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ČSOB GROUP REPORTED A 9M 2010 NET PROFIT OF CZK 10.249 BN[1]

9M 2010 highlights:

Net profit – reported	CZK 10.249 bn	+12% Y/Y
Net profit – underlying[2]	CZK 9.814 bn	+16% Y/Y
Group deposits	CZK 577.8 bn	+3% Y/Y
of which, client deposits	CZK 461.0 bn	+5% Y/Y
Group lending	CZK 404.2 bn	-3% Y/Y
ROAA (underlying)	1.52%	+0.23 pp
ROAE (underlying)	19.7%	+0.7 pp
Net interest margin	3.39%	+ 21 bps
Cost/income (underlying)	43.2%	+1.1 pp
Non-performing loans ratio	4.16%	+1.0 pp
Credit cost ratio	0.83%	-23 bps
Loan to deposit ratio	70.0%	-3.8 pp
Total capital ratio	17.82%	+5.56 pp

Pavel Kavánek, Chief Executive Officer, comments on financial results:
"After the crisis, clients' preferences have changed, especially with regard to the structure of their savings. Our results document that we have been able to react with an adequate offer of products and services. At the same time, we have managed to further keep the cost of credit risk on a very good level in comparison with competitors."

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1 *All numbers in this press release are consolidated, unaudited, according to EU IFRS. This press release shows 9M 2009 profit and loss statement items reclassified in accordance with the current accounting methodology in order to ensure comparability of EU IFRS financial statements in time.*

2 *Net of extraordinary items.*

Financial results:

The **reported net profit** of the ČSOB group reached **CZK 10.249 bn**. Like-to-like comparison is shown by the underlying net profit, which is net of extraordinary items. The **underlying net profit** of the ČSOB group amounted to **CZK 9.814 bn** which represents a Y/Y increase of **+16% Y/Y**. This increase by CZK 1.4 bn Y/Y, was mainly driven by favorable development of cost of risk (mainly credit risk) by CZK -1.2bn and a CZK 0.2bn increase of underlying operating profit on the back of growing net interest income.

The difference between the reported and the underlying net profit in 9M 2010 can be attributed mainly to the settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services and volatility in the valuation of ALM instruments.

Underlying operating profit grew by 1%. **Underlying operating income** increased by 4% Y/Y as net interest income grew by 7% Y/Y driven by mortgages, building savings loans and growing retail deposit base. Net fee and commission income declined by 2% Y/Y due to the increase of deposit insurance premium from 10 bps to 16 bps that has been reflected on the P&L since the beginning of 3Q 2010. Other operating income decreased due to the sale of the remaining stake in ČSOB Slovakia to KBC at the end of 2009 which implied a significant decrease of dividend income.

Operating expenses increased by 6% Y/Y, especially due to a lower comparative basis a year ago. If we adjust for business-unrelated effects, the rise of operating expenses would come to 4% Y/Y. Staff expenses increased by 3% Y/Y reflecting a regular annual salary increase (in May 2010) and the development of performance-related bonuses. General administrative expenses (GAE) showed a double-digit Y/Y growth, largely impacted by a lower comparative basis in 9M 2009, as the transition period related to the ICT transfer showed a slower start-up in the third quarter of 2009.[3]

Favorable evolution of loan impairments helped the growth of the underlying profit. In corporate and SME segments, significant release of allowances booked in 2009 took place as the outlook of problem loans improved and the inflow of new problem loans decreased. The 9M 2010 impairments on loans and receivables (LaR) include a CZK 260 m provisions adjustment that resulted from back-testing[4] carried out in the third quarter (whereas the back-testing in the previous year was performed in the fourth quarter). Excluding this effect, the decline of impairments would have been even larger (ca. –32% Y/Y).

[3] *In June 2009, ICT services of ČSOB and ČSOB Pojišťovna were put under one management structure and transferred to the Czech Branch of KBC Global Services (KBC GS CZ). The ICT services of ČSOB Leasing followed in January 2010. Thus, part of staff expenses and amortization is newly included in general administrative expenses. For comparison purposes, please find pro forma values which eliminate the impact of the transfer next to P&L tables at the end of the press release.*

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

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Business results

Group lending decreased by 3% Y/Y to CZK 404.2 bn with volumes stabilized during the past three quarters. Housing loans and consumer finance continue growing, while corporate and SME loans declined Y/Y.

Housing loans grew by 9% Y/Y with mortgages growing by 8% to CZK 141.4 bn and building savings loans by 12% to CZK 70.5 bn. Higher sales of mortgages in 2Q and 3Q compared with the previous quarters reflected a rebounding demand for residential real estate. The share of housing loans on group lending grew to 52% in 3Q 2010 from 46% in 3Q 2009.

SME loans decreased 7% Y/Y to CZK 65.2 bn. The decline was stronger in short-term loans (-9% Y/Y) than in long-term investment loans (-5% Y/Y). **Consumer loans** increased by 1% Y/Y to CZK 17.9 bn and **leasing** declined by 20% Y/Y to CZK 24.2 bn. The volume of **corporate loans** went down by 21% Y/Y to 73.2 bn, which resulted from a combined effect of continuing prudent risk management approach of the ČSOB group and contracting demand for corporate lending. The decline of corporate loans has significantly slowed down in 3Q 2010.

Group deposits increased by 3% Y/Y to CZK 577.8 bn. All major products of group deposits – client deposits, building savings deposits and pension funds – showed an increase Y/Y. The largest contributor were client deposits (CZK +24bn). In 3Q 2010, deposits were negatively affected by seasonability.

The AUM in mutual funds decreased by 5% Y/Y to CZK 65.3 bn. The main reason for the decline (CZK –3.6 bn) was a partial transfer of clients' funds from asset management products to saving accounts. The second reason was that the amount of savings in capital protected funds maturing in 3Q 2010 exceeded the new sales.

Risk management

Total capital ratio reached 17.82% as at 30 September 2010, compared to 14.98% as at 31 December 2009. **Liquidity** further increased with loan to deposit ratio declining to 70.0% as of 30 September 2010 from 73.8% a year ago. **Non-performing loans** (more than 90 days overdue, according to the ČSOB methodology, in line with the KBC group methodology) accounted for 4.16% of gross loans as at 30 September 2010. Annualized **credit cost ratio** (CCR) for 9M 2010 stood at 0.83%, compared to 1.06% for 9M 2009. In comparison with mid-2010, the CCR as of 30 September 2010 remained unchanged, if we exclude the effect of adjustments resulting from IBNR provisions back-testing carried out in the third quarter (whereas the back-testing in the previous year was performed in the fourth quarter).

The total exposure to Southern European Countries and Ireland as of 9 November 2010 is CZK 7.02 bn of which CZK 3.65 bn is Greek exposure. All sovereign bonds are eligible for being pledged against the ECB.

Rating and shareholder structure

As at 30 September 2010, **Moody's** rating agency confirmed long-term rating of ČSOB at A1 and short-term rating at Prime-1. **Fitch** rating agency confirmed long-term rating of ČSOB at A- and short-term at F2 on 15 October.
As at 14 September 2010, **ČSOB's shares** were converted back from bearer shares into registered shares in reaction to the new Czech legislation (effective since 15 September 2010) prohibiting companies with bearer shares to participate in public tenders. Amendment to this legislation is now pending in the legislatory process.

Awards for the ČSOB group received during 2010

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

- **Euromoney Awards for Excellence**: ČSOB named the Best Bank 2010.
- **Hospodářské noviny** appointed ČSOB group as the Best Bank for 2010 and ČSOB Pojišťovna as 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.

Please find more details on ČSOB group's financial results in the 9M 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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Consolidated P&L – Reported

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

Consolidated P&L – Underlying

(CZK m)	9M 2009 *reclassified*	9M 2010	Y/Y	pro forma Y/Y (note 3, p 2)
Interest income	*25 665*	*27 002*	*+5%*	
Interest expense	*-8 385*	*-8 530*	*+2%*	
Net interest income	17 281	18 472	+7%	
Net fee and commission income	4 209	4 115	-2%	
Net gains from financial instruments at FVPL*	555	773	+39%	
Other operating income*	1 504	1 015	-33%	
Operating income	**23 549**	**24 375**	**+4%**	
Staff expenses	-4 683	-4 658	-1%	+3%
General administrative expenses	-4 126	-5 074	+23%	+12%
Depreciation and amortisation	-1 107	-809	-27%	-8%
Operating expenses	**-9 916**	**-10 541**	**+6%**	**+6%**
Impairment losses*	-4 161	-2 948	-29%	
Impairment on loans and receivables	-3 834	-2 878	-25%	
*Impairment on available-for-sale securities**	0	-5	N/A	
*Impairment on other assets**	-327	-65	+0%	
Share of profit of associates	258	169	-35%	
Profit before tax	**9 730**	**11 055**	**+14%**	
Income tax expense*	-1 275	-1 162	-9%	
Profit for the period	**8 456**	**9 893**	**+17%**	
Attributable to:				
Equity holders of the parent	**8 450**	**9 814**	**+16%**	
Minority interest	6	79	+1312%	

Notes: FVPL = fair value through profit and loss.
Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.
** Lines designated by asterisk as reported differ from underlying figures.*

Consolidated Balance Sheet – Assets

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

Consolidated Balance Sheet – Liabilities and Equity

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