



Prague, 12 February 2009

ČSOB GROUP REPORTED 2008 NET PROFIT OF CZK 1.034BN¹

ČSOB group confirms the preliminary results published on 22 January 2009 and provides more details.

- **Net profit – reported:** CZK 1.034bn (-90% Y/Y)
- **Loans granted by the ČSOB group:** CZK 404.2bn (+19% Y/Y)
- **Assets under management of the ČSOB group:** CZK 693.1bn (0% Y/Y)
- **Total assets:** CZK 824.5bn (+5% Y/Y)
- **Liquidity and capital:** high levels confirmed. The capital adequacy for the group was 10.31% and the loan/deposit ratio 72.3%.

Pavel Kavánek, the CEO of ČSOB, comments on the consolidated 2008 results:

„The imported financial crisis has hit us but we have managed to absorb it fully and pay the price of lower profit for cleaning our portfolio from troublesome assets.“

"The impact in 2008 was extreme but we are strong at the beginning of 2009 and assume much higher profit. However no one can expect that Czech banking business will grow at the same pace in the years to come as it has grown in the past."

Details on the 2008 net profit:

The underlying net profit of the ČSOB group amounted to CZK 12,720m, i.e. 22% above the 2007 result. On a comparable basis, the Cost/Income ratio reached a record low of 46.6%. The underlying and reported profits differ especially due to the mark-down of CDOs to zero.

Information on the CDO portfolio:

As has been communicated in the past, the ČSOB group has CDOs in its portfolio in the total nominal value of EUR 424.3m. ČSOB decided to be as prudent as possible and revaluated all these assets whose value was under speculations to zero. The **CDO portfolio cannot have further negative effects** on ČSOB results in the periods to come.

¹ All numbers in this press release are consolidated, unaudited, according to IFRS. For the purpose of year-on-year comparisons, the 2007 numbers are pro forma, excluding Slovak operations, as the former Slovak branch has been operating as a new legal entity since 1 January 2008.



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Details on business results

Group business lending rose by 19% Y/Y to CZK 404.2bn. All parts of the loan portfolio increased substantially: consumer loans (+27%), building loans to individuals (+26%), mortgages to individuals (+23%), SME loans (+17%), leasing (+10%) and corporate loans (+6%). As of 31 December 2008, the total of housing loan outstandings exceeded CZK 199bn, which is a 25% increase Y/Y. Out of the total, mortgages represent CZK 98.7bn.

The growing lending portfolio kept good quality. Non-performing loans (more than 90 days overdue) as at 31 December 2008 accounted for 2.2% of gross loans.

Total AUM and deposits were flat Y/Y at CZK 693.1bn. An increase in of client deposits was offset by a decrease in short term money market deposits. The total of building savings grew 5% Y/Y. AUM in mutual funds and asset management decreased by 5% Y/Y due to adverse performance of financial markets. AUM in the pension funds increased 15% Y/Y.

Liquidity and capital:

The loan/deposit ratio was 72.3% as of the end of the year; the deposits with ČSOB remain much higher than the loans granted.

The continuing strong capital position of ČSOB is confirmed by the capital adequacy for the group at 10.31%.



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Key Financials

	2007	2008	change
	CZK bn	CZK bn	
Reported:			
Net Profit	9.902	1.034	-89.6%
Operating Income	27.429	19.175	-30.1%
Operating Expenses	14.012	15.014	+7.2%
Underlying:			
Net Profit	10.447	12.720	+21.8%
Operating Income	28.105	32.245	+14.7%
- Net Interest Income	18.833	21.385	+13.5%
- Net Fee and Commission Income	6.493	6.644	+2.3%
- Net Trading Income	2.195	2.020	-8.0%
- Other income	0.584	2.196	+276.3%
Operating Expenses	14.012	15.014	+7.2%
Cost/Income	49.5%	46.6%	-2.9 pp
	31.12.2007	31.12.2008	change
Total Assets	782.898	824.485	+5.3%
Loan/Deposit Ratio	63.8%	72.3%	+8.5 pb
CAD group (Basel II)	10.49%	10.31%	-0.2 pb

Please find more details on ČSOB's financial results in the *FY 2008 Presentation* which can be downloaded from:

<http://www.csob.cz/en/CSOB/Investor-relations/Stranky/Financial-and-business-results.aspx>

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(CZK mil)	31.12.2007 reclass	31.12.2008
ASSETS		
Cash and balances with central banks	29 582	16 602
Financial assets held for trading	148 820	131 342
Financial assets designated at fair value through P/L	24 520	23 514
Available-for-sale financial assets	78 731	90 454
Loans and receivables	357 872	411 644
Loans and leases - gross	363 426	418 473
Loans and receivables (credit institutions - gross)	14 926	16 806
Loans and receivables (excl. credit institutions - gross)	345 994	400 400
Of which accrued interest income	2 505	1 266
Loans and receivables (provisions)	-5 554	-6 829
Of which credit institutions - provisions	-49	-21
Of which other than credit institutions - provisions	-5 505	-6 807
Held-to-maturity investments	111 958	115 236
Derivatives used for hedging	5 943	7 215
Current tax assets	686	1 128
Deferred tax assets	638	1 248
Investments in associates	703	858
Investment property	875	1 002
Property and equipment	10 135	10 095
Goodwill and other intangible assets	4 642	4 852
Non-current assets held-for-sale	27	127
Other assets	7 766	9 168
Total assets	782 898	824 485
LIABILITIES AND EQUITY		
Financial liabilities held for trading	12 602	35 064
Financial liabilities at fair value through P/L	76 140	62 796
Financial liabilities at amortised cost	617 239	649 371
Deposits received from credit institutions	49 573	49 732
Deposits received from other than credit institutions	513 102	542 200
Debt securities in issue	41 128	43 907
Subordinated liabilities	12 161	11 965
of which accrued interest expences	1 275	1 567
Derivatives used for hedging	1 239	2 493
Current tax liabilities	98	133
Deferred tax liabilities	365	553
Provisions	1 061	993
Other liabilities	18 709	16 238
Total liabilities	727 453	767 641
Share capital	5 855	5 855
Share premium account	7 509	7 509
Statutory reserve	18 687	18 687
Retained earnings	24 184	19 212
Available-for-sale reserve	-344	4 145
Cash flow hedge reserve	-649	743
Foreign currency translation reserve	-133	-196
Parent shareholders' equity	55 109	55 955
Minority interests	336	889
Total equity	55 445	56 844
Total liabilities and equity	782 898	824 485



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CONSOLIDATED STATEMENT OF INCOME

(Prepared in accordance with EU IFRS)

(CZK ths)	1-12/2007	1-12/2008
Interest income	31 308 511	37 862 037
Interest expense	-12 475 536	-16 477 201
Net interest income	18 832 976	21 384 836
Fee and commission income	8 332 214	8 686 944
Fee and commission expense	-1 839 700	-2 043 001
Net fee and commission income	6 492 514	6 643 943
Dividend income	39 645	117 151
Net gains from financial instruments at fair value through profit or loss	1 482 633	-11 050 222
Net realised gains on available-for-sale financial assets	1 821	49 395
Other net income	578 943	2 029 758
Operating income	27 428 532	19 174 861
Staff expenses	-6 445 571	-6 686 234
General administrative expenses	-6 553 424	-6 972 158
Depreciation and amortisation	-1 247 606	-1 456 548
Provisions	234 791	100 747
Operating expenses	-14 011 810	-15 014 193
Impairment losses	-960 266	-3 902 984
Share of profit of associates	181 433	115 823
Profit before tax	12 637 889	373 507
Income tax expense	-2 698 803	720 510
Profit for the period	9 939 086	1 094 017
Equity holders of the parent	9 902 256	1 033 973
Minority interest	36 830	60 044



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