



# 9M 2010 Results ČSOB Group Czech Republic

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**EU IFRS Unaudited Consolidated**

**Presentation for the press  
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## 1. Highlights



# ČSOB group results 9M 2010

## Highlights

**ČSOB group reported 9M 2010 net profit of CZK 10.249 bn (+12% Y/Y).**

**Strong underlying net profit growth: +16% Y/Y.**

**Underlying net profit increased by CZK 1.4 bn Y/Y to CZK 9.814 bn**, driven especially by favorable development of impairment losses (mainly impairments on loans and receivables) of CZK -1.2bn and a CZK 0.2bn increase of underlying operating profit on the back of growing net interest income.

**Underlying operating profit: +1% Y/Y** (underlying income +4%, expenses +6%)

→ underlying cost/income ratio up to 43.2% from 42.1%

**Cost of risk: Impairments on loans and receivables down by 25% Y/Y**

→ credit cost ratio down to 0.83% from 1.06%

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

**Ample liquidity: L/D ratio down to 70.0% from 73.8% a year ago.**

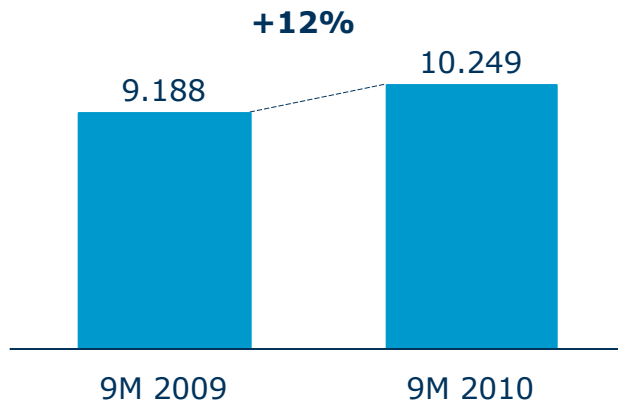
**Strong capital position: Total capital ratio up to 17.8% from 12.3% a year ago.**

# Net profit - Ytd.

Reported vs. underlying

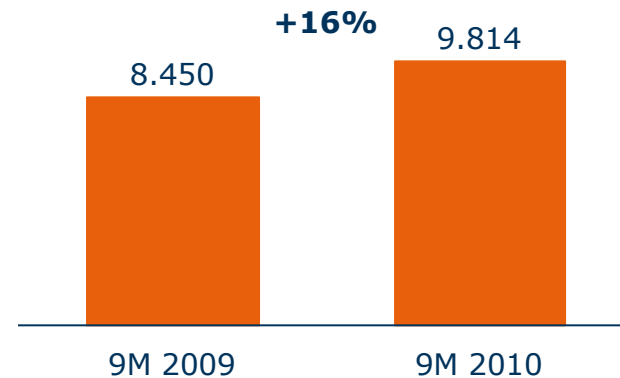
## Reported net profit

CZK bn



## Underlying net profit

CZK bn



## One-off items

CZK bn

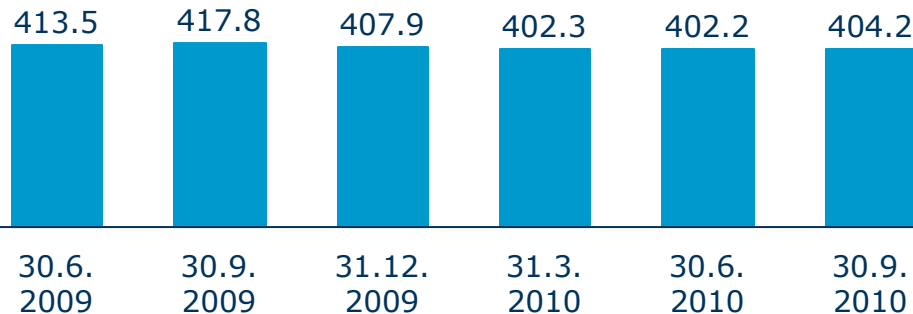


	9M 2009	9M 2010	Y/Y
<b>Profitability (Ytd. ratios)</b>			
Net interest margin	3.18%	3.39%	+21 bps
Cost/income (underlying)	42.1%	43.2%	+1.1 pp
Cost/income (reported)	40.1%	42.3%	+2.2 pp
ROAA (underlying)	1.29%	1.52%	+0.23 pp
ROAA (reported)	1.41%	1.59%	+0.18 pp
ROAE (underlying)	19.0%	19.7%	+0.7 pp
ROAE (reported)	20.7%	20.6%	-0.1 pp
	30.9.2009	30.9.2010	Y/Y
<b>Asset quality</b>			
Credit cost ratio (Ytd., annualized)	1.06%	0.83%	-23 bps
NPL ratio	3.18%	4.16%	+1.0 pp
NPL coverage ratio	77.1%	75.8%	-1.3 pp
<b>Capital adequacy (Basel II)</b>			
Core tier 1 ratio	10.55%	14.12%	+3.57 pp
Total capital ratio	12.26%	17.82%	+5.56 pp
Solvency ratio (insurance)	214.0%	241.2%	+27.2 pp
<b>Liquidity</b>			
Loan to deposit ratio	73.8%	70.0%	-3.8pp

Note: For definitions of the ratios see slide 42.

### Group lending\*

CZK bn

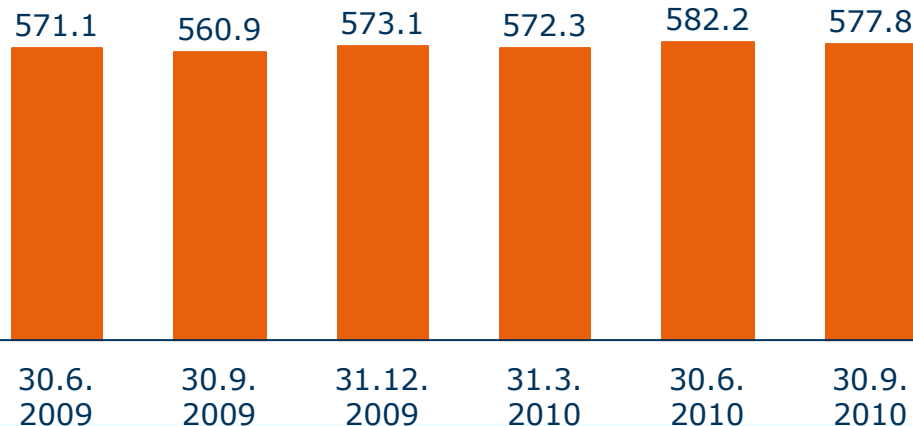


Group lending: -3% Y/Y with volumes stabilized during the past three quarters

- Housing loans and consumer finance continue growing.
- Corporate and SME loans declined Y/Y but stabilized Q/Q.

### Group deposits\*\*

CZK bn



Group deposits: +3% Y/Y and -1% 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

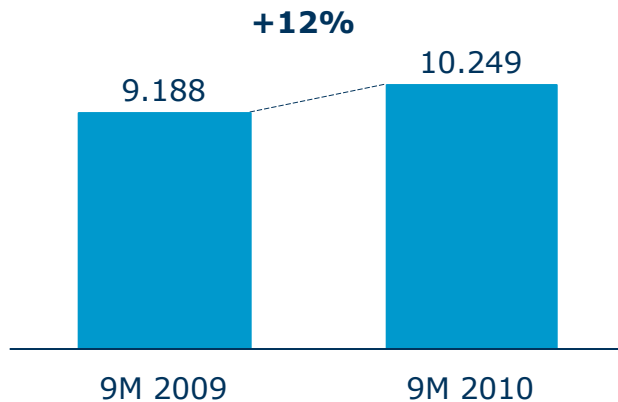


# Net profit - Ytd.

## Reported vs. underlying

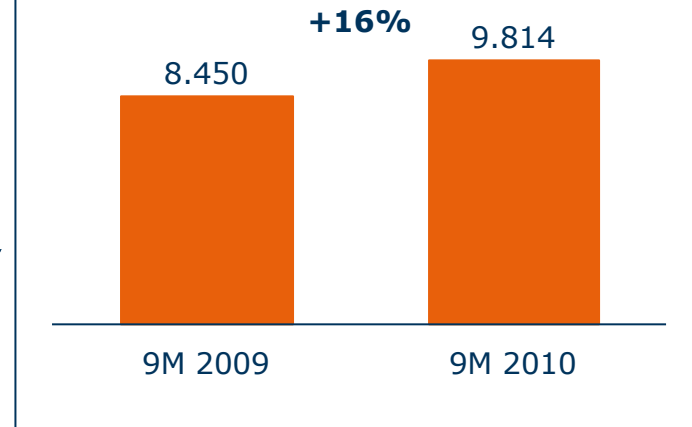
### Reported net profit

CZK bn



### Underlying net profit

CZK bn



### One-off items

CZK bn

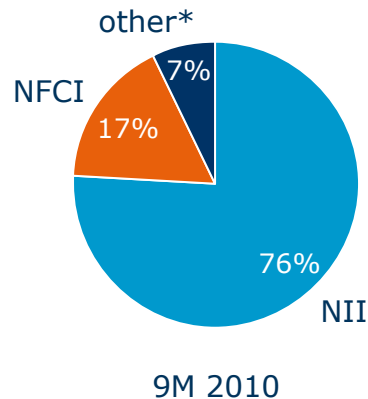
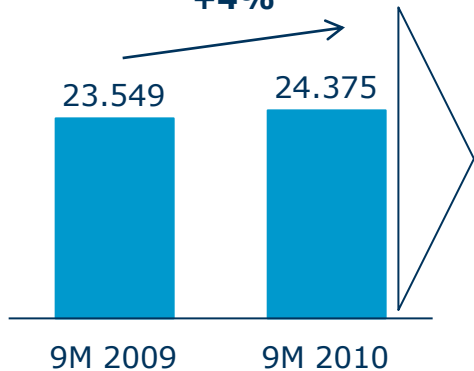


One-off items: The main one-offs in 9M 2010 were a settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services and volatility in the valuation of ALM instruments. The 9M 2009 net profit was positively influenced by volatility in the valuation of ALM instruments.

### Operating income

CZK bn

+4%



Operating profit grew by 1% Y/Y from CZK 13.6bn to CZK 13.8bn.

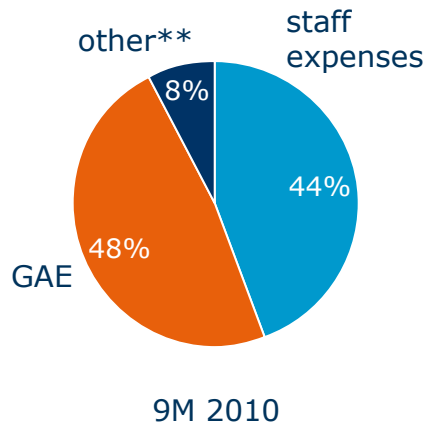
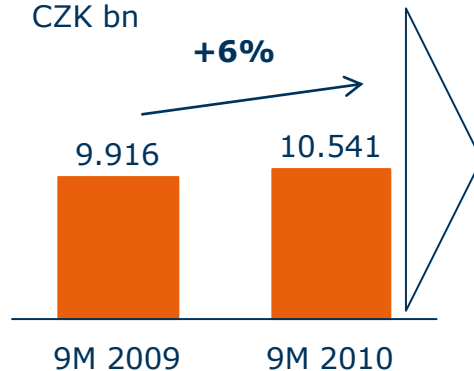
C/I was maintained in low forties, reaching 43.2% in 9M 2010.

Operating income increased by 4% Y/Y. The main contributor to the Y/Y difference was net interest income (NII), which grew by 7% Y/Y. Consequently, the share of NII in operating income increased from 73% in 9M 2009 to 76% in 9M 2010.

### Operating expenses

CZK bn

+6%



Operating expenses increased by 6% Y/Y, especially due to a lower comparative basis a year ago. If we adjust for business-unrelated effects, the rise of operating expenses would come to 4% Y/Y.

Notes:

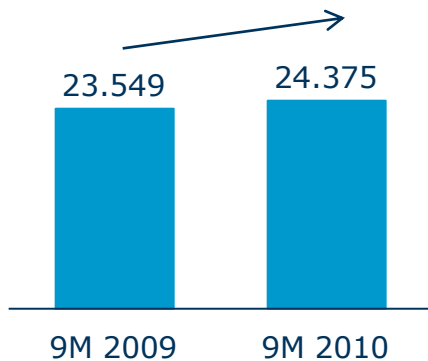
\* Net gains from financial instruments at FVPL, net realized gains on available-for-sale financial assets, dividend income, other net income.

\*\* Depreciation and amortization.

### Operating income

CZK bn

+4%

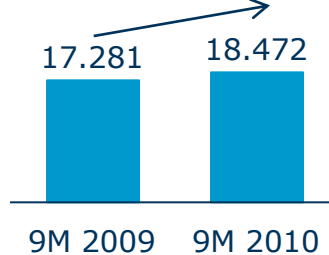


Note:

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

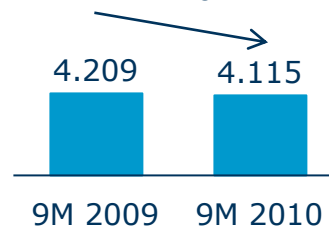
net interest income

+7%



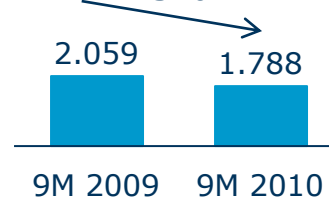
net fee and commission income

-2%



other\*

-13%



Net interest income grew by 7% driven by mortgages, building savings loans and growing retail deposit base. Net interest margin increased Y/Y by 21 bps to 3.39%.

Net fee and commission income decreased by 2% Y/Y especially due to higher payment to the deposit insurance fund by CZK 83m. This was caused by the increase of deposit insurance premium from 10 bps to 16 bps that has been reflected in our P&L since 3Q 2010.

The drop in the other operating income is due to the fact that the dividend income from ČSOB Slovakia disappeared after the December 2009 sale of the remaining stake in ČSOB Slovakia to KBC.



# 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. As a result, ca. 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 been since the transfer booked as general administration expenses. The following table provides pro forma figures that eliminate the distortion across categories.

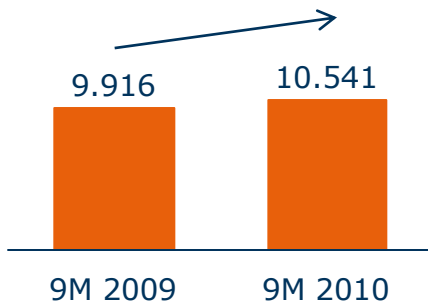
<i>CZK m</i>	<b>9M 2009 reported = underlying</b>	<b>9M 2009 pro forma</b>	<b>9M 2010</b>	<b>rep=underl Y/Y</b>	<b>pro forma Y/Y</b>
Staff expenses	4 683	4 515	4 657	- 1%	+ 3%
General administrative expenses	4 126	4 519	5 074	+ 23%	+ 12%
Other	1 107	882	809	- 27%	- 8%
<b>Total</b>	<b>9 916</b>	<b>9 916</b>	<b>10 541</b>	<b>+ 6%</b>	<b>+ 6%</b>

for comments  
see next slide

### Operating expenses

CZK bn

+6%

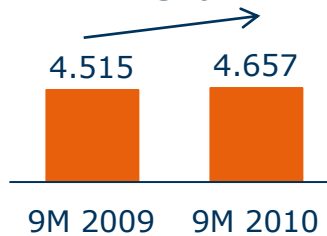


Note:

\* 9M 2009 figures adjusted for the June 2009 ICT transfer to enable like-to-like comparison.

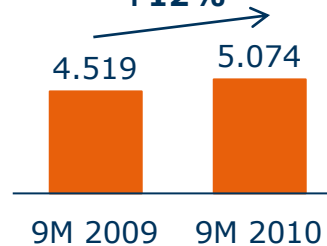
staff expenses  
(pro forma\*)

+3%



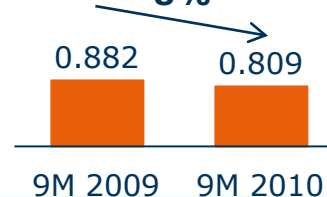
general administrative  
expenses (pro forma\*)

+12%



other (pro forma\*)

-8%



The Y/Y growth of staff expenses reflects a regular annual salary increase (in May 2010) and the development of performance-related bonuses.

General administrative expenses (GAE) showed a double-digit Y/Y growth, largely impacted by a lower comparative basis in 9M 2009, as the transition period related to the ICT transfer showed a slower start-up in the third quarter of 2009.

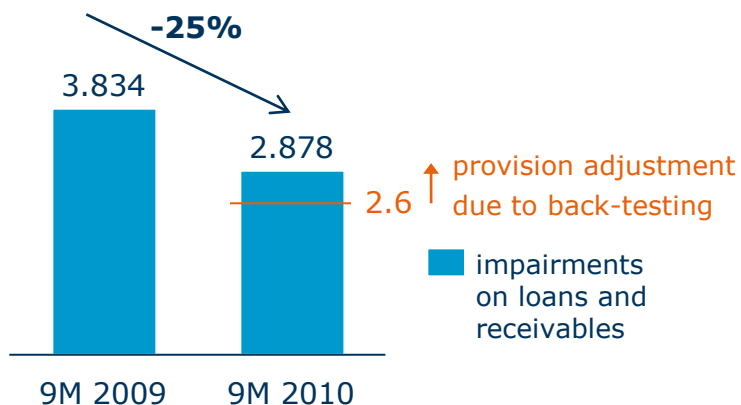
In addition, most of ICT expenditures are no longer recognized as assets and enter directly to P/L. This is also the reason for declining depreciation as a part of other operating expenses.

# Impairments on loans and receivables

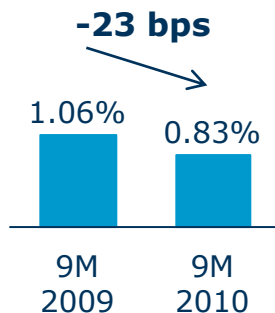
## Underlying

### Impairments on LaR – Ytd.

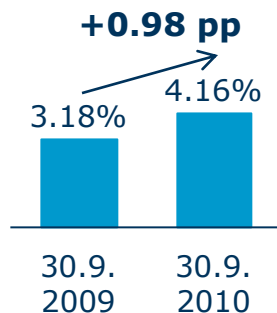
CZK bn



### Credit cost ratio



### NPL ratio



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

The growth of non-performing mortgages (where, as expected, the crisis impact arrived later than in corporate and SME) accounts for more than a half of total NPL growth. However, as mortgages in general require less provisioning, the credit costs are relatively limited.

The 9M 2010 impairments on loans and receivables (LaR) include a CZK 260 m provisions adjustment that resulted from back-testing\* carried out in the third quarter (whereas the back-testing in the previous year was performed in the fourth quarter). Excluding this effect, the decline of impairments would have been even larger (ca. -32% Y/Y).

Notes:

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

*\* The adjustment concerned IBNR provisions. IBNR = Incurred But Not Reported impairment provisions cover impairment which is already present in the portfolio, but not recognized yet.*

# Strong capital position

Consolidated, CZK m	31.12.2009	30.9.2010
<b>Total regulatory capital</b>	<b>55 162</b>	<b>56 979</b>
- Tier 1 Capital	44 582	45 475
- Tier 2 Capital	11 970	12 129
- Deductions from Tier 1 and Tier 2	-1 390	-625
<b>Total capital requirement</b>	<b>29 452</b>	<b>25 583</b>
- Credit risk (IRB approach)	25 288	21 386
- Market risk (internal model)	1 176	843
- Operational risk (standardized approach)	2 987	3 354
<b>Total RWA</b>	<b>368 150</b>	<b>319 781</b>
<b>Core Tier 1 ratio = Tier 1 ratio</b>	<b>11.92%</b>	<b>14.12%</b>
<b>Total capital ratio</b>	<b>14.98%</b>	<b>17.82%</b>

Notes:

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

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

*Tier 2 capital = subordinated debt*

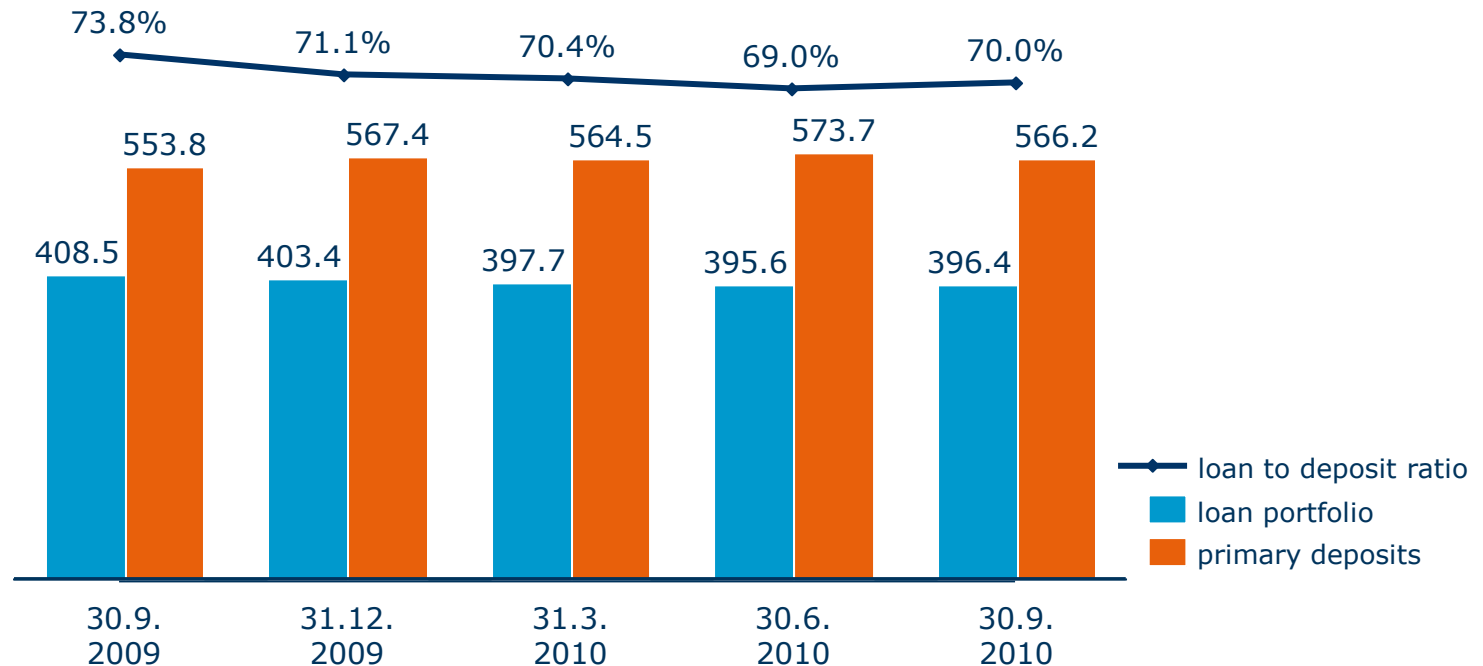
*Total regulatory capital = Tier 1 + Tier 2 – deductions*

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

# Ample liquidity

CZK bn                      30.9.2009    31.12.2009    31.3.2009    30.6.2009    30.9.2010

Excess of primary deposits over loan portfolio	145.3	164.0	166.8	178.1	169.8
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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 9 November 2010

book value, CZK bn

	Sovereign	Banks	Corporates	Total
Portugal	-	-	-	-
Ireland	-	-	-	-
Italy	2.05	0.74	-	3.79
Greece	3.65	-	-	3.65
Spain	0.58	-	-	0.58
<b>Total</b>	<b>6.28</b>	<b>0.74</b>	<b>0.00</b>	<b>7.02</b>

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



### 3. Analysis of business performance

# ČSOB group's market shares

Insurance	market share	rank
Life <sup>2</sup>	↘ 9.5%	5
Non-life <sup>2</sup>	↘ 4.9%	6
Total <sup>2</sup>	↗ 7.0%	4

Deposits <sup>1</sup>	↘ 21.7%	Building savings loans <sup>1</sup>	↘ 44.1%		
Total loans and leases <sup>1</sup>	↘ 17.9%	Building savings deposits <sup>1</sup>	↗ 36.1%		
Mortgages <sup>1</sup>	↗ 27.7%	Housing loans <sup>1,4</sup>	↗ 34.4%	Pension funds <sup>3</sup>	↗ 16.2%
Factoring <sup>2</sup>	↘ 23.4%	Mutual funds <sup>1</sup>	↘ 32.6%	Corporate/SME loans <sup>1</sup>	↘ 13.3%
				Consumer loans <sup>1</sup>	↗ 15.2%
				Leasing <sup>2</sup>	↘ 10.1%

2<sup>nd</sup>

1<sup>st</sup>

3<sup>rd</sup>

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

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

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

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

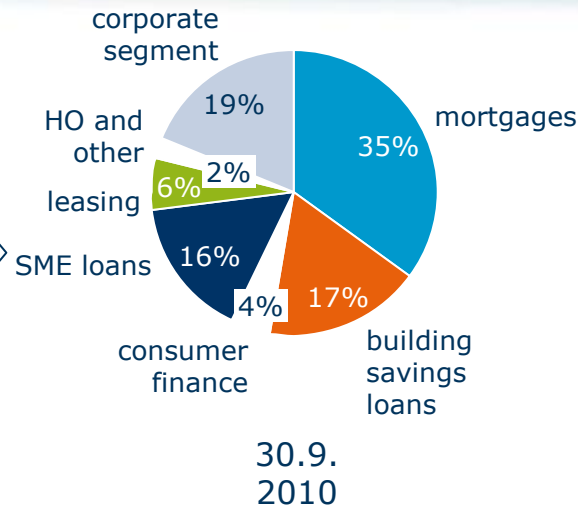
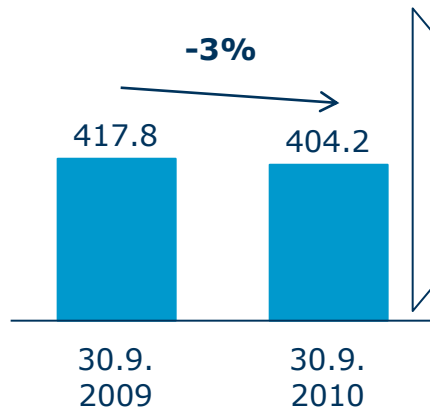
<sup>4</sup> Comprise mortgages and building savings loans

Sources and detailed definitions are provided in Appendix, slide 41.

# Lending and deposits development

## Group lending

CZK bn

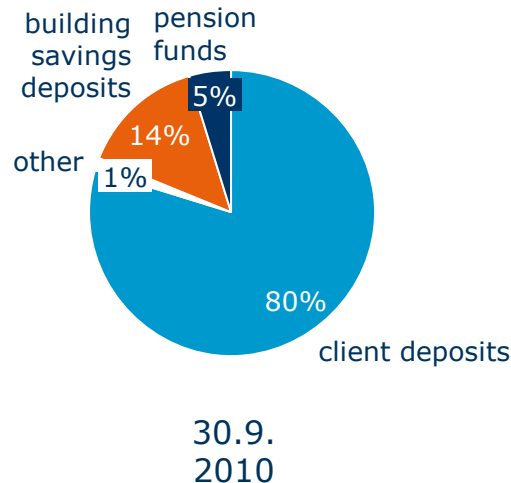
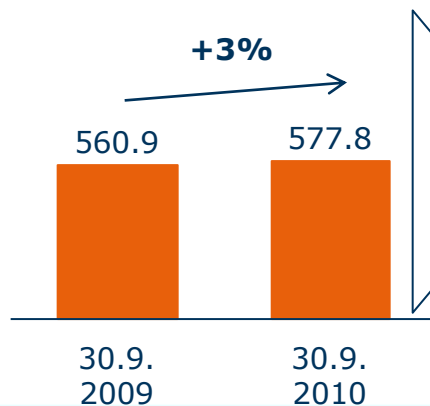


Group lending decreased by 3% Y/Y on the back of a slowed-down economy and ČSOB's prudent risk management. The lending remained flat Q/Q.

As mortgages and building savings loans grew faster than other loans, the combined share of housing loans on group lending grew to 52% in 3Q 2010 from 46% in 3Q 2009.

## Group deposits

CZK bn



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

Group deposits increased by 3% Y/Y and declined by 1% Q/Q. Y/Y growth was recorded across all major products – client deposits, building savings deposits, and pension funds.

# Group lending at a glance

Gross outstanding volumes, CZK bn	30.9.2009	30.9.2010	Y/Y
<b>Group lending</b>	<b>417.8</b>	<b>404.2</b>	<b>-3%</b>
<b>Retail/SME Segment</b>			
Mortgages <sup>1</sup>	131.2	141.4	+8%
Building savings loans <sup>2</sup>	62.9	70.5	+12%
Consumer finance	17.7	17.9	+1%
SME loans	69.8	65.2	-7%
Leasing	30.3	24.2	-20%
<b>Corporate Segment</b>			
Corporate loans <sup>3</sup>	92.3	73.2	-21%
Factoring	3.7	3.4	-8%
<b>Head Office</b>	<b>0.5</b>	<b>0.5</b>	<b>-1%</b>
<b>Other<sup>4</sup></b>	<b>9.4</b>	<b>7.7</b>	<b>-17%</b>

**Notes:**

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

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

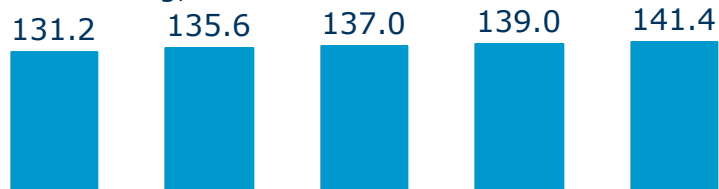
<sup>3</sup> Including credit-replacing bonds.

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

# Housing loans

## Mortgages

Outstanding, CZK bn



Y/Y  
**+8%**

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

New sales\*, CZK bn



Y/Y  
**0%**

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

The mortgage portfolio (fully booked in HB, 100%-owned subsidiary) has been steadily growing as the new production of mortgages exceeded repayments in each quarter. Higher sales in 2Q and 3Q compared with the previous quarters reflected a rebounding demand for residential real estate.

## Building savings loans

Outstanding (ČMSS 55%), CZK bn



Y/Y  
**+12%**

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

New sales (ČMSS 55%)\*, CZK bn



Y/Y  
**-22%**

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

The portfolio of building savings loans (fully booked in ČMSS, 55%-owned subsidiary) continues growing. The Y/Y decrease in the new sales of building savings was due to the fact that with the decline of interest rates, mortgages become in general relatively more attractive compared to building savings loans. The strongest month of 2010 in new sales so far was June with the new volume of CZK 2.6 bn.

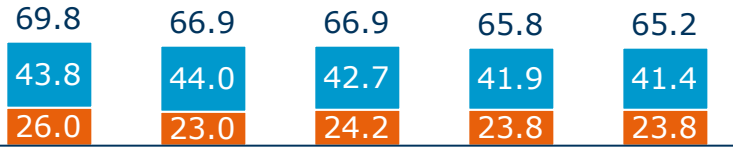
Note: \* Granted loan limits.

# SME loans, consumer finance, leasing

## SME loans

Outstanding, CZK bn

Y/Y  
-7%



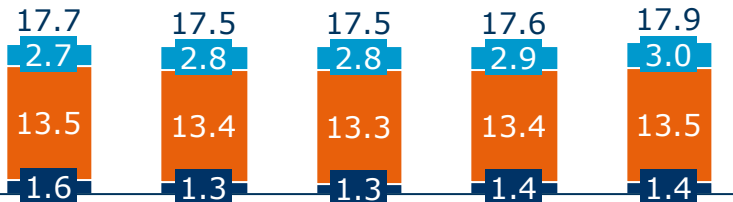
■ investment loans  
■ short-term loans

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

## Consumer finance

Outstanding, CZK bn

Y/Y  
+1%



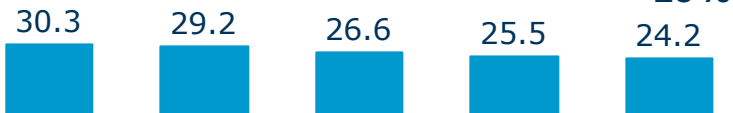
■ credit cards and overdrafts  
■ consumer loans  
■ other

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

## Leasing

Outstanding, CZK bn

Y/Y  
-20%



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

## SME loans development:

SME loans decreased by 7% Y/Y. The decline was stronger in short-term loans (-9% Y/Y) than in long-term investment loans (-5% Y/Y).

In the quarter under review, short-term loans were stable thanks to the stabilization of working capital demand.

## Consumer finance development:

The main driver of the Y/Y growth were credit cards and overdrafts which increased by 13%.

## Leasing development:

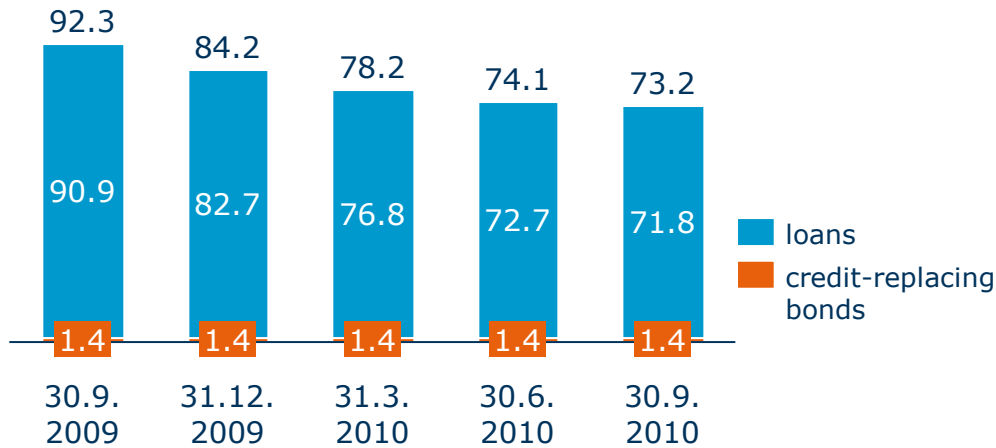
The Y/Y decline of leasing was caused by the customer demand decrease (as a result of the economic downturn, mostly in transportation) and prudent risk control.

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

## Corporate loans

Outstanding, CZK bn

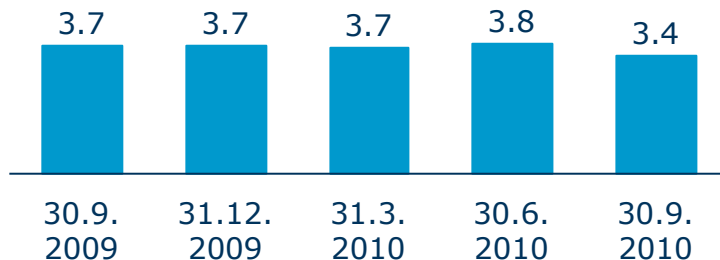
Y/Y  
-21%



## Factoring

Outstanding, CZK bn

Y/Y  
-8%



The decline of corporate loans has significantly slowed down in 3Q 2010.

The reduction of 21% Y/Y resulted from a combined effect of continuing prudent risk management approach of the ČSOB group and contracting demand for corporate lending. The demand for loans switched from loans to bond financing on capital markets as the bond market became more attractive.

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.



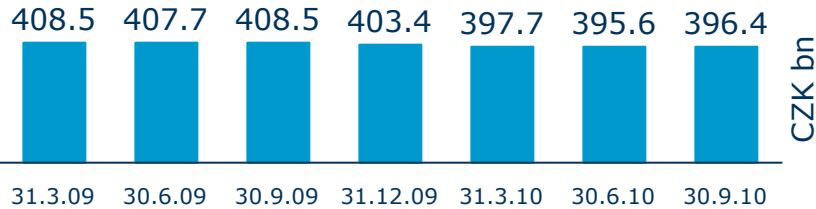
**FIREMNÍ 2010  
BANKA ROKU**

*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.*

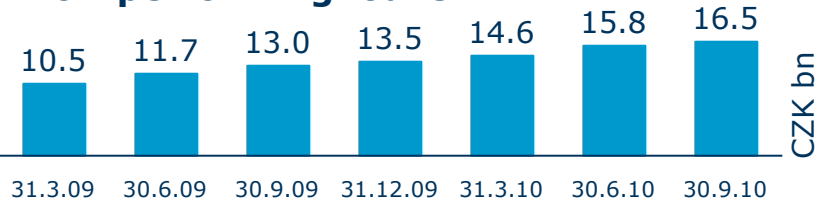


# Credit risk under control

## Loan portfolio<sup>1</sup>

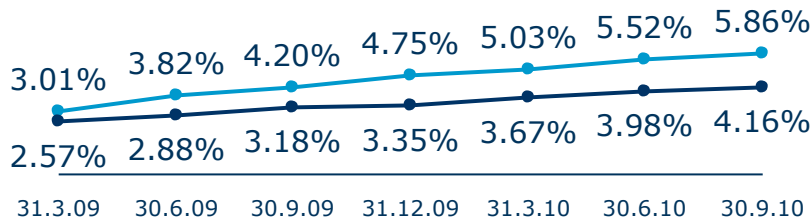


## Non-performing loans



## NPL ratio<sup>2</sup>

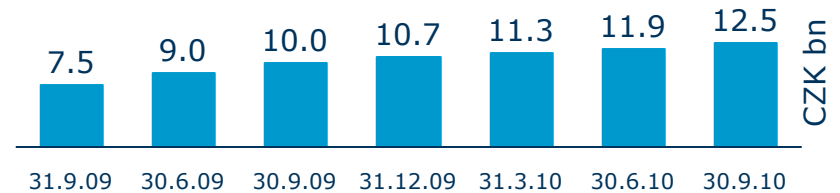
● ČNB methodology  
● ČSOB methodology (=KBC group methodology)



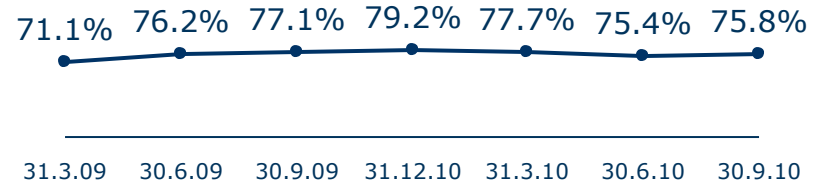
Notes: <sup>1</sup> Group lending excluding "other" loans.

<sup>2</sup> ČSOB methodology in line with KBC group methodology.

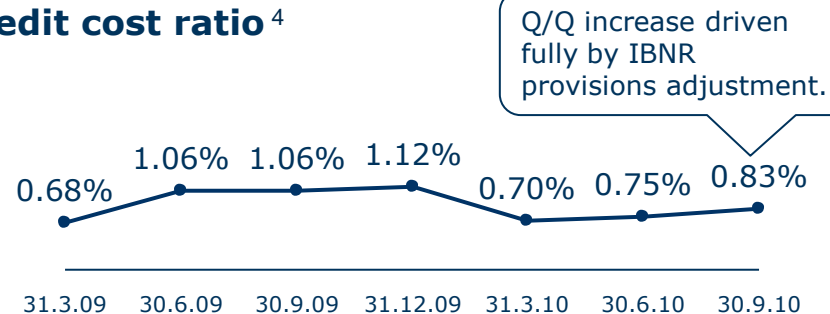
## Allowances for loans and leases<sup>3</sup>



## NPL coverage ratio



## Credit cost ratio<sup>4</sup>



<sup>3</sup> Allowances for on-balance sheet items.

<sup>4</sup> Ytd. annualized, including off-balance sheet.

# AUM and deposits at a glance

Outstanding volumes, CZK bn	30.9.2009	30.9.2010	Y/Y
<b>Group deposits</b>	<b>560.9</b>	<b>577.8</b>	<b>+3%</b>
Client deposits	437.2	461.0	+5%
Building savings deposits	78.0	83.3	+7%
Pension funds <sup>1</sup>	24.4	26.6	+9%
Other <sup>2</sup>	21.4	7.0	-67%
<b>Mutual funds<sup>3</sup></b>	<b>68.9</b>	<b>65.3</b>	<b>-5%</b>
<b>Other asset management</b>	<b>54.9</b>	<b>55.5</b>	<b>+1%</b>
<b>AUM and deposits</b>	<b>684.7</b>	<b>698.7</b>	<b>+2%</b>

*Notes:*

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

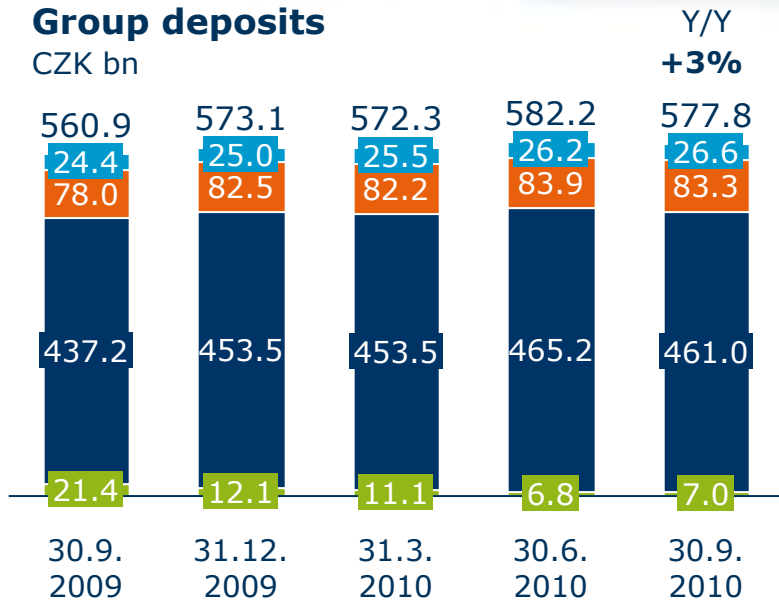
<sup>2</sup> Repo operations with non-banking financial institutions and other.

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

# Group deposits

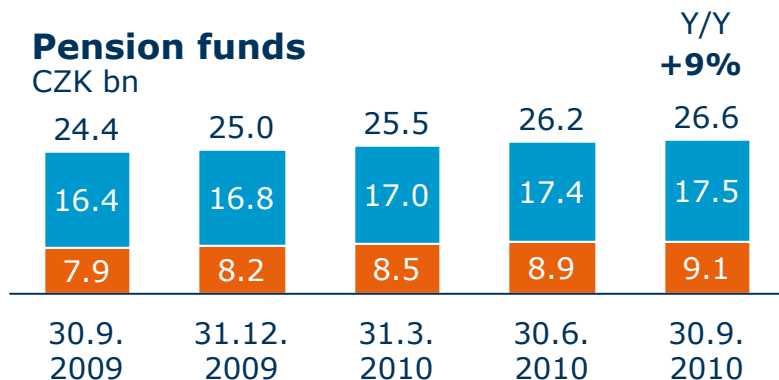
## Group deposits

CZK bn



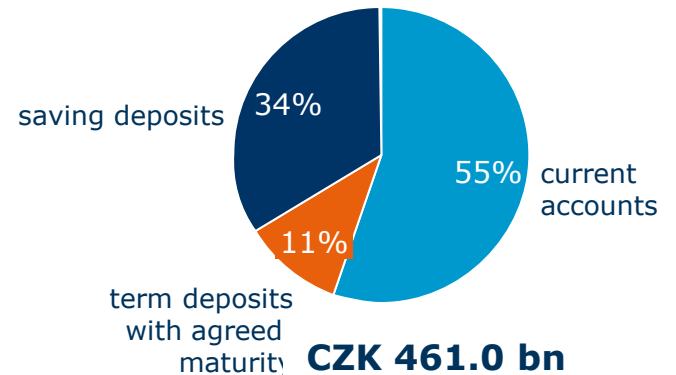
## Pension funds

CZK bn



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

## Client deposits as of 30.9.2010



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 +24bn). The quarterly development also reflects the standard 3Q seasonality effect.

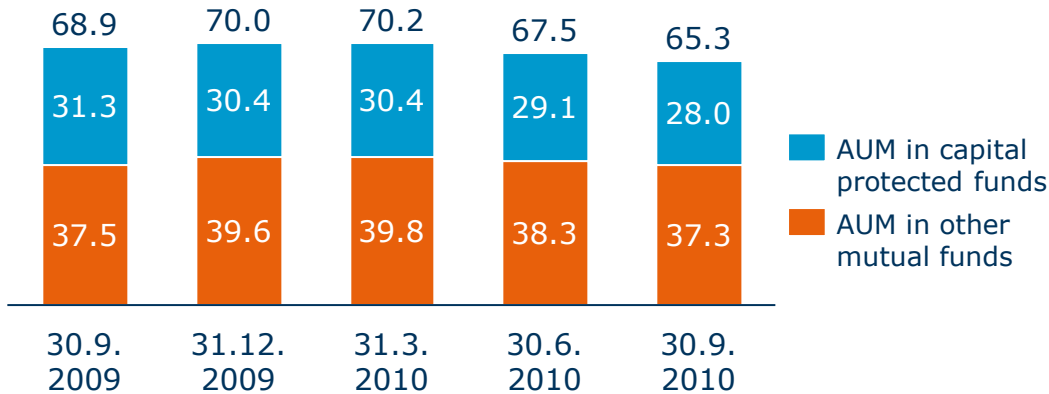
Within client deposits, current accounts slightly increased Y/Y. A decrease of term deposits with agreed maturity was offset by an increase of saving deposits.

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

## Assets under management (outstanding volumes)

CZK bn

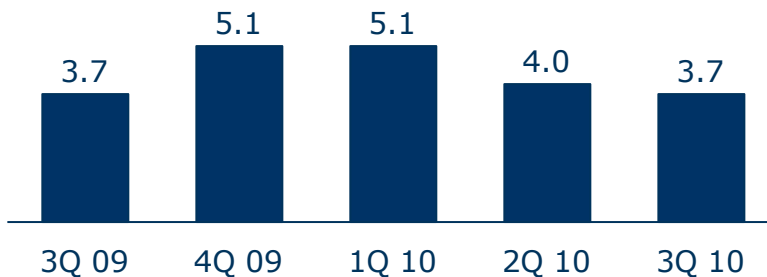
Y/Y  
**-5%**



## New sales

CZK bn

Y/Y  
**0%**



The AUM in mutual funds decreased by 3% Q/Q and 5% Y/Y.

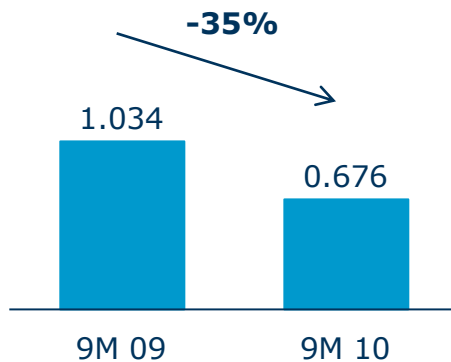
The main reason for the decline was a partial transfer of clients' funds from money market funds to saving accounts. The second reason was that the amount of savings in capital protected funds (CPFs) maturing in 3Q 2010 exceeded the new sales.

New sales of funds in the first nine months of the year reached CZK 12.8 bn, which is 42% more than in the same period of the previous year. The most dynamic component of the sales were CPFs, which more than doubled from CZK 2.1 bn in 9M 2009 to CZK 5.7 bn in 9M 2010. Also the sales of mixed funds and bond funds recorded a significant Y/Y increase, while new sales of money market funds halved Y/Y.

*Note: Only direct positions are included.*

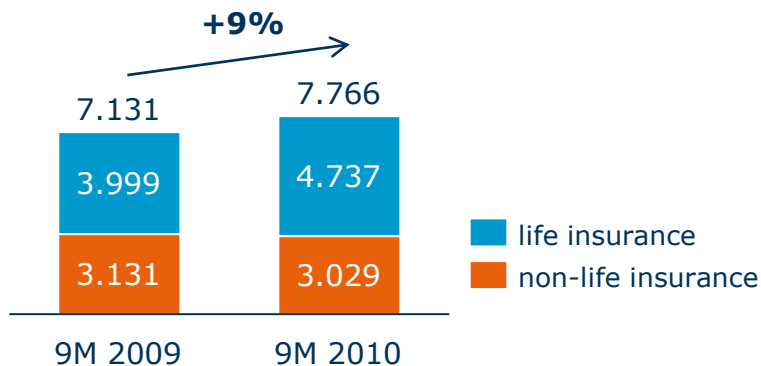
## Net profit of ČSOB Pojišťovna\*

CZK bn



## Gross written premium

CZK bn



ČSOB Pojišťovna's contribution to the group P/L in 9M 2010 was CZK 169 m, compared to CZK 258 m in the same period a year ago.

The decrease was caused by higher comparable basis in 9M 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 542 m.

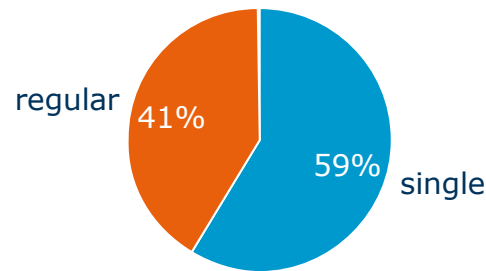


**NEJLEPŠÍ POJIŠŤOVNA 2010**  
CENA HOSPODÁŘSKÝCH NOVIN

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

## Life insurance

as of 30.9.2010



**CZK 4.737 bn**

Note:

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



Appendix



# ČSOB's profile

Bank only (incl. PSB)

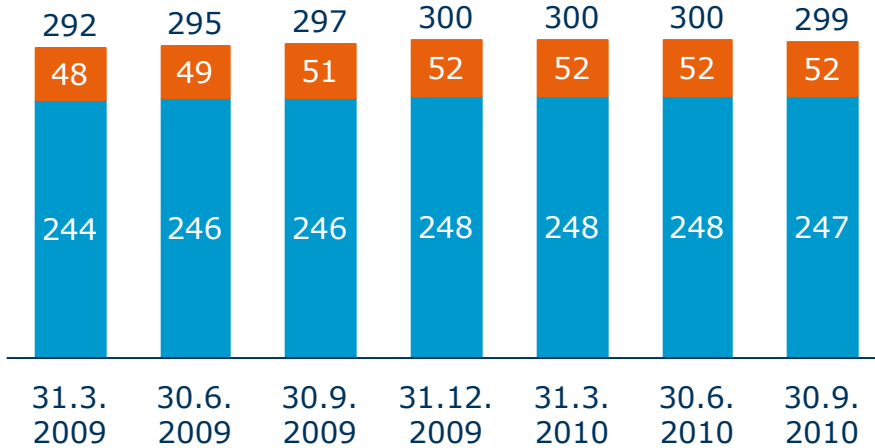
	30.9.2009	31.12.2009	30.9.2010
Employees (group)*	7 597	7 579	7 629
Bank customers (ths)	3 066	3 064	3 074
Users of direct banking (ths)	2 015	2 083	2 323
Payment cards (ths)	1 987	2 000	2 033
- of which: credit cards (ths)	122	130	143
ČSOB Retail/SME branches	235	237	236
ČSOB Corporate branches	11	11	11
PSB branches ("Financial Centres")	51	52	52
PSB outlets of the Czech Post network	ca. 3 320	ca. 3 320	ca. 3 290
ATMs (ČSOB+PSB)	718	734	772

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

# Branches and direct channels

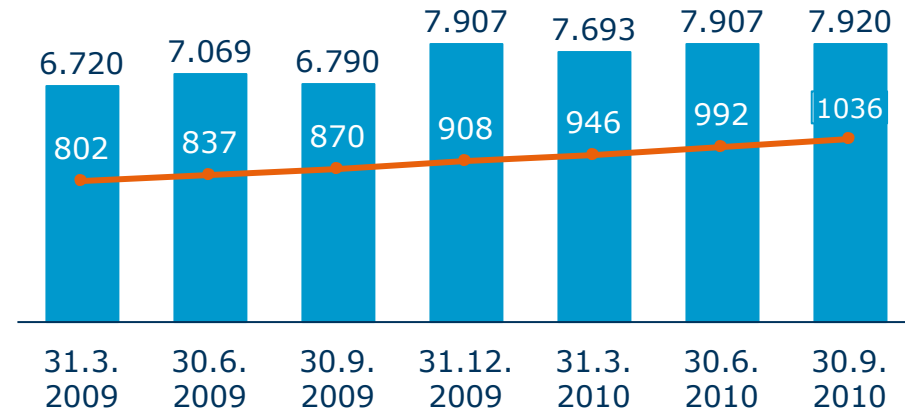
## Branches

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

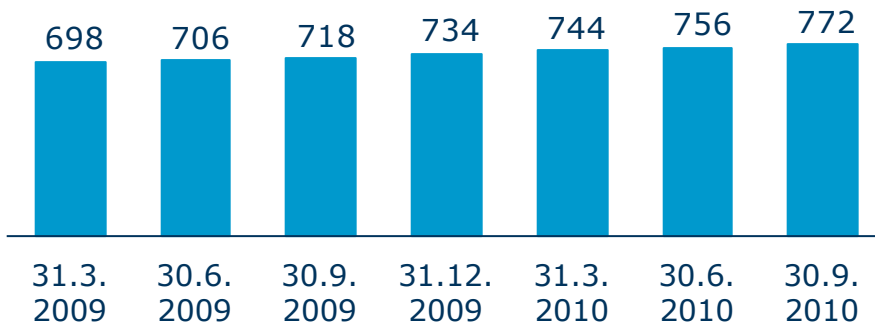


## Internet banking

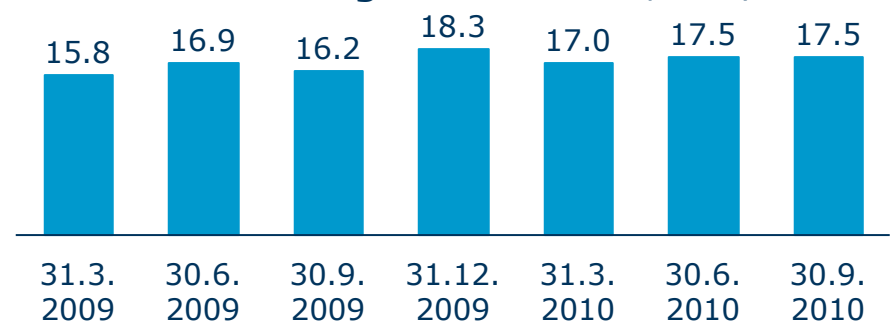
—●— Number of users (thousand)  
■ Number of transactions (million)



## ATMs



## Electronic banking transactions (million)







# ČSOB group in the Czech Republic





# Credit rating and shareholder structure

## ČSOB's credit rating

As at 10 November 2010

Rating agency

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

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

Valid since

23. 2. 2007

14. 5. 2009

Last confirmation

30. 9. 2010

15. 10. 2010

## Shareholder structure

As at 14 September 2010, ČSOB's shares were converted back from bearer shares into registered shares in reaction to the new Czech legislation (effective since 15 September 2010) prohibiting companies with bearer shares to participate in public tenders. Amendment to this legislation is now pending in the legislative process.

As at 30 September 2010, ČSOB's share capital was CZK 5.855 bn and comprised of 292,750,000 ordinary shares with a nominal value of CZK 20 each.

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

# Awards for ČSOB group

Awarded the best Czech bank/insurer by many



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

**emea**finance

Europe • Middle East • Africa

EMEA Finance magazine: Best Bank Czech Republic



**NEJLEPŠÍ BANKA 2010**

CENA HOSPODÁŘSKÝCH NOVIN



**NEJLEPŠÍ POJIŠŤOVNA 2010**

CENA HOSPODÁŘSKÝCH NOVIN

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



**GLOBAL  
FINANCE**

# 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

# Profit and loss statement - Ytd.

## Reported

(CZK m)	9M 2009 <i>reclassified</i>	9M 2010	Y/Y
Interest income	25 665	27 002	+5%
Interest expense	-8 385	-8 530	+2%
Net interest income	17 281	18 472	+7%
Net fee and commission income	4 209	4 115	-2%
Net gains from financial instruments at FVPL*	1 714	985	-43%
Other operating income*	1 504	1 344	-11%
<b>Operating income</b>	<b>24 707</b>	<b>24 915</b>	<b>+1%</b>
Staff expenses	-4 683	-4 658	-1%
General administrative expenses	-4 126	-5 074	+23%
Depreciation and amortisation	-1 107	-809	-27%
<b>Operating expenses</b>	<b>-9 916</b>	<b>-10 541</b>	<b>+6%</b>
Impairment losses*	-4 351	-2 948	-32%
<i>Impairment on loans and receivables</i>	-3 834	-2 878	-25%
<i>Impairment on available-for-sale securities*</i>	-208	-5	N/A
<i>Impairment on other assets*</i>	-310	-65	-79%
Share of profit of associates	258	169	-35%
<b>Profit before tax</b>	<b>10 699</b>	<b>11 595</b>	<b>+8%</b>
Income tax expense*	-1 506	-1 268	-16%
<b>Profit for the period</b>	<b>9 193</b>	<b>10 328</b>	<b>+12%</b>
Attributable to:			
<b>Equity holders of the parent</b>	<b>9 188</b>	<b>10 249</b>	<b>+12%</b>
Minority interest	6	79	+1312%

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)	9M 2009 <i>reclassified</i>	9M 2010	Y/Y
Interest income	25 665	27 002	+5%
Interest expense	-8 385	-8 530	+2%
Net interest income	17 281	18 472	+7%
Net fee and commission income	4 209	4 115	-2%
Net gains from financial instruments at FVPL*	555	773	+39%
Other operating income*	1 504	1 015	-33%
<b>Operating income</b>	<b>23 549</b>	<b>24 375</b>	<b>+4%</b>
Staff expenses	-4 683	-4 658	-1%
General administrative expenses	-4 126	-5 074	+23%
Depreciation and amortisation	-1 107	-809	-27%
<b>Operating expenses</b>	<b>-9 916</b>	<b>-10 541</b>	<b>+6%</b>
Impairment losses*	-4 161	-2 948	-29%
<i>Impairment on loans and receivables</i>	-3 834	-2 878	-25%
<i>Impairment on available-for-sale securities*</i>	0	-5	N/A
<i>Impairment on other assets*</i>	-327	-65	+0%
Share of profit of associates	258	169	-35%
<b>Profit before tax</b>	<b>9 730</b>	<b>11 055</b>	<b>+14%</b>
Income tax expense*	-1 275	-1 162	-9%
<b>Profit for the period</b>	<b>8 456</b>	<b>9 893</b>	<b>+17%</b>
Attributable to:			
<b>Equity holders of the parent</b>	<b>8 450</b>	<b>9 814</b>	<b>+16%</b>
Minority interest	6	79	+1312%

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.

(CZK m)	31/12 2009	30/09 2010	Ytd
Cash and balances with central banks	23 050	31 327	+36%
Financial assets held for trading	160 117	191 355	+20%
Financial assets designated at fair value through P/L	16 987	12 631	-26%
Available-for-sale financial assets	101 567	102 636	+1%
Loans and receivables	395 773	390 252	-1%
<i>Loans and receivables - gross</i>	406 494	402 797	-1%
<i>Loans and receivables - allowances</i>	-10 720	-12 545	+17%
Held-to-maturity investments	132 761	148 959	+12%
Derivatives used for hedging	8 040	11 285	+40%
Current tax assets	27	35	+29%
Deferred tax assets	271	97	-64%
Investments in associate	1 196	1 502	+26%
Investment property	791	755	-5%
Property and equipment	8 468	8 062	-5%
Goodwill and other intangible assets	3 922	3 733	-5%
Non-current assets held-for-sale	919	159	-83%
Other assets	5 082	5 640	+11%
<b>Total assets</b>	<b>858 972</b>	<b>908 427</b>	<b>+6%</b>

# Balance sheet

## Liabilities and equity

(CZK m)	31/12 2009	30/09 2010	Ytd
Financial liabilities held for trading	23 036	24 041	+4%
Financial liabilities at fair value through P/L	105 057	163 104	+55%
Financial liabilities at amortised cost	644 982	635 611	-1%
<i>of which Deposits received from credit institutions</i>	26 027	17 539	-33%
<i>of which Deposits received from other than credit institut.</i>	573 148	577 825	+1%
<i>of which Debt securities in issue</i>	32 572	25 850	-21%
<i>of which Subordinated liabilities</i>	11 970	11 973	+0%
<i>of which Accrued interest expenses</i>	1 266	2 423	+91%
Derivatives used for hedging	5 158	6 812	+32%
Current tax liabilities	883	940	+6%
Deferred tax liabilities	603	867	+44%
Provisions	757	571	-25%
Other liabilities	8 644	11 778	+36%
<b>Total liabilities</b>	<b>789 121</b>	<b>843 722</b>	<b>+7%</b>
Share capital	5 855	5 855	0%
Share premium account	7 509	7 509	0%
Statutory reserve	18 687	18 687	0%
Retained earnings	34 476	27 336	-21%
Available-for-sale reserve	2 815	4 084	45%
Cash flow hedge reserve	-392	437	+/-
Foreign currency translation reserve	1	0	-121%
<b>Parent shareholders' equity</b>	<b>68 951</b>	<b>63 908</b>	<b>-7%</b>
Minority interest	900	797	-11%
<b>Total equity</b>	<b>69 851</b>	<b>64 705</b>	<b>-7%</b>
<b>Total liabilities and equity</b>	<b>858 972</b>	<b>908 427</b>	<b>+6%</b>



# Market shares definitions and sources

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



# Glossary

## Ratios

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



# Glossary

## Other definitions

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



# Contacts

## ČSOB Investor Relations Team

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Radlická 333/150, Praha 5  
Czech Republic

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