



Prague, 11 February 2010

ČSOB GROUP REPORTED A 2009 NET PROFIT OF CZK 17.368 BN¹

Highlights of the 2009 results:

- **Net profit – reported:** CZK 17.368 bn
- **Net profit – underlying:** CZK 10.487 bn (-17% Y/Y)
- **Operating income – underlying:** CZK 32.424 bn (+1% Y/Y)
- **Operating expenses – underlying:** CZK 14.659 bn (-2% Y/Y)
- **Cost/income ratio – underlying:** 45.2% (-1.7pp Y/Y)
- **Loans granted by the ČSOB group:** CZK 403.4 bn (-0% Y/Y)
- **Quality of loan portfolio:** NPLs (excl. EGAP-covered) at 3.16%, credit costs at 1.12%
- **Assets under management and deposits:** CZK 715.5 bn (+3% Y/Y)
- **Of which, total deposits:** CZK 484.9 bn (+6% Y/Y)
- **Total assets:** CZK 859.0 bn (+4% Ytd.)
- **Capital and liquidity:** high levels confirmed. The capital adequacy for the group at 14.96% and the liquidity ratio at 71.1%.

¹ All numbers in this press release are consolidated, unaudited, according to EU IFRS. Slovak operations do not appear in any of the figures herein, as the former Slovak branch has been operating as a new legal entity since 1 January 2008.



ČSOB group is the leading player in Czech financial services industry. ČSOB group is a part of the international bancassurance KBC group which is active in Belgium and the CEE region. Combining the power of its retail brands – ČSOB (banking, insurance, asset management, pension funds, leasing and factoring), the Postal Savings Bank (banking through postal distribution network), the Mortgage Bank and the ČMSS (bank specialized for financing the housing needs) – ČSOB group holds strong market positions in all segments of Czech financial market. ČSOB group is a long-term number 1 in financing the housing needs, leasing and total assets under management. ČSOB group builds a strong, long-term partnership with each client, whether in personal and family finance, financing SMEs or corporate finance. ČSOB group is a good listener who offers suitable solutions, rather than mere products. The information contained herein is not for publication or distribution, directly or indirectly, in or into the United States of America. The materials do not constitute an offer of securities for sale in the United States, nor may the securities be offered or sold in the United States absent registration or an exemption from registration as provided in the U.S. Securities Act of 1933, as amended, and the rules and regulations thereunder.



Details on the 2009 net profit:

The reported profit of the ČSOB group rose to **CZK 17.368 bn**. The reported cost/income ratio improved 42.8pp Y/Y to 36.0%.

The underlying net profit of the ČSOB group amounted to **CZK 10.487 bn**, i.e. 17% less than the 2008 result. On a comparable basis, the cost/income ratio improved slightly (1.7pp) to 45.2%.

The differences between the underlying and reported profits include especially the sale of ČSOB Slovakia (+6.0 bn net) and positive revaluation of CDO portfolio (+948 m net) in 2009.

Details on business results:

Group business lending remained flat Y/Y at CZK 403.4 bn. The retail loan portfolio continued to grow substantially: consumer loans (+13%), building loans (+18%), mortgages to individuals (+15%).

SME loans decreased by 4% to CZK 66.4 bn, in which investment loans remained stable at CZK 44.0 bn and other SME loans lowered as working capital demand declined. Corporate loans decreased by 17% to CZK 83.3 bn going hand in hand with the impact of the recession on industrial demand and substantially lower exports.

As at 31 December 2009, the total outstanding balance of housing loans was CZK 232.2 bn, which is a 16% increase Y/Y. Out of these loans, mortgages represent CZK 113.1 bn.

Quality of lending portfolio: Non-performing loans (more than 90 days overdue) as at 31 December 2009 accounted for 3.23% of gross loans. Annualized credit cost ratio for 2009 stands at 1.12%.

Total AUM and deposits increased slightly by 3% Y/Y to CZK 715.5 bn. Retail deposits grew both Y/Y and Q/Q reflecting the preference of saving accounts among clients. Deposits rose by 6% Y/Y to CZK 484.9 bn, building savings by 4% to CZK 82.5 bn and pension funds by 9% to CZK 24.8 bn.

In mid-2009, the volume in ČSOB's mutual funds stabilized and turned to a positive development, which combines new sales increase with performance effect. In absolute terms, volumes in mutual funds reached CZK 70.0 bn by the end of 2009, which represents a Q/Q increase of 2% and a Y/Y decrease of 7%.

On the bancassurance field, there was an increase in single premium life insurance connected to investment into products with capital protection.



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Liquidity and capital:

Strong liquidity of the ČSOB group has been reconfirmed as the liquidity ratio as at 31 December 2009 reached 71.1%. In other words, **the ČSOB group remains very liquid** with deposits CZK 164 bn higher than the loans granted.

The continuing **strong capital position** of the ČSOB group is confirmed by the capital adequacy for the group at 14.96%, while ČSOB Pojišťovna has a solvency margin of 264%.

Key Financials	2008 CZK bn	2009 CZK bn	Y/Y change
Reported:			
Net Profit	1.034	17.368	> 1000%
Operating Income	19.055	40.684	+114%
Operating Expenses	15.014	14.659	-2%
Underlying:			
Net Profit	12.616	10.487	-17%
Operating Income	31.994	32.424	+1%
- Net Interest Income	21.265	23.018	+8%
- Net Fee and Commission Income	6.644	6.550	-1%
- Other income	4.085	2.856	-25%
Operating Expenses	15.014	14.659	-2%
Cost/Income	46.9%	45.2%	-1.7 pp
	31.12.2008 CZK bn	31.12.2009 CZK bn	Y/Y change
Total group lending	404.2	403.4	-0%
Total AUM and deposits	693.1	715.5	+3%

Please find more details on ČSOB group's financial results in the *FY 2009 Result Presentation* which can be downloaded from:

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

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Consolidated P&L – Reported

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

Notes: FVPL = fair value through profit and loss.

Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

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

Consolidated P&L – Underlying

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

Notes: FVPL = fair value through profit and loss.

Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

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



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Consolidated Balance Sheet – Assets

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

Consolidated Balance Sheet – Liabilities and Equity

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

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