Prague, 14 February 2013

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

NET PROFIT AT CZK 15.3BN: STRONG PROFITABILITY, BENIGN CREDIT COSTS

- Reported and underlying net profits came in at CZK 15.3bn (+37% Y/Y) and CZK 14.2bn (+26% Y/Y), respectively
- Underlying return on equity (ROE) increased to 21.2% (+3.2pp Y/Y)
- Net interest income increased to CZK 25.0bn (+1% Y/Y)
- Operating expenses grew to CZK 16.1bn (+2% Y/Y)
- Loan portfolio increased to CZK 476.1bn (+8% Y/Y)
- Deposits grew to CZK 629.6bn (+3% Y/Y)
- Credit cost ratio stood at 0.31% (-0.05pp Y/Y)
- Tier 1 ratio at 13.0%
- Sale of a stake in ČSOB Pojišťovna to KBC Insurance with CZK 1.2bn profit
- New services to be launched in 2013, e.g. MasterCard Mobile service, payments of invoices by reading QR code

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

> *"Our loan growth in 2012 shows that the demand for loan products holds in spite of the declining economy. We expect this trend to continue also in 2013."*

Bartel Puelinckx, the Chief Finance Officer of ČSOB, comments on financial results:

> *"We have had a very successful 2012, however part of that result was driven by one-off transactions like the sale of ČSOB Pojišťovna. Notwithstanding the gradually increasing pressure on net interest margin we managed to improve our operating income thanks to a strong growth of business volumes. Additionally, our credit costs remained benign, reflecting good quality of our portfolio. In order to continue to show resilient performance in clearly challenging environment ahead of us, we need to focus more on streamlining operations and increasing our efficiency."*

[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 FY 2012, the ČSOB group's **reported net profit** came in at **CZK 15.3bn** (+37% Y/Y) and the **underlying net profit** at **CZK 14.2bn** (+26% Y/Y). The high Y/Y growth of reported net profit was supported by the sale of a stake in ČSOB Pojišťovna. On top of this, the Y/Y growth was driven by a low reference base in the 2011 which was impacted by Greek bond exposure impairment.

Loan portfolio further grew and reached CZK 476.1bn at the end of 4Q 2012. The 8% Y/Y growth was driven by mortgages (+13% Y/Y) and corporate/SME loans (+12% Y/Y). Thanks to the growth in current and savings accounts, **group deposits** kept increasing to CZK 629.6bn, i.e. +3% Y/Y.

Credit costs further dropped both in absolute and relative terms and the **credit cost ratio** stood at 31bps.

The ČSOB group's **total capital ratio** stood at 15.2% and the (core) Tier 1 ratio at 13.0% as of 31 December 2012. The **loan to deposit ratio** stood at 75.2% and the net stable funding ratio at 133.2% as of 31 December 2012.

P&L Review

The underlying operating income increased to CZK 33.9bn, despite the declining net interest margin. The growth of the **net interest income** by 1% Y/Y was driven by a higher volume of customer loans (mainly mortgages and corporate/SME loans). This was to large extent offset by declining net interest margin due to the lower interest rate environment. **The net fee and commission income** decreased by 12% Y/Y. Without the impact of deferred acquisition costs in Pension fund and Asset management deconsolidation, NFCI declined by 3% Y/Y due to higher fees paid to distribution.

Operating expenses increased to CZK 16.1bn due to few exceptional items but remained below inflation. Excluding the impact of severance payment reserve, **staff expenses** grew by 4% Y/Y driven by accruals for performance-related bonuses, annual wage adjustment and an increased number of employees. **General administrative expenses** remained stable Y/Y. This development is a combination of lower expenditures on marketing and consultancy, higher IT investments, expenses related to the migration to next generation (contactless) payments cards and a higher deposit insurance premium linked to higher volumes of deposits.

The impairments on loans and receivables reached CZK 1.6bn. A Y/Y decrease of 11% was recorded thanks to lower impairments in the corporate/SME segment and leasing. The **credit cost ratio** decreased Y/Y to 31bps (Ytd., annualized) and is still below over-the-cycle level.

Balance Sheet Review

Loan portfolio reached CZK 476.1bn at the end of 4Q 2012, i.e. a growth of 8% Y/Y.

Mortgages went up by 13% Y/Y to CZK 183.6bn. The growth of mortgage market was driven by stable real estate prices, interest rates at a record lows and refinancing building savings loans. ČSOB also provided CZK 36.6bn of new mortgages, which was the highest amount on the market. The portfolio of **building savings loans** decreased by 3% Y/Y to CZK 69.8bn, as people in general preferred mortgages to building savings loans in the low interest rates environment. Despite the decreased volumes and new sales ČMSS managed to defend its leading market position. ČSOB manage to increase volume of **consumer finance** by 9% to CZK 19.1bn despite a stagnating market. The best result was achieved in the area of loan consolidation.

Volumes of **SME loans** (which include municipalities and housing cooperatives) ended up 7% above the December 2011 level, at CZK 70.8bn. This led to an increase of the ČSOB group's market share. Outstanding volumes in **leasing** reached CZK 21.8bn. Despite the Y/Y decline by 4%, ČSOB Leasing confirmed its leading position, outperforming a very competitive market.

The **corporate loans** kept increasing to reach CZK 106.5bn. The growth by 12% Y/Y was achieved thanks to rebound both in specialized finance and plain-vanilla transactions.

Group deposits kept increasing to CZK 629.6bn, i.e. +3% Y/Y, driven mainly by current and savings accounts. Within the total **client deposits**, current accounts recorded the highest Y/Y growth by 6%. Saving deposits grew by 4% Y/Y. Part of the increase was at the expense of term deposits. A Y/Y increase was achieved in both retail and company deposits. The volume of **building savings deposits** remained stable at CZK 84.9bn, despite the uncertainty related to the change of the state subsidy. AUM in **pension fund** increased by 1% Y/Y to CZK 28.9bn. During 2012, ČSOB Pension fund Stabilita saw a higher number of client requests to increase their monthly contributions and the number of new contracts increased by 92%.

ČSOB is keeping its number one position on the funds market. AUM increased by 5% to CZK 106.6bn (+5% Y/Y) driven especially by positive development in other mutual funds and other asset management. New sales of **mutual funds** (capital protected and other mutual funds) improved Y/Y, successfully supported by reinvestment of money in the area of capital protected funds, where ČSOB confirmed its market leader position.

Risk Management Review

The **Tier 1 ratio** reached 13.0% as of 31 December 2012, compare to 11.7% as of 31 December 2011. **Liquidity** remained ample, the loan to deposit ratio grew to 75.2% as of 31 December 2012 from 72.7% as of 31 December 2011.

Non-performing loans (more than 90 days overdue, according to the ČSOB methodology, in line with the KBC group methodology) decreased to 3.6% of gross loans as at 31 December 2012. **The credit cost ratio** (CCR) for FY 2012 stood at 0.31% compare to 0.36% for FY 2011.

In 2012, ČSOB sold the remaining Greek, Spanish and Italian sovereign exposure. As a result ČSOB has **no exposure to peripheral Europe.**

Please find more details on the ČSOB group's financial results in the current presentation at: http://www.csob.cz/en/csob/Investor-relations/Stranky/Financial-and-business-results.aspx

Analysts contact:
Robert Keller,
Head of Investor Relations

rokeller@csob.cz; +420 224 114 106

Media contact:
Ivo Měšťánek,
Head of External Communication and Internal Media

ivmestanek@csob.cz; +420 224 114 107

Consolidated P&L – Reported (EU IFRS)

(CZK m)	FY 2011	FY 2012	Y/Y
Operating income	33,586	35,015	+4%
Net interest income	24,808	24,970	+1%
Net fee and commission income	6,250	5,505	-12%
Operating expenses	-15,699	-16,087	+2%
Impairment losses	-5,062	-1,584	-69%
Profit for the period (owners of the parent)	11,172	15,291	+37%

Consolidated P&L – Underlying

(CZK m)	FY 2011	FY 2012	Y/Y
Operating income	33,461	33,943	+1%
Net interest income	24,808	24,970	+1%
Net fee and commission income	6,250	5,505	-12%
Operating expenses	-15,699	-16,087	+2%
Impairment losses	-4,911	-1,584	-68%
Profit for the period (owners of the parent)	11,222	14,189	+26%