Prague, 9 February 2012

FY 2011 financial results of the ČSOB group[1]

NET PROFIT AT CZK 11.2 BN: VOLUMES AND REVENUES FROM LOANS AND DEPOSITS UP, CREDIT COSTS DOWN

In 2011, the ČSOB group reported net profit of CZK 11.172 bn. While the profitability of the core customer business was further growing, an impairment on Greek bonds in the AFS[2] portfolio bit CZK 2.5 bn off the net profit, making it 17% lower than the same period a year ago. Loan portfolio rose six quarters in row to CZK 441.1 bn while the volume of deposits has climbed to CZK 611.6 bn.

Bartel Puelinckx, Chief Financial Officer and a Member of the Board:

"The main drivers of our results are strong performance of our core business and low credit costs. ČSOB continues to maintain ample liquidity (the loan-to-deposit ratio on safe 72.7%), which together with its strong capital base put it in a good position for further business development."

Petr Knapp, Senior Executive Officer for Corporate banking and a Member of the Board:

"Business-wise, the year 2011 was very successful for us. Our loan portfolio grew by double-digit pace, although we remained traditionally cautious in providing loans to our customers, as was the case in previous years."

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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.

[2] Available for sale financial assets

In 2011, The ČSOB group's **reported net and underlying net profit reached CZK 11.2 bn** (including impairment on Greece). While the profitability of the core customer business improved, an impairment on Greek bonds in the AFS portfolio bit CZK 2.5 bn off the net profit, making reported profit 17% lower than the same period a year ago.

In 2011, The ČSOB group demonstrated **strong development of business activities**. **Loan portfolio** has been rising for six consecutive quarters to reach CZK 441.1 bn (+ 10% Y/Y), with acceleration in 2H 2011 mainly thanks to corporate loans (+ 25% Y/Y) and mortgages (+ 13% Y/Y). **Deposits** have climbed to CZK 611.6 bn (+ 3% Y/Y). Despite the **de-risking of balance sheet**, NII increased by 2% Y/Y driven by business volumes growth and maintained margins.

Credit costs further decreased to CZK 1.8 bn and **credit cost ratio** fell to 0.36%.

The ČSOB group has kept the **cost base under control**, while continuing in selective investment activities in ICT and human resources. Overall, 2011 operating expenses grew by 2% Y/Y.

The ČSOB group maintains **strong capital and liquidity position**. Total capital ratio stands at 15.6% and the (core) Tier 1 ratio at 11.7% as of 31 December 2011. Loan to deposit ratio stands at 72.7% and net stable funding ratio at 135.1% as of 31 December 2011.

In 2011, ČSOB succeeded in offering **new solutions for clients** As an example ČSOB introduced as the first among big Czech banks 3D Secure (confirmation of internet payments by SMS) and also smart banking (application for smart phones/tablets).

P&L Review

Operating income remained flat Y/Y. The **net interest income** increased by 2% Y/Y. The growth was driven by the volume of customer loans (especially mortgages and corporate loans). Reduction of selected sovereign bonds had on the other hand negative impact on NII.
The **net fee and commission income** (NFCI) decreased by 1% Y/Y primarily due to higher payments to the deposit insurance fund (by CZK 163 m) as the annual deposit insurance premium went up from 10 to 16 bps effective since mid-2010. Adjusting for this effect, NFCI increased by 2% Y/Y thanks to higher fees from payment cards and mortgage fees.

Overall **operating expenses** grew by 2% Y/Y. Annual wage adjustment and increased number of employees are the main drivers behind 6% higher **staff expenses**. Business growth led to higher **general administrative expenses** (GAE) mainly in ICT area and marketing. Despite this, there were savings in payments area.

The **costs of credit risk** are at almost one-half of the figure a year ago as the impairments on loans and receivables fell to CZK 1,779m. As a result, credit cost ratio further contracted to 36 bps.
The most significant improvement of credit costs was recorded in SME and corporate loans. Decrease in credit costs is also seen in all areas of retail lending.

Effect of the Greek sovereign exposure: In line with IFRS rules, ČSOB decided to book impairments of CZK 1.306 bn in 2Q 2011, CZK 1.046bn in 3Q 2011, and CZK 0.725 bn in 4Q 2011 (before tax) on the Greek sovereign bonds held in the AFS portfolio (all have maturity dates before end 2020).

Balance Sheet Review

In 2011, **loan portfolio** reached CZK 441.1 bn, which is nearly CZK 40 bn Y/Y increase. The Y/Y growth of 10% is the highest since the end-2008.

Mortgages went up by 13% Y/Y to CZK 163.1 bn. On a healthy and stable mortgage market, the ČSOB group's volumes have been steadily growing at about half a pace compared to the ČSOB growth in mortgage boom before 2008. New sales were driven by the expectation of VAT increase since Jan-2012. The attractivness of the mortgages were supported by favorable development of interest rates and stable real estate prices. **Building savings loans** remained flat Y/Y. The whole Czech market of building savings loans is affected by clients' uncertainty due to ongoing changes of the state subsidy scheme. Despite decreasing market, ČMSS's new sales in the whole 2011 are on the level of the year before. **Consumer loans** decreased by 4% Y/Y to CZK 17.5 bn, the decrease is due to a transfer of some loans from consumer finance to SME loans.

At the beginning of 2011, **SME loans** (which include municipalities and housing cooperatives) returned to growth and kept steadily increasing each quarter to end up 5% above the December 2010 level. **Leasing** declined by 2% Y/Y to CZK 22.8 bn.

The **corporate loans** have been permanently increasing since February 2011 to reach CZK 95.3 bn. Thanks to this development, ČSOB's market share was regained. The increase of assets was hand in hand with acceptable credit costs and healthy portfolio structure. At the same time, the off-balance sheet exposure increased by more than 18% Y/Y.

Group deposits increased by 3% Y/Y to CZK 611.6 bn. Within client deposits, saving deposits recorded a 10% Y/Y growth. Part of the increase was at the expense of term deposits (-25% Y/Y) and mutual funds (-15% Y/Y). Current accounts increased by 2% Y/Y. The stagnation of the volumes of building savings deposits follows market trend, which reflects the uncertainty of clients about the state support to this form of savings going forward. AUM in both **pension funds** kept growing to CZK 28.7 bn.

In **mutual funds**, ČSOB is keeping its No 1. position on the market, which experienced a decline in the last quarters. AUM in ČSOB's mutual funds decreased by 15% Y/Y. The new sales were lower than outflows as part of clients preferred investing their money into deposit products rather than reinvesting them into the funds. The situation on the market of course negatively contributed to the worse development of volumes as well.

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Risk Management Review

The **tier 1 ratio** reached 11.65% as of 31 December 2011, compared to 14.19% as of 31 December 2010. **Liquidity** remained high, the loan to deposit ratio increased to 72.7% as of 31 December 2011 from 68.5% 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 3.88% of gross loans as at 31 December 2011. The **credit cost ratio** (CCR) for FY 2011 stood at 0.36%, compared to 0.75% for FY 2010.

Awards for the ČSOB group in 2011

ČSOB Group

- Awarded the Bank of the Year 2011 in Czech Republic by The Banker magazine
- Awarded the best bank in the Czech Republic by the Global Finance magazine
- Awarded Best Bank Czech Republic in 2010 by the EMEA Finance magazine
- Awarded the best bank in the Czech Republic by the Euromoney magazine

Selected business areas

Postal Savings Bank	ČSOB Leasing	ČSOB, Postal Savings Bank	Trade Finance	Custody	Foreign Exchange	Acquisition Finance
Awarded the most client friendly bank in the Czech Republic *(contest organized by the Hospodarske noviny daily)*	Awarded best in retail and SME leasing categories *(the Zlata koruna contest)*	Bank of the Year: named the Bank without barriers; other 6 accolades won.	Awarded best in the Czech Republic	Awarded best Sub-custodian in the Czech Republic	Awarded best in the Czech Republic	Awarded best bank in Eastern Europe

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)	FY 2010	FY 2011	Y/Y
Interest income	*33 384*	*33 318*	*0%*
Interest expense	*-9 109*	*-8 510*	*-7%*
Net interest income	24 275	24 808	+2%
Net fee and commission income	5 440	5 368	-1%
Net gains from financial instruments at FVPL*	1 823	1 459	-20%
Other operating income*	1 476	1 123	-24%
Operating income	**33 014**	**32 759**	**-1%**
Staff expenses	-6 414	-6 779	+6%
General administrative expenses	-7 053	-7 182	+2%
Depreciation and amortisation	-1 049	-911	-13%
Operating expenses	**-14 516**	**-14 872**	**+2%**
Impairment losses	-3 386	-5 062	+49%
Impairment on loans and receivables	*-3 489*	*-1 779*	*-49%*
Impairment on available-for-sale securities	*-5*	*-3 062*	*N/A*
Impairment on other assets	*108*	*-221*	*N/A*
Share of profit of associates*	226	145	-36%
Profit before tax	**15 338**	**12 970**	**-15%**
Income tax expense*	-1 776	-1 764	-1%
Profit for the period	**13 562**	**11 206**	**-17%**
Attributable to:			
Equity holders of the parent	**13 471**	**11 172**	**-17%**
Minority interest	91	34	-63%

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)	FY 2010	FY 2011	Y/Y
Interest income	*33 384*	*33 318*	*0%*
Interest expense	*-9 109*	*-8 510*	*-7%*
Net interest income	24 275	24 808	+2%
Net fee and commission income	5 440	5 368	-1%
Net gains from financial instruments at FVPL*	1 631	1 335	-18%
Other operating income*	1 131	1 123	-1%
Operating income	**32 477**	**32 634**	**0%**
Staff expenses	-6 414	-6 779	+6%
General administrative expenses	-7 053	-7 182	+2%
Depreciation and amortisation	-1 049	-911	-13%
Operating expenses	**-14 516**	**-14 872**	**+2%**
Impairment losses	-3 386	-4 911	+45%
Impairment on loans and receivables	*-3 489*	*-1 779*	*-49%*
Impairment on available-for-sale securities	*-5*	*-2 911*	*N/A*
Impairment on other assets	*108*	*-70*	*N/A*
Share of profit of associates*	206	145	-30%
Profit before tax	**14 781**	**12 996**	**-12%**
Income tax expense*	-1 671	-1 741	+4%
Profit for the period	**13 110**	**11 255**	**-14%**
Attributable to:			
Equity holders of the parent	**13 019**	**11 222**	**-14%**
Minority interest	91	34	-63%

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.*

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Consolidated Balance Sheet – Assets (EU IFRS)

(CZK m)	31/12 2010	31/12 2011	Y/Y
Cash and balances with central banks	21 164	46 691	+121%
Financial assets held for trading	173 810	176 703	+2%
Financial assets designated at fair value through P/L	11 132	11 021	-1%
Available-for-sale financial assets	102 521	87 404	-15%
Loans and receivables - net	399 741	449 291	+12%
Loans and receivables to credit institutions - gross	*14 137*	*23 659*	*+67%*
Loans and receivables to which other than credit institutions - gross	*397 445*	*437 407*	*+10%*
Allowance for impairment losses	*-12 466*	*-12 565*	*+1%*
Accrued interest income	*625*	*790*	*+26%*
Held-to-maturity investments	150 240	139 423	-7%
Fair value adjustments of the hedged items in portfolio hedge	0	77	N/A
Derivatives used for hedging	9 437	10 328	+9%
Current tax assets	39	70	+79%
Deferred tax assets	488	481	-1%
Investments in associate	1 163	1 150	-1%
Investment property	713	509	-29%
Property and equipment	8 057	8 114	+1%
Goodwill and other intangible assets	3 625	3 314	-9%
Non-current assets held-for-sale	140	98	-30%
Other assets	2 785	1 919	-31%
Total assets	**885 055**	**936 593**	**+6%**

Consolidated Balance Sheet – Liabilities and Equity (EU IFRS)

(CZK m)	31/12 2010	31/12 2011	Y/Y
Financial liabilities held for trading	138 870	165 914	+19%
Financial liabilities at amortised cost	663 418	688 556	+4%
of which Deposits received from credit institutions	*30 442*	*41 065*	*+35%*
of which Deposits received from other than credit institut.	*596 078*	*611 568*	*+3%*
of which Debt securities in issue	*24 105*	*23 213*	*-4%*
of which Subordinated liabilities	*11 974*	*11 978*	*0%*
of which Accrued interest expenses	*819*	*732*	*-11%*
Fair value adjustments of the hedged items in portfolio hedge	0	103	N/A
Derivatives used for hedging	5 567	7 350	+32%
Current tax liabilities	1 203	532	-56%
Deferred tax liabilities	830	1 081	+30%
Provisions	651	1 058	+63%
Other liabilities	8 676	10 816	+25%
Total liabilities	**819 215**	**875 410**	**+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	30 560	24 061	-21%
Available-for-sale reserve	2 422	2 612	+8%
Cash flow hedge reserve	-2	1 578	+/-
Foreign currency translation reserve	0	1	N/A
Parent shareholders' equity	**65 031**	**60 303**	**-7%**
Minority interest	809	880	+9%
Total equity	**65 840**	**61 183**	**-7%**
Total liabilities and equity	**885 055**	**936 593**	**+6%**