

# Komerční banka Group

## Financial results as at 31 December 2012

According to International Financial Reporting Standards, consolidated, unaudited

Prague, 13 February 2013

NA PARTNERSTVÍ ZÁLEŽÍ



## Disclaimer

This document contains a number of forward-looking statements relating to the targets and strategies of the Komerční banka Group. These statements are based on a series of assumptions, both general and specific. As a result, there is a risk that these projections will not be met. Readers are therefore advised not to rely on these figures more than is justified as the Group's future results are liable to be affected by a number of factors and may therefore differ from current estimates.

Readers are advised to take into account factors of uncertainty and risk when basing their investment decisions on information provided in this document.

Results and ratios in this presentation are as of 31 December 2012, unless stated otherwise.

Komerční banka, a.s., public limited company with registered office: Prague 1, Na Příkopě 33/ 969; identification number: 45 31 70 54; registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, file 1360

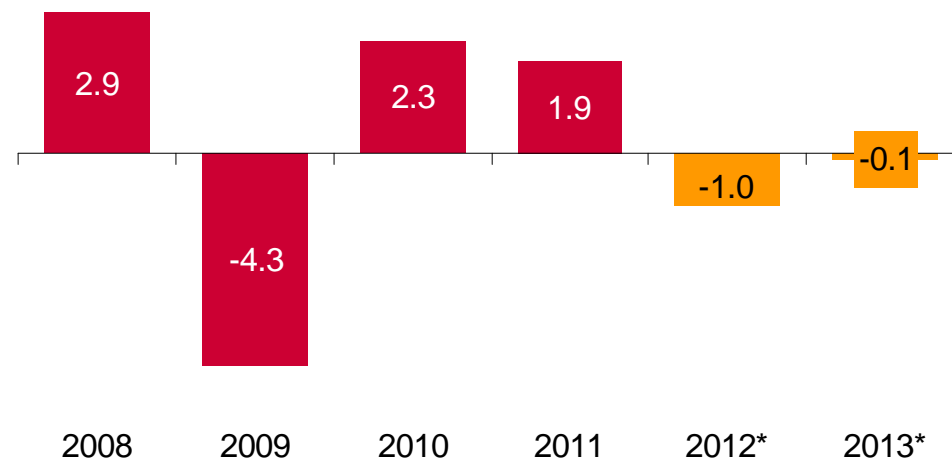
# Agenda

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# Czech economy

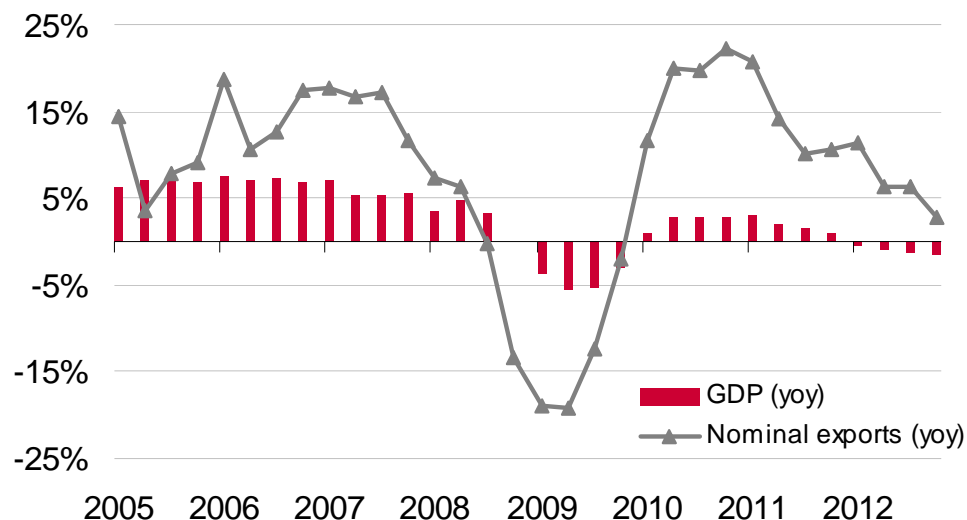
- Czech GDP contracted by approx. 1.0%\* in 2012. Consumers remain cautious, retail sales down 1.1% in 2012. Businesses reduced investments due to weak outlook and less utilized capacities, government due to fiscal consolidation. Net exports remain the sole driver of GDP growth in 2012
- Public finance under control, reported 2012 deficit 4.9% of GDP\* affected by 1.5pp from one-off church restitutions. Government aims to keep deficit below 3.0% in the second half of term. Public debt to GDP reached 45.7%\* in 2012
- Monetary policy inflation close to zero, demand pressures non-existent. CPI at 3.3% YoY, driven by hikes in taxes and regulated prices.
- CNB 2W repo rate lowered to 0.05% from November, to be kept „until significant inflation pressures emerge“. Central bank intervening verbally against appreciation of CZK. CZGB yields slightly recovered from all-time lows in November

## Real GDP outlook (YoY, %)



Source: CSO, 2012-2013\* KB Economic & Strategy Research forecasts

## Correlation between GDP and exports



Source: KB, CSO

\* KB estimates

Data source: Czech Statistical Office, CNB, KB

# Key results of the year 2012

- Gross volume of loans to clients grew by 4.1% to CZK 469.1 billion
- Client deposits rose by 3.3% to CZK 579.1 billion
- Sufficient liquidity buffer, net loans-to-deposits ratio at 78.0% (82.5% excluding pension fund)
- Solid capital adequacy, Basel II Core Tier 1 ratio at 14.7%
- Revenues almost stable (down 0.2% to CZK 32,689 million), including contribution from one-offs, in spite of low interest rates and intense competition
- OPEX flattish, +0.2% to CZK 13,512 million. Operating cost-to-income ratio solid 41.3%
- Cost of risk excluding securities decreased by 5.0% to CZK 1,871 million. Total cost of risk down by 74.5% due to write-downs of Greek bonds recorded in 2011
- Attributable net profit rose by 47.3% to CZK 13,953 million. Net profit excluding one-off items declined by 3.3% to CZK 13,093 million

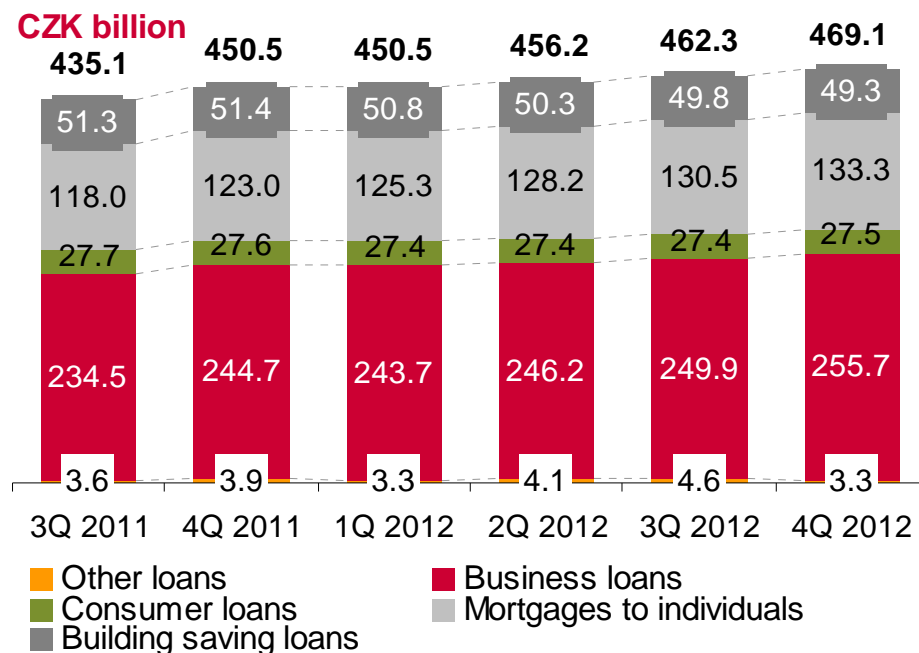
Note: year over year comparisons, results for the full year 2012

# Business highlights

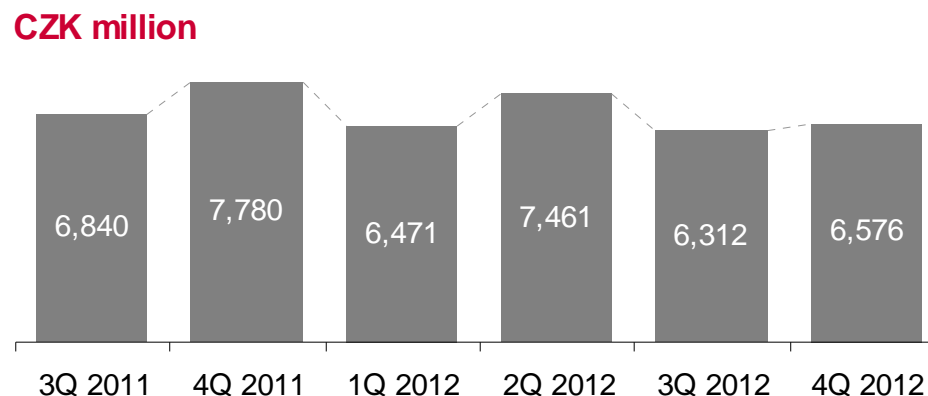
- KB outperformed the market in lending growth year over year, across client segments
- Solid pace of deposits underpinned by rising current account volumes, attesting to quality of KB's client franchise
- Growth in volume of savings in non-bank products in line with KB's strategy to develop comprehensive solutions for long-term relationships with clients
- KB Group companies obtained all necessary authorisations for offering and operating funds in the second and third pillars of the Czech Republic's reformed pension system. Penzijní fond KB was transformed into KB Penzijní společnost (pension company) as of 1 January 2013
- Strong interest of clients to join the existing pension fund before lock up. Number of clients in Penzijní fond KB up 12.8% to 571,000, of which 50,000 signed up in the fourth quarter
- KB is the first bank on the Czech market to support payments using QR codes for mobile handsets. The code is automatically converted into a payment order to be validated in client's Mobilní banka application
- Komerční banka retained the prestigious Bank of the Year title for 2012. KB won for the fifth time in the 11-year history of the Fincentrum's Bank of the Year awards. KB Group made it into the winners' circle for 6 of the 13 announced categories
- KB Corporate credit card was selected by MasterCard as Commercial Card of the year in the Czech Republic. The new card provides efficient tool for administration of the clients' employees' expenses

# Lending activities

- Gross loans rose 4.1% YoY. QoQ +1.5%. Mortgages and loans to large corporations most dynamic in the portfolio
- Business loans up 4.5% YoY, of which:
  - Small businesses (KB) +4.1% to CZK 28.9 bil.
  - Corporations (KB) +5.1% to CZK 203.6 billion
  - Factoring KB +6.4% to CZK 3.0 billion
  - SGEF -0.8% to CZK 20.3 billion
- Mortgages to individuals up 8.4% YoY to CZK 133.3 billion
- Consumer loans provided by KB and ESSOX down by 0.4% YoY to CZK 27.5 billion
- Loans from Modrá pyramida down 4.1% YoY to CZK 49.3 billion, due to clients preferring mortgages
- Irrevocable off-balance sheet commitments down 5.8% YoY, QoQ -5.1% (to CZK 157.5 billion) due to lower demand and shift from committed to uncommitted agreements

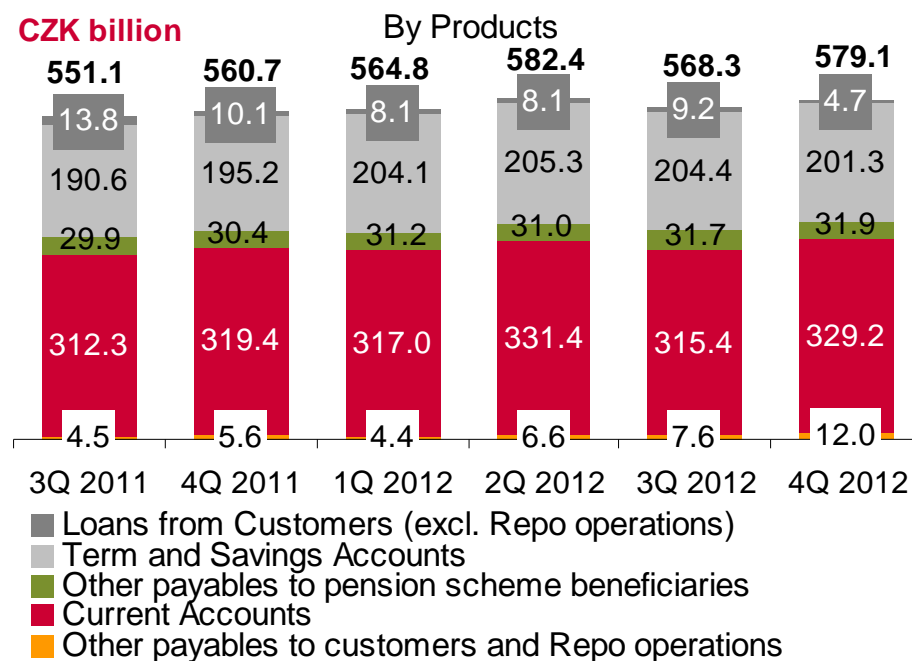
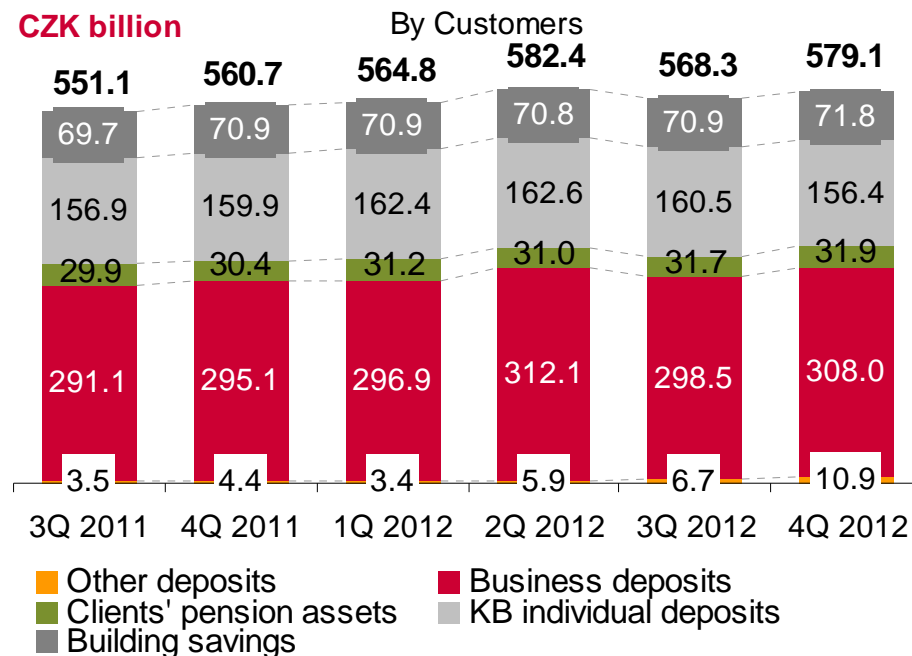


## Sales volume of mortgages to individuals



# Deposits and assets under management

- Group deposits +3.3% YoY (+2.1% YoY excluding repos with clients). QoQ +1.9%.
- Volumes on current accounts rose by 3.1% to CZK 329.2 billion
- KB (bank) deposits from individuals decreased by 2.2% YoY to CZK 156.4 billion
- Deposits from business clients increased by 4.4% YoY to CZK 308.0 billion
- Clients' pension assets in PF KB grew by 4.9% YoY to CZK 31.9 billion
- MPSS deposits up 1.3% YoY to CZK 71.8 bil.
- KP life insurance technical reserves up 19.2% YoY to CZK 28.5 billion
- AUM in mutual funds (sold through KB) increased by 15.0% YoY to CZK 29.1 billion





# Priorities for 2013

- Growth of lending activities driven by mortgages, small business and corporate loans including export financing, benefiting from KB's client relationships, liquidity and capital strength
- Providing of financing and high value added services to corporate clients, including expert advisory capabilities in knowledge centres for selected areas and sectors
- Increase in clients' satisfaction through high quality advisory. Loyalty and activity in retail segments boosted by reward schemes and targeted cross-sell initiatives
- Being close to the client via development of client oriented and modern branch network, and leveraging complementary distribution channels (in particular of Modrá pyramida)
- Maintaining deposit base. Development of a comprehensive solution for long-term savings and investments
- Launch of new offer in the second and third (fund-based) pillars of the Czech pension system, following the pension reform and transformation of the KB Penzijní společnost
- Careful pricing to address revenue pressures, cost of capital and risk
- Continuous focus on operational efficiency and tight cost discipline, attention to finding and extracting cost efficiencies, streamlining organisation
- Strong risk management to underpin long-term profitable growth of the portfolio of assets
- Maintaining solid capital adequacy and liquidity buffers in order to smoothly conform to increased regulatory requirements

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# Consolidated financial results

<b>Profit and Loss Statement</b> (CZK million, unaudited)	<b>FY 2011</b> Reported	<b>FY 2011</b> Recurring	<b>FY 2012</b> Reported	<b>FY 2012</b> Recurring	<b>Change</b> <b>YoY</b> Reported	<b>Change</b> <b>YoY</b> Recurring
Net interest income	22,190	21,714	21,947	21,430	-1.1%	-1.3%
Net fees & commissions	7,305	7,446	7,018	7,266	-3.9%	-2.4%
Income from financial operations	3,157	2,912	3,598	2,781	14.0%	-4.5%
Other income	111	114	126	128	13.5%	12.3%
<b>Net banking income</b>	<b>32,764</b>	<b>32,186</b>	<b>32,689</b>	<b>31,605</b>	<b>-0.2%</b>	<b>-1.8%</b>
Personnel expenses	-6,526	-6,443	-6,787	-6,670	4.0%	3.5%
General administrative expenses	-5,155	-5,104	-5,019	-5,045	-2.6%	-1.2%
Depreciation, impairment and disposal of fixed assets	-1,809	-1,768	-1,707	-1,707	-5.6%	-3.5%
<b>Operating costs</b>	<b>-13,490</b>	<b>-13,315</b>	<b>-13,512</b>	<b>-13,422</b>	<b>0.2%</b>	<b>0.8%</b>
<b>Gross operating income</b>	<b>19,274</b>	<b>18,871</b>	<b>19,177</b>	<b>18,183</b>	<b>-0.5%</b>	<b>-3.6%</b>
Provisions for securities	-5,355	0	0	0	n.a.	n.a.
Provisions for loans losses and other risks	-1,969	-1,916	-1,871	-1,732	-5.0%	-9.6%
<b>Cost of risk</b>	<b>-7,325</b>	<b>-1,916</b>	<b>-1,871</b>	<b>-1,732</b>	<b>-74.5%</b>	<b>-9.6%</b>
<b>Net operating income</b>	<b>11,949</b>	<b>16,955</b>	<b>17,307</b>	<b>16,451</b>	<b>44.8%</b>	<b>-3.0%</b>
Profit on subsidiaries and associates	81	81	121	121	49.4%	49.4%
Share of profit of pension scheme beneficiaries	-575	-638	-489	-483	-15.0%	-24.2%
<b>Profit before income taxes</b>	<b>11,455</b>	<b>16,398</b>	<b>16,938</b>	<b>16,088</b>	<b>47.9%</b>	<b>-1.9%</b>
Income taxes	-1,738	-2,713	-2,708	-2,764	55.8%	1.9%
<b>Net profit</b>	<b>9,717</b>	<b>13,685</b>	<b>14,230</b>	<b>13,325</b>	<b>46.4%</b>	<b>-2.6%</b>
Minority profit/(loss)	243	141	278	232	14.4%	64.5%
<b>Net profit attributable to equity holders</b>	<b>9,475</b>	<b>13,544</b>	<b>13,953</b>	<b>13,093</b>	<b>47.3%</b>	<b>-3.3%</b>

Note: "Recurring" results have been adjusted for one-off items listed on p. 34

# Consolidated statement of financial position

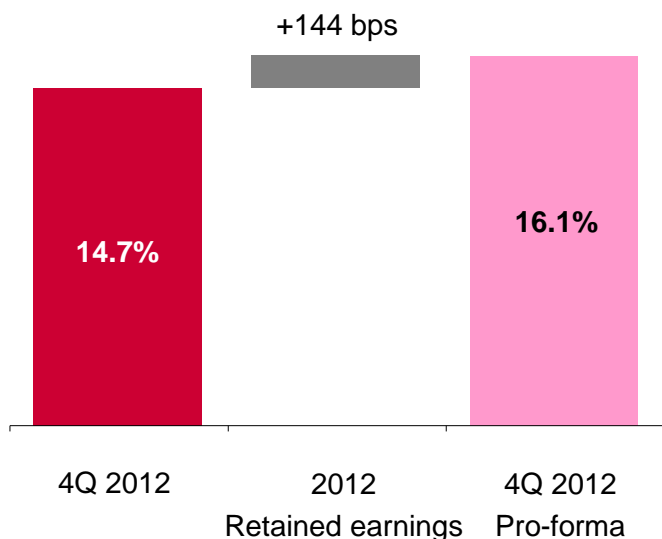
<b>Balance Sheet</b> (CZK million, unaudited)	31 Dec 2011	31 Dec 2012	Change YoY
<b>Assets</b>	<b>754,810</b>	<b>786,836</b>	<b>4.2%</b>
Cash and balances with central bank	16,980	28,057	65.2%
Amounts due from banks	101,393	64,111	-36.8%
Loans and advances to customers (net)	434,386	451,547	4.0%
Securities and trading derivatives	164,260	196,706	19.8%
Other assets	37,791	46,415	22.8%
<b>Liabilities and shareholders' equity</b>	<b>754,810</b>	<b>786,836</b>	<b>4.2%</b>
Amounts due to banks	37,454	38,901	3.9%
Amounts due to customers	560,700	579,067	3.3%
Securities issued	18,338	19,624	7.0%
Other liabilities	50,465	48,666	-3.6%
Subordinated debt	6,002	0	Repaid
Shareholders' equity	81,850	100,577	22.9%

# Financial ratios

<b>Key ratios and indicators</b> (year-to-date)	<b>31 Dec 2011</b>	<b>30 Sep 2012</b>	<b>31 Dec 2012</b>	<b>Change YoY</b>
Capital adequacy (Basel II)	14.6%	14.5%	14.7%	▲
Tier 1 ratio (Basel II)	13.4%	14.5%	14.7%	▲
Total capital requirement (CZK billion)	30.4	29.6	29.3	-3.8%
Capital requirement for credit risk (CZK billion)	25.8	25.0	24.7	-4.1%
Net interest margin (NII/Av. interest bearing assets), annualised	3.3%	3.2%	3.1%	▼
Loans (net) / deposits ratio	77.5%	78.4%	78.0%	▲
Loans (net) / deposits ratio excl. PF client assets	81.6%	82.9%	82.5%	▲
Cost / income ratio	41.2%	39.9%	41.3%	▲
Return on average equity (ROAE), annualised	12.3%	17.0%	15.8%	▲
Return on average assets (ROAA), annualised	1.3%	1.9%	1.8%	▲
Earnings per share (CZK), annualised	250	385	369	47.8%
Average number of employees during the period	8,735	8,776	8,758	0.3%

# Proposed distribution of 2012 profit

**Capital adequacy development analysis**  
(Total CAD, CNB methodology, Basel II)



- Board of Directors proposal is subject to approval by KB's Supervisory Board and by the Annual General Meeting of the bank
- Dividend payment of CZK 8,687 million, or CZK 230 per share, would represent a dividend payout of 62.7% from the consolidated attributable net profit of KB, and 5.7% gross dividend yield based on 2012's closing share price

	2006	2007	2008	2009	2010	2011	2012
<b>Dividend per share (CZK)</b>	150	180	180	170	270	160	230
<b>EPS (CZK, consolidated)</b>	242	294	346	290	351	249	367
<b>Payout ratio (%)</b>	61.9	61.2	52.0	58.7	77.0	64.2	62.7
<b>Dividend yield* (%)</b>	4.8	4.1	6.1	4.3	6.1	4.8	5.7

\* Calculated on the closing price at the end of the respective year

# Shareholders' equity

Development year-to-date

Total shareholders' equity  
as at 31 December 2011

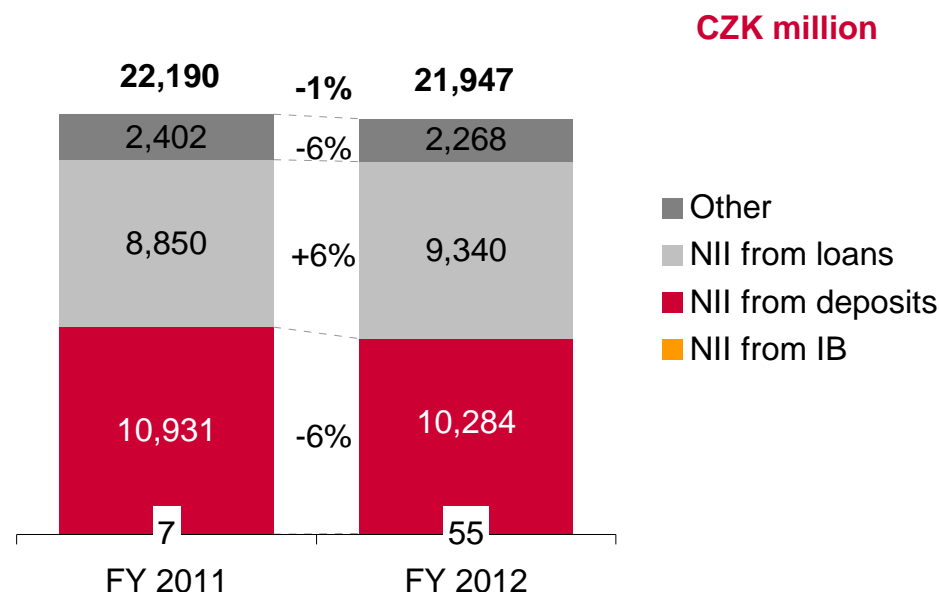
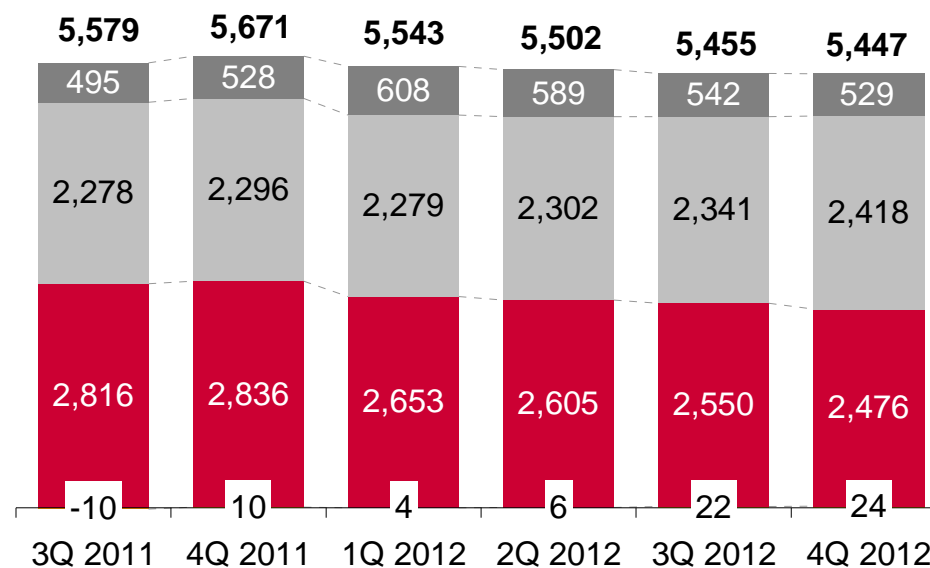


Total shareholders' equity  
as at 31 December 2012

Shareholders' equity	31/12/2011	1/1/2012	Increase	Decrease	31/12/2012
<b>Share capital</b>	19,005	19,005			19,005
Capital and reserve funds	38,693	48,168		-5,958	42,210
- Retained earnings, reserve funds and dividends	39,419	48,894		-5,958	42,936
- Treasury shares	-726	-726			-726
Attributable net profit	9,475	0	13,953		13,953
Hedging revaluation reserve	9,761	9,761	4,510		14,271
AFS securities' fair value changes	2,082	2,082	6,036		8,118
Others	201	201	50		251
Minorities	2,633	2,633	135		2,769
<b>Total Shareholders' equity</b>	<b>81,850</b>	<b>81,850</b>	<b>24,684</b>	<b>-5,958</b>	<b>100,577</b>

# Net interest income

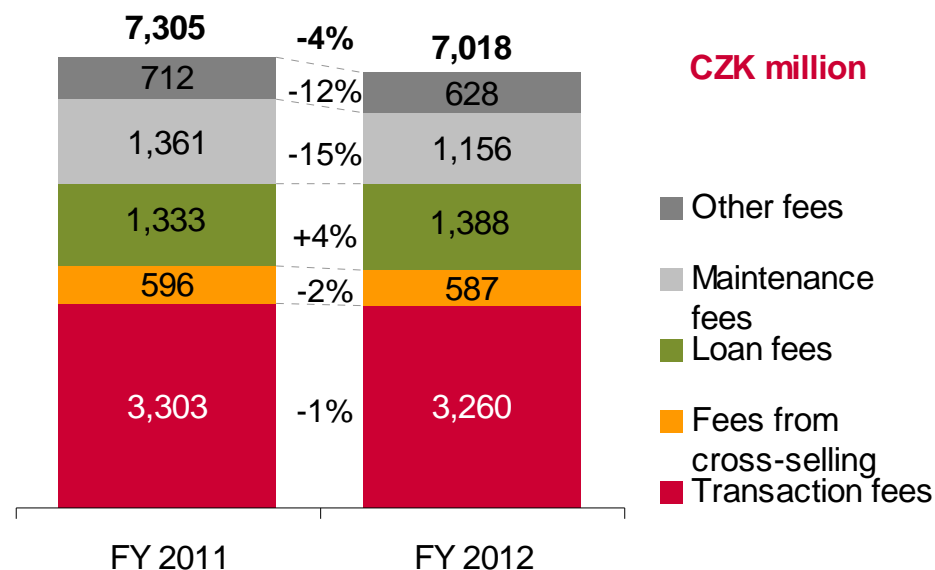
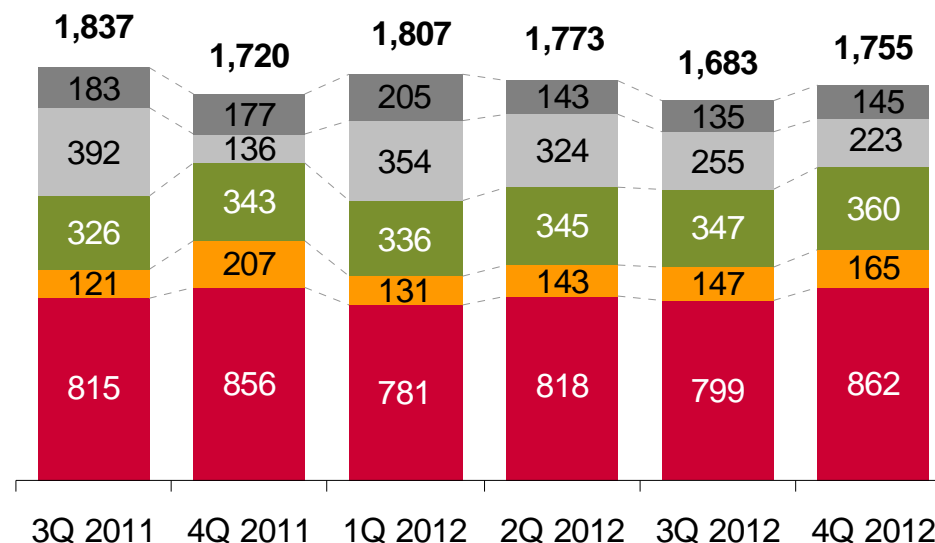
- NII in FY 2012 down by 1.1% YoY. NII in 4Q decreased by 0.1% QoQ
- NII from loans – driven by solid volume growth. Marginal decrease in average spread due to slightly increasing share of loans with lower margins (mortgages, corporate loans)
- NII from deposits – pressure on deposit spreads from low market interest rates and competition
- From 2012, origination fees and costs on all lending and deposit products amortised in NII, impact marginally positive in 2012
- NII from other – lower yield on reinvestment of capital due to low interest rates





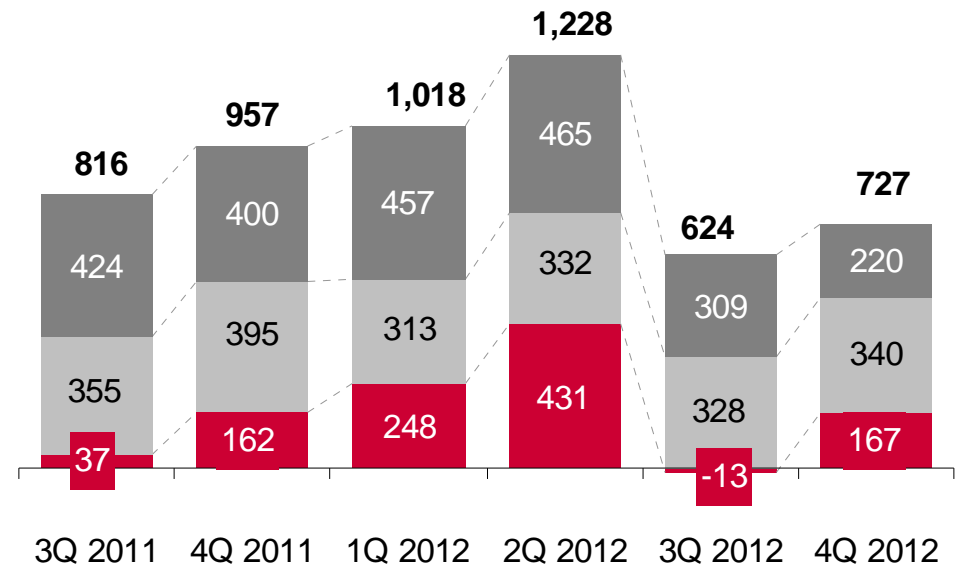
# Net fees and commissions

- NFC in FY 2012 -3.9% YoY. 4Q +4.3% QoQ. Recurring fee income down 2.4% YoY
- Maintenance fees – Impacted by strong sales of pension fund policies and by accelerated expensing of client acquisition commissions in PF KB offset in the line ‘Share of profit of pension scheme beneficiaries’. Income affected by client rewards programme promoting activity and loyalty
- Loan fees – slight improvement due to rising number of mortgages
- From 2012, origination fees and costs on all lending and deposit products amortised in NII. Since 2013, KB offers mortgages and consumer loans with single price for loan management and cost of funds
- Fees from cross-selling – contribution from KP insurance up, sale of government retail bonds. Income from mutual funds affected by marketing campaigns
- Transaction fees – Income from card transactions up. Payment activity slightly down due to weaker economy
- Other fees – solid trade finance. Lower fees from syndicated loans due to amortisation through NII

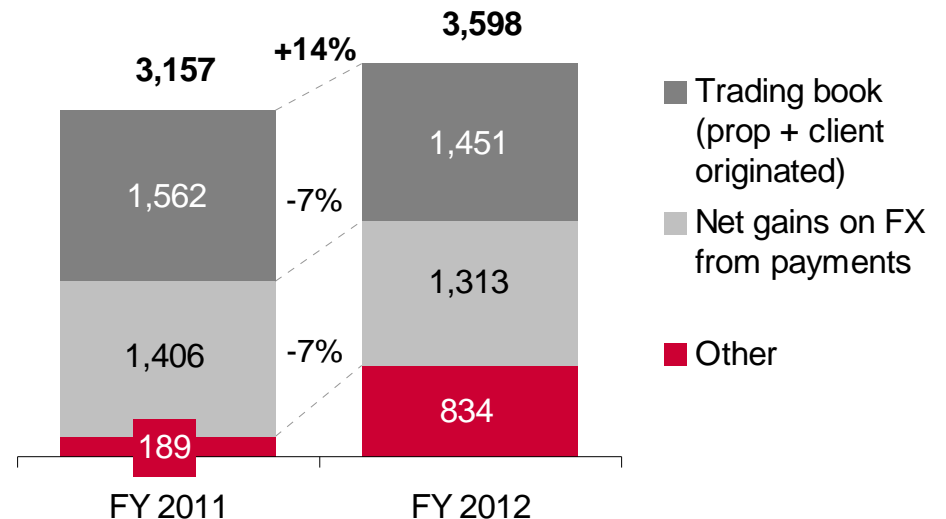


# Net profit from financial operations

- Net profit from financial operations in FY 2012 increased by 14.0% YoY, 4Q12 +16.5% QoQ.
- 4Q12 result influenced by credit value adjustment of negative CZK 66 million applied to certain interest derivative positions
- In addition, Group booked gain of CZK 166 million from sale of bonds in PF KB (pension fund). Of this amount, 85% attributable to pension fund clients
- Client demand for hedging affected by low volatility and holidays. Demand for IR hedging diminished due to commitment of CNB to keep interest rates low. FX hedging somewhat recovered in the last weeks of the quarter in reflection of weaker Czech currency



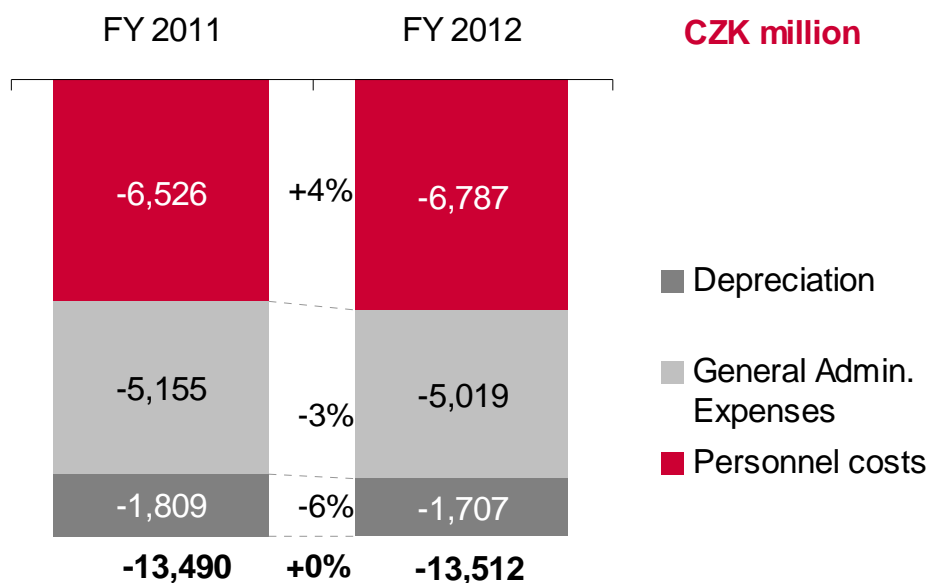
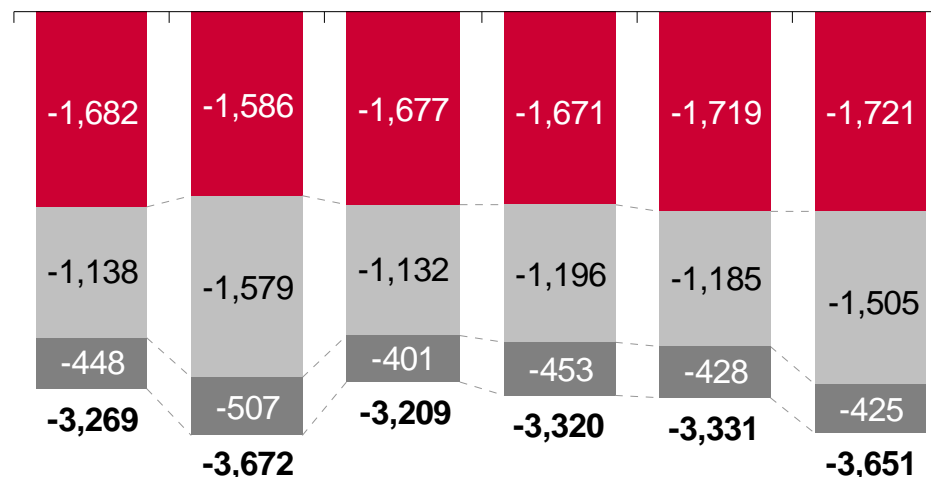
CZK million



# Operating costs

- OPEX in FY 2012 increased by 0.2% YoY. 4Q 2012 up 9.6% QoQ driven by seasonal marketing and move to new HQ building
- Personnel costs in FY 2012 rose by 4.0% YoY. 4Q up by 0.1% QoQ, driven by growth in average remuneration. Increase influenced by performance-related remuneration in comparison with reduced level in 4Q 2011
- Full year average number of employees up 0.3% YoY, sequentially declining since 1Q 2012
- General administrative expenses in FY 2012 decreased by 2.6% YoY. 4Q up 27.0% QoQ. Main savings YoY on ICT, marketing and cash transport. Real estate expenses rose due to move to new building. Cost of valuing real estate collateral amortised in NII from 2012
- D&A down 5.6% YoY. 4Q down 0.7% QoQ. YoY savings due to lower amortisation of software

3Q 2011 4Q 2011 1Q 2012 2Q 2012 3Q 2012 4Q 2012

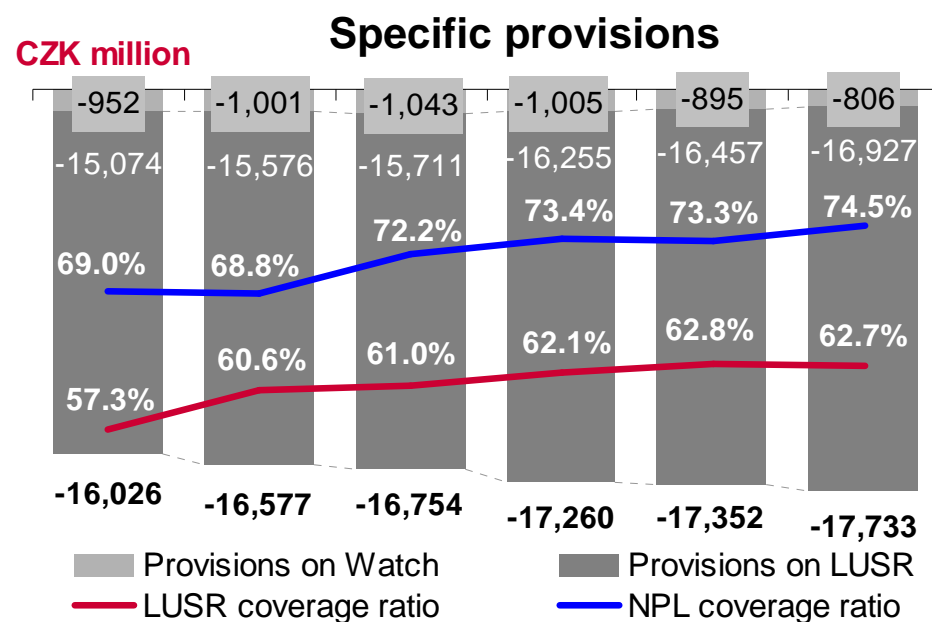
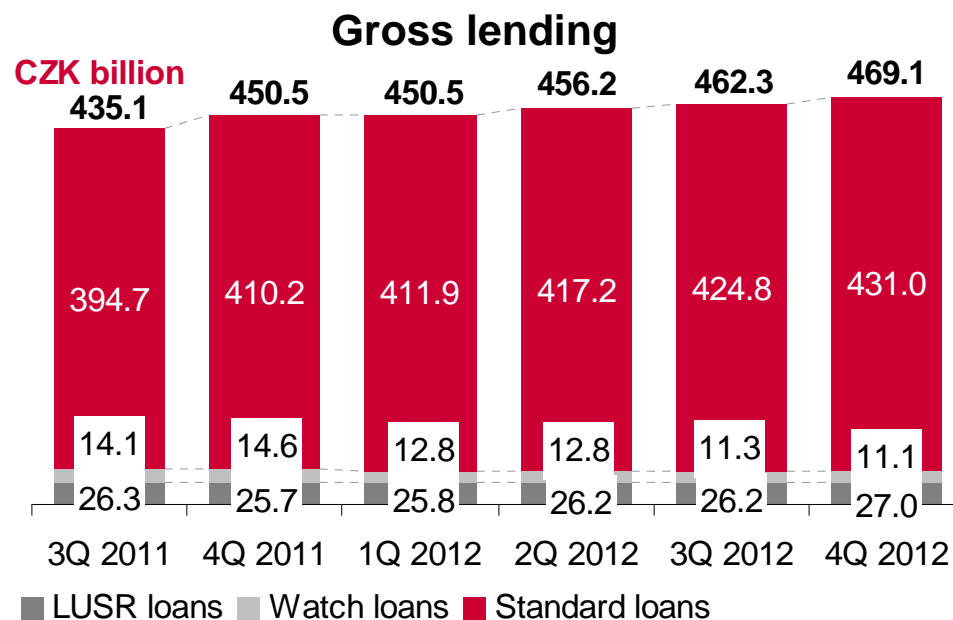


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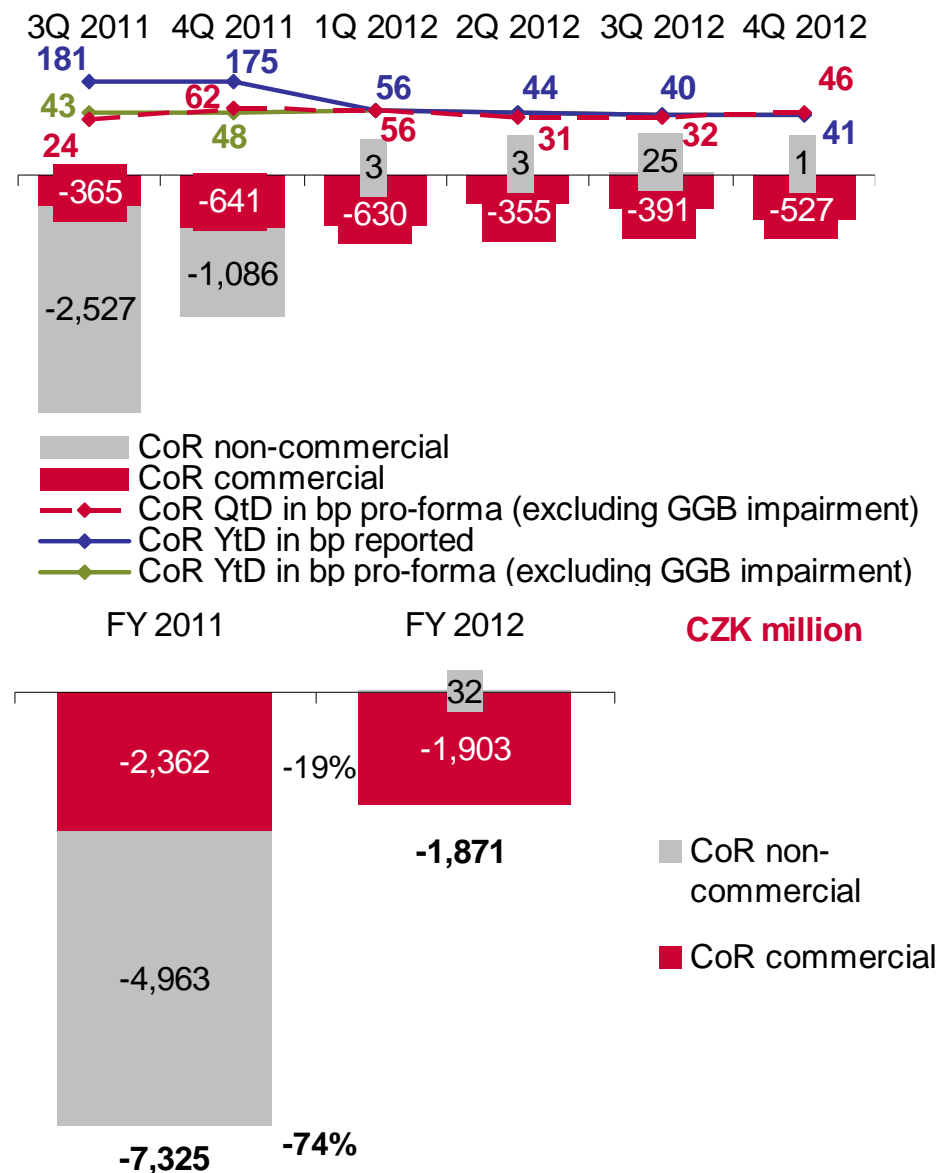
# Loan quality

- Loan exposure +4.1% YoY, +1.5% QoQ
- Share of Standard and Watch loan exposure stable at 94.2% (94.3% in 3Q 2012)
- Share of LUSR exposure stable at 5.8% (5.7% in 3Q 2012). QoQ increase of LUSR exposure by 3.1% driven by corporate exposures.
- Stable share of NPL exposure at 3.8% (3.9% in 3Q 2012) and stable total volume of NPL exposure (CZK 18 billion) compared to CZK 17.9 billion in 3Q 2012
- QoQ slightly increased NPL coverage ratio to 74.5% (73.3% in 3Q 2012) driven by increase of provisioning on several Corporates
- Stable provision coverage ratio on LUSR (above 60%)



# Cost of risk

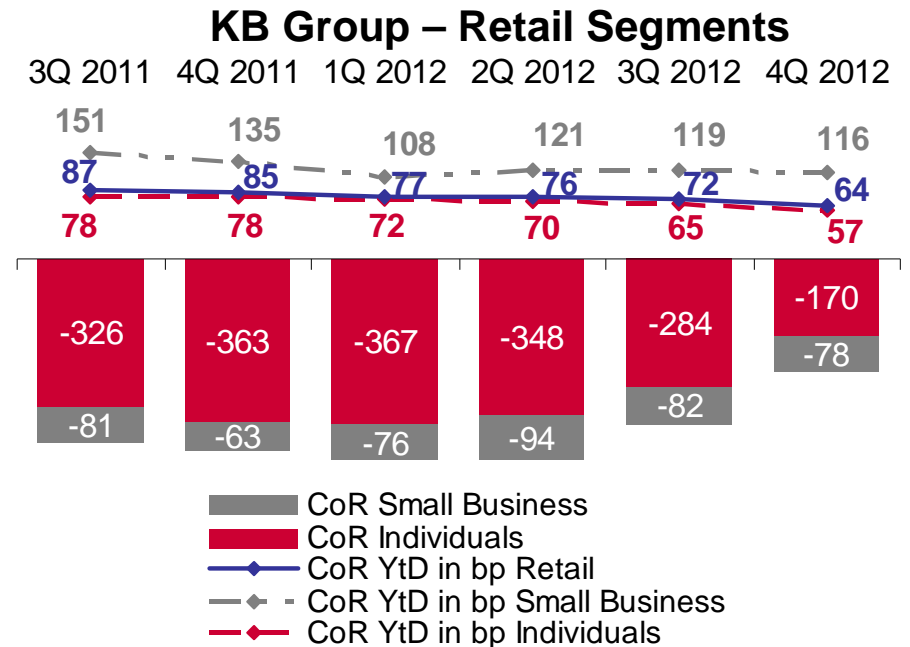
- FY 2012 cost of risk at CZK 1.9 billion compared to CZK 7.3 billion in 2011 (-74.5%)
- 4Q 2012 cost of risk at CZK 0.5 billion compared to CZK 1.7 billion in 4Q 2011 (-69.5%), mainly influenced by write-downs of Greek government bonds in 4Q 2011
- FY 2012 commercial cost of risk decreased by 19% to CZK 1.9 billion YoY driven by resilient development on Retail supported by several releases on Corporates
- 4Q 2012 contribution to cost of risk by KB group entities: KB 81%, SGEF 11%, ESSOX 4%, Modrá pyramida 3%, Factoring 1%



Note: income from write-off receivables included into commercial cost of risk since 1Q 2012. Results have not been restated retrospectively.

# Commercial cost of risk - zoom on client segments

- FY 2012 corporate cost of risk down to 19 bps from 29 bps in FY 2011 mainly thanks to the successful recovery development
- QoQ corporate cost of risk increase driven by creations on a few big tickets
- FY 2012 retail cost of risk down to 64 bps from 85 bps in FY 2011
- 4Q 2012 decrease in retail cost of risk driven by continuously improved payment discipline on both Individuals and Small Business



# Agenda

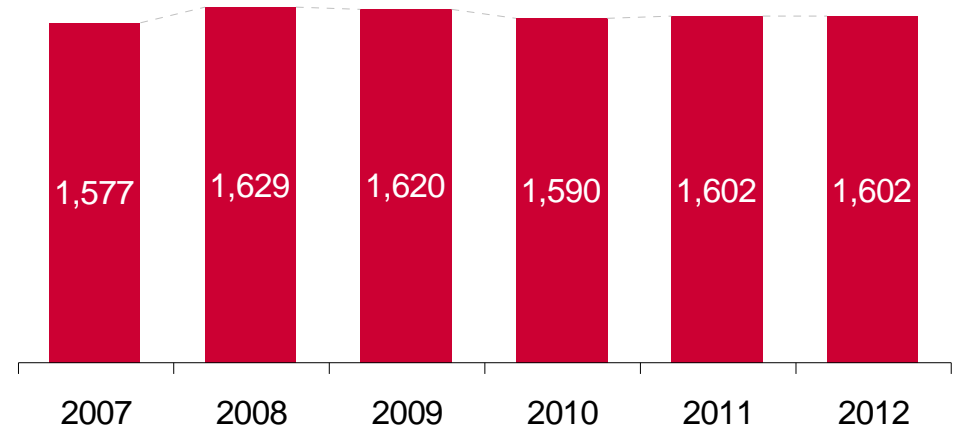
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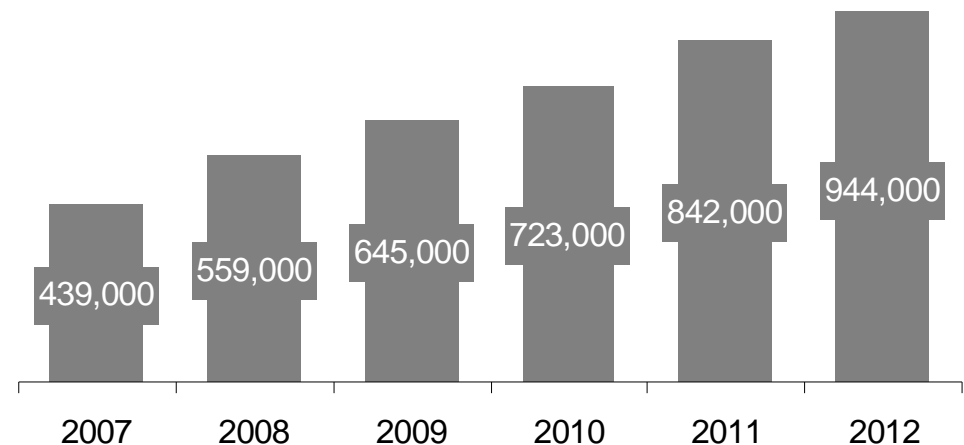
# Number of clients and distribution network

- KB Group's 2.5 million clients, of which
  - KB bank 1,602,000 clients (+0%)
  - MPSS 609,000 clients (-6%)
  - PFKB 571,000 clients (+13%)
  - ESSOX 266,000 active clients (-7%)
- Network
  - 399 branches for retail clients, 20 business centres for MEM, 4 corporate divisions for large corporate clients in CZ, 1 in Slovakia
  - 702 ATMs
  - MPSS: 218 points of sale; 1,234 sales agents (of which 324 full-time professionals)
  - SGEF: 7 branches in CZ, 2 in Slovakia
- Direct Channels
  - 1,119,000 clients (i.e. 70% of KB client base) using direct banking channels
  - Two call centres, internet and mobile banking

Number of bank clients (ths., CZ)



MojeBanka - number of clients



# Consolidated financial results

<b>Profit and Loss Statement</b> (CZK million, unaudited)	4Q 2011	3Q 2012	4Q 2012	Change YoY	Change QoQ
Net interest income	5,671	5,455	5,447	-3.9%	-0.1%
Net fees & commissions	1,720	1,683	1,755	2.0%	4.3%
Income from financial operations	957	624	727	-24.0%	16.5%
Other income	40	40	30	-25.0%	-25.0%
<b>Net banking income</b>	<b>8,388</b>	<b>7,802</b>	<b>7,959</b>	<b>-5.1%</b>	<b>2.0%</b>
Personnel expenses	-1,586	-1,719	-1,721	8.5%	0.1%
General administrative expenses	-1,579	-1,185	-1,505	-4.7%	27.0%
Depreciation, impairment and disposal of fixed assets	-507	-428	-425	-16.2%	-0.7%
<b>Operating costs</b>	<b>-3,672</b>	<b>-3,331</b>	<b>-3,651</b>	<b>-0.6%</b>	<b>9.6%</b>
<b>Gross operating income</b>	<b>4,715</b>	<b>4,471</b>	<b>4,308</b>	<b>-8.6%</b>	<b>-3.6%</b>
Provisions for securities	-1,056	0	0	n.a.	n.a.
Provisions for loans losses and other risks	-670	-365	-526	-21.5%	44.1%
<b>Cost of risk</b>	<b>-1,727</b>	<b>-365</b>	<b>-526</b>	<b>-69.5%</b>	<b>44.1%</b>
<b>Net operating income</b>	<b>2,989</b>	<b>4,106</b>	<b>3,782</b>	<b>26.5%</b>	<b>-7.9%</b>
Profit on subsidiaries and associates	17	31	31	82.4%	0.0%
Share of profit of pension scheme beneficiaries	-80	-31	-62	-22.5%	100.0%
<b>Profit before income taxes</b>	<b>2,926</b>	<b>4,105</b>	<b>3,751</b>	<b>28.2%</b>	<b>-8.6%</b>
Income taxes	-420	-719	-634	51.0%	-11.8%
<b>Net profit</b>	<b>2,506</b>	<b>3,387</b>	<b>3,118</b>	<b>24.4%</b>	<b>-7.9%</b>
Minority profit/(loss)	73	72	83	13.7%	15.3%
<b>Net profit attributable to equity holders</b>	<b>2,434</b>	<b>3,315</b>	<b>3,035</b>	<b>24.7%</b>	<b>-8.4%</b>

# Income statement adjusted for SGEF acquisition

<b>Profit and Loss Statement</b> (CZK million, unaudited)	<b>FY 2011</b> <b>Reported</b>	<b>FY 2011</b> <b>Pro forma</b>	<b>FY 2012</b> <b>Reported</b>	<b>FY 2012</b> <b>Pro forma</b>	<b>Change</b> <b>YoY</b>	<b>Change</b> <b>YoY</b> <b>Pro forma</b>
Net interest income	22,190	21,848	21,947	21,511	-1.1%	-1.5%
Net fees & commissions	7,305	7,286	7,018	7,000	-3.9%	-3.9%
Income from financial operations	3,157	3,101	3,598	3,614	14.0%	16.5%
Other income	111	114	126	128	13.5%	12.3%
<b>Net banking income</b>	<b>32,764</b>	<b>32,348</b>	<b>32,689</b>	<b>32,253</b>	<b>-0.2%</b>	<b>-0.3%</b>
Personnel expenses	-6,526	-6,443	-6,787	-6,670	4.0%	3.5%
General administrative expenses	-5,155	-5,104	-5,019	-4,953	-2.6%	-3.0%
Depreciation, impairment and disposal of fixed assets	-1,809	-1,806	-1,707	-1,702	-5.6%	-5.8%
<b>Operating costs</b>	<b>-13,490</b>	<b>-13,354</b>	<b>-13,512</b>	<b>-13,325</b>	<b>0.2%</b>	<b>-0.2%</b>
<b>Gross operating income</b>	<b>19,274</b>	<b>18,994</b>	<b>19,177</b>	<b>18,927</b>	<b>-0.5%</b>	<b>-0.4%</b>
Provisions for securities	-5,355	-5,355	0	0	n.a.	n.a.
Provisions for loans losses and other risks	-1,969	-1,916	-1,871	-1,732	-5.0%	-9.6%
<b>Cost of risk</b>	<b>-7,325</b>	<b>-7,271</b>	<b>-1,871</b>	<b>-1,732</b>	<b>-74.5%</b>	<b>-76.2%</b>
<b>Net operating income</b>	<b>11,949</b>	<b>11,723</b>	<b>17,307</b>	<b>17,195</b>	<b>44.8%</b>	<b>46.7%</b>
Profit on subsidiaries and associates	81	81	121	121	49.4%	49.4%
Share of profit of pension scheme beneficiaries	-575	-575	-489	-489	-15.0%	-15.0%
<b>Profit before income taxes</b>	<b>11,455</b>	<b>11,230</b>	<b>16,938</b>	<b>16,826</b>	<b>47.9%</b>	<b>49.8%</b>
Income taxes	-1,738	-1,716	-2,708	-2,688	55.8%	56.6%
<b>Net profit</b>	<b>9,717</b>	<b>9,514</b>	<b>14,230</b>	<b>14,138</b>	<b>46.4%</b>	<b>48.6%</b>
Minority profit/(loss)	243	141	278	232	14.4%	64.5%
<b>Net profit attributable to equity holders</b>	<b>9,475</b>	<b>9,373</b>	<b>13,953</b>	<b>13,907</b>	<b>47.3%</b>	<b>48.4%</b>

Note: Pro forma – excluding impact of SGEF acquisition

# KB consolidated group

Pension insurance	Penzijní fond KB (100%)	#4 pension fund in the Czech Republic with 571,000 clients. PF KB was transformed into KB Penzijní společnost (pension company) as of 1 January 2013
Building society	Modrá pyramida stavební spořitelna (100%)	#2 largest building savings bank according to loan volume with 609,000 clients and 1,234 strong agent distribution network
Consumer credit	ESSOX (50.93%)	Consumer credit and car finance company. #3 non-bank consumer loan provider in the Czech Republic
Insurance	Komerční pojišťovna (49%)	Universal insurance company focused on life insurance
Corporate services	KB, branch in Slovakia	The Slovak business division focuses on serving large corporate clients
	Factoring KB (100%)	#4 on the Czech factoring market, offering domestic, foreign and reverse factoring
	SGEF Czech Republic (50.1%)	Leading provider of asset-backed financing in the Czech Republic and also active in Slovakia

## Business performance of subsidiaries 1/2

		FY 2011	FY 2012	Change YoY
<b>MPSS</b>	Volume of new loans (CZK million)	7,785	4,342	-44%
	Volume of total loans (gross, CZK million)	51,369	49,271	-4%
	Target volume of new contracts (CZK million)	25,008	23,845	-5%
	Volume of deposits (CZK million)	70,857	71,803	1%
	Average number of FTEs	359	356	-1%
	Number of points of sale	229	218	-5%
<b>PF KB</b>	Number of new contracts	58,394	135,568	132%
	Number of contracts (stock)	506,221	571,002	13%
	Assets under management (CZK million)	30,373	31,902	5%
	Average number of FTEs	59	55	-7%
<b>ESSOX</b>	Volume of new contracts (CZK million)	4,778	4,580	-4%
	Volume of total loans (gross, CZK million)	9,598	9,374	-2%
	Average number of FTEs	347	345	-1%

## Business performance of subsidiaries 2/2

		FY 2011	FY 2012	Change YoY
<b>Factoring KB</b>	Factoring turnover (CZK million)	16,096	19,531	21%
	Volume of total financing (gross, CZK million)	2,832	3,014	6%
	Average number of FTEs	38	40	5%
<b>KP</b>	Newly concluded policies (number)	823,480	829,891	1%
	of which in life insurance	123,201	117,841	-4%
	of which in non-life insurance	700,279	712,050	2%
	Premium written (CZK million)	6,851	6,149	-10%
	of which in life insurance	6,588	5,857	-11%
	of which in non-life insurance	263	291	11%
	Average number of FTEs	151	154	2%
<b>SGEF</b> (acquired in May 2011)	Volume of new loans (CZK million)	7,413	8,803	19%
	Volume of total loans (gross, CZK million)	20,430	20,262	-1%
	Average number of FTEs	118	116	-2%

# Standalone results of KB group companies and associated undertakings

	Account. standards	Share of KB	Net Profit	YoY	Equity	YoY	Assets	YoY
<b>CZK million</b>								
KB	IFRS	100%	12,248	54.0%	87,583	20.9%	689,457	4.4%
- o/w KB branch in Slovakia	IFRS	100%	140	154.5%	n.a.	n.a.	18,016	70.3%
ESSOX, s.r.o.	IFRS	50.93%	473	64.2%	3,219	9.6%	9,872	-4.0%
Factoring KB, a.s.	CAS	100%	17	-75.7%	1,589	6.7%	4,302	6.2%
Penzijní fond Komerční banky, a. s.*	CAS	100%	575	-14.9%	2,407	38.7%	34,883	7.0%
Bastion European Investments S.A.	IFRS	100%	92	-12.4%	3,162	-4.8%	6,329	-4.7%
Komerční pojišťovna, a.s.	IFRS	49%	247	48.8%	1,982	26.7%	33,564	25.3%
Modrá pyramida SS, a.s.	IFRS	100%	1,123	6.9%	8,170	24.0%	82,021	2.3%
SG Equipment Finance ČR s.r.o.	IFRS	50.1%	222	-15.9%	2,180	6.1%	24,330	9.9%
KB Real Estate, s.r.o.	IFRS	100%	-16	n.a.	495	n.a.	1,179	n.a.
Protos	IFRS	90%	296	-195.8%	13,988	6.2%	14,041	6.5%
Czech Banking Credit Bureau	CAS	20%	3	-40.0%	4	-42.9%	34	21.4%

\* 85% of net profit must be distributed to pension scheme beneficiaries

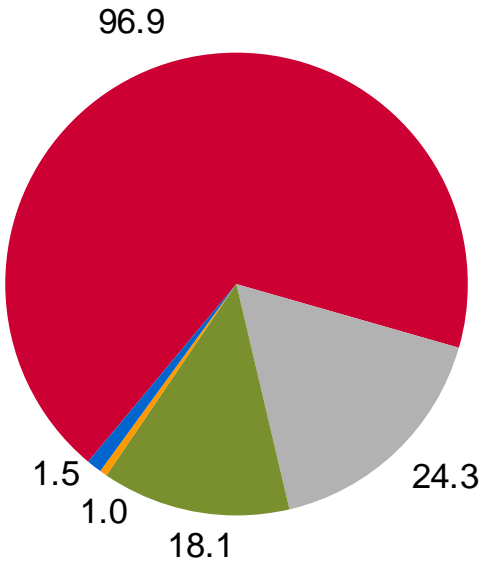
Note: Fully consolidated companies are: Essox, Factoring, PFKB, Bastion, Modra pyramida, SGEF CR, KB Real Estate and Protos. CBCB is not consolidated.

# Securities portfolio in the banking book

CZK billion

Available-for-sale portfolio

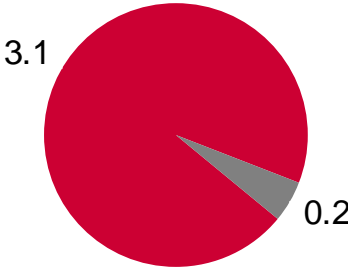
CZK 141.8 billion



- Czech sovereign
- Foreign sovereign
- Czech financial institutions
- Foreign financial institutions
- Others

Held-to-maturity portfolio

CZK 3.3 billion

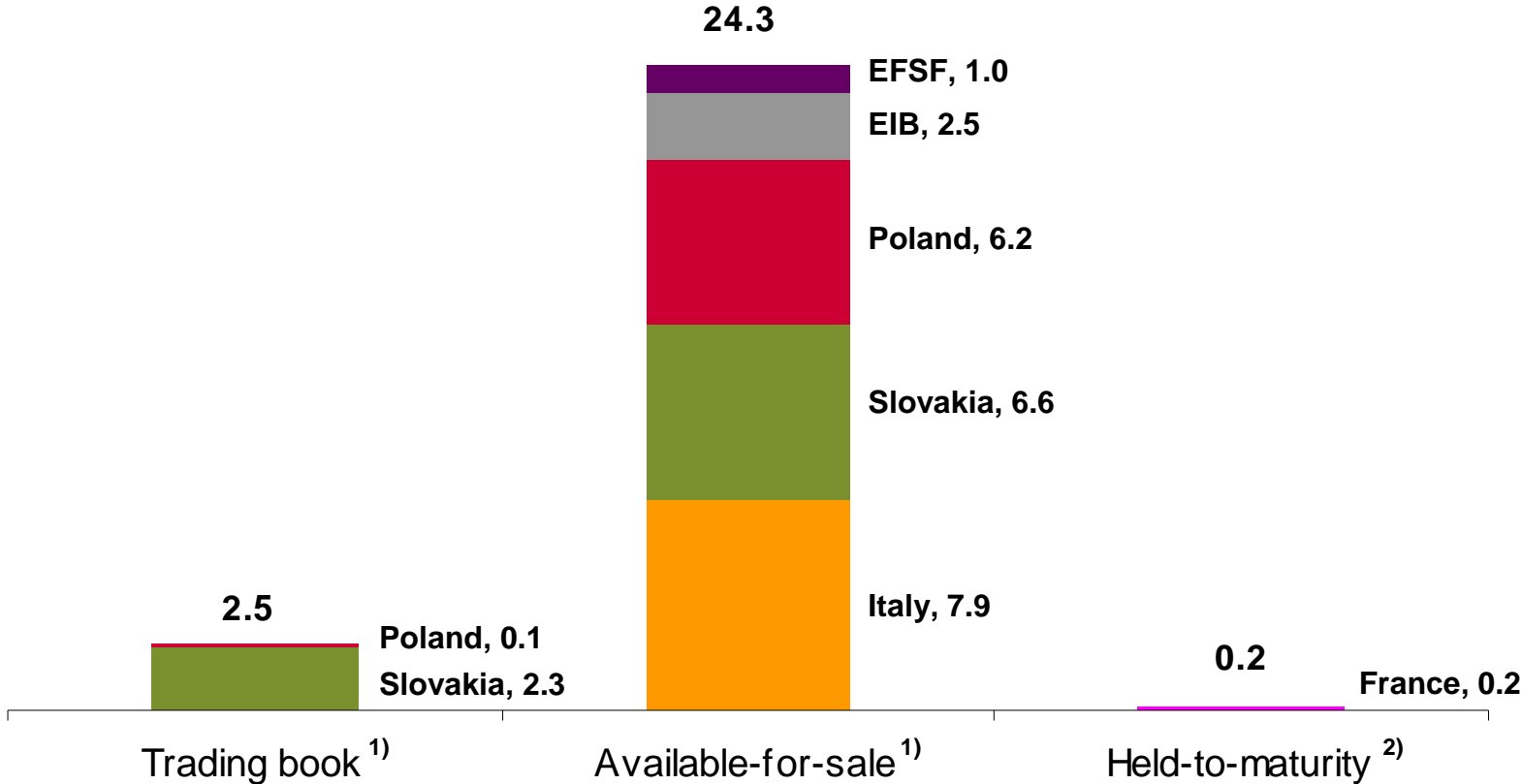


- Czech sovereign
- Foreign sovereign



# Foreign sovereign exposure

CZK billion



Measurement at [1] fair value; [2] amortized cost

# Overview of items excluded in order to calculate recurring profit

## **FY 2012 (impact net of tax, KB Group share):**

- amortisation of MPSS acquisition revaluation (CZK 21 mil.)
- SGEF acquisition (CZK 46 mil.)
- accounting change in amortisation of origination fees and costs (CZK 167 mil.)
- sale of bonds in PF KB (CZK 64 mil.)
- amortisation of client acquisition commissions in PF KB (CZK 76 mil.)
- sale of participation in ČMZRБ (CZK 830 mil.)
- sale of Greek and Portuguese government bonds (CZK -343 mil.)

## **FY 2011 (impact net of tax, KB Group share):**

- amortisation of MPSS acquisition revaluation (CZK 41 mil.)
- SGEF acquisition (CZK 102 mil.)
- impairment of Greek government bonds (CZK -4,338 mil.)
- dividends received from ČMZRБ (CZK 89 mil.)
- sale of bonds in PF KB (CZK 28 mil.)
- amortisation of client acquisition commissions in PF KB (CZK 16 mil.)
- sale of buildings in PF KB (CZK -6 mil.)

# Acquisition of SGEF – fair value assessment of assets and liabilities

## Background

- KB acquired on 4 May 50.1% stake in SG Equipment Finance Czech Republic, s.r.o. (SGEF) for a purchase price of CZK 1,800 million. SGEF has been consolidated in KB Group accounts using full consolidation method since May 2011
- KB followed IFRS 3 (*Business combinations*) acquisition method of accounting for this transaction, according to which all identified acquired assets and assumed liabilities have to be measured at their fair value as at acquisition date
- Fair values were calculated with objective to establish transaction prices that would have been reached in arm's length transactions in normal business circumstances

## Fair value adjustments

- The fair value adjustments to SGEF balance sheet amount to CZK 487 mil. and will be amortised until 2016. Adjustments stem from valuation of loans to clients and amounts due and from banks. No unrecognized intangible asset has been identified
- Recognized goodwill on the acquisition amounts to CZK 201 mil. and will be regularly tested for impairment

## Amortisation of adjustments - P/L impact

- Amortization corresponds to the contractual instalments of the revalued deals
- Impact of amortisation on reported consolidated P/L:

CZK million	2011	2012	2013	2014	2015	2016	Total
<b>NII</b>	-75	-161	-116	-69	-43	-23	-487
<b>Tax</b>	14	31	22	13	8	4	92
<b>Net profit</b>	-60	-130	-94	-56	-35	-18	-394
<b>Minority interest</b>	30	65	47	28	17	9	197
<b>Attributable net profit</b>	-30	-65	-47	-28	-18	-9	-197

# Macroeconomic environment – Czech Republic

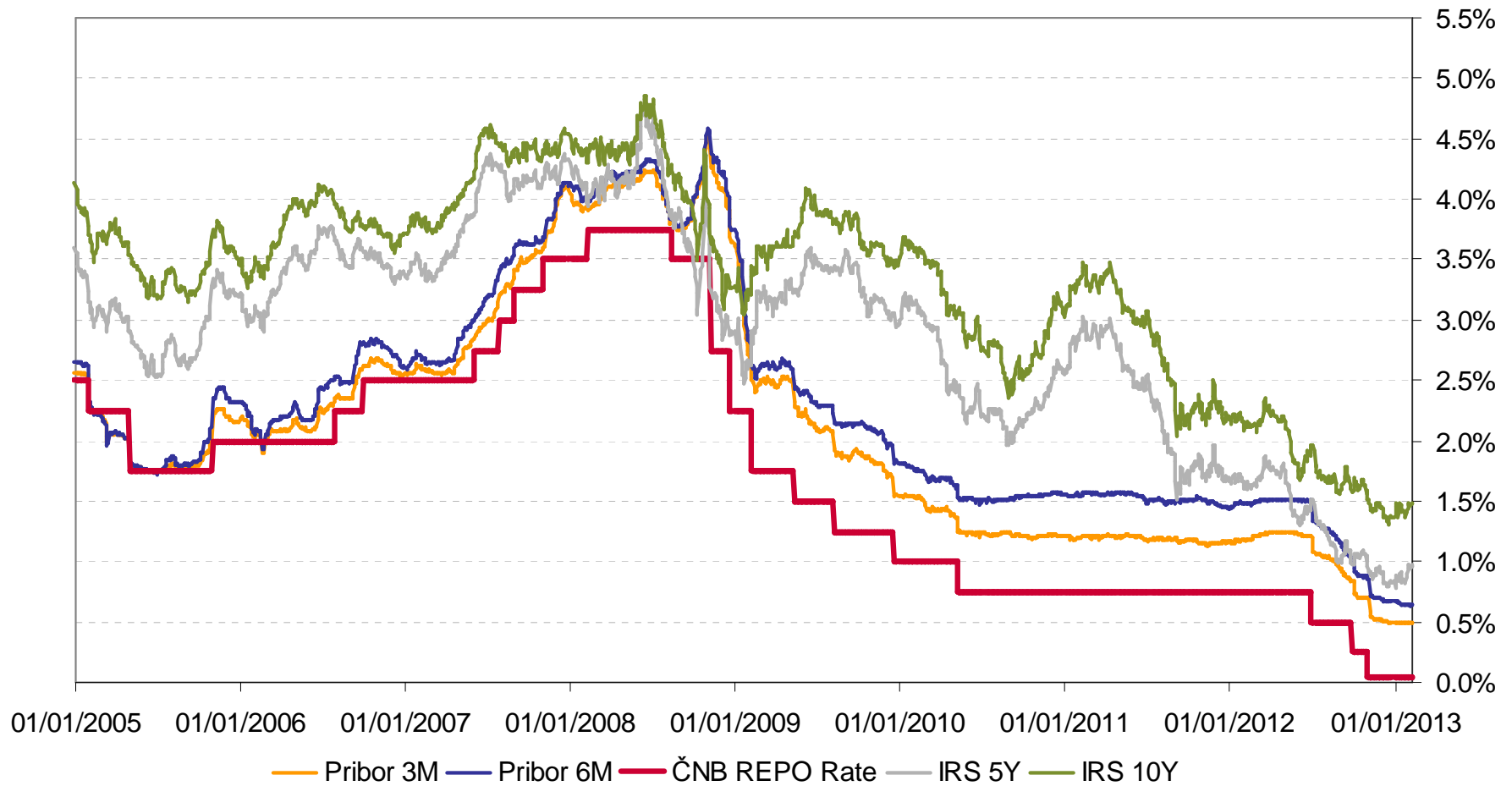
<b>Macroeconomic Indicators</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012*</b>	<b>2013*</b>
Real GDP (% , average)	2.9	-4.3	2.3	1.9	-1.0	-0.1
Inflation (% , average)	6.4	1.0	1.5	1.9	3.3	2.3
Household consumption (% , average)	2.9	0.3	0.9	0.7	-2.8	0.4
Unemployment (% , av., MLSA meth.)	4.1	6.4	7.0	6.6	6.8	7.8
M2 (% , average)	8.4	6.2	4.0	3.4	6.0	5.0
3M PRIBOR (% , average)	4.0	2.2	1.3	1.2	1.0	0.5
<b>Potential of the market **</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012*</b>	<b>2013*</b>
Loans / GDP (year-end)	54.0	55.9	57.3	60.0	60.9	62.7
Real estate loans / GDP (year-end)	16.0	18.2	19.2	20.1	21.1	22.1
Deposits / GDP (year-end)	66.8	71.7	73.4	75.9	80.6	82.1
Household loans / GDP (year-end)	21.4	24.3	25.7	26.7	27.6	28.8

\* *KB estimate*

\*\* *Banking sector*

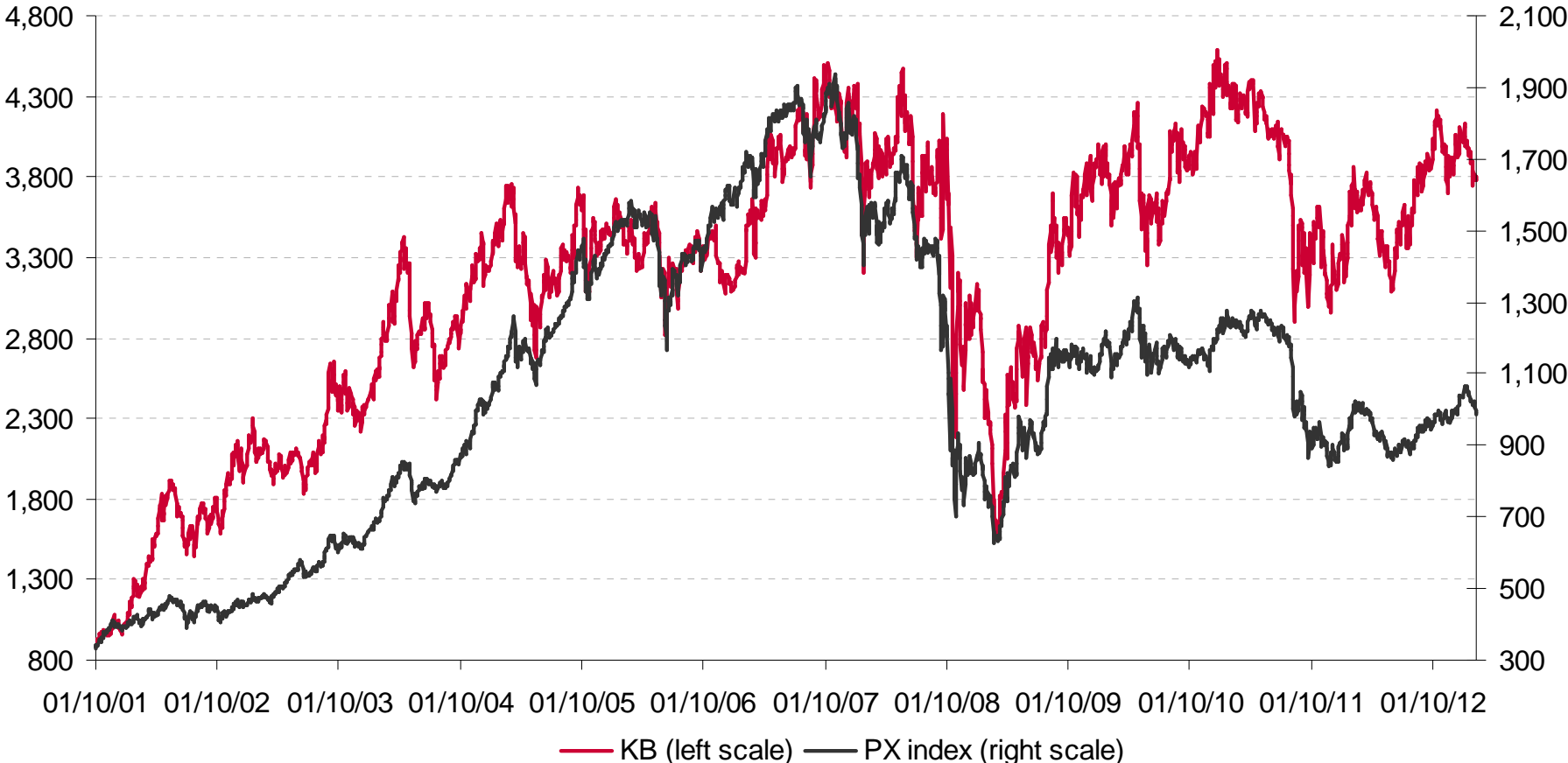
# Interest rates evolution

(for the period 1 January 2005 – 7 February 2013)



# Development of KB's share price and PX Index

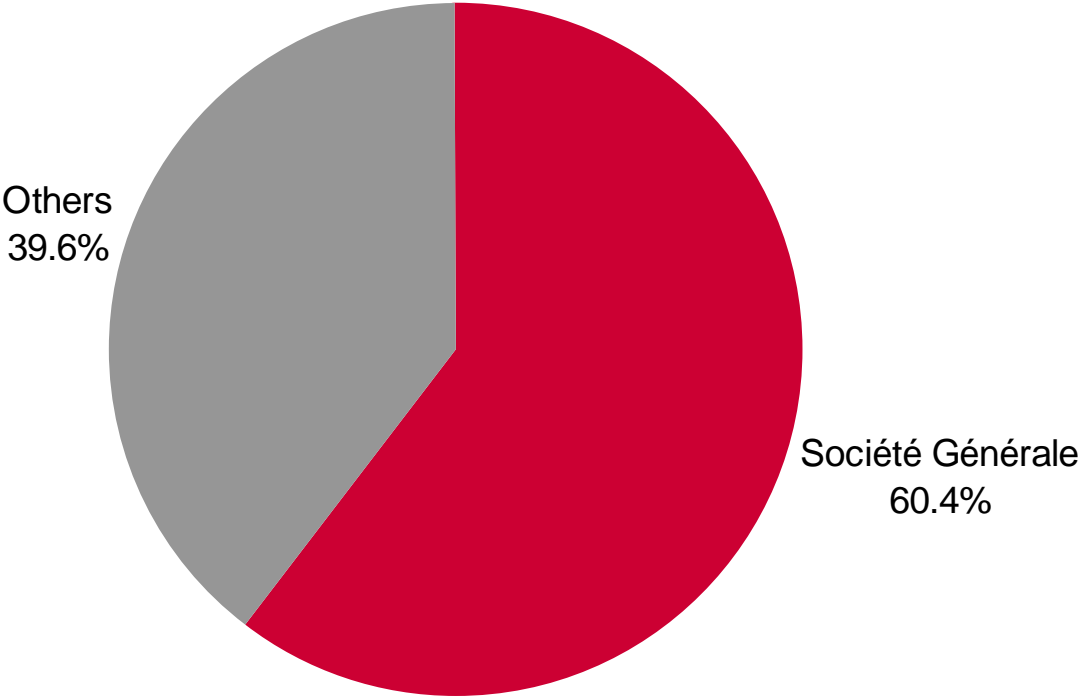
(for the period 1 October 2001 – 7 February 2013)



# KB shareholders

As at 31 December 2012

Shares on registered capital according to excerpt from the Securities centre



As at 31 December 2012, KB held 238,672 own shares in treasury, representing 0.63% stake on registered capital.



## **Investor Relations**

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