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Prague, 5 August 2010

ČSOB GROUP REPORTED A 1H 2010 NET PROFIT OF CZK 7.139 BN[1]

Highlights of the 1H 2010 results:

- **Net profit – reported:** CZK 7.139 bn (+21% Y/Y)
- **Net profit – underlying[2]:** CZK 6.976 bn (+24% Y/Y)
- **Group lending:** CZK 402.2 bn (-3% Y/Y)
- **Quality of loan portfolio:** NPLs at 3.98%, credit costs at 0.75%
- **Group deposits:** CZK 582.2 bn (+2% Y/Y)
- **of which, client deposits:** CZK 465.2 bn (+5% Y/Y)
- **AUM in mutual funds:** CZK 67.5 bn (+0% Y/Y)
- **Capital and liquidity:** High levels confirmed
Capital adequacy for the group at 16.45%
Loan to deposit ratio at 69.0%

Petr Hutla, member of the Board of Directors and Senior Executive Officer, Distribution, comments on the results:

> *"ČSOB group increased its underlying profit by 24% to nearly CZK 7 bn. I see three main factors to this achievement: growing interest income, close cost control and declining impairments."*

> *"ČSOB lived up to its reputation of a stable and trustworthy bank: capital adequacy rose from already safe levels to over 16% and liquidity further improved with the loan/deposit ratio dropping under 70%."*

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[1] *All numbers in this press release are consolidated, unaudited, according to EU IFRS. This press release shows previous 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. For the list of reclassifications see appendix.*

[2] *Net of extraordinary items.*

Key Ratios

	1H 2009	1H 2010	Y/Y
Profitability (YTD ratios)			
Net interest margin	3.26%	3.45%	+19 bps
Cost/income (underlying)	42.7%	41.6%	-1.1 pp
Cost/income (reported)	41.1%	41.1%	0.0 pp
ROAA (underlying)	1.31%	1.66%	+0.35 pp
ROAA (reported)	1.38%	1.70%	+0.32 pp
ROAE (underlying)	19.7%	20.8%	+1.1 pp
ROAE (reported)	20.7%	21.3%	+0.6 pp
	30.6.2009	**30.6.2010**	**Y/Y**
Asset quality			
Credit cost ratio	1.06%	0.75%	-31 bps
NPL ratio	2.88%	3.98%	+1.1 pp
NPL coverage ratio	76.2%	75.4%	-0.8 pp
Capital adequacy (Basel II)			
Core tier 1 ratio	10.13%	13.10%	+2.97 pp
Total capital ratio	11.71%	16.45%	+4.74 pp
Solvency ratio (insurance)	183.0%	219.2%	+36.20 pp
Liquidity			
Loan to deposit ratio	72.0%	69.0%	-3.0 pp

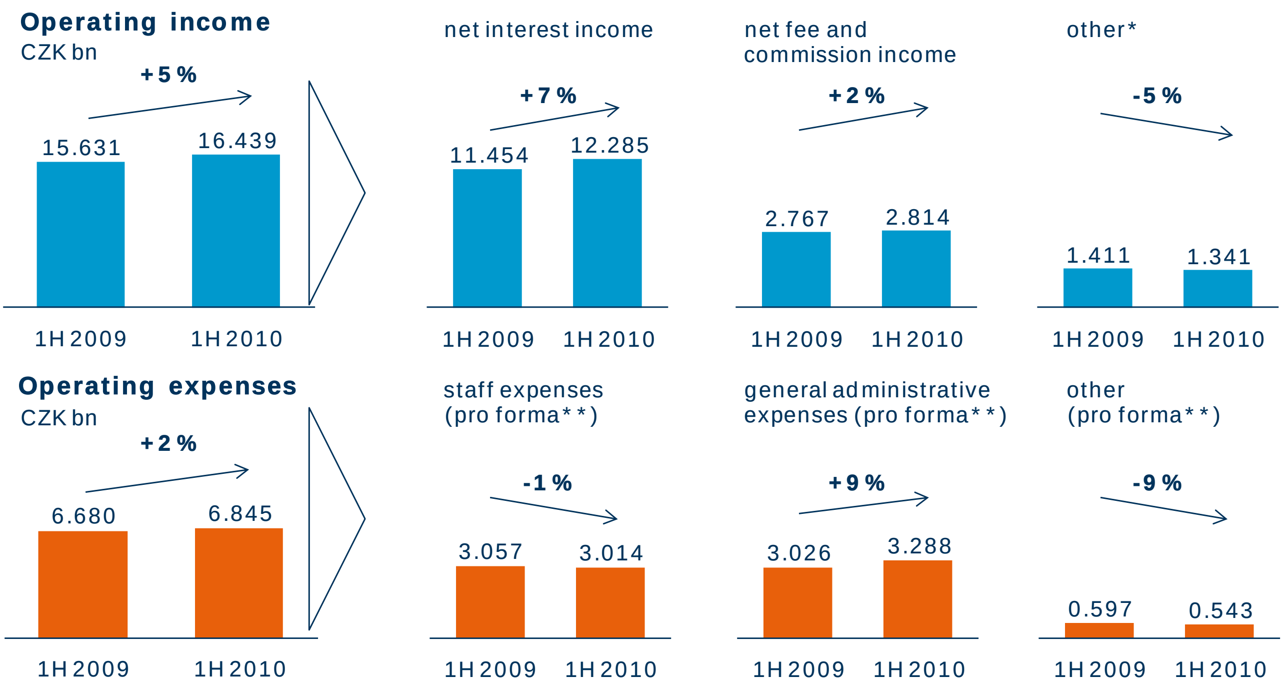
Details on the 1H 2010 net profit:

The reported net profit of the ČSOB group rose by 21% Y/Y to **CZK 7.139 bn**. The **underlying net profit** of the ČSOB group amounted to **CZK 6.976 bn**, i.e. 24% more than the 1H 2009 result.

The differences between the underlying and reported profits include especially: positive influence of volatility in the valuation of ALM instruments in 1H 2009 and the settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services in 1H 2010.

The positive development of the underlying net profit was driven mainly by increasing operating profit (+7% Y/Y) and by credit costs significantly lower in 1H 2010 than in 1H 2009. Operating expenses increased less than operating income.

In June 2009, the ICT services of ČSOB and ČSOB Pojišťovna were transferred to KBC Global Services NV Czech Branch. Thus, part of staff expenses and amortization is newly included in general administrative expenses. For comparison purposes, below please find pro forma values which eliminate the impact of the transfer.



*Notes: * Net gains from financial instruments at FVPL, net realized gains on available-for-sale financial assets, dividend income, other net income.*
***Adjusted for the June 2009 ICT transfer.*

Business results – assets

Gross outstanding volumes, CZK bn	30.6.2009	30.6.2010	Y/Y
Group lending	**413.5**	**402.2**	**-3%**
Ret/SME Segment			
Mortgages	126.6	139.0	+10%
Building savings loans	60.3	69.2	+15%
Consumer finance	17.1	17.6	+3%
SME loans	70.5	65.8	-7%
Leasing	32.8	25.5	-22%
Corporate Segment			
Corporate loans	96.2	74.1	-23%
Factoring	3.6	3.8	+4%
Head Office	0.5	0.6	+28%
Other	5.9	6.6	+12%

Group lending decreased by 3% Y/Y and was flat Q/Q. As mortgages and building savings loans recorded double-digit Y/Y growth, the combined share of housing loans on group lending grew from 45% in mid-2009 to 52% in mid-2010.

Petr Hutla comments on loans development:

"We see continued growth in the retail loan portfolio, especially in financing housing needs. Having been awarded the Corporate Bank of the Year in the Czech Republic and the Best Bank in acquisition finance in Eastern Europe, we feel strong commitment also to our corporate and SME clients. The business goes on, though with a decreased portfolio Y/Y."

Business results – liabilities and AUM

Outstanding volumes, CZK bn	30.6.2009	30.6.2010	Y/Y
Group deposits	**571.1**	**582.2**	**+2%**
Client deposits	444.1	465.2	+5%
Building savings deposits	78.4	83.9	+7%
Pension funds	24.0	26.2	+9%
Other	24.7	6.8	-72%
Mutual funds	**67.5**	**67.5**	**+0%**
Other asset management	**54.3**	**54.3**	**+0%**
AUM and deposits	**692.8**	**703.9**	**+2%**

Group deposits increased by 2% both Y/Y and Q/Q. All major categories of group deposits – client deposits, building savings deposits and pension funds – showed an increase Y/Y. The largest contributor was client deposits (CZK +21bn).

The AUM in **mutual funds** was flat Y/Y and decreased by 4% Q/Q, returning to the mid-2009 level. The main reason for the decline was a partial transfer of clients' funds from asset management products to saving accounts.

Petr Hutla comments on deposit development:

"Over the financial market turmoil, our clients appreciated our key investment product – capital protected funds – as it safeguarded their investments. Currently, we see our clients choosing more traditional saving products for placing their available funds. This is reflected in the increase of client deposits."

"Given our expertise in mutual funds, savings and insurance products, I'm confident ČSOB group will bring its clients the appropriate products should the climate on the financial markets become more favorable again."

Risk management

Total capital ratio reached 16.45% as at 30 June 2010, compared to 14.98% as at 31 December 2009. **Liquidity** further increased with loan to deposit ratio declining to 69.0% as of 30 June 2010 from 72.0% as at 30 June 2009.

Non-performing loans (more than 90 days overdue) as at 30 June 2010 accounted for 3.98% of gross loans. Annualized **credit cost ratio** for 1H 2010 stands at 0.75%, compared to 1.06% for 1H 2009.

Exposure to bonds of selected Southern European countries and Ireland
as at 30 June 2010
book value, CZK bn

	Sovereign	Banks	Corporates	Total
Portugal	-	-	-	-
Ireland	-	-	-	-
Italy	3.14	0.77	-	3.91
Greece	6.81	-	-	6.81
Spain	0.61	-	-	0.61
Total	10.56	0.77	0.00	11.33

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

Bartel Puelinckx, Senior Executive Officer, Finance Management (CFO), comments on risk management:

"Solid capitalization and strong liquidity have been characteristic for ČSOB for quite some time. In 1H 2010, we saw an additional positive development: the impairments on loans and receivables dropped by 32% Y/Y, esp. thanks to the favorable development in the corporate segment and limited influence of retail lending."

Awards for the ČSOB group

ČSOB group was named as the best bank or insurer by many organizations:

- **Euromoney Awards for Excellence**: ČSOB named Best Bank 2010.
- **Hospodářské noviny** appointed ČSOB group by the Best Bank for 2010 and ČSOB Pojišťovna by the Best Insurance Company for 2010.
- **Global Finance** magazine: Best Bank in the Czech Republic for 2010.
- **EMEA Finance** magazine: Best bank in the Czech Republic, 2009.

ČSOB group gained accolades for individual segments and businesses as well:

- **MasterCard Corporate Bank of the Year**
- **ACQ Finance Global Awards**: ČSOB named the Bank of the Year 2010 for acquisition finance in the Eastern Europe region.
- **Zlatá koruna** contest: gold for ČMSS in the building savings product category.
- **Global Finance** magazine: Best Sub-custodian Bank, Best Trade Finance Provider and Best Foreign Exchange Provider.

Corporate social responsibility in 1H 2010

ČSOB group educated to improve financial literacy and supports disabled and disadvantaged students by donating to the Education Fund of ČSOB and Committee of Good Will – The Olga Havel Foundation.
ČSOB group supported regions by small grants to support community life and local care for cultural and natural heritage. PSB votes Mayor of the Year.
ČSOB group's employees cleaned Czech mountains, collected clothes and fashion accessories for Sue Ryder Home or ran for Committee of Good Will – The Olga Havel Foundation.
Postal saving bank helped by supporting the festival I Live Just Like You, host a travelling show of paintings by young blind artists and with the Czech National Safer Internet Centre launched the Safely-online project.

Please find more details on ČSOB group's financial results in the *1H 2010 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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Appendix

Changes in top management

During the 2Q 2010, the following changes in ČSOB's top management took place:

- Former Chief Financial and Risk Officer (CFRO), **Mr. Hendrik Scheerlinck** left for the position of Chief Executive Officer of KBC's Hungarian subsidiary K&H and KBC group's Country Manager for Hungary. The CFRO position in ČSOB was split into two.
- **Mr. Bartel Puelinckx**, former Senior Managing Director in K&H responsible for Credits and Human Resources, was appointed as new Chief Finance Officer of ČSOB.
- **Mr. Koen Wilmots**, former Managing Director of ČSOB Group Credits, was appointed Chief Risk Officer of ČSOB.
- **Mr. Jiří Vévoda**, former Associate Partner at McKinsey & Company, was appointed Chief Staff Officer of ČSOB, a position that had been vacant since November 2009.

Reclassifications of the profit and loss statement:

Compared to the reporting in previous quarters, 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 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 press release, 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.

Consolidated P&L – Reported

(CZK m)	6M 2009 reclassified	6M 2010	Y/Y
Interest income	*17 250*	*16 649*	*-3%*
Interest expense	*-5 797*	*-4 364*	*-25%*
Net interest income	11 454	12 285	+7%
Net fee and commission income	2 767	2 814	+2%
Net gains from financial instruments at FVPL*	1 035	446	-57%
Other operating income*	979	1 099	+12%
Operating income	**16 235**	**16 644**	**+3%**
Staff expenses	-3 231	-3 014	-7%
General administrative expenses	-2 702	-3 288	+22%
Depreciation and amortisation	-747	-543	-27%
Operating expenses	**-6 680**	**-6 845**	**+2%**
Impairment losses*	-2 769	-1 787	-35%
Impairment on loans and receivables	-2 543	-1 726	-32%
*Impairment on available-for-sale securities**	-208	0	N/A
Impairment on other assets	-19	-61	+222%
Share of profit of associates*	198	134	-32%
Profit before tax	**6 983**	**8 146**	**+17%**
Income tax expense*	-1 033	-961	-7%
Profit for the period	**5 951**	**7 185**	**+21%**
Attributable to:			
Equity holders of the parent	**5 919**	**7 139**	**+21%**
Minority interest	32	45	+43%

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.*

Consolidated P&L – Underlying

(CZK m)	6M 2009 reclassified	6M 2010	Y/Y
Interest income	*17 250*	*16 649*	*-3%*
Interest expense	*-5 797*	*-4 364*	*-25%*
Net interest income	11 454	12 285	+7%
Net fee and commission income	2 767	2 814	+2%
Net gains from financial instruments at FVPL*	432	570	+32%
Other operating income*	979	771	-21%
Operating income	**15 631**	**16 439**	**+5%**
Staff expenses	-3 231	-3 014	-7%
General administrative expenses	-2 702	-3 288	+22%
Depreciation and amortisation	-747	-543	-27%
Operating expenses	**-6 680**	**-6 845**	**+2%**
Impairment losses*	-2 570	-1 787	-30%
Impairment on loans and receivables	-2 543	-1 726	-32%
*Impairment on available-for-sale securities**	-9	0	N/A
Impairment on other assets	-19	-61	+0%
Share of profit of associates*	198	134	-32%
Profit before tax	**6 578**	**7 941**	**+21%**
Income tax expense*	-916	-920	+0%
Profit for the period	**5 662**	**7 022**	**+24%**
Attributable to:			
Equity holders of the parent	**5 631**	**6 976**	**+24%**
Minority interest	32	45	+43%

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.*

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 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.

Consolidated Balance Sheet – Assets

(CZK m)	31/12 2009	30/06 2010	Ytd
Cash and balances with central banks	23 050	42 279	+83%
Financial assets held for trading	160 117	137 803	-14%
Financial assets designated at fair value through P/L	16 987	13 372	-21%
Available-for-sale financial assets	101 567	104 417	+3%
Loans and receivables	395 773	388 866	-2%
Loans and receivables - gross	*406 494*	*400 753*	*-1%*
Loans and receivables - allowances	*-10 720*	*-11 887*	*+11%*
Held-to-maturity investments	132 761	139 732	+5%
Derivatives used for hedging	8 040	10 014	+25%
Current tax assets	27	42	+56%
Deferred tax assets	271	184	-32%
Investments in associate	1 196	1 412	+18%
Investment property	791	769	-3%
Property and equipment	8 468	8 166	-4%
Goodwill and other intangible assets	3 922	3 779	-4%
Non-current assets held-for-sale	919	184	-80%
Other assets	5 082	5 439	+7%
Total assets	**858 972**	**856 460**	**+0%**

Consolidated Balance Sheet – Liabilities and Equity

(CZK m)	31/12 2009	30/06 2010	Ytd
Financial liabilities held for trading	23 036	25 132	+9%
Financial liabilities at fair value through P/L	105 057	95 709	-9%
Financial liabilities at amortised cost	644 982	654 972	+2%
of which Deposits received from credit institutions	*26 027*	*27 989*	*+8%*
of which Deposits received from other than credit institut.	*573 148*	*582 163*	*+2%*
of which Debt securities in issue	*32 572*	*30 927*	*-5%*
of which Subordinated liabilities	*11 970*	*11 972*	*+0%*
of which Accrued interest expenses	*1 266*	*1 921*	*+52%*
Derivatives used for hedging	5 158	8 170	+58%
Current tax liabilities	883	867	-2%
Deferred tax liabilities	603	562	-7%
Provisions	757	546	-28%
Other liabilities	8 644	11 249	+30%
Total liabilities	**789 121**	**797 208**	**+1%**
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	24 227	-30%
Available-for-sale reserve	2 815	2 158	-23%
Cash flow hedge reserve	-392	43	+/-
Foreign currency translation reserve	1	1	-52%
Parent shareholders' equity	**68 951**	**58 479**	**-15%**
Minority interest	900	773	-14%
Total equity	**69 851**	**59 252**	**-15%**
Total liabilities and equity	**858 972**	**856 460**	**+0%**

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