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1H 2012 financial results of the ČSOB group:[1]

NET PROFIT AT CZK 7.9BN: CONTINUED STRONG PROFITABILITY, COSTS UNDER CONTROL

- Reported and underlying net profit came in at CZK 7.9bn (+27% Y/Y, and +28% Y/Y respectively)
- Underlying return on equity (ROE) increased to 24.9% (+5.5 pp Y/Y)
- Net interest income increased to CZK 12.6bn (+3% Y/Y)
- Operating expenses remained flat Y/Y at CZK 7.6bn
- Loan portfolio increased to CZK 464.6bn (+13% Y/Y)
- Deposits grew to CZK 621.7bn (+5% Y/Y)
- Greek and Spanish bonds fully sold off by the end of April, the exposure to peripheral Europe below CZK 1bn (Italy)
- Credit cost ratio fell to 0,24 pp (-0,07 pp Y/Y)
- Tier 1 ratio of 11.8%
- Global Finance magazine awards in 1H 2012: Best Bank in the Czech Republic, Best Trade Finance Bank, Best FX Bank and Global Finance 25 Years Winner Circle

Pavel Kavánek, the Chief Executive Officer of ČSOB, comments on the 1H 2012 financial results:

> *"Solid business results notably on financial markets, in corporate lending and mortgages complemented with well managed credit risk, record high group deposits and flat operating expenses resulted in an unparalleled underlying net profit for ČSOB group of CZK 7.9bn in 1H 2012."*

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[1] *All numbers in this press release are consolidated, unaudited, according to EU IFRS. This press release shows 2011 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.*

In 1H 2012, the ČSOB group's **reported and underlying net profit** came in at CZK 7.9bn (+27%, +28% Y/Y respectively). The high growth is a result of the low reference base from the 1H 2011 impacted by Greek bond exposure impairment.

After six quarters of steady growth, the **loan portfolio** reached CZK 464.6bn at the end of 2Q 2012. The 13 % Y/Y growth was mainly driven by corporate loans (+33% Y/Y) and by mortgages (+15% Y/Y). **Group deposits** increased by 5% to CZK 621.7bn. The growth was driven by current and savings accounts (both +7% Y/Y).

Credit costs further decreased to CZK 0.6bn thanks to better than expected performance in the corporate/SME segment and due to recovery of non-performing loans.

The ČSOB group maintains **strong capital and liquidity position**. Total capital ratio stands at 15.1% and the (core) Tier 1 ratio at 11.8% as of 30 June 2012. Loan to deposit ratio stands at 75.1% and net stable funding ratio at 129.6% as of 30 June 2012.

P&L Review

Underlying operating income reached CZK 17.0bn, especially due to a higher net interest income and good results of the dealing room. The **net interest income increased** by 3% Y/Y. The growth was driven by higher volume of customer loans (mortgages, corporate/SME loans) offset by lower interest rate environment. **Net fee and commission income** decreased by 9% Y/Y, due to deconsolidation of asset management (AM). Excluding this, NFCI declined by 4% Y/Y due to growing fees paid to distribution reflecting higher volume growth.

Operating expenses remained flat at CZK 7.6bn as a combination of higher staff expenses, lower general administrative expenses and deconsolidation of AM. Increase of **staff expenses** (+2% Y/Y) was affected by asset management deconsolidation. Excluding this effect, the growth would be 4%, driven by an annual wage adjustment and a planned increase of employees. **General administrative expenses** decreased by 2% Y/Y. The decrease is caused by lower expenditure in marketing and consultancy, partly offset by higher IT expenses and deposit insurance premium linked to higher volumes of deposits.

The **costs of credit risk** fell by one-fifth of the last year figure as the impairments on loans and receivables fell to CZK 623m. As a result, the credit cost ratio further contracted to 24 bps. The Y/Y decrease in credit costs was achieved due to releases of impairments in the corporate/SME segment.

Balance Sheet Review

Loan portfolio has been continuously growing and reached CZK 464.6bn at the end of 2Q 2012, i.e. a growth of 13% Y/Y.

Mortgages went up by 15% Y/Y to CZK 173.8bn. The growth of new sales was supported by an increased share of refinanced building savings loans. A high demand for mortgages was driven by a favourable development of interest rates and stable real estate prices. **Building savings loans** decreased by 3% Y/Y to CZK 70.0bn. The whole Czech market of building savings loans is affected by the uncertainty among clients due to ongoing discussion of the state subsidy scheme. Despite difficult market, **ČMSS's new sales** in 2Q 2012 are 12% higher than in 2Q 2011 due to higher refinancing of old loans. **Consumer loans** increased by 2% Y/Y to CZK 18.7bn. New sales of consumer finance products grew by 15%, thanks to a solid demand and increased value of an average loan.

Volumes of **SME loans** (which include municipalities and housing cooperatives) have picked up and ended up 8% above the June 2011 level, at CZK 68,6bn. Outstanding volumes in **leasing** slightly increased to CZK 22,1bn (+1% Y/Y), thanks to solid business performance.

The **corporate loans** have been permanently increasing since February 2011 to reach CZK 106.7bn in 1H 1012. In 2012, the rebound in the area of structured and acquisition finance contributed also to the growth. This leads to winning back volumes reduced in crisis impacted quarters and restoring ČSOB's market position in corporate lending. From the trough, ČSOB's market share in corporate segment increased by more than 4 pp and is back to pre-crisis levels.

Group deposits grew by 5% Y/Y to CZK 621.7bn. Within client deposits, saving deposits recorded a 7% Y/Y growth. Part of the increase was at the expense of mutual funds (-11% Y/Y). Current accounts increased also by 7% Y/Y. The volumes of **building savings deposits** remained stable, despite the uncertainty related to the change of the state subsidy. AUM in **pension fund** kept growing to CZK 29.1bn.

ČSOB is keeping its No 1. position on the funds market. AUM decreased by 3% to CZK 104.7bn. New sales of mutual funds were lower than outflows as part of clients preferred investing their money into deposit products rather than reinvesting them into the funds. On the other hand, this was partially offset by a better performance effect. AUM in **mutual funds** (capital protected and other mutual funds) decreased by 11% Y/Y.

Risk Management Review

The **Tier 1 ratio** reached 11.8% as of 30 June 2012, compared to 12.6% as of 30 June 2011. **Liquidity** remained high, the loan to deposit ratio grew from 71.0% as of 30 June 2011 to 75.1% as of 30 June 2012.

Non-performing loans (more than 90 days overdue, according to the ČSOB methodology, in line with the KBC group methodology) accounted for 3.7% of gross loans as at 30 June 2012. The **credit cost ratio** (CCR) for 1H 2012 stood at 0.24%, compared to 0.31% for 1H 2011.

ČSOB group continued to actively manage the **exposure to selected Southern European countries**. ČSOB sold off the whole Spanish sovereign exposure at limited cost by the end of April, bringing the whole exposure to these countries below CZK 1bn.

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)	1H 2011	1H 2012	Y/Y
Operating income	16 819	17 069	+1%
Net interest income	12 267	12 615	+3%
Net fee and commission income	3 084	2 795	-9%
Operating expenses	-7 646	-7 610	0%
Impairment losses	-2 040	-333	-84%
Profit for the period (owners of the parent)	6 209	7 882	+27%

Consolidated P&L – Underlying

(CZK m)	1H 2011	1H 2012	Y/Y
Operating income	16 717	17 050	+2%
Net interest income	12 267	12 615	+3%
Net fee and commission income	3 084	2 795	-9%
Operating expenses	-7 646	-7 610	0%
Impairment losses	-2 040	-333	-84%
Profit for the period (owners of the parent)	6 125	7 866	+28%