4Q 2010 Results ČSOB Group

Czech Republic

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EU IFRS Unaudited Consolidated

Presentation for analysts
10 February 2011
Radlická 333/150, Praha

Contents

1. Highlights

Five measures of resilience

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%**

4Q 2010 financial performance in brief

ČSOB group **increased its 4Q underlying net profit by 57% Y/Y to CZK 3.205bn**. The increase was almost completely due to significant decline of impairments (-71% Y/Y) with both operating income and operating expenses growing by about ca CZK 300m.

In December 2010, the **J.Ring dispute** related to the 2000 takeover of the IPB Bank was **decided in favor of ČSOB** with a CZK 0.3bn effect on the 4Q 2010 underlying net profit.

ČSOB's **4Q 2010 IFRS reported net profit** stood at **CZK 3.222bn**. The comparison with the 4Q 2009 net profit of CZK 8.181bn is distorted by the sale of remaining stake in ČSOB Slovakia to KBC (CZK +6.0bn net)

Quarterly underlying operating income increased by 4% Y/Y, driven by net gains from financial instruments at FVPL, while the net interest income increase was offset by the net fee and commission income decrease.

Quarterly underlying operating expenses increased by 8% Y/Y, primarily due to the increase of staff expenses linked to creation of accruals for performance-related bonuses.

Group deposits as well as **group lending** grew Y/Y (+4% and +1%, respectively). With respect to group lending, corporate loans started increasing in 4Q 2010 after a few quarters of decline. Loan to deposit ratio stood at 68.5%, compared to 71.1% a year ago.

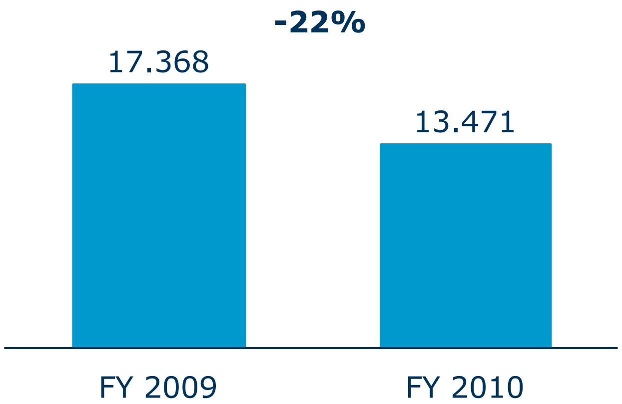
Credit cost ratio (Ytd.) declined Y/Y by 37 bps to 0.75%. Non-performing loans ratio was 4.05% as of 31 December 2010, which is a slight improvement Q/Q while still exceeding the level year ago.

Capital position of the ČSOB group strengthened with the capital adequacy ratio growing to 18.0% and (core) Tier 1 ratio to 15.0% as of 31 December 2010.

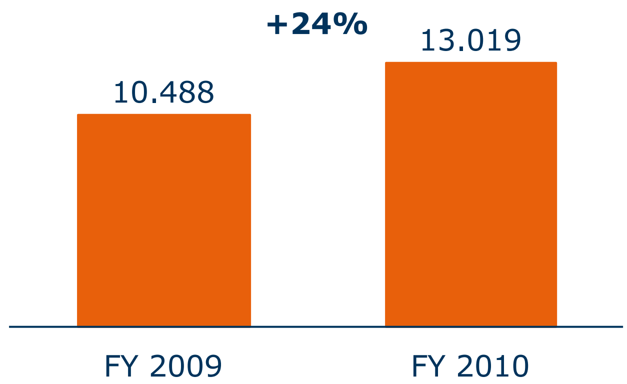
Net profit – Ytd.

Reported vs. underlying

Reported net profit
CZK bn



Underlying net profit
CZK bn



One-off items
CZK bn

One-off items:

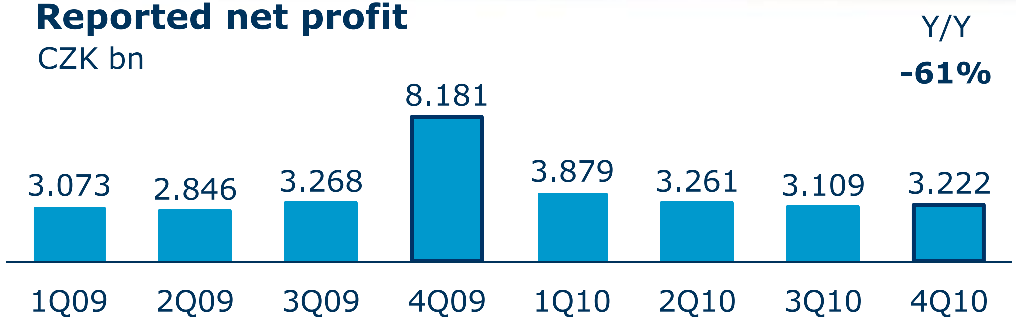
The main one-off item in FY 2010 was the settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services to KBC (CZK 0.3bn net).

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).

Net profit – quarterly

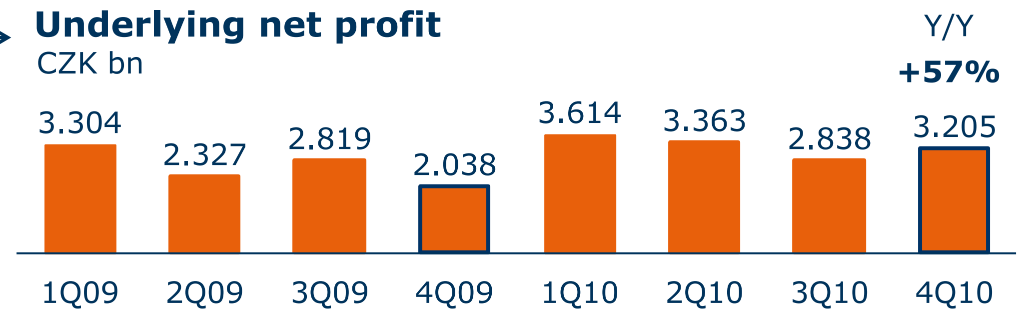
Reported vs. underlying

Reported net profit
CZK bn

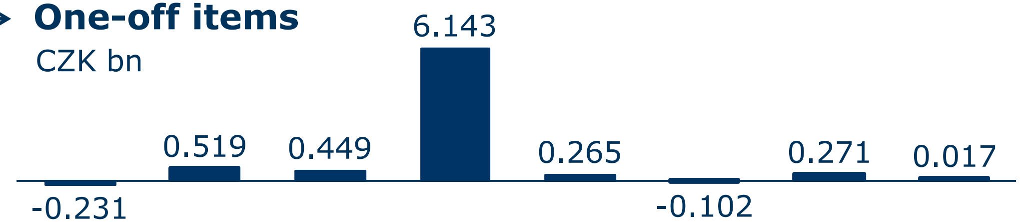


4Q 2010 underlying net profit grew by 57% Y/Y almost exclusively due to significant decline of impairments. The Y/Y decline of 4Q impairments was CZK 1.1bn (before tax), of which CZK 0.9bn is attributable to impairments on loans and receivables and CZK 0.3bn stemmed from the release of impairments on the J. Ring case (see slide 42).

Underlying net profit
CZK bn



One-off items
CZK bn



Financial ratios
Consolidated

	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

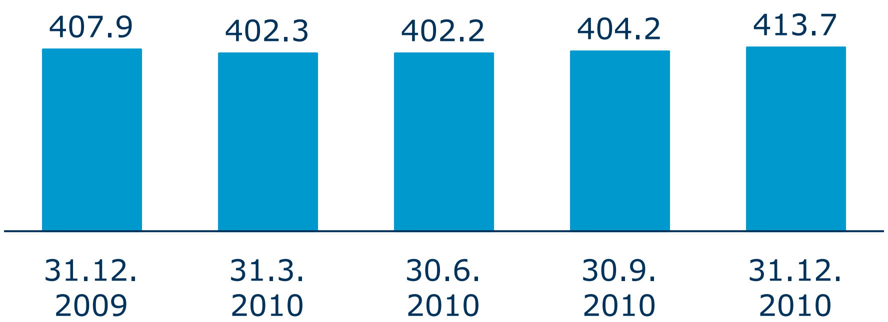
	31.12.2009	31.12.2010	Y/Y
Asset quality			
Credit cost ratio (Ytd., annualized)	1.12%	0.75%	−37 bps
NPL ratio	3.35%	4.05%	+0.70 pp
NPL coverage ratio	79.2%	76.7%	-2.5 pp
Capital adequacy (Basel II)			
Core tier 1 ratio	11.92%	14.19%	+2.27 pp
Total capital ratio	14.98%	18.03%	+3.05 pp
Solvency ratio (insurance)	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 64.

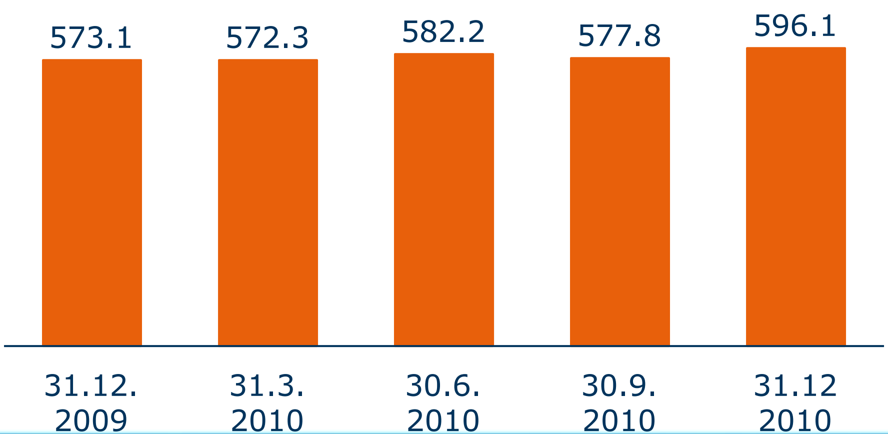
Lending and deposits

Business development

Group lending* Y/Y
CZK bn **+1%**



Group deposits** Y/Y
CZK bn **+4%**



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: +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

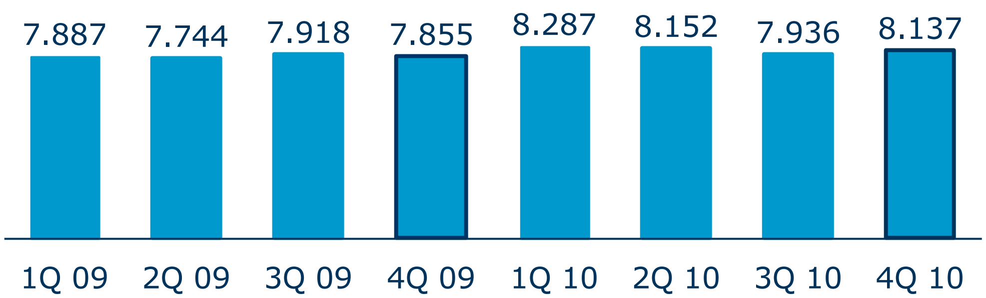
Operating profit - quarterly

Underlying

Operating income

CZK bn

FY: **+4%** Y/Y
4Q: **+4%** Y/Y

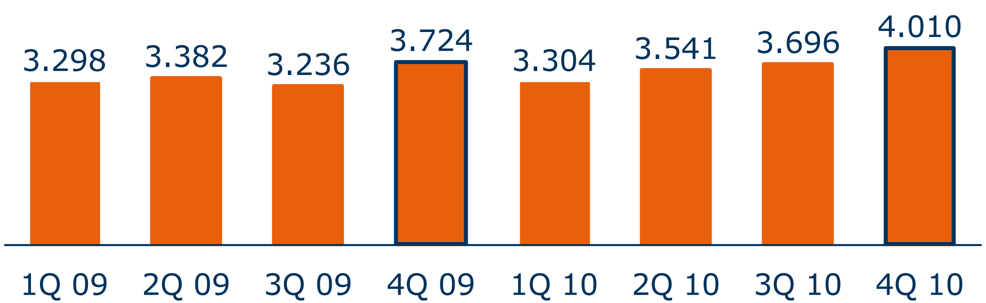


The 4Q operating income grew by 4% Y/Y. A 1% growth of net interest income was fully offset by a 3% decline in the net fee and commission income (driven primarily by increased deposit insurance premium). The Y/Y growth of operating income is thus explained by the increase in other operating income due to the low comparative basis given by adverse conditions on financial markets in 4Q 2009.

Operating expenses

CZK bn

FY: **+7%** Y/Y
4Q: **+8%** Y/Y



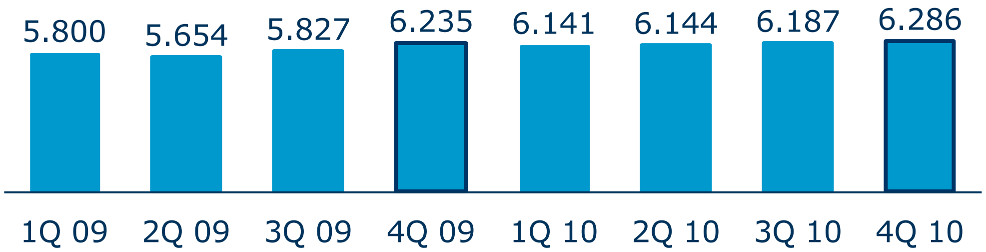
4Q operating expenses grew by 7% Y/Y. The growth is primarily connected with increased business demand level for ICT services. Also creation of accruals for performance-based bonuses reflecting improved performance contributed to the staff expenses increase.

Operating income – quarterly

Underlying

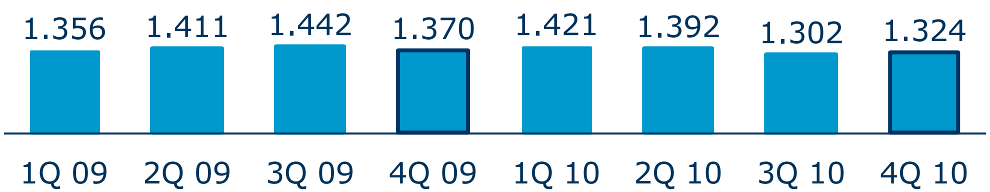
Net interest income
CZK bn

FY: **+5%** Y/Y
4Q: **+1%** Y/Y



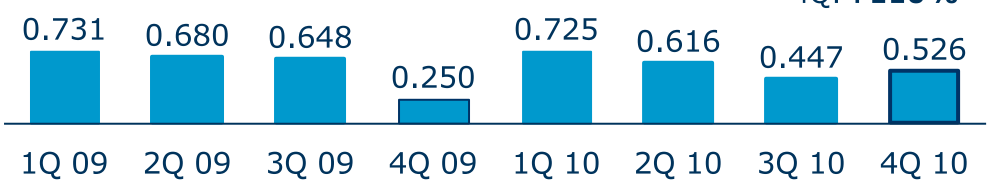
Net fee and commission income
CZK bn

FY: **-2%** Y/Y
4Q: **-3%** Y/Y



Other*
CZK bn

FY: **0%** Y/Y
4Q: **+110%** Y/Y



4Q 2010 NII grew by 1% Y/Y, driven by mortgages, building savings loans and growing retail deposit base. NIM (Ytd.) increased Y/Y by 19 bps to 3.43%.

Quarterly NFCI decreased by 3% Y/Y as the payment to the deposit insurance fund grew by CZK 80m; this is in line with 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.

Other operating income per quarter more than doubled Y/Y due to an exceptionally low comparative basis in 4Q 2009 as a result of a negative market value adjustment in net gains from financial instruments at FVPL of CZK 240m reflecting adverse situation on financial markets at that time.

Notes: Reclassified figures for 1Q09, 2Q09 and 3Q09 in lines "NII" and "other" differ from those previously published due to corrections made in 2Q10.

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

Operating expenses - quarterly

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.

(CZK m)	4Q 2009 reported = underlying	4Q 2009 pro forma	4Q 2010	reported= underlying Y/Y	pro forma Y/Y
Staff expenses	1 535	1 534	1 757	+ 14%	+ 14%
General administrative expenses	1 853	1 929	1 979	+ 7%	+ 3%
Other	336	261	275	- 18%	+5%
Total	3 724	3 724	4 010	+ 8%	+ 8%

for comments see next slide

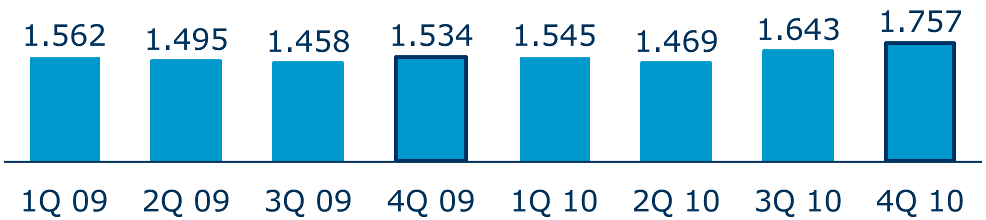
Operating expenses - quarterly

Pro forma

Staff expenses

CZK bn

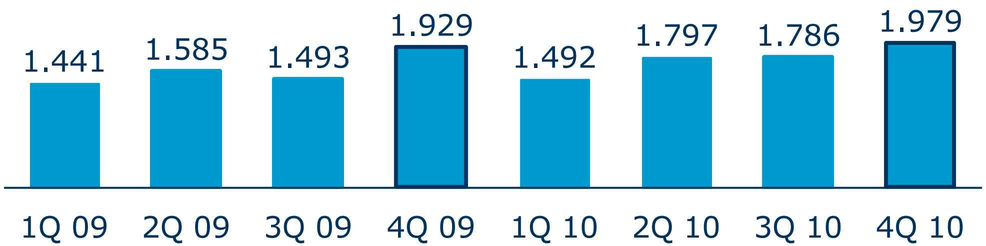
FY: **+6%** Y/Y
4Q: **+14%** Y/Y



General administrative expenses

CZK bn

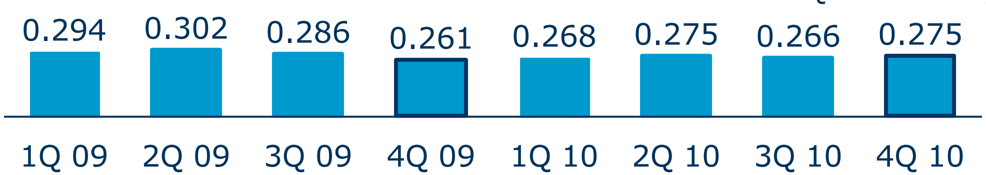
FY: **+9%** Y/Y
4Q: **+3%** Y/Y



Other*

CZK bn

FY: **-5%** Y/Y
4Q: **+5%** Y/Y



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.

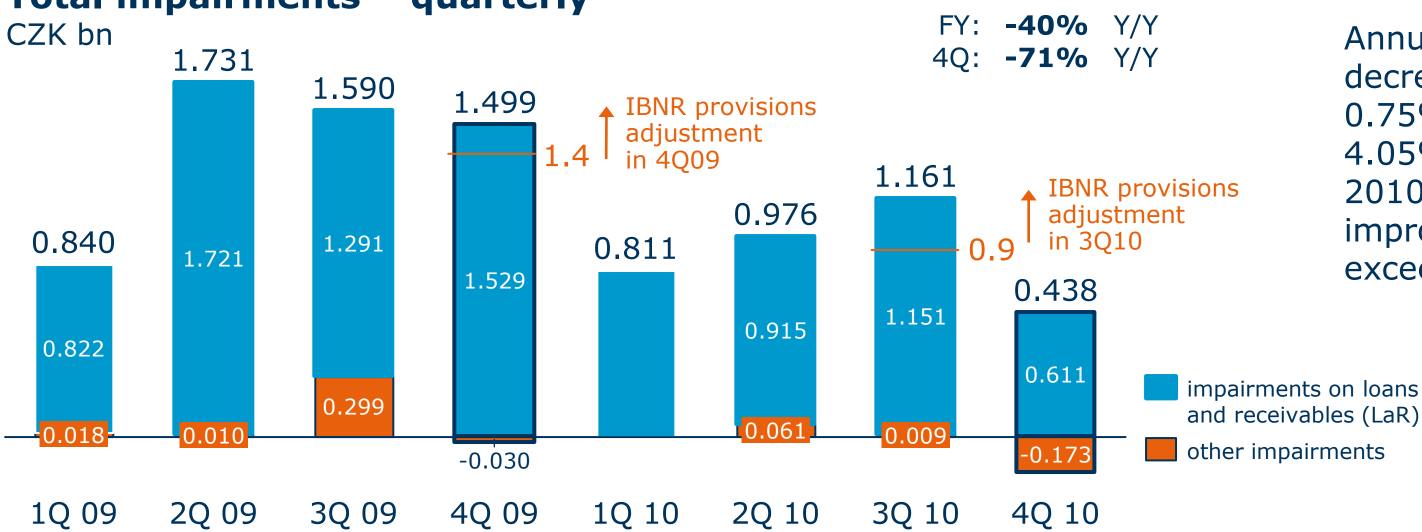
*Note: * Depreciation and amortization*

Impairments

Underlying

Total impairments – quarterly

CZK bn



Annual credit cost ratio decreased Y/Y by 37 bps to 0.75%. NPL ratio stands at 4.05% as of 31 December 2010, which is a slight improvement Q/Q while still exceeding the level year ago.

Impairments on LaR in 4Q 2010 were the lowest in the last eight quarters. Credit costs of corporate loans peaked in 2Q 2009 and have significantly decreased since then. Impairments on SME loans were (compared to ČSOB's expectations) low during the whole year of 2010. Within the year, the peak of loan impairments was reached in 3Q. Cost of risk across all segments, except for retail loans, started to come down in 4Q.

The Q/Q as well as Y/Y comparison was influenced by adjustments to IBNR provisions* that resulted from the provisions back-testing. In 2010, the back-testing was performed in 3Q, whereas in the previous year it was performed in 4Q. In addition, the 4Q 2010 impairments were aided by the CZK 0.3bn positive impact of the J.Ring arbitration award within other impairments.

*Note: *Incurred But Not Reported impairment provisions cover impairment which is already present in the not defaulted portfolio, but not identified yet.*

3. Analysis of business performance

ČSOB group's market shares

Insurance	market share	rank
Life[2]	↘ 8.9%	5
Non-life[2]	↘ 4.9%	6
Total[2]	↘ 6.8%	4

1st

Building savings loans[1]	↘ 44.0%
Building savings deposits[1]	↗ 36.1%
Mortgages[1]	↗ 27.9%
Housing loans[1,4]	↗ 34.5%
Mutual funds[1]	↘ 31.9%

2nd

Deposits[1]	↘ 21.4%
Total loans and leases[1]	↘ 17.8%
Factoring[2]	↘ 23.3%

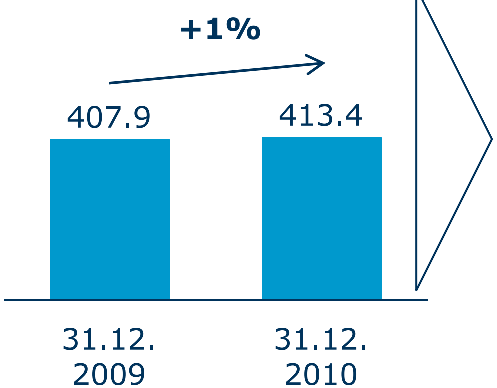
3rd

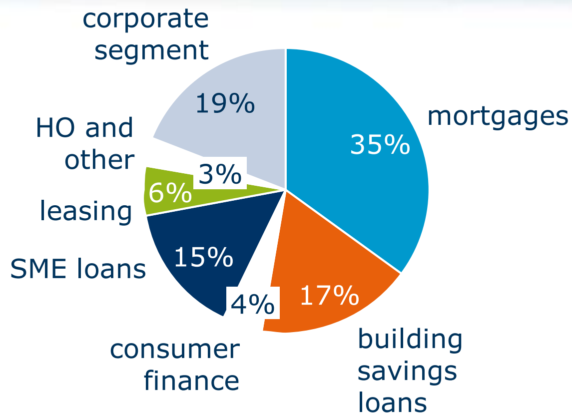
Pension funds[3]	↗ 16.2%
Corporate/SME loans[1]	↘ 13.1%
Consumer loans[1]	↗ 14.6%
Leasing[2]	↘ 10.5%

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 63.

Lending and deposits development

Group lending
CZK bn



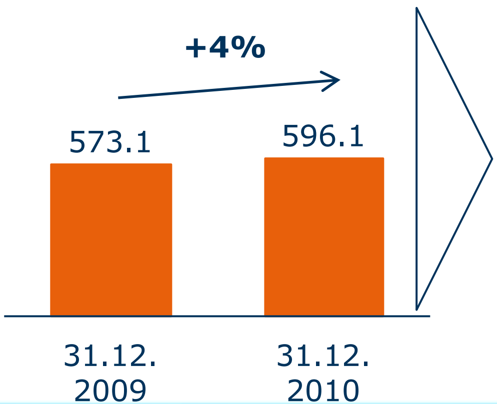


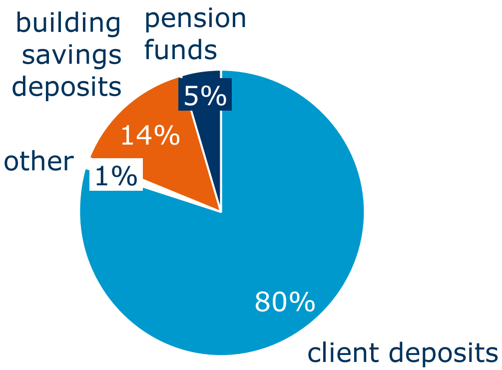
31.12. 2010

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





31.12. 2010

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%.

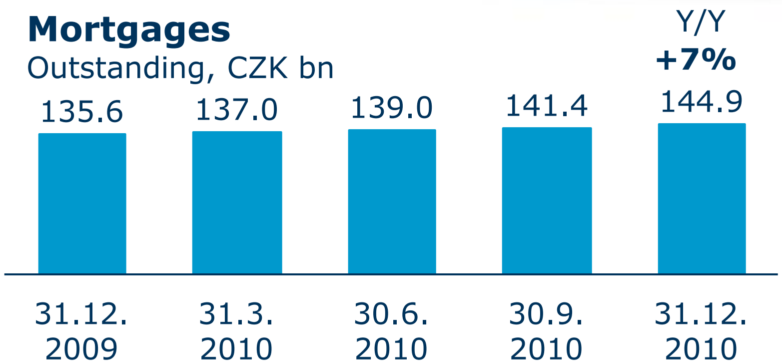
Group lending at a glance

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%
Other[4]	4.5	11.8	+162%

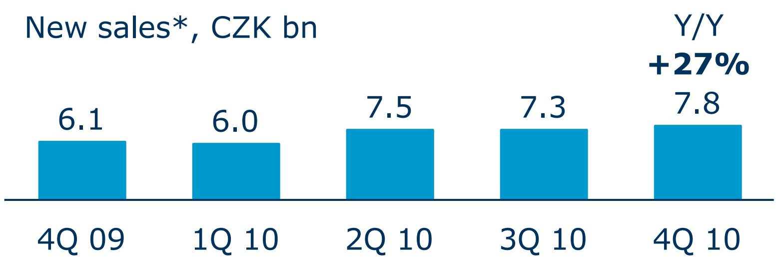
Notes:
[1] ČSOB group mortgages are in the balance sheet of ČSOB's subsidiary Hypoteční banka.
[2] ČSOB group building savings loans are in the balance sheet of ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported in the 55% proportion, i.e. the way they enter ČSOB's consolidated balance sheet.
[3] Including credit-replacing bonds.
[4] Money market placements with banks, loro/nostro accounts and other settlement accounts.

Housing loans

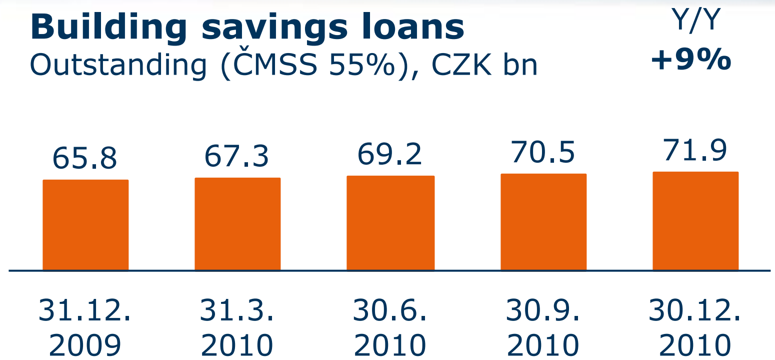
Mortgages
Outstanding, CZK bn



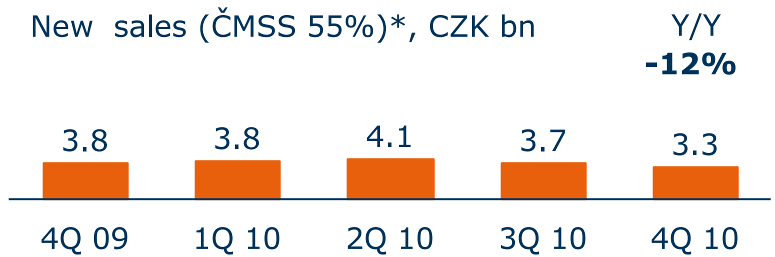
New sales*, CZK bn



Building savings loans
Outstanding (ČMSS 55%), CZK bn



New sales (ČMSS 55%)*, CZK bn

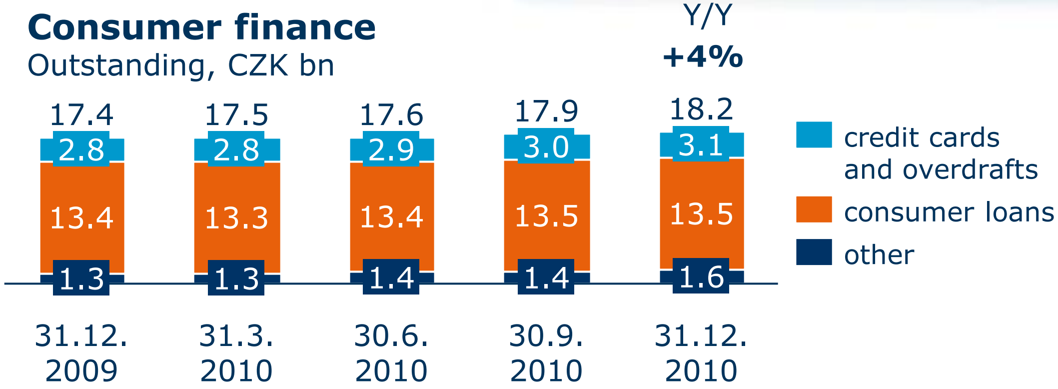


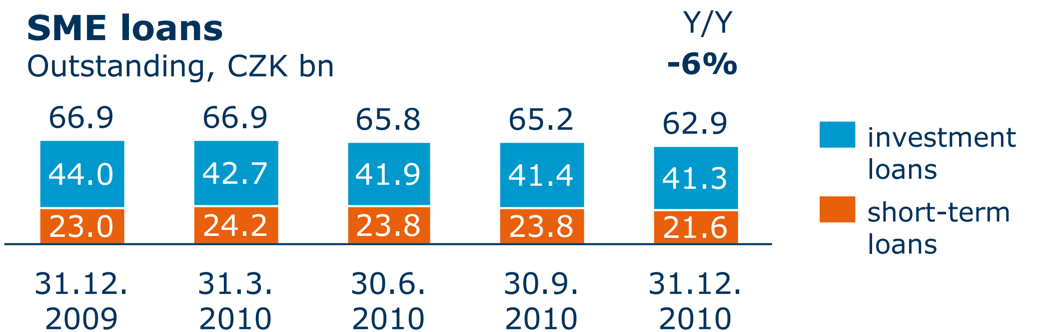
The mortgage portfolio (fully booked in HB, 100%-owned subsidiary) has been steadily growing. In the company's view higher sales in 2Q, 3Q and 4Q reflected rebounding demand for residential real estate and part of the increased demand may be attributed to catch-up purchases by people who were postponing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

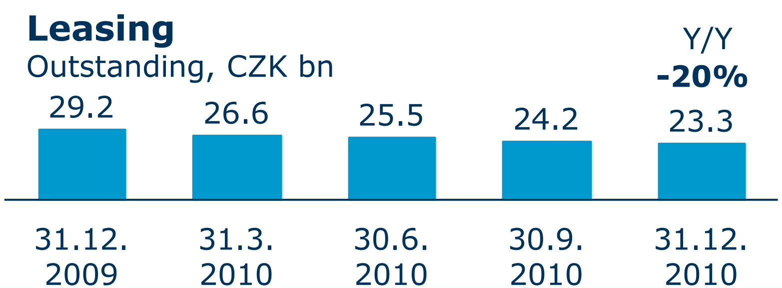
The portfolio of building savings loans (fully booked in ČMSS, 55%-owned subsidiary) continues growing. The second half of the year was weaker on new sales than the first half.

*Note: * Granted loan limits.*

Consumer finance, SME loans, leasing







Consumer finance development:

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

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 development:

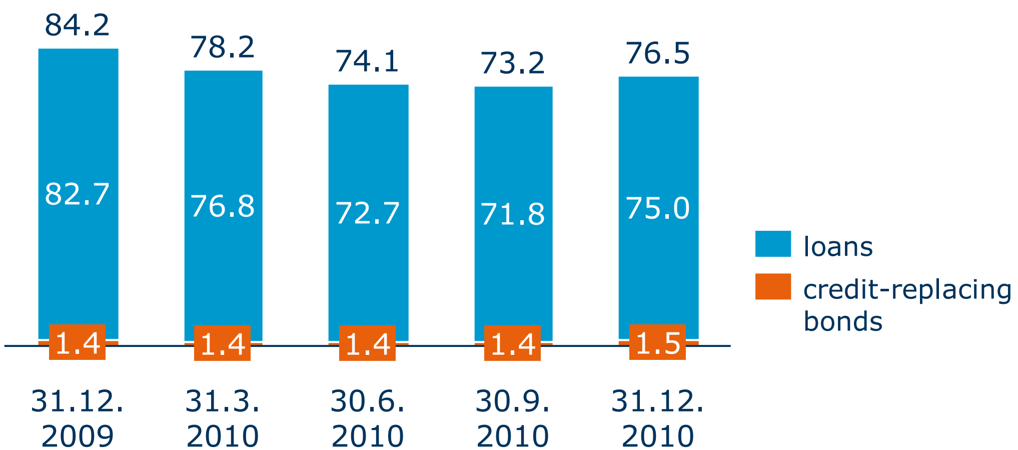
The Y/Y decline of leasing was caused by the customer demand decrease (primarily as a result of the economic downturn, mostly in transportation) and prudent risk control.

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

Corporate segment

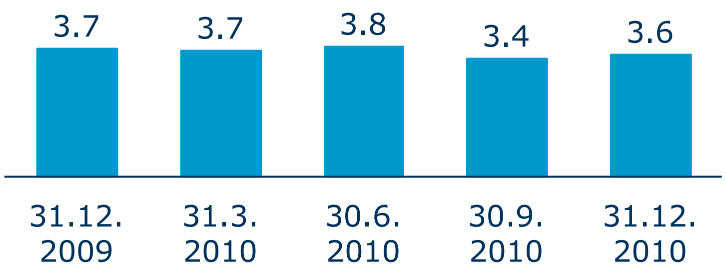
Corporate loans
Outstanding, CZK bn

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.

ACQGLOBAL AWARDS 2010

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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.

AUM and deposits at a glance

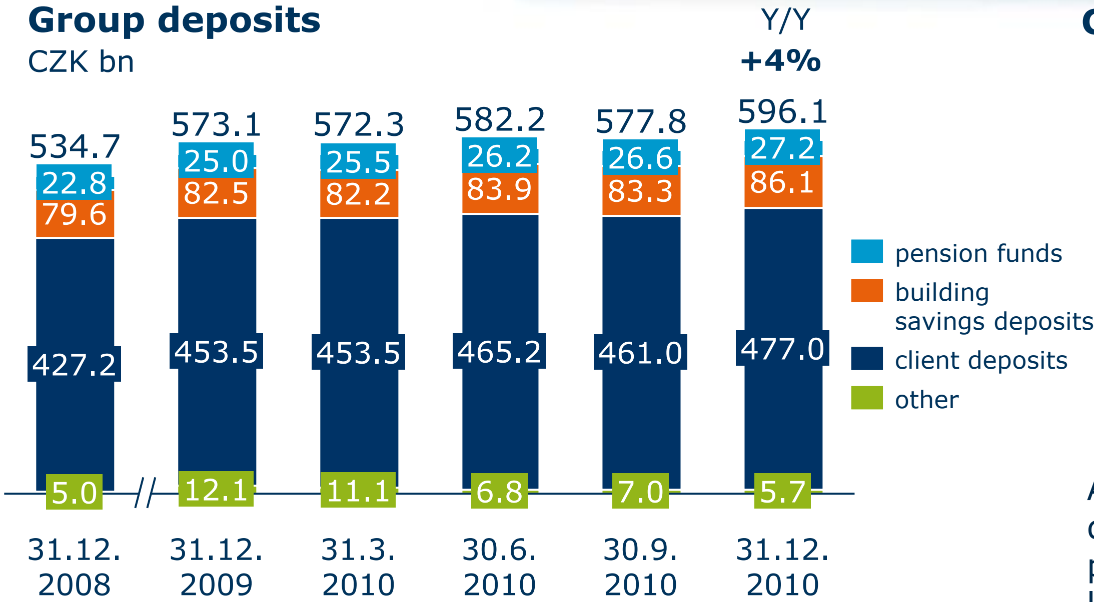
Outstanding volumes, CZK bn	31.12.2009	31.12.2010	Y/Y
Group deposits	**573.1**	**596.1**	**+4%**
Client deposits	453.5	477.0	+5%
Building savings deposits[1]	82.5	86.1	+4%
Pension funds[2]	25.0	27.2	+9%
Other[3]	12.1	5.7	-53%
Mutual funds[4]	**70.0**	**62.7**	**-11%**
Other asset management	**53.3**	**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

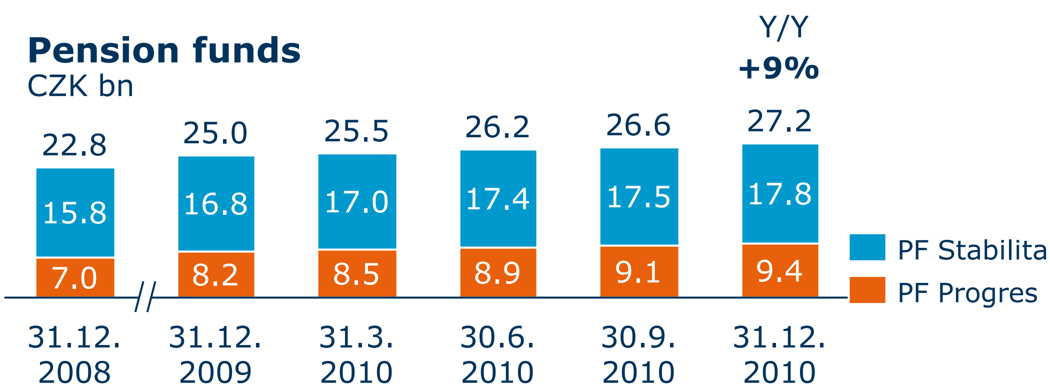
Group deposits

CZK bn

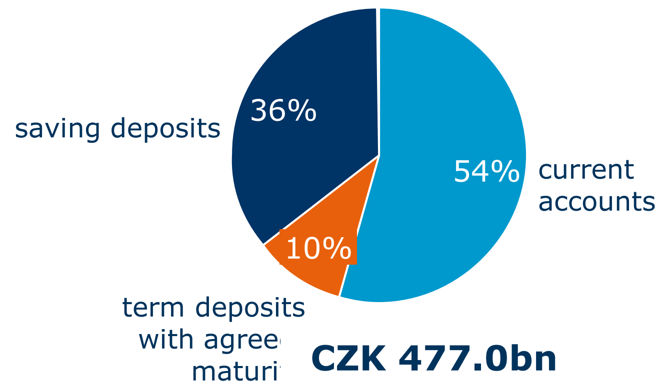


Pension funds

CZK bn



Client deposits as of 31.12.2010



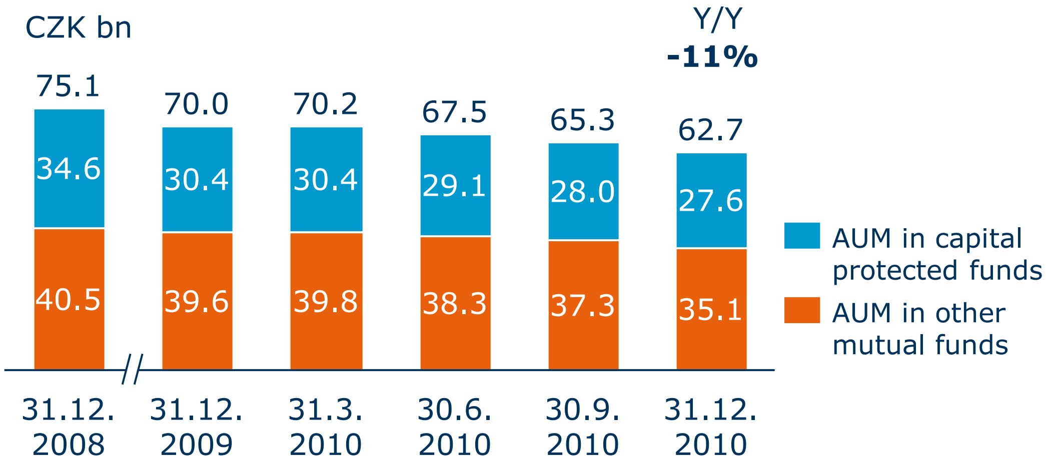
All major products of group deposits – client deposits, building savings deposits and pension funds – showed an increase Y/Y. The largest contributor were client deposits (CZK +23.5bn, +5% Y/Y).

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.

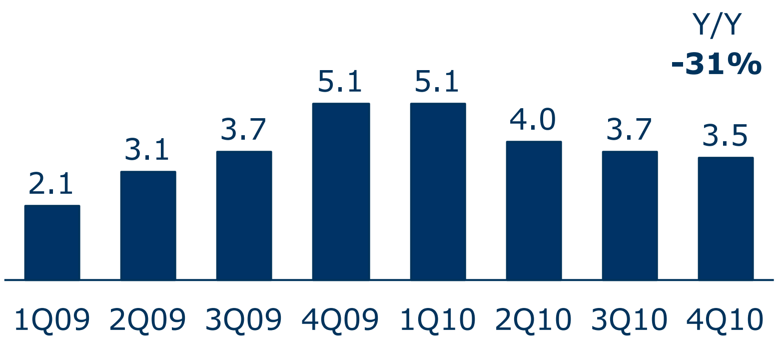
AUM in both ČSOB pension funds kept increasing Q/Q.

Mutual funds

Assets under management
(outstanding volumes)
CZK bn



New sales
CZK bn



The AUM in mutual funds decreased by 4% Q/Q and 11% Y/Y.

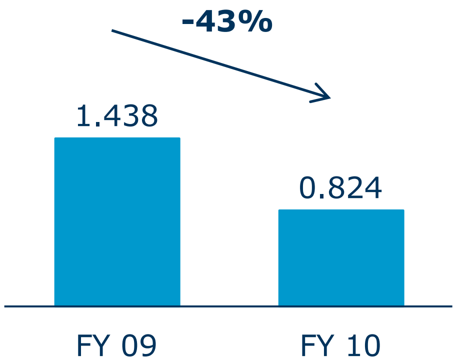
Clients still prefer transferring their money from maturing money market funds and bond funds into saving accounts rather than investing the money back into new funds. One of its effects, which contributed to the strong growth of savings accounts (+9% Q/Q), is the strengthening of ČSOB's liquidity.

New sales 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.

Insurance

Net profit of ČSOB Pojišťovna*
CZK bn



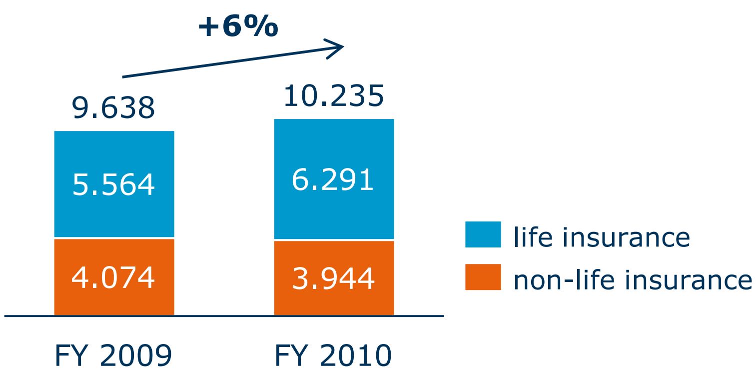
ČSOB Pojišťovna's contribution to the group underlying P/L in FY 2010 was CZK 206m, compared to CZK 360m a year ago.

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.

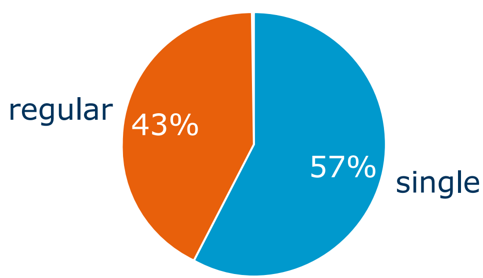
NEJLEPŠÍ POJIŠŤOVNA 2010
CENA HOSPODÁŘSKÝCH NOVIN

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

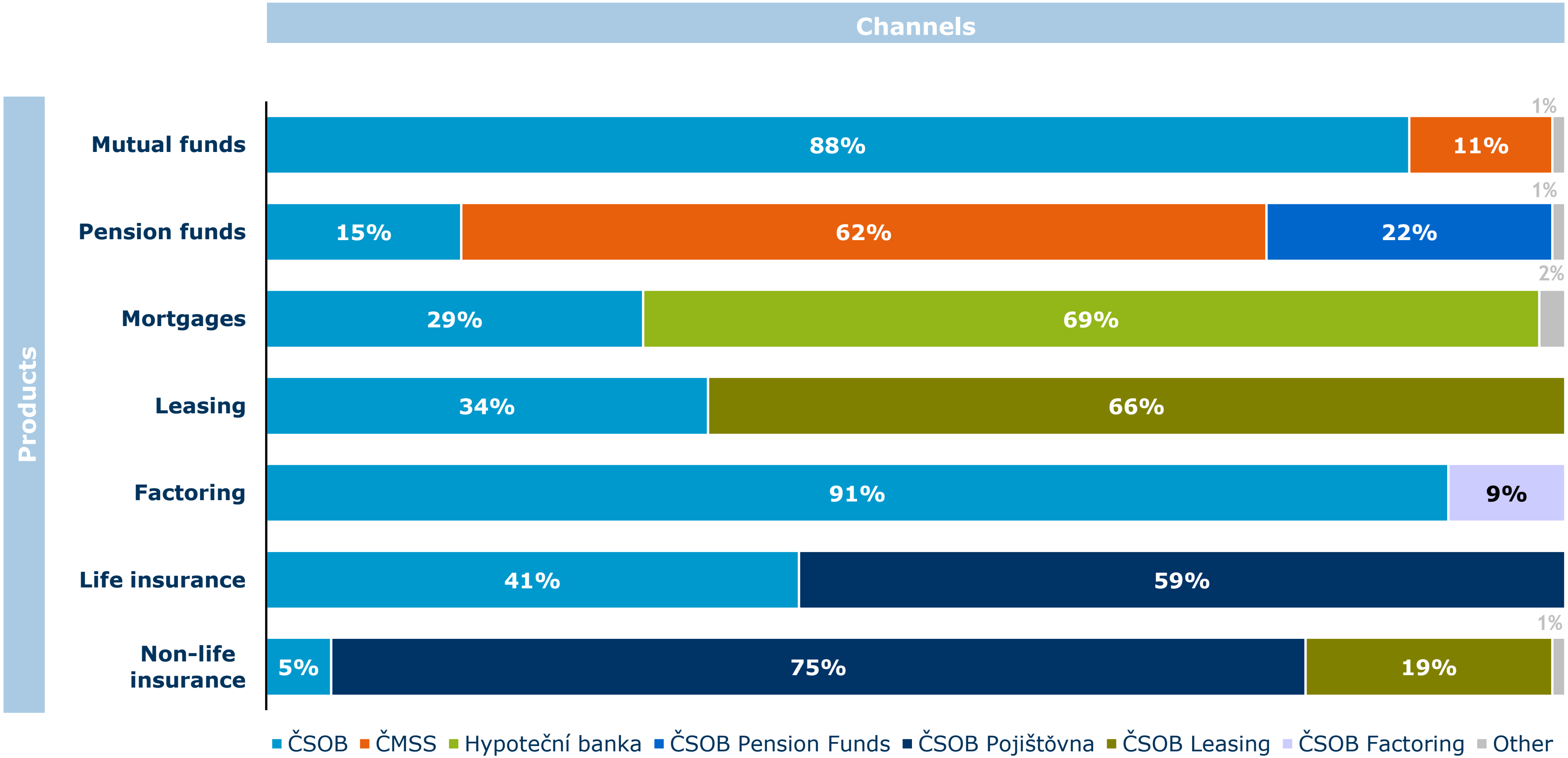


CZK 6.291bn

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.*

ČSOB group synergies

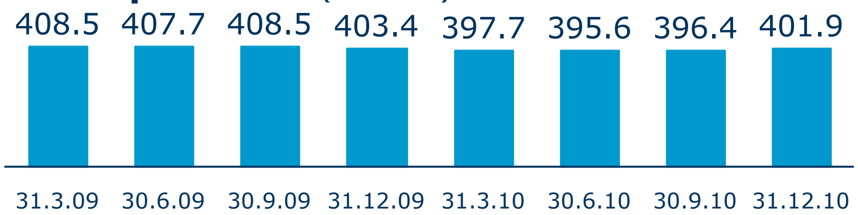


Notes:
% of distribution channels per product type up to 100%.
Products represent new sales Ytd. in CZKm except for pension funds which is calculated in pieces.

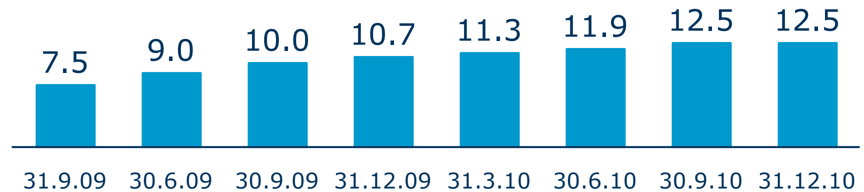
4. Risk management

Credit risk starts to come down

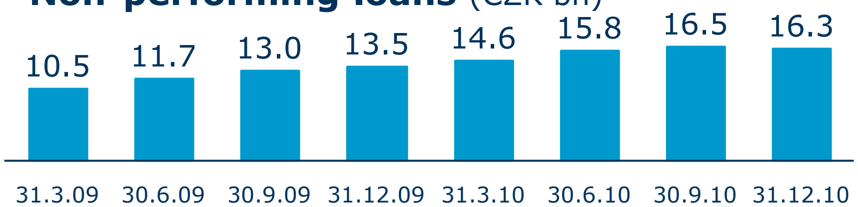
Loan portfolio[1] (CZK bn)



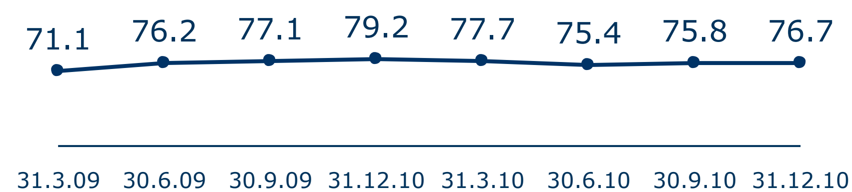
Allowances for loans and leases[3] (CZK bn)



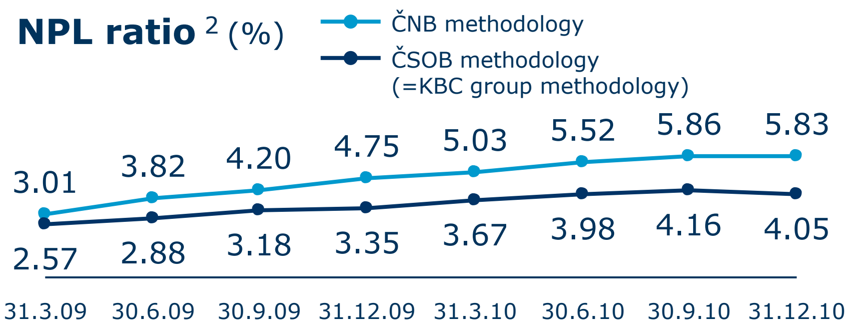
Non-performing loans (CZK bn)



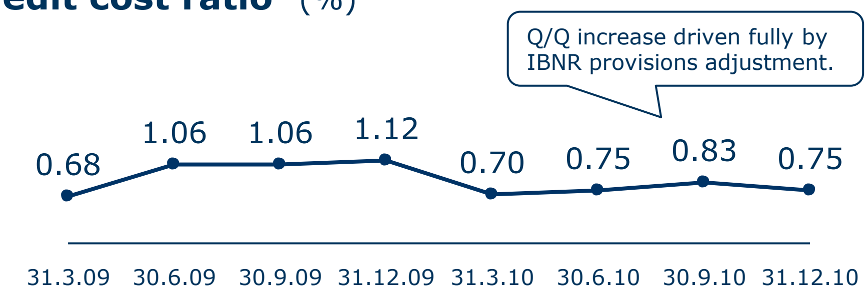
NPL coverage ratio (%)



NPL ratio[2] (%)



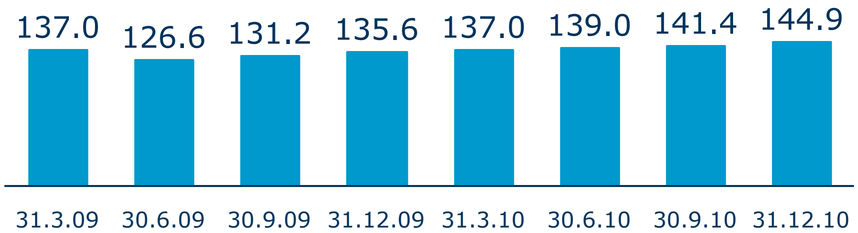
Credit cost ratio[4] (%)



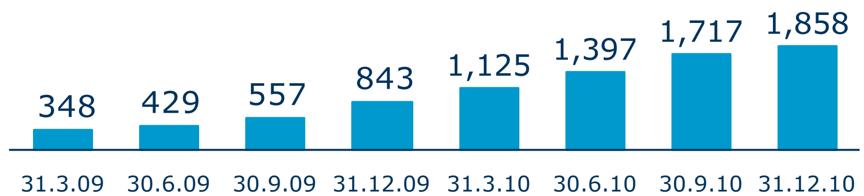
Notes: [1] *Group lending excluding "other" loans.*
[2] *ČSOB methodology in line with KBC group methodology.*
[3] *Allowances for on-balance sheet items.*
[4] *Ytd. annualized, including off-balance sheet.*

Mortgages

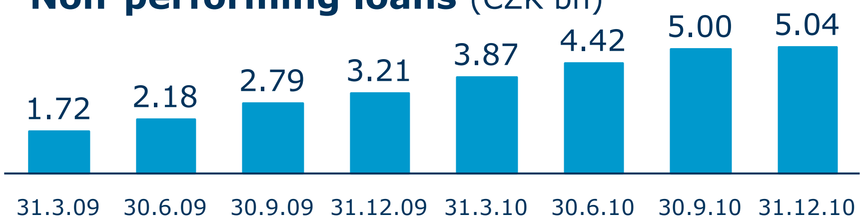
Loan portfolio (CZK bn)



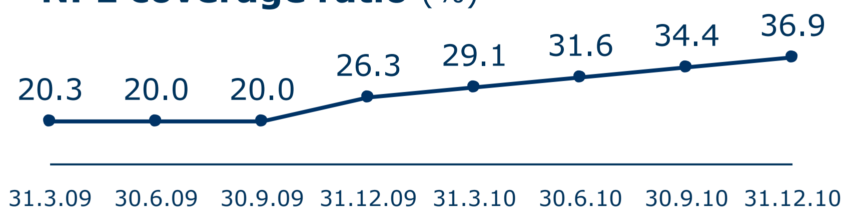
Allowances for loans and leases[1] (CZK m)



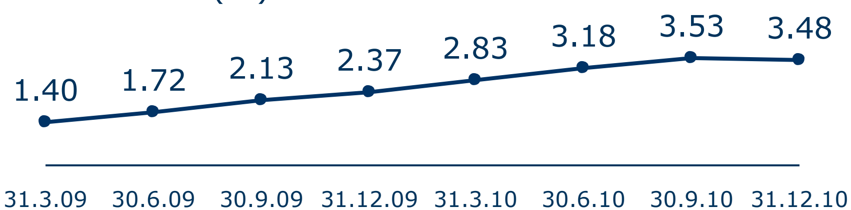
Non-performing loans (CZK bn)



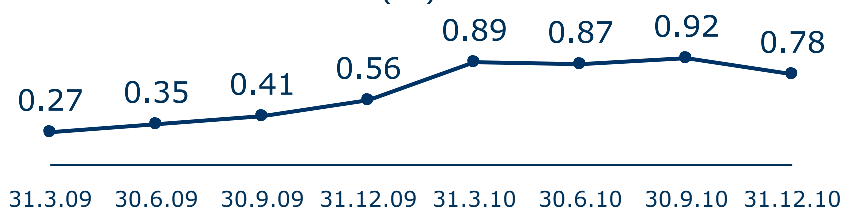
NPL coverage ratio (%)



NPL ratio (%)



Credit cost ratio[2] (%)

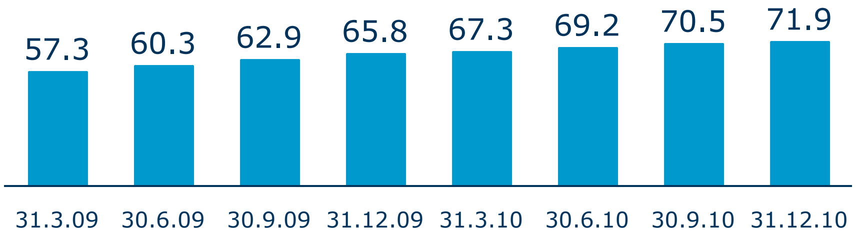


Notes: [1] Allowances for on-balance sheet items.

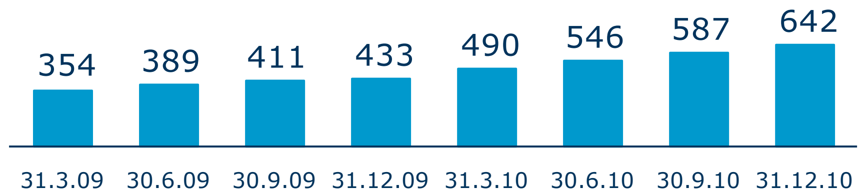
[2] Ytd. annualized, including off-balance sheet.

Building savings loans

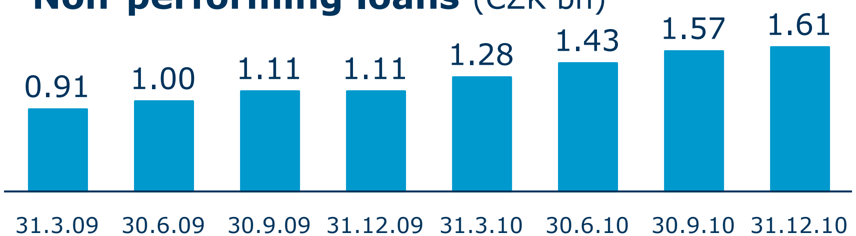
Loan portfolio (CZK bn)



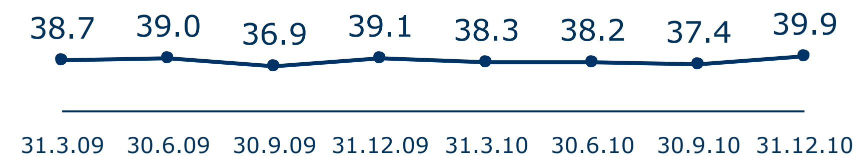
Allowances for loans and leases[1] (CZK m)



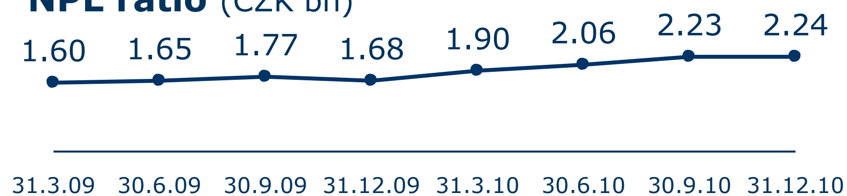
Non-performing loans (CZK bn)



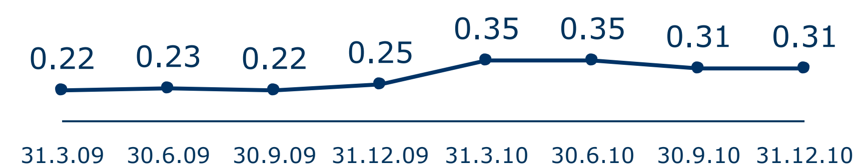
NPL coverage ratio (%)



NPL ratio (CZK bn)



Credit cost ratio[2] (%)

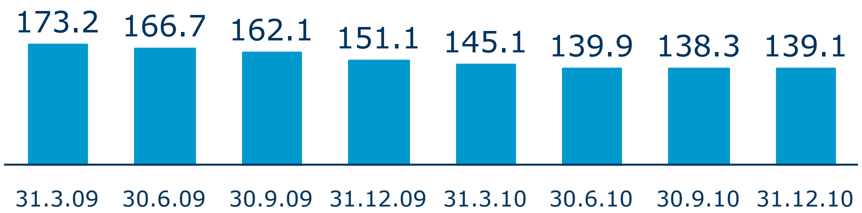


Notes: [1] Allowances for on-balance sheet items.

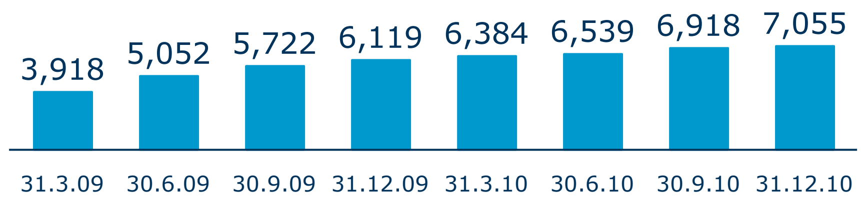
[2] Ytd. annualized, including off-balance sheet.

Corporate + SME loans

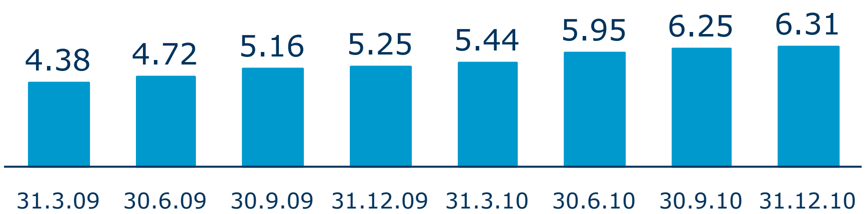
Loan portfolio (CZK bn)



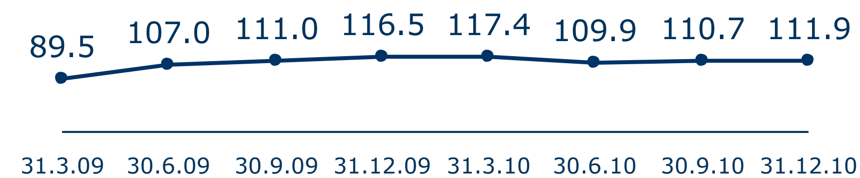
Allowances for loans and leases[1] (CZK m)



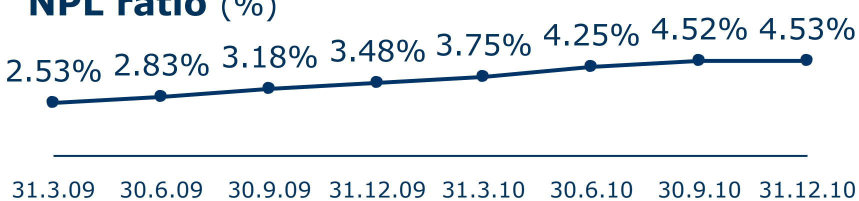
Non-performing loans (CZK bn)



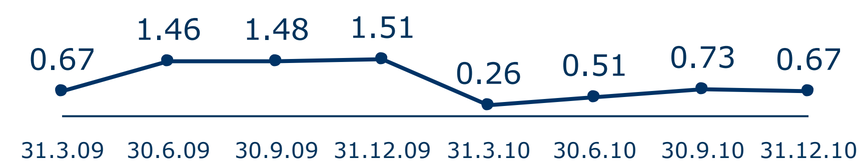
NPL coverage ratio[2] (%)



NPL ratio (%)



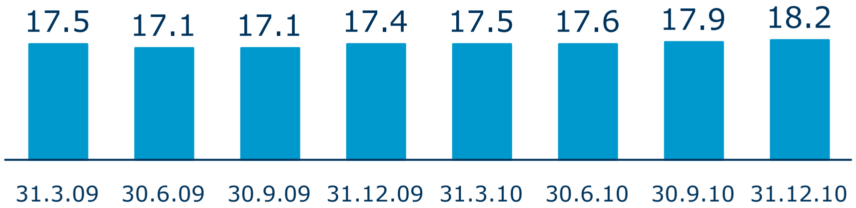
Credit cost ratio[3] (%)



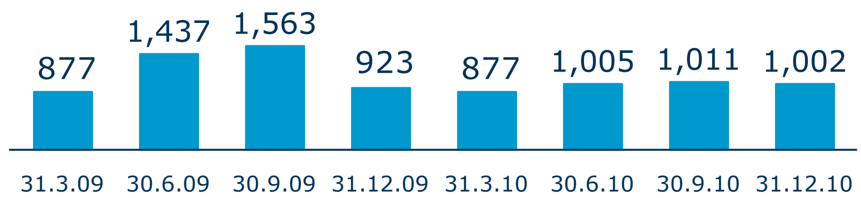
Notes: [1] *Allowances for on-balance sheet items.*
[2] *The ratio exceeds 100% as allowances are booked also for some performing CORP+SME loans (IBNR allowances as well as allowances for defaulted but still performing loans).*
[3] *Ytd. annualized, including off-balance sheet.*

Consumer loans

Loan portfolio (CZK bn)

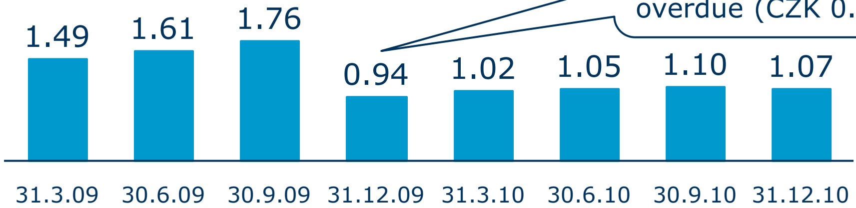


Allowances for loans and leases[1] (CZK m)

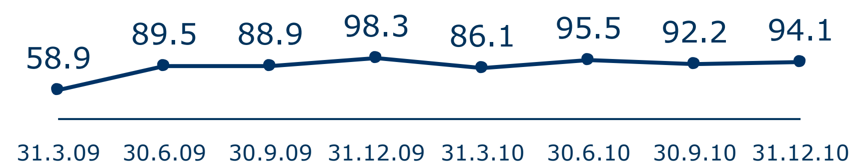


Non-performing loans (CZK bn)

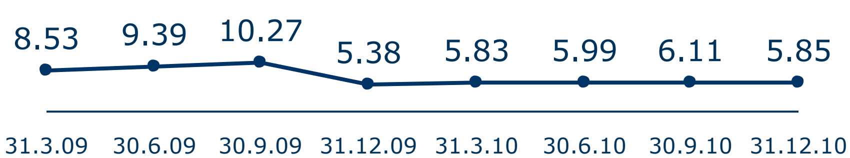
A large write-off of loans more than 3Y overdue (CZK 0.8bn)



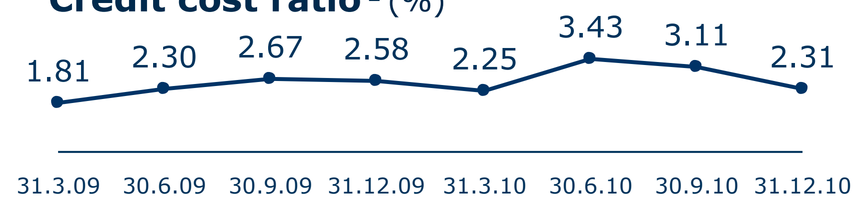
NPL coverage ratio (%)



NPL ratio (%)



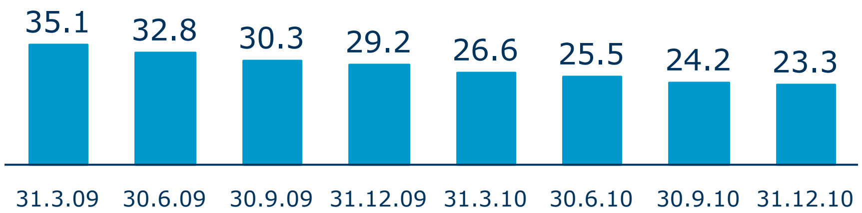
Credit cost ratio[2] (%)



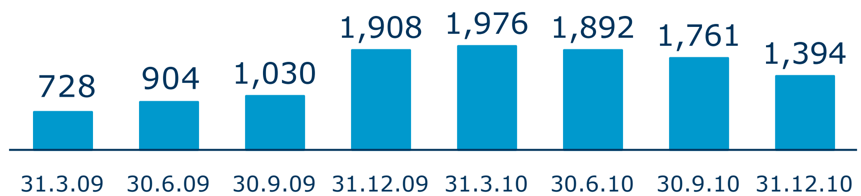
Notes: [1] *Allowances for on-balance sheet items.* [2] *Ytd. annualized, including off-balance sheet.*

Leasing

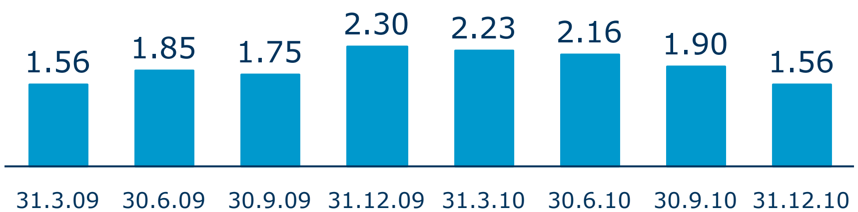
Loan portfolio (CZK bn)



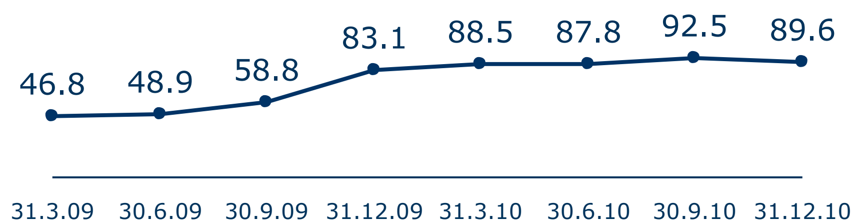
Allowances for loans and leases[1] (CZK m)



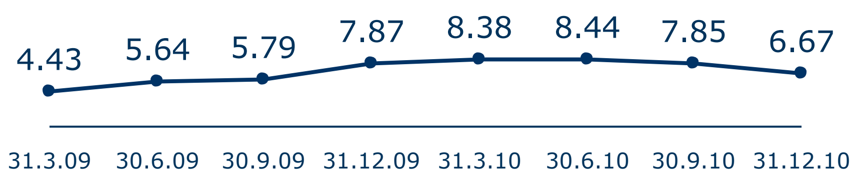
Non-performing loans (CZK bn)



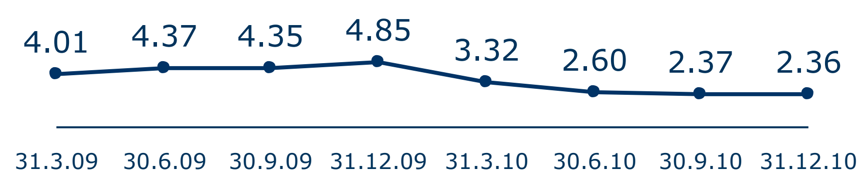
NPL coverage ratio (%)



NPL ratio (%)



Credit cost ratio[2] (%)



Notes: [1] Allowances for on-balance sheet items. *[2] Ytd. annualized, including off-balance sheet.*

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

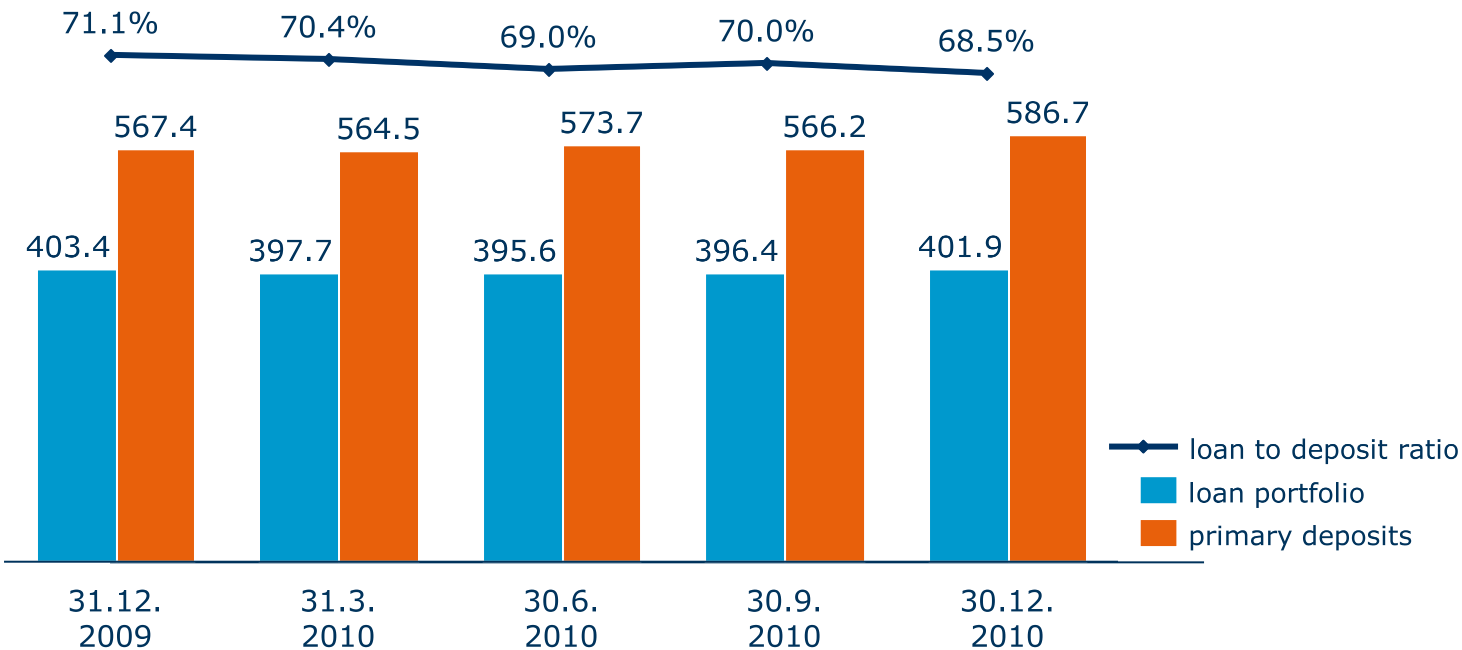
Tier 2 capital = subordinated debt

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



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

Since 2Q 2010, ČSOB has been reducing selected foreign sovereign exposure. ČSOB group has actively reduced the exposure to Greek and Italian sovereign bonds during 2010 and intends to continue to limit the exposure further (in book value).

Notes:
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).

4. Corporate social responsibility

Corporate Social Responsibility (CSR)

We educate…

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

We support regions…

- ČSOB 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

ČSOB awarded for its CSR in 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

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 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 the 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.

ČSOB's profile

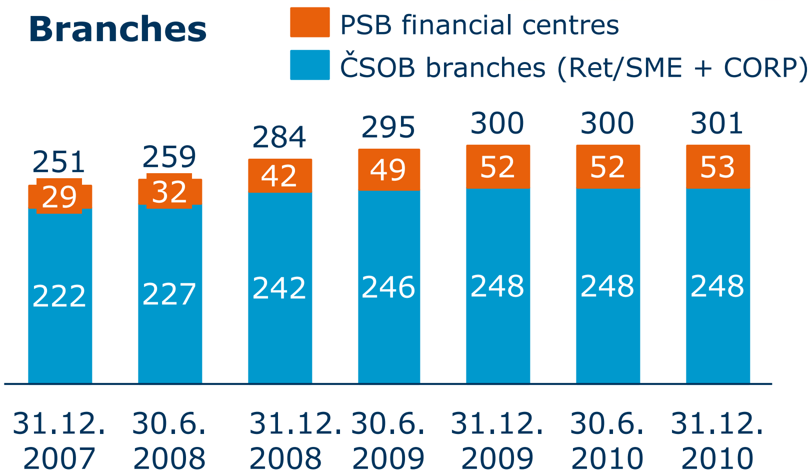
Bank only (incl. PSB)

	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

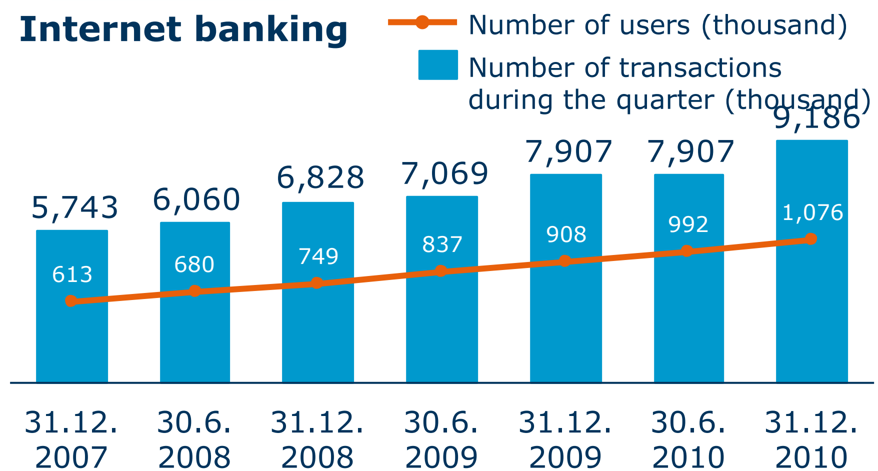
*Note: * FTEs. The figure does not include employees transferred to the KBC Global Services Czech Branch.*

Branches and direct channels

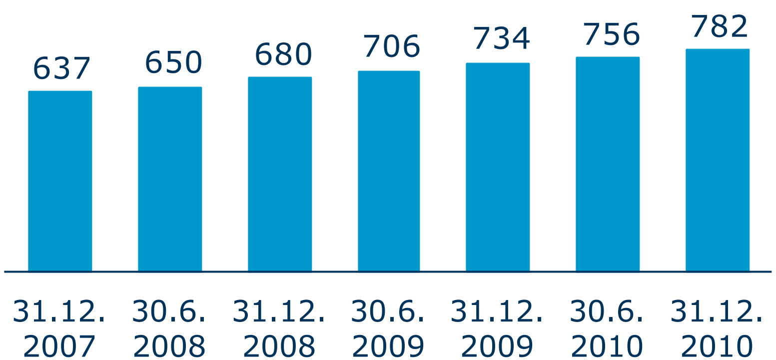
Branches



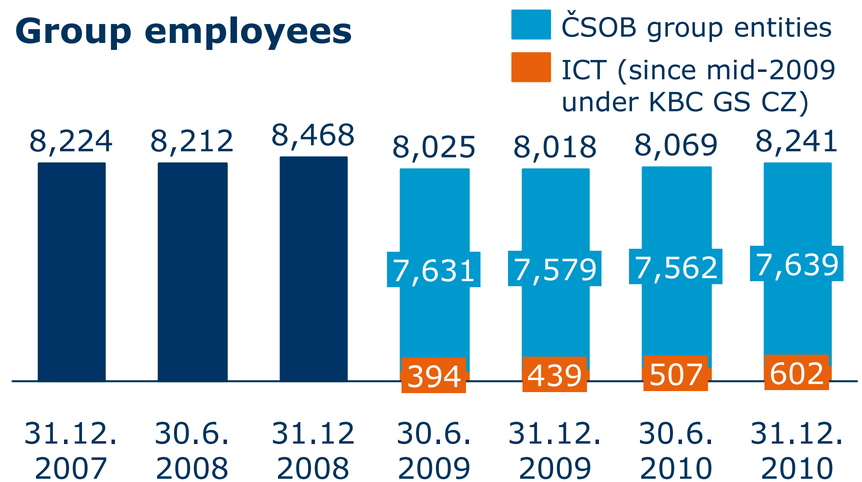
Internet banking



ATMs



Group employees



Credit rating and shareholder structure

ČSOB's credit rating

As at 10 February 2010

Rating agency	Moody's		Fitch	
	Long-term rating:	**A1** (stable)	**Long-term rating:**	**A-** (stable)
	Short-term rating:	Prime-1	Short-term rating:	F2
	Financial strength:	C	Individual:	C
			Support:	1
Rating valid since		23. 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%.

ČSOB group in the Czech Republic

ČSOB Poštovní spořitelna

Československá obchodní banka, a. s.

ČSOB Pojišťovna

Hypoteční banka

Českomoravská stavební spořitelna
Na těchto základech můžete stavět

ČSOB Investiční společnost

ČSOB Penzijní fond Progres

ČSOB Penzijní fond Stabilita

ČSOB Asset Management

ČSOB Leasing

ČSOB Factoring

CSR in 2010 (1/2)

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.

CSR in 2010 (2/2)

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.

Awards for ČSOB group

Awarded the best Czech bank/insurer by many

EUROMONEY 2010 Awards for excellence

Euromoney magazine's Awards for Excellence:
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

emeafinance
Europe • Middle East • Africa

EMEA Finance magazine: Best Bank Czech Republic

BEST EMERGING MARKET BANKS • 2010
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

"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)	FY 2009	FY 2010	Y/Y
Interest income	*34 204*	*33 038*	*-3%*
Interest expense	*-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%
Impairment on loans and receivables	*-5 363*	*-3 489*	*-35%*
*Impairment on available-for-sale securities**	*-245*	*-5*	*-98%*
*Impairment on other assets**	*-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 - Ytd.

Underlying

(CZK m)	FY 2009	FY 2010	Y/Y
Interest income	*34 204*	*33 038*	*-3%*
Interest expense	*-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%
Impairment on loans and receivables	*-5 363*	*-3 489*	*-35%*
*Impairment on available-for-sale securities**	*0*	*-5*	*N/A*
*Impairment on other assets**	*-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.*

Profit and loss statement – quarterly

Reported

(CZK m)	4Q 2009	3Q 2010	4Q 2010	Y/Y	Q/Q
Interest income	*8 538*	*8 255*	*8 333*	*-2%*	*+1%*
Interest expense	*-2 303*	*-2 068*	*-2 047*	*-11%*	*-1%*
Net interest income	6 235	6 187	6 286	+1%	+2%
Net fee and commission income	1 370	1 301	1 325	-3%	+2%
Net gains from financial instruments at FVPL*	1 163	539	355	-69%	-34%
Other operating income*	6 190	244	168	-97%	-31%
Operating income	**14 958**	**8 271**	**8 134**	**-46%**	**-2%**
Staff expenses	-1 535	-1 644	-1 756	+14%	+7%
General administrative expenses	-1 853	-1 786	-1 979	+7%	+11%
Depreciation and amortisation	-336	-266	-275	-18%	+3%
Operating expenses	**-3 724**	**-3 696**	**-4 010**	**+8%**	**+8%**
Impairment losses*	-2 158	-1 161	-438	-80%	-62%
Impairment on loans and receivables	*-1 529*	*-1 152*	*-611*	*-60%*	*-47%*
*Impairment on available-for-sale securities**	*-37*	*-5*	*0*	*N/A*	*N/A*
*Impairment on other assets**	*-592*	*-4*	*173*	*+/-*	*+/-*
Share of profit of associates	101	35	57	-44%	+63%
Profit before tax	**9 177**	**3 449**	**3 743**	**-59%**	**+9%**
Income tax expense*	-953	-306	-509	-47%	+66%
Profit for the period	**8 224**	**3 143**	**3 234**	**-61%**	**+3%**
Attributable to:					
Equity holders of the parent	**8 181**	**3 109**	**3 222**	**-61%**	**+4%**
Minority interest	43	34	12	-72%	-65%

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 – quarterly

Underlying

(CZK m)	4Q 2009	3Q 2010	4Q 2010	Y/Y	Q/Q
Interest income	*8 538*	*8 255*	*8 333*	*-2%*	*+1%*
Interest expense	*-2 303*	*-2 068*	*-2 047*	*-11%*	*-1%*
Net interest income	6 235	6 187	6 286	+1%	+2%
Net fee and commission income	1 370	1 301	1 325	-3%	+2%
Net gains from financial instruments at FVPL*	152	204	374	146%	84%
Other operating income*	99	244	152	53%	-38%
Operating income	**7 856**	**7 936**	**8 137**	**4%**	**3%**
Staff expenses	-1 535	-1 644	-1 756	+14%	+7%
General administrative expenses	-1 853	-1 786	-1 979	+7%	+11%
Depreciation and amortisation	-336	-266	-275	-18%	+3%
Operating expenses	**-3 724**	**-3 696**	**-4 010**	**+8%**	**+8%**
Impairment losses*	-1 499	-1 161	-438	-71%	-62%
Impairment on loans and receivables	*-1 529*	*-1 152*	*-611*	*-60%*	*-47%*
*Impairment on available-for-sale securities**	*0*	*-5*	*0*	*N/A*	*N/A*
*Impairment on other assets**	*30*	*-4*	*173*	*+/-*	*+/-*
Share of profit of associates	101	35	37	-63%	+6%
Profit before tax	**2 734**	**3 114**	**3 727**	**36%**	**+20%**
Income tax expense*	-653	-242	-510	-22%	+110%
Profit for the period	**2 081**	**2 872**	**3 217**	**55%**	**+12%**
Attributable to:					
Equity holders of the parent	**2 038**	**2 838**	**3 205**	**57%**	**+13%**
Minority interest	43	34	12	-72%	-65%

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%
Loans and receivables to credit institutions - gross	*8 945*	*14 137*	*+58%*
Loans and receivables to which other than credit institutions - gross	*396 894*	*397 445*	*+0%*
Allowance for impairment losses	*-10 720*	*-12 466*	*+16%*
Accrued interest income	*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%**

Affected by the sale of CDO portfolio in June 2010 and reduction of sovereign bond exposure during 2Q – 4Q 2010.

Increase of short-term and mid-term money market loans with other banks.

Sale of ICT property to KBC GS CZ in 2010.

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%
of which Deposits received from credit institutions	*26 027*	*30 442*	*+17%*
of which Deposits received from other than credit institut.	*573 148*	*596 078*	*+4%*
of which Debt securities in issue	*32 572*	*24 105*	*-26%*
of which Subordinated liabilities	*11 970*	*11 974*	*+0%*
of which Accrued interest expenses	*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%**

Due to increase of repo operations (loans received)

Especially sale of bond obligations and partially also reduction of the volume of ČSOB depositary notes.

Methodological note

Reclassification of the profit and loss statement:

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

Reconciliation of business volumes reporting to the balance sheet:

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

Term "group lending" used throughout the presentation is defined as the item "Loans and receivables – gross" from the consolidated balance sheet plus credit-replacing bonds. Term "loan portfolio" shown in section Risk Management is consistent with the internal credit risk management reporting system and is defined as group lending minus item "other group lending" (see slide 61).

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

List of reclassifications

Compared to the reporting in the quarters of 2009, there have been a number of reclassifications among items of operating income and operating expenses:

- **Fees to third parties**
    - reclassified from operating expenses (GAE) to operating income (NFCI).
- **Provisions for legal issues and other losses, restructuring and contractual engagements**
    - transferred from a separate expense item “provisions” to three items – staff expenses, GAE, and other net income.
- **Accrued interest on non-performing loans**
    - reversed through reclassification of relating impairment additions from impairments on loans and receivables to net interest income.
- **Interest from hedging derivatives**
    - separated into interest income and interest expense.
- **Interest income related to hedge derivatives**
    - reclassified from net gains from financial instruments at FVPL to net interest income. (Reclassified figures for 1Q 2009, 2Q 2009 and 3Q 2009 in these two lines differ from those previously published due to corrections made in 2Q 2010.)

Reconciliation - Lending

CZK bn	31.12.2010	Group lending (business reporting)	LaR – gross, incl. accrued interest income (IFRS BS lines)	Loan portfolio (credit risk reporting)
Ret/SME Segment	321.2	✓	✓	✓
Corporate Segment – loans plus factoring	78.6	✓	✓	✓
Corporate Segment – credit-replacing bonds	1.5	✓	-	✓
Head Office	0.5	✓	✓	✓
Other*	11.8	✓	✓	-
		413.7	412.2	401.9

Notes:

The ✓ sign denotes the fact that the respective line is included in the calculation of the variable in the column's header.

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

Reconciliation - Deposits

CZK bn	31.12.2010	Group deposits (business reporting)	Deposits received from other than credit instit. (IFRS BS line)	Primary deposits* (liquidity reporting)
Client deposits	477.0	✓	✓	✓
Building savings deposits	86.1	✓	✓	✓
Pension funds	27.2	✓	✓	-
Other – repo operations with non-banking financial institutions	0	✓	✓	-
Other – excl. repo operations with non-banking financial institutions	5.7	✓	✓	✓
Deposits to credit institutions (excl. repo operations with credit institutions)	17.8	-	-	✓
		596.1	596.1	568.7

Notes:

The ✓ sign denotes the fact that the respective line is included in the calculation of the variable in the column's header.

** 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)*

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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Contacts

ČSOB Investor Relations Team
Ondřej Vychodil (director),
Jana Kloudová, Ida Markvartová,
Tereza Měrtlová, Michal Nosek

Tel: +420 224 114 111
Tel: +420 224 116 929
investor.relations@csob.cz
www.csob.cz/ir

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

ČSOB group Czech Republic
member of KBC group