1H 2013 ČSOB Activity Report

Semi-Annual Report

as required by the Act No. 256/2004 Coll., Act on Business Activities on the Capital Market

Business name:	**Československá obchodní banka, a. s.**
Registered office:	Radlická 333/150, Praha 5, Postal Code 150 57, Czech Republic
Legal status:	Joint-stock company
Registration:	Registered in the Commercial Registry of the City Court in Prague, Section B XXXVI, Entry 46
Date of registration:	21 December 1964
ID No.:	00001350
Tax registr. No:	CZ699000761 (for VAT) CZ00001350 (for other taxes)
Bank code:	0300
SWIFT:	CEKOCZPP
Telephone:	+420 224 111 111
E-mail:	info@csob.cz
Internet address:	http://www.csob.cz
Data box:	8qvdk3s2
Supervisory body:	Czech National Bank (CNB), Na Příkopě 28, Praha 1, Postal Code 115 03, Czech Republic

The 1H 2013 ČSOB Activity Report (hereinafter referred to as Semi-Annual Report) **was published** on ČSOB's Internet website www.csob.cz **on 29 August 2013**. By publishing the Semi-Annual Report, ČSOB meets the information obligation under the Act No. 256/2004 Coll., Act on Business Activities on the Capital Market, as amended. The 1H 2013 results of the ČSOB group were published on 8 August 2013 in the form of a press release and a presentation which also contain definitions of terms and indicators used. In addition to the summary of information already published, the Semi-Annual Report contains the following: the interim consolidated financial statements of ČSOB as at 30 June 2013, the company profile, current information on ČSOB's managing and supervisory bodies, ČSOB's securities and other regulatory information.

All data and information contained in the Semi-Annual Report are as at 30 June 2013, unless stated otherwise.

This report has not been audited.

Summary

In 1H 2013, ČSOB group's net profit came in at CZK 6.9bn (-12% Y/Y). Loan portfolio further grew and reached CZK 490.0bn (+5% Y/Y), while the volume of deposits increased to CZK 626.4bn (+1% Y/Y). 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.

TABLE OF CONTENTS

1. ČSOB GROUP'S ACTIVITIES IN 1H 2013[1]

Measures of Sustainable Performance

Performance affected by a low interest rate environment and higher impairments

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%

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.

1H 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 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. 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 2013 ČSOB group's **net profit** declined to **CZK 6.9bn** (-12% Y/Y).
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**.

[1] *All numbers in this part of the 1H 2013 ČSOB Activity Report are consolidated, unaudited, according to EU IFRS.*

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

Consolidated Unaudited Financial Statements as at 30June 2013

Consolidated P&L

(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.

P&L Review

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 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.

Consolidated 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.

Consolidated 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.

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.

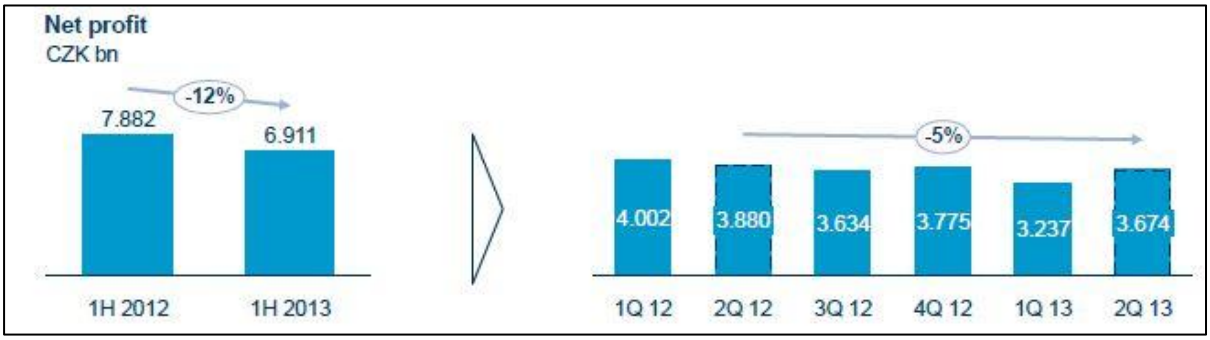
Group deposits increased to CZK 626.4bn (+1% Y/Y). Within the total **client deposits**, savings deposits showed highest growth by 5% to CZK 210.8bn. This increase was more than offset by a decline in term deposits. Current accounts increased by 3% Y/Y to CZK 278.4bn. The volume of **building savings 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.

Details on the 1H 2013 ČSOB Group Results

1H 2013 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.

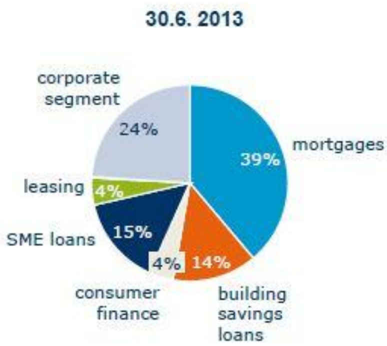
Notes:

- *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).*

Business Results – Group Lending

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%

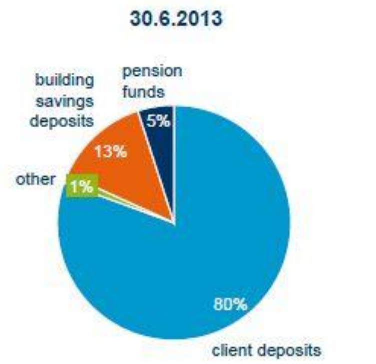


[1] *The ČSOB group mortgages are booked in the balance sheet of ČSOB's subsidiary Hypoteční banka.*
[2] *The ČSOB group building savings loans are booked in the balance sheet of the ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported pro rata, i.e. the way they enter ČSOB's consolidated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

Business Results – 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] 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.

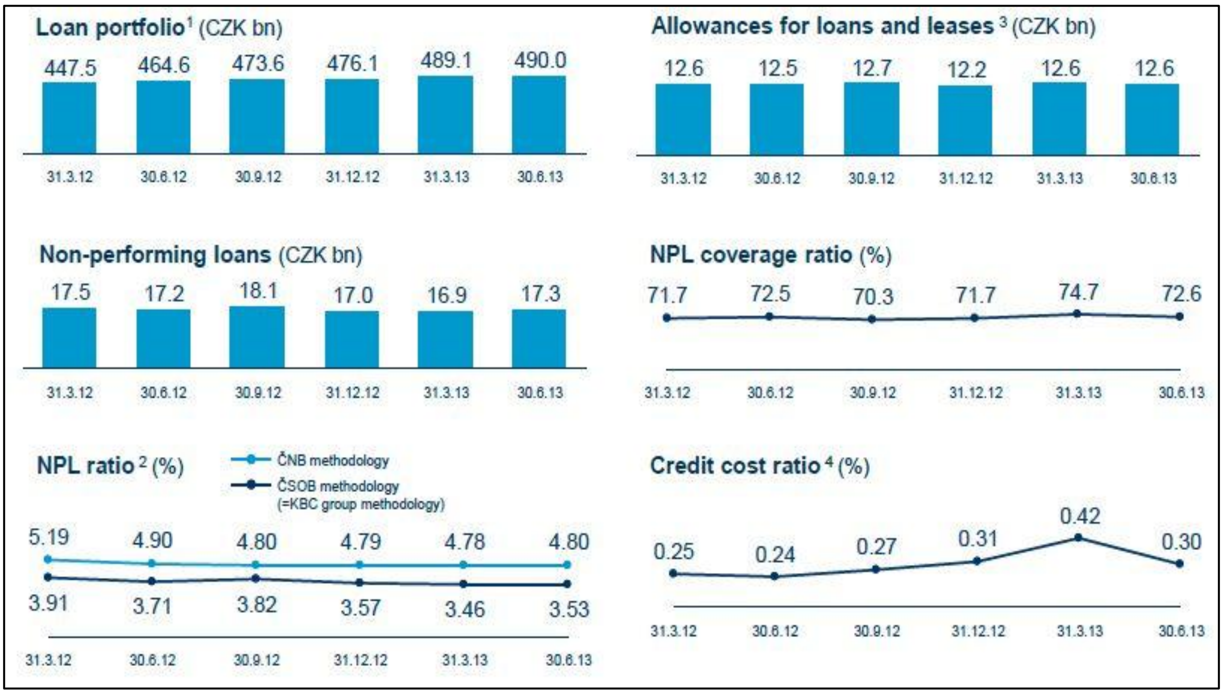
[3] Repo operations with non-banking financial institutions and other.

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.

Credit risk under control



[1] 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).

[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 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%.

Selected ČSOB Group’s Market Shares in the Czech Republic

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.

Insurance

Arrows show Y/Y change.

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

ČSOB's Credit Rating ČSOB (as at 29 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 strenght	C-	Viability rating	bbb+
			Support	2
LT rating valid since		20 June 2012		3 February 2012
Last confirmation		20 June 2012		3 February 2012

Awards for the ČSOB Group

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

Euromone 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 as well as many categories, e.g. Best relationship management or Privacy and safety.
EMEA Finance Best Bank Czech Republic 2012	The UK's **EMEA Finance** magazine named ČSOB **the best bank in the Czech Republic** for 2012. The main criteria included market share, portfolio extent 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	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 was selected 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.

2. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Financial Statements of ČSOB as at 30 June 2013 prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union (Unaudited) please refer to **Annex No. 1** of this Report.

3. COMPANY PROFILE

ČSOB and ČSOB's Group Profile

From ČSOB's History

1964	ČSOB established by the state as a bank to provide foreign trade financing and convertible currency operations in the then Czechoslovak market.
1993	Continuation of ČSOB's activities in both Czech and Slovak market after the split of Czechoslovakia.
1999	ČSOB privatized – Belgium-based KBC Bank becoming the majority shareholder of ČSOB.
2000	Acquisition of Investiční a Poštovní banka (IPB).
2007	KBC Bank becoming ČSOB's sole shareholder after buying out all minority shareholders.
2007	New environmentally friendly building of ČSOB's headquarters in Prague – Radlice for 2,600 employees (Building of the Year 2007).
2008	As at 1 January, ČSOB's Slovak branch separated into a separate entity, fully controlled by KBC Bank via 100% of voting rights.
2009	In December, ČSOB sold remaining interest in the Slovak activities to KBC Bank.

ČSOB and ČSOB Group Profile

Československá obchodní banka, a. s. (ČSOB; the Bank) is a universal bank operating in the Czech Republic. It constitutes the main operating entity of the ČSOB financial group, itself 100% controlled by KBC Group.

ČSOB provides its services to all groups of clients, i.e. retail as well as SME, corporate and institutional clients. In retail banking in the Czech Republic, ČSOB is operating under main recognized brands – ČSOB, Era and Poštovní spořitelna (Postal Savings Bank – PSB). Clients are served via ČSOB branches, Era Financial Centers and outlets of the Czech Post network (PSB). In addition to its own products, ČSOB distributes products and services of the whole ČSOB group.

The ČSOB group is a leading financial services provider in the Czech Republic. It is a part of the international bancassurance KBC Group.

ČSOB offers to its clients **a wide range of banking products and services**, including the products and services of the entire ČSOB group. The ČSOB group's product portfolio includes financing housing needs (mortgages and building savings loans), insurance and pension fund products, collective investment products and asset management and specialized services (leasing and factoring). The ČSOB group operates in the Czech Republic mainly under the brands ČSOB, Era, PSB, Hypoteční banka and ČMSS. The ČSOB group provides its services to all groups of clients, i.e. retail as well as SME, corporate and institutional clients.

ČSOB Group in Figures	31.12.2012	30.6.2013
Employees (FTE)	7,801	7,554
Clients (the Bank)	3,054 ths	3,022 ths
Users of internet banking (the Bank)	1,379 ths	1,437 ths
Retail / SME branches and advisory centers	561	563
ČSOB retail / SME branches	238	238
Era Financial centers	73	74
ČMSS advisory centers	139	139
Hypoteční banka centers	27	27
ČSOB Pojišťovna branches	84	85
Leasing branches	13	11
ČSOB corporate branches	11	11
PSB outlets of the Czech Post network	ca. 3,200	ca. 3,200
ATMs (the Bank)	914	939

** The number of ČSOB's clients (the Bank only) decreased due to closing of inactive accounts. Without this, number of clients remains flat Y/Y (3,076 ths).*

Annual reports and other information about ČSOB and ČSOB's group are available at www.csob.cz

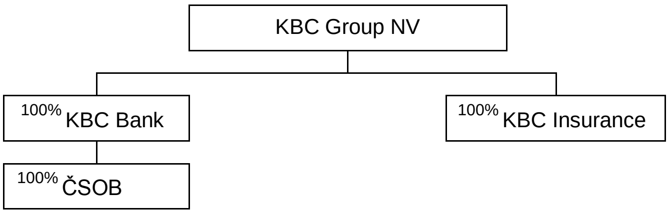
KBC Group Profile

ČSOB is a wholly-owned subsidiary of KBC Bank NV. KBC Bank is fully owned by KBC Group NV.

KBC Group is an integrated, multi-channel bancassurance group, catering mainly for retail, SME and local midcap clients. It concentrates on its home markets of Belgium and certain countries in Central and Eastern Europe (the Czech Republic, Slovakia, Bulgaria and Hungary). Elsewhere around the globe, the group has established a presence in selected countries and regions.

As of the end of 2012, KBC Group served approximately 9 million clients in its five home markets and employed approximately 37,000 employees (FTEs; excluding companies to be divested), roughly half of which in Central and Eastern Europe.

The simplified scheme of the KBC Group as at 30 June 2013



KBC Group's shares are traded publicly on the Euronext Exchange in Brussels and on the Luxembourg Stock Exchange. KBC Group's core shareholders are: KBC Ancora, Cera, MRBB (a farmers association) and other core shareholders.

Effective as of 1 January 2013, KBC Group has organized its core markets activities into three business units – Belgium, Czech Republic and International Markets. The Business Unit Czech Republic includes all KBC Group's business in the Czech Republic. Next to the ČSOB group, it also includes ČSOB Pojišťovna, ČSOB Asset Management and Patria Online.

KBC Group in Figures		31.12.2012	30.6.2013
Total assets	EURbn	256.9	253.3
Loans and advances to customers	EURbn	128.5	131.8
Deposits from customers and debt securities	EURbn	159.6	167.4
Net profit, group share	EURm	612	1,037
Adjusted net profit, group share	EURm	1,496	843
Tier 1 ratio, group level (Basel II)	%	13.8	16.8
Cost/income ratio, banking (based on adjusted profit)	%	57	50

For more information please refer to the KBC's corporate website www.kbc.com.

ČSOB as a Controlled and Controlling Entity

Within the KBC group and the ČSOB group, ČSOB acts as both controlled entity and controlling entity as defined in the Commission Regulation (EC) No 809/2004.

ČSOB is a **controlled entity**. KBC Bank NV (identification number 90029371) is the sole shareholder of ČSOB. KBC Group NV (identification number 90031317) is the sole shareholder of KBC Bank. Both KBC Group and KBC Bank have their registered addresses at: Havenlaan 2, B-1080 Brussels (Sint-Jans Molenbeek), Belgium.

KBC Group and KBC Bank control ČSOB as they dispose with 100% of votes, based on the KBC Bank's ownership interest in ČSOB. ČSOB meticulously follows the legislation applicable on the territory of the Czech Republic to prevent any abuse of this control. ČSOB did not hold any shares of KBC or KBC Group between 1 January and 30 June 2013.

ČSOB is also a **controlling entity**. For information on companies controlled by ČSOB as at 30 June 2013 as defined by Section 66a of the Commercial Code, please refer to **Annex No. 2** of this Report.

ČSOB is not dependent on any entity in the concern into which ČSOB belongs.

4. MANAGING AND SUPERVISORY BODIES

ČSOB has a two-tier board system consisting of a **Board of Directors** and a **Supervisory Board**. The Board of Directors represents ČSOB in all matters and is assigned its management, while the Supervisory Board oversees the Board of Directors. ČSOB also has had the **Audit Committee** as an independent governing body of ČSOB since January 2010. Members of the Audit Committee are elected by and reporting to the General Meeting of ČSOB's shareholders.

ČSOB's Board of Directors and ČSOB's Top Management

ČSOB's Board of Directors operates as the Bank's statutory and supreme executive body and has **eight members** (since 1 January 2013) all of whom were also Senior Executive Officers.

ČSOB's Top Management reports directly to the Board of Directors. ČSOB's Top Management consists of the Bank's senior employees in the positions of Chief Executive Officer and Senior Executive Officers.

In 1H 2013, there were no personnel changes in the ČSOB's Board of Directors and ČSOB's Top Management.

For description of **areas of responsibility** managed by ČSOB's Top Management please refer to the **ČSOB's Organisation Chart** to **Annex No. 3** of this Report.

The composition of the Board of Directors and the Top Management is identical.

	ČSOB's Board of Directors			**ČSOB's Top Management**	
First Name and Surname	Position	Membership since	The Beginning of the Member's Current Term of Office[1]	Position	The Beginning of Term of Office
Pavel Kavánek	Chairman[2]	17.10.1990	20.5.2009	Chief Executive Officer	29.1.1993
Petr Hutla	Member	27.2.2008	28.2.2013[3]	Senior Executive Officer Specialized Banking and Insurance	1.1.2013
Marek Ditz	Member	1.1.2013	1.1.2013	Senior Executive Officer Customer Relationships	1.1.2013
Petr Knapp	Member	20.5.1996	20.5.2009	Senior Executive Officer Corporate Banking and Financial Markets	1.1.2013
Jan Lamser	Member	26.5.1997	20.5.2009	Senior Executive Officer Convenience Services	1.1.2013
Bartel Puelinckx	Member	8.12.2010	8.12.2010	Senior Executive Officer Finance Management	1.5.2010
Koen Wilmots	Member	8.12.2010	8.12.2010	Senior Executive Officer Operations Management	1.1.2013
Jiří Vévoda	Member	8.12.2010	8.12.2010	Senior Executive Officer Risk Management	1.1.2013

[1] The term in office of the members elected prior to the amendment of ČSOB Articles in effect from 3 June 2011, lasts five years; in other cases it lasts four years.

[2] Current chairman term since 20 May 2009. [3] Elected to a new term in office.

ČSOB's Supervisory Board

ČSOB's Supervisory Board oversees the performance of the Board of Directors and has **nine members.**

First Name and Surname	Position	Membership since	The Beginning of the Member's Current Term of Office[1]
Jan Švejnar	Chairman[2]	9.10.2003[1]	20.5.2009
Marko Voljč	Member	29.6.2010	29.6.2010
Guy Libot	Member	1.12.2010	1.12.2010
Patrick Roland Georges Zeno Vanden Avenne	Member	22.4.2006	15.6.2011
Hendrik George Adolphe Gerard Soete	Member	24.2.2007[3]	20.6.2012[5]
Jan Gysels	Member	14.2.2013	14.2.2013
František Hupka	Member[4]	23.6.2005	23.6.2010
Martina Kantová	Member[4]	23.6.2010	23.6.2010
Ladislava Spielbergerová	Member[4]	23.6.2010	23.6.2010

[1] The term in office of the members elected prior to the amendment of ČSOB Articles in effect from 3 June 2011, lasts five years; in other cases it lasts four years.

[2] Current chairman term since 3 June 2009. [3] Co-opted.

[4] Elected by employees. [5] Elected to a new term in office.

The Audit Committee

ČSOB's Audit Committee acts as an independent body of ČSOB and has **four members.** Members of the Audit Committee are elected by and reporting to the General Meeting of ČSOB's shareholders.

First Name and Surname	Position		Membership since
Guy Libot[1]	Chairman	Member of the ČSOB's Supervisory Board	1.12.2010
Jan Švejnar	Member	Chairman of the ČSOB's Supervisory Board	1.1.2010[2]
Jan Gysels	Member	Member of the ČSOB's Supervisory Board	5.4.2013
Petr Šobotník	Independent member	Not a member of any ČSOB body	1.2.2011

[1] *Chairman of the ČSOB's Audit Committee since 1 July 2011.*

[2] *From 23 February 2007 to 31 December 2009, he was a member of the Audit Committee, a body of the ČSOB's Supervisory Board.*

Changes in the ČSOB's Managing and Supervisory Bodies in 1H 2013

On 21 December 2012, **KBC Bank as the sole shareholder of ČSOB decided as follows:**

- As of January 2013, the ČSOB's Board of Directors and ČSOB's Top Management have eight members, instead of seven. Marek Ditz (the head of Corporate and Institutional Banking until 31 December 2012) was appointed a new member of the ČSOB's Board of Directors (and ČSOB's Top Management) with effect from 1 January 2013.

On 14 February 2013, **KBC Bank as the sole shareholder of ČSOB decided as follows:**

- Philip Marck was dismissed from the ČSOB's Supervisory Board with effect from 14 February 2013.
- Jan Gysels was elected a member of the ČSOB's Supervisory Board with effect from 14 February 2013.
- Petr Hutla was re-elected a member of the ČSOB's Board of Directors with effect from 28 February 2013 (he has been a member of ČSOB's Board of Directors since February 2008).

On 5 April 2013, **KBC Bank as the sole shareholder of ČSOB decided as follows:**

- Philip Marck was dismissed from the ČSOB's Audit Committee with effect from 5 April 2013.
- Jan Gysels was appointed a member of the ČSOB's Audit Committee with effect from 5 April 2013.

5. INFORMATION ABOUT ČSOB SECURITIES

Shares

		As at 30 June 2013	As at 23 July 2013*
ČSOB's shares	**ISIN**	**CZ0008000288**	
	Class	Ordinary shares	
	Type	Bearer shares	
	Edition	Book-entered	
	Number of shares	292,750,000	292,750,001
	Nominal value	CZK 20	CZK 20
	Total issue volume	CZK 5,855,000,000	CZK 5,855,000,020
	Amount of share capital	CZK 5,855,000,000	CZK 5,855,000,020
		Paid up 100%	Paid up 100%

** Recorded by an entry in the Commercial Register.*

KBC Bank NV, with its registered address at: Havenlaan 2, B-1080 Brussels (Sint-Jans Molenbeek), Belgium, **is the sole shareholder of ČSOB**.

ČSOB shares are not publicly tradable on any official regulated market in either an EU member state, or an EEC member state.

ČSOB has not issued any convertible bonds or priority bonds as defined by Section 160 of the Commercial Code. In 1H 2013, ČSOB neither held any own shares, nor issued stock certificates.

Bonds *(outstanding)*

In the Czech Republic, ČSOB is an issuer of bonds and mortgage bonds issued under the **ČSOB's bond issuance program.** The program was approved by the Securities Commission in November 2003 (including joint issue terms for a previously non-determined number of bond issues) with a maximum amount of CZK 30bn of outstanding bonds and 10-ear tenure.

By 30 June 2013, **ČSOB had issued the following bond issues** under the bond issuance program in the Czech Republic:

Issue Name	ISIN	Issue Date	Volume of Bonds Issued (Nominal Value)	
Mortgage bond ČSOB 4.60%/2015	CZ0002000706	15.11.2005	CZKm	1,300
Bond ČSOB VAR/2018	**CZ0003701799**	**22.12.2008**	**CZKm**	**10**
Bond ČSOB Inflace I/2015 (Tranche no. 1)	CZ0003702292	10.3.2010	CZKm	170
Bond ČSOB ZERO CZK XIV/2013	CZ0003702417	14.7.2010	CZKm	500
Bond ČSOB Komodity II/2013 (Tranche no. 1)	CZ0003702425	15.9.2010	CZKm	22.5
Bond ČSOB koš akcií/2015 (Tranche no. 1)	CZ0003702441	27.10.2010	CZKm	121.7
Bond ČSOB ZERO USD III/2014	CZ0003702524	13.1.2011	USDm	10
Bond ČSOB 3M PRIBOR/2016 (Tranche no. 1)	CZ0003702540	2.3.2011	CZKm	149
Bond ČSOB Inflace II/2016 (2 Tranches)	CZ0003702789	17.3.2011	CZKm	630
Bond ČSOB Měny II/2016 (Tranche no. 1)	CZ0003702821	5.5.2011	CZKm	280
Bond ČSOB koš akcií II/2016 (Tranche no. 1)	CZ0003702839	9.6.2011	CZKm	111.3
Bond ČSOB likvidní IV/2017 (3 Tranches)	CZ0003703050	2.2.2012	CZKm	2,400
Bond ČSOB 3M PRIBOR II/2017 (Tranche no. 1)	CZ0003703183	29.3.2012	CZKm	210
Bond ČSOB likvidní V/2017	CZ0003703258	17.4.2012	CZKm	1,000
Bond ČSOB likvidní VI/2017 (2 Tranches)	CZ0003703472	6.8.2012	CZKm	2,000
Bond ČSOB likvidní VII/2017 (Tranche no. 1)	CZ0003703480	12.10.2012	CZKm	1,000

In March 2013, ČSOB issued the following **investment certificate issues** in the Czech Republic:

Issue Name	ISIN	Issue Date	Volume of Investment Certificates Issued (Nominal Value)	
ČSOB Investment certificate I (Tranche no. 1)	CZ0000300157	27.3.2013	CZKm	212

The Bond ČSOB VAR/2018 bond is listed at the Regulated Market of the Prague Stock Exchange (until 30 November 2012 listed at the Free market of the Prague Stock Exchange); trading started on 22 December 2008. The remaining bonds, mortgage bonds and investment certificates are unlisted.

The purpose of the issuance of bonds and of investment certificates by ČSOB is mainly to enlarge the offer of investment products for the Bank's clients.

The bond issuance program's prospectus, amendments thereto and pricing supplements and the prospectus of investment certificates as well as the prospectus of the Bond ČSOB VAR/2018 are available at ČSOB's website www.csob.cz.

6. ADDITIONAL INFORMATION

Decision of Sole Shareholder in Exercising the Powers of the General Meeting

KBC Bank NV as ČSOB's sole shareholder:

1. **On 17 April 2013**, KBC Bank NV approved Consolidated Financial Statements of ČSOB and its subsidiaries as at 31 December 2012 and Separate Financial Statements of ČSOB as at 31 December 2012 prepared in accordance EU IFRS.
2. **On 28 June 2013**, KBC Bank NV approved distribution of the non-consolidated net profit for the year 2012 in total amount of CZK 15,679,245 ths as follows:
   - The part of ČSOB's non-consolidated net profit for the year 2012 in total amount of CZK 13,320,125 ths was distributed to the shareholders. The dividend per share was CZK 45.50. Dividends were paid in July 2013.
   - The part of ČSOB's non-consolidated net profit for the year 2012 in total amount of CZK 2,359,120 ths was allocated to the account retained earnings from the previous years.

Information on Court Disputes

The most significant ČSOB's court disputes as at 30 June 2013, are shown in the following tables including the dispute amount (without accessories).

I. Litigation initiated by ČSOB (the Plaintiff)

	Counterparty of the Dispute	Receivable (CZKm)
1	Czech Republic – Ministry of Finance	1,420

II. Litigation against ČSOB (the Defendant)

	Counterparty of the Dispute	Liability (CZKm)
1	ICEC-HOLDING, a.s.	11,893
2	imAGe Alpha, a.s.	11,227
3	JUDr. Věslav Németh	1,682
4	Bankruptcy Trustee of Chemapol Group, a.s.	1,450

Legal dispute indicated in list I represents no risk even in case of a potential defeat.

According to the Bank, legal disputes in list II do not constitute any risk, given their absolute unreasonableness. In addition, legal disputes with numbers 1 and 3 in list II have the risk of any potential defeat covered by the CNB's indemnity issued in connection with the sale of the IPB enterprise, according to the Bank.

Corporate Social Responsibility Related Events in 1H 2013

ČSOB continues to invest into society and its community

Responsible Business	ČSOB participated in helping after floods. Employees helped non-profit organizations as well as their colleagues to clean-up after floods. Employees also supported the **collection for Sue Ryder Home**, which helps seniors. ČSOB also supported **benefit concert** for victims of floods.
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. Also employees helped with evaluation of projects.
Diversity	ČSOB wants to increase number of disabled employees via trained personnel consultants as well as via internal campaign called **„Fandim OZP"**. During the campaign there are articles published in internal magazines, on specialized web pages and posters.
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.

Events after 30 June 2013

ICT services

Since 1 June 2009, ČSOB has been using **outsourced ICT services** - until 30 June 2013, provided by KBC Global Services Czech Branch, organizační složka[1] (KBC GS CZ); **since 1 July 2013**, after the merger of KBC Group NV and KBC Global Services NV into one legal entity, provided by KBC Group NV Czech Branch, organizační složka[2] (KBC Group Czech Branch).

Companies of the ČSOB group (for example Hypoteční banka, ČSOB Asset Management, ČSOB Pension Company, ČSOB Leasing, ČSOB Factoring and also ČSOB Insurance) use outsourced ICT services provided by KBC GS CZ and by KBC Group Czech Branch since 1 July 2013.

[1] KBC GS CZ, Company Reg. No. 285 16 869, registered seat at Radlická 333/150, 150 57 Prague 5, is part (so-called „organizational unit“) of the Belgian KBC Global Services NV.

[2] KBC Group Czech Branch, Company Reg. No. 285 16 869, registered seat at Radlická 333/150, 150 57 Prague 5, is part (so-called „organizational unit“) of the Belgian KBC Group NV.

Share capital

On 11 July 2013, KBC Bank NV as ČSOB's sole shareholder decided **on increase in share capital of ČSOB** by CZK 20 from current CZK 5 855 000 000 **to CZK 5 855 000 020***, under the following conditions:

- increase of share capital was made by subscription of one piece of common uncertificated bearer share with a nominal value of CZK 20,
- issue price of the subsribed share is CZK 8 000 000 000, whereas CZK 7 999 999 980 is a share premium.

** Recorded by an entry in the Commercial Register on 23 July 2013.*

Subordinated debt

To support the capital structure of its group, ČSOB received subordinated debt in nominal amount of CZK 12 bn in two tranches: CZK 5 bn in September 2006 with the maturity date falling on 29 September 2016 and CZK 7 bn in February 2007 with the maturity date falling on 28 March 2017. In September 2012, ČSOB repaid prematurely CZK 4 bn of the first tranche of subordinated debt.

ČSOB has agreed with creditor to repay remaining subordinated debt in the amount CZK 8 bn in August 2013.

7. EXPECTED DEVELOPMENT

Expected Economic and Financial Situation of the ČSOB Group in 2H 2013

During the first six months of the year, the **Czech economy** saw contraction as the 1Q 2013 GDP decreased by 2.4% Y/Y and 2Q 2012 GDP decreased by 1.2% Y/Y, according to the preliminary estimate of the Czech Statistical Office. However, what is important is the fact that Czech Economy emerged from the recession in 2Q 2013, as GDP increased by 0.7% Q/Q. According to the Czech National Bank's macroeconomic outlook, the GDP for the entire year of 2013 is expected to contract by 1.5% Y/Y.

ČSOB group reached, during the first half of 2013, as expected lower profitability in line with the low interest rate environment, kept high asset quality, levels of capitalization and liquidity. ČSOB's sole shareholder decided to retain CZK 2.4 bn of 2012 net profit in ČSOB to further strengthen its capital position. **For the second half of 2013,** the ČSOB group will continue to focus on providing high quality financial service to its client. As in the past, ČSOB group's main aim continues to be to better serve the needs of clients and further lift the core capabilities to sustainably differentiate the ČSOB group over long term. Servicing the retail and SME segments continues to be core to the business of the ČSOB group also in the second half of 2013. In addition, the ČSOB group will continue to manage for value its corporate banking services. The ČSOB group will further endeavor to maintain solid profitability while sticking to its focus on asset quality. Given the decision of ČSOB's sole shareholder to increase capital of ČSOB by CZK 8 bn, ČSOB has agreed with creditor to repay remaining subordinated debt in the amount CZK 8 bn in August 2013, which leads to overall improvement in the quality of regulatory capital. Further improved already strong capital and liquidity positions of the ČSOB group allow growing the credit portfolio faster than its group deposits. The Board of Directors expects that credit costs will continue their convergence to over-the-cycle levels in 2H 2013.

8. SWORN STATEMENT

Persons Responsible for the 1H 2013 ČSOB Activity Report

hereby declare that, to their best knowledge, the **1H 2013 ČSOB Activity Report** gives a true and fair account of ČSOB and its consolidation unit's financial situation, business activities and business results achieved in the first half of 2013 as well as ČSOB and its consolidation unit's outlook for the future trends in the financial situation, business activities and business results.

In Prague, 29 August 2013

Československá obchodní banka, a. s.

Petr Knapp
Member of the Board of Directors
and Senior Executive Officer

Bartel Puelinckx
Member of the Board of Directors
and Chief Finance Officer

9. **ANNEXES** to the 1H 2013 ČSOB Activity Report

No. 1 Interim Consolidated Financial Statements of ČSOB as at 30 June 2013

No. 2 Companies of the ČSOB Group

No. 3 ČSOB's Organisation Chart

Contact:

Investor Relations

Československá obchodní banka, a. s.

Radlická 333/150

150 57 Praha 5

E-mail: investor.relations@csob.cz

Československá obchodní banka, a. s.

Interim Consolidated Financial Statements

Half-year ended 30 June 2013

Prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union (Unaudited)

CONSOLIDATED STATEMENT OF INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2013

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Note	1H 2013	1H 2012
Interest income	5	15,402	16,658
Interest expense	6	(3,249)	(4,043)
Net interest income		**12,153**	**12,615**
Fee and commission income		4,434	4,295
Fee and commission expense		(1,529)	(1,500)
Net fee and commission income	7	**2,905**	**2,795**
Dividend income		7	8
Net gains from financial instruments at fair value through profit or loss and foreign exchange	8	1,108	1,392
Net realised gains on available-for-sale financial assets		310	(100)
Other net income	9	252	359
Operating income		**16,735**	**17,069**
Staff expenses	10	(3,499)	(3,363)
General administrative expenses	11	(3,826)	(3,807)
Depreciation and amortisation	22, 23	(418)	(440)
Operating expenses		**(7,743)**	**(7,610)**
Impairment losses	12	(795)	(333)
Share of profit of associates	19	25	96
Profit before tax		**8,222**	**9,222**
Income tax expense	13	(1,310)	(1,337)
Profit for the period		**6,912**	**7,885**
Attributable to:			
Owners of the parent		6,911	7,882
Non-controlling interests		1	3

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2013

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Note	1H 2013	1H 2012
Profit for the period		**6,912**	**7,885**
Exchange differences on translating foreign operation		1	-
Net gain on cash flow hedges		(1,684)	449
Net gain / (loss) on available-for-sale financial assets		(773)	2,041
Share of other comprehensive income of associates		-	47
Income tax expense relating to components of other comprehensive income		414	(386)
Other comprehensive income for the period, net of tax	31	**(2,042)**	**2,151**
Total comprehensive income for the period, net of tax		**4,870**	**10,036**
Attributable to:			
Owners of the parent		4,865	10,039
Non-controlling interests		5	(3)

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Note	30-06-2013	31-12-2012
ASSETS			
Cash and balances with central banks	15	41,104	28,293
Financial assets held for trading	16	150,899	162,265
Financial assets designated at fair value through profit or loss	16	7,458	7,352
Available-for-sale financial assets	17	81,694	91,904
Held-to-maturity investments	17	145,243	138,437
Loans and receivables	18	492,658	479,516
Fair value adjustments of the hedged items in portfolio hedge		310	1,030
Derivatives used for hedging	20	9,788	14,453
Current tax assets		58	17
Deferred tax assets	13	91	88
Investment in associate	19	151	126
Investment property	21	297	430
Property and equipment	22	8,027	8,045
Goodwill and other intangible assets	23	3,138	3,093
Non-current assets held-for-sale	24	183	85
Other assets	25	2,185	2,040
Total assets		**943,284**	**937,174**
LIABILITIES AND EQUITY			
Financial liabilities held for trading	26	138,842	133,587
Financial liabilities at amortised cost	27	702,317	703,792
Fair value adjustments of the hedged items in portfolio hedge		(167)	1,741
Derivatives used for hedging	20	8,323	9,166
Current tax liabilities		588	772
Deferred tax liabilities	13	2,257	2,532
Other liabilities	28	24,566	10,508
Provisions	29	867	935
Total liabilities		**877,593**	**863,033**
Share capital	30	5,855	5,855
Share premium		7,509	7,509
Statutory reserve		18,687	18,687
Retained earnings		26,202	32,611
Available-for-sale reserve	30	5,024	5,701
Cash flow hedge reserve	30	2,197	3,567
Foreign currency translation reserve	30	1	-
Shareholders' equity		65,475	73,930
Non-controlling interests, presented within equity		216	211
Total equity		**65,691**	**74,141**
Total liabilities and equity		**943,284**	**937,174**

The accompanying notes are an integral part of these interim consolidated financial statements.

These interim consolidated financial statements were approved for issue by the Board of Directors on 14 August 2013 and signed on its behalf by:

Petr Knapp
Member of the Board of Directors
and Senior Executive Officer

Bartel Puelinckx
Member of the Board of Directors
and Chief Finance Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2013

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

	Attributable to equity holders of the Bank					Non-controlling interest	Total Equity
(CZKm)	Share capital (Note: 30)	Share premium	Statutory reserve[1]	Retained earnings	Other reserves (Note: 30, 31)		
At 1 January 2012	**5,855**	**7,509**	**18,687**	**24,061**	**4,191**	**880**	**61,183**
Total comprehensive income for the period	-	-	-	7,882	2,157	(3)	10,036
Change of the consolidation scope	-	-	-	(144)	-	(652)	(796)
Dividends paid (Note: 14)	-	-	-	(6,596)	-	-	(6,596)
At 30 June 2012	**5,855**	**7,509**	**18,687**	**25,203**	**6,348**	**225**	**63,827**
At 1 January 2013	**5,855**	**7,509**	**18,687**	**32,611**	**9,268**	**211**	**74,141**
Total comprehensive income for the period	-	-	-	6,911	(2,046)	5	4,870
Dividends paid (Note: 14)	-	-	-	(13,320)	-	-	(13,320)
At 30 June 2013	**5,855**	**7,509**	**18,687**	**26,202**	**7,222**	**216**	**65,691**

[1] The statutory reserve represents accumulated transfers from retained earnings in compliance with the Czech Commercial Code. This reserve is not distributable.

The accompanying notes are an integral part of these interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE 2013

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Note	1H 2013	1H 2012
OPERATING ACTIVITIES			
Profit before tax		8,222	9,222
Adjustments		(3,682)	(9,852)
Net cash flows from / (used in) operating activities		**4,540**	**(630)**
INVESTING ACTIVITIES			
Net cash flows from / (used in) investing activities		**5,051**	**(202)**
FINANCING ACTIVITIES			
Net cash flows from / (used in) financing activities		**1,979**	**(352)**
Net increase / (decrease) in cash and cash equivalents		**11,570**	**(1,184)**
Cash and cash equivalents at the beginning of the year	33	18,987	35,295
Net increase / (decrease) in cash and cash equivalents		11,570	(1,184)
Cash and cash equivalents at the end of the period	33	**30,557**	**34,111**
Additional information			
Interest paid		(3,490)	(4,232)
Interest received		15,745	17,339
Dividends received		8	8

The accompanying notes are an integral part of these interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2013

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

Provided below is a selection of notes to the accounts. The numbers and titles of the notes that only appear in the annual report, but not in the half-yearly reports, are shown below solely to ensure that there is a link with the annual report.

1. CORPORATE INFORMATION

Československá obchodní banka, a. s. (the Bank or ČSOB) is a Czech joint-stock company with its registered office at Radlická 333/150, Prague 5, Czech Republic; the corporate ID is 00001350. ČSOB is a universal bank having its operations in the Czech Republic and offering its domestic and foreign customers a wide range of financial services and products in Czech Crowns and foreign currencies. The parent company of the Bank is KBC Bank NV (KBC Bank), which is controlled by KBC Group NV (KBC Group).

Furthermore, the ČSOB group (Group) (Note: 3) provides its clients with financial services in the following areas: building savings and mortgages, asset management, collective investment, pension insurance, leasing, factoring and distribution of life and non-life insurance products.

2. ACCOUNTING POLICIES

The interim consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements as at 31 December 2012, except for the adoption of new standards and interpretations for the year 2013 (Note: 2.3).

2.1 Basis of preparation

The interim consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale investments, financial assets and financial liabilities at fair value through profit or loss and all derivative contracts that have been measured at fair value. The interim consolidated financial statements are presented in millions of Czech Crowns (CZKm), which is the presentation currency of the Group.

Statement of compliance

The Group interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU IFRS).

Basis of consolidation

The interim consolidated financial statements include the Bank, all subsidiary companies that are controlled by the Bank (subsidiaries), all companies jointly controlled by the Bank (joint ventures) and all companies over which the Bank has significant influence (associates). The accounting policies of subsidiaries and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intra-group balances, transactions, income and expenses, and gains and losses resulting from intra-group transactions are eliminated.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the parent shareholder's equity.

Joint ventures included in the Group consolidation are accounted for using proportionate consolidation. A venturer's share of assets, liabilities, income and expenses in the joint venture is combined with those of the venturer on a line-by-line basis. Joint control exists when two or more venturers are bound by a contractual arrangement whereby joint control is established.

2.2 Significant accounting judgements and estimates

While applying the Group accounting policies, the management has used its judgement and made estimates in determining the amounts recognised in the financial statements. The most significant judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques which include the application of mathematical models. If possible, the input to these models is taken from observable markets; if not, a degree of judgement is required to establish fair values. The judgements include considerations of credit and liquidity and model inputs such as correlation and volatility for longer-dated financial instruments.

Impairment losses on financial instruments

The Group reviews its financial instruments at each reporting date to assess whether an allowance for impairment should be recorded in the statement of income. In particular, management judgement is required to estimate the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions regarding a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted.

Management judgement is required to assess the fair value of collateral, which has a significant effect on the impairment allowance.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.3 Changes in accounting policies

Effective from 1 January 2013

The accounting policies adopted in the preparation of the Group interim consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of the following standards, amendments and interpretations. The adoption of them did not have any effect on the financial performance or position of the Group.

IFRS 1 Government Loans (Amendments) is effective for periods beginning on or after 1 January 2013. The amendments add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IAS 20 prospectively to government loans existing at the date of transition to IFRSs.

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments) is effective for periods beginning on or after 1 January 2013. The amendment presents new required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

IFRS 13 Fair Value Measurement is effective for periods beginning on or after 1 January 2013. The standard provides guidance on how to measure the fair value of financial and non-financial assets and liabilities. The standard will not have any significant effect on the statement of financial position or income but will increase the amount of information disclosed in the notes.

IAS 1 Presentation of Items of Other Comprehensive Income (Amendments) is effective for annual periods beginning on or after 1 July 2012. The amendments change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The option is retained to present profit or loss and OCI either in a single continuous statement or in two separate, but consecutive, statements.

IAS 19 Employee Benefits (Revision) is effective for periods beginning on or after 1 January 2013. The main changes within the revised standard relate to the accounting treatment of the category of post-employment benefits - defined benefit plans:

- The corridor mechanism for pension plans is abolished and all changes in the value of defined benefit plans will be recognised as they occur
- The presentation options of actuarial results will be eliminated
- The level of disclosures will be increased

Other smaller changes to the short-term employee benefits and termination benefits and a number of minor clarifications and re-wording are included in the revised standard.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine is effective for periods beginning on or after 1 January 2013.

Improvements to IFRSs, issued in May 2012 with a view to remove inconsistencies and clarify wording. There are separate transitional provisions for each standard.

Effective after 1 January 2013

The following standards, amendments and interpretations have been issued and are effective after 1 January 2013. The Group has decided not to early adopt them. Unless otherwise described below, the new standards, amendments and interpretations are not expected to significantly affect the Group financial statements.

IFRS 9 Financial Instruments (the first phase) is effective for periods beginning on or after 1 January 2015 (as per Amendments). The standard has not been endorsed by the European Commission to date. The project to replace the current IAS 39 Financial Instruments: Recognition and Measurement has been divided into three phases. The first phase focuses on classification and measurement of financial instruments.

The new standard has reduced the number of asset measurement categories from four to two. Debt instruments are classified at amortised cost or fair value on the basis of both:

- The entity's business model for managing financial assets; and
- The contractual cash flow characteristics of the financial asset.

Debt instruments may be measured at amortised cost if both conditions are met:

- The asset is held within the business model whose objective is to hold the assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Reclassifications between the two asset categories are required when the entity changes its business model. IFRS 9 retains a fair value option. At initial recognition entities can elect to measure financial assets at fair value, although they would otherwise qualify for amortised cost measurement. IFRS 9 removes the separation of embedded derivatives and the instrument is assessed in its entirety as to whether it fulfils the above two conditions.

All equity instruments are measured at fair value either through Other Comprehensive Income or profit or loss.

Financial liabilities are classified and measured either at amortised cost or at fair value through profit or loss. A financial liability can be designated as measured at fair value through profit or loss if doing so results in more relevant information, because either:

- It eliminates or reduces a measurement or recognition inconsistency;
- A group of financial liabilities is managed and its performance is evaluated on a fair value basis.

Original requirements related to derecognition of financial assets and financial liabilities are carried forward unchanged from IAS 39 to IFRS 9.

The standard will have a significant impact on the Group financial statements, however due to the uncertainties about the provisions of the subsequent two phases the impact of the IFRS 9 is not reasonably estimable. The IASB still works on a revision of the first phase as well as on the second phase on impairment of financial instruments and the third phase on hedge accounting. The completion of the entire project is expected in 2013 or later.

IFRS 9 and IFRS 7 Mandatory Effective Date and Transition Disclosures (Amendments). IFRS 9 is required to be applied for annual periods beginning on or after 1 January 2015. Early application is permitted. The amendments also modify the relief from restating prior periods.

IFRS 10 Consolidated Financial Statements is effective for periods beginning on or after 1 January 2013. The standard was endorsed by the European Commission for use on or after 1 January 2014 with a possible early application. The standard replaces the part relating to the consolidated portion of IAS 27 Consolidated and Separate Financial Statements. New definition of control is included and a single control model that applies to all entities is introduced.

IFRS 11 Joint Arrangements is effective for periods beginning on or after 1 January 2013. The standard was endorsed by the European Commission for use on or after 1 January 2014 with a possible early application. The standard replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. The standard will have an impact on consolidated financial statements of the Group. Proportionate method of consolidation will be disallowed by the new standard. Each line of financial statements will be reduced by amounts contributed by ČMSS and the resulting interest in joint venture will be presented in one line in the caption Investment in associates and joint ventures in the Statement of financial position. In the Statement of income, (resp. statement of other comprehensive income), one line item will be presented in the caption Share of profit of associates and joint ventures and Share of other comprehensive income of associates and joint ventures respectively.

IFRS 12 Disclosure of Interest in Other Entities is effective for periods beginning on or after 1 January 2013. The standard was endorsed by the European Commission for use on or after 1 January 2014 with a possible early application. The standard includes all of the disclosure requirements that were included in IAS 27, IAS 28 and IAS 31. The entity will be required to disclose judgements made to determine whether it controls an entity.

IFRS 10, 11, 12 Transition Guidance (Amendments) is effective for periods beginning on or after 1 January 2013. The standard was endorsed by the European Commission for use on or after 1 January 2014 with a possible early application. The amendments change the transition guidance to provide further relief from full retrospective application. The amendments clarify that an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same when applying IAS 27/SIC-12 and when applying IFRS 10.

Investment Entities (Amendments to IFRS 10, 12 and IAS 27) is effective for periods beginning on or after 1 January 2014. The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

IAS 27 Separate Financial Statements (Amendment) is effective for periods beginning on or after 1 January 2013. The standard was endorsed by the European Commission for use on or after 1 January 2014 with a possible early application. The standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 Investments in Associates and Joint Ventures (Amendment) is effective for periods beginning on or after 1 January 2013. The standard was endorsed by the European Commission for use on or after 1 January 2014 with a possible early application. The standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments) is effective for periods beginning on or after 1 January 2014. These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) is effective for periods beginning on or after 1 January 2014. The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. Similar relief will be included in IFRS 9 *Financial Instruments*.

Recoverable Amount Disclosures for Non-financial Assets (Amendments to IAS 36) is effective for periods beginning on or after 1 January 2014. The amendment clarifies the disclosure requirements of IAS 36 in relation to the standard IFRS 13 *Fair value measurement*.

IFRIC 21 Levies is effective for periods beginning on or after 1 January 2014. IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 and those where the timing and amount of the levy is certain. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

2.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are provided in the annual report. In 1H 2013, no changes in content were made in the accounting policies that had a material impact on the result.

3. SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

The scope of the consolidation includes 26 companies. Ownership of the Group (%) in significant companies was as follows:

Name	Abbreviation	Country of incorporation	% 30-06-2013	% 31-12-2012
Subsidiaries				
Bankovní informační technologie, s.r.o.	BANIT	Czech Republic	100.00	100.00
Centrum Radlická, a.s.	Centrum Radlická	Czech Republic	100.00	100.00
ČSOB Advisory, a.s.	ČSOB Advisory	Czech Republic	100.00	100.00
ČSOB Factoring, a.s.	ČSOB Factoring	Czech Republic	100.00	100.00
ČSOB Leasing, a.s.	ČSOB Leasing	Czech Republic	100.00	100.00
ČSOB Leasing pojišťovací makléř, s.r.o.	ČSOB Leasing pojišťovací makléř	Czech Republic	100.00	100.00
ČSOB Penzijní fond Stabilita, a.s., a member of the ČSOB group	ČSOB PF Stabilita	Czech Republic	-	100.00
ČSOB Penzijní společnost, a. s.	ČSOB PS	Czech Republic	100.00	-
ČSOB Property fund, closed-ended investment fund, a.s., a member of the ČSOB group	ČSOB Property fund	Czech Republic	61.61	61.61
Hypoteční banka, a.s.	Hypoteční banka	Czech Republic	100.00	100.00
Merrion properties, s.r.o.	Merrion properties	Czech Republic	61.61	61.61
Property LM, s.r.o.	Property LM	Slovak Republic	61.61	61.61
Property Skalica, s.r.o.	Property Skalica	Slovak Republic	61.61	61.61
Transformovaný fond Stabilita ČSOB Penzijní společnosti, a.s., a member of the ČSOB Group	Transformed fund	Czech Republic	100.00	-
Joint venture				
Českomoravská stavební spořitelna, a.s.	ČMSS	Czech Republic	55.00	55.00
Associate				
ČSOB Asset Management, a.s., investment company	ČSOB AM/IS	Czech Republic	40.08	40.08
ČSOB Pojišťovna, a.s., a member of the ČSOB holding	ČSOB Pojišťovna	Czech Republic	0.24	0.24

On 1 January 2013, a new legislation introducing reforms to the pension fund system within the Czech Republic became effective. Accordingly, the net assets of the ČSOB PF Stabilita were split to the group of net assets of pension fund shareholders forming the pension fund management company ČSOB Penzijní společnost, a. s. and to the group of net assets of pension scheme participants forming the Transformed fund (as a part of Pillar III), which is closed to new participants. The ČSOB Penzijní společnost is responsible for management of the Transformed fund. This company is entitled to up to 15% of the profits of the Transformed fund in addition to a regular assets management fee and needs to guarantee the positive results and equity position of the Transformed fund. As a result, the Group retains control over the Transformed fund and continues to consolidate it.

More information regarding the scope of consolidation is available in the 2012 annual report.

4. SEGMENT INFORMATION

The Group's primary segment reporting is by customer segment.

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting (controlling) structure. For each of the strategic business units, the Group management reviews internal management reports on quarterly/monthly basis.

Management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the separate financial statements. Income tax is allocated to operating segments, but is managed on the Group basis.

Definitions of customer operating segments:

Retail / SME: Private individuals and entrepreneurs and companies with a turnover of less than CZK 300 m. This segment contains customers' deposits, consumer loans, building savings, pension funds, overdrafts, credit cards facilities, mortgages, building savings loans, leasing, funds transfer facilities and other transactions and balances with retail and SME customers, mutual funds, asset management. Margin income from the operations with retail and SME clients on the financial market is also allocated to this segment (i.e. a margin from spot operations, hedging of foreign currency transactions and trading with bonds).

Corporate: Companies with a turnover of greater than CZK 300 m and non-banking financial institutions. This segment contains customers' deposits, loans, overdrafts, credit cards facilities, funds transfer facilities and other transactions and balances with corporate customers. Margin income from the operations with corporate clients on the financial market is also allocated to this segment (i.e. a margin from spot operations, hedging of foreign currency transactions and trading with bonds).

Financial markets: This segment contains investment products and services to institutional investors and intermediaries and fund management activities and trading included in dealing services.

Group Centre: The Group Centre segment consists of the Group's yield on real equity consisting of an interest charge on capital provided to subsidiaries which are a part of the Corporate, Retail and SME segments, the results of the reinvestment of free equity of ČSOB, the results of operations of non-banking subsidiaries, Asset Liability Management (ALM), income and expenses not directly attributable to other segments and eliminations.

In 2012, fee and commission income previously reported within Group Centre was further allocated into segments. Comparative figures in the Statement of income for 2012 have been reclassified.

Segment reporting information by customer segments for 2013

(CZKm)	Retail and SME	Corporate	Financial markets	Group Centre	Total
Statement of income for the 1H 2013					
Net interest income	9,255	1,415	355	1,128	**12,153**
Net fee and commission income	2,270	475	154	6	**2,905**
Dividend income	2	-	-	5	**7**
Net gains from financial instruments at fair value through profit or loss	536	358	4	210	**1,108**
Net realised gains on available-for-sale financial assets	28	-	-	282	**310**
Other operating income	30	22	-	200	**252**
Operating income	**12,121**	**2,270**	**513**	**1,831**	**16,735**
of which:					
External operating income	*9,726*	*2,088*	*513*	*4,408*	***16,735***
Internal operating income	*2,395*	*182*	-	*(2,577)*	**-**
Depreciation and amortisation	(152)	(1)	-	(265)	**(418)**
Other operating expenses	(6,051)	(772)	(163)	(339)	**(7,325)**
Operating expenses	**(6,203)**	**(773)**	**(163)**	**(604)**	**(7,743)**
Impairment losses	(857)	38	-	24	**(795)**
Share of profit of associates	-	-	-	25	**25**
Profit before tax	**5,061**	**1,535**	**350**	**1,276**	**8,222**
Income tax expense	(989)	(294)	(66)	39	**(1,310)**
Segment profit	**4,072**	**1,241**	**284**	**1,315**	**6,912**
Attributable to:					
Equity holders of the Bank	4,072	1,241	284	1,314	**6,911**
Non-controlling interest	-	-	-	1	**1**

Segment reporting information by customer segments for 2012

(CZKm)	Retail and SME	Corporate	Financial markets	Group Centre	Total
Statement of income for the 1H 2012					
Net interest income	9,327	1,369	367	1,552	**12,615**
Net fee and commission income	2,130	496	137	32	**2,795**
Dividend income	3	-	-	5	**8**
Net gains from financial instruments at fair value through profit or loss	670	405	458	(141)	**1,392**
Net realised gains on available-for-sale financial assets	32	-	-	(132)	**(100)**
Other operating income	25	32	(1)	303	**359**
Operating income	**12,187**	**2,302**	**961**	**1,619**	**17,069**
of which:					
External operating income	*9,659*	*2,233*	*961*	*4,216*	***17,069***
Internal operating income	*2,528*	*69*	-	*(2,597)*	**-**
Depreciation and amortisation	(161)	(2)	-	(277)	**(440)**
Other operating expenses	(6,069)	(759)	(153)	(189)	**(7,170)**
Operating expenses	**(6,230)**	**(761)**	**(153)**	**(466)**	**(7,610)**
Impairment losses	(840)	216	-	291	**(333)**
Share of profit of associates	-	-	-	96	**96**
Profit before tax	**5,117**	**1,757**	**808**	**1,540**	**9,222**
Income tax expense	(960)	(344)	(153)	120	**(1,337)**
Segment profit	**4,157**	**1,413**	**655**	**1,660**	**7,885**
Attributable to:					
Equity holders of the Bank	4,157	1,413	655	1,657	**7,882**
Non-controlling interest	-	-	-	3	**3**

Interest income and interest expense are not presented separately since the Group assesses the performance of the segments primarily on the basis of the net interest income.

Intersegment transactions are transactions conducted between the different primary segments on an arm's length basis.

The Group operates predominantly in the Czech Republic.

5. INTEREST INCOME

(CZKm)	1H 2013	1H 2012
Cash balances with central banks	6	106
Loans and receivables		
Credit institutions	207	249
Other than credit institutions	10,020	10,549
Available-for-sale financial assets	1,332	1,501
Held-to-maturity investments	2,887	2,915
Financial assets held for trading	391	847
Financial assets designated at fair value through profit or loss	130	160
Derivatives used as economic hedges	133	108
Derivatives used for hedging	296	223
	15,402	**16,658**

6. INTEREST EXPENSE

(CZKm)	1H 2013	1H 2012
Financial liabilities at amortised cost		
Central banks	2	-
Credit institutions	94	144
Other than credit institutions	2,200	2,636
Debt instruments in issue	205	213
Subordinated liabilities	45	96
Discount amortisation on other provisions (Note: 29)	2	2
Financial liabilities held for trading	48	426
Derivatives used as economic hedges	292	284
Derivatives used for hedging	361	242
	3,249	**4,043**

7. NET FEE AND COMMISSION INCOME

(CZKm)	1H 2013	1H 2012
Fee and commission income		
Payment services	2,538	2,511
Administration of credits	1,019	992
Collective investments	320	181
Custody	73	85
Securities	54	23
Asset management	22	42
Other	408	461
	4,434	**4,295**
Fee and commission expense		
Retail service fees	593	553
Payment services	553	460
Commissions to agents	134	231
Other	249	256
	1,529	**1,500**
Net fee and commission income	**2,905**	**2,795**

8. NET GAINS FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FOREIGN EXCHANGE

Net gains from financial instruments at fair value through profit or loss and foreign exchange, as reported in the statement of income, do not include net interest income recognised on financial assets and financial liabilities at fair value through profit or loss. Net gains from financial instruments at fair value through profit or loss and foreign exchange and the related net interest income are set out in the table below to provide a fuller presentation of the net result from financial instruments at fair value through profit or loss of the Group:

(CZKm)	1H 2013	1H 2012
Net gains from financial instruments at fair value through profit or loss and foreign exchange - as reported	**1,108**	**1,392**
Net interest income (Notes: 5, 6)	314	405
	1,422	**1,797**
Financial instruments held for trading		
Interest rate contracts	452	531
Foreign exchange	(2,182)	726
Commodity contracts	7	10
	(1,723)	1,267
Financial instruments designated at fair value through profit or loss		
Financial assets designated at fair value through profit or loss	118	259
	118	259
Exchange differences revaluations	3,027	271
Financial instruments at fair value through profit or loss and foreign exchange	**1,422**	**1,797**

9. OTHER NET INCOME

(CZKm)	1H 2013	1H 2012
Net operating leasing and rental income	172	215
Services provided to the parent and to entities under common control	68	104
Other services provided by ČSOB Leasing	28	27
Net gain on disposal of property and equipment	16	19
Net loss on disposal of Held-to-maturity investments	10	(43)
Net gain on disposal associates, joint ventures and subsidiaries	-	148
Net increase in provisions for legal issues	(1)	(4)
Contributions to pension fund clients	(259)	(308)
Other	218	201
	252	**359**

10. STAFF EXPENSES

(CZKm)	1H 2013	1H 2012
Wages and salaries	2,468	2,401
Salaries and other short-term benefits of senior management	55	40
Social security charges	829	769
Pension and similar expense	76	78
Restructuring programme	(5)	-
Other	76	75
	3,499	**3,363**

More information is available in the 2012 annual report.

11. GENERAL ADMINISTRATIVE EXPENSES

(CZKm)	1H 2013	1H 2012
Rental expenses on information technologies - minimum lease	828	811
Information technology	775	597
Contribution to Deposit Insurance Fund	439	393
Other building expenses	266	224
Marketing	265	312
Rental expenses - minimum lease payments	261	307
Professional fees	188	221
Communication	171	197
Administration	76	123
Retail service fees	76	80
Travel and transportation	56	61
Payment cards and electronic banking	52	57
Training	34	63
Insurance	20	19
Car expenses	18	18
Other	301	214
	3,826	**3,807**

12. IMPAIRMENT LOSSES

(CZKm)	1H 2013	1H 2012
Impairment of loans and receivables (Note: 18)	(831)	(572)
Provisions for loan commitments and guarantees	40	(51)
Impairment of investment property	(4)	-
Impairment of non-current assets held-for-sale	-	(22)
Impairment of available for sale assets (Note: 17)	-	(3)
Impairment of property, plant and equipment	-	9
Impairment of other assets	-	306
	(795)	**(333)**

13. TAXATION

The components of income tax expense for the periods ended 30 June 2013 and 2012 are as follows:

(CZKm)	1H 2013	1H 2012
Current tax expense	1,213	1,143
Net provisions for tax disputes	-	2
Previous year over accrual	(39)	(594)
Deferred tax expense relating to the origination and reversal of temporary differences	136	786
	1,310	**1,337**

More information is available in the 2012 annual report.

14. DIVIDENDS PAID

Dividends are not accounted for until they have been ratified by a Resolution of the sole shareholder on a profit distribution.

Based on a sole shareholder decision from 7 June 2013, a dividend of CZK 45.50 per share was paid for 2012, representing a total dividend of CZK 13,320 m.

Based on a sole shareholder decision from 26 June 2012, a dividend of CZK 22.53 per share was paid for 2011, representing a total dividend of CZK 6,596 m.

15. CASH AND BALANCES WITH CENTRAL BANKS

Note available in the annual report only.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(CZKm)	30-06-2013	31-12-2012
Financial assets held for trading		
Loans and advances		
Reverse repo transactions (Note: 36)	81,441	95,819
Money market placements	19,900	15,966
Debt instruments		
Central government	31,485	29,505
Non credit institutions	241	21
Credit institutions	5,908	4,950
Corporate	740	879
Derivative contracts (Note: 20)		
Trading derivatives	10,313	13,668
Derivatives used as economic hedges	871	1,457
	150,899	**162,265**
Financial assets designated at fair value through profit or loss		
Debt instruments		
Central government	1,354	1,312
Non credit institutions	414	398
Credit institutions	5,690	5,642
	7,458	**7,352**
Financial assets at fair value through profit or loss	**158,357**	**169,617**

Included within Financial assets at fair value through profit or loss are debt securities of CZK 7,823 m (2012: CZK 2,407 m) pledged as collateral in repo transactions.

Included in Financial assets designated at fair value through profit or loss are debt securities recorded at fair value to reduce the accounting mismatch that would otherwise arise from measuring these assets or recognising the gains and losses from them on a different bases.

17. FINANCIAL INVESTMENTS

(CZKm)	30-06-2013	31-12-2012
Available-for-sale financial assets		
Debt securities		
Central government	54,991	64,297
Credit institutions	24,156	25,042
Corporate	2,094	2,012
Equity securities		
Corporate	453	553
	81,694	**91,904**
Held-to-maturity investments		
Debt securities		
Central government	143,830	136,137
Non credit institutions	-	519
Credit institutions	1,313	1,682
Corporate	100	99
	145,243	**138,437**
Financial investments	**226,937**	**230,341**

Included within Financial investments are debt securities of CZK 13,094 m (2012: CZK 8,307 m) pledged as collateral in repo transactions.

In June 2013, a part of the portfolio of debt sovereign bonds was transferred from the Available-for-sale financial assets to the portfolio of Held-to-maturity investments in the fair value of CZK 14,513 m. Unrealised gains from the bonds in the amount of CZK 1,224 m at the date of the transfer remained a part of the Available-for-sale reserve and will be amortised to the interest income over the remaining maturity of the bonds.

More information is available in the 2012 annual report.

The following table shows a reconciliation of the cumulative impairment losses on financial investments for 2013 and 2012:

	Available-for-sale financial assets		Held-to maturity investments	Total
(CZKm)	Debt securities	Equity securities	Debt securities	
At 1 January 2012	**3,317**	**450**	**-**	**3,767**
Increase (Note: 12)	-	3	-	3
Utilisation	(3,055)	(133)	-	(3,188)
Decrease	(155)	-	-	(155)
At 30 June 2012	**107**	**320**	**-**	**427**
At 1 January 2013	**-**	**178**	**-**	**178**
Increase (Note: 12)	-	-	-	-
Utilisation	-	-	-	-
Foreign currency translation	-	-	-	-
At 30 June 2013	**-**	**178**	**-**	**178**

18. LOANS AND RECEIVABLES

(CZKm)	30-06-2013	31-12-2012
Analysed by category of borrower		
Central government	375	293
Non credit institutions	7,552	7,675
Credit institutions	26,022	24,461
Corporate	165,274	158,065
Retail	305,995	301,217
Gross loans	505,218	491,711
Allowance for impairment losses	(12,560)	(12,195)
	492,658	**479,516**

As at 30 June 2013, the Group possessed assets (mainly cars related to leased assets) with an estimated value of CZK 53 m (2012: CZK 76 m), which the Group is in the process of selling.

19. INVESTMENT IN ASSOCIATE AND JOINT VENTURE

Note available in the annual report only.

20. DERIVATIVE FINANCIAL INSTRUMENTS

Note available in the annual report only.

21. INVESTMENT PROPERTY

Note available in the annual report only.

22. PROPERTY AND EQUIPMENT

Note available in the annual report only.

23. GOODWILL AND OTHER INTANGIBLE ASSETS

Note available in the annual report only.

24. NON-CURRENT ASSETS HELD-FOR-SALE

Note available in the annual report only.

25. OTHER ASSETS

Note available in the annual report only.

26. FINANCIAL LIABILITIES HELD FOR TRADING

(CZKm)	30-06-2013	31-12-2012
Short positions	5,557	4,727
Derivative contracts (Note: 20)		
Trading derivatives	11,642	15,617
Derivatives used as economic hedges	1,181	1,666
Term deposits	20,702	10,398
Repo transactions	94,639	96,062
Promissory notes	55	6
Bonds issued	5,066	5,111
Financial liabilities held for trading	**138,842**	**133,587**

27. FINANCIAL LIABILITIES AT AMORTISED COST

(CZKm)	30-06-2013	31-12-2012
Deposits received from central banks		
Term deposits	**492**	**492**
Deposits received from credit institutions		
Current accounts	14,304	12,647
Term deposits	12,815	14,411
Repo transactions	13,247	8,307
	40,366	**35,365**
Deposits received from other than credit institutions		
Current accounts	278,405	280,773
Term deposits	14,876	23,370
Savings deposits	210,831	205,234
Building savings deposits	83,881	84,855
Pension funds clients deposits	30,850	28,904
Other deposits	7,551	6,486
	626,394	**629,622**
Debt securities in issue		
Bonds issued	10,022	15,079
Promissory notes	17,057	15,251
	27,079	**30,330**
Subordinated liabilities		
Subordinated debt	**7,986**	**7,983**
Financial liabilities at amortised cost	**702,317**	**703,792**

In September 2006 and in February 2007, the Bank issued subordinated debt in the nominal amounts of CZK 5,000 m and CZK 7,000 m, respectively to KBC Bank. Both subordinated debts were issued with the ten-year maturity. Their coupon rate was set up at PRIBOR + 0.35% (interest period 1M, 3M or 6M at the discretion of the Bank) in the first six year period and PRIBOR + 0.85% (interest period 1M, 3M or 6M at the discretion of the Bank) thereafter. The Bank may prepay the debt at any time following the first six year period. In September 2012, the Bank prepaid a majority of the first tranche in the amount of CZK 4,000 m. The repayment of the debt is subordinated to all other classes of liabilities in the event of the liquidation of the Bank.

28. OTHER LIABILITIES

In the consolidated statement of financial position as at 30 June 2013 ČSOB recognised a liability originated from the payment of the dividend to the shareholder in the amount of CZK 13,320 m.

More information is available in the 2012 annual report.

29. PROVISIONS

Note available in the annual report only.

30. SHARE CAPITAL AND OTHER RESERVES

As at 30 June 2013, the total authorised share capital was CZK 5,855 m (31 December 2012: CZK 5,855 m) and comprised of 292,750,000 ordinary shares with a nominal value of CZK 20 each (31 December 2012: 292,750,000 ordinary shares with a nominal value of CZK 20 each) and is fully paid up.

No Treasury shares were held by the Group at 30 June 2013 and 31 December 2012.

On 30 June 2013, the Bank was directly controlled by KBC Bank whose ownership interest in ČSOB was 100 % (31 December 2012: 100%). On the same date, KBC Bank was controlled by the KBC Group and therefore KBC Group was the company indirectly exercising ultimate control over the Bank.

Other reserves

The movement of Other reserves in 2013 and 2012 are as follows:

(CZKm)	Available-for-sale reserve	Cash flow hedge reserve	Foreign currency translation reserve	Total
At 1 January 2012	**2,612**	**1,578**	**1**	**4,191**
Other comprehensive income (Note: 31)	1,791	366	-	2,157
At 30 June 2012	**4,403**	**1,944**	**1**	**6,348**
At 1 January 2013	**5,701**	**3,567**	**-**	**9,268**
Other comprehensive income (Note: 31)	(677)	(1,370)	1	(2,046)
At 30 June 2013	**5,024**	**2,197**	**1**	**7,222**

31. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Note available in the annual report only.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows an analysis of financial instruments recorded at fair value, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 30 June 2013 and 31 December 2012:

	30 June 2013			
(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading				
Loans and advances	-	101,341	-	101,341
Debt instruments	21,998	8,210	8,166	38,374
Derivative contracts	-	11,184	-	11,184
Financial assets designated at fair value through profit or loss				
Debt instruments	2,209	3,681	1,568	7,458
Available-for-sale financial assets				
Debt securities	53,702	19,819	7,720	81,241
Equity securities	4	1	448	453
Fair value adjustments of the hedged items in portfolio hedge	-	310	-	310
Derivatives used for hedging	-	9,788	-	9,788
Financial liabilities				
Financial liabilities held for trading				
Short positions	5,557	-	-	5,557
Derivative contracts	-	12,823	-	12,823
Term deposits	-	20,702	-	20,702
Repo transactions	-	94,639	-	94,639
Promissory notes	-	55	-	55
Bonds issued	-	5,066	-	5,066
Fair value adjustments of the hedged items in portfolio hedge	-	(167)	-	(167)
Derivatives used for hedging	-	8,323	-	8,323

(CZKm)	31 December 2012 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading				
Loans and advances	-	111,785	-	111,785
Debt instruments	15,491	13,054	6,810	35,355
Derivative contracts	-	15,125	-	15,125
Financial assets designated at fair value through profit or loss				
Debt instruments	2,131	3,691	1,530	7,352
Available-for-sale financial assets				
Debt securities	65,124	18,647	7,580	91,351
Equity securities	116	-	437	553
Fair value adjustments of the hedged items in portfolio hedge	-	1,030	-	1,030
Derivatives used for hedging	-	14,453	-	14,453
Financial liabilities				
Financial liabilities held for trading				
Short positions	4,727	-	-	4,727
Derivative contracts	-	17,283	-	17,283
Term deposits	-	10,398	-	10,398
Repo transactions	-	96,062	-	96,062
Promissory notes	-	6	-	6
Bonds issued	-	5,111	-	5,111
Fair value adjustments of the hedged items in portfolio hedge	-	1,741	-	1,741
Derivatives used for hedging	-	9,166	-	9,166

Movements in Level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amount of financial assets which are recorded at fair value using valuation techniques based on non-market observable inputs:

	Financial assets held for trading	Financial assets designated at fair value	Available-for-sale financial assets		Total
(CZKm)	Debt securities	Debt securities	Debt securities	Equity securities	
At 1 January 2012	**-**	**-**	**-**	**145**	**145**
Total gains / (losses) recorded in profit or loss	-	-	-	107	107
Total gains / (losses) recorded in other comprehensive income	-	-	-	(1)	(1)
Sales	-	-	-	(115)	(115)
At 30 June 2012	**-**	**-**	**-**	**136**	**136**
Total gains or (losses) recorded in profit or loss related to assets held at the end of the reporting period	-	-	-	-	-
At 1 January 2013	**6,810**	**1,530**	**7,580**	**437**	**16,357**
Total gains / (losses) recorded in profit or loss	170	18	83	-	271
Total gains / (losses) recorded in other comprehensive income	-	-	60	11	71
Purchases	2,606	20	521	-	3,147
Settlement	(480)	-	-	-	(480)
Sales	(940)	-	(524)	-	(1,464)
At 30 June 2013	**8,166**	**1,568**	**7,720**	**448**	**17,902**
Total gains or (losses) recorded in profit or loss related to assets held at the end of the reporting period	170	18	69	-	257

Management considers as key assumption not derived from market observable inputs and influencing Level 3 financial instruments fair value the value of credit spread included in the discount factor applied on mortgage bonds estimated future cash flows in periods after fifth year.

As at 30 June 2013, the increase / (decrease) of a credit spread by 50 basis points would (decrease) / increase the fair value of the mortgage bonds included in level 3 by CZK 55 m. Such a change of the credit spread is based on the variability of mortgage bond quotes that were observed by the management on the market.

Management believes that reasonably possible changes in other market non-observable inputs in the valuation models used would not have a material impact on the estimated fair values.

Transfers between Level 1 and 2 of the fair value hierarchy for financial instruments

The following table shows transfers between a group of financial instruments with market quoted price and those for which the fair value is calculated using valuation techniques based on market observable inputs:

	Transfers from Level 1 to Level 2		Transfers from Level 2 to Level 1	
(CZKm)	1H 2013	1H 2012	1H 2013	1H 2012
Financial assets held for trading				
Debt instruments	-	877	-	25
Available-for-sale financial assets				
Debt securities	-	607	-	-

More information is available in the 2012 annual report.

33. ADDITIONAL CASH FLOW INFORMATION

Note available in the annual report only.

34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Note available in the annual report only.

35. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

Contingent assets

Information available in the annual report only.

Contingent liabilities and commitments

The contingent liabilities and commitments at 30 June 2013 and 31 December 2012 are as follows:

(CZKm)	30-06-2013	31-12-2012
Loan commitments – irrevocable	81,266	80,258
Loan commitments – revocable	46,672	30,086
Financial guarantees	25,267	24,871
Other commitments	1,864	1,493
	155,069	**136,708**
Provisions for loan commitments and guarantees (Note: 29)	293	325

The contractual amounts described above represent the maximum credit risk that would arise if the contracts were fully drawn, the customers defaulted and the value of any existing collateral became worthless. Many of the commitments are collateralised and most are expected to expire without being drawn upon; therefore, the total commitment contractual amounts do not necessarily represent the risk of loss or future cash requirements (Note: 39.2).

Litigation

Information available in the annual report only.

Taxation

Information available in the annual report only.

Operating lease commitments (Group is the lessee)

Information available in the annual report only.

Operating lease receivables (Group is the lessor)

Information available in the annual report only.

36. REPURCHASE AGREEMENTS AND COLLATERAL

Note available in the annual report only.

37. RELATED PARTY DISCLOSURES

In January 2012, the Group lost control over the merged company ČSOB AM/IS and realised a gain on the sale of the share in ČSOB IS to KBC Participations Renta, SA in the amount of CZK 149 m (Note: 3).

In November 2012, ČSOB sold 24.76% of its ownership in ČSOB Pojišťovna to KBC Insurance NV and 4.21 % of ČSOB AM/IS to KBC Participations Renta C, SA.

There was no significant change in other related parties transactions in 1H 2013 compared to 2012.

More information on related party transaction is available in the 2012 annual report.

38. EVENTS AFTER THE REPORTING PERIOD

Based on the resolution of the sole shareholder dated 11 July 2013, KBC Bank increased the regulatory capital of ČSOB by CZK 8,000 m with the aim to strengthen the Group's capital structure. Consequently, ČSOB decided to fully repay the subordinated debt based on the resolution of the Bank's Board of Directors dated 31 July 2013.

39. RISK MANAGEMENT

Note available in the annual report only.

40. CAPITAL

Note available in the annual report only.

Annex No. 2 to 1H 2013 ČSOB Activity Report

Companies of the ČSOB group (as at 30 June 2013)

Legal Entity				Share of ČSOB in:						
ID No.	Business Name of Legal Entity / Business Activities	Registered Office	Registered Capital	Registered Capital			Voting Rights	Indirect Share of ČSOB via	Cons. EU IFRS[1]
				Total	Direct	Indirect			
			CZK	%	%	%	%		Y/N
Controlled Companies									
63987686	**Bankovní informační technologie, s.r.o.** Automated data processing and software development; creation of a network of payment card reading terminals	Praha 5, Radlická 333/150	20,000,000	**100.00**	100.00	none	**100.00**	none	Y
26760401	**Centrum Radlická a.s.** Real estate activity; rent of flats and non-residential spaces	Praha 5, Radlická 333/150	500,000,000	**100.00**	100.00	none	**100.00**	none	Y
27081907	**ČSOB Advisory, a.s.** Activity of entrepreneurial, financial, economic and organisation advisors	Praha 5, Radlická 333/150	2,000,000,000	**100.00**	100.00	none	**100.00**	none	Y
45794278	**ČSOB Factoring, a.s.** Factoring	Praha 10, Benešovská 2538/40	70,800,000	**100.00**	100.00	none	**100.00**	none	Y
63998980	**ČSOB Leasing, a.s.**[3] Leasing	Praha 4, Na Pankráci 310/60	3,050,000,000	**100.00**	100.00	none	**50.82**	none	Y
27151221	**ČSOB Leasing pojišťovací makléř, s.r.o.** Insurance broker	Praha 4, Na Pankráci 60/310	2,000,000	**100.00**	none	100.00	**100.00**	ČSOB Leasing	Y
61859265	**ČSOB Penzijní společnost, a. s., a member of the ČSOB group** Pension insurance	Praha 5, Radlická 333/150	300,000,000	**100.00**	100.00	none	**100.00**	none	Y
27924068	**ČSOB Property fund, closed-ended investment fund, a.s., a member of the ČSOB group**[4] Collective investment	Praha 5, Radlická 333/150	878,000,000	**61.61**	59.79	1.82	**95.67**	ČSOB AM/IS, ČSOB Pojišťovna	Y
61251950	**Eurincasso, s.r.o.** Activity of economic and organisation advisors; recovery of receivables	Praha 10, Benešovská 2538/40	1,000,000	**100.00**	none	100.00	**100.00**	ČSOB Factoring	Y
13584324	**Hypoteční banka, a.s.** Mortgage banking	Praha 5, Radlická 333/150	5,076,334,500	**100.00**	100.00	none	**100.00**	none	Y
25617184	**Merrion Properties s.r.o.** Real estate activity; rent of flats and non-residential spaces	Praha 5, Radlická 333/150	6,570,000	**61.61**	none	61.61	**95.67**	ČSOB Property fund	Y
00000949	**MOTOKOV a.s. in liquidation** Wholesale of machines and technical equipment	Praha 8, Thámova 181/20	62,000,000	**70.09**	0.50	69.59	**70.09**	ČSOB Advisory	Y
36859516	**Property LM, s.r.o. in liquidation** Real estate activity; rent of flats and non-residential spaces	Bratislava, Medená 22/98, Slovak Republic	130,000	**61.61**	none	61.61	**95.67**	ČSOB Property fund	Y
36859541	**Property Skalica, s.r.o.** Real estate activity; rent of flats and non-residential spaces	Bratislava, Medená 22/98, Slovak Republic	48,371,000	**61.61**	none	61.61	**95.67**	ČSOB Property fund	Y
99999999[2]	**TEE SQUARE LIMITED, Ltd.** Advisory services for investment funds in the Caribbean area	British Virgin Islands, Tortola, Road Town, Third Floor, The Geneva Place, P.O.Box 986	8,136,873	**100.00**	100.00	none	**100.00**	none	Y
Joint Venture									
49241397	**Českomoravská stavební spořitelna, a.s.** Building savings bank	Praha 10, Vinohradská 3218/169	1,500,000,000	**55.00**	55.00	none	**55.00**	none	Y

Legal Entity				Share of ČSOB in:				Indirect Share of ČSOB via	Cons. EU IFRS[1]
ID No.	Business Name of Legal Entity / Business Activities	Registered Office	Registered Capital	Registered Capital			Voting Rights		
				Total	Direct	Indirect			
			CZK	%	%	%	%		Y/N
Others									
26199696	**CBCB - Czech Banking Credit Bureau, a.s.** Software development, IT advisory, data processing, network administration databank services	Praha 4, Na Vítězné pláni 1719/4	1,200,000	**20.00**	20.00	none	**20.00**	none	Y
26760401	**COFELY REN s.r.o.** Production and sale of electricity from the solar irradiation	Praha 4, Lhotecká 793/3	186,834,000	**42.82**	42.82	none	**42.82**	none	Y
25677888	**ČSOB Asset Management, a.s., investment company**[5] (ČSOB AM/IS) Collective investment and asset management	Praha 5, Radlická 333/150	499,000,000	**40.08**	40.08	none	**40.08**	none	Y
45534306	**ČSOB Pojišťovna, a. s, a member of the ČSOB holding**[6] Insurance company	Pardubice, Zelené předměstí, Masarykovo náměstí 1458	2,796,248,000	**0.24**	0.24	none	**40.00**	none	Y
27479714	**ČSOB Pojišťovací servis, s.r.o., a member of the ČSOB holding** Insurance brokerage	Pardubice, Zelené předměstí, Masarykovo náměstí 1458	400,000	**0.24**	none	0.24	**40.00**	ČSOB Pojišťovna	Y
60736682	**E.T.I., a.s. in liquidation** Operation of electricity stations	Ratíškovice 502	45,000,000	**10.00**	10.00	none	**10.00**	none	N
45316619	**IP Exit, a.s.**[7] No activity	Praha 1, Senovážné náměstí 32	13,382,866,400	**27.39**	10.77	16.62	**27.39**	ČSOB Advisory, ČSOB Pojišťovna	Y
63078104	**Premiéra TV, a.s.** No activity	Praha 8, Pod Hájkem 1	29,000,000	**29.00**	29.00	none	**29.00**	none	Y
26439395	**První certifikační autorita, a.s.** Certification services and administration	Praha 9-Libeň, Podvinný mlýn 2178/6	20,000,000	**23.25**	23.25	none	**23.25**	none	Y
Other companies where ČSOB has a share in registered capital / voting rights under 10%.									N

1) *A list of entities belonging to the ČSOB consolidated group according to EU IFRS as at 30 June 2013.*

2) *ID No. 99999999 - a foreign entity.*

3) *Shares in voting rights: ČSOB 50.82%, KBC Lease Holding 49.18%.*

4) *Shares in registered capital: ČSOB 59.79%, ČSOB AM/IS 4.33%, ČSOB Pojišťovna 35.88%;*
shares in voting rights: ČSOB 95.67%, ČSOB AM/IS 4.33%.

5) *Shares in registered capital: ČSOB 40.08%, KBC Participations Renta C 59.92%;*
shares in voting rights: ČSOB 40.08%, KBC Participations Renta C 59.92%.

6) *Shares in registered capital: ČSOB 0.24%, KBC Insurance 99.76%;*
shares in voting rights: ČSOB 40%, KBC Insurance 60%.

7) *Shares in registered capital: ČSOB 10.77%, ČSOB Advisory 16.62%, ČSOB Pojišťovna 0.11%;*
shares in voting rights: ČSOB 10.77%, ČSOB Advisory 16.62%.

Annex No. 3 to 1H 2013 ČSOB Activity Report

ČSOB Organisation Chart (as at 30 June 2013)