Prague, 8 August 2013

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. Next to the ČSOB group, it also includes ČSOB Pojišťovna, ČSOB Asset Management and Patria.

Following analysis contains only information about the ČSOB group.

NET PROFIT AT CZK 6.9BN: STRONG BUSINESS PERFORMANCE, CREDIT COSTS RETURNING TO NORMALIZED LEVELS

1H 2013 financial results of the ČSOB group[1]:

- Loan portfolio increased to CZK 490.0bn (+5% Y/Y)
- Deposits grew to CZK 626.4bn (+1% Y/Y)
- Operating income decreased to CZK 16.7bn (-2% Y/Y)
- Operating expenses grew to CZK 7.7bn (+2% Y/Y)
- Credit cost ratio stood at 0.30% (+0.06pp Y/Y)
- Net profit came in at CZK 6.9bn (-12% Y/Y)
- Return on equity (ROE) decreased to 19.3% (-5.6pp Y/Y)
- Tier 1 ratio at 13.8% thanks to retention of CZK 2.4bn from 2012 net profit
- Two syndicated loans by ČSOB included by magazine Euroweek among top three transactions of 2012 in the CEE region.
- ČSOB launched Czech POINT on selected Era financial centers, as the only bank in the Czech Republic.

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

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

> *"The low interest rate environment continues eating into Czech banks' income as it has already done for several quarters. At the same time, an excellent message for all of us is the continued loan growth and new interest among clients in our offer of capital protected funds."*

Loan portfolio further grew and reached CZK 490.0bn at the end of 1H 2013. The 5% Y/Y growth was driven by mortgages (+9% Y/Y), corporate loans (+6% Y/Y) and SME loans (+7% Y/Y). **Group deposits** kept increasing to CZK 626.4bn (+1% Y/Y) mainly thanks to retail deposits.

The **credit costs ratio** increased to 30bps from 24bps but remained below over-the-cycle level.

Low interest rates environment and impairments returning to normalized levels negatively affected the 1H 2013 **ČSOB group's net profit.** The figure declined by 12% Y/Y to **CZK 6.9bn**. Positive contribution to the net profit was stemming from higher business volumes together with an increased demand for mutual funds and financial market products.

The ČSOB group's **total capital ratio** stood at 15.8% and the (core) Tier 1 ratio at 13.8% as of 30 June 2013. The **loan / deposit ratio** stood at 78.7% and the net stable funding ratio at 134.7% as of 30 June 2013.

P&L Review

The operating income decreased to CZK 16.7bn, impacted by a low interest rate environment and partly mitigated by higher fees and commissions from increased mutual funds sales. **The net interest income** declined by 4% Y/Y as pressure on deposit margin was partly offset by higher business volumes, while the asset margins remained resilient. Notwithstanding lower fees from payments and current accounts in retail, ČSOB was still able to increase **net fee and commission income** by 4% thanks to higher demand for mutual funds and higher sales in the financial market area.

Operating expenses slightly increased to CZK 7.7bn, as flat general administrative expenses (GAE) were offset by higher staff costs. The 4% Y/Y increase of **staff expenses** was affected by a lower 2012 comparison base. The flat development of **GAE** 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 impairments on loans and receivables grew to CZK 0.8bn, i.e. 27% Y/Y due to a low comparison base. The **credit cost ratio** increased to 30bps (Ytd., annualized), 6 bps higher Y/Y but remained below over-the-cycle level.

Balance Sheet Review

Loan portfolio further grew and reached CZK 490.0bn at the end of 1H 2013, especially thanks to mortgages and corporate/SME loans.

Mortgages increased by 9% Y/Y to CZK 190.1bn and retained its market leading position. The growth of outstanding mortgage market was driven by stable real estate prices, interest rates at a record lows and refinancing building savings loans. ČSOB ranked second in 2Q 2013 in new sales providing CZK 11.0bn, which is the second highest quarterly volume in the ČSOB history. The portfolio of **building savings loans** decreased by 3% Y/Y to CZK 68.0bn, as clients in general preferred mortgages to building savings loans in a low interest rate environment. Although outstanding volumes decreased Y/Y, ČMSS continues to keep its leading market position. In **consumer finance**, ČSOB grew by 2% Y/Y to CZK 19.1bn and managed to keep its market share in the outstanding volumes.

Demand for loans in the SME segment remained healthy. Volumes of **SME loans** (which include municipalities and housing cooperatives) increased by 7% Y/Y and reached the highest volumes ever, CZK 73.2bn. It was driven by building cooperatives and core SME supported by improvements in credit application process. Outstanding volumes in **leasing** reached CZK 21.9bn. ČSOB Leasing again outperformed the market and thus maintains its market leading position.

The **corporate loans** grew by 6% to CZK 113.2bn as slight increase in plain vanilla loans was supplemented by transactions in specialized financing.

Group deposits increased to CZK 626.4bn (+1% Y/Y). Within the total **client deposits**, savings deposits showed highest growth by 5% to CZK 210.8bn. This increase was more than offset by a decline in term deposits. Current accounts increased by 3% Y/Y to CZK 278.4bn. The volume of **building savings deposits** remained relatively stable Y/Y at CZK 83.9bn, despite the uncertainty related to the change of the state subsidy. The 6% 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.

ČSOB is keeping its number one position on the funds market. AUM increased by 12% to CZK 117.5bn, adjusting for takeover of Slovak AM, AUM increased by 5% Y/Y. Assets grew thanks to higher volumes of new sales exceeding outflows from matured funds and partly thanks to good performance. New sales of **mutual funds** (capital protected and other mutual funds) increased by 86% Y/Y. The strongest demand was for mixed funds, especially for funds with a conservative profile and capital protected funds.

Risk Management Review

The **Tier 1 ratio** reached 13.8% as of 30 June 2013, compared to 11.8% as of 30 June 2012, thanks to retention of CZK 2.4bn from the 2012 net profit. **Liquidity** remained ample, the loan / deposit ratio grew to 78.7% as of 30 June 2013 from 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) decreased to 3.5% of gross loans as at 30 June 2013. **The credit cost ratio** (CCR) for 1H 2013 stood at 0.30% compared to 0.24% for 1H 2012.

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)	1H 2012	1H 2013	Y/Y
Operating income	17,069	16,735	-2%
Net interest income	12,615	12,153	-4%
Net fee and commission income	2,795	2,905	+4%
Operating expenses	-7,610	-7,743	+2%
Impairment losses	-333	-795	>100%
Profit for the period (owners of the parent)	7,882	6,911	-12%