Prague, 16 May 2013

Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, all KBC's business in the Czech Republic has been included into the newly established Business Unit Czech Republic. Next to the ČSOB group, it also includes ČSOB Pojišťovna, ČSOB Asset management and Patria.

Following analysis contains only information about the ČSOB group.

NET PROFIT AT CZK 3.2BN: RESILIENT TOP LINE RESULT SUPPORTED BY LOAN GROWTH

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

- Loan portfolio increased to CZK 489.1bn (+9% Y/Y)
- Deposits grew to CZK 626.7bn (+2% Y/Y)
- Operating income decreased to CZK 8.2bn (-3% Y/Y)
- Operating expenses grew to CZK 3.9bn (+3% Y/Y)
- Credit cost ratio stood at 0.42% (+0.17pp Y/Y)
- Net profit came in at CZK 3.2bn (-19% Y/Y)
- Return on equity (ROE) decreased to 17.4% (-8.0pp Y/Y)
- Tier 1 ratio at 13.8%
- Best Foreign Exchange Provider 2013 for the Czech Republic by the Global Finance magazine; Best Bank 2012 award by the EMEA Finance magazine
- New services were launched in 1Q 2013, e.g. payments of invoices by reading QR code, SmartBanking services for Windows 8, clients can use contactless payment cards at Czech Post outlets

[1] *All numbers in this press release are consolidated, unaudited, according to EU IFRS. This press release shows 2012 profit and loss statement items reclassified in accordance with the current accounting methodology in order to ensure comparability of EU IFRS financial statements in time.*

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

> *"ČSOB continued to deliver quite resilient top line result despite market circumstances. This is thanks to higher volumes of loans, to a lesser extent of deposits and strong performance in fee generating business, i.e. mutual funds. However, a low interest rate environment remains challenging. As the FTE reduction materialized only at the end of 1Q 2013, costs are slightly higher. Thanks to its strong capital and liquidity position, ČSOB is well equipped to continue its lending role on the Czech market."*

Loan portfolio further grew and reached CZK 489.1bn at the end of 1Q 2013. The 9% Y/Y growth was driven by mortgages (+11% Y/Y), corporate loans (+20% Y/Y) and SME loans (+8% Y/Y). Thanks to the growth in current and savings accounts, **group deposits** kept increasing to CZK 626.7bn, i.e. +2% Y/Y.

Credit costs ratio increased to 42bps from 25bps. The low level of 1Q 2012 was caused by releases in the corporate/SME segment.

Business volume growth was not able to compensate a low interest rate environment. Besides, higher levels of impairments and operating expenses resulted in the decline of 1Q 2013 **net profit** by 19% Y/Y to **CZK 3.2bn**.

The ČSOB group's **total capital ratio** stood at 15.7% and the (core) Tier 1 ratio at 13.8% as of 31 March 2013. The **loan to deposit ratio** stood at 77.6% and the net stable funding ratio at 134.0% as of 31 March 2013.

P&L Review

The **operating income** decreased to CZK 8.2bn, thanks to sound loan volume growth, increased demand for mutual funds and higher sales in financial market area, offset by a lower interest rate environment. **The net interest income** declined by 5% Y/Y as loan and deposits volume growth did not fully compensate the impact of low interest rate environment. Besides, balance sheet derisking had also a negative impact. **The net fee and commission income** increased by 3%. Main drivers for the growth were an increased demand for mutual funds and higher sales in the financial markets area, partly offset by higher fees paid to distribution.

Operating expenses increased to CZK 3.9bn due to higher staff costs as the FTE reduction materialized only at the end of 1Q 2013. 4% Y/Y increase of **staff expenses** was mainly driven by a regular annual wage adjustment as well as a change of accruals system of bonuses in ČMSS. The 2% Y/Y growth of **general administrative expenses** was especially due to a higher deposit insurance premium linked to higher volumes of deposits and somewhat higher marketing expenses.

The impairments on loans and receivables grew to CZK 0.6bn. The Y/Y increase was caused by exceptionally low impairments a year ago as a result of releases in the corporate/SME area. The **credit cost ratio** increased to 42bps (Ytd., annualized), 17 bps higher Y/Y.

Balance Sheet Review

Loan portfolio further grew and reached CZK 489.1bn at the end of 1Q 2013.

Mortgages went up by 11% Y/Y to CZK 186.3bn. 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 confirmed the leading position in new sales, by providing CZK 8.0bn in new loans in 1Q 2013. The portfolio of **building savings loans** decreased by 2% Y/Y to CZK 68.8bn, as people in general preferred mortgages to building savings loans in the low interest rates environment. Although outstanding volumes decreased Y/Y, ČMSS continues to keep its leading market position. In **consumer finance** ČSOB grew by 3% Y/Y to CZK 19.0bn. ČSOB increased its market share as it was particularly successful in client loan consolidation.

Demand for loans in the SME segment remained healthy. Volumes of **SME loans** (which include municipalities and housing cooperatives) increased by 8% to CZK 72.1bn. Outstanding volumes in **leasing** reached CZK 21.6bn. Despite the slight Y/Y decline by 1%, ČSOB Leasing confirmed its leading position, outperforming a very competitive market.

The **corporate loans** increased by 20% to CZK 117.0bn. Growth in plain vanilla loans was supplemented by few large transactions in the area in acquisition and export finance.

Group deposits increased to CZK 626.7bn, i.e. +2% Y/Y. The Y/Y increase was achieved both in retail and corporate/SME deposits. Within the total **client deposits**, savings deposits show highest growth by 4% to CZK 213.3bn. This increase was offset by a withdrawal of money from term deposits. Current accounts increased by 3% Y/Y to CZK 272.7bn. The volume of **building savings deposits** remained stable Y/Y at CZK 83.9bn, despite the uncertainty related to the change of the state subsidy. AUM in **pension fund** increased by 3% Y/Y to CZK 30.3bn. Increase of client's monthly contributions and the state contributions added to the growth of AUM.

ČSOB AM took over the portfolio management of ČSOB Poisťovňa SK and ČSOB Asset management, správcovská spoločnosť SK. ČSOB is keeping its number one position on the funds market. AUM increased by 13% to CZK 117.4bn. Adjusting for Slovak AM, AUM increased by 5% Y/Y. New sales of **mutual funds** (capital protected and other mutual funds) increased by 144% Y/Y. The strongest demand was for mixed funds, especially for funds with a conservative profile and capital protected funds.

Risk Management Review

The **Tier 1 ratio** reached 13.8% as of 31 March 2013, compare to 11.0% as of 31 March 2012. **Liquidity** remained ample, the loan to deposit ratio grew to 77.6% as of 31 March 2013 from 72.6% as of 31 March 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 31 March 2013. **The credit cost ratio** (CCR) for 1Q 2013 stood at 0.42% compare to 0.25% for 1Q 2012.

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

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Consolidated P&L – Reported (EU IFRS)

(CZK m)	1Q 2013	1Q 2012	Y/Y
Operating income	8,237	8,535	-3%
Net interest income	6,024	6,324	-5%
Net fee and commission income	1,497	1,451	+3%
Operating expenses	-3,869	-3,774	+3%
Impairment losses	-569	-105	>100%
Profit for the period (owners of the parent)	3,237	4,002	-19%