Prague, 14 November 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 10.8BN: ROBUST LOAN GROWTH, STRENGTHENED CAPITAL POSITION

9M 2013 financial results of the ČSOB group[1]:

- Loan portfolio increased to CZK 501.1bn (+6% Y/Y)
- Deposits remained flat at CZK 628.2bn
- Operating income decreased to CZK 25.2 (-2% Y/Y)
- Operating expenses flat at CZK 11.5bn
- Credit cost ratio stood at 0.24% (-0.03pp Y/Y)
- Net profit came in at CZK 10.8bn (-7% Y/Y)
- Return on equity (ROE) decreased to 19.5% (-4.1pp Y/Y)
- Tier 1 ratio at 16.1% thanks to profit retention and capital structure strengthening
- ČSOB launched Era portal, new internet banking enabling new functions such as administration of personal finance or direct sales of products

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

"I am glad to see that ČSOB is the first bank in the Czech republic that crossed the symbolic threshold of CZK 500bn in loans, with record high volumes ever reached in mortgages, corporate and SME. Further strengthened capital structure to record high level ever suggests we are well equipped to continue our responsible lending activity and sustainable growth."

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

Loan portfolio further grew to CZK 501.1bn at the end of 3Q 2013. The 6% Y/Y increase was achieved especially thanks to mortgages (+9% Y/Y), corporate loans (+9% Y/Y) and SME loans (+5% Y/Y). **Group deposits** remained nearly flat at CZK 628.2bn as increase of retail and corporate/SME deposits was offset by a non-banking financial institution outflow.

The **credit costs ratio** decreased to 24bps from 27bps. The decrease is fully attributable to the recovery of historical file.

Even though, higher business volumes, increased demand for mutual funds and financial markets products mitigated low level of interest rates, 9M 2013 **ČSOB group's net profit** decreased by 7% **to CZK 10.8bn.**

The ČSOB group's **total capital ratio** stood at 16.3% and the (Core) Tier 1 ratio at 16.1% as of 30 September 2013. The **loan / deposit ratio** stood at 80.5% and the net stable funding ratio at 135.3% as of 30 September 2013.

P&L Review

The **operating income** slightly decreased to CZK 25.2bn, impacted by a low interest rate environment partly offset by higher fees and commissions from increased mutual funds sales.

The **net interest income** declined by 4% Y/Y as higher business activity was mitigated by low interest rate environment. **The net fee and commission income** grew by 4% Y/Y. The increase stemmed mainly from higher demand for mutual funds and higher sales in the financial markets area, partly offset by higher commissions paid to distribution. The result was also affected by low comparison basis in 2012, when ČSOB wrote-off deferred acquisition costs in pension fund.

Operating expenses remained broadly flat at CZK 11.5bn thanks to savings in general administrative expenses (GAE). The impact of lower number of employees was outweighed by regular wage adjustment, higher social security payments as well as methodological change in ČMSS (monthly vs. annual accruals of variable remuneration). Therefore **staff expenses** increased by 3% Y/Y. The 2% decrease of **GAE** was achieved by savings in marketing, professional fees, postage and other expense categories.

The **impairments on loans and receivables** declined to CZK 978m, i.e. 7% Y/Y. The **credit cost ratio** decreased Y/Y to 24 bps (Ytd., annualized) and the decrease is fully attributable to the recovery of historical file. Adjusting for the recovery, credit cost ratio would actually increase to 29 bps.

Balance Sheet Review

Loan portfolio further grew to CZK 501.1bn at the end of 3Q 2013, especially thanks to mortgages and corporate/SME loans.

Mortgages increased by 9% Y/Y to CZK 194.7bn and retained its market leading position. Stable real estate prices, interest rates at record lows and partly refinancing building savings loans contributed to a 5% Y/Y growth of outstanding mortgage market. ČSOB provided CZK 12.4bn (+59% Y/Y) of new mortgages in 3Q 2013, which is the highest quarterly volume in the ČSOB history. The portfolio of **building savings loans** decreased by 4% Y/Y to CZK 67.3bn, as clients preferred mortgages to building savings loans in a low interest rate environment. Although outstanding volumes decreased Y/Y, ČMSS strengthened its market share. In **consumer finance**, ČSOB managed to keep its market share on the stagnating market and grew by 1% Y/Y to CZK 19.1bn.

Volumes of **SME loans** (which include municipalities and housing cooperatives) increased by 5% Y/Y to CZK 74.6bn and reached the highest volumes ever. The growth was driven by mid-size and micro companies. Maintaining stable housing loans for building cooperatives, ČSOB confirmed its leading market position in this area. Outstanding volumes in **leasing** reached CZK 22.4bn, i.e. +3% Y/Y and ČSOB Leasing improved its market share. The growth by 10% Y/Y in new sales was driven by machinery and equipment financing. Besides, cross selling activities supported leasing sales.

The **corporate loans** grew by 9% Y/Y to CZK 118.9bn strongly driven by specialized finance, especially in areas of acquisition, export and trade finance.

Group deposits remained nearly flat at CZK 628.2bn. Within the total **client deposits**, current accounts showed the highest growth by 5% Y/Y to CZK 278.4bn. Savings accounts increased by 4% Y/Y to CZK 213.8bn. On the other hand, term deposits decreased by 33% Y/Y, but from very low basis compared to the other two categories. The volume of **building savings deposits** remained relatively stable Y/Y at CZK 82.9bn, despite the uncertainty related to the change of the state subsidy. The 11% Y/Y increase of the **pension fund** to CZK 31.6bn was driven mainly by the growth of assets in transformed fund. The growth was stemming from stable portfolio of clients and the fact, that two-thirds of clients increased their monthly contribution.

The ČSOB group is keeping its number 1 position in the funds market. AUM increased by 10% Y/Y to CZK 115.9bn, adjusting for takeover of Slovak AM, AUM increased by 3% Y/Y. Assets grew thanks to higher volumes of new sales exceeding outflows from matured funds and partly thanks to good performance. In 3Q 2013, new sales of **mutual funds** (capital protected and other mutual funds) were down by 16% Y/Y. The strongest demand was for mixed funds, especially funds with a conservative profile.

Risk Management Review

The **Tier 1 ratio** reached 16.1% as of 30 September 2013, compared to 12.5% as of 30 September 2012, thanks to profit retention and capital structure strengthening via replacing Tier 2 subordinated debt in the amount of CZK 8bn by Tier 1 share capital.

Liquidity remained ample, the loan / deposit ratio grew to 80.5% as of 30 September 2013 from 76.0% as of 30 September 2012. **Non-performing loans** (more than 90 days overdue, according to the ČSOB methodology, in line with the KBC group methodology) decreased to 3.3% of gross loans as at 30 September 2013. The **credit cost ratio** (CCR) for 9M 2013 stood at 0.24% compared to 0.27% for 9M 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

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Consolidated P&L – Reported (EU IFRS)

(CZK m)	9M 2012	9M 2013	Y/Y
Operating income	25,546	25,161	-2%
Net interest income	18,927	18,245	-4%
Net fee and commission income	4,229	4,380	+4%
Operating expenses	-11,441	-11,481	0%
Impairment losses	-789	-982	+24%
Profit for the period (owners of the parent)	11,516	10,758	-7%