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1Q 2011 financial results of the ČSOB group:[1]

UNDERLYING NET PROFIT AT CZK 3.7 BN: THE HIGHEST QUARTERLY RESULT EVER

The underlying net income was slightly up from the level a year ago and the Y/Y decline of credit costs was partly offset by planned ICT investments. The loan portfolio increased by 2% Y/Y to CZK 404.3 bn, while group deposits grew by 3% Y/Y to CZK 590.2 bn.

Key indicators		2008	2009	2010	1Q 2010	1Q 2011
Profitability	underlying net profit (CZK bn)	12.6	10.5	13.0	3.6	**3.7**
	underlying RoE	21.6%	17.1%	19.6%	20.5%	**21.9%**
Liquidity	loan/deposit ratio	75.2%	71.1%	68.5%	70.4%	**69.8%**
Capital adequacy	capital adequacy ratio	10.3%	15.0%	18.0%	15.2%	**18.1%**
Cost of risk	credit cost ratio	0.59%	1.12%	0.75%	0.70%	**0.38%**
Cost efficiency	underlying cost/income ratio	46.9%	43.4%	44.7%	39.8%	**43.5%**

Pavel Kavánek, the Chief Executive Officer of ČSOB, comments on the 1Q 2011 financial results:

„I am very happy about the 1Q 2011 results. We have achieved the highest underlying profit per quarter in our history. In a Y/Y comparison, volumes of both loans provided to our clients and deposits increased, while the riskiness of our assets was on the decrease at the same time.“

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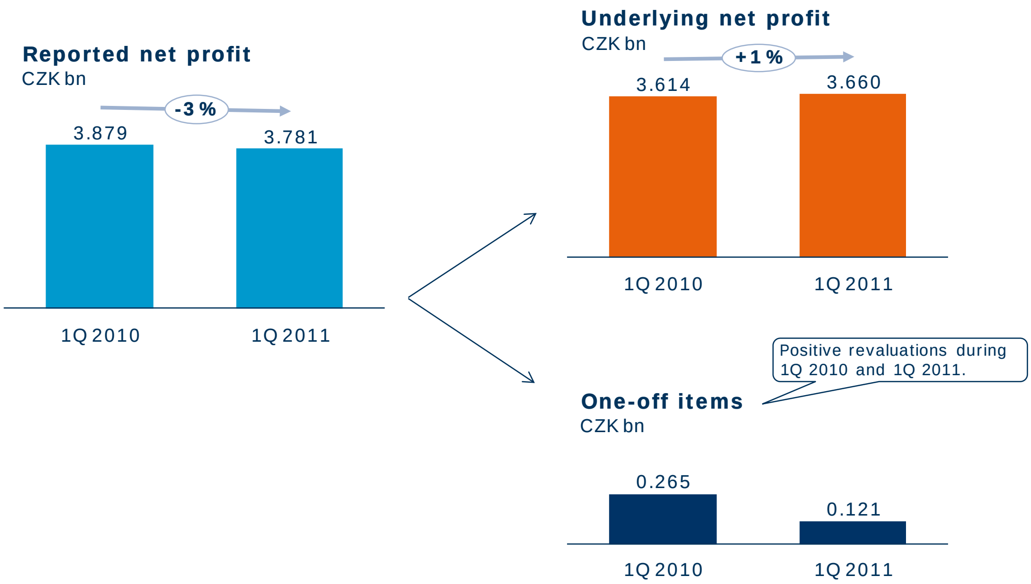
[1] *All numbers in this press release are consolidated, unaudited, according to EU IFRS. This press release shows FY 2010 profit and loss statement items reclassified in accordance with the current accounting methodology in order to ensure comparability of EU IFRS financial statements in time.*

Profit and Loss Review

In 1Q 2011, the ČSOB group's **underlying net profit reached an ever highest level of CZK 3.660 bn**, outstripping the result of 1Q 2010 by 1% Y/Y. The underlying operating income was CZK 8.324 bn, slightly up from 1Q 2010. This is a result of a strong growth of NII from loans and deposits (combined +11% Y/Y) which was partly offset by investment portfolio de-risking. The Y/Y decline of credit costs (CZK -0.4 bn) was offset Y/Y growth in operating expenses by CZK 0.3 bn.

The **reported net profit** was CZK 3.781 bn, i.e. 3% lower than the same period a year ago due to higher positive revaluations in 1Q 2010.



The 1Q 2011 **operating income** slightly increased Y/Y above the level of 1Q 2010, as the growth of the net interest income was almost offset by a decline in the net fee and commission income. **Net interest income** (NII) from loans and deposits increased by 11 % Y/Y, helped especially by the growing mortgage volumes and retail deposit base. On the other hand, NII was influenced negatively by the flattening yield curve and the decreasing NII from bonds brought along by the investment portfolio de-risking. As a result, NII grew by 2%, while NIM slightly increased by 2bps Y/Y to 3.40%.

Net fee and commission income (NFCI) decreased by 7% Y/Y primarily due to higher payments to the deposit insurance fund by CZK 74 m as the annual deposit insurance premium went up from 10 to 16 bps (effective since mid-2010). Adjusting for this effect, NFCI was lower by 1% Y/Y, especially due to slightly decreasing NFCI from the loans.

Overall **operating expenses** grew by 10% Y/Y. **General administrative expenses** (GAE) grew by 16% Y/Y (on a comparable basis by 7%).The Y/Y difference is mainly attributable to planned ICT-related investments which started in 2Q 2010. Since the ČSOB group uses outsourced ICT services provided by KBC Global Services Czech Branch, these investments are accounted directly through P/L. In addition, a marketing expenses increase contributed to the Y/Y growth of GAE. The rest is due to a lower comparable basis in 1Q 2010.

The 6% Y/Y (4% on a comparable basis) increase of **staff expenses** resulted from the regular annual salary adjustment and the growth of the overall number of employees. The adjustment on accruals explains the rest of the 6% increase.

The **costs of credit risk** almost halved Y/Y as the impairments on loans and receivables fell to CZK 437 m and credit cost ratio contracted to 38 bps. The decrease was partly due to the fact that already provisioned clients performed better than expected, which was reflected in the release of allowances.
The strongest drop of credit costs was recorded in the corporate + SME segment and leasing. Also mortgages experienced a decline.

Balance Sheet Review

1Q 2011 was the third quarter showing a consequent growth in **loan portfolio**. The increase was driven especially by retail loans. The resulting Y/Y loan growth was 2% to CZK 404.3 bn.
The share of mortgages and building savings loans (together called housing loans) grew to 54% as at 31 March 2011 from 51% one year earlier.

Mortgages went up by 8% Y/Y to 147.6 bn. In the company's view, higher sales in 2Q, 3Q and 4Q reflected rebounding demand for residential real estate; part of the increased demand may be attributed to catch-up purchases by people who were postponing their investment in previous quarters. **Building savings loans** increased Y/Y and decreased Q/Q to CZK 71.6 bn due to higher premature repayments and lower new sales. The decline in new sales is in line with the decrease of the whole market. **Consumer loans** increased by 4% Y/Y to CZK 18.2 bn, driven mainly by credit cards and overdrafts.

SME loans decreased by 5% Y/Y to 63.3 bn as the growth of short-term loans (overdrafts, credit cards) was more than offset by decline in investment loans. **Leasing** declined by 16% Y/Y to CZK 22.3 bn.

Corporate loans increased by 1% Q/Q to CZK 77.2 bn during the first quarter of 2011, and decreased by 1% Y/Y. After bottoming out in 3Q 2010, the volume of corporate loans has been picking up together with the revival of Czech companies. Both operational and investment financing grew; new sales are significantly up (by 48% Y/Y including guarantees).

Group deposits increased by 4% Y/Y to CZK 590.2 bn, while growth was recorded across all major products – client deposits, building savings deposits and pension funds. The Q/Q decrease by 1% in 1Q 2011 is due to seasonal effects and a withdrawal of a low-margin deposit by a single institutional client.

The largest contributor to the growth of group deposits were **client deposits** (CZK +16.9 bn to 470.4 bn, +4% Y/Y), in which saving deposits recorded a 20% Y/Y growth. About half of the increase can be attributed to an inflow from term deposits which decreased by 31% Y/Y. Current accounts increased by 1% Y/Y. AUM in both ČSOB **pension funds** kept increasing Q/Q and reached CZK 27.5 bn.

The AUM in **mutual funds** decreased by 4% Q/Q and 15% Y/Y to CZK 60.0 bn. Outflows from money market funds were the main reason behind the Y/Y decrease in total AUM. In 1Q 2011, AUM in capital protected funds were stable Q/Q after four quarters of a decrease; this is a result of maturing funds being replaced by new investments.

Risk Management Review

Total capital ratio reached 18.11% as at 31 March 2011, compared to 15.22% as at 31 March 2010. **Liquidity** further increased with the loan to deposit ratio declining to 69.8% as of 31 March 2011 from 70.4% 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 4.06% of gross loans as at 31 March 2011. **Credit cost ratio** (CCR) for 1Q 2011 stood at 0.38%, compared to 0.70% for 1Q 2009.

Awards for the ČSOB group in 2011

Best in acquisition finance in Eastern Europe 2011

EMEA Finance magazine: Best Bank Czech Republic in 2010

Please find more details on the ČSOB group's financial results in the current 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 (EU IFRS)

(CZK m)	1Q 2010	1Q 2011	Y/Y
Interest income	*8 213*	*8 077*	*-2%*
Interest expense	*-2 239*	*-1 958*	*-13%*
Net interest income	5 974	6 119	+2%
Net fee and commission income	1 421	1 327	-7%
Net gains from financial instruments at FVPL*	910	799	-12%
Other operating income*	307	226	-26%
Operating income	**8 612**	**8 471**	**-2%**
Staff expenses	-1 545	-1 645	+6%
General administrative expenses	-1 492	-1 736	+16%
Depreciation and amortisation	-258	-237	-8%
Operating expenses	**-3 295**	**-3 618**	**+10%**
Impairment losses*	-818	-437	-47%
Impairment on loans and receivables	*-811*	*-437*	*-46%*
*Impairment on available-for-sale securities**	*-7*	*-3*	*-57%*
*Impairment on other assets**	*0*	*3*	*N/A*
Share of profit of associates	71	52	-27%
Profit before tax	**4 570**	**4 468**	**-2%**
Income tax expense*	-672	-665	-1%
Profit for the period	**3 898**	**3 803**	**-2%**
Attributable to:			
Equity holders of the parent	**3 879**	**3 781**	**-3%**
Minority interest	19	22	+16%

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)	1Q 2010	1Q 2011	Y/Y
Interest income	*8 213*	*8 077*	*-2%*
Interest expense	*-2 239*	*-1 958*	*-13%*
Net interest income	5 974	6 119	+2%
Net fee and commission income	1 421	1 327	-7%
Net gains from financial instruments at FVPL*	576	652	+13%
Other operating income*	307	226	-26%
Operating income	**8 278**	**8 324**	**+1%**
Staff expenses	-1 545	-1 645	+6%
General administrative expenses	-1 492	-1 736	+16%
Depreciation and amortisation	-258	-237	-8%
Operating expenses	**-3 295**	**-3 618**	**+10%**
Impairment losses*	-811	-437	-46%
Impairment on loans and receivables	*-811*	*-437*	*-46%*
*Impairment on available-for-sale securities**	*0*	*-3*	*N/A*
*Impairment on other assets**	*0*	*3*	*N/A*
Share of profit of associates	71	50	-29%
Profit before tax	**4 243**	**4 319**	**+2%**
Income tax expense*	-610	-637	+4%
Profit for the period	**3 633**	**3 682**	**+1%**
Attributable to:			
Equity holders of the parent	**3 614**	**3 660**	**+1%**
Minority interest	19	22	+16%

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 (EU IFRS)

(CZK m)	31/12 2010	31/03 2011	Ytd
Cash and balances with central banks	21 164	37 472	+77%
Financial assets held for trading	173 810	181 530	+4%
Financial assets designated at fair value through P/L	11 132	10 989	-1%
Available-for-sale financial assets	102 521	100 001	-2%
Loans and receivables - net	399 741	404 438	+1%
Loans and receivables to credit institutions - gross	*14 137*	*13 181*	*-7%*
Loans and receivables to which other than credit institutions - gross	*397 445*	*403 011*	*+1%*
Allowance for impairment losses	*-12 466*	*-12 569*	*+1%*
Accrued interest income	*625*	*815*	*+30%*
Held-to-maturity investments	150 240	148 413	-1%
Derivatives used for hedging	9 437	9 455	0%
Current tax assets	39	47	+21%
Deferred tax assets	488	484	-1%
Investments in associate	1 163	1 190	+2%
Investment property	713	699	-2%
Property and equipment	8 057	8 025	0%
Goodwill and other intangible assets	3 625	3 570	-2%
Non-current assets held-for-sale	140	147	+5%
Other assets	2 785	3 560	+28%
Total assets	**885 055**	**910 020**	**+3%**

Consolidated Balance Sheet – Liabilities and Equity (EU IFRS)

(CZK m)	31/12 2010	31/03 2011	Ytd
Financial liabilities held for trading	21 096	19 142	-9%
Financial liabilities at fair value through P/L	117 774	145 703	+24%
Financial liabilities at amortised cost	663 418	656 377	*-1%*
of which Deposits received from credit institutions	*30 442*	*27 186*	*-11%*
of which Deposits received from other than credit institut.	*596 078*	*590 203*	*-1%*
of which Debt securities in issue	*24 105*	*25 709*	*+7%*
of which Subordinated liabilities	*11 974*	*11 975*	*+0%*
of which Accrued interest expenses	*819*	*1 304*	*+59%*
Derivatives used for hedging	5 567	4 767	-14%
Current tax liabilities	1 203	1 528	+27%
Deferred tax liabilities	830	890	+7%
Provisions	651	638	-2%
Other liabilities	8 676	11 484	+32%
Total liabilities	**819 215**	**840 529**	**+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	30 560	34 342	+12%
Available-for-sale reserve	2 422	1 958	-19%
Cash flow hedge reserve	-2	307	+/-
Foreign currency translation reserve	0	0	N/A
Parent shareholders' equity	**65 031**	**68 658**	**+6%**
Minority interest	809	833	+3%
Total equity	**65 840**	**69 491**	**+6%**
Total liabilities and equity	**885 055**	**910 020**	**+3%**

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