

PRAGUE, 6 FEBRUARY 2020

KOMERČNÍ BANKA GROUP RESULTS

Full year and fourth quarter 2019

According to IFRS, Consolidated, Unaudited

**THE FUTURE
IS YOU**  **KB**

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 2019, 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

CONTENTS

Summary of KB's 4Q 2019 results

Macroeconomic environment

Pursuing the strategic transformation

Business performance

Financial performance

Asset quality & cost of risk

Capital, dividends & outlook for 2020

Appendix

HIGHLIGHTS AS OF 31 DECEMBER 2019

- The number of clients with KB Mobile Banking leapt by 175,000 year on year to 786,000, representing 47% of all KB's 1,664,000 customers.
- The new KB Klíč (KB Key) authentication application used by 477,000 clients.

Rapid rollout of digital channels

The long list of client services improvements introduced in 2019 extended in the fourth quarter by:

- New functionalities of Mobilní banka (including authentication via facial recognition also for Android),
- Convenient finance assistant tool available in MojeBanka Business internet banking,
- Upgraded Global Cash application for companies operating in multiple country markets,
- Clients of ESSOX can newly sign their loan contracts by text message, and they can pay with their mobile devices using the Google Pay application.

Further innovations introduced

- The total volume of KB Group's lending to customers expanded by 3.1% year on year.
- The overall volume of standard client deposits within KB Group was up by 2.6% year on year.
- The volume of KB Group clients' assets in mutual funds, pension savings, and life insurance rose by 9.7%.

Growing business volumes

- Full year 2019 revenues rose by 1.1%, recurring operating expenditures were up 2.7% and KB recorded a release of credit risk provisions.
- FY 2019 net profit attributable to shareholders reached CZK 14.9 billion.

Resilient financial performance

- The Board of Directors proposes a dividend of CZK 11.0 billion (i.e. CZK 58 per share) from the 2019 profit.
- Looking ahead, the Board intends to propose distributing as dividends 65% of attributable consolidated net profit earned in 2020.

2019 dividend proposal and 2020 guidance

CONTENTS

Summary of KB's 4Q 2019 results

Macroeconomic environment

Pursuing the strategic transformation

Business performance

Financial performance

Asset quality & cost of risk

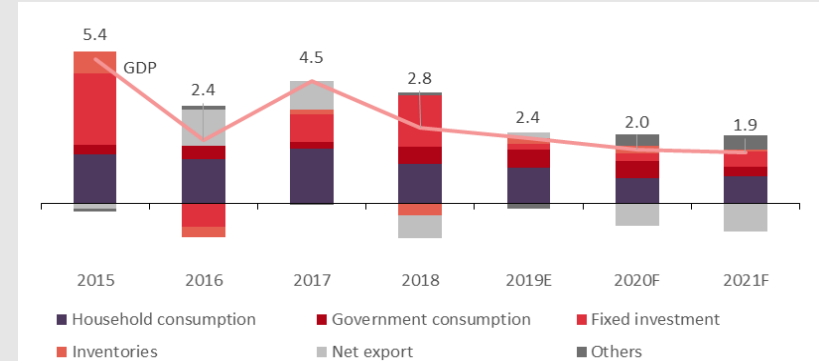
Capital, dividends & outlook for 2020

Appendix

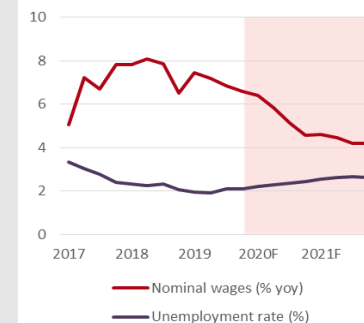
CZECH ECONOMY BRACED FOR A SLIGHT MODERATION

- GDP in 3Q19 up +2.5% YoY, +0.4% QoQ. The growth in Q3 was driven by investments in residential property and government consumption. A sectorial perspective shows GDP was driven by ICT, administration and real estate
- Car production in 2019 of 1.43 million vehicles almost matched (-0.7%) the record high from 2018, as Czech producers increased their share on the European market
- Unemployment remained lowest in the EU at 2.0% in December¹, driving increase in nominal wages (up 6.9% YoY in 3Q 2019)
- CPI inflation at 3.2% YoY in December, above the 1%-3% tolerance band of the CNB, driven mainly by prices of housing, energy and food; core inflation is close to 3% YoY²
- Although domestic economic fundamentals point toward monetary tightening and the CNB forecasting model implies one more hike, KB assumes that the fragile situation abroad and appreciating CZK will convince the CNB to keep the rates unchanged
- CZK yield curve inverted (as of 31 December 2019): 3M PRIBOR at 2.18% (+17 bps YoY), but 10Y IRS at 1.69%, down 3 bps YoY

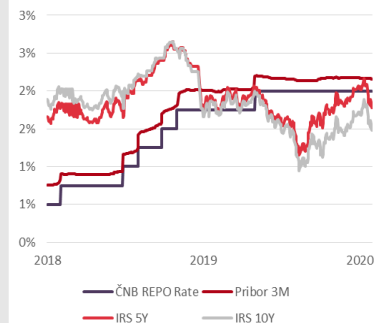
Czech GDP growth (% yoy)³



Labour market



Interest rates (until 31 Jan 2020)



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

1) According to Eurostat, seasonally adjusted

2) Source: KB Economic Research estimate

3) Source of historical data: Czech Statistical Office; 2019F and 2020F: forecast of KB Economic Research



CONTENTS

Summary of KB's 4Q 2019 results

Macroeconomic environment

Pursuing the strategic transformation

Business performance

Financial performance

Asset quality & cost of risk

Capital, dividends & outlook for 2020

Appendix

ON THE PATH TO MEETING KB CHANGE 2020 TARGETS

	2017	2018	2019	2020 ambition	Comments	
NPS	Affluent individuals	17	16	32	Leading position among peer banks	▪ Reinforcing client satisfaction gradually during 2019
	Small businesses	16	20	32		▪ Significant improvement year on year
	SMEs	24	34	35		
	Large corporates	27	59	58		▪ Excellent results maintained, outperforming the market
Employee engagement	72	67	78	80	▪ Visible improvement in 2019	
% of HQ in Agile	~3%	40%	44%	30%	▪ Higher share of HQ working in agile than originally planned	
Revenues (NBI, CZK)	31.1	32.2	32.6	≥ 33 billion (excl. one-off items)	▪ Target expected to be met despite negative regulatory impact (SEPA)	
Return on average equity	15.1%	15.3%	14.5%	12.0%	▪ On track to exceed the target with help of lower risk costs	
Cost / Income ratio	46.7%	45.4%	45.8%	~45%	▪ Slightly above the targeted level due to higher personnel cost reflecting the tight labour market situation	

SELECTED BUSINESS ACHIEVEMENTS OF THE FOURTH QUARTER

Upgraded and award-winning Mobilní banka

- Sing up to Android version of the app via facial recognition – as first bank in Czechia
- Facelifted iOS version - simpler, clearer and more intuitive



KB Mobilní Banka named the best banking application on the Czech market in the Financial Product of the Year contest by Finparada.cz

Best cash management



KB wins the Market Leader in Czechia title from Euromoney for cash management services

Finance assistant for CFOs in internet banking



CFOs at KB's clients get overview of performance indicators of their businesses directly from MojeBanka Business internet banking, provided in co-operation with the fintech company BudgetBakers

Easier access to ESSOX services

- Clients of ESSOX can sign the loan contract by a simple SMS text message, upon approval of an on-line credit application, saving the time and paperwork required
- From January, customers with credit card from ESSOX can pay with Google Pay

Global Cash app for clients active in multiple countries

Secure multi-bank application from SG Group for comprehensive accounts administration by international firms

SELECTED RESPONSIBLE BANKING INITIATIVES IN 4Q 2019

GREEN AND RESPONSIBLE FINANCING



- Market leadership ambition in financing projects with sustainable positive impact
- Commitment and business opportunity in supporting energy transition, public transport, waste management, biodiversity
- In alignment with the Principles of Responsible Banking, and in order to protect its long-term business growth and reputation, KB has implemented the Environmental and Social Risk Management system to review its relationships and deals
- Developing partnerships with providers of renewable energy solutions for households, businesses and communities
- Team of KB and Société Générale assisted client on the first issue of green bonds in CEE region, funding improvements in environmental performance of a real estate portfolio



EDUCATION

KB launched courses across the country, educating people of all generations in financial literacy and how to navigate in the digital world



KB JISTOTA FOUNDATION

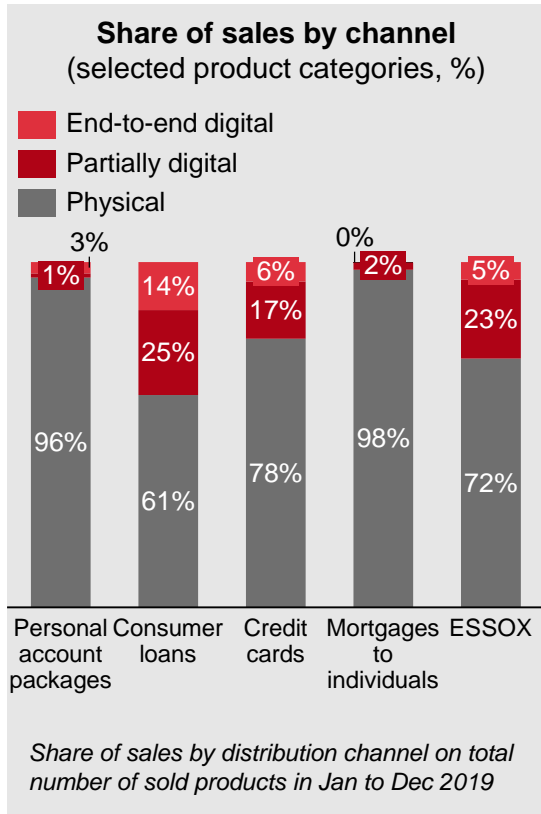
- Supported five projects on improving employment and integration opportunities for people with a health disadvantages
- Backed volunteer activities of KB Group employees with twelve non-profit organisations, active mostly in social-health area
- Organised the 'Week with the Jistota Foundation' comprising educational social, and sports events, connected with fundraising campaigns
- Called for requests for funding of projects in care for small children

SPONSORING CULTURAL EVENTS



In November, KB was a proud partner of the Festival of French Films, bringing a parade of the contemporary French films into five cities of the Czech Republic

REBALANCING OF BRANCH & DIGITAL BANKING



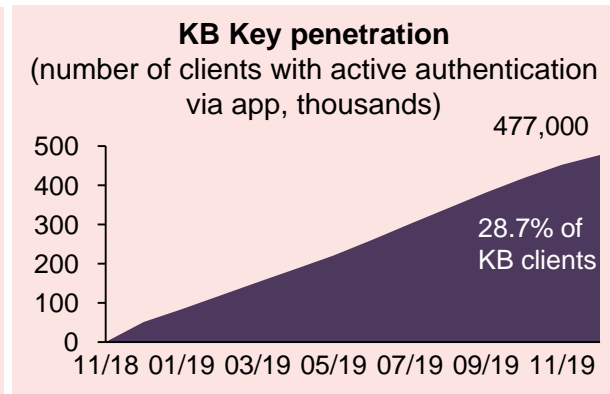
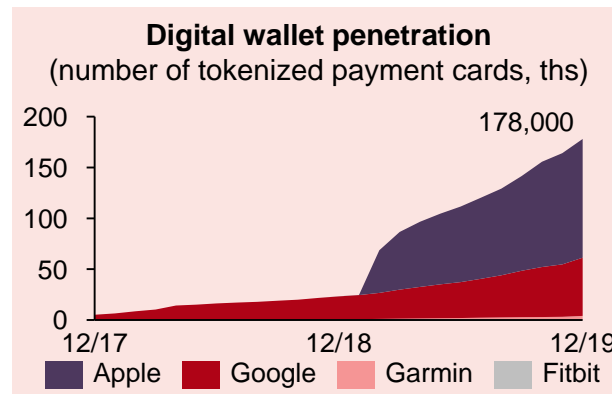
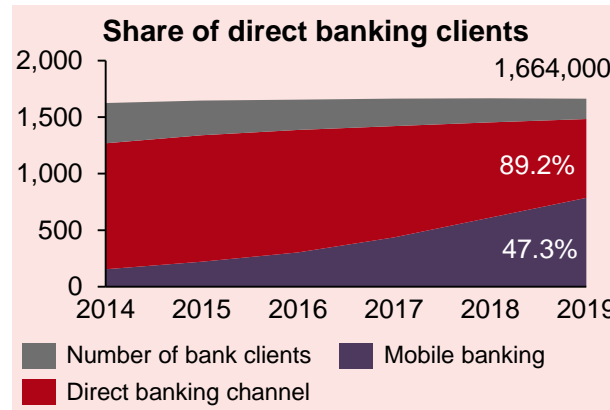
Net promoter score



Mass retail	33
Affluent retail	32
Small businesses	32

Positive trend of NPS. Clients highly appreciate quality of customer care and practical innovations.

Significant contribution to client satisfaction from instant & mobile payments, new ATM functionalities, smart advice. Continuous high grades for service from branches and contact centres.



FOCUS ON CLIENT SATISFACTION, FULL SCOPE SERVICES, AND SUSTAINABLE DEVELOPMENT

- Set up of Corporate & Investment Banking unit servicing medium-sized and large corporate clients completed
- New business solutions developed in agile method by fully dedicated teams, focused on increasing client satisfaction, product development, process automation, and digitalisation

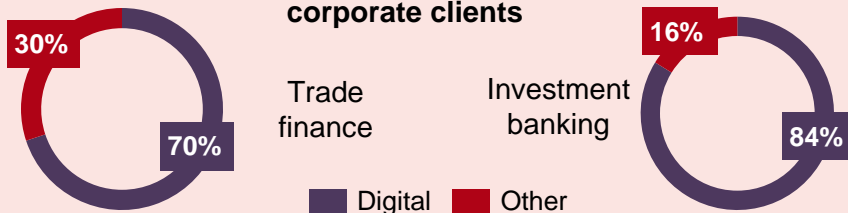
Client satisfaction - Net Promoter Score



SME Corporations	35
Large Corporations	58
Clients in Slovakia	46

Expertise and professionalism of relationship bankers, strong brand, quality advisory, security of transactions and operations, and good accessibility stand out as the reasons for corporate clients's satisfaction with KB.

Share of distribution channels on number of transactions for corporate clients



Selected deals of 4Q 2019

PUBLIC

jihomoravský kraj

Jihomoravský kraj

Municipal Loan

CZK 3,300,000,000

Complex bank services provider

2019

MACHINERY



Chropynská strojírna

Revolving Facility, Bank Guarantees

CZK 814,000,000

Complex bank services provider

2019

MEDIA



TV BIDCO B.V.

Acquisition Financing

EUR 1,150,000,000

Facility Agent (SG), Security Agent (KB)

2019

REAL ESTATE



Lighthouse Waterfront Towers

Real Estate Financing

EUR 37,538,000

Lender

2019

FUNDAMENTAL CULTURAL & DIGITAL TRANSFORMATION

- Implementation of key business changes delivering already significant improvements in KB's service to clients, including differentiating position in key products, such as fast business loans and account aggregation
- Higher internal efficiency achieved with agile transformation, reduced size of retail & back-office network and cooperation with start-ups
- KB created flexible platform for working with external and internal start-up and fintech ventures



- Continuous optimisation of the operating model focused on better solving customer needs, improving efficiency and co-operation: review of organisational units in the agile perimeter
- Eager to upgrade technological infrastructure, including for payment services, with aim to improve flexibility and efficiency, and as a condition for maintain KB's leading position in financial services



Developing culture that facilitates change



Cooperative



Open communication & feedback



Digital and self-learning



Customer oriented & engaged

- Cross-functional teams, learning from failure
- Agile ceremonies supporting immediate feedback
- Management roadshows and broadcasts to the staff
- Developing and retaining internal expertise, defined skills profiles
- Employee objectives including NPS, management including engagement scores

Expanding ecosystem of start-up & fintech solutions

Fakturoid



LUX
PROPERTY INDEX

KB | ADVISORY

mutumutu

Cincink
POWERED BY KB



CONTENTS

Summary of KB's 4Q 2019 results

Macroeconomic environment

Pursuing the strategic transformation

Business performance

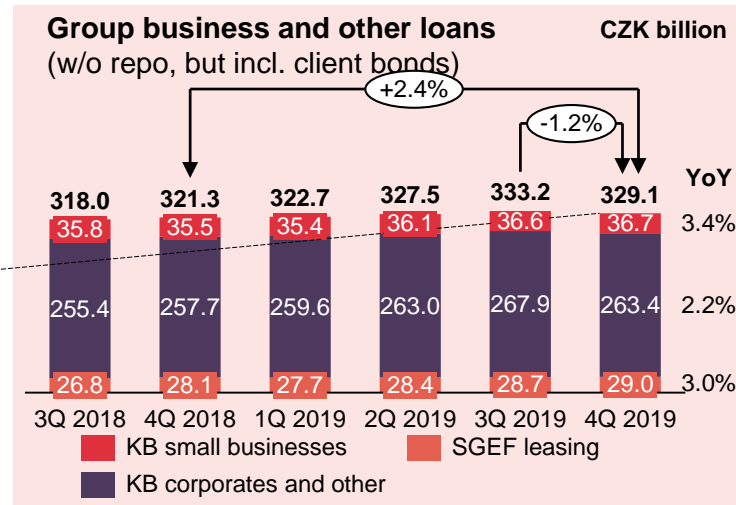
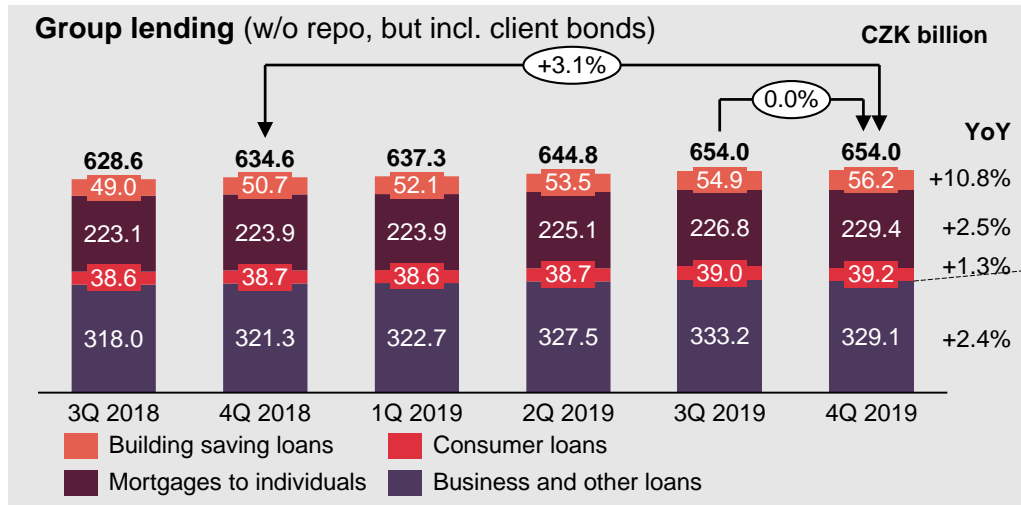
Financial performance

Asset quality & cost of risk

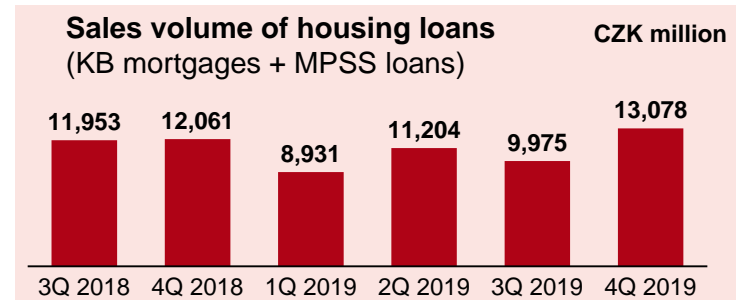
Capital, dividends & outlook for 2020

Appendix

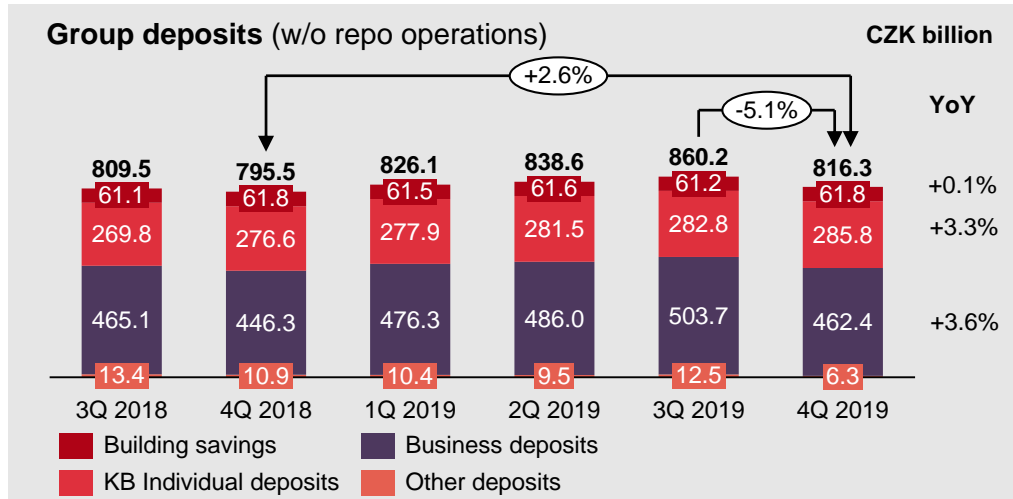
GROSS LENDING EXCLUDING REPO UP 3.1% YOY



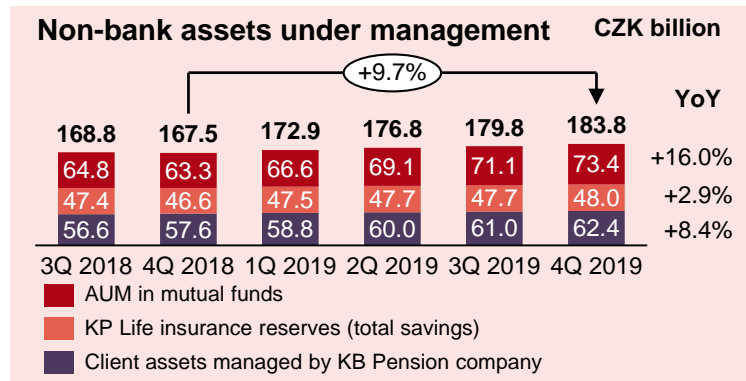
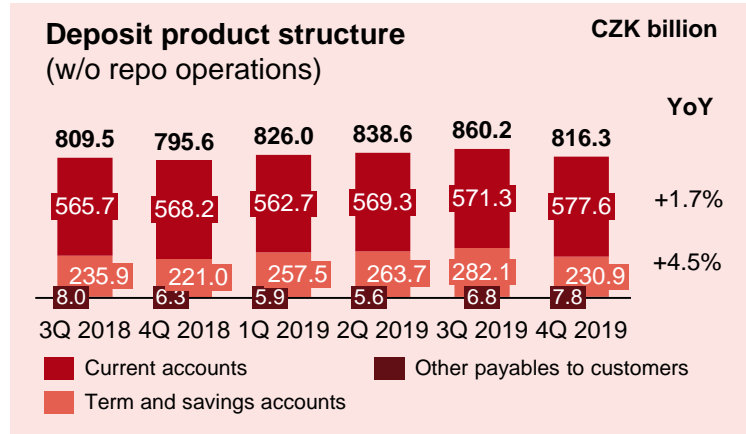
- Gross amounts due from clients (including repo operations and debt securities issued by KB's corporate clients) +3.1% YoY, -0.1% QoQ to CZK 656.6 billion
- Net loans to deposits ratio at 79.0%
- Sales of housing loans on the Czech market down year-on-year, influenced by new regulations from October 2018. Recovery in KB Group sales in 4Q 19 driven by a successful campaign and an improved distribution process based on mortgage centres



CLIENT DEPOSITS ROSE BY 2.6% YOY



- Total amounts due to clients (including repo operations with clients) +1.1% YoY, -8.7% QoQ to CZK 821.5 billion
- Seasonal drop in deposits in 4Q19 (-5.1% QoQ) linked to optimisation of the balance sheet for the Resolution Fund charge
- Solid growth rates in mutual funds even emphasized in year-on-year perspective by the market slump at the end of 2018
- Strong increase at KP in premium written (FY-19 +28%YoY, excluding transfers among different products)
- Modrá pyramida continues lowering funding costs



CONTENTS

Summary of KB's 4Q 2019 results

Macroeconomic environment

Pursuing the strategic transformation

Business performance

Financial performance

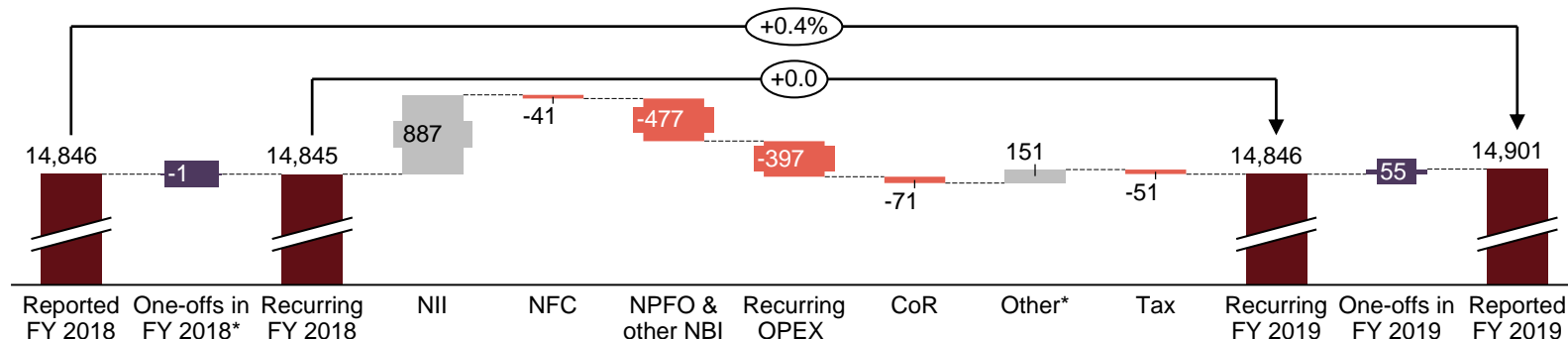
Asset quality & cost of risk

Capital, dividends & outlook for 2020

Appendix

STABLE NET INCOME AND GROSS OPERATING INCOME

Drivers for year on year change in attributable net income (as of 31 December 2019)



One-off items:

- FY 2018: Finalisation of the sale price for KB's former stake in Cataps (CZK 82 million); creation of the restructuring reserve (CZK 295 million in OPEX, o/w CZK 223 million in personnel expenses and CZK 71 million in GAE); and release of over-accrued amounts for corporate services (CZK 193 million in GAE)
- FY 2019: settlement of the sale price for Komerční pojišťovna sold in 2006 (CZK 55 million in Profit attributable to exclusion of companies from consolidation)

Profitability indicators for FY 2019 (annualised)

Return on average equity
14.5%

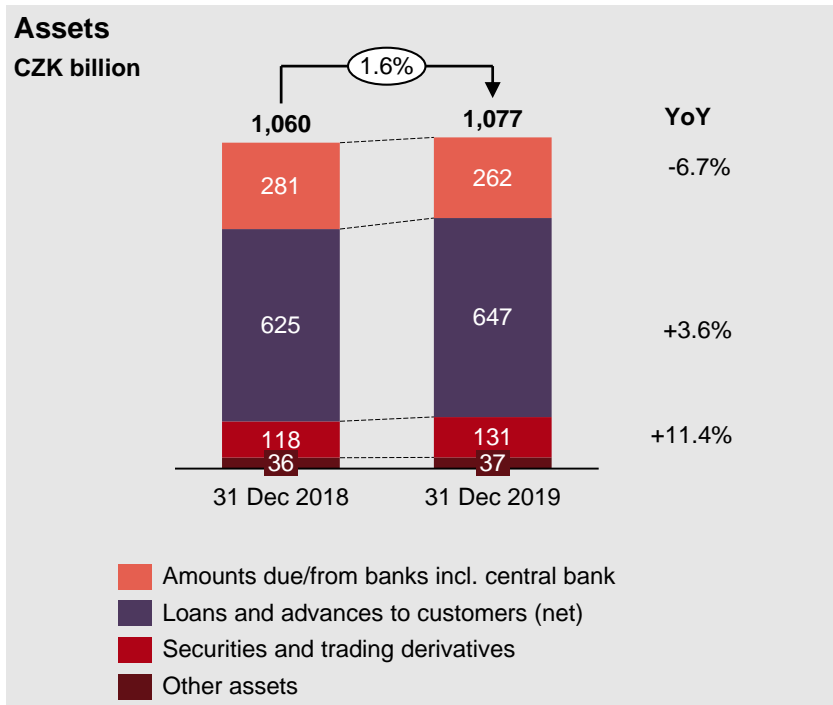
Return on average Tier 1 capital
18.1%

Return on average assets
1.4%

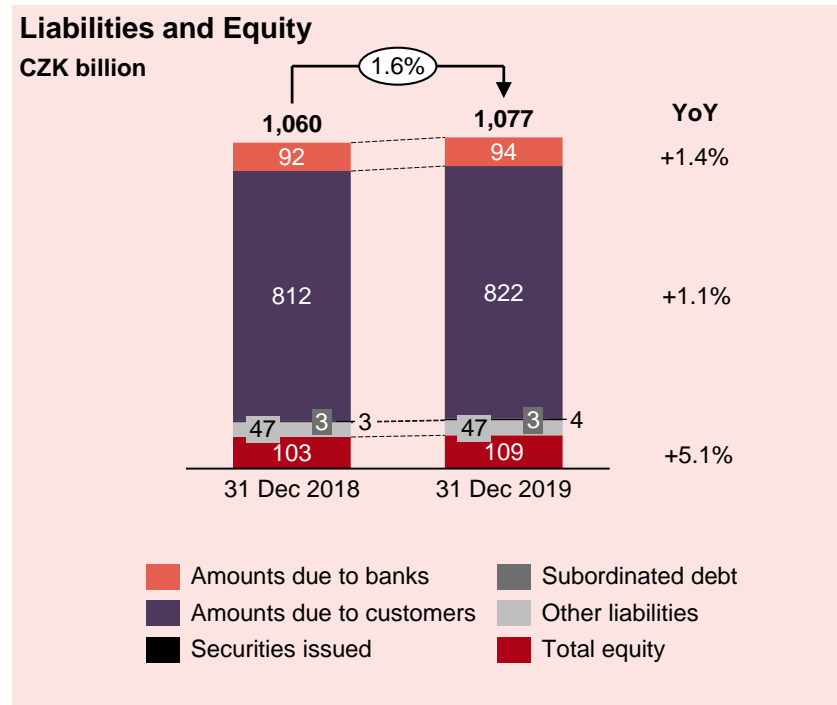
*Other includes: Income from share of associated companies, Profit/(loss) attributable to exclusion of companies from consolidation, Net profits on other assets and Profit attributable to the Non-controlling owners

BALANCE SHEET GROWTH DRIVEN BY CLIENT AND INTERBANK DEPOSITS

STATEMENT OF FINANCIAL POSITION

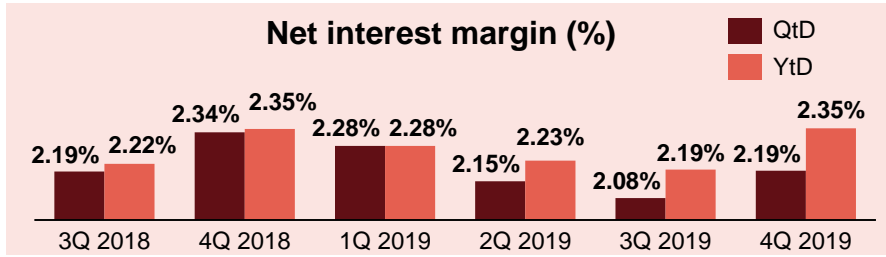


Other assets include Rights of use of CZK 3 billion as of 31 December 2019, a new item in accordance with IFRS 16

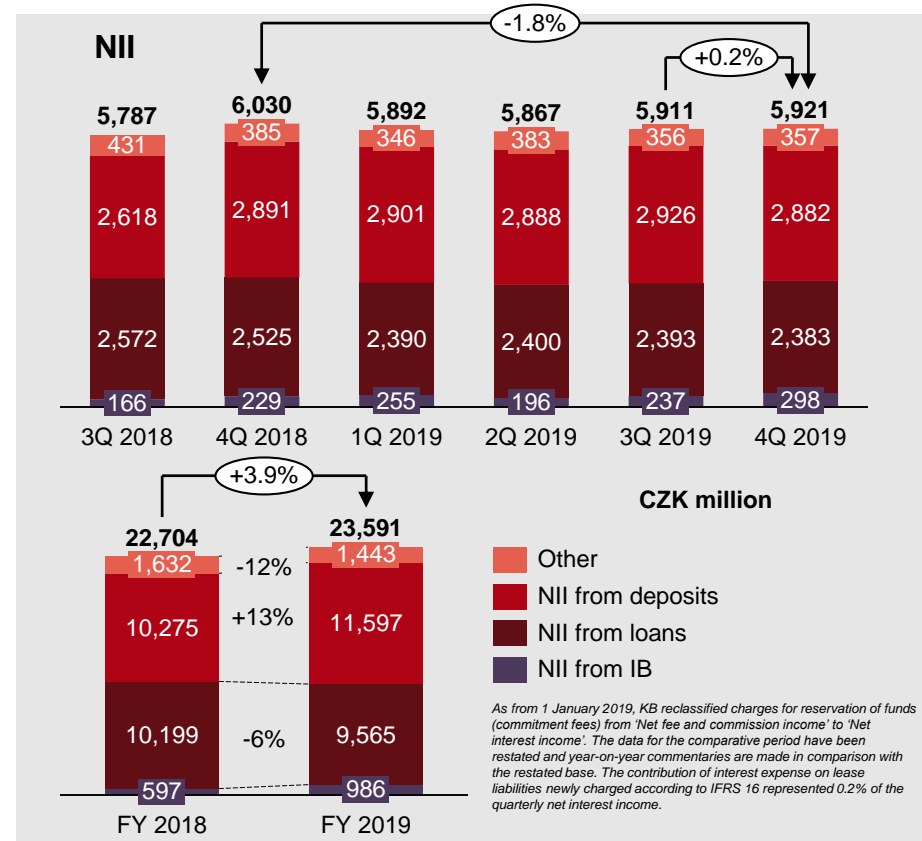
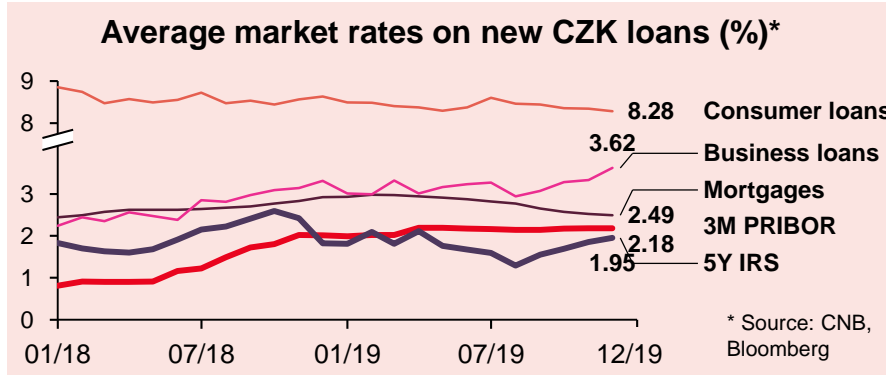


Other liabilities include Lease liabilities of CZK 3 billion as of 31 December 2019, a new item in accordance with IFRS 16

INTEREST INCOME INFLUENCED BY LOWER RATES IN H2



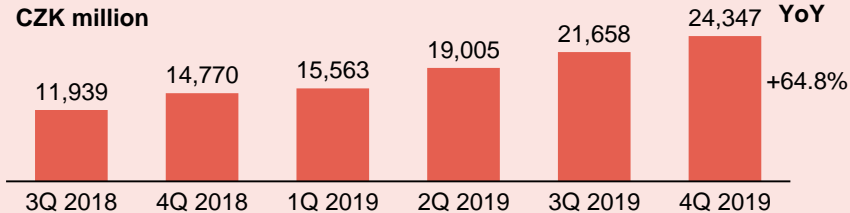
- Seasonal pick-up in NIM in Q4 linked to outflow of some low-margin liabilities at year-end
- Continued pressure on spreads in retail lending exacerbated in Q4 by slow reflection of the mortgage market to recovering benchmark rates



GROWTH IN FEES FROM SERVICES WITH HIGHER ADDED VALUE

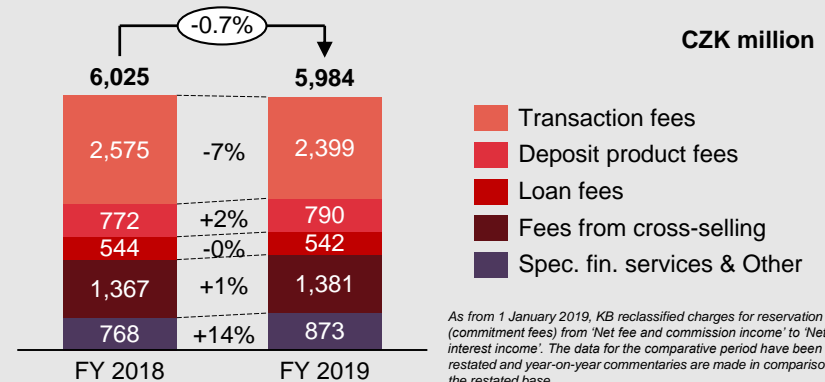
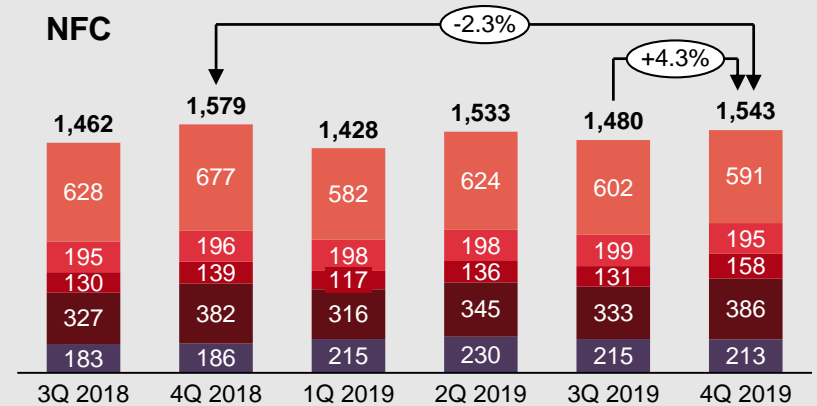
- **Deposit product fees** – stable number of accounts, clients upgrading to packages with a wider range of services included
- **Transaction fees** – growing number of transactions offset by bundling in account packages and a switch to cheaper methods
- From 15 December 2019, the new regulation capped the price for cross-border EUR payments within SEPA at the level of domestic payments, with estimated impact of 5% of 2020 NFC

Volume of payments through mobile banking



- **Loan fees** – affected by YoY lower sales of mortgages
- **Fees from cross-selling** underpinned by income from life insurance, pension products, and mutual funds
- **Specialised financial services and other fees** – higher income from guarantees, loan syndications and trade finance

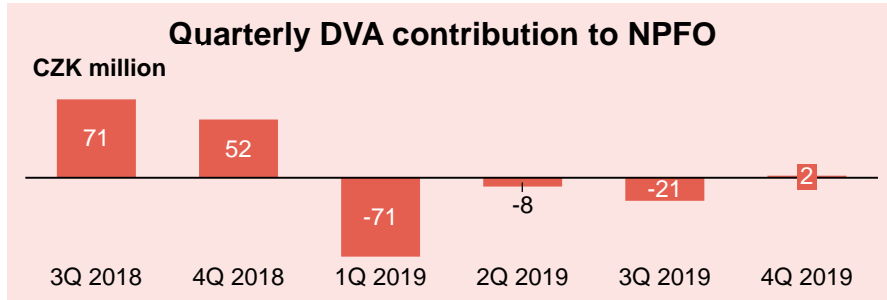
NFC



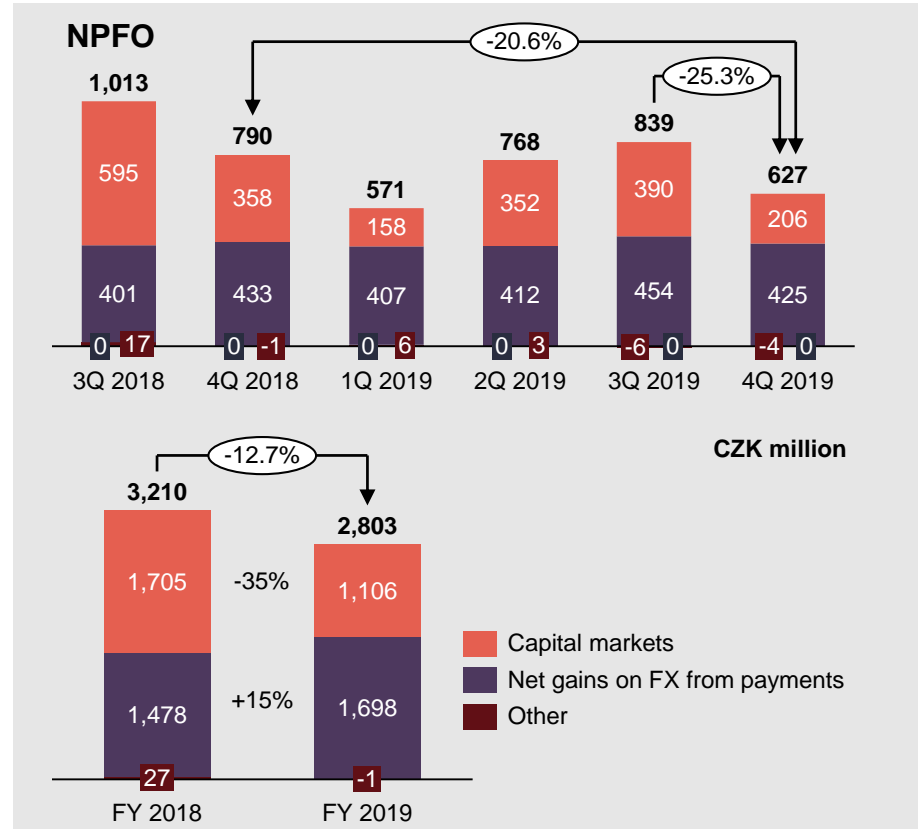
As from 1 January 2019, KB reclassified charges for reservation of funds (commitment fees) from 'Net fee and commission income' to 'Net interest income'. The data for the comparative period have been restated and year-on-year commentaries are made in comparison with the restated base.

VOLATILITY OF RESULT LINKED TO LARGE TRANSACTIONS

- FY 2019 result lower YoY influenced by some extraordinarily large hedging transactions developed for clients in 2018
- Limited number of bigger transactions in Q4, but solid smaller-ticket activity related to stronger trend in CZK FX and IR rates
- An increased part of gains from market operations booked in interest income
- Volatile contribution from Debit Value Adjustment on derivatives reflecting credit spreads on KB's liabilities

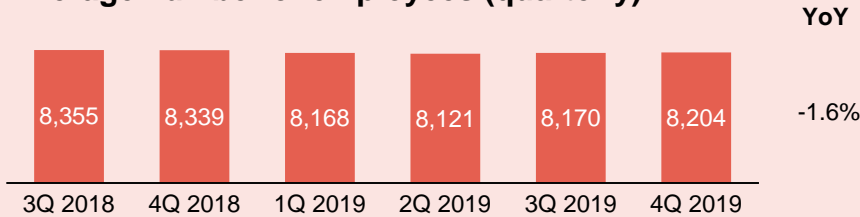


- Growth in gains on FX from payments due to increase in foreign transaction activity and FX spreads



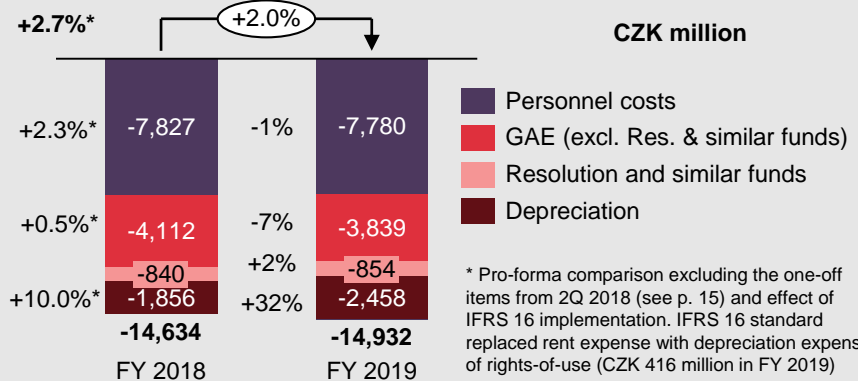
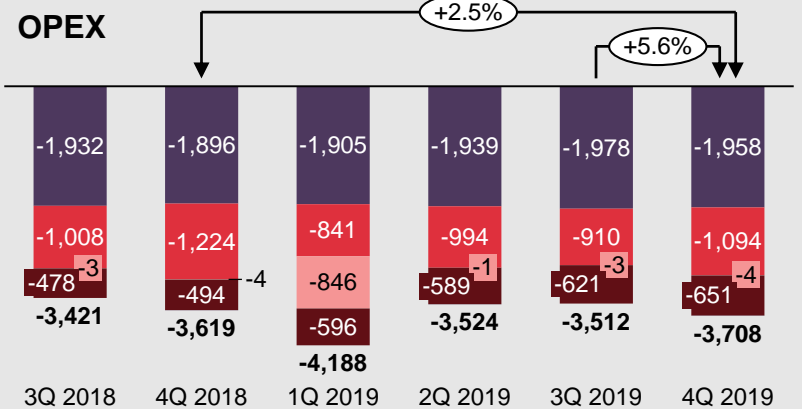
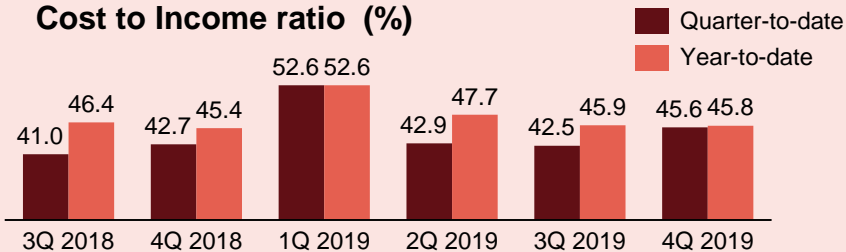
COST GROWTH BELOW INFLATION

Average number of employees (quarterly)



- Effect of annual compensation increase mitigated by decreasing average number of employees (8,167 in FY 2019, -2.9% YoY)
- Increase in staff numbers in 2H19 linked to KYC review process
- Increase in non-personnel expenses driven by IT
- D&A growth driven by new software and IT, and by listing of the new HQ building into use in 4Q 2018

Cost to Income ratio (%)



* Pro-forma comparison excluding the one-off items from 2Q 2018 (see p. 15) and effect of IFRS 16 implementation. IFRS 16 standard replaced rent expense with depreciation expense of rights-of-use (CZK 416 million in FY 2019)

CONTENTS

Summary of KB's 4Q 2019 results

Macroeconomic environment

Pursuing the strategic transformation

Business performance

Financial performance

Asset quality & cost of risk

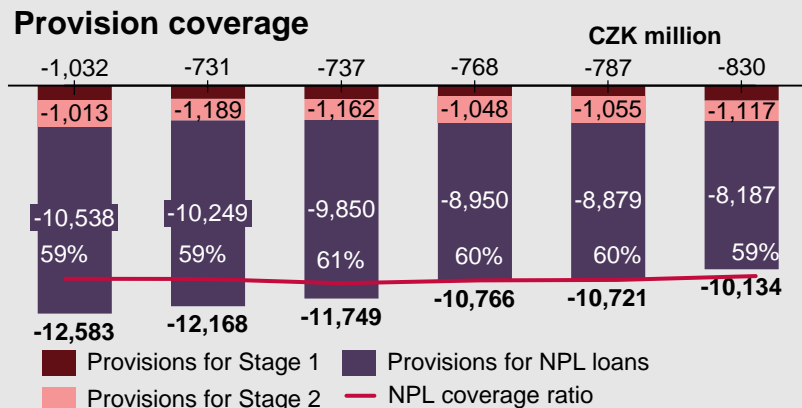
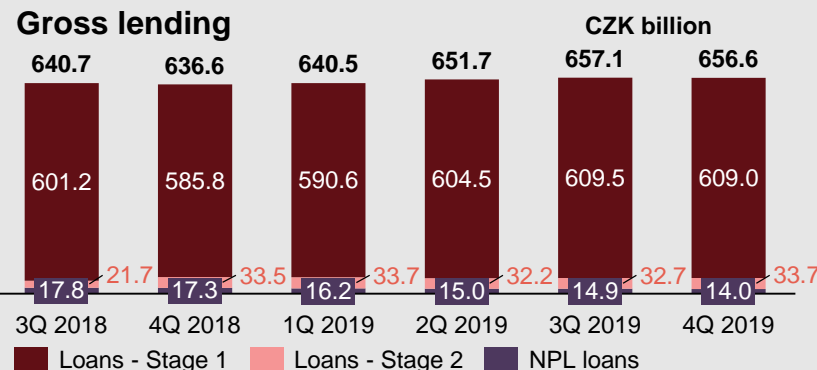
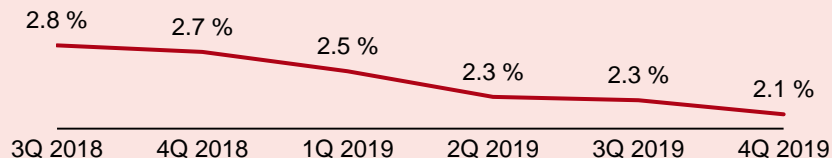
Capital, dividends & outlook for 2020

Appendix

SOUND ASSET QUALITY

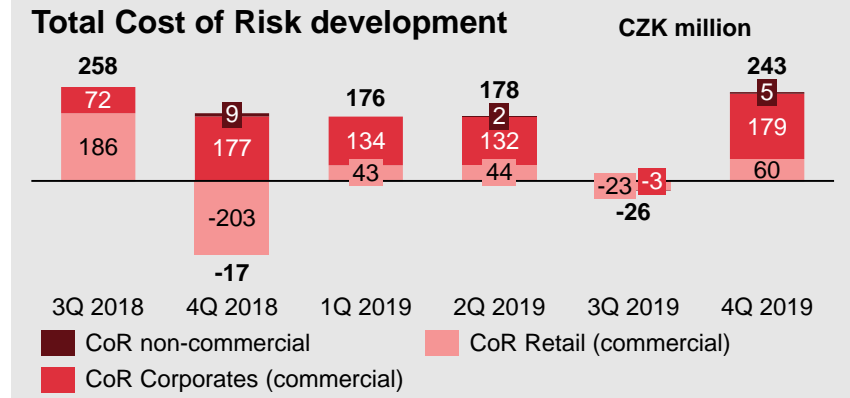
- Loan exposure up by 3.1% YoY (stable QoQ)
- NPL exposure ratio YoY down to 2.1% (vs. 2.7% in 4Q 2018) driven by low default rates, strong recovery performance, NPL sales and write-off activities
- NPL provision coverage ratio recorded at 59% (from 60% in 3Q 2019), reflecting the resolution of one large NPL exposure

Share of NPL exposure



LOW COST OF RISK

- FY 2019 CoR net release at CZK 571 million (vs. CZK 642 million in FY 2018)
- CoR on corporate loan portfolio at -15 bps for FY 2019 (vs. -20 bps for FY 2018), driven by persisting low inflows into default and strong recovery performance levels (including the final resolution of one large NPL case in 4Q 2019)
- CoR on retail loan portfolio at -4 bps for FY 2019 (vs. -2 bps for FY 2018) driven by a continued favourable economic environment (marked by historically low default rate levels)



CONTENTS

Summary of KB's 4Q 2019 results

Macroeconomic environment

Pursuing the strategic transformation

Business performance

Financial performance

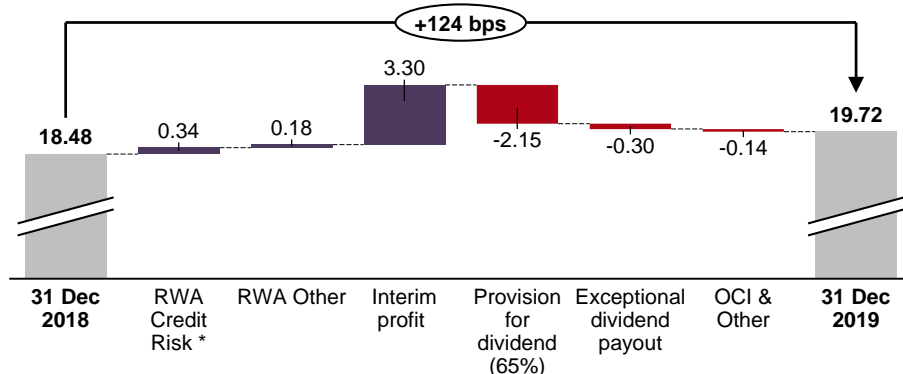
Asset quality & cost of risk

Capital, dividends & outlook for 2020

Appendix

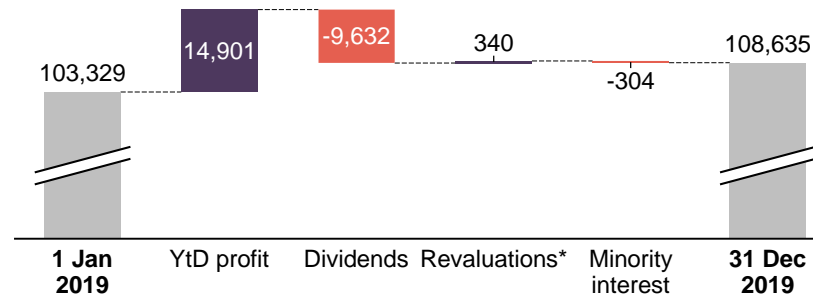
STRONG ORGANIC EQUITY GENERATION

Contributions to capital adequacy ratio in 2019 (%)



* During Q1, risk weights on Czech sovereign exposures decreased driven by upgrade of Czechia among upper-investment grade sovereigns

Contributions to equity in 2019 (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	19.7% (20.0%*)	19.1% (19.4%*)	86.6	84.1	439.2	367.6	40.8%
30 Sep 2019	19.4%	18.9%	87.1	84.5	448.1	371.6	36.5%
31 Dec 2018	18.5%	17.9%	83.4	80.8	451.1	375.4	42.6%

* Proforma assuming 65% dividend payout

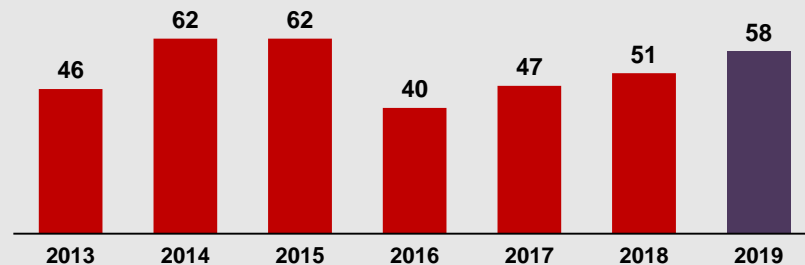


PROPOSED PAYOUT 74% FROM 2019 NET PROFIT INTENTION TO PAY 65% FROM 2020

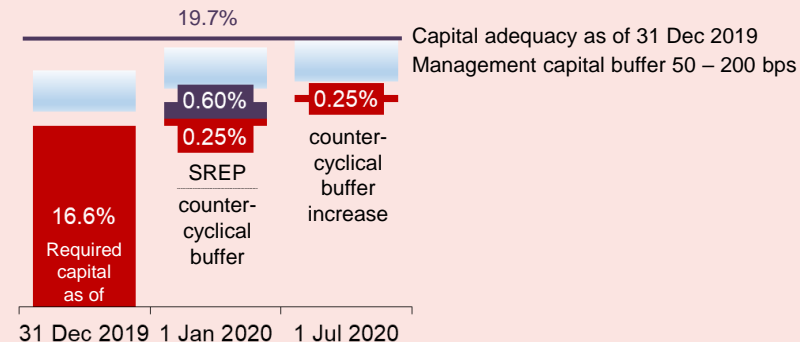
- In view of KB's 2019 result, strong capital position at the upper end of the target range, and outlook for growth in risk-weighted assets and capital requirements, Komerční banka's Board of Directors has decided to propose to the Supervisory Board a dividend payment of CZK 11.0 billion.
- That would come to CZK 58 per share and put the payout ratio at the exceptional level of 74% of KB Group's attributable consolidated net profit.
- The corresponding gross dividend yield based on 2019's closing share price is 7.0%.
- The distribution of the year's earnings, including the decision on dividend payment, is subject to a vote of the Annual General Meeting.
- Considering the current state of affairs, the Management Board intends for 2020 to propose distributing as dividends 65% of attributable consolidated net profit earned in the year, subject to there being no significant change in regulatory requirements.

Dividend history

(Dividend per share, in CZK)



KB's capital position vis-à-vis capital requirements



BASELINE OUTLOOK FOR 2020

Macroeconomic assumptions

- Czech economy to slow down its growth toward 2%. Households to remain main engine of the growth, fixed investments to increase lightly.
- Inflation to stay around 3%. Monetary policy 2W repo rate to remain on hold

Banking market outlook

- Banking market loans to slow down marginally, with a similar mid-single digit pace trend both in retail and corporate lending
- Bank deposits from retail and non-financial clients to moderate slightly, deposits from financial institutions to remain volatile

KB business outlook

- KB Group lending to grow at mid-single digit pace, with potential for acceleration mainly in consumer lending
- Deposit growth approximately in line with the market
- Updated strategic plan to be presented by mid-year

KB financial outlook

- Slight increase in total revenues to be driven by low-single-digit growth in interest income, while fee income will be hit by regulation of SEPA payments fees
- Operating costs to grow up to the pace of inflation, benefitting from ongoing optimisation and simplification
- Cost of risk to begin a gradual normalisation; effects of economic slowdown expected to be first seen in corporate segment

Potential risks to the outlook

- Drop in sales of cars in Europe, escalation of global trade conflicts, sharp decline in CZK interest rates
- Ever-present risks such as a possible solitary impairment of a large credit exposure or a significant worsening of competitive situation

CONTENTS

Summary of KB's 4Q 2019 results

Macroeconomic environment

Pursuing the strategic transformation

Business performance

Financial performance

Asset quality & cost of risk

Capital, dividends & outlook for 2020

Appendix

NUMBER OF CLIENTS AND DISTRIBUTION NETWORK

Number of clients

	FY 2018	FY 2019	YoY
KB Group's clients	2,391,000	2,365,000	-26,000
Komerční banka	1,668,000	1,664,000	-4,000*
– individual clients	1,410,000	1,407,000	-3,000*
– using at least one direct banking channel	1,455,000	1,484,000	29,000
– internet banking clients	1,389,000	1,423,000	34,000
– mobile banking clients	611,000	786,000	175,000
Modrá pyramida	490,000	490,000	0
KB Penzijní společnost	532,000	530,000	-2,000
ESSOX (Group)	212,000	202,000	-10,000

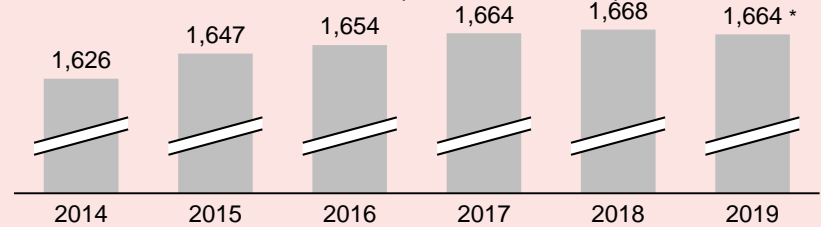
Distribution network

	FY 2018	FY 2019	YoY
KB Retail branches	364	342	-22
KB Business centres	10	10	0
KB Corporate divisions	5	5	0
Modrá pyramida points of sale	204	205	1
SGEF branches	9	9	0
ESSOX Group points of sale	1,031	920	-111**
ATMs	776	796	20
of which deposit-taking	320	389	69
of which contactless	0	241	241
Number of active debit cards	1,388,000	1,402,000	14,000
Number of active credit cards	178,000	180,000	2,000
Number of cards virtualized into payment apps	23,000	178,000	155,000
KB key authentication users	51,000	477,000	426,000

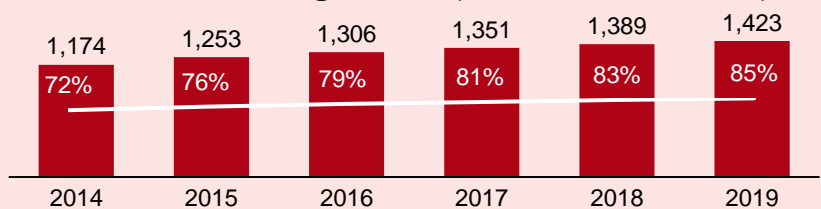
* Affected by write-off of non-active and defaulted clients

** Influenced by the new CNB requirements for intermediaries of consumer financing

Number of bank clients (thousands, CZ)

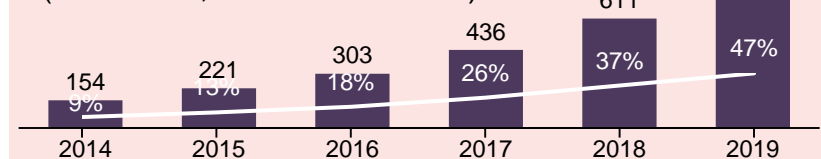


KB Internet banking clients (thousands, % of total)



KB mobile banking clients

(thousands, % of total number)



YEAR-TO-DATE INCOME STATEMENT

Profit and Loss Statement

	Reported*			Recurring		
	FY 2018	FY 2019	Change YoY	FY 2018	FY 2019	Change YoY
(CZK million, unaudited)						
Net interest income and similar income	22,704	23,591	3.9%	22,704	23,591	3.9%
Net fee & commission income	6,025	5,984	-0.7%	6,025	5,984	-0.7%
Net profit of financial operations	3,210	2,803	-12.7%	3,210	2,803	-12.7%
Dividend and other income	264	195	-26.1%	264	195	-26.1%
Net banking income	32,203	32,573	1.1%	32,203	32,573	1.1%
Personnel expenses	-7,827	-7,780	-0.6%	-7,604	-7,780	2.3%
General admin. expenses (excl. regulatory funds)	-4,112	-3,839	-6.6%	-4,234	-3,839	-9.3%
Resolution and similar funds	-840	-854	1.7%	-840	-854	1.7%
Depreciation, amortisation and impairment of operating assets	-1,856	-2,458	32.4%	-1,856	-2,458	32.4%
Total operating expenses	-14,634	-14,932	2.0%	-14,534	-14,931	2.7%
Gross operating income	17,569	17,641	0.4%	17,670	17,642	-0.2%
Cost of risk	642	571	-11.1%	642	571	-11.1%
Net operating income	18,211	18,212	0.0%	18,312	18,213	-0.5%
Income from share of associated companies	238	306	28.6%	238	306	28.6%
Profit/(loss) attributable to exclusion of companies from consolidation	82	55	-32.9%	0	0	n.a.
Impairment losses on goodwill	2	0	n.a.	2	0	n.a.
Net profits on other assets	-14	17	+/-	-14	17	+/-
Profit before income taxes	18,520	18,591	0.4%	18,538	18,536	0.0%
Income taxes	-3,349	-3,419	2.1%	-3,368	-3,419	1.5%
Net profit	15,171	15,172	0.0%	15,170	15,117	-0.3%
Profit attributable to the Non-controlling owners	325	271	-16.6%	325	271	-16.6%
Profit attributable to the Group's equity holders	14,846	14,901	0.4%	14,845	14,846	0.0%

Items excluded in "recurring":

FY 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)

FY 2019

- Adjustment of the selling price of Komerční pojišťovna (CZK 55 mil. in Profit attributable to exclusion of companies from consolidation)

* Within update of its reporting methodology, KB reclassified commitment fees from NFC to NII. For improved information value, the data for 2018 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.

** Excluding effect of IFRS16 implementation General admin. expenses would grow by 0.5% and Depreciation by 10.0%.

QUARTERLY INCOME STATEMENT (INCLUDING ONE-OFF ITEMS)

CONSOLIDATED INCOME STATEMENT – QUARTERLY VIEW

Profit and Loss Statement

	Reported*				
	4Q 2018	3Q 2019	4Q 2019	Change YoY	Change QoQ
(CZK million, unaudited)					
Net interest income and similar income	6,030	5,911	5,921	-1.8%	0.2%
Net fee & commission income	1,579	1,480	1,543	-2.3%	4.3%
Net profit of financial operations	790	839	627	-20.6%	-25.3%
Dividend and other income	72	36	45	-37.5%	25.0%
Net banking income	8,472	8,265	8,136	-4.0%	-1.6%
Personnel expenses	-1,896	-1,978	-1,958	3.3%	-1.0%
General admin. expenses (excl. regulatory funds)	-1,224	-910	-1,094	-10.6%	20.2%
Resolution and similar funds	-4	-3	-4	0%	33.3%
Depreciation, amortisation & impairment of op. assets	-494	-621	-651	31.8%	4.8%
Total operating expenses	-3,619	-3,512	-3,708	2.5%	5.6%
Gross operating income	4,853	4,753	4,428	-8.8%	-6.8%
Cost of risk	-17	-26	243	+/-	+/-
Net operating income	4,836	4,726	4,671	-3.4%	-1.2%
Income from share of associated companies	66	74	91	37.9%	23.0%
Profit/(loss) attributable to exclusion of companies from consolidation	0	0	0	n.a.	n.a.
Impairment losses on goodwill	0	0	0	n.a.	n.a.
Net profits on other assets	-30	1	2	+/-	100.0%
Profit before income taxes	4,872	4,801	4,764	-2.2%	-0.8%
Income taxes	-921	-883	-889	-3.5%	0.7%
Net profit	3,951	3,918	3,875	-1.9%	-1.1%
Profit attributable to the Non-controlling owners	63	70	35	-44.4%	-50.0%
Profit attributable to the Group's equity holders	3,888	3,848	3,840	-1.2%	-0.2%

* Within update of its reporting methodology, KB reclassified commitment fees from NFC to NII. For improved information value, the data for 2018 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.

BALANCE SHEET

Balance Sheet (CZK million, unaudited)	31 Dec 2018	31 Dec 2019	YoY rel.	YoY abs.
Assets	1,059,932	1,077,334	1.6%	17,402
Cash and current balances with central bank	24,851	17,744	-28.6%	-7,107
Loans and advances to banks	256,268	244,561	-4.6%	-11,707
Loans and advances to customers (net)	624,954	647,258	3.6%	22,304
Securities and trading derivatives	117,761	131,184	11.4%	13,423
Other assets	36,099	36,587	1.4%	488
Liabilities and shareholders' equity	1,059,932	1,077,334	1.6%	17,402
Amounts due to banks	92,271	93,581	1.4%	1,310
Amounts due to customers	812,451	821,506	1.1%	9,055
Securities issued	2,540	3,621	42.6%	1,081
Subordinated debt	2,578	2,546	-1.2%	-32
Other liabilities	46,764	47,445	1.5%	681
Total equity	103,329	108,635	5.1%	5,306
o/w Minority equity	3,398	3,095	-8.9%	-303

The item Other assets includes Right of used Tangible assets of CZK 3 billion as of 31 December 2019.

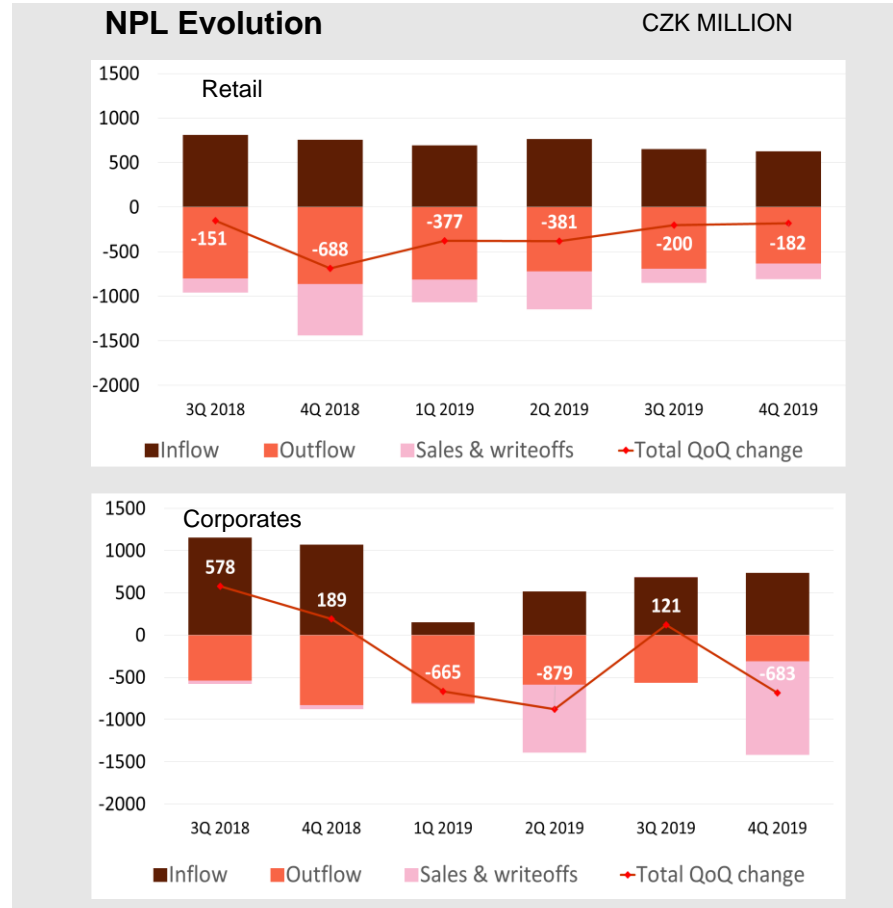
The item Other liabilities includes Lease liabilities of CZK 3 billion as of 31 December 2019.

CAPITAL & PROFITABILITY INDICATORS

	Reported		Recurring*	
	31/12/2018	31/12/2019	31/12/2018	31/12/2019
(year-to-date, IFRS 9)				
Capital adequacy	18.5%	19.7%		
Tier 1 ratio = Core Tier 1 ratio	17.9%	19.1%		
Risk weighted assets for credit risk (CZK billion)	375.4	367.6		
Net interest margin, annualised	2.3%	2.4%	2.3%	2.4%
Loan (net) / deposit ratio (excl. repo with clients)	78.3%	79.0%	78.3%	79.0%
Cost / income ratio	45.4%	45.8%	45.1%	45.8%
Return on average equity (ROAE), annualised	15.3%	14.5%	15.3%	14.5%
Return on average Tier 1 capital	18.9%	18.1%	18.9%	18.0%
Return on average assets (ROAA), annualised	1.4%	1.4%	1.4%	1.4%
Earnings per share (CZK), annualised	79	79	79	79
Average number of employees during the period	8,411	8,167		

DECREASING NPL EXPOSURE

- Retail NPL exposure contraction reflecting net outflows from default classification and portfolio sales
- Corporate NPL exposure evolution driven by 2 main factors: concentrated and limited inflow into default, concentrated and strong recovery performance (including the positive impact from the final resolution of one large NPL case in 4Q 2019)



BUSINESS PERFORMANCE OF SUBSIDIARIES 1/2

	FY 2018	FY 2019	YoY
Modrá pyramida (100%), #2 building savings & loans company			
Volume of new loans (CZK million)	14,230	10,110	-29%
Volume of total loans (gross, CZK million)	50,688	56,247	11%
Volume of deposits (CZK million)	61,770	61,817	0%
Number of clients	489,860	489,953	0%
Average number of FTEs	328	328	0%
Number of points of sale	204	205	0%
KB Penzijní společnost (100%), a manager of pension funds			
Number of new contracts	32,626	32,820	1%
Number of clients	531,616	529,902	0%
Assets under management (CZK million)	57,571	62,405	8%
of which in Transformed fund	52,196	54,898	5%
Average number of FTEs	49	48	-2%
ESSOX (50.93%), #2 non-bank consumer lender and car financing company*			
Volume of total loans (gross, CZK million)	17,286	17,438	1%
Number of active clients	211,975	202,321	-5%
Average number of FTEs	403	393	-2%

* 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

	FY 2018	FY 2019	YoY
Factoring KB (100%), #1 on the Czech factoring market			
Factoring turnover (CZK million)	50,168	54,020	8%
Volume of total financing (gross, CZK million)	8,965	9,360	4%
Average number of FTEs	44	44	0%
Komerční pojišťovna (49%), a universal insurance company			
Volume of technical reserves - Saving (CZK million)	46,642	47,984	3%
Gross written premium (CZK million)	5,146	8,310	61%
of which in life insurance	4,686	7,794	66%
of which in non-life insurance	460	516	12%
Average number of FTEs	220	221	1%
SGEF Czech Republic (50.1%), a provider of asset-backed financing in Czech Rep. and Slovakia			
Volume of new financing (CZK million)	11,995	13,376	12%
Volume of total financing (gross, CZK million)	28,129	28,979	3%
Average number of FTEs	130	140	8%

MACROECONOMIC ENVIRONMENT – CZECHIA

Macroeconomic Indicators	2016	2017	2018	2019	2020*	2021*
Real GDP (% , average)	2.4	4.5	2.8	2.4	2.0	1.9
Inflation (% , average)	0.7	2.5	2.1	2.8	3.0	2.0
Household consumption (% , average)	3.5	4.4	3.2	2.8	2.0	2.1
Unemployment (% , av., MLSA meth.)	5.4	4.1	3.1	2.8	3.0	3.3
M2 (% , average)	8.6	9.5	5.3	7.0	7.5	6.6
3M PRIBOR (% , average)	0.3	0.4	1.3	2.1	2.2	1.9

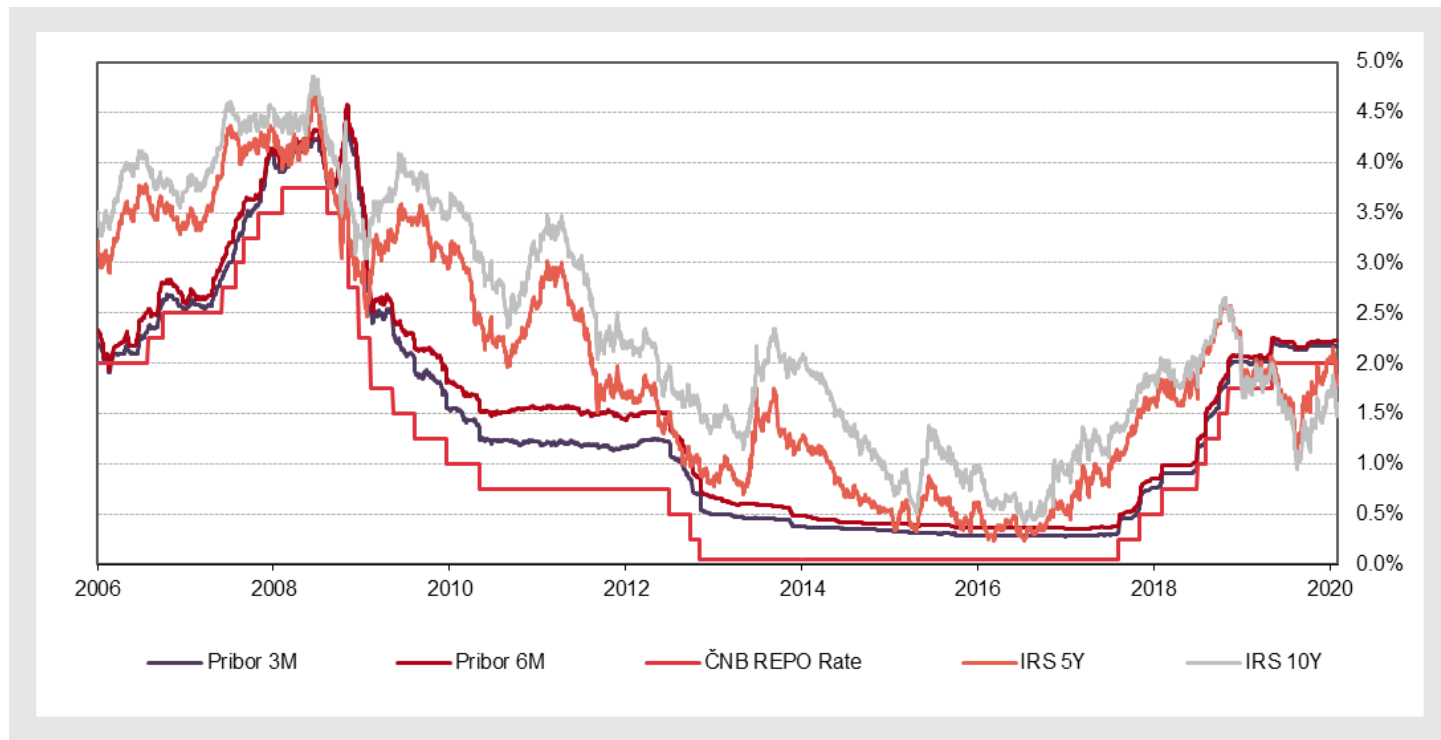
Potential of the market **	2016	2017	2018	2019	2020*	2021*
Loans / GDP (year-end)	61.9	61.1	62.0	61.4	61.8	60.5
Real estate loans / GDP (year-end)	22.1	22.7	23.4	23.4	23.7	23.5
Deposits / GDP (year-end)	79.0	82.5	83.4	88.0	88.2	84.8
Household loans / GDP (year-end)	27.9	28.4	29.1	29.0	29.4	29.1

* *KB estimate*

** *Banking sector*

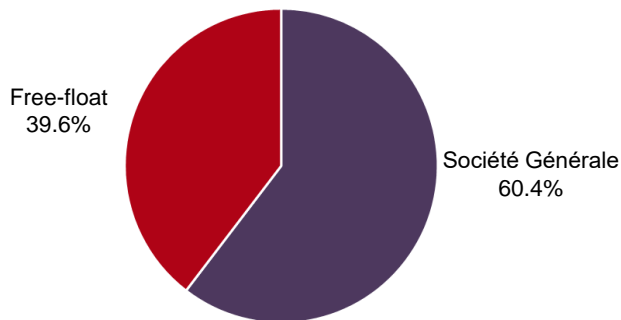
INTEREST RATES EVOLUTION

For the period 1 Jan 2006 – 31 January 2020

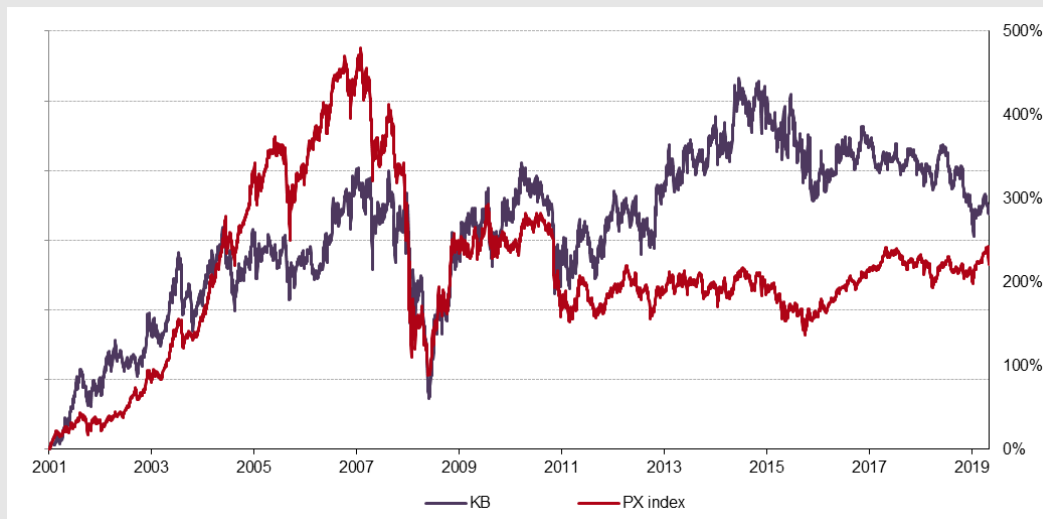


KB #1 LISTED CZECH BANK

Shareholder structure



Development of KB share price and PX index (1 January 2001 – 31 January 2020)



- The number of shareholders comprised 50,462 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

INVESTOR RELATIONS



Komerční banka, a.s.

Na Příkopě 33, 114 07 Prague 1

Email: investor_relations@kb.cz

Tel.: +420 955 532 156, +420 955 532 155, +420 955 532 734

Internet: www.kb.cz/investors

Twitter: @KB_investors

Reuters: BKOM.PR

Bloomberg: KOMB CP

