1H/2Q 2013 Results
ČSOB Group
Business Unit Czech Republic

EU IFRS Unaudited Consolidated
8 August 2013

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Measures of sustainable performance

Performance affected by a low interest rate environment and higher impairments

Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, all KBC's business in the Czech Republic has been included into the newly established Business Unit Czech Republic. In addition to the ČSOB group, it also includes ČSOB Pojišťovna, ČSOB Asset Management and Patria.

Consistent with a new reporting of KBC, ČSOB will no longer show the underlying net profit due to decreasing differences between underlying and reported net profit in the last quarters. Exceptional items are addressed on an ad hoc basis.

ČSOB group key indicators		2010	2011	2012	1H 2012	1H 2013
Profitability	Net profit (CZK bn)	13.5	11.2	15.3	7.9	6.9
	Return on equity	20.3%	17.9%	22.8%	24.9%	19.3%
Liquidity	Loan / deposit ratio	68.5%	72.7%	75.2%	75.1%	78.7%
	Net stable funding ratio	137.7%	133.6%	133.2%	129.4%	134.7%
Capital	Tier 1 ratio	14.2%	11.7%	13.0%	11.8%	13.8%
Credit costs	Credit cost ratio	0.75%	0.36%	0.31%	0.24%	0.30%
Cost efficiency	Cost / income ratio	44.0%	46.7%	45.9%	44.6%	46.3%

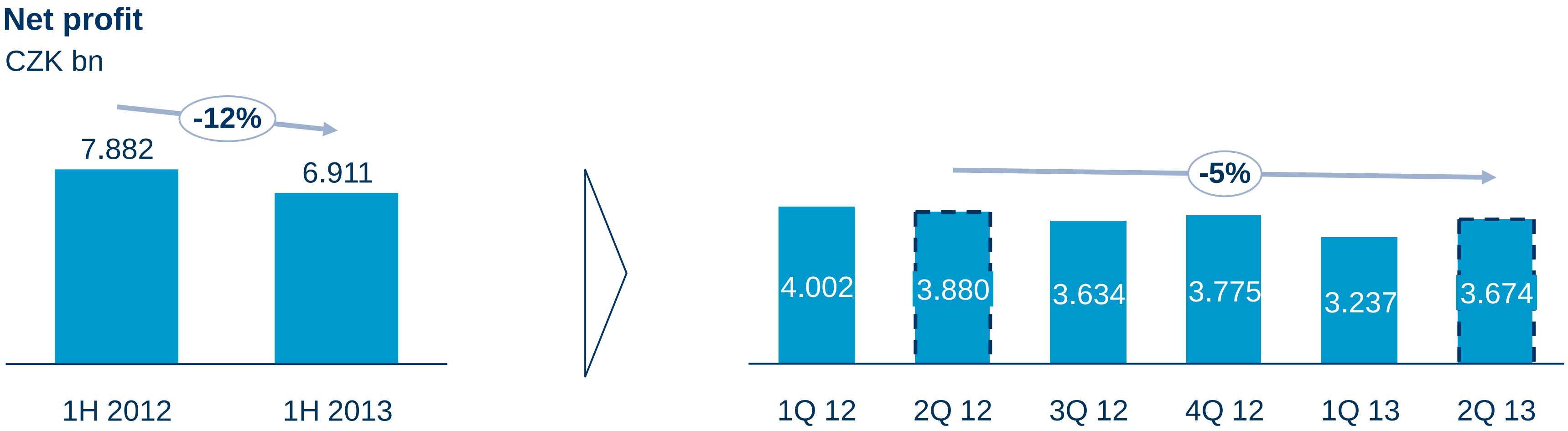
1H/2Q 2013 at a glance

Lower NIM partially offset by growing business volumes, credit costs returning to normalized levels

Business volumes	The **loan portfolio** further grew and reached **CZK 490.0bn** (+5% Y/Y), especially thanks to mortgages and corporate/SME loans. **Group deposits** increased to **CZK 626.4bn** (+1% Y/Y) mainly thanks to retail deposits.
Operating income	Slightly weaker **operating incomes of CZK 16.7bn** (-2% Y/Y) in 1H 2013 and **CZK 8.5bn** (0% Y/Y) in 2Q 2013 were driven by a lower interest rate environment but compensated by a sound loan growth, increased demand for mutual funds and higher sales in the financial market area.
Credit costs / Impairments	**Total impairments** increased by **CZK 0.5bn Y/Y** due to a low comparison base. The **credit cost ratio** increased Y/Y to **30 bps** from 24 bps (Ytd., annualized) but remained below over-the-cycle level.
Operating expenses	**Operating expenses** slightly increased to **CZK 7.7bn** (+2% Y/Y) in 1H 2013 and **CZK 3.9bn** (+1% Y/Y) in 2Q 2013. Flat general administrative expenses were offset by higher staff costs.
Net profit	As a result of higher impairments and other factors mentioned above, the 1H/2Q 2013 ČSOB group's **net profit** declined to **CZK 6.9bn** (-12% Y/Y) and **CZK 3.7bn** (-5% Y/Y), respectively.
Liquidity & Capital	The **loan / deposit ratio** increased to **78.7%** and the **Tier 1 ratio** stands at **13.8%** thanks to retention of CZK 2.4bn from the 2012 net profit.
Innovations	**ČSOB launched Czech POINT as the only bank in the Czech Republic on selected Era financial centers** to enable clients to access official registers. Successful launch of special cash service for retailers and logistic companies **allows cash deposits directly at clients' premises**.

ČSOB group net profit

Lower net profit on the back of higher Y/Y impairments and a low interest rate environment



Low interest rates environment and **impairments returning to normalized levels** negatively affected 1H 2013 net profit. Positive contribution was stemming from higher **business volumes** together with increased demand for mutual funds and financial market products. **Slightly higher operating expenses also** added to the decline of the **1H 2013 net profit to CZK 6.9bn** (-12% Y/Y).

The 2Q 2013 net profit decreased to CZK 3.7bn (-5% Y/Y), especially due to lower net interest income only partly compensated by higher net fee and commission income, while impairments remained flat Y/Y. The 14% increase vs. 1Q 2013 was due to lower impairments and increased volumes of loans which drove net interest income higher and positive one-off item (see notes for details).

The return on equity (RoE) remains at **very sound levels**, despite the Y/Y decline to **19.3%**, driven equally by higher retained earnings and a lower net profit.

Notes:
1Q 2012 one-off items (total of CZK -0.05bn) included in the results: Greek sovereign bonds sale (CZK -0.4bn), sale of the stake in ČSOB Asset Management (CZK 0.15bn), recovery of already impaired bad debt from the past (CZK 0.2bn).

2Q 2012 one-off items (total of CZK 0.1bn) included in the results: Sale of the stake in ČMRZB (CZK 0.1bn).

4Q 2012 one-off items (total of CZK 0.5bn) included in the results: Sale of a stake in ČSOB Pojišťovna (CZK 1.2bn), deferred acquisition costs in PF (CZK -0.2bn), severance payment reserve (CZK -0.2bn), impairment on goodwill in PF (CZK -0.3bn).

2Q 2013 one-off items (total of CZK 0.1bn) included in the results: Sale of a non-strategic stake in payment provider (CZK 0.1bn).

Key ratios

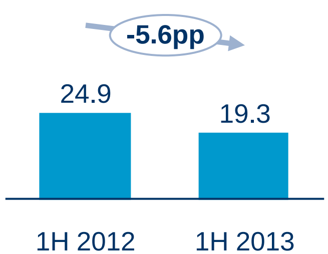
Lower profitability, increased capital and liquidity

Profitability

Net interest margin (%)

Cost / income ratio (%)

RoE (%)

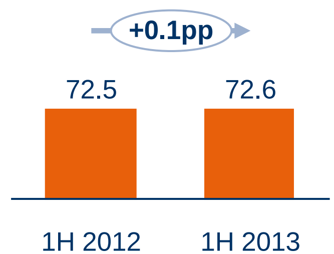


Loan portfolio quality

CCR, Ytd. annualized (%)

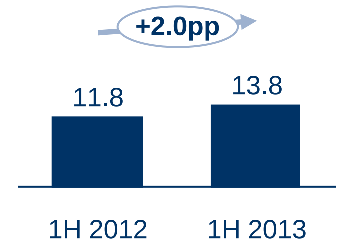
NPL ratio (%)

NPL coverage ratio (%)

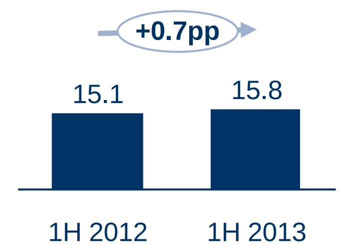


Capital

(Core) Tier 1 ratio (%)

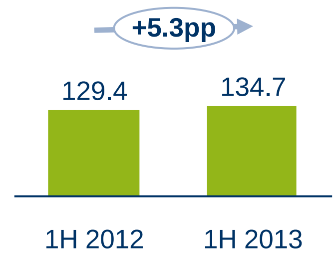


Total capital ratio (%)



Liquidity

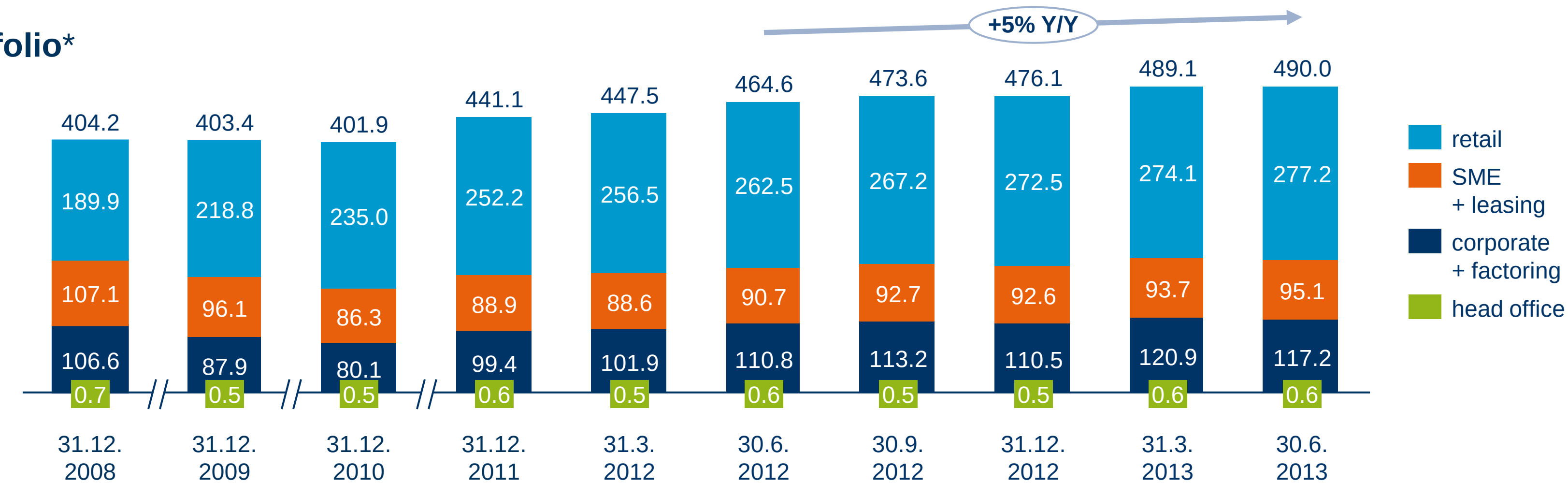
Net stable funding ratio (%)



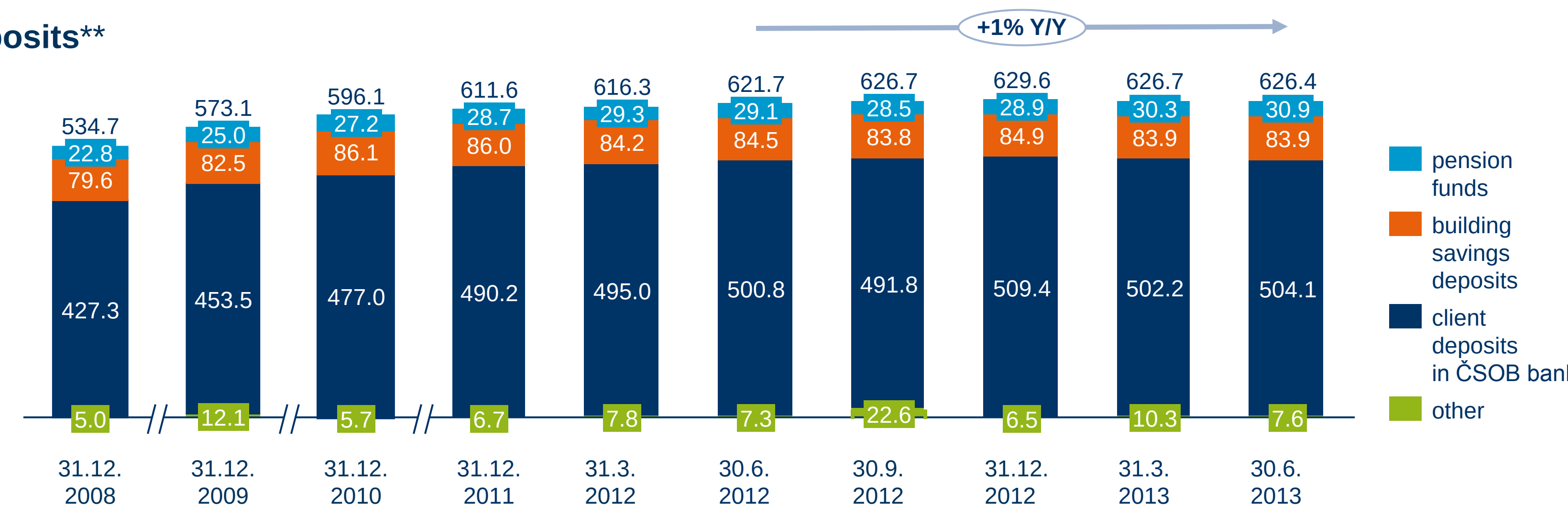
Loan / deposit ratio (%)

Strong business performance, continued loan growth and stable deposit base

Loan portfolio*
CZK bn



Group deposits**
CZK bn

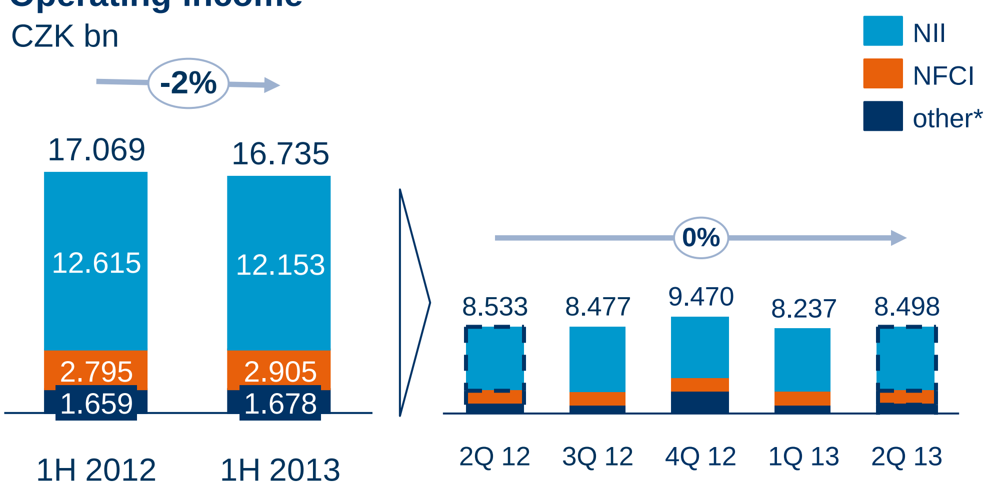


** Item Loans and receivables minus exposure to banks from inter-bank transactions plus credit replacing bonds.*
*** Item Deposits received from other than credit institutions from the consolidated balance sheet.*

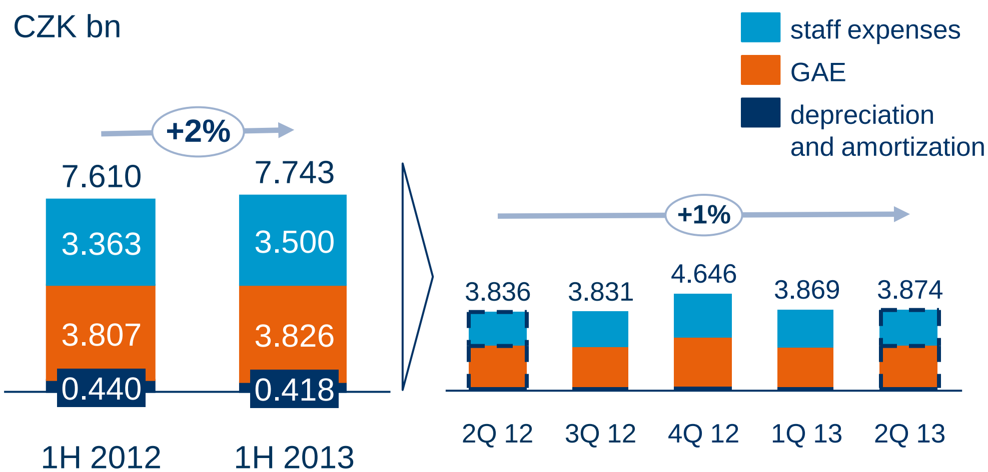
ČSOB Group: Financial Overview

Operating profit
Weaker operating income not compensated by lower operating expenses

Operating income
CZK bn



Operating expenses
CZK bn



1H/2Q 2013 **operating profit declined** by 5% Y/Y and 2% Y/Y, respectively. Thus the **cost / income ratio** increased by 1.7pp to **46.3%** as revenues slightly declined due to a low interest rate environment and a slightly higher cost base.

1H/2Q 2013 **operating income decreased** by 2% Y/Y and was flat Y/Y, respectively, impacted by a low interest rate environment and partly mitigated by higher fees and commissions from increased mutual funds sales. The **item "other"** increased by 1% Y/Y as a weaker performance of dealing room in comparison with exceptionally good 1H 2012 was more than substituted by the profit from the sales of non-strategic stake in payment provider (2Q 2013) and mortgage bonds (1Q 2013).

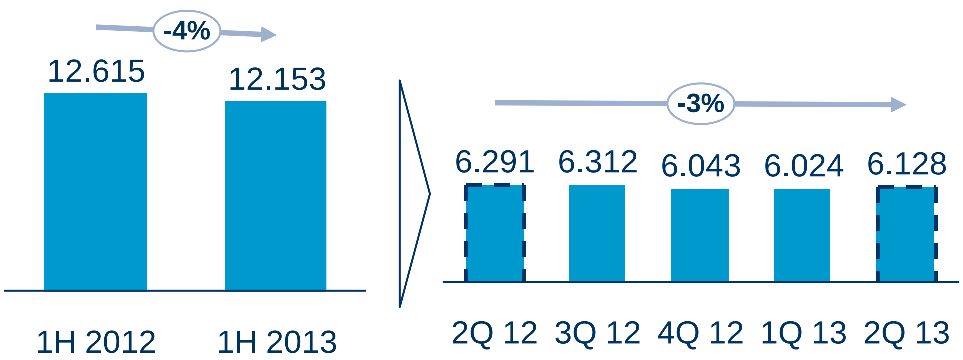
1H/2Q 2013 **operating expenses increased** by 2% Y/Y and 1% Y/Y, respectively, as a combination of a low comparison basis in 2012 for staff expenses and flat general administration expenses. **D&A decreased** Y/Y mainly due to a lower amortization of application software.

** Other = Net gains from financial instruments at FVPL + net realized gains on available-for-sale financial assets + dividend income + other net income.*

Net interest income and net fee and commission income

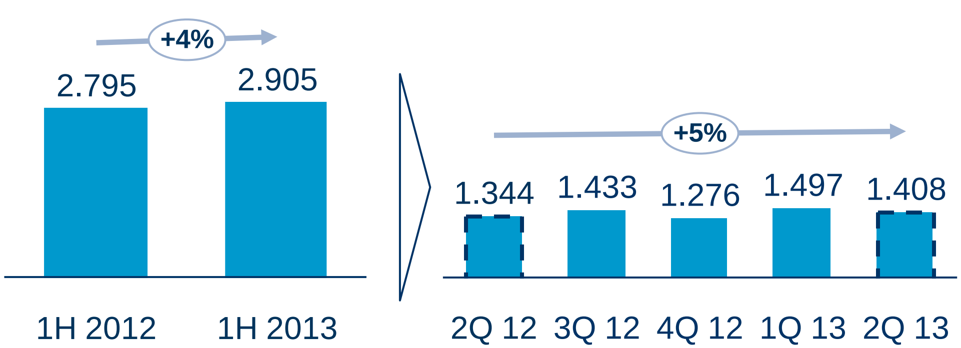
Signs of NII leveling off as loan volumes are higher and NIM decline decelerates

Net interest income (NII)
CZK bn



The net interest income declined in 1H/2Q 2013 by 4% Y/Y and 3% Y/Y, respectively, due to a lower interest rate environment. Pressure on the deposit margin was partly offset by higher business volumes, while asset margins remained resilient.

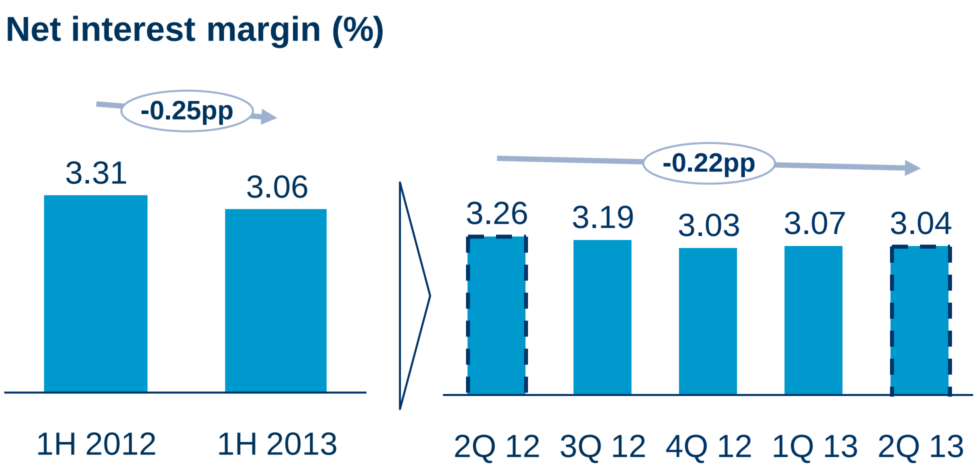
Net fee and commission income (NFCI)
CZK bn



1H/2Q 2013 net fee and commission income grew by 4% and 5% Y/Y, respectively. Notwithstanding lower fees from payments and current accounts in retail, ČSOB was still able to increase fee income thanks to higher demand for mutual funds in comparison with mediocre year 2012 and higher sales in the financial market area.

Net interest margin

Low interest rate environment eats into net interest margin



	2010	2011	2012
Net interest margin (Ytd. annualized, %)	3.36	3.39	3.21

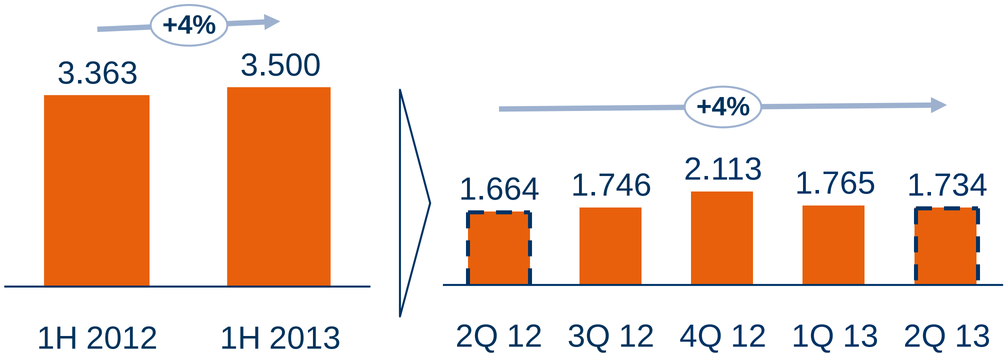
The net interest margin is oscillating around 3% over the last three quarters affected by ČNB's interest rates at historical lows.

The main reasons for the Y/Y development of the NIM:

- (-) An exceptionally low interest rate environment (ČNB lowered its 2W repo rate to 0.05 % in November 2012).
- (-) Reinvestments of excess liquidity at lower yields (compression of CZ sovereign bonds interest rates).
- (-) A strong relative volume growth in corporate loans (the average NIM lower than in retail).
- (+) A decrease of external interest rates on savings accounts in January and April reflecting lower yields on deposits.

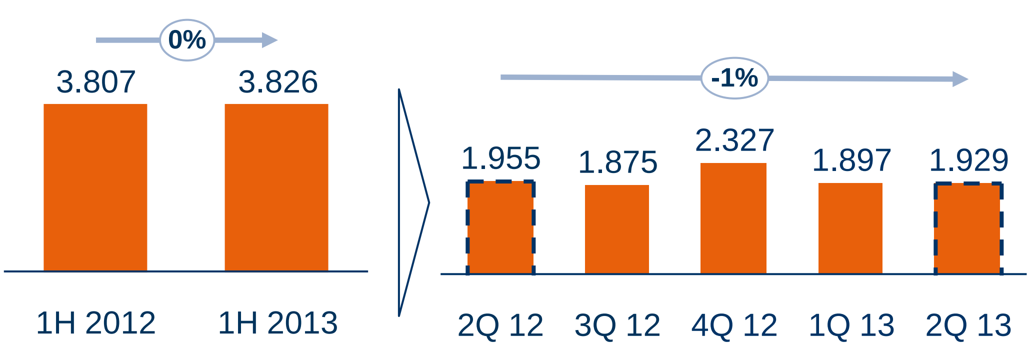
Staff expenses affected by a lower 2012 comparison base, GAE lower in selected categories

Staff expenses
CZK bn



The 4% Y/Y increase of **staff expenses** was affected by a lower 2012 comparison base. The impact of FTE reduction is already visible in the Q/Q comparison.

General administrative expenses
CZK bn

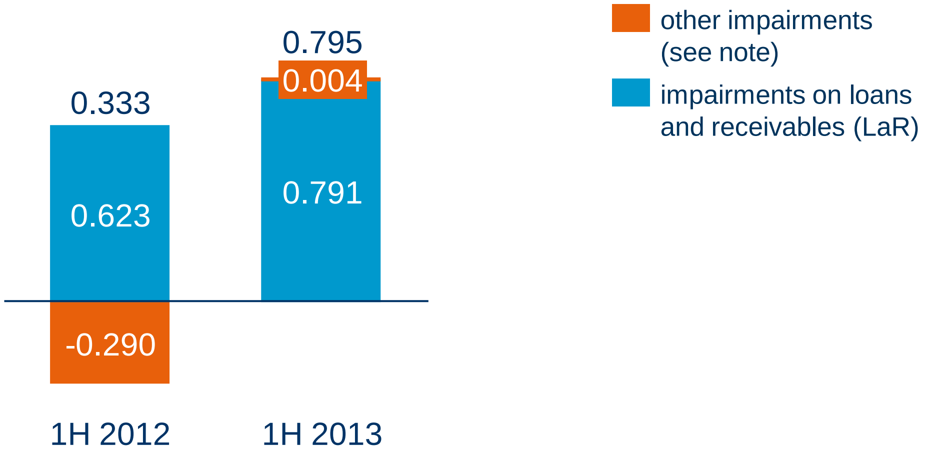


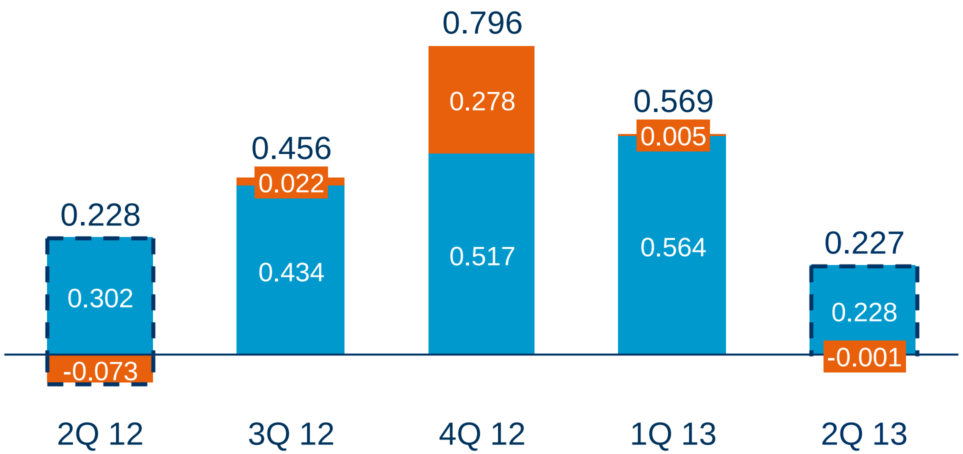
The flat development of **general administrative expenses** in 1H 2013 was a combination of higher ICT expenses, increased deposit insurance premium linked to higher volumes of deposits and a reduction of other expenses.

The 2Q 2013 GAE were lower by 1% Y/Y, especially due to lower marketing expenses.

Credit costs affected by releases in corporate/SME area, while keeping provisioning at appropriate levels

Total impairments
CZK bn





In 1H 2013, **impairments on loans and receivables** reached CZK 791m (+27% Y/Y) and the credit cost ratio 30 bps (Ytd., annualized), i.e. 6 bps higher Y/Y but below over-the-cycle level.

CZK 228m of impairments were created in 2Q 2013 (-24% Y/Y). The Y/Y improvement was due to releases of impairments in the corporate/SME area, while keeping provisioning at appropriate levels. The release of impairments was stemming from better performing portfolio and improved models (data back-testing showed overestimation of credit risk by the previous model). Credit costs were lower in mortgages, building savings loans and leasing area as well.

Q/Q, all segments except for consumer finance showed an improvement in credit costs.

Notes:
In 1Q 2012, a release of CZK 217m was booked in other impairments due to the recovery of already impaired receivables from the past. This contributed significantly to the decrease of the total impairments.

In 4Q 2012, changes in legislation resulted in an impairment on goodwill in the pension fund reported in other impairments.

Strengthened capital position

Consolidated, CZK m	31.12.2012	30.6.2013
Total regulatory capital	**52,161**	**54,051**
- Tier 1 Capital	44,975	47,325
- Tier 2 Capital	7,983	6,736
- Deductions from Tier 1 and Tier 2	-797	-10
Total capital requirement	**27,389**	**27,413**
- Credit risk	21,669	21,126
- Market risk	1,204	1,764
- Operational risk	4,516	4,524
Total RWA	**342,360**	**342,668**
Core Tier 1 ratio = Tier 1 ratio	**13.0%**	**13.8%**
Total capital ratio	**15.2%**	**15.8%**

The Tier1 capital increased due to retention of CZK 2.4bn from the 2012 net profit. The Tier 2 capital decreased due to a general rule of 20% annual haircut applied to subordinated debt in the last 5 years to maturity.

Well collateralized new deals in 1Q 2013 in the corporate segment as well as improved capital models mainly in the corporate/SME area on better data quality, both applied in 1Q 2013, helped to keep RWA flat despite the loan growth.

Notes:
RWA (risk weighted assets) = total capital requirement / 0.08
Tier 1 capital = share capital + share premium + legal reserve funds + retained earnings – goodwill – intangible assets
Tier 2 capital = subordinated debt + surplus in expected credit losses
Total regulatory capital = Tier 1 + Tier 2 – deductions
*Tier 1 ratio = (Tier 1 capital – 0.5*deductions) / (total capital requirement / 0.08)*

ČSOB Group: Business Part

ČSOB group market shares

Total loans broadly stable, consumer loans and building savings loans outperformed the market

1st

Building savings loans[1]	↗ 44.5%
Building savings deposits[1]	↘ 35.7%
Mortgages[1]	⇨ 30.4%
Mutual funds[1]	↘ 28.4%
Leasing[2]	↗ 13.4%

2nd

Total Loans[1]	**⇨ 19.3%**
Total Deposits[1]	**↘ 19.3%**
Factoring[2]	↘ 21.1%

3rd

Pension funds[3]	↘ 14.1%
Corporate/SME loans[1]	↘ 14.4%
Consumer lending[1,4]	↗ 11.0%

Arrows show Y/Y change. Market shares as of 30 June 2013, except for leasing, pension funds and mutual funds, which are as of 31 March 2013. The ranking is ČSOB's estimate.
[1] Outstanding at the given date; [2] New business in the year to the given date; [3] Number of clients at the given date; [4] Retail loans excluding mortgages and building savings loans.
Sources and detailed definitions are provided in Appendix.

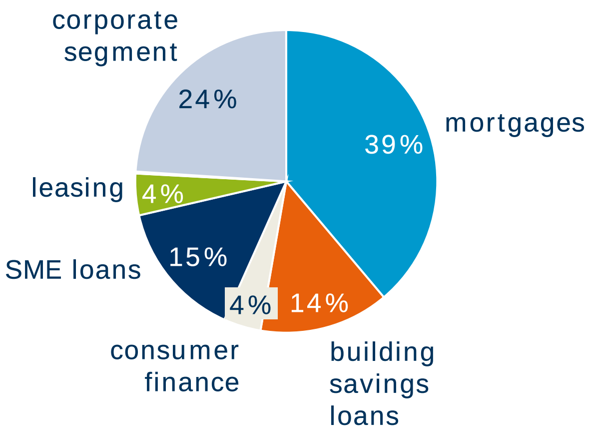
ČSOB

Loan portfolio

Growth driven by mortgages and corporate/SME

Gross outstanding volumes, CZK bn	30.6.2012	30.6.2013	Y/Y
Loan portfolio	**464.6**	**490.0**	**+5%**
Retail/SME Segment			
Mortgages[1]	173.8	190.1	+9%
Building savings loans[2]	70.0	68.0	-3%
Consumer finance	18.7	19.1	+2%
SME loans	68.6	73.2	+7%
Leasing	22.1	21.9	-1%
Corporate Segment			
Corporate loans[3]	106.7	113.2	+6%
Factoring	4.1	4.0	-2%
Head Office[4]	0.6	0.6	-2%

30.6. 2013

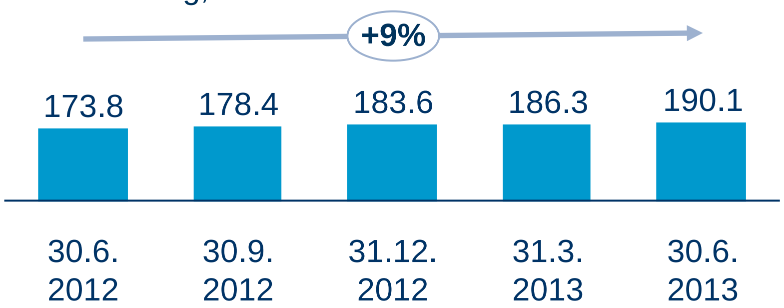


[1] The ČSOB group mortgages are booked in the balance sheet of ČSOB's subsidiary Hypoteční banka.
[2] The ČSOB group building savings loans are booked in the balance sheet of the ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported pro rata, i.e. the way they enter ČSOB's consolidated balance sheet.
[3] Including credit-replacing bonds.
[4] Historic files.

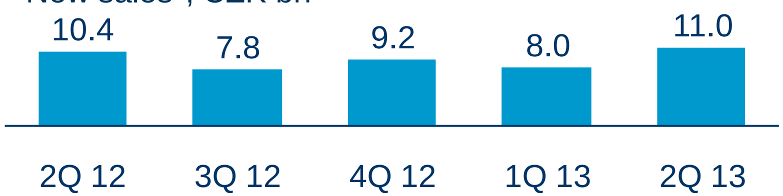
Quarterly new sales in mortgages at the second highest level in the ČSOB history

Mortgages

Outstanding, CZK bn



New sales*, CZK bn

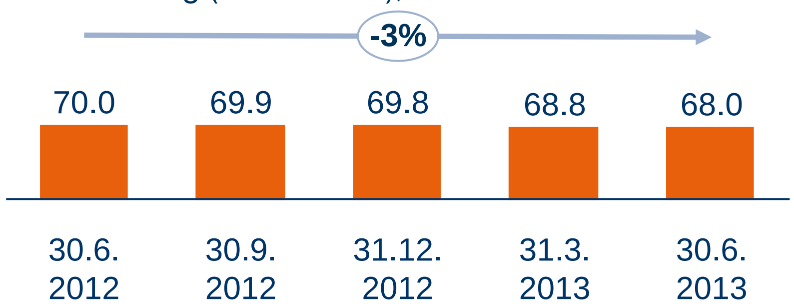


Stable real estate prices, interest rates at a record lows and **refinancing building savings loans** contributed to a 5% Y/Y growth of outstanding mortgage market in comparison with June 2012. **ČSOB increased volumes by 9%** Y/Y during the same period and retained its market leading position.

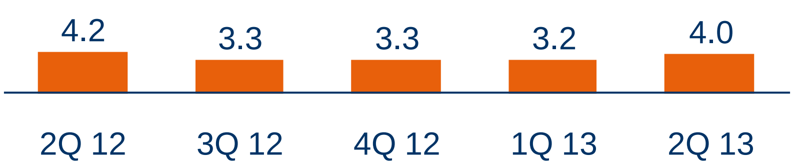
ČSOB ranked second in 2Q 2013 in new sales providing CZK 11.0bn (+6% Y/Y), which is the second highest quarterly volume in the ČSOB history.

Building savings loans

Outstanding (ČMSS 55%), CZK bn



New sales (ČMSS 55%)*, CZK bn



Portfolio of building savings loans decreased Y/Y as clients in general preferred mortgages to building savings loans in a low interest rate environment. As a result, the whole **market of building savings loans declined by 5% Y/Y in 2Q 2013**.

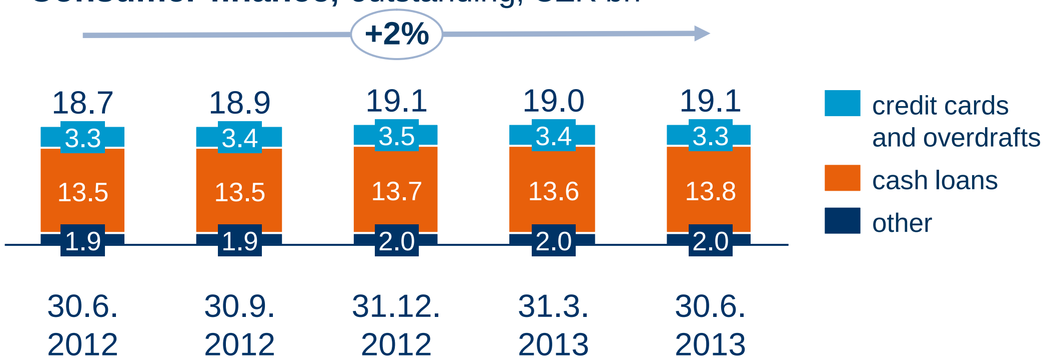
Although outstanding volumes decreased Y/Y, ČMSS continues to keep its leading market position.

** Building savings loans: granted loan limits; mortgages: signed contracts, in line with MMR statistics.*

Consumer finance, SME loans, Leasing

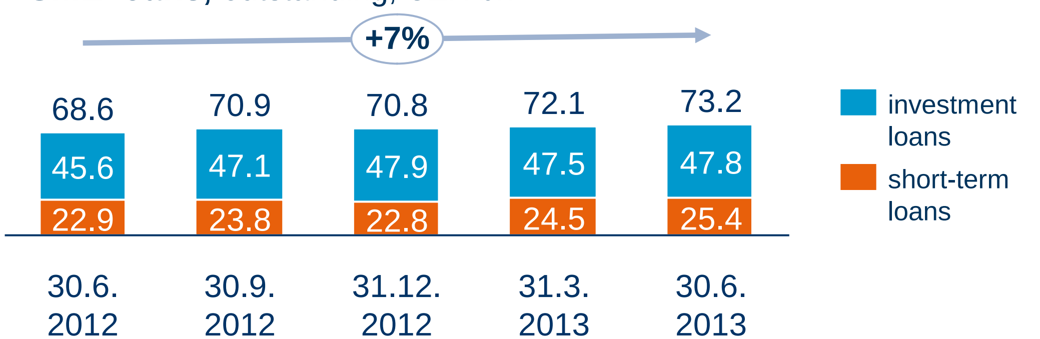
Record high volumes of SME loans thanks to core SME as well as building cooperatives

Consumer finance, outstanding, CZK bn



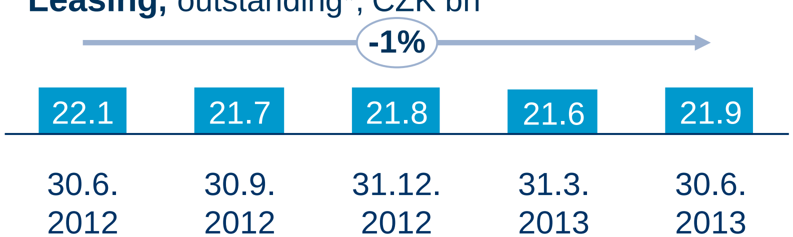
In 2Q 2013, ČSOB managed to keep its market share in the outstanding volumes. The increase of cash loans was attributable to the successful **loan consolidation**.

SME loans, outstanding, CZK bn



Demand for SME loans remained healthy both Y/Y and Q/Q. Total volumes of loans reached **the highest volumes** ever driven by building cooperatives and core SME supported by improvements in credit application process.

Leasing, outstanding*, CZK bn

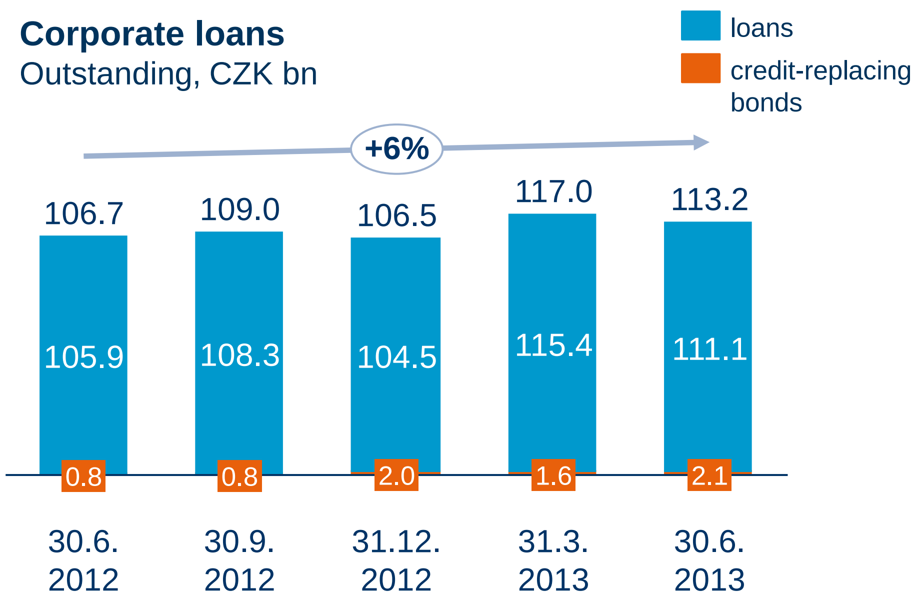


ČSOB Leasing again outperformed the market and thus maintained its market leading position.

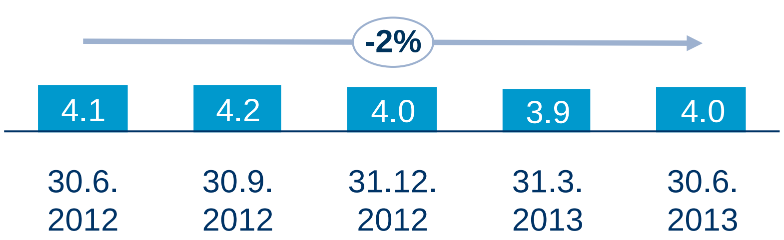
* *Total exposure of ČSOB Leasing, excluding operational leasing.*

Y/Y growth of plain vanilla loans as well as specialized financing

Corporate loans
Outstanding, CZK bn



Factoring
Outstanding, CZK bn



Corporate loans grew by 6% Y/Y as slightly increasing plain vanilla loans were supplemented by transactions in specialized financing.

The Q/Q decrease of corporate loans stemmed from repayment of the loans by two large corporate clients. A large part of this exposure was already replaced by credit replacing bond in July.

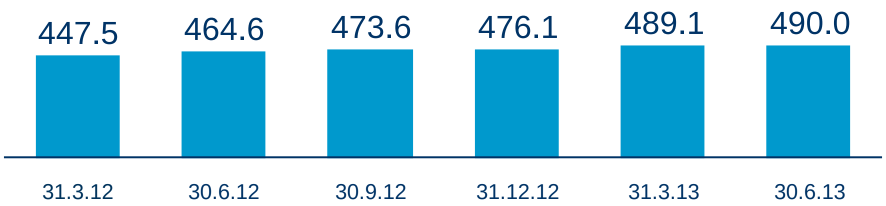
ČSOB was named the **Best Foreign Exchange Provider 2013** for the Czech Republic by the Global Finance magazine. ČSOB also won the **Best Bank 2012** award by the EMEA Finance magazine. ČSOB claimed the prize for the third time in the four year history of the award.

Factoring volumes decreased by 2% Y/Y due to a market slowdown, mostly in the metallurgical, engineering and automotive industries.

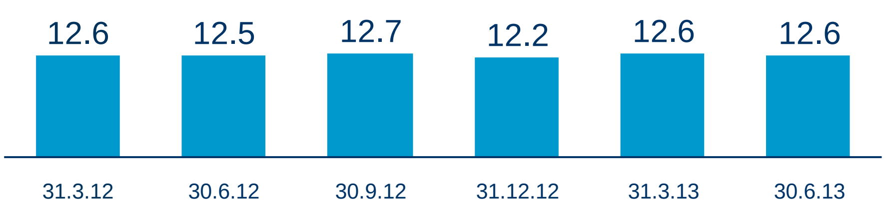
Note: The corporate segment comprises mid-cap corporate customers with an annual turnover above CZK 300m, local subsidiaries of international groups and selected institutional clients.

Credit risk under control (1/2)

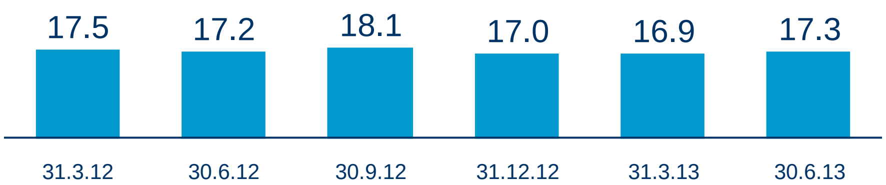
Loan portfolio[1] (CZK bn)



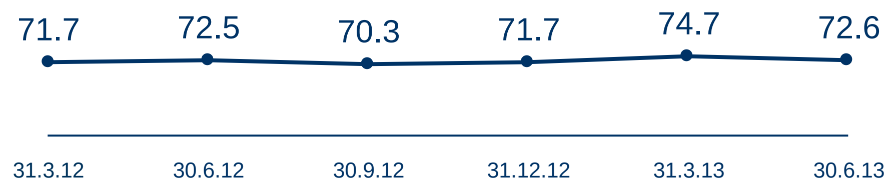
Allowances for loans and leases [3] (CZK bn)



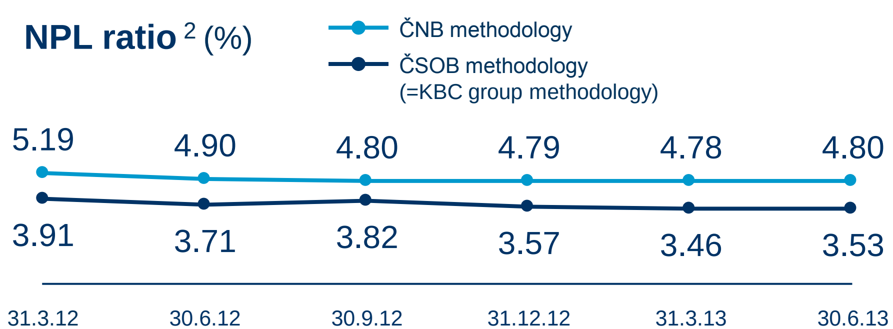
Non-performing loans (CZK bn)



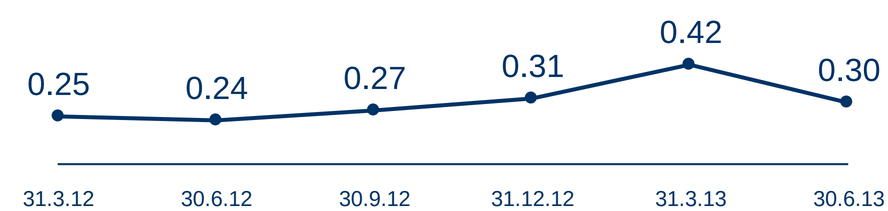
NPL coverage ratio (%)



NPL ratio [2] (%)



Credit cost ratio [4] (%)



[1] For definition, see Appendix.
[2] ČSOB methodology in line with KBC group methodology.

[3] Allowances for on-balance sheet items.
[4] Ytd. annualized, including off-balance sheet items.

Credit risk under control (2/2)

Credit costs

- In 1H 2013, the impairments on loans and receivables reached CZK 791m (+27% Y/Y). The credit cost ratio was at 30 bps (Ytd., annualized), i.e. 6 bps higher Y/Y but below over-the-cycle level.
- CZK 228m of impairments were created in 2Q 2013 (-24% Y/Y). The Y/Y improvement was due to releases of impairments in the corporate/SME area, while keeping provisioning at appropriate levels. The release of impairments was stemming from better performing portfolio and improved models (data back-testing showed overestimation of credit risk by the previous model). Credit costs were lower in mortgages, building savings loans and leasing area as well.
- In a Q/Q comparison, all segments but consumer finance showed an improvement in credit costs.

Non-performing loans

- In 1Q 2013 and 2Q 2013, the amount of non-performing loans, and thus the NPL ratio, decreased Y/Y due to a methodology change (newly classified "uncertain performing loans") in building savings loans. This change doesn't affect the NPL ratio according to the ČNB methodology.
- The Q/Q increase was caused by a transfer of two already impaired corporate/SME client loans into non-performing loans.
- The NPL ratio decreased Y/Y in the all segments.
- In comparison with 1Q 2013, the NPL ratios were higher in consumer finance and corporate/SME area, lower in mortgages, building savings loans and leasing.

Coverage of non-performing loans

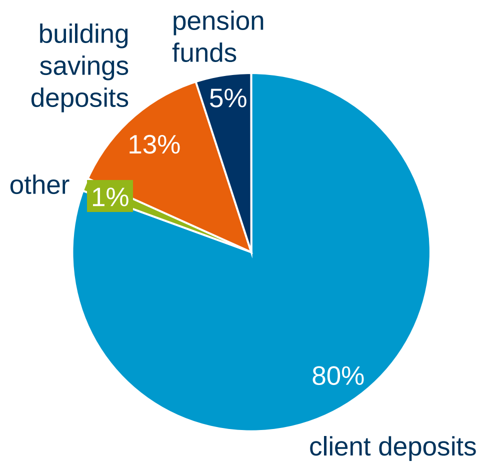
- The provision coverage of NPLs increased Y/Y to 72.6%, fully attributable to ČMSS alignment to ČSOB methodology. The Q/Q decrease was caused by transfer of two already impaired corporate/SME client loans into non-performing loans.
- Housing loans (mortgages and building savings loans), representing more than a half of the ČSOB group's loan portfolio, require less provisioning given the fact they are largely secured by collateral. NPLs from the remaining part of the portfolio are almost or fully covered by allowances, i.e. showing the coverage ratio around 100%.

Note: Since 1Q 2013, there is a change in methodology of non-performing loans in building savings loans. PD rating 10 was newly identified, meaning not all the loans are classified as non-performing according to ČSOB methodology (NPL include PD rating 11 and PD rating12 only). NPL, NPL ratio and NPL coverage ratio was not recalculated retrospectively. NPL ratio according to ČNB methodology remained unchanged.

Group deposits

Y/Y growth thanks to retail deposits

Outstanding volumes, CZK bn	30.6.2012	30.6.2013	Y/Y
Group deposits	**621.7**	**626.4**	**+1%**
Client deposits	500.8	504.1	+1%
Current accounts	269.0	278.4	+3%
Savings deposits	201.3	210.8	+5%
Term deposits	30.5	14.9	-51%
Building savings deposits[1]	84.5	83.9	-1%
Pension funds[2]	29.1	30.8	+6%
Other[3]	7.3	7.6	+3%

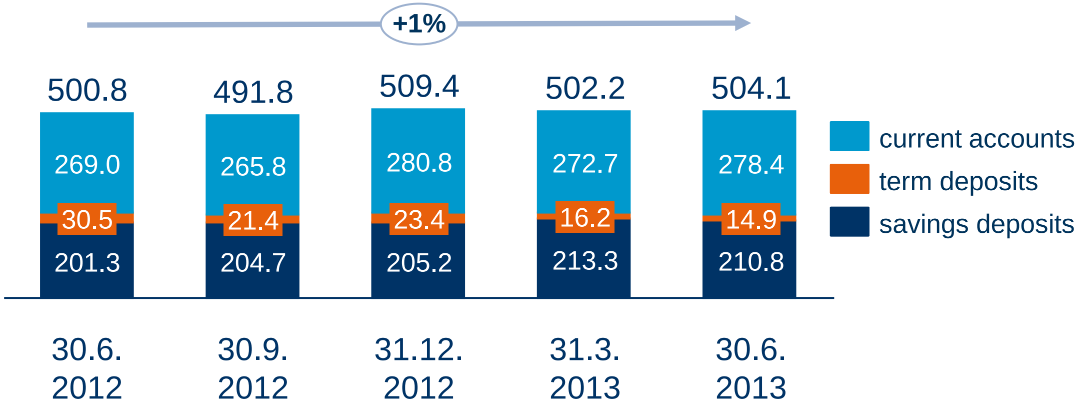


[1] The ČSOB group building savings deposits are in the balance sheet of the ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported pro rata, i.e. the way they enter ČSOB's consolidated balance sheet.
[2] Liabilities to pension fund policy holders.
[3] Repo operations with non-banking financial institutions and other.

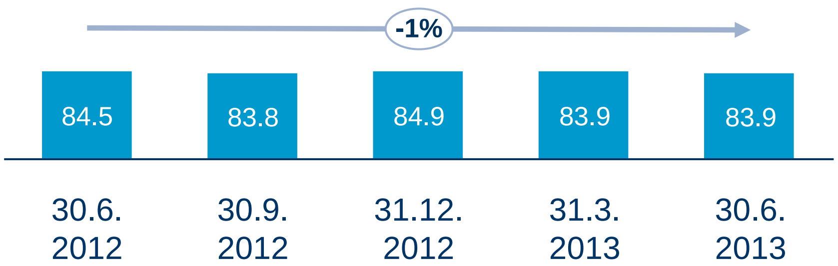
Group deposits

Retail deposits drive Y/Y growth while corporate/SME increased only slightly

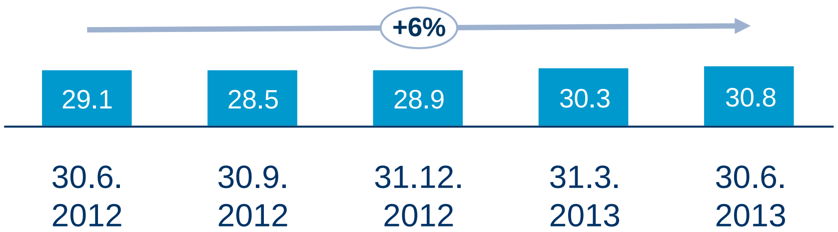
Client deposits in ČSOB bank (CZK bn)



Building savings deposits (CZK bn)



Pension fund (CZK bn)



The Y/Y growth in retail outpaced the growth in corporate/SME area. Within the total client deposits, **savings deposits showed a 5% Y/Y growth**. This increase was more than offset by a decline in term deposits (-51% Y/Y). **Current accounts increased by 3% Y/Y**.

The Q/Q increase in current accounts is due to higher volumes both in retail and corporate/SME deposits. Retail savings deposits slightly decreased as a result of issuance of bonds by Ministry of Finance, where ČSOB managed to subscribe higher volumes of bonds than outflown deposits.

Despite the uncertainty related to the change of the state subsidy, the volumes of **building savings deposits remained relatively stable**.

The **Y/Y increase of the pension fund** to CZK 30.8bn was driven mainly by the growth of assets in transformation fund, where transfers to other funds were banned. In addition, stable portfolio of clients and their higher monthly contribution led to the Q/Q growth.

ČSOB group's distribution platform

Distribution platform further optimized

	30.6.2012	30.6.2013
Retail/SME branches and advisory centers	569	563
ČSOB Retail/SME branches	242	238
PSB branches ("Financial Centers")	63	74
ČMSS advisory centers	151	139
Hypoteční banka centers	27	27
ČSOB Pojišťovna branches	86	85
Leasing branches	13	11
Corporate branches	11	11
PSB outlets of the Czech Post network	ca. 3,200	ca. 3,200
ATMs (ČSOB+PSB)	866	939
ČSOB's clients (bank only, mil.)	3.076	3.022

ČSOB further **enlarged its ATM network**. During the last 12 months, clients were able to use 73 new ATMs, 19 of which were added in 2Q 2013.

The multi-channel distribution platform of the ČSOB group includes also a wide **agent network** of over 5,000 agents, incl. ČMSS tied agents, intermediaries and individual brokers for Hypoteční banka, ČSOB Leasing dealers and ČSOB Pojišťovna's tied agents, multi-agents and individual brokers.

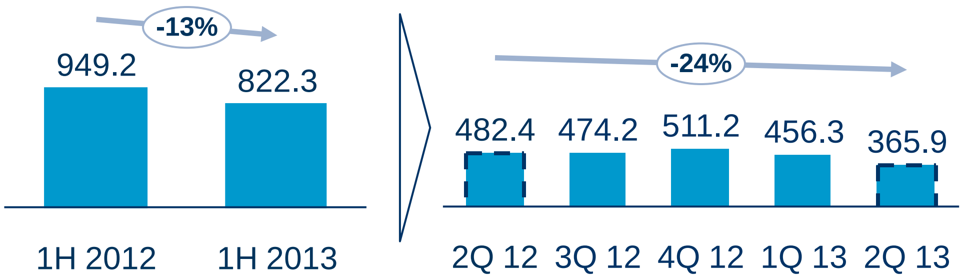
The **number of ČSOB's clients** (bank only) decreased due to closing of inactive accounts. Without this, number of clients remains flat Y/Y.

ČSOB Pojišťovna: Key Figures

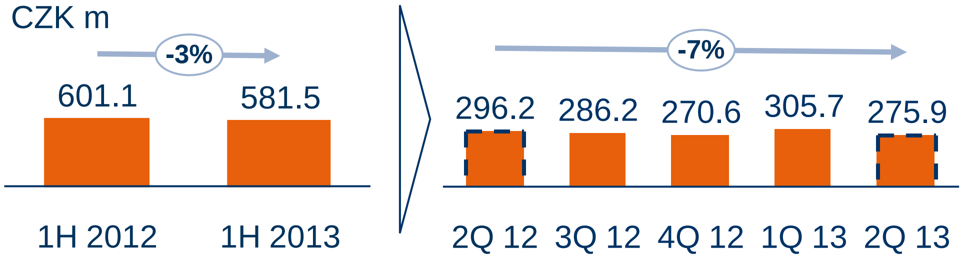
Insurance

Non-life result impacted by floods

Operating income
CZK m



Operating expenses
CZK m

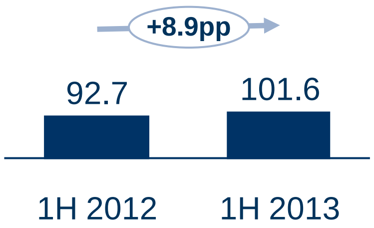


1H/2Q 2013 **net profit decreased to CZK 211m** (-20% Y/Y) **and CZK 87m** (-30% Y/Y) due to floods in June. Without this effect, the 1H/2Q 2013 net profit is up 15% and 28%, respectively, Y/Y thanks to good technical result in life and in general yield of financial investments. Non-life performance step by step improved in the 2Q 2013.

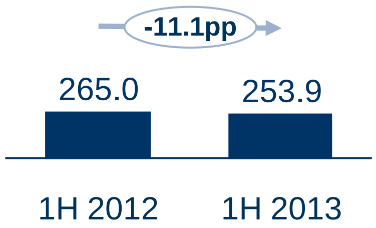
1H/2Q 2013 **technical result in non-life segment declined to CZK 22m** (-89% Y/Y) and **CZK -5m** mainly due to claims stemming from floods (2Q 2013). Higher claims in the motor insurance area and a higher contribution to Czech insurers' bureau reserve fund (both 1Q 2013) contributed to a lower result of this segment as well. As a result, the non-life combined ratio deteriorated by 9 pp, or 4 pp without the floods effect.

1H/2Q 2013 **technical result in the life segment increased to CZK 243m** (+24% Y/Y) and **CZK 115m** (+3% Y/Y) mainly thanks to favorable technical performance, and better financial income - sale of selected bonds from the portfolio and high net FX/interest income.

Combined ratio non-life (%)

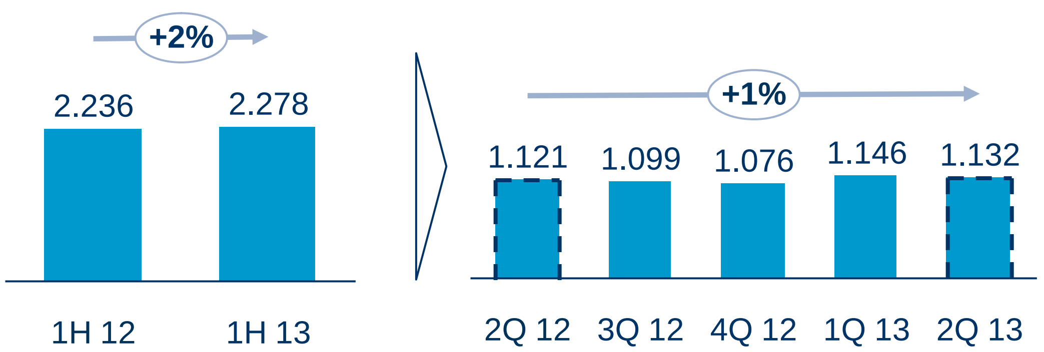


Solvency ratio (%)



Regular paid life and non-life insurance stable, single paid life below extremely strong sales from 2012

Gross written premium – non-life insurance
CZK bn

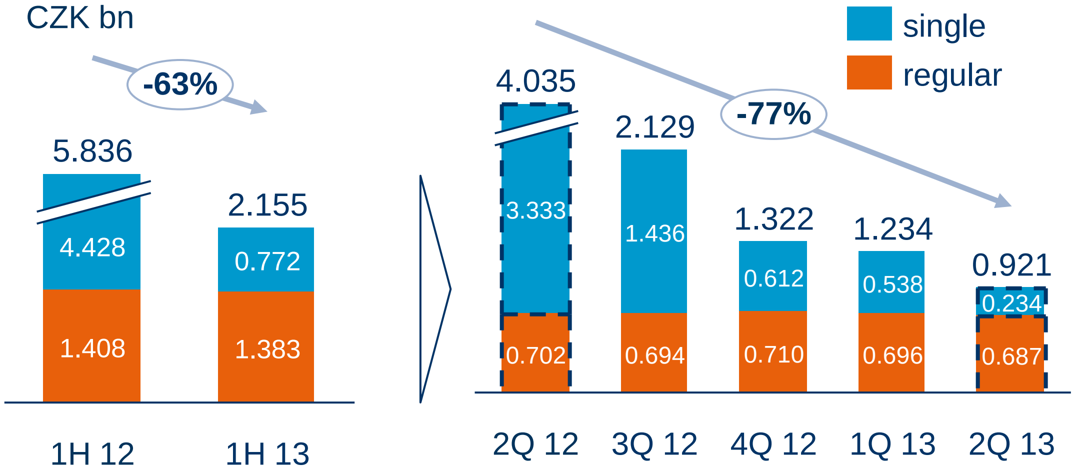


Market shares	2Q 2013	Market position
Non-life	⬀ 6.4%	7th
Life insurance	⬂ 6.3%	5th

Arrows show Y/Y change.

Non-life insurance:
1H/2Q 2013 sales of non-life insurance increased by 2% Y/Y and 1% Y/Y, respectively, thanks to improved sales industrial and households business (1Q 2013, 2Q 2013).

Gross written premium – life insurance
CZK bn



Life insurance:
1H/2Q 2013 confirmed the stable development in the **regularly paid** gross written premium. Higher sales of unit linked life insurance were fully offset by lower sales of universal life insurance.

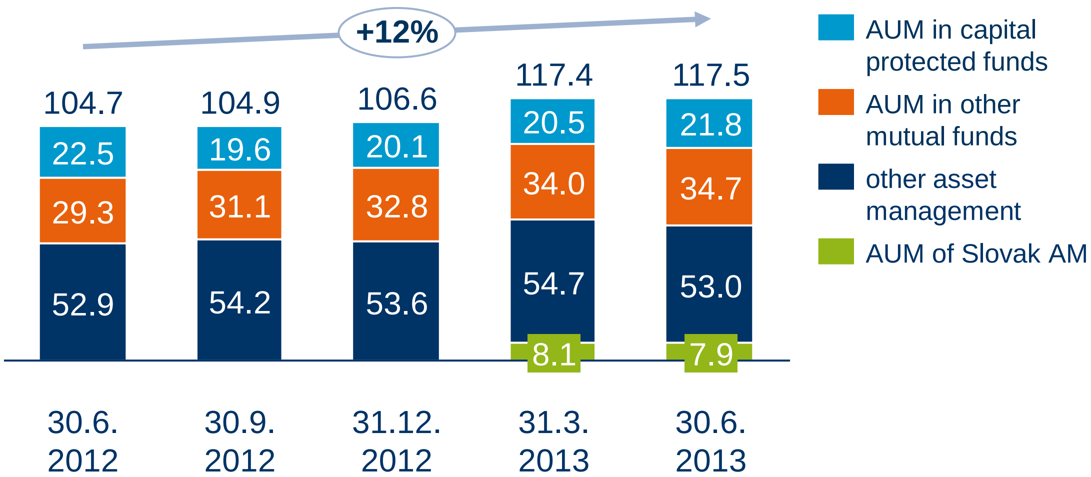
The 1H/2Q Y/Y decline in **single paid** gross written premium 2013 was negatively influenced by extremely good sales of Maximal Invest in 2012 and the fact that worse market conditions did not bring enough investment opportunities in 2013.

ČSOB Asset Management: Key Figures

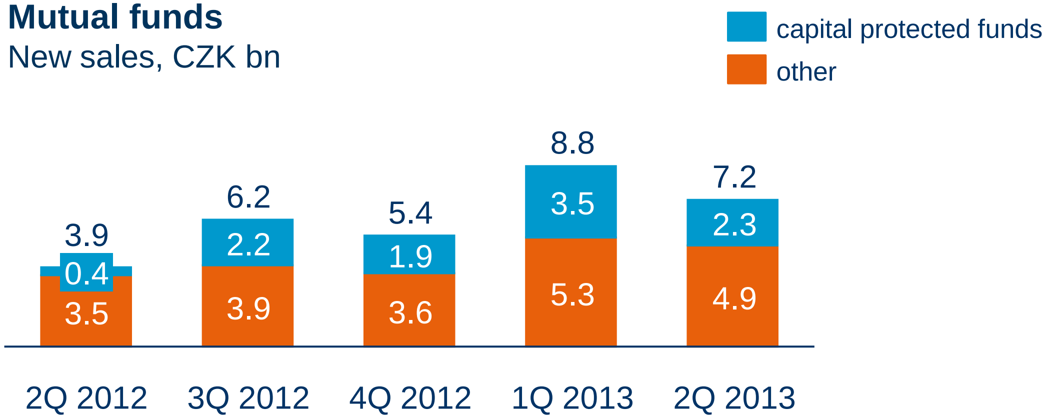
Mutual funds and other asset management

Strong demand for mixed funds with protection

Assets under management
Outstanding volumes, CZK bn



Mutual funds
New sales, CZK bn



The ČSOB group is keeping its **number 1 position in the funds market.**

AUM increased by 12% Y/Y (5% Y/Y adjusting for takeover of Slovak AM). Assets grew thanks to higher volumes of new sales exceeding outflows from matured funds and partly thanks to good performance.

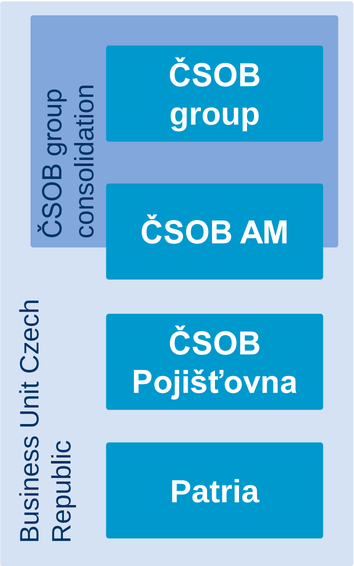
In 2Q 2013, new sales were **up by 86% Y/Y**. The strongest demand was for **mixed funds**, especially funds with a conservative profile, where clients purchased funds with a 95% capital protection with a better return potential, and **capital protected funds**. Higher sales of **equity funds** were supported by a strong performance of equity markets. However overall exposure to equity risk in client portfolios remains fairly low. In contrary, interest in bond and money market funds was lower.

Notes:
AUM definition: funds managed by ČSOB AM as well as those distributed by the ČSOB group but managed by the KBC AM.
AUM in funds: Only direct positions are included (the funds bought directly by clients).
Other asset management: Discretionary mandates and Qualified Investors Funds.

Business Unit Czech Republic

Business Unit Czech Republic

The net profit lower Y/Y, driven by all entities of the Business Unit

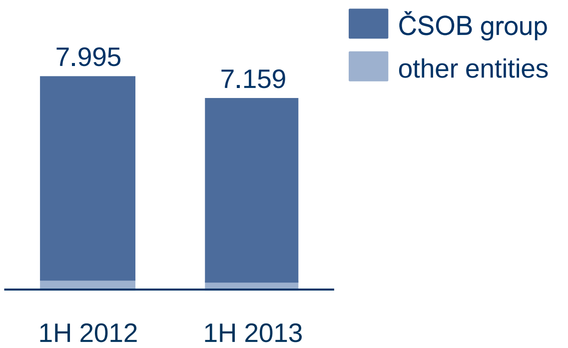


The 1H/2Q 2013 net profit of the Business Unit Czech Republic, which contains all KBC's operations in the Czech Republic, namely the ČSOB group, ČSOB Pojišťovna, ČSOB Asset Management (ČSOB AM) and Patria, decreased to **CZK 7.2bn** (-10% Y/Y) and **CZK 3.8bn** (-6% Y/Y) respectively.

The ČSOB group consists of ČSOB bank (including Postal Savings Bank), Hypoteční banka, ČMSS, ČSOB Penzijní společnost, ČSOB Leasing and ČSOB Factoring.

Net profit of the Business Unit Czech Republic

CZK bn



Net profit (CZK bn)	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	2Q/2Q	1H 2012	1H 2013	1H/1H
ČSOB group[1)]	3.834	3.586	2.638	3.228	3.658	-5%	7.640	6.887	-10%
ČSOB Pojišťovna	0.139	0.141	0.215	0.125	0.087	-38%	0.264	0.211	-20%
ČSOB AM	0.033	0.032	0.029	0.034	0.030	-11%	0.069	0.064	-7%
Patria[2)]	0.011	-0.002	-0.008	-0.001	-0.002	N/A	0.022	-0.003	N/A
Total	**4.017**	**3.757**	**2.874**	**3.386**	**3.773**	**-6%**	**7.995**	**7.159**	**-10%**

1) *Differences between the ČSOB group results within the Business Unit Czech Republic (BU CZ) results and the stand-alone ČSOB group consolidated results are stemming from:*
    - *BU CZ results includes ČSOB AM result with 100% share, while the ČSOB group results include ČSOB AM only with 40% share (in line with ownership interest).*
    - *Profit from the sale of stakes in ČSOB AM (CZK 0.15bn in 1Q 2012) and in ČSOB Pojišťovna (CZK 1.2bn in 4Q 2012) to KBC are visible in the ČSOB group results, while not in the BU CZ results due to consolidation.*

2) *Only Patria Finance and Patria Direct are included.*

Appendix

Ratios and other indicators

Ratios / Indicators	31. 12. 2009	31. 12. 2010	31. 12. 2011	31. 12. 2012	1H 2012	1H 2013
Net interest margin (Ytd., annualized, %)	N/A	3.36	3.39	3.21	3.31	3.06
Cost / income ratio (%)	34.4	44.0	46.7	45.9	44.6	46.3
RoE (Ytd., %)	28.3	20.3	17.9	22.8	24.9	19.3
RoA (Ytd., %)	2.00	1.55	1.23	1.63	1.68	1.47
RoAC, BU Czech Republic (Ytd., %)	N/A	N/A	N/A	35.1	36.9	34.4
Credit cost ratio (%, annualized)	1.12	0.75	0.36	0.31	0.24	0.30
NPL ratio (%)	3.35	4.05	3.88	3.57	3.71	3.53
NPL ratio (ČNB definition, %)	4.75	5.83	5.19	4.79	4.90	4.80
NPL coverage ratio (%)	79.2	76.7	73.5	71.7	72.5	72.6
Core Tier 1 ratio (Basel II, %)	11.9	14.2	11.7	13.0	11.8	13.8
Total capital ratio (Basel II, %)	15.0	18.0	15.5	15.2	15.1	15.8
Solvency (Solvency I, %)	263.9	236.5	244.4	255.4	265.0	253.9
Leverage ratio (Basel III, %)	N/A	4.50	3.96	4.73	4.55	4.99
Net stable funding ratio (Basel III, %)	N/A	137.7	133.6	133.2	129.4	134.7
Liquidity coverage ratio (Basel III,%)	N/A	N/A	220.4	336.1	232.3	339.5
Loan to deposit ratio (%)	71.1	68.5	72.7	75.2	75.1	78.7

1H 2013 awards

ČSOB named the best bank in the Czech Republic; private banking and other services also awarded

Euromoney Private Banking Survey 2013	ČSOB Private Banking awarded by the renown magazine **Euromoney as the best private bank in the Czech Republic** in the overall ranking and many categories
EMEA Finance Best Bank Czech Republic 2012	The UK's **EMEA Finance** named ČSOB **the best bank in the Czech Republic** for 2012, based on market share, portfolio size and profitability or corporate strategy.
Euroweek deals of the year 2012 in CEE	Specialized magazine Euroweek included two syndicated loans by ČSOB among top three transactions of 2012 in the CEE region.
Global Finance Best FX Bank 2013	The US-based magazine **Global Finance** awarded ČSOB as the **Best FX Bank for the tenth time in a row**.
ACQ Finance Bank of the year in acquisition finance	ČSOB won the title of Best bank in the Czech Republic in acquisition finance in 2013 from ACQ Finance Magazine, claiming the prize for sixth time.
Top employer of the year above 5,000 employees	ČSOB is the **second best employer above 5,000 employees** in the Czech Republic (overall ranking regardless of industry), ČSOB Pojišťovna ranked eighth.
***Zlatá koruna* 2013**	Patria took gold in the **best securities broker category**. ČSOB Leasing received silver and bronze medals and PSB a bronze one.
Investment of 2012	Mutual funds managed by ČSOB Asset Management won in the **Money market fund of the year 2012** and **Conservative bond fund of the year 2012**.
Microsoft awards 2013	ČSOB smart banking and Era **smart banking applications won the category Modern applications** for Windows 8 and Windows Phone 8.

CSR area

ČSOB continues to invest into society and its community

Responsible Business

ČSOB participated in helping after the floods. Employees helped non-profit organizations as well as their colleagues to clean up after the floods. Employees also supported the **collection for Sue Ryder Home** for seniors. ČSOB also supported a **benefit concert** for victims of floods.

Environment

Within the program **„ČSOB and Era support regions“,** three winning projects of large community grants were supported. Projects are focused on landscape renewal and environmental care.

Education

The ČSOB Education Fund supported eleven projects aimed at **improving financial literacy**. Initiatives were focused on seniors, children from elementary and high schools and disabled. In addition, employees helped with evaluation of projects.

Diversity

ČSOB wants to increase the number of disabled employees via trained personnel consultants as well as an internal campaign called **„Fandim OZP“.** During the campaign articles are published in internal magazines, on specialized web pages as well as posters.

Profit and loss statement

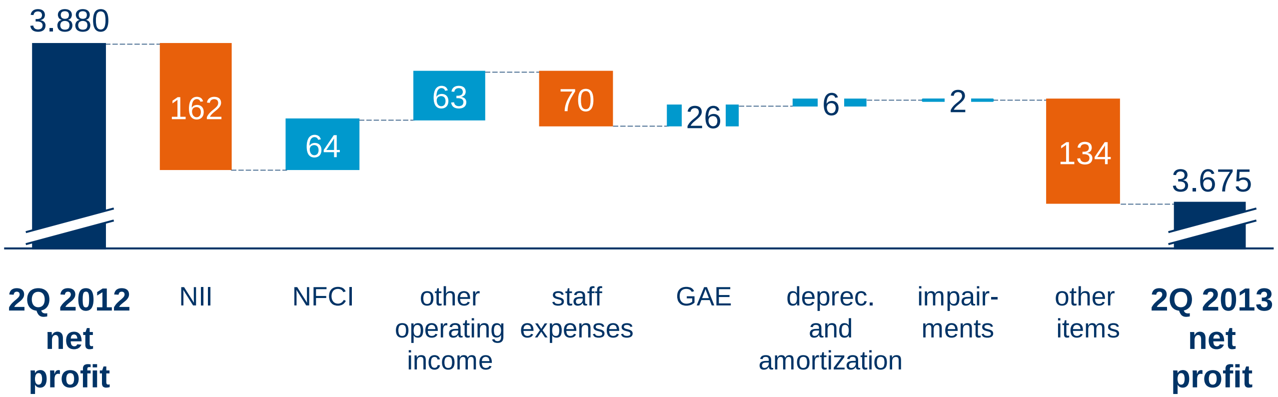
(CZK m)	2Q 2012	1Q 2013	2Q 2013	Y/Y	Q/Q	1H 2012	1H 2013	Y/Y
Interest income	*8 226*	*7 666*	*7 736*	*-6%*	*+1%*	*16 658*	*15 402*	*-8%*
Interest expense	*-1 935*	*-1 642*	*-1 607*	*-17%*	*-2%*	*-4 043*	*-3 249*	*-20%*
Net interest income	6 291	6 024	6 129	-3%	+2%	12 615	12 153	-4%
Net fee and commission income	1 344	1 497	1 408	+5%	-6%	2 795	2 905	+4%
Net gains from financial instruments at FVPL	580	402	706	+22%	+76%	1 392	1 108	-20%
Other operating income	319	314	255	-20%	-19%	267	569	>+100%
Operating income	**8 534**	**8 237**	**8 498**	**0%**	**+3%**	**17 069**	**16 735**	**-2%**
Staff expenses	-1 664	-1 765	-1 734	+4%	-2%	-3 363	-3 499	+4%
General administrative expenses	-1 955	-1 897	-1 929	-1%	+2%	-3 807	-3 826	+0%
Depreciation and amortisation	-217	-207	-211	-3%	+2%	-440	-418	-5%
Operating expenses	**-3 836**	**-3 869**	**-3 874**	**+1%**	**0%**	**-7 610**	**-7 743**	**+2%**
Impairment losses	-228	-569	-226	*-1%*	*-60%*	-333	-795	>+100%
Impairment on loans and receivables	*-301*	*-564*	*-227*	*-25%*	*-60%*	*-623*	*-791*	*+27%*
Impairment on available-for-sale securities	*-3*	*0*	*0*	*N/A*	*N/A*	*-3*	*0*	*N/A*
Impairment on other assets	*76*	*-5*	*1*	-99%	*N/A*	*293*	*-4*	*N/A*
Share of profit of associates	49	14	11	-78%	-21%	96	25	-74%
Profit before tax	**4 519**	**3 813**	**4 409**	**-2%**	**+16%**	**9 222**	**8 222**	**-11%**
Income tax expense	-635	-571	-739	+16%	+29%	-1 337	-1 310	-2%
Profit for the period	**3 884**	**3 242**	**3 670**	**-6%**	**+13%**	**7 885**	**6 912**	**-12%**
Attributable to:								
Owners of the parent	**3 880**	**3 237**	**3 674**	**-5%**	**+14%**	**7 882**	**6 911**	**-12%**
Non-controlling interests	4	5	-4	N/A	N/A	3	1	-53%

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.

Net profit drivers

Quarterly net profit (Y/Y)

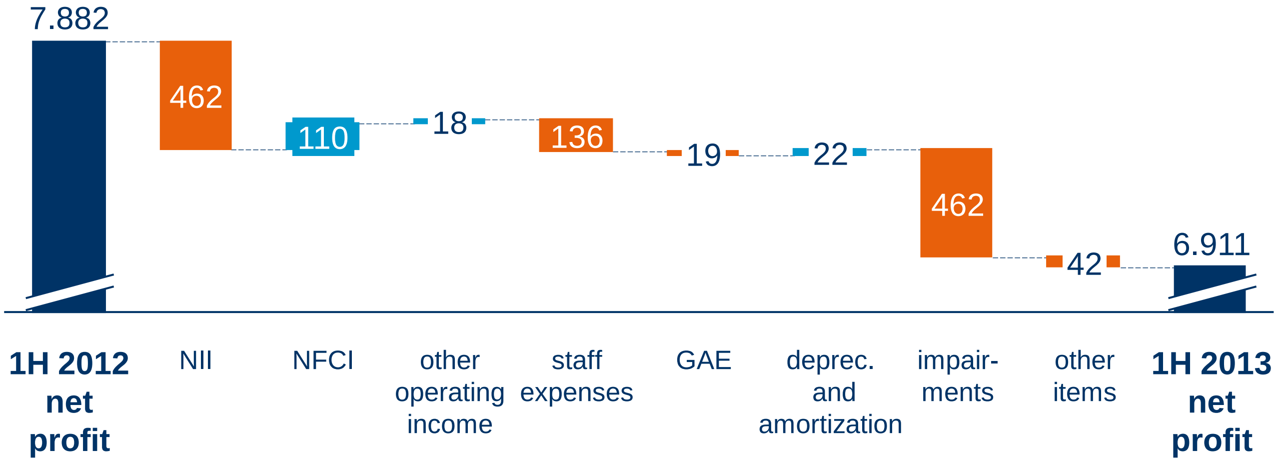
CZK bn



The main difference between 2Q 2013 and 2Q 2012 net profit was caused by a lower net interest income due to a low interest rate environment. Positive contribution was stemming from higher business volumes (NII) together with increased demand for mutual funds and dealing room products (NFCI). Slightly lower general and administrative expenses were offset by higher staff costs affected by lower 2012 comparison base. Besides, higher tax expense affected net profit negatively.

Ytd. net profit (Y/Y)

CZK bn



A lower net profit in 1H 2013 compared to 1H 2012 was caused by a lower net interest income due to a low interest rate environment and higher impairments returning to normalized levels due to higher credit costs and absence of releases connected with historical files as was the case in 1H 2012.
Notwithstanding lower fees from payments and current accounts in retail, NFCI increased thanks to a higher demand for mutual funds and higher sales in financial market area.
Higher staff expenses were affected by lower 2012 comparison base.

Balance sheet - assets

(CZK m)	30/06 2012	31/12 2012	30/06 2013	Ytd.
Cash and balances with central banks	31 842	28 293	41 104	+45%
Financial assets held for trading	165 198	162 265	150 899	-7%
Financial assets designated at fair value through P/L	8 256	7 352	7 458	+1%
Available-for-sale financial assets	93 101	91 904	81 694	-11%
Loans and receivables - net	471 550	479 516	492 658	+3%
Loans and receivables to credit institutions - gross	*24 025*	*24 461*	*26 022*	*+6%*
Loans and receivables to which other than credit institutions - gross	*460 014*	*467 250*	*479 196*	*+3%*
Allowance for impairment losses	*-12 489*	*-12 195*	*-12 560*	*+3%*
Held-to-maturity investments	138 388	138 437	145 243	+5%
Fair value adjustments of the hedged items in portfolio hedge	289	1 030	310	-70%
Derivatives used for hedging	10 636	14 453	9 788	-32%
Current tax assets	296	17	58	>+100%
Deferred tax assets	85	88	91	+3%
Investments in associate	1 703	126	151	+20%
Investment property	495	430	297	-31%
Property and equipment	8 154	8 045	8 027	0%
Goodwill and other intangible assets	3 241	3 093	3 138	+1%
Non-current assets held-for-sale	113	85	183	>+100%
Other assets	1 731	2 040	2 185	+7%
Total assets	**935 078**	**937 174**	**943 284**	**+1%**

A decrease due to changes in reverse repos with ČNB.

A decrease of bonds in AFS portfolio due to reclassification of some bonds from AFS into HTM portfolio.

Balance sheet - liabilities and equity

(CZK m)	30/06 2012	31/12 2012	30/06 2013	Ytd.
Financial liabilities held for trading	143 653	133 587	138 842	+4%
Financial liabilities at amortised cost	698 803	703 792	702 317	0%
of which Deposits received from central banks	*492*	*492*	*492*	*0%*
of which Deposits received from credit institutions	*45 241*	*35 365*	*40 367*	*+14%*
of which Deposits received from other than credit institut.	*621 741*	*629 622*	*626 394*	*-1%*
of which Debt securities in issue	*19 348*	*30 330*	*27 079*	*-11%*
of which Subordinated liabilities	*11 981*	*7 983*	*7 985*	*0%*
Fair value adjustments of the hedged items in portfolio hedge	409	1 741	-167	<-100%
Derivatives used for hedging	7 445	9 166	8 323	-9%
Current tax liabilities	229	772	588	-24%
Deferred tax liabilities	1 847	2 532	2 257	-11%
Provisions	1 067	935	867	-7%
Other liabilities	17 798	10 508	24 566	>+100%
Total liabilities	**871 251**	**863 033**	**877 593**	**+2%**
Share capital	5 855	5 855	5 855	0%
Share premium account	7 509	7 509	7 509	0%
Statutory reserve	18 687	18 687	18 687	0%
Retained earnings	25 203	32 611	26 202	-20%
Available-for-sale reserve	4 403	5 701	5 024	-12%
Cash flow hedge reserve	1 944	3 567	2 197	-38%
Foreign currency translation reserve	1	0	1	N/A
Parent shareholders' equity	**63 602**	**73 930**	**65 475**	**-11%**
Minority interest	225	211	216	+2%
Total equity	**63 827**	**74 141**	**65 691**	**-11%**
Total liabilities and equity	**935 078**	**937 174**	**943 284**	**+1%**

An increase due to liabilities stemming from dividend payout. Dividend payment realized in the course of July.

A decrease due to dividend payout.

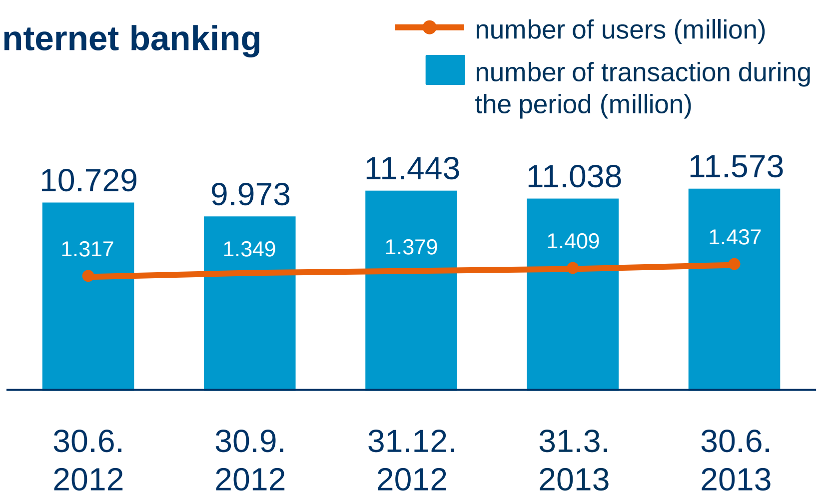
Other information

Non-performing loans

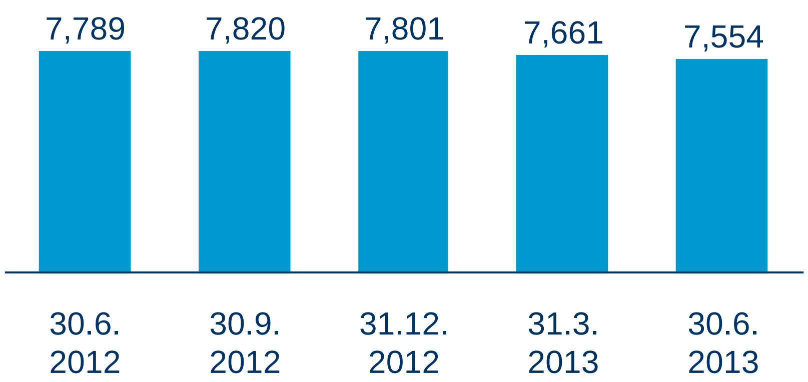
	30. 6. 2012		30. 6. 2013	
PD rating distribution	Amount (CZK bn)	Share on total loans	Amount (CZK bn)	Share on total loans
Total loans	464.5	100%	490.0	100%
Normal (PD 1-7)	430.6	93%	454.7	93%
Asset quality review (PD 8-9)	11.2	2%	11.7	2%
Uncertain performing (PD 10)	5.5	1%	6.2	1%
Uncertain non-performing (PD 11)	4.2	1%	3.4	0%
Irrecoverable (PD 12)	13.0	3%	13.9	3%

ČNB methodology of NPL: PD10, PD11 and PD12, ČSOB methodology of NPL: PD11 and PD12.

Internet banking



Group employees (FTEs, end of period)



Credit rating and shareholder structure

ČSOB's credit ratings

As at 8 August 2013

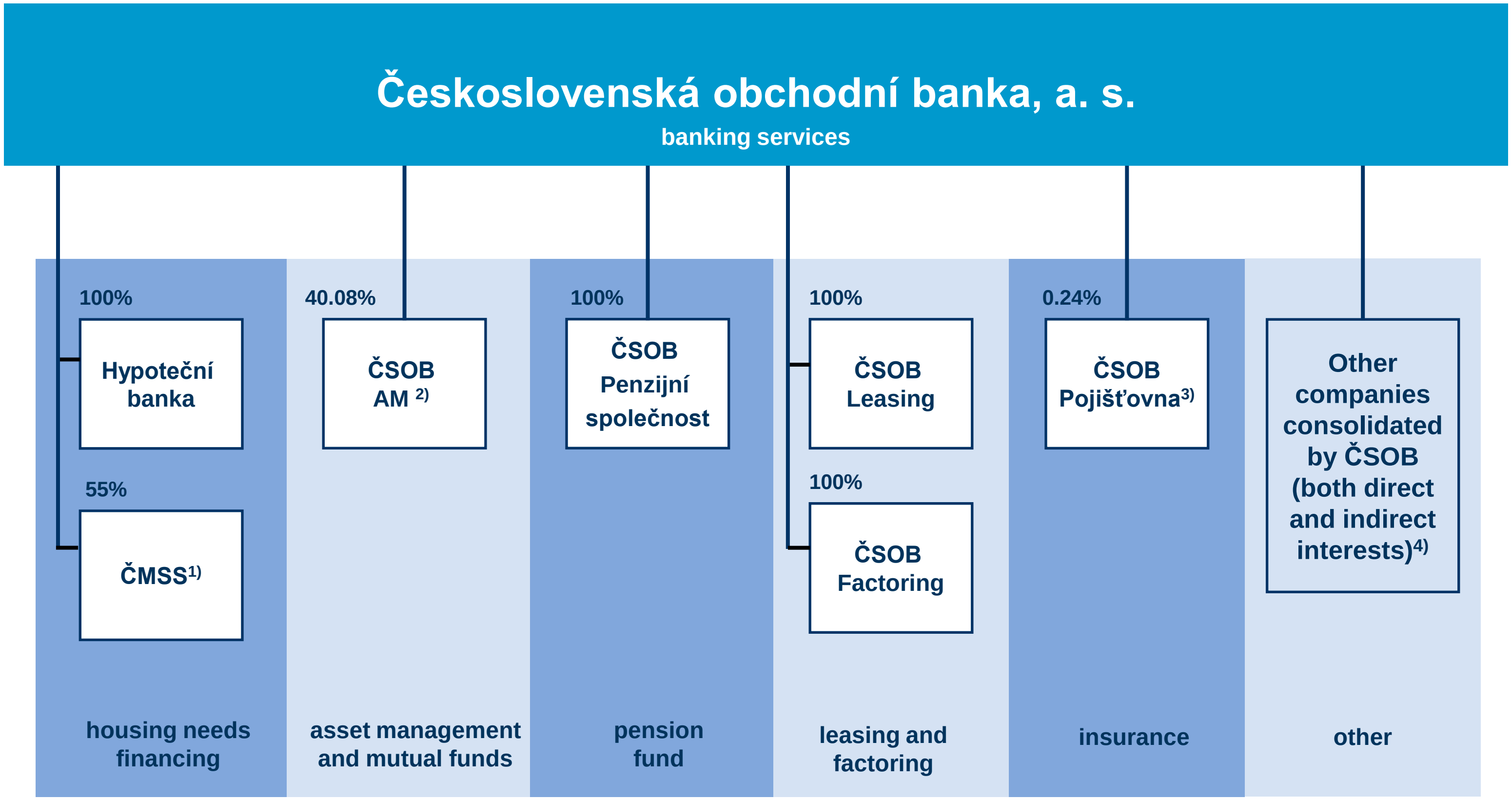
Rating agency	Moody's		Fitch	
	Long-term rating:	**A2**	**Long-term rating:**	**BBB+**
	Outlook:	negative	Outlook:	stable
	Short-term rating:	Prime-1	Short-term rating:	F2
	Financial strength:	C-	Viability rating:	bbb+
			Support:	2
LT rating valid since		20 June 2012		3 February 2012
Last confirmation		20 June 2012		5 October 2012

Shareholder structure

As at 30 June 2013, ČSOB's share capital was CZK 5.855bn and comprised of 292,750,000 ordinary bearer shares with a nominal value of CZK 20 each.

ČSOB is directly controlled by KBC Bank NV whose ownership interest in ČSOB is 100%.

The ČSOB group in the Czech Republic



Percentages show ownership interests on company's equity as at 30 June 2013.

[1] 45% of shares owned by Bausparkasse Schwäbisch Hall; a proportionally consolidated subsidiary of ČSOB.

[2] 59.92% of shares owned by KBC Participations Renta C; subsidiary consolidated in ČSOB by an equity method.

[3] 99.76% of shares owned by KBC Insurance; subsidiary consolidated in ČSOB by an equity method.

[4] A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report.

Market shares definitions and sources

Item	Definition	Source
Total deposits	Total bank deposits (excl. repo with MF CR including unmarketable bills of exchange) + 55% of CMSS deposits + AUM of Pension funds	ČNB (Time series ARAD), ČSOB
Building savings loans	Outstanding volumes of building savings loans, ČMSS 100%	ČNB (ARAD), ČMSS
Building savings deposits	Deposits of buildings savings clients, ČMSS 100%	ČNB (ARAD), ČMSS
Mutual funds	AUM in both Czech and foreign funds at the given date, including institutional funds and third parties funds; according to AKAT methodology	Association for Capital Market (AKAT)
Total Loans	Outstanding volumes of consumer loans and other retail loans + 55% of building savings loans + mortgages for private individuals + CORP/SME loans	ČNB (ARAD), Ministry for Regional Development, HB, ČSOB, ČMSS
Leasing	Volume of newly granted loans (leasing of movables, commercial loans and consumer loans); related to the relevant market comprising both banks and non-banking institutions	Association of Leasing and Factoring Companies ČR (ČLFA)
Mortgages	Outstanding volumes; mortgages for private individuals excl. home-equity consumer loans and mortgages for non-housing real estate purposes, consumer loans for house purchase, according to ČNB definition	ČNB (ARAD), HB, ČSOB
Factoring	Volume of new business	ČLFA
Pension funds	Number of clients at the given date	Association of Pension Funds, ČSOB PF
CORP/SME loans	Remaining loans that are not reported in any of the retail loans categories (loans to other than households)	ČNB (ARAD), ČSOB
Consumer loans	Outstanding volume of cash loans, credits cards, overdrafts, consumer loans on real estate and American mortgages.	ČNB (ARAD), ČSOB

Glossary - ratios

NIM (net interest margin)	Net interest income / average interest earnings assets excluding repo operations; Qtd./Ytd., annualized
C/I (cost/income ratio)	Operating expenses / operating income, Ytd.
RoA (return on assets)	Net profit for the year / average of total assets; Ytd., annualized
RoE (return on equity)	Net profit for the year / average of total shareholders' equity; Ytd., annualized
RoAC (return on allocated capital)	Result after tax (including minority interests) of the ČSOB group, adjusted to take account of allocated capital instead of actual capital / average allocated capital of the ČSOB group (KBC group methodology)
Combined ratio	According to KBC methodology.
CCR (credit-cost ratio)	Total credit costs / average outstanding credit portfolio (loans, loans replacements and drawn credit commitments - e.g. guarantees) and non-sovereign bonds in credit book; Ytd., annualized
NPL (non-performing loans) ratio	Outstanding amount of non-performing loans (KBC group methodology) / loan portfolio
NPL coverage ratio	Allowances for loans and leases / non-performing loans
Core tier 1 ratio Total capital ratio	According to prudential reports of ČNB – Basel II (since 1 July 2007)
Solvency (insurance)	According to prudential reports of ČNB – Solvency I, after expected dividend payment
Loan to deposit ratio	Loan portfolio / primary deposits
Net stable funding ratio (NSFR)	Available amount of stable funding (equity and liability which are expected to be reliable sources of funds over a one-year time horizon under extended stress) to stable funding required by an institution based on types of its assets, off-balance sheet exposures and activities pursued (according to Basel III)
Leverage ratio	Tier 1 capital / non-risk value of assets (According to Basel III)
Liquidity coverage ratio	High quality liquid assets (unencumbered and convertible into cash) to liquidity needs (outflow – inflow) for a 30 calendar days time horizon under specified significant stress scenario (According to Basel III)

Glossary - other definitions

Loan portfolio	Loans and receivables to other than credit institutions plus loans and receivables to credit institutions minus exposure to banks from inter-bank transactions plus credit replacing bonds (in HTM, AFS and FVPL portfolios).
Mortgages	All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.
Building savings loans	All customer lending granted by ČMSS in book values. Gross.
Consumer finance	Loan portfolio granted by ČSOB's retail network (ČSOB brand and PSB brand) in book values. Gross.
SME loans	Loan portfolio granted by ČSOB's SME network in book values. Gross.
Corporate loans	Loan portfolio granted by ČSOB's corporate banking network in book values, including credit-replacing bonds. Gross.
Group deposits	Item Deposits received from other than credit institutions from the consolidated balance sheet.
Building savings deposits	All ČMSS financial liabilities at amortized cost minus deposits received from other than credit institutions.
Primary deposits	Group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions). Consistent with the internal liquidity management reporting system.

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