



Komerční banka Group

Financial results as of 30 September 2018

ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS, CONSOLIDATED, UNAUDITED



PRAGUE, 8 NOVEMBER 2018



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 30 September 2018, 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

- **MACROECONOMIC ENVIRONMENT**

- HIGHLIGHTS OF KB's PERFORMANCE

- BUSINESS PERFORMANCE

- FINANCIAL PERFORMANCE

- ASSET QUALITY & COST OF RISK

- APPENDIX

GROWTH OF THE ECONOMY RELIANT ON PRODUCTIVITY GAINS

- GDP in 2Q18 up +2.4% YoY, +0.7% QoQ. Growth driven by household consumption and private sector investments
- Unemployment low at 2.3% in September¹, nominal wages up 8.6% in 2Q 2018
- Higher personnel costs, effects of stronger CZK on exporters drive non-financial corporates' operating margins back to pre-interventions levels
- House price growth eased to 6% YoY in Q2²
- CPI inflation at 2.3% in September, driven by fast wage growth, recently weaker CZK, higher oil prices, higher core inflation
- Rapid normalisation of monetary policy. Five 25bps hikes in CNB's 2W repo rate so far during 2018, latest on 2 August, 26 September and 1 November to current 1.75%
- Market rates as of 30 September 2018: 3M PRIBOR at 1.70%, up 94 bps year-to-date, 10Y IRS at 2.42%, up 42 bps YtD

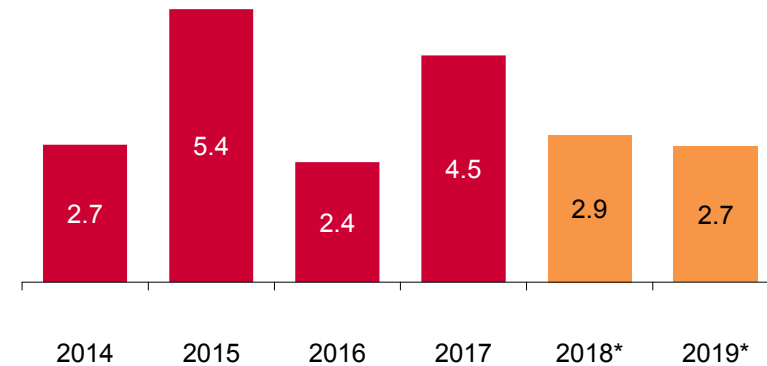
Notes: Source of indicators Czech Statistical Office, CNB, unless stated otherwise

1) Seasonally adjusted, according to Eurostat

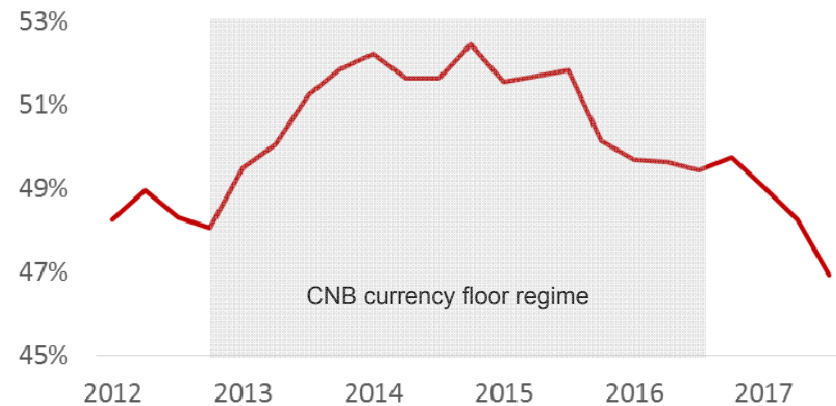
2) Realised prices for second-hand flats, source: Czech Statistical Office

3) Source: KB Economic Research forecast

Real GDP outlook (YoY, %)



Gross operating margins (4Q 2012 – 2Q 2018) Czech non-financial corporates



Source: Czech Statistical Office

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KB IN 3Q 2018: STRONG FINANCIAL RESULT, ADOPTION OF CHANGE

Growth in the number of clients with KB Mobilní banka even accelerated

Total number of KB Bank and Group clients on the rise. KB Group serving 2.4 million clients

KB voted again Best Private Bank in the Czech Republic in the PWM & The Banker's Global Private Banking Awards 2018



Komerční pojišťovna awarded Best Life Insurance Company in the Czech Republic in 2018 edition of the Hospodářské noviny awards



Lending growth relatively faster in retail, including to small businesses

Continued growth mainly in retail deposits and client's assets under management

Improved core revenues, excellent result from financial operations

Recurring operating costs slower than the inflation, on savings in administrative costs, despite increase in personnel expenses and amortisation charge

Cost of risk benefiting from supportive macroeconomic conditions, low default rates, successful recovery performance

Recurring net profit improved by 6.1% year on year. Reported net profit including one-off items down by a slight 2.4%

**Mobile banking clients
+169,000 YoY to 570,000**

**KB bank customers
+12,000 YoY to 1,669,000**

**Best Private Bank
in the Czech Republic**

**Best Life Insurer
in the Czech Republic**

**Loans to clients
up by 3.8%**

**Deposits from clients
up by 4.1% YoY**

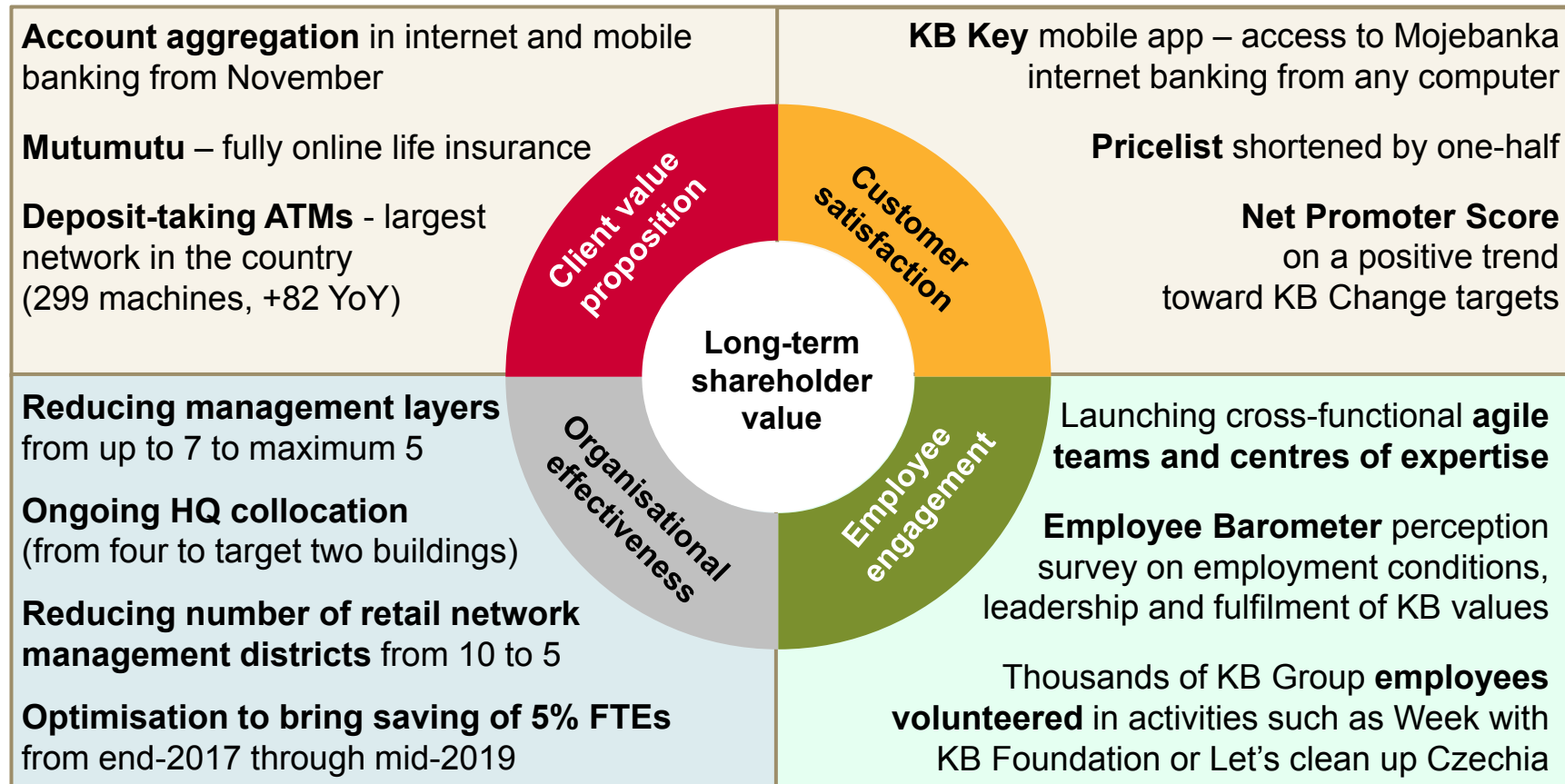
**Net banking income
up by 2.6%**

**Recurring OPEX
up by 1.8%**

**Net release of provisions
CZK 0.7 billion**

**Attributable net profit
CZK 11.0 billion**






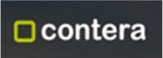


STRONG DISCIPLINE IN IMPLEMENTING STRATEGIC TRANSFORMATION



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SELECTED DEALS OF THE THIRD QUARTER OF 2018

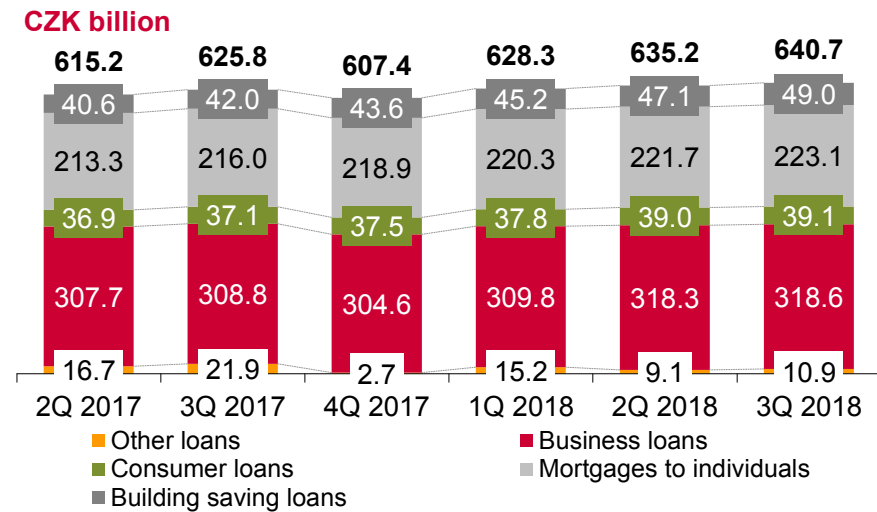
MOTOR VEHICLE RETAIL	ENTERTAINMENT	AGRICULTURE	REAL ESTATE
 <p>AURES HOLDINGS A.S. Syndicated term and revolving credit facility</p> <p>CZK 1,282,591,756 EUR 18,724,149 EUR 50,000,000</p> <p>Lender</p> <p>2018</p>	 <p>SAZKA, a.s. Syndicated Credit Facility</p> <p>CZK 7,500,000,000</p> <p>Arranger</p> <p>2018</p>	 <p>MJM Litovel, a.s. Club Financing</p> <p>CZK 1,680,000,000</p> <p>Participant</p> <p>2018</p>	 <p>Technologický park Brno, a.s. Real Estate Financing</p> <p>CZK 880,000,000</p> <p>Lender</p> <p>2018</p>
PUBLIC SECTOR	REAL ESTATE	E-COMMERCE	BUSINESS SERVICES
 <p>Plzeňský kraj Municipal Financing</p> <p>CZK 500,000,000</p> <p>Complex bank services provider</p> <p>2018</p>	 <p>Sanitas Property s.r.o. Real Estate Financing</p> <p>EUR 9,734,222</p> <p>Complex bank services provider</p> <p>2018</p>	 <p>KIWI.COM s.r.o. Trade Finance</p> <p>EUR 8,000,000</p> <p>Lender</p> <p>2018</p>	 <p>Beire Acquisition s.r.o. Acquisition Financing</p> <p>EUR 8,400,000</p> <p>Complex bank services provider</p> <p>2018</p>

CONTINUED INTENSE COMPETITION ON THE MARKET

- Gross loans +3.8% YoY, +0.6% QoQ to CZK 628.6 billion (excluding repo operations but including Debt securities issued by KB's corporate clients).
- Including repo, lending rose +2.4% YoY, +0.9% QoQ to CZK 640.7 billion
- Group housing loans +5.4% YoY, of which
 - Mortgages +3.3% YoY to CZK 223.1 billion
 - Modrá pyramida's lending +16.7% to CZK 49.0 billion
- Consumer loans (KB + ESSOX Group) up by 5.4% YoY to CZK 39.1 billion
- Business loans +3.2% YoY, of which
 - Small businesses (KB) +5.4% to CZK 35.8 billion
 - Corporations (incl. Factoring KB) rose by +2.5% to CZK 256.0 billion
 - SGEF (leasing) +7.0% to CZK 26.8 billion
- Net loans to deposits ratio* at 75.9%

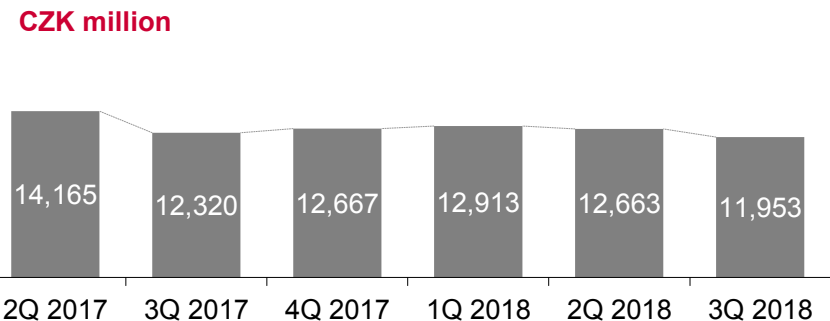
*excluding repo operations with clients but including debt securities held by KB issued by the Bank's clients

Group lending (including repo, incl. client bonds)



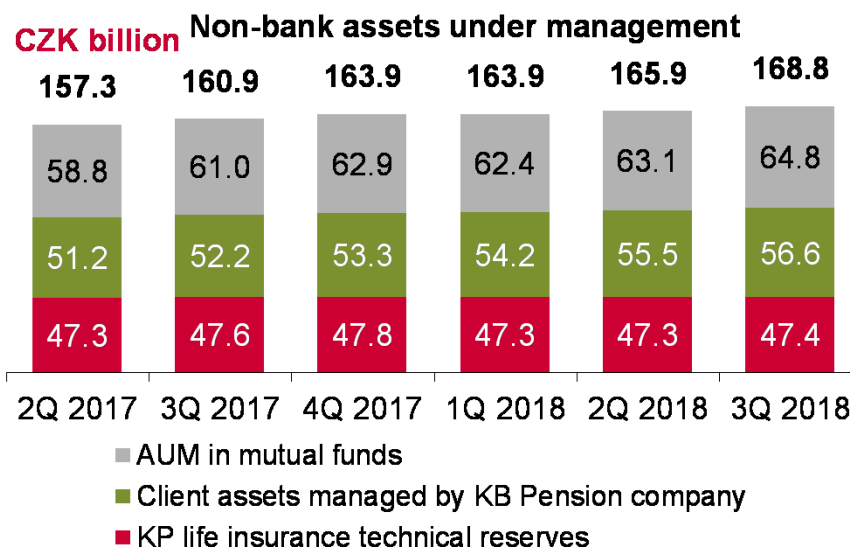
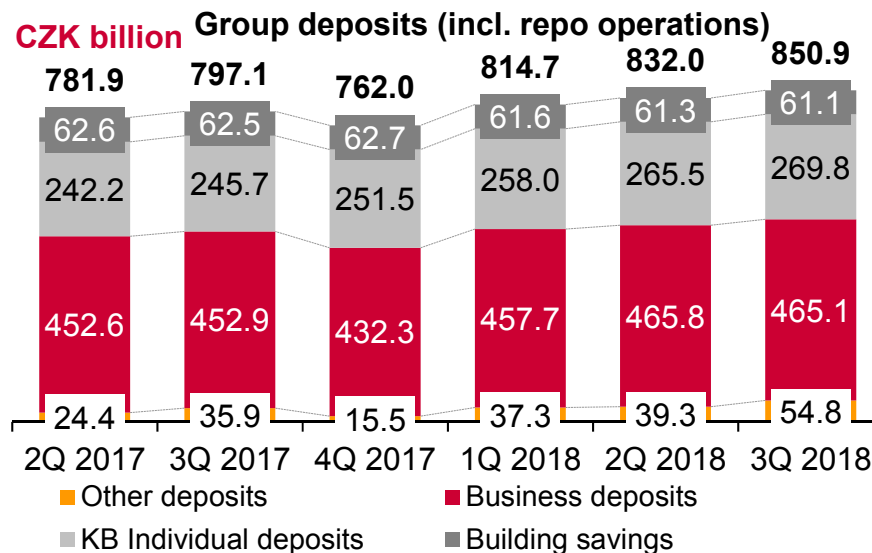
Sales volume of housing loans

(KB mortgages + MPSS loans)



FASTER GROWTH IN RETAIL AND IN TERM DEPOSITS

- Standard Group deposits (excluding repo) up +4.1% YoY to CZK 809.5 billion, +0.4% QoQ
- Total amounts due to clients +6.7% YoY, +2.3% QoQ to CZK 850.9 billion
- KB (bank) deposits from individuals +9.8% YoY to CZK 269.8 billion
- MPSS building savings -2.2% YoY to CZK 61.1 billion, influenced by repricing of old contracts
- Deposits from businesses +2.7% to CZK 465.1 billion
- Current accounts -0.5% to CZK 565.7 billion, term and savings accounts +17.0% to CZK 235.9 billion
- Clients' pension assets +8.4% to CZK 56.6 billion
- KP life insurance technical reserves at CZK 47.4 billion (-0.4 YoY)
- Assets in mutual funds (sold by KB+MPSS) increased by 6.2% YoY to CZK 64.8 billion

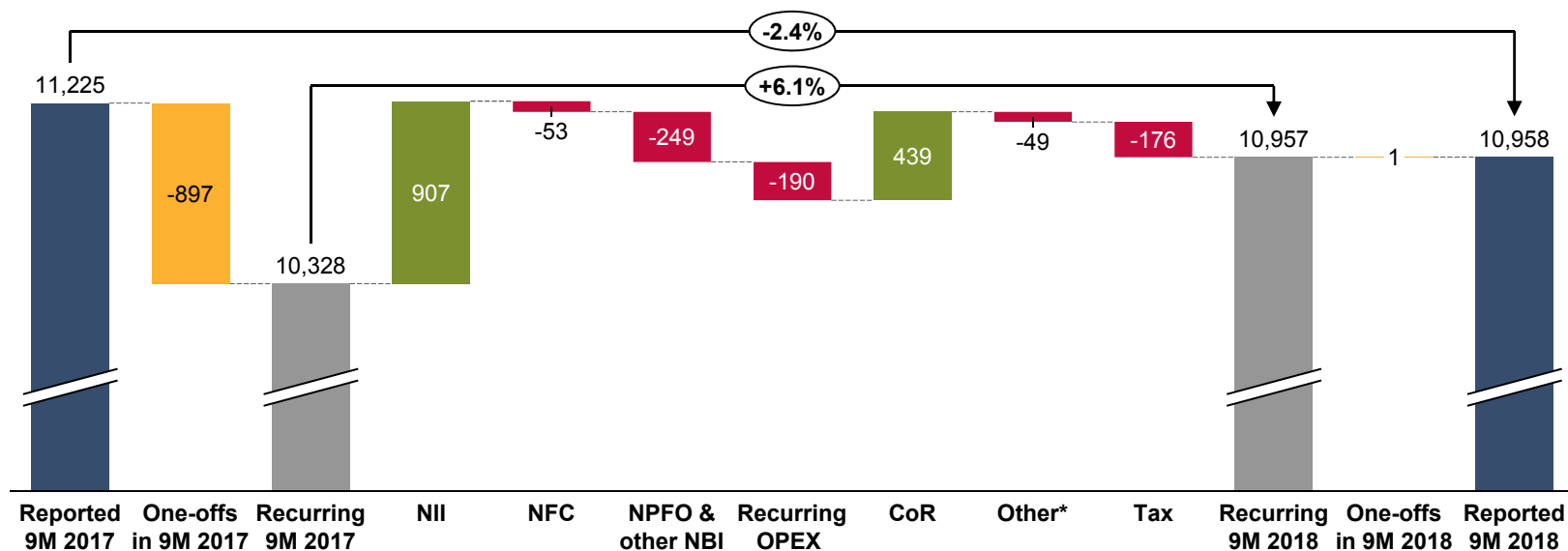


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IMPROVED RECURRING PROFITABILITY

Drivers for year on year change in attributable net income (as of 30 September 2018)



**Other includes: Income from share of associated companies, Profit/(loss) attributable to exclusion of companies from consolidation, Net profits on other assets and Profit attributable to the Non-controlling owners*

One-off items:

9M 2017: Net positive contribution from the sale and revaluation of KB's headquarters buildings

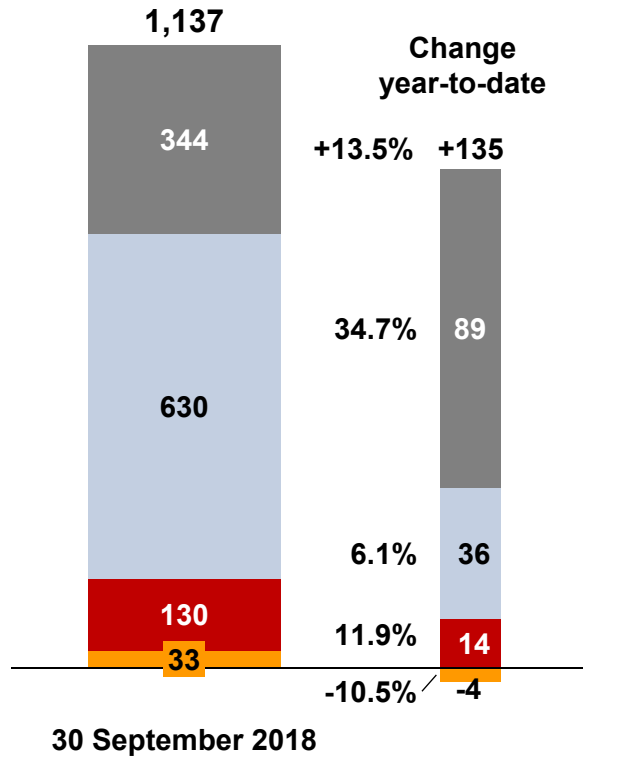
9M 2018: Finalisation of sale price for KB's former stake in Cataps; creation of restructuring reserve; release of over-accrued amounts for corporate services

Profitability indicators for 9M 2018 (Annualised)	Return on average equity	Return on average Tier 1 capital	Return on average assets
	15.3%	18.7%	1.4%

BALANCE SHEET GROWTH DRIVEN MAINLY BY DEPOSITS FROM CLIENTS AND BANKS

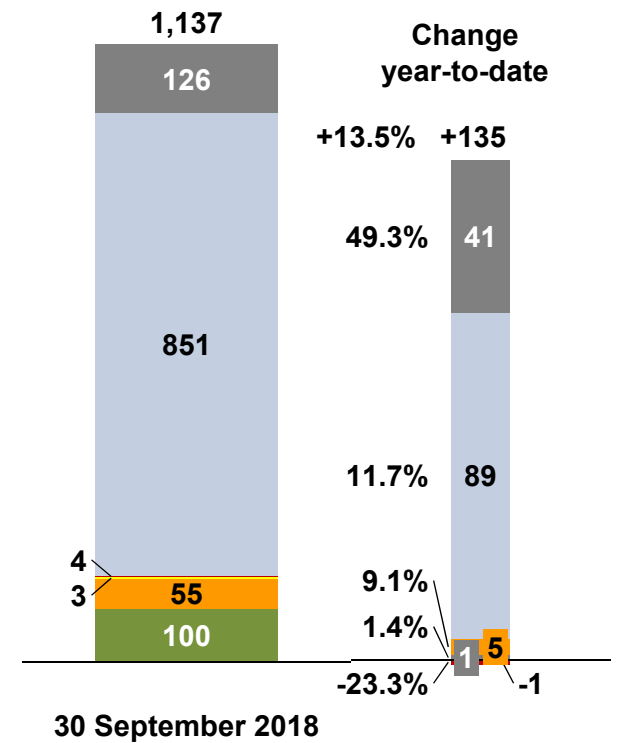
CZK billion

Assets



- Amounts due/from banks including central banks
- Loans to clients
- Securities & trading derivatives
- Other assets

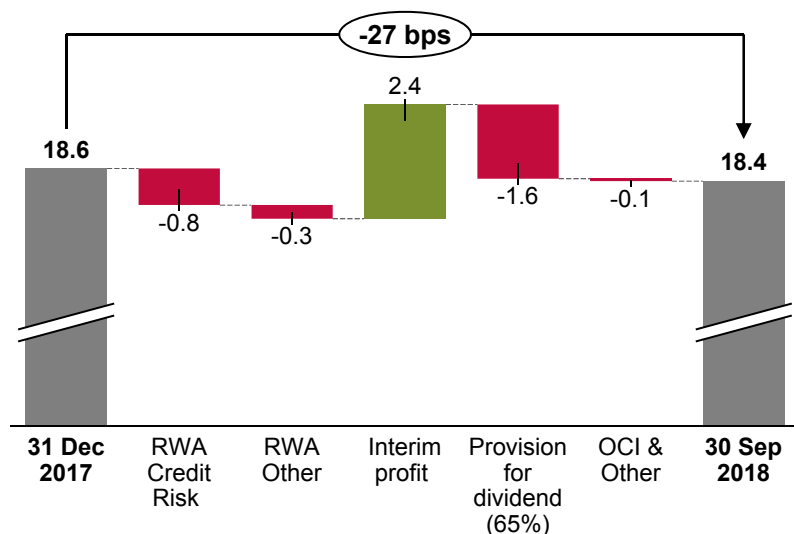
Liabilities & Equity



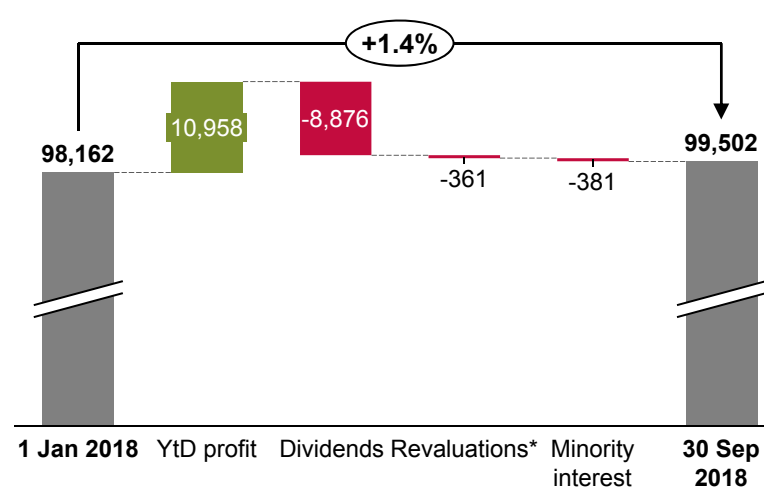
- Amounts due to banks
- Clients deposits
- Issued securities
- Other liabilities
- Equity
- Subordinated debt

CAPITAL BUILD-UP FROM GROWING RECURRING ACTIVITIES

Contributions to capital adequacy ratio in 9M 2018 (%)



Contributions to equity in 9M 2018 (CZK million)



* Remeasurement of securities, cash flow hedges, FX positions and pension benefits

Regulatory capital indicators

	Total capital adequacy	Core Tier 1 ratio	Total capital (CZK billion)	CET1 capital (CZK billion)	Total RWA (CZK billion)	Credit RWA (CZK billion)	RWA / Total assets
Current	18.4%	17.8%	82.6	80.0	450.0	371.3	39.6%
30 Jun 2018	18.1%	17.5%	80.9	78.3	446.8	369.0	40.1%
30 Sep 2017	16.8%	16.8%	75.5	75.5	450.6	380.8	42.5%

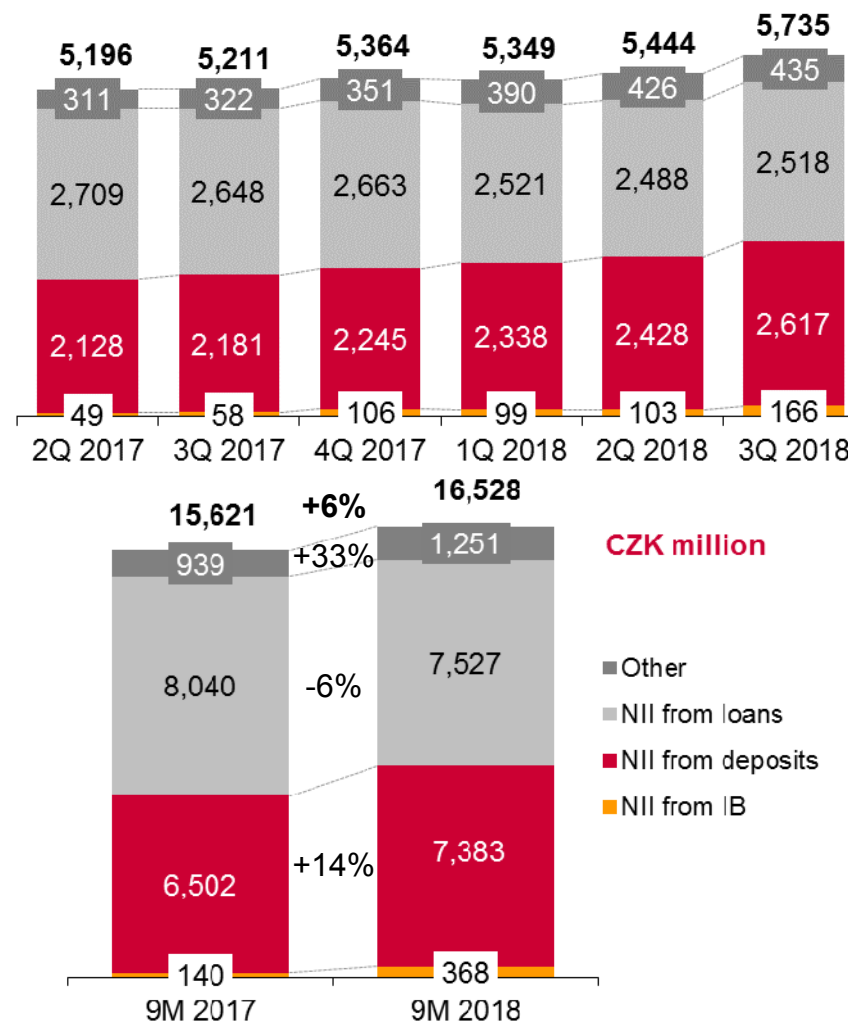
POSITIVE EFFECT OF GROWING VOLUMES AND INTEREST RATES

- Net interest income in 9M 2018 +5.8% YoY. NII in 3Q 2018 was up 5.3% QoQ
- Increases in repo rate and higher interbank rates supported yields from reinvestment of deposits and capital
- NII from deposits due also to growth in volumes
- Loan spreads under pressure due to lending rates up much slower than market benchmarks
- Average market rates on new CZK lending (%)*

	Consumer loans	New housing loans	Non-financial corporations
Sep-18	8.53	2.70	2.97
Jun-18	8.55	2.62	2.38
Dec-17	8.70	2.38	2.33

- Stabilising Net Interest Margin. NIM reached 2.20% in 9M 2018 (v 2.17% in 1H 2018)

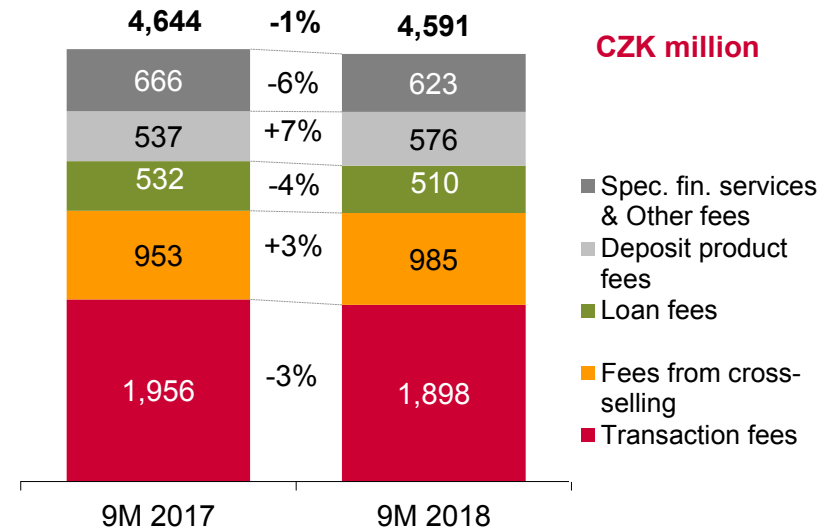
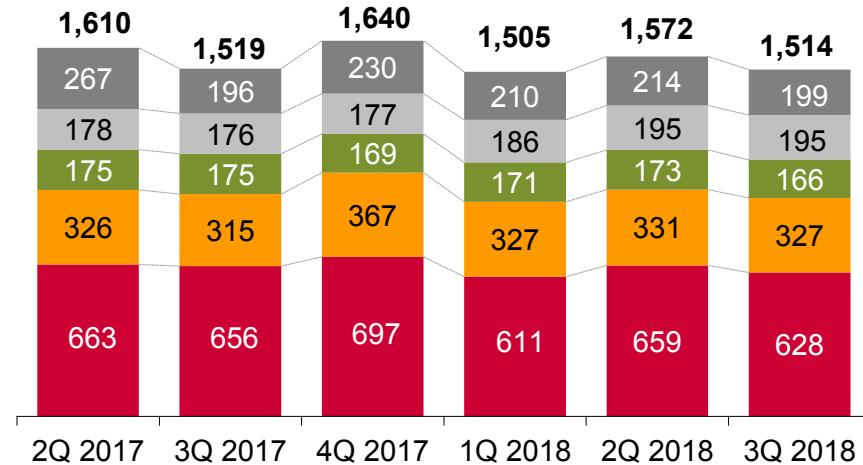
* Source: ARAD banks statistics of the Czech National Bank



Adjusted for reclassification of early prepayment fees from NFC to NII and for separation of dividend income from NII since 2018

CLIENTS UPGRADING TO BETTER ACCOUNT PACKAGES

- NFC in 9M 2018 down 1.1% YoY, 3Q -3.7% QoQ
- Deposit product fees – supported by clients upgrading to account bundles with wider range of included services
- Transaction fees – clients get more transactions and ATM withdrawals included in packages. Overall number of transactions up; mainly due to card payments
- Loan fees – lower fees for housing loans from KB and Modrá pyramida
- Fees from cross-selling supported mainly by the volume growth in mutual funds
- Specialised financial services and other fees – lower fees from bank guarantees; better income from bond issuance, custody & depository



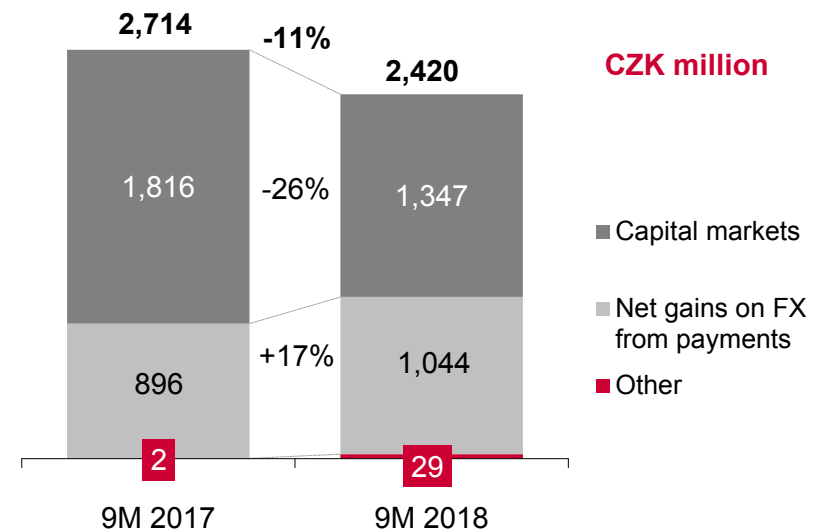
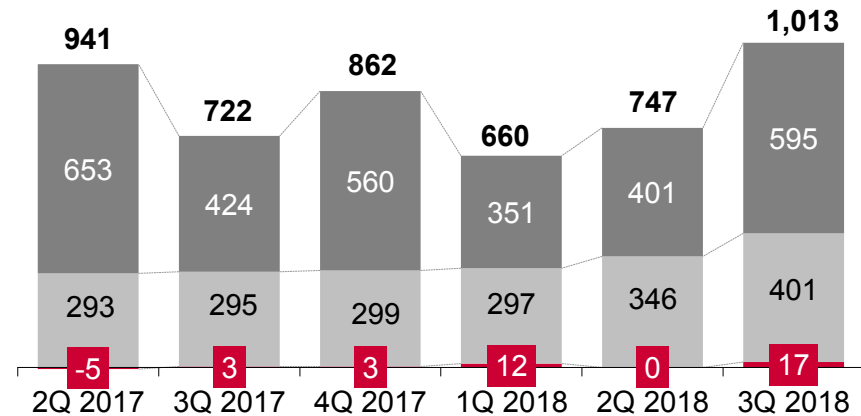
CZK million

- Spec. fin. services & Other fees
- Deposit product fees
- Loan fees
- Fees from cross-selling
- Transaction fees

Adjusted for reclassification of early prepayment fees from NFC to NII

STRONG RESULT IN Q3 BOOSTED BY EXTRAORDINARY LARGE CLIENT HEDGING DEALS

- NPFO in 9M 2018 down by 10.8% YoY, 3Q18 higher by 35.6% QoQ
- YoY decrease in NPFO had been expected because 2017 had been boosted by significant client activity around end of CNB's currency interventions
- Q3 result influenced by a few exceptional large hedging structures developed for clients
- Range of convenient FX hedging products limited by interest rate differential between CZK & EUR
- Some clients less enthusiastic to open new IR hedging positions in current rate conditions
- A part of gains from market operations shifted to interest income reflecting increase in rates
- Recovery in gains on FX from payments on an increase in foreign transaction activity and FX spreads

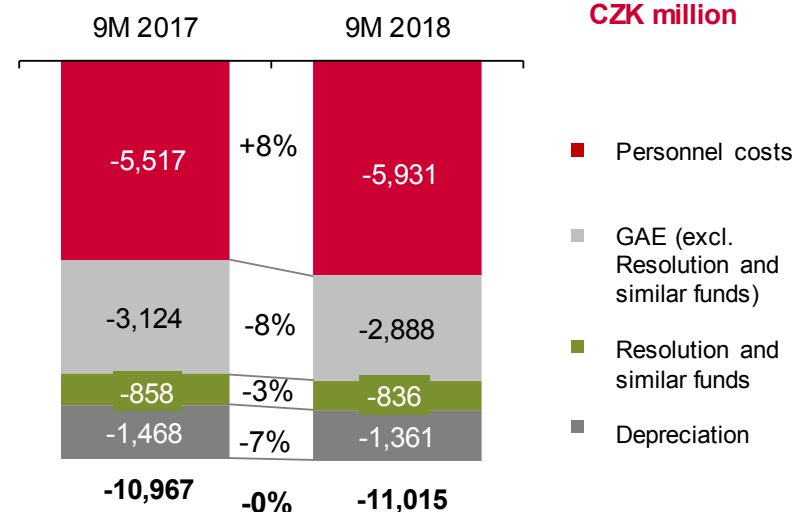
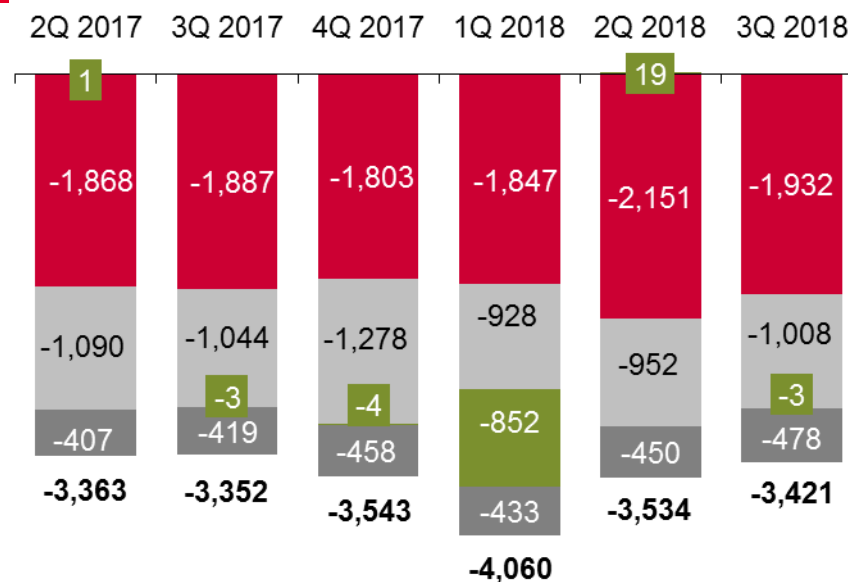


RECURRING COSTS GROWTH BELOW INFLATION

- Recurring* OPEX for 9M 2018 grew by +1.8% YoY. Reported OPEX in 9M 2018 was up 0.4% YoY.
- Recurring* Cost / Income in 9M 2018 at 46.0% (v. 46.4% in 9M 2017).
- Reported Cost / Income in 9M 2018 at 46.4% (v. 47.4% in 9M 2017)
- Recurring* Personnel expenses (excl. restructuring reserve) 9M 2018 up by +3.5% YoY. 3Q18 stable +0.3% QoQ
- Average number of employees in 9M down by 0.4% YoY
- Recurring* GAE in 9M 2018 down 3.6% YoY, with savings on marketing and telco services. 3Q18 down 6.1% QoQ
- Recurring* D&A in 9M 2018 up 11.0% YoY, driven by software, IT equipment and technical improvements to buildings. 3Q18 up 6.2% QoQ

Note *) excluding an impairment of KB's headquarters building, booked in D&A line in 1Q 2017 of CZK 242 mil. and CZK 295 million restructuring reserve created in 2Q 2018 for KB Change restructuring (o/w CZK 223 million in personnel expenses and CZK 71 million in GAE) and a release in 2Q 2018 of CZK 193 million over-accrued in previous years in GAE for various services from SG Group entities

Additionally, CZK 1,052 million gain in 1Q 2017 from sale of a HQ building was recognised in Net profit from other assets



CZK million

- Personnel costs
- GAE (excl. Resolution and similar funds)
- Resolution and similar funds
- Depreciation

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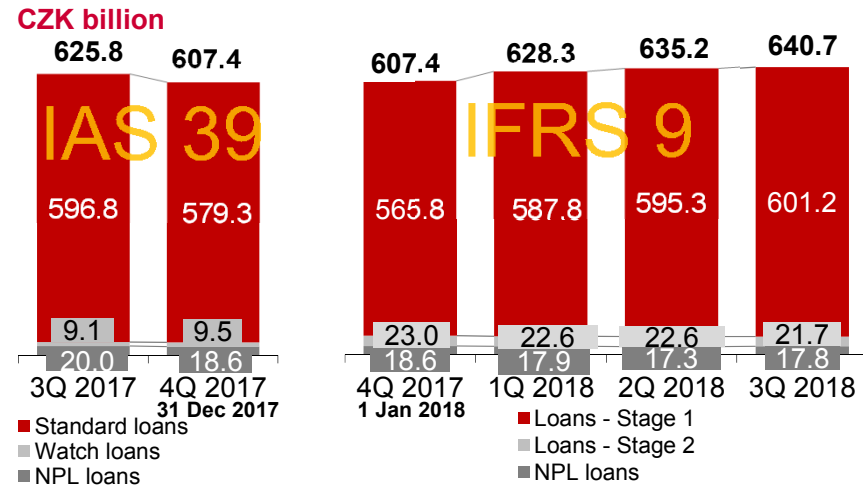
■ **ASSET QUALITY & COST OF RISK**

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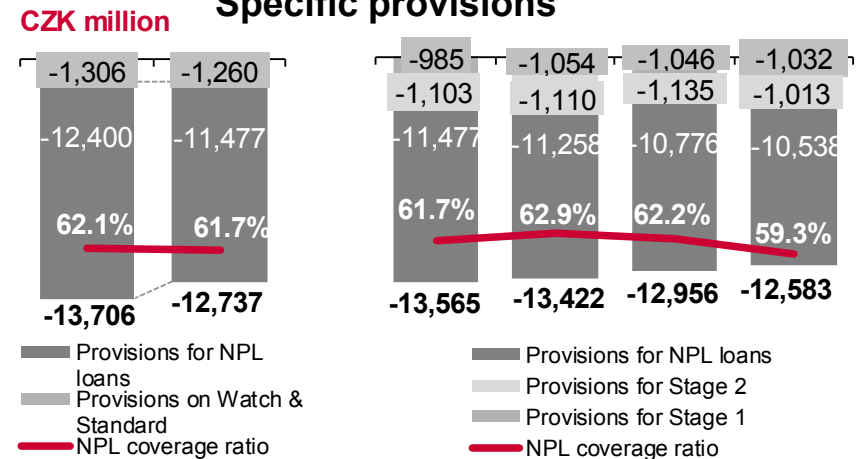
SOUND ASSET QUALITY

- Loan exposure up 2.4% YoY and 0.9% QoQ
- NPL exposure ratio down to 2.8% YoY (vs. 3.2% in 3Q 2017) driven by low default rates, good recovery performance, write-offs and portfolio sales
- QoQ decrease of NPL provision coverage ratio driven by positive outlook on a few old/historical corporate defaulted exposures and by favorable impact from regular retail provisioning model recalibration

Gross lending



Specific provisions

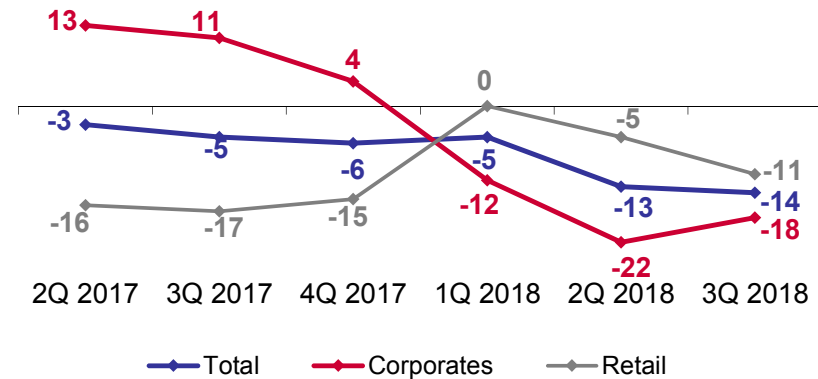


Note: NPL (non-performing loans) exposure defined as per 575/2013 regulation (IFRS9 stage 3 exposure)

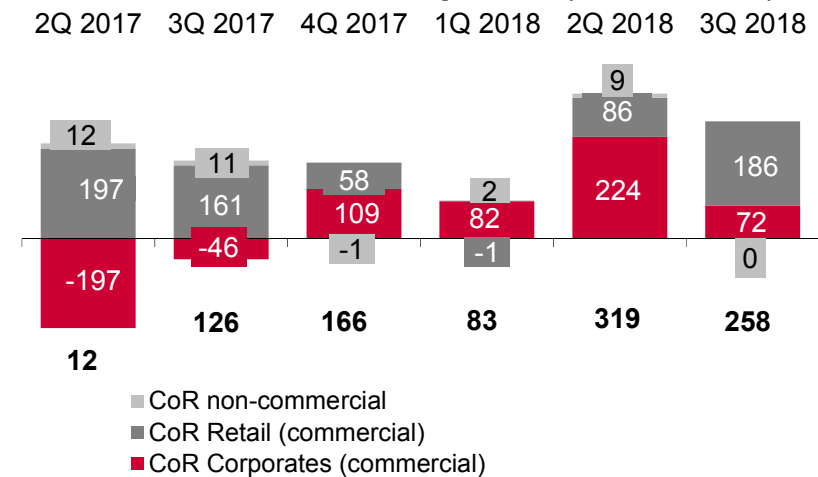
CONTINUED LOW LEVEL OF COST OF RISK

- 9M 2018 net release in CoR at CZK 660 million (vs. net release in CoR at CZK 221 million for 9M 2017)
- CoR on corporate loan portfolio at -18 bps in 9M 2018 (vs. 11 bps in 9M 2017) driven by continued low default rates and good recovery performance levels
- CoR on retail loan portfolio at -11 bps in 9M 2018 (vs. -17 bps in 9M 2017) driven by the continued favourable economic environment, low default rate levels and good recovery performance levels
- 9M 2018 retail CoR positively impacted by regular provisioning model recalibration for defaulted portfolio

Total Cost of Risk (Year-to-date, in basis points)



Total Cost of Risk development (CZK million)



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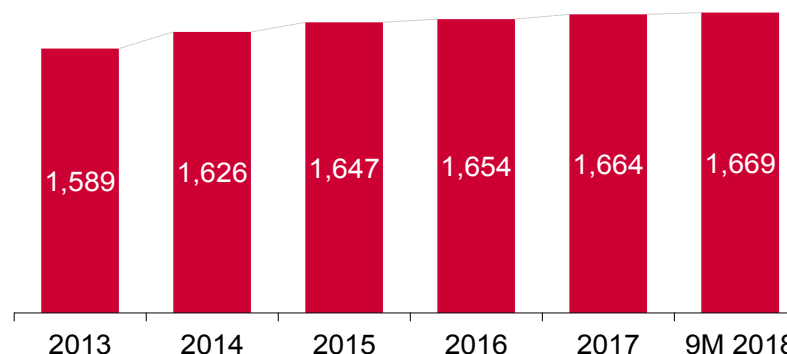
NUMBER OF CLIENTS AND DISTRIBUTION NETWORK

- KB Group's 2.4 million clients(+0%), of which
 - KB bank 1,669,000 clients (+1%)
 - MPSS 483,000 clients (+1%)
 - KBPS 532,000 clients (0%)
 - ESSOX (Group) 213,000 active clients (+0%)

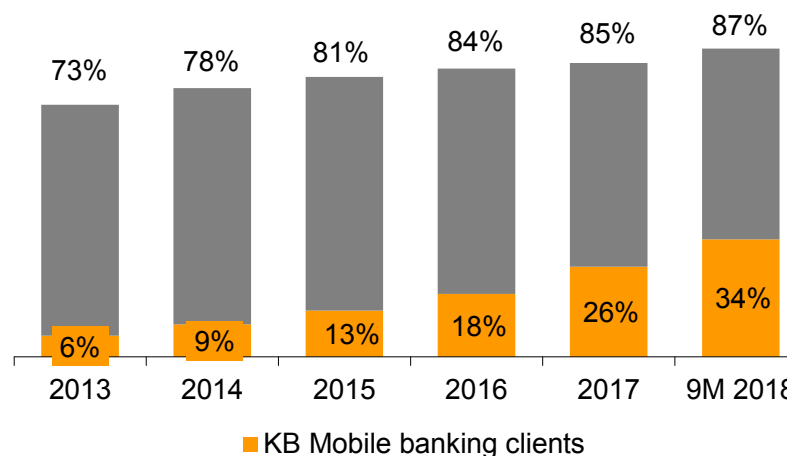
- Network
 - 375 branches for retail clients, 10 corporate divisions and 4 divisions for large corporate clients in CZ, one in Slovakia
 - 763 ATMs (of which 299 deposit-taking)
 - MPSS: 212 points of sale; 767 sales agents
 - SGEF: 7 branches in CZ, 2 in Slovakia
 - ESSOX Group: 2,300 points of sale

- Direct Channels
 - 1,446,000 clients (i.e. 87% of KB client base) using direct banking channels
 - Two call centres, internet and mobile banking

Number of bank clients (thousands, CZ)



Share of bank clients using direct channels



YEAR-TO-DATE INCOME STATEMENT

Profit and Loss Statement

	Reported*			Recurring		
	9M 2017	9M 2018	Change YoY	9M 2017	9M 2018	Change YoY
(CZK million, unaudited)						
Net interest income and similar income	15,621	16,528	5.8%	15,621	16,528	5.8%
Net fee & commission income	4,644	4,591	-1.1%	4,644	4,591	-1.1%
Net profit of financial operations	2,714	2,420	-10.8%	2,714	2,420	-10.8%
Dividend and other income	147	192	30.6%	147	192	30.6%
Net banking income	23,126	23,731	2.6%	23,126	23,731	2.6%
Personnel expenses	-5,517	-5,931	7.5%	-5,517	-5,708	3.5%
General admin. expenses (excl. regulatory funds)	-3,124	-2,888	-7.6%	-3,124	-3,010	-3.6%
Resolution and similar funds	-858	-836	-2.6%	-858	-836	-2.6%
Depreciation, amortisation and impairment of operating assets	-1,468	-1,361	-7.3%	-1,226	-1,361	11.0%
Total operating expenses	-10,967	-11,015	0.4%	-10,725	-10,915	1.8%
Gross operating income	12,160	12,716	4.6%	12,401	12,817	3.4%
Cost of risk	220	659	>100%	220	659	>100%
Net operating income	12,380	13,375	8.0%	12,621	13,476	6.8%
Income from share of associated companies	166	172	3.6%	166	172	3.6%
Profit/(loss) attributable to exclusion of companies from consolidation	0	82	n.a.	0	0	n.a.
Impairment losses on goodwill	0	2	n.a.	0	2	n.a.
Net profits on other assets	1,133	16	-98.6%	74	16	-78.4%
Profit before income taxes	13,679	13,647	-0.2%	12,861	13,666	6.3%
Income taxes	-2,192	-2,428	10.8%	-2,271	-2,447	7.8%
Net profit	11,487	11,220	-2.3%	10,590	11,219	5.9%
Profit attributable to the Non-controlling owners	262	262	0.0%	262	262	0.0%
Profit attributable to the Group's equity holders	11,225	10,958	-2.4%	10,328	10,957	6.1%

* Within update of its reporting methodology, mainly implementation of the new IFRS 9 reporting standard, KB reclassified as from 1 January 2018 certain items of the Income Statement and the Statement of Financial Position. For improved information value, the data for 2017 above are based on a pro-forma retrospective restatement of the respective accounting lines of the Income Statement from 2017 and adjusted for reclassification of early prepayment fees from NFC to NII.

Note for recurring figures:

9M 2017: Adjusted for net positive contribution from the sale and revaluation of KB's headquarters buildings (CZK 242 mil. in Depreciation, amortisation and impairment of operating assets; CZK 1,059 mil. in Net profit on other assets; CZK 79 mil. in Income taxes).

9M 2018: Finalisation of sale price for KB's former stake in Cataps in connection with the sale of additional 19% in Cataps (CZK 82 mil. in Profit attributable to exclusions of companies from consolidation), restructuring reserve (CZK -223 mil. in Pers. expenses, CZK -71 mil. in GAE and CZK 56 mil. in Income taxes) and release of corporate service fees for SG assistance (CZK 193 mil. in GAE and CZK -37 mil. in Income taxes)

QUARTERLY REPORTED PROFIT & LOSS (INCLUDING ONE-OFF ITEMS)

Profit and Loss Statement	Reported*				
	3Q 2017	2Q 2018	3Q 2018	Change YoY	Change QoQ
(CZK million, unaudited)					
Net interest income and similar income	5,211	5,444	5,735	10.1%	5.3%
Net fee & commission income	1,519	1,572	1,514	-0.3%	-3.7%
Net profit of financial operations	722	747	1,013	40.3%	35.6%
Dividend and other income	44	61	72	63.6%	18.0%
Net banking income	7,496	7,825	8,335	11.2%	6.5%
Personnel expenses	-1,887	-2,151	-1,932	2.4%	-10.2%
General admin. expenses (excl. regulatory funds)	-1,044	-952	-1,008	-3.4%	5.9%
Resolution and similar funds	-3	19	-3	0.0%	+/-
Depreciation, amortisation & impairment of op. assets	-419	-450	-478	14.1%	6.2%
Total operating expenses	-3,352	-3,534	-3,421	2.1%	-3.2%
Gross operating income	4,144	4,291	4,913	18.6%	14.5%
Cost of risk	126	319	258	>100%	-19.1%
Net operating income	4,270	4,609	5,171	21.1%	12.2%
Income from share of associated companies	58	52	59	1.7%	13.5%
Profit/(loss) attributable to exclusion of companies from consolidation	0	0	0	n.a.	n.a.
Impairment losses on goodwill	0	2	0	n.a.	n.a.
Net profits on other assets	24	3	0	n.a.	n.a.
Profit before income taxes	4,352	4,665	5,230	20.2%	12.1%
Income taxes	-746	-837	-913	22.4%	9.1%
Net profit	3,606	3,828	4,317	19.7%	12.8%
Profit attributable to the Non-controlling owners	78	73	113	44.9%	54.8%
Profit attributable to the Group's equity holders	3,528	3,755	4,204	19.2%	12.0%

* Within update of its reporting methodology, mainly implementation of the new IFRS 9 reporting standard, KB reclassified as from 1 January 2018 certain items of the Income Statement and the Statement of Financial Position. For improved information value, the data for 2017 above are based on a pro-forma retrospective restatement of the respective accounting lines of the Income Statement from 2017 and adjusted for reclassification of early prepayment fees from NFC to NII.

QUARTERLY RECURRING PROFIT & LOSS (EXCLUDING ONE-OFF ITEMS)

Profit and Loss Statement	Recurring				
	3Q 2017	2Q 2018	3Q 2018	Change YoY	Change QoQ
(CZK million, unaudited)					
Net interest income and similar income	5,211	5,444	5,735	10.1%	5.3%
Net fee & commission income	1,519	1,572	1,514	-0.3%	-3.7%
Net profit of financial operations	722	747	1,013	40.3%	35.6%
Other income	44	61	72	63.6%	18.0%
Net banking income	7,496	7,825	8,335	11.2%	6.5%
Personnel expenses	-1,887	-1,928	-1,933	2.4%	0.3%
General admin. expenses (excl. regulatory funds)	-1,044	-1,074	-1,008	-3.4%	-6.1%
Resolution and similar funds	-3	19	-3	0.0%	+/-
Depreciation, amortisation and impairment of operating	-419	-450	-478	14.1%	6.2%
Total operating expenses	-3,352	-3,433	-3,422	2.1%	-0.3%
Gross operating income	4,144	4,392	4,913	18.6%	11.9%
Cost of risk	126	319	258	>100%	-19.1%
Net operating income	4,270	4,711	5,171	21.1%	9.8%
Income from share of associated companies	58	52	59	1.7%	13.5%
Profit/(loss) attributable to exclusion of companies from	0	0	0	n.a.	n.a.
Impairment losses on goodwill	0	2	0	n.a.	n.a.
Net profits on other assets	24	3	0	n.a.	n.a.
Profit before income taxes	4,352	4,767	5,230	20.2%	9.7%
Income taxes	-746	-856	-913	22.4%	6.6%
Net profit	3,606	3,911	4,316	19.7%	10.4%
Profit attributable to the Non-controlling owners	78	73	113	44.9%	54.8%
Profit attributable to the Group's equity holders	3,528	3,837	4,203	19.1%	9.5%

Note for recurring figures:

3Q 2017: None

2Q 2018: Restructuring reserve (CZK -223 mil. in Pers. expenses, CZK -71 mil. in GAE and CZK 56 mil. in Income taxes) and release of corporate service fees for SG assistance (CZK 193 mil. In GAE and CZK -37 mil. in Income taxes)

3Q 2018: None

BALANCE SHEET GROWTH DRIVEN MAINLY BY DEPOSITS FROM CLIENTS AND BANKS

Balance Sheet	30 Sep 2017	31 Dec 2017	1 Jan 2018	30 Sep 2018	Ytd rel.	Ytd abs.
(CZK million, unaudited)	According to IAS 39	According to IAS 39	According to IFRS 9	According to IFRS 9		
Assets	1,060,409	1,004,039	1,001,652	1,136,746	13.5%	135,094
Cash and current balances with central bank	92,119	32,663	32,663	14,060	-57.0%	-18,603
Loans and advances to banks	202,849	228,373	222,821	330,179	48.2%	107,358
Loans and advances to customers (net)	613,015	598,102	593,639	630,025	6.1%	36,386
Securities and trading derivatives	115,840	108,468	115,913	129,710	11.9%	13,797
Other assets	36,587	36,432	36,616	32,773	-10.5%	-3,843
Liabilities and shareholders' equity	1,060,409	1,004,039	1,001,652	1,136,746	13.5%	135,094
Amounts due to banks	98,533	84,050	84,050	125,518	49.3%	41,468
Amounts due to customers	797,130	762,043	762,043	850,904	11.7%	88,861
Securities issued	15,051	4,832	4,832	3,706	-23.3%	-1,126
Subordinated debt	0	2,560	2,560	2,577	0.7%	17
Other liabilities	50,610	50,208	50,005	54,538	9.1%	4,533
Total equity	99,086	100,346	98,162	99,502	1.4%	1,340
o/w Minority equity	3,715	3,797	3,712	3,332	-10.2%	-380

* Values from the Statement of Financial Position as of 1 January 2018 after first time application of IFRS 9, which changed accounting methodology for measurement and classification of financial assets, among other changes

CAPITAL & PROFITABILITY INDICATORS

(year-to-date, IFRS9)	Reported			Recurring	
	30/09//2017	31/12/2017	30/09/2018	30/09/2017	30/09/2018
Capital adequacy	16.8%	18.6%	18.4%		
Tier 1 ratio = Core Tier 1 ratio	16.8%	18.0%	17.8%		
Risk weighted assets for credit risk (CZK billion)	380.8	352.9	371.3		
Net interest margin*, annualised	n.a.*	n.a.*	2.2%	2.2%**	2.2%
Loan (net) / deposit ratio (excl. repo with clients)	n.a.*	78.3%	75.9%	76.2%**	75.9%
Cost / income ratio	47.4%	46.7%	46.4%	46.4%	46.0%
Return on average equity (ROAE), annualised	n.a.*	n.a.*	15.3%	14.2%**	15.4%
Return on average regulatory capital	20.3%	19.8%	18.1%	18.8%	18.1%
Return on average assets (ROAA), annualised	n.a.*	n.a.*	1.4%	1.4%**	1.4%
Earnings per share (CZK), annualised	79	79	77	73	77
Average number of employees during the period	8,469	8,492	8,435		

Net interest margin = Net interest income / Average interest earning assets

* not available under IFRS 9 reporting standard.

** based on methodology according to IAS 39

BUSINESS PERFORMANCE OF SUBSIDIARIES 1/2

	9M 2017	9M 2018	YoY
Modrá pyramida (100%), #2 building savings & loans company			
Volume of new loans (CZK million)	10,409	10,369	0%
Volume of total loans (gross, CZK million)	41,966	48,969	17%
Volume of deposits (CZK million)	62,492	61,113	-2%
Number of clients	478,413	483,315	1%
Average number of FTEs	328	329	0%
Number of points of sale	218	212	-3%
KB Penzijní společnost (100%), a manager of pension funds			
Number of new contracts	24,245	25,029	3%
Number of clients	532,906	531,506	0%
Assets under management (CZK million)	52,197	56,565	8%
of which in Transformed fund	48,764	51,452	6%
Average number of FTEs	48	48	0%
ESSOX (50.93%), #2 non-bank consumer lender and car financing company*			
Volume of total loans (gross, CZK million)	15,103	16,639	10%
Number of active clients	212,772	213,421	0%
Average number of FTEs	391	403	3%

* ESSOX s.r.o. merged with PSA FINANCE ČESKÁ REPUBLIKA s.r.o. as of 1 January 2018. ESSOX's subsidiary PSA FINANCE SLOVAKIA, s.r.o. was renamed to ESSOX FINANCE, s.r.o. on 1 January 2018.

BUSINESS PERFORMANCE OF SUBSIDIARIES 2 / 2

	9M 2017	9M 2018	YoY
Factoring KB (100%), #1 on the Czech factoring market			
Factoring turnover (CZK million)	31,173	36,572	17%
Volume of total financing (gross, CZK million)	8,043	8,366	4%
Average number of FTEs	45	44	-2%
Komerční pojišťovna (49%), a universal insurance company			
Volume of technical reserves - Saving (CZK million)	47,631	47,442	-0.4%
Gross written premium (CZK million)	4,832	4,313	-11%
of which in life insurance	4,483	3,931	-12%
of which in non-life insurance	349	382	9%
Average number of FTEs	186	219	18%
SGEF Czech Republic (50.1%), a provider of asset-backed financing in Czech Rep. and Slovakia			
Volume of new financing (CZK million)	7,845	8,396	7%
Volume of total financing (gross, CZK million)	25,045	26,795	7%
Average number of FTEs	127	128	1%

MACROECONOMIC ENVIRONMENT – CZECH REPUBLIC

Macroeconomic Indicators	2015	2016	2017	2018*	2019*
Real GDP (% , average)	5.4	2.4	4.5	2.9	2.7
Inflation (% , average)	0.3	0.7	2.5	2.2	2.4
Household consumption (% , average)	3.8	3.5	4.4	3.5	2.9
Unemployment (% , av., MLSA meth.)	6.4	5.4	4.1	3.2	3.0
M2 (% , average)	7.9	8.6	9.5	5.4	5.0
3M PRIBOR (% , average)	0.3	0.3	0.4	1.3	2.5

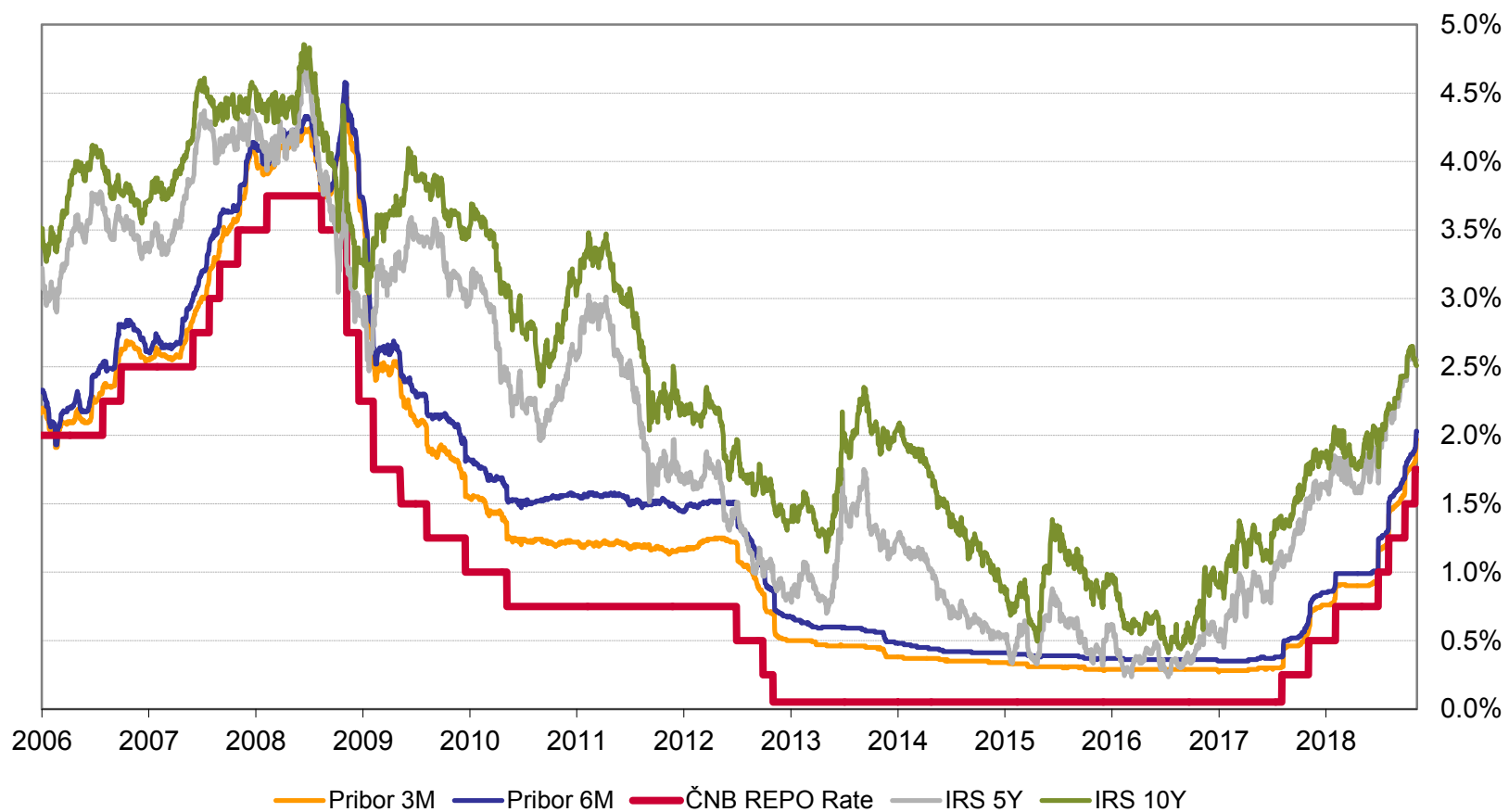
Potential of the market **	2015	2016	2017*	2018*	2019*
Loans / GDP (year-end)	60.5	61.9	61.1	62.6	61.6
Real estate loans / GDP (year-end)	21.1	22.1	22.7	22.8	22.6
Deposits / GDP (year-end)	76.6	79.0	82.5	85.0	84.7
Household loans / GDP (year-end)	26.9	27.9	28.4	28.6	28.4

* *KB estimate*

** *Banking sector*

INTEREST RATES EVOLUTION

(for the period 1 January 2006 – 6 November 2018)

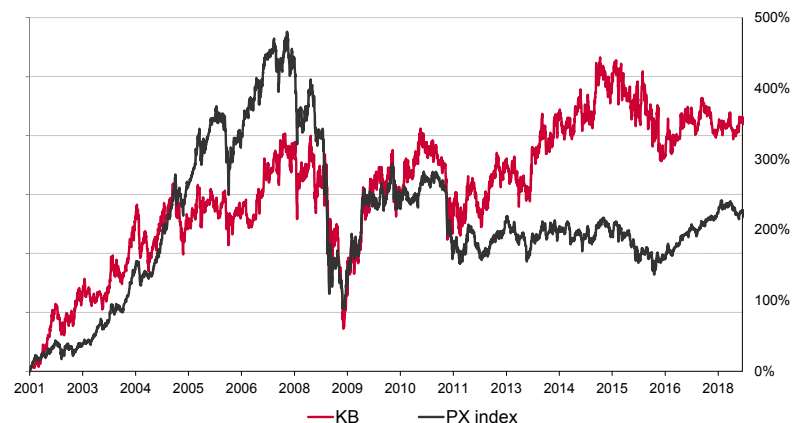


KB #1 LISTED CZECH BANK

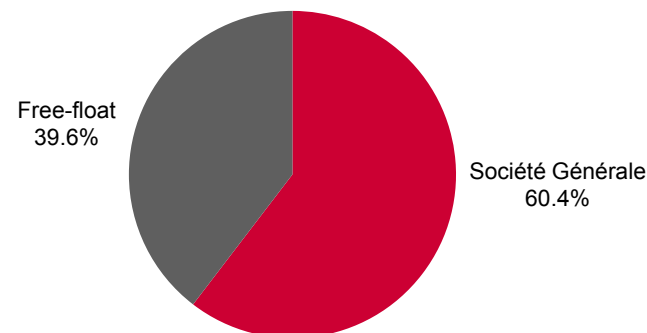
As of 30 September 2018

- The number of shareholders comprised 48,255 corporate entities and private individuals.
- Of the Bank's total share capital of CZK 19,004,926,000 divided into 190,049,260 shares with a nominal value of CZK 100 each, Société Générale S.A. held 60.35%.
- KB held 1,193,360 own shares in treasury, representing 0.63% stake on registered capital

Development of KB share price and PX index (1 January 2001 – 6 November 2018)



Shareholder structure





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