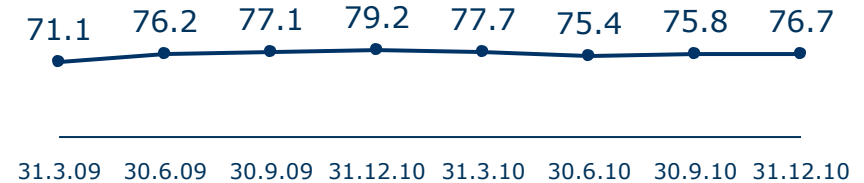
Allowances for loans and leases³ (CZK bn)



Non-performing loans (CZK bn)

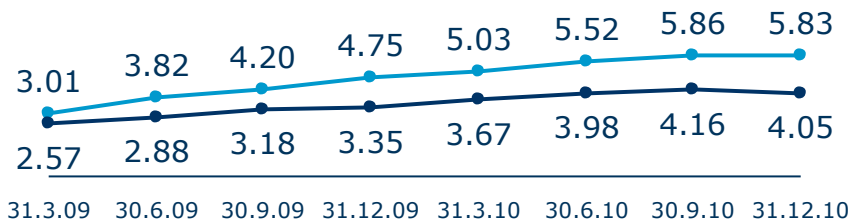


NPL coverage ratio (%)

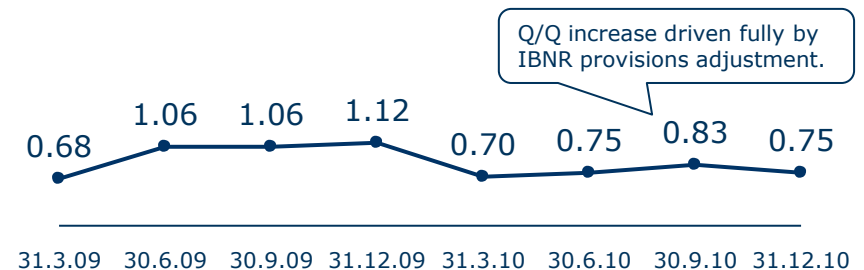


NPL ratio² (%)

● ČNB methodology
● ČSOB methodology
 (=KBC group methodology)



Credit cost ratio⁴ (%)



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.

AUM and deposits at a glance

Outstanding volumes, CZK bn	31.12.2009	31.12.2010	Y/Y
Group deposits	573.1	596.1	+4%
Client deposits	453.5	477.0	+5%
Building savings deposits ¹	82.5	86.1	+4%
Pension funds ²	25.0	27.2	+9%
Other ³	12.1	5.7	-53%
Mutual funds⁴	70.0	62.7	-10%
Other asset management	53.3	53.8	+1%
AUM and deposits	696.4	712.6	+2%

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.

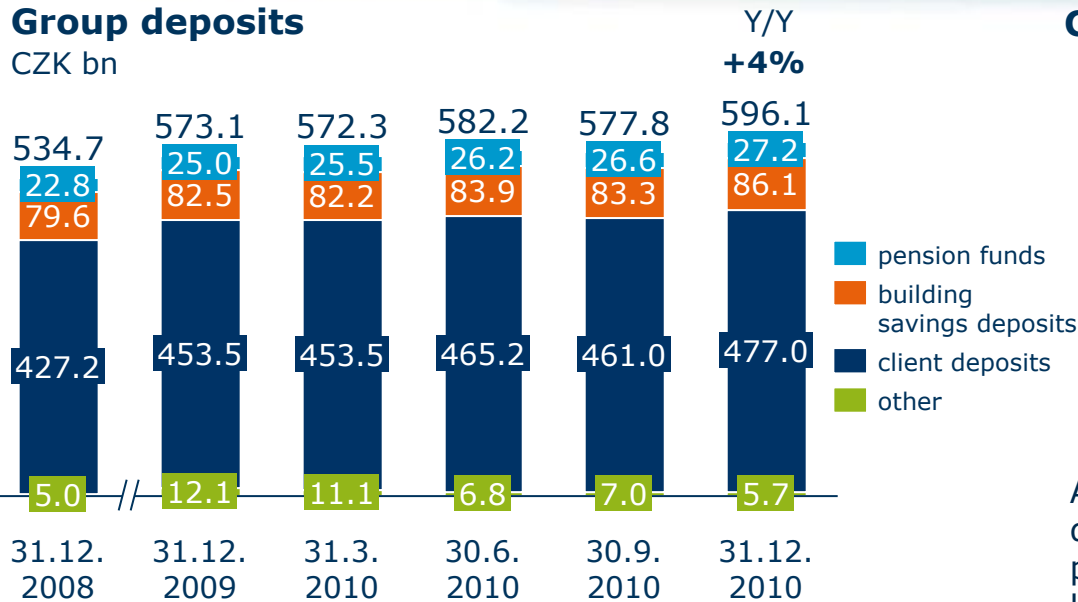
³ Repo operations with non-banking financial institutions and other.

⁴ Only direct positions are included.

Group deposits

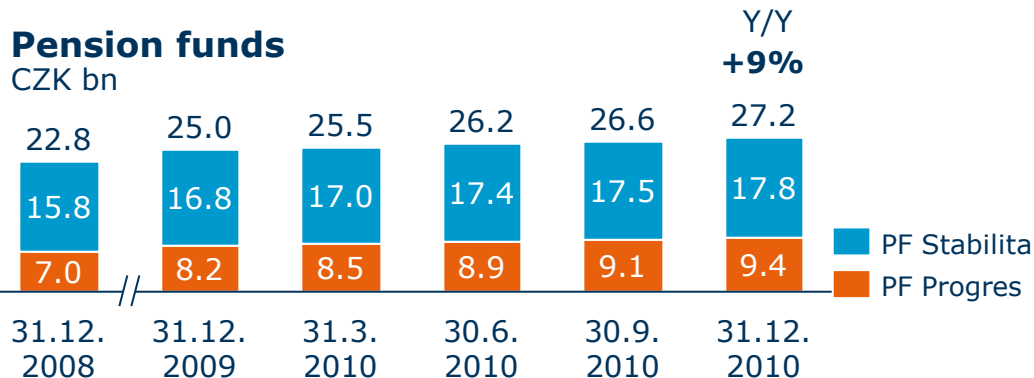
Group deposits

CZK bn

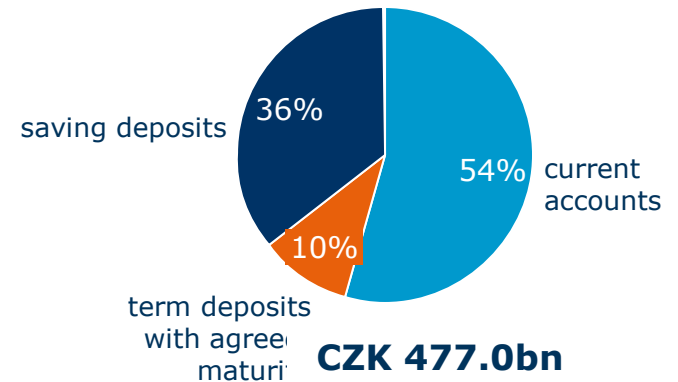


Pension funds

CZK bn



Client deposits as of 31.12.2010

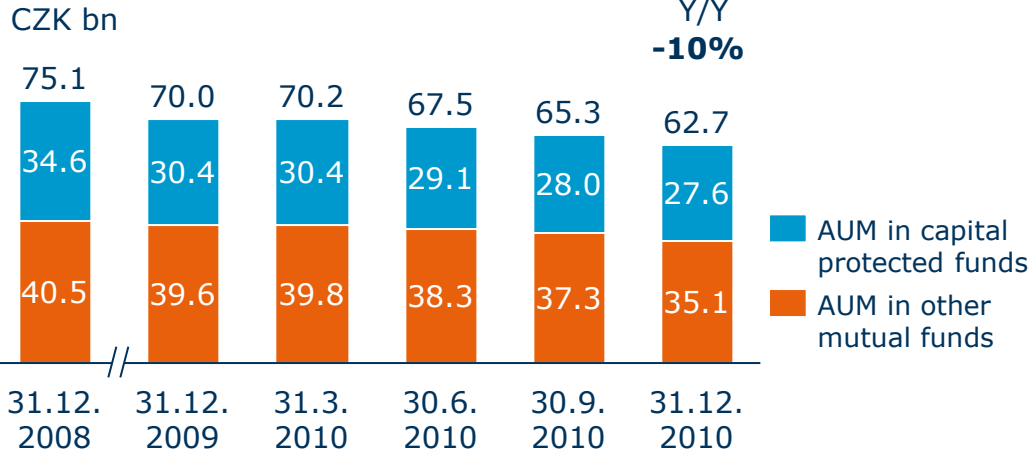


All major products of group deposits – client deposits, building savings deposits and pension funds – showed an increase Y/Y. The largest contributor were client deposits (CZK +23.5bn, +5% Y/Y).

Within client deposits, saving deposits reached a 37% Y/Y growth. About half of the increase can be attributed to inflow from term deposits, which decreased by 32% Y/Y. Current accounts remained flat Y/Y.

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

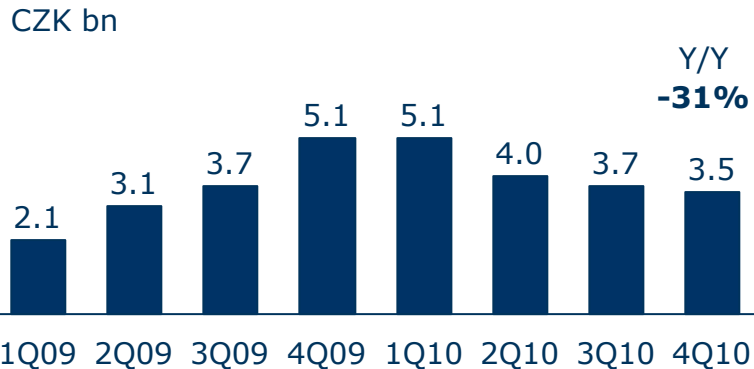
Assets under management (outstanding volumes)



The AUM in mutual funds decreased by 4% Q/Q and 10% Y/Y.

Clients still prefer transferring their money from maturing money market funds and bond funds into saving accounts rather than investing the money back into new funds. One of its effects, which contributed to the strong growth of savings accounts (+9% Q/Q), is the strengthening of ČSOB's liquidity.

New sales

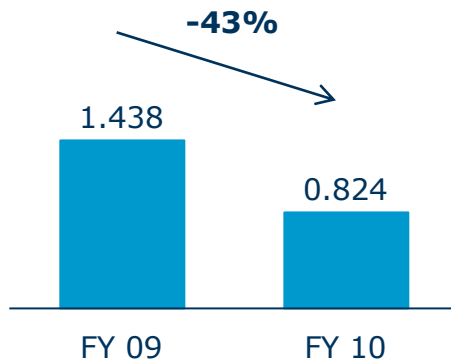


New sales of funds in 2010 reached CZK 16.3bn, which is 16% more than in the previous year. In 2010, ČSOB clients invested almost half of the money into capital protected funds.

Note: Only direct positions are included.

Net profit of ČSOB Pojišťovna*

CZK bn



ČSOB Pojišťovna's contribution to the group underlying P/L in FY 2010 was CZK 206m, compared to CZK 360m a year ago.

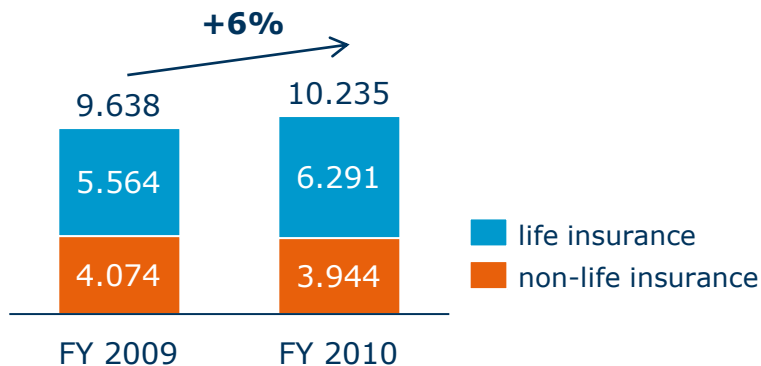
The decrease was caused by a higher comparable basis in FY 2009 which was influenced by the release of the entire balance of the provisions for settlement of liabilities from applied technical interest rate in the amount of CZK 542m.



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

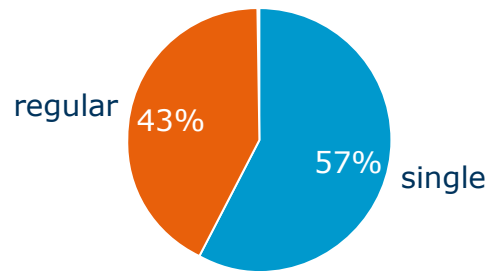
Gross written premium

CZK bn



Life insurance

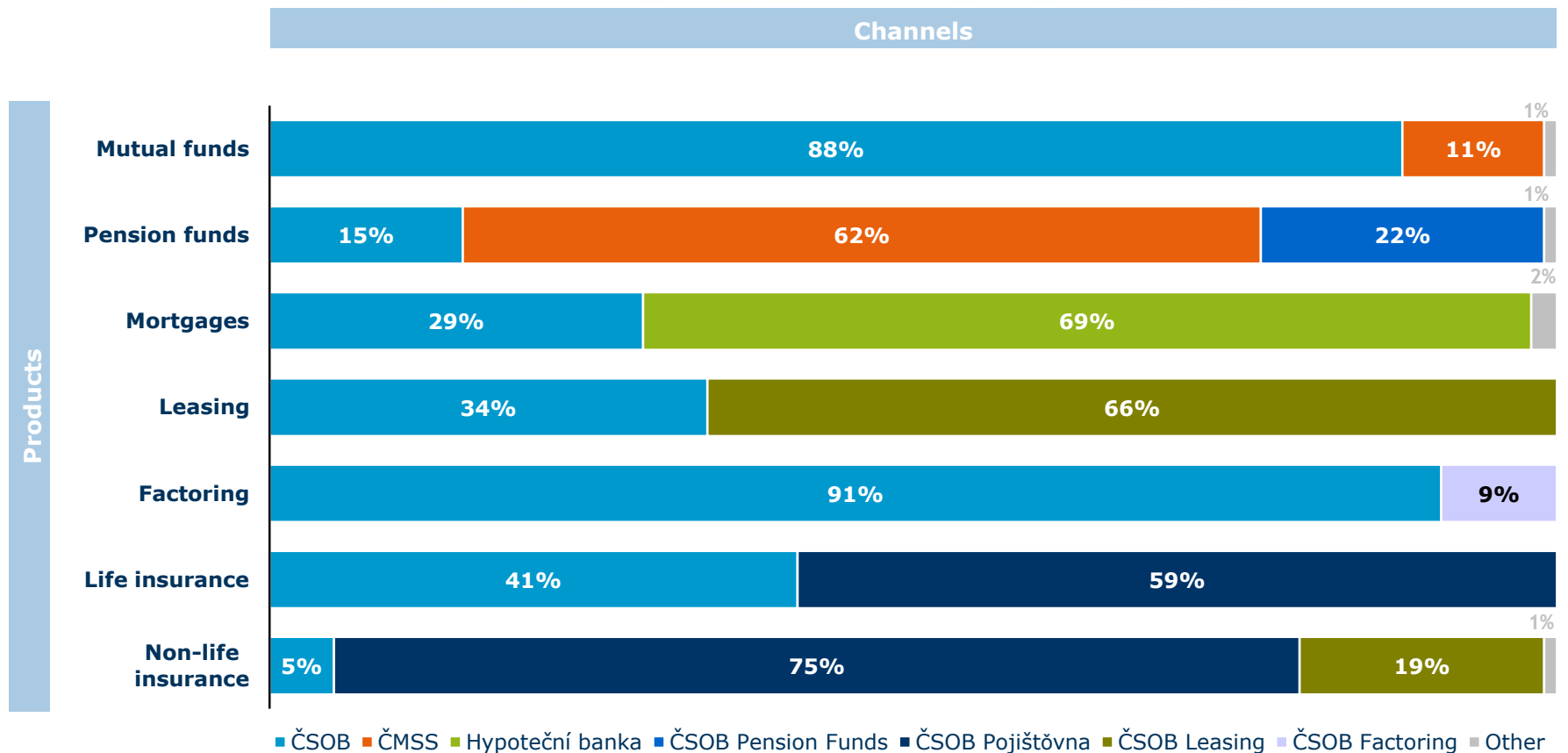
as of 31.12.2010



CZK 6.291bn

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.



Notes:

% of distribution channels per product type up to 100%.

Products represent new sales Ytd. in CZK except for Pension Funds which is calculated in pieces.

Awards for ČSOB group

Awarded the best Czech bank/insurer by many



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

emeafinance

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

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 and PSB support regions
- Investment grants for environmental protection
- PSB's Mayor of the Year Award
- Small grants to support community life and local care for cultural and natural heritage

Our employees help...

- Volunteering program We Help Together
- Volunteering days and employee patronage
- Charity collections for the Sue Ryder Home
- Charity football match

We break down barriers...

- Job opportunities for the disabled
- Job FAIR without Barriers 2010



Top Filantrop Award

- Silver position in category “The most corporate socially responsible big company”.
- Golden position in category „The most responsible attitude to the environment“ for its ecological employee campaign Šetrně a zdravě (Considerate and Healthy).



The “Ď” (Thanks) Award for the support of the Education Fund

- ČSOB won the award in the Foundation and Charity in the Czech Republic category 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 Havel 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.



Appendix



ČSOB's profile

Bank only (incl. PSB)

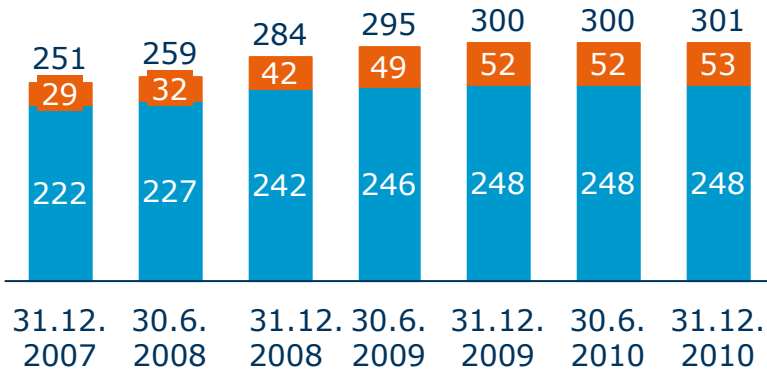
	31.12.2009	31.12.2010
Employees (group)*	7 579	7 639
Bank customers (ths)	3 064	3 078
Payment cards (ths)	2 000	2 043
- of which: credit cards (ths)	130	146
ČSOB Retail/SME branches	237	237
ČSOB Corporate branches	11	11
PSB branches ("Financial Centres")	52	53
PSB outlets of the Czech Post network	ca. 3 320	ca. 3 260
ATMs (ČSOB+PSB)	734	782

Note: * FTEs. The figure does not include employees transferred to the KBC Global Services Czech Branch.

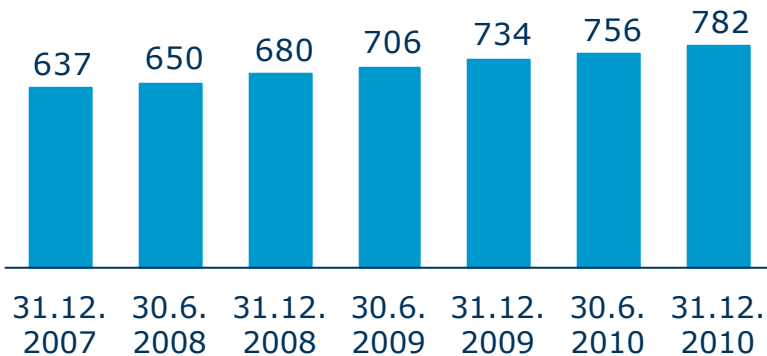
Branches and direct channels

Branches

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

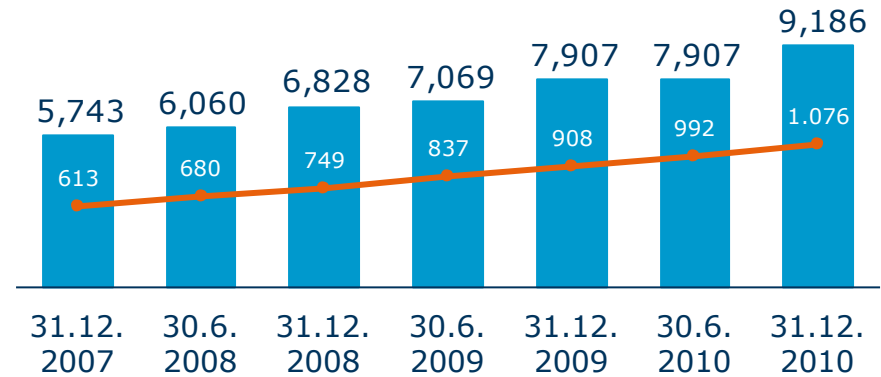


ATMs



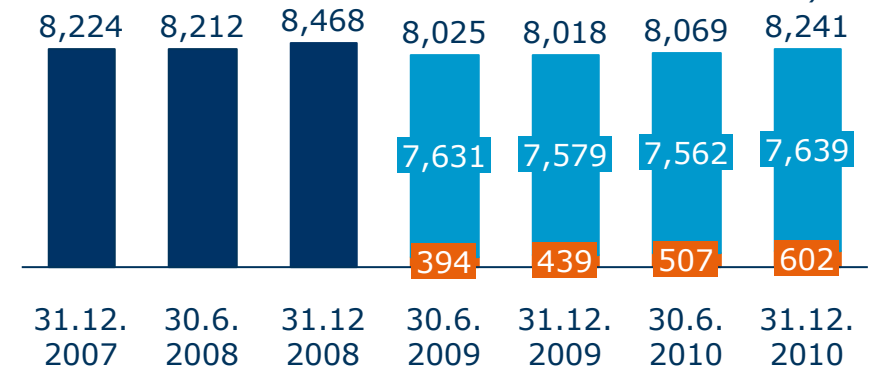
Internet banking

—●— Number of users (thousand)
■ Number of transactions during the quarter (thousand)



Group employees

■ ČSOB group entities
■ ICT (since mid-2009 under KBC GS CZ)



ČSOB group in the Czech Republic





Credit rating and shareholder structure

ČSOB's credit rating

As at 10 February 2011

Rating agency

Moody's

Long-term rating: A1 (stable)

Short-term rating: Prime-1

Financial strength: C

Fitch

Long-term rating: A- (stable)

Short-term rating: F2

Individual: C

Support: 1

Rating valid since

23. 2. 2007

14. 5. 2009

Last confirmation

8. 12. 2010

15. 10. 2010

Shareholder structure

As at 31 December 2010, ČSOB's share capital was CZK 5.855bn and comprised of 292,750,000 ordinary registered shares with a nominal value of CZK 20 each.

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



Final awards in IPB-related cases

Long-term position of ČSOB confirmed

General factoring claim on CZK 40bn against ČSOB fully dismissed – July 2010

The ICC Arbitration Tribunal court confirmed that:

- IPB had a significantly negative value at the moment of the takeover in 2000,
- the Contract on the Sale of the Enterprise is a valid contract which does not suffer from any faults, and
- the claim of the plaintiff about the damage caused was fully ungrounded.

J. Ring claim of ČSOB against the Czech Ministry of Finance fully acknowledged (CZK 1.6bn) and Ministry of Finance's counter claim fully dismissed (CZK 33.3bn) - December 2010

The ICC Arbitration Tribunal confirmed that:

- procedure during the bailout of the IPB business, including state guarantees, on which the state and ČSOB agreed in 2000, was adequate to the situation and in accordance with the law,
- the claim for the payment of the guarantee for the receivable of the former IPB for the company J.Ring in the amount of 1.6bn CZK with associated costs was acknowledged, Ministry of Finance has also been ordered to pay the costs of arbitration, and
- the CZK 33.3bn counter-claim concerning the guarantees provided during the takeover of the failing IPB was denied.

Accounting treatment:

- ČSOB had a receivable of CZK 1,742m from the ČNB recorded within "Other assets" in relation to J Ring.
- On 31 December 2010 (based on an arbitration award from 20 December 2010), ČSOB received from the Ministry of Finance the principal amount together with accrued interest and contribution to the arbitration proceeding costs, amounting to CZK 2,035m in total. As a result, ČSOB ceased to recognize the receivable from the ČNB and the positive difference of CZK 292m between the awarded amounts and the receivable from the ČNB (including accrued interest income) has been recognized in the 2010 statement of income, mainly via item "Impairments on other assets".



Changes in ČSOB's Top Management

As of 1 January 2010, ČSOB's Top Management consisted of five members of the Board of Directors (BoD) and one additional Senior Executive Officer responsible for Operations and Facilities.

In May 2010, ČSOB's Top Management enlarged to eight members – four BoD members and four other Senior Executive Officers.

- Former Chief Financial and Risk Officer (CFRO) and BoD member, **Mr. Hendrik Scheerlinck** left for the position of the Chief Executive Officer of KBC's Hungarian subsidiary K&H and KBC group's Country Manager for Hungary, and the CFRO position in ČSOB was split into two.
- **Mr. Bartel Puelinckx**, former Senior Managing Director in K&H responsible for Credits and HR, was appointed as the new Chief Finance Officer (CFO) of ČSOB and on 8 December 2010 as member of BoD.
- **Mr. Koen Wilmots**, former Managing Director of ČSOB Group Credits, was appointed the Chief Risk Officer (CRO) of ČSOB and on 8 December 2010 as member of BoD.
- **Mr. Jiří Vévoda**, former Associate Partner at McKinsey & Company, was appointed to until-then-vacant position of the Chief Staff Officer (CSO) of ČSOB and on 8 December 2010 as member of BoD.

As of 1 January 2011, **Mr. Karel Svoboda** was appointed the CEO of ČSOB Pension Fund Stabilita and left the position of the Senior Executive Officer responsible for Operations and Facilities. This position in ČSOB's Top Management ceased to exist and responsibilities from Operations and Facilities were relocated among the existing Board of Directors.

As a result, as of 1 January 2011, the ČSOB's **Board of Directors has seven members and constitutes the Top Management of the bank.**



Changes in ČSOB's Supervisory Board

As of June 2010, the 5-year term of office of three members of the ČSOB supervisory board (Mr. František Hupka, Ms. Libuše Gregorová, and Ms. Martina Kopecká) representing ČSOB employees ended. Based on an employee vote, the following members were appointed to the ČSOB supervisory board as of 23 June, 2010:

Mr. František Hupka

Ms. Martina Kantová

Ms. Ladislava Spielbergerová

As of 29 June 2010, **Mr. Marko Voljč** was appointed a member of the supervisory board to replace Mr. John Hollows. The replacement followed the changes in the top management of KBC group within which Marko Voljč was appointed the CEO of the Central and Eastern Europe and Russia Business Unit as John Hollows left this position to become KBC Group's Chief Risk Officer.

As of 1 December 2010, **Mr. Guy Libot** was elected a new member of the CSOB's Supervisory Board. Since 2010, Guy Libot has been working for KBC Global Services NV as the General Manager, Banking, Central & Eastern Europe and Russia. In the Supervisory Board, he replaced Ms. Riet Docx.



We educate...

- ČSOB donated CZK 0.9m to the Education Fund and to the Committee of Good Will – The Olga Havel Foundation; the amount will be distributed in scholarships for disabled and disadvantaged students.
- ČSOB Education Foundation Program supported 10 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 published research findings on the status of financial literacy in the Czech Republic – common project of ČSOB and Stem/Mark research agency.
- PSB and the Czech National Safer Internet Centre launched the “Safely-Online” project: the www.bezpecne-online.cz website gives advice on safe use of the Internet.



We support 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.
- Investment grants for environmental protection and landscape restoration were launched – three projects received CZK 300,000 each in 2010.
- PSB’s Mayor of the Year Award – an expert panel selected the winner who received CZK 250,000 for his/her municipality.



Our employees help...

- Volunteering program We Help Together – ČSOB supports 37 projects in total amount of CZK 1m with the aim to motivate ČSOB's employees' patronage of disabled students.
- About 450 ČSOB employees took part in volunteering activities:
 - 300 employees attended volunteering days and helped for 1 day for various Czech NGOs,
 - 50 employees helped people affected by floods in the Liberec region, and
 - 100 employees attended Czech mountains cleanup after the winter.
- Two charity collections of clothes and fashion accessories among employees for the Sue Ryder Home.
- ČSOB football team attended a beneficial football match as a support of the Sue Ryder Home.
- The six-month ecological employee campaign "Šetrně a zdravě" (Considerate and Healthy) concluded with markets offering fair trade products and organic food and with an introduction of environment friendly technologies in the ČSOB headquarters.



We break down barriers...

- 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 hosted Job FAIR without Barriers 2010: students could meet with "barrier-free employers" or be advised on how they could look for an appropriate job and how to prepare themselves for work-related interviews.

Profit and loss statement

Reported

(CZK m)	FY 2009	FY 2010	Y/Y
<i>Interest income</i>	34 204	33 038	-3%
<i>Interest expense</i>	-10 688	-8 280	-23%
Net interest income	23 516	24 758	+5%
Net fee and commission income	5 579	5 440	-2%
Net gains from financial instruments at FVPL*	2 876	1 340	-53%
Other operating income*	7 694	1 511	-80%
Operating income	39 665	33 049	-17%
Staff expenses	-6 218	-6 414	+3%
General administrative expenses	-5 979	-7 053	+18%
Depreciation and amortisation	-1 443	-1 084	-25%
Operating expenses	-13 640	-14 551	+7%
Impairment losses*	-6 509	-3 386	-48%
<i>Impairment on loans and receivables</i>	-5 363	-3 489	-35%
<i>Impairment on available-for-sale securities*</i>	-245	-5	-98%
<i>Impairment on other assets*</i>	-901	108	+/-
Share of profit of associates	360	226	-37%
Profit before tax	19 876	15 338	-23%
Income tax expense*	-2 459	-1 776	-28%
Profit for the period	17 417	13 562	-22%
Attributable to:			
Equity holders of the parent	17 368	13 471	-22%
Minority interest	49	91	+86%

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

Underlying

(CZK m)	FY 2009	FY 2010	Y/Y
<i>Interest income</i>	34 204	33 038	-3%
<i>Interest expense</i>	-10 688	-8 280	-23%
Net interest income	23 516	24 758	+5%
Net fee and commission income	5 579	5 440	-2%
Net gains from financial instruments at FVPL*	707	1 148	+63%
Other operating income*	1 603	1 166	-27%
Operating income	31 405	32 512	+4%
Staff expenses	-6 218	-6 414	+3%
General administrative expenses	-5 979	-7 053	+18%
Depreciation and amortisation	-1 443	-1 084	-25%
Operating expenses	-13 640	-14 551	+7%
Impairment losses*	-5 660	-3 386	-40%
<i>Impairment on loans and receivables</i>	-5 363	-3 489	-35%
<i>Impairment on available-for-sale securities*</i>	0	-5	N/A
<i>Impairment on other assets*</i>	-297	108	+/-
Share of profit of associates	360	206	-43%
Profit before tax	12 465	14 781	+19%
Income tax expense*	-1 928	-1 671	-13%
Profit for the period	10 537	13 110	+24%
Attributable to:			
Equity holders of the parent	10 488	13 019	+24%
Minority interest	49	91	+86%

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 2009	30/12 2010	Ytd
Cash and balances with central banks	23 050	21 164	-8%
Financial assets held for trading	160 117	173 810	+9%
Financial assets designated at fair value through P/L	16 987	11 132	-34%
Available-for-sale financial assets	101 567	102 521	+1%
Loans and receivables - net	395 774	399 741	+1%
<i>Loans and receivables to credit institutions - gross</i>	8 945	14 137	+58%
<i>Loans and receivables to which other than credit institutions - gross</i>	396 894	397 445	+0%
<i>Allowance for impairment losses</i>	-10 720	-12 466	+16%
<i>Accrued interest income</i>	655	625	-5%
Held-to-maturity investments	132 761	150 240	+13%
Derivatives used for hedging	8 040	9 437	+17%
Current tax assets	27	39	+44%
Deferred tax assets	271	488	+80%
Investments in associate	1 196	1 163	-3%
Investment property	791	713	-10%
Property and equipment	8 468	8 057	-5%
Goodwill and other intangible assets	3 922	3 625	-8%
Non-current assets held-for-sale	919	140	-85%
Other assets	5 082	2 785	-45%
Total assets	858 972	885 055	+3%



Balance sheet

Liabilities and equity

(CZK m)	31/12 2009	30/12 2010	Ytd
Financial liabilities held for trading	23 036	21 096	-8%
Financial liabilities at fair value through P/L	105 057	117 774	+12%
Financial liabilities at amortised cost	644 982	663 418	+3%
<i>of which Deposits received from credit institutions</i>	26 027	30 442	+17%
<i>of which Deposits received from other than credit institut.</i>	573 148	596 078	+4%
<i>of which Debt securities in issue</i>	32 572	24 105	-26%
<i>of which Subordinated liabilities</i>	11 970	11 974	+0%
<i>of which Accrued interest expenses</i>	1 265	819	-35%
Derivatives used for hedging	5 158	5 567	+8%
Current tax liabilities	883	1 203	+36%
Deferred tax liabilities	603	830	+38%
Provisions	758	651	-14%
Other liabilities	8 644	8 676	+0%
Total liabilities	789 121	819 215	+4%
Share capital	5 855	5 855	0%
Share premium account	7 509	7 509	0%
Statutory reserve	18 687	18 687	0%
Retained earnings	34 478	30 560	-11%
Available-for-sale reserve	2 814	2 422	-14%
Cash flow hedge reserve	-393	-2	-99%
Foreign currency translation reserve	1	0	-100%
Parent shareholders' equity	68 951	65 031	-6%
Minority interest	900	809	-10%
Total equity	69 851	65 840	-6%
Total liabilities and equity	858 972	885 055	+3%

Market shares definitions and sources

Sources for slide 19

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
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)
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.
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.



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