

PRAGUE, 8 FEBRUARY 2023

# **KB GROUP RESULTS FOR FULL YEAR & 4Q 2022**

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According to IFRS, Consolidated, Unaudited

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

# DISCLAIMER

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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 2022, 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

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# HIGHLIGHTS AS OF 31 DECEMBER 2022

## Recovery in revenues, excellent cost discipline, resilient asset quality

Loans (gross)

**CZK 784.9** billion

**+6.2%** YoY / **-0.3%** QoQ

Client deposits \*

**CZK 916.8** billion

**-3.4%** YoY / **-9.2%** QoQ Influenced by seasonality

Non-bank assets under management

**CZK 216.6** billion

**+6.4%** YoY / **+3.2%** QoQ

Revenues

FY 22: **CZK 38.6** bil. / **+23.2%** YoY

4Q 22: **CZK 9.6** bil. / **+10.4%** YoY

Operating expenses

FY 22: **CZK 16.0** bil. / **+6.1%** YoY

4Q 22: **CZK 3.9** bil. / **+5.1%** YoY

Cost of Risk

FY 22: **CZK 1.2** bil. / **15** bps

4Q 22: **CZK ~0** bil. / **-3** bps

Net Profit

FY 22: **CZK 17.6** bil. / **+37.9%** YoY

4Q 22: **CZK 4.6** bil. / **+11.0%** YoY

ROE / ROA

FY 22: **14.4%** / **1.4%**

4Q 22: **15.0%** / **1.3%**

Core Tier 1 / Capital adequacy

**18.9%** / **19.5%**

2022 dividend proposal

**CZK 60.42** per share

Expected 2023 payout ratio 65%

Successful switch in November to a

**New payment cards platform**

**PRIME<sup>SM</sup>** from **TSYS**

**VISA**

**Nejlepší banka 2022**

Banking innovator 2022

**mastercard**  
banka roku

Bank of the Year

Corporate bank of the Year

Bank without Barriers

Notes: \* excluding repo operations with clients

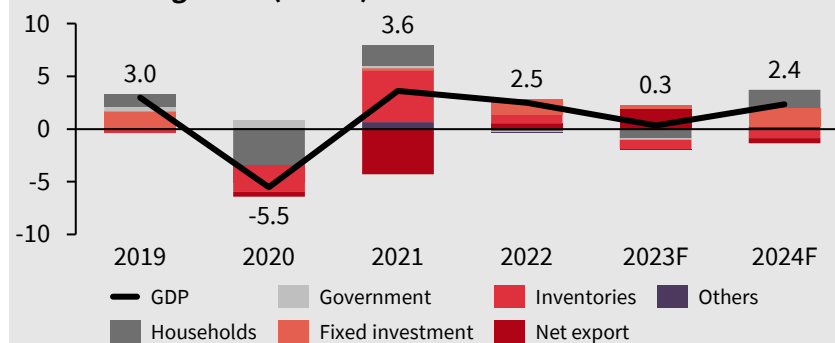
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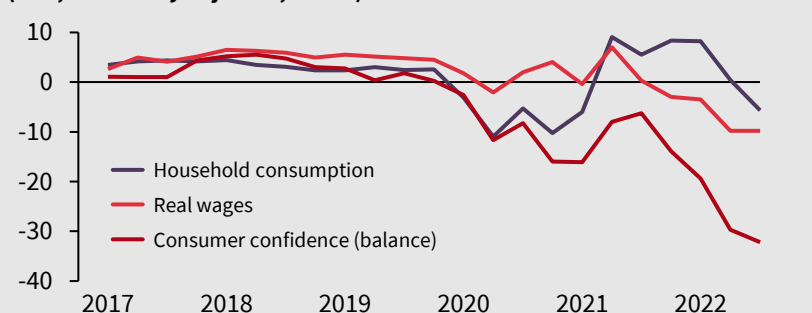
# ECONOMY TO RECOVER GRADUALLY FROM SHALLOW RECESSION

- GDP in 4Q 2022 -0.3% QoQ and +0.4% YoY, YoY growth was driven by fixed investments and foreign demand, while consumption contributed negatively. GDP in full year 2022 was up 2.5%<sup>1</sup>
- Labour market remains tight. Unemployment rate 2.3% in December 2022.<sup>2</sup> Nominal wages in Q3 +6.1% YoY, -9.8% YoY in real terms
- Consumer price inflation at 15.8% YoY in December (0% MoM). YoY growth driven mostly by housing-related costs and food and beverages. Deceleration thanks to fuels. HICP (Eurostat) at 17.2% YoY in November
- As of 31 December 2022, at 24.1 CZK per EUR, CZK v. EUR QoQ stronger by 1.8%, and YoY stronger by 3.0%
- CNB's main policy rate (2W repo rate) at 7% since 23 June 2022. As of 31 December 2022, 3M PRIBOR at 7.3% (+318 bps YoY). IRS curve stays inverted: 5Y at 5.2% but 10Y IRS at 4.8% (+153 bps YoY). 10Y CZGB at 5.0% (+229 bps YoY)

**Czech GDP growth (% YoY)**



**Economy dragged by household consumption (real, seasonally adjusted, % YoY)**



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

1) According to flash estimate of the Czech Statistical Office, published on 31 January 2023;

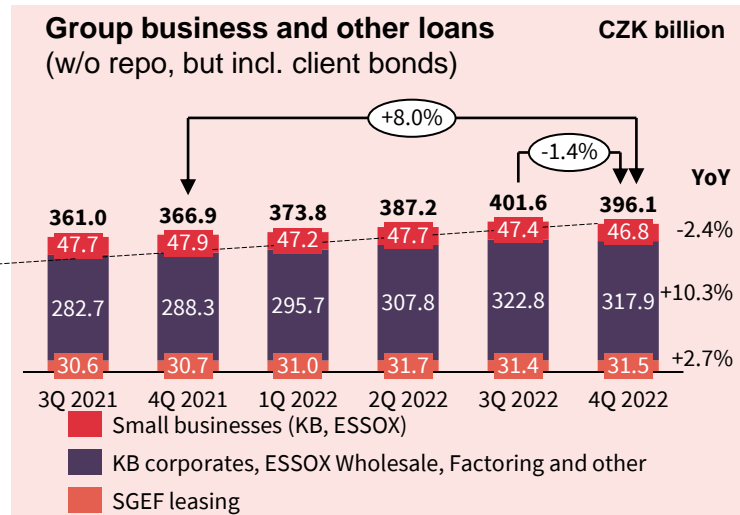
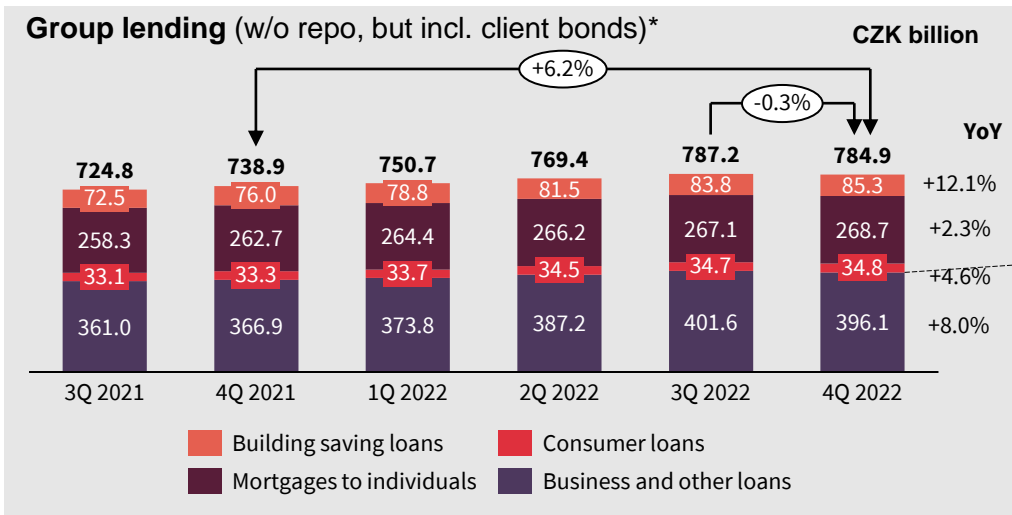
2) According to Eurostat, seasonally adjusted



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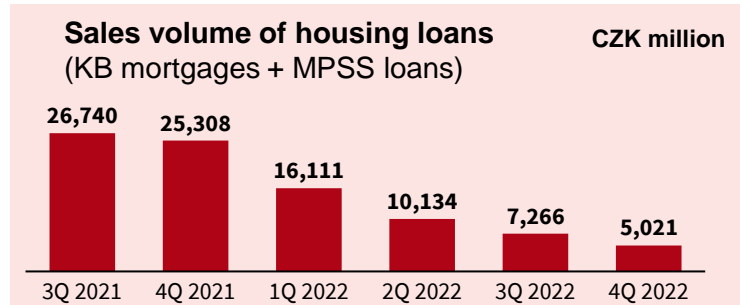
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# GROSS LENDING UP 6.2% YOY



- Net loans to deposits ratio at 85.2%. Liquidity coverage ratio 160%
- Sales of housing loans in FY 2022 down 64.6% from record 2021 levels
- Growth in business lending in investment loans as well as working capital financing
- EUR denominated loans, provided to business clients, amounted to 169.3 bil. in CZK equivalent, up 43.1% YoY, and represent 21.6% of total lending
- Negative contribution from 3.0% YoY appreciation of CZK v. EUR represents 0.7% of total lending (1.8% QoQ appreciation in Q4 represents 0.4% of total loans)

\* Including debt securities issued by KB's corporate clients. There were no reverse repo operations with clients to report as of 31 December 2022 or 31 December 2021.





# SELECTED DEALS OF THE 2H 2022

## SALE OF METALS & METAL ORES



Feronia, a.s.

Syndicated Credit Facility

**CZK 2,450,000,000**  
**EUR 35,000,000**  
**PLN 30,000,000**

Arranger, Original Lender

2022

## HEALTH CARE AND SOCIAL SERVICES



Future Life a.s. and  
 FUTURELIFE (UK) BIDCO LIMITED

Comprehensive Financing Package

**EUR 158,333,333**  
**GBP 41,666,667**

Facility Coordinator, Mandated Lead Arranger,  
 Original Lender, Agent and Security Agent

2022

## TRADING - AGRICULTURE PRODUCTS



TOP HOP spol. s r.o.

Sell-side advisory to owners of TOP HOP  
 (Corporate Finance)

undisclosed

Sell-side Advisory, Escrow Agent

2022

## REAL ESTATE



CTPark Ostrava, spol. s r.o.  
 Rhapsody III

Real Estate Financing

**EUR 1,000,000,000**

Agent, Security Agent, Lender, Account Bank

2022

## PRODUCTION OF ELECTRICITY



FVE CZECH NOVUM s.r.o.

Financing

**CZK 1,550,000,000**

Sole Lender

2022

## HEALTH CARE



Penta Hospitals International a.s.

Term Loan and Revolving Credit Facilities

**EUR 150,000,000**

Mandated Lead Arranged, Original Lender,  
 Agent

2022

## TEXTILE MANUFACTURING



PFNonwovens Holding s.r.o.

Refinancing, CAPEX and WCAP Facilities

**USD 195,000,000**  
**EUR 92,389,000**

Mandated Lead Arranger

2022

## COMMODITIES TRADING



MJM agro, a. s.

Club Financing

**CZK 2,750,000,000**

Agent, Lender

2022

## TRANSPORTATION



W.A.G payment solutions plc

Multicurrency Term and Revolving Facilities

**EUR 565,000,000**

Mandated Lead Arranger, Coordinator, Agent,  
 Security Agent and ESG Coordinator

2022

## GAMBLING AND BETTING



Allwyn International a.s.

Comprehensive Financing Package

**EUR 1,600,000,000**

Bookrunner, Mandated Lead Arranger and  
 Facility Agent

2022

## WEAPONS AND AMMUNITION



Fiocchi Group

Acquisition Financing

**EUR 260,000,000**

Mandated Lead Arranger

2022

## FUND MANAGEMENT ACTIVITIES



DEKINVEST open-end fund Beta

Term Loan

**CZK 2,000,000,000**

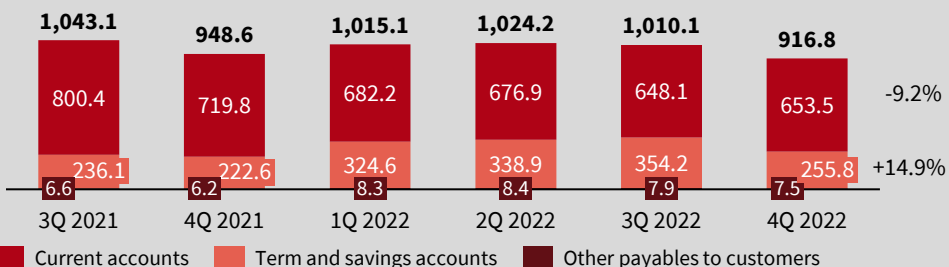
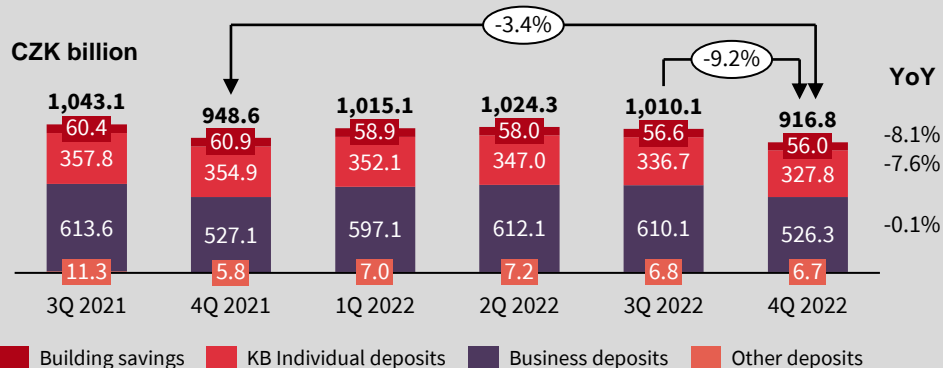
Arranger, Original Lender, Facility and Security  
 Agent

2022

# AUM UP BY +6.4%, DEPOSITS DOWN 3.4% YOY, STRONGER SEASONAL OPTIMISATION IN Q4

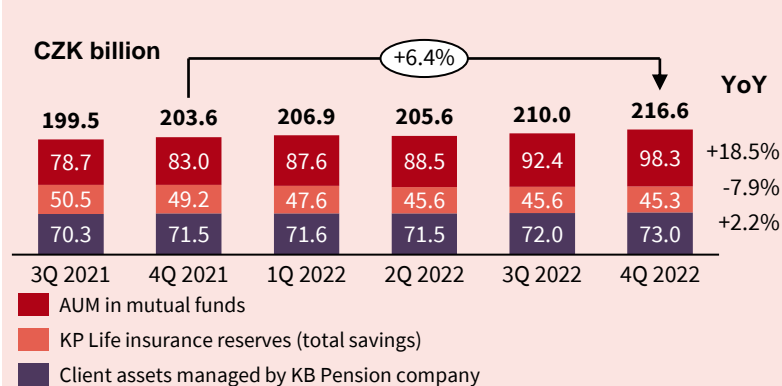
DEPOSITS AND  
OTHER AUM

## GROUP DEPOSITS (excluding repo operations) LIENT

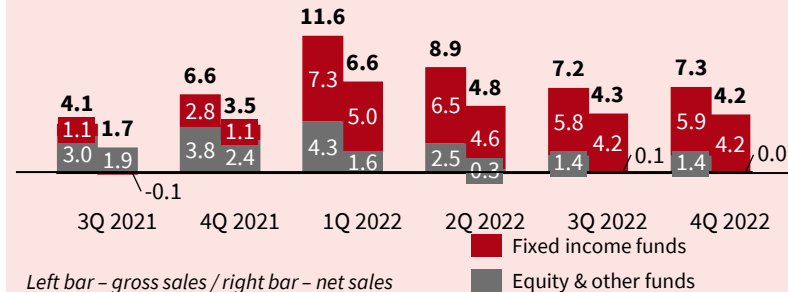


Total amounts due to clients (incl. repo op. with clients) -0.7% YoY, -15.2% QoQ to CZK 950.7 billion

## NON-BANK ASSETS UNDER MANAGEMENT LIENT



## Gross and net sales of mutual funds



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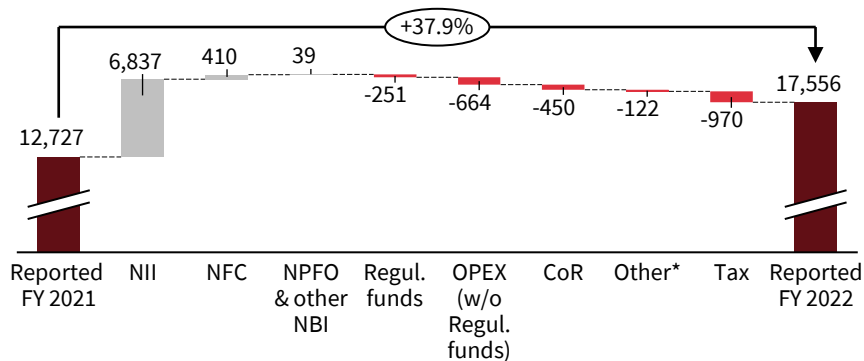
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# RECORD NET PROFIT ON DYNAMIC REVENUES, OPERATING AND RISK COSTS UNDER CONTROL

## Drivers for year on year change in attributable net profit (as of 31 December 2022)

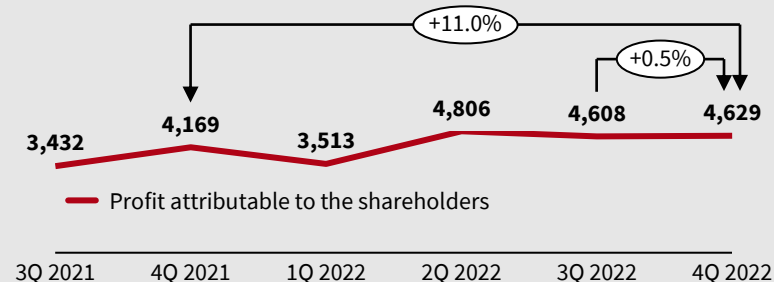


\*Other includes: Income from share of associated companies, Net profit/(loss) on subsidiaries and associates, Net profits on other assets and Profit attributable to the Non-controlling owners

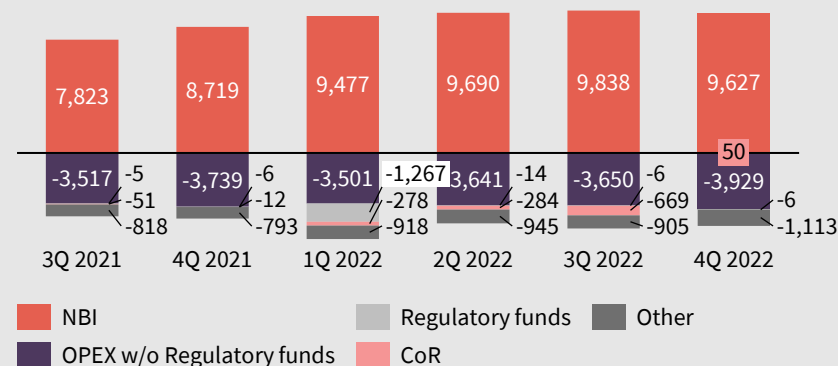
### Profitability indicators for FY 2022

Return on average equity	Return on average Tier 1 capital	Return on average tangible equity	Return on average assets
<b>14.4%</b>	<b>17.6%</b>	<b>16.0%</b>	<b>1.4%</b>

## Development of quarterly net profit...



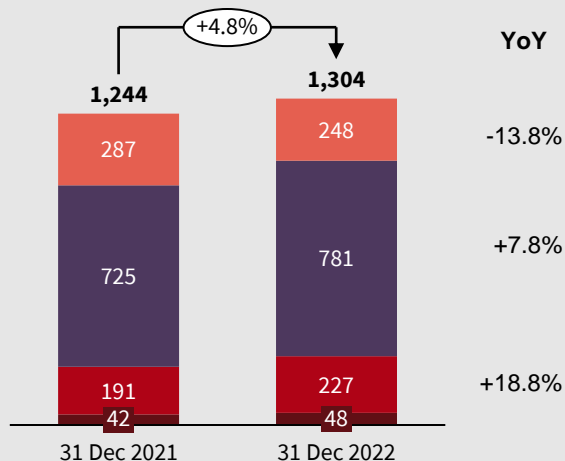
## ... and its drivers



# MODERATE BALANCE SHEET GROWTH

## Assets

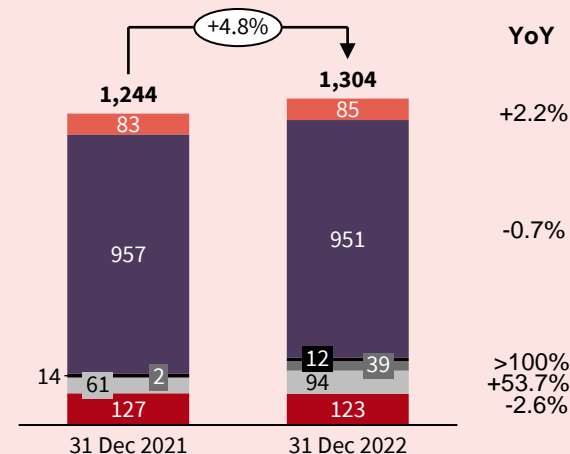
CZK billion



- Amounts due/from banks incl. central bank
- Loans and advances to customers (net)
- Securities and trading derivatives
- Other assets

## Liabilities and Equity

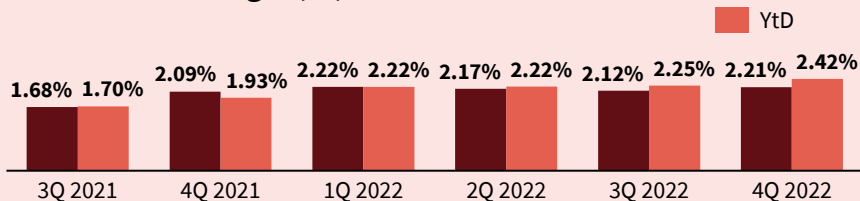
CZK billion



- Amounts due to banks
- Amounts due to customers
- Total equity
- Securities issued
- Subordinated and senior non preferred debt
- Other liabilities

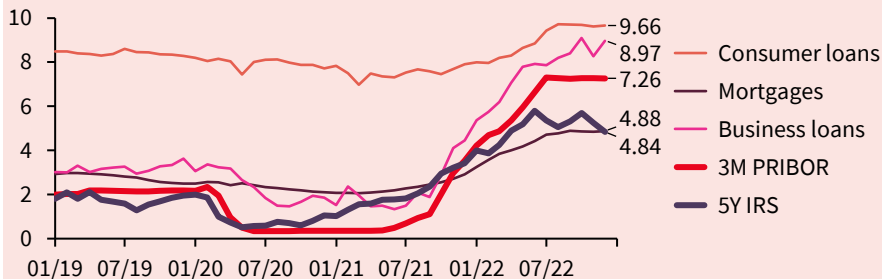
# NII TREND REFLECTING HIGHER DEPOSIT COSTS

## Net interest margin (%)



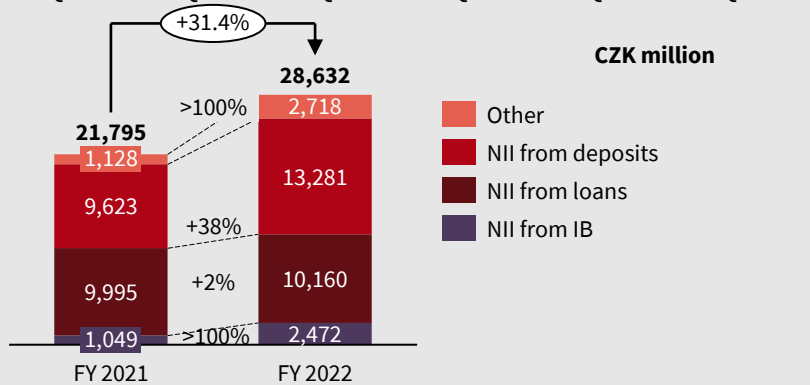
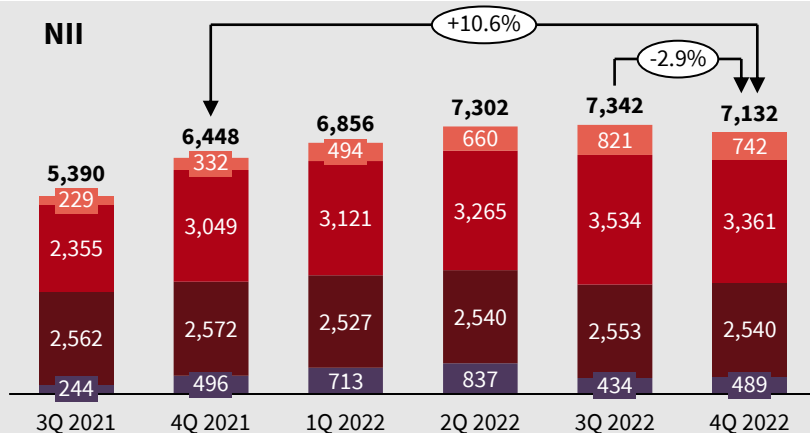
- NII from deposits – increase in average deposit costs due to partial shift from current accounts to term deposits and higher remuneration of paid deposits due to intense market competition
- NII from loans – lending spreads trending lower in retail, stable in corporate
- NII from IB – influenced by recognition of IB result in NII & fin. oper. gains

## Average market rates on new CZK loans (%) (until December 2022)



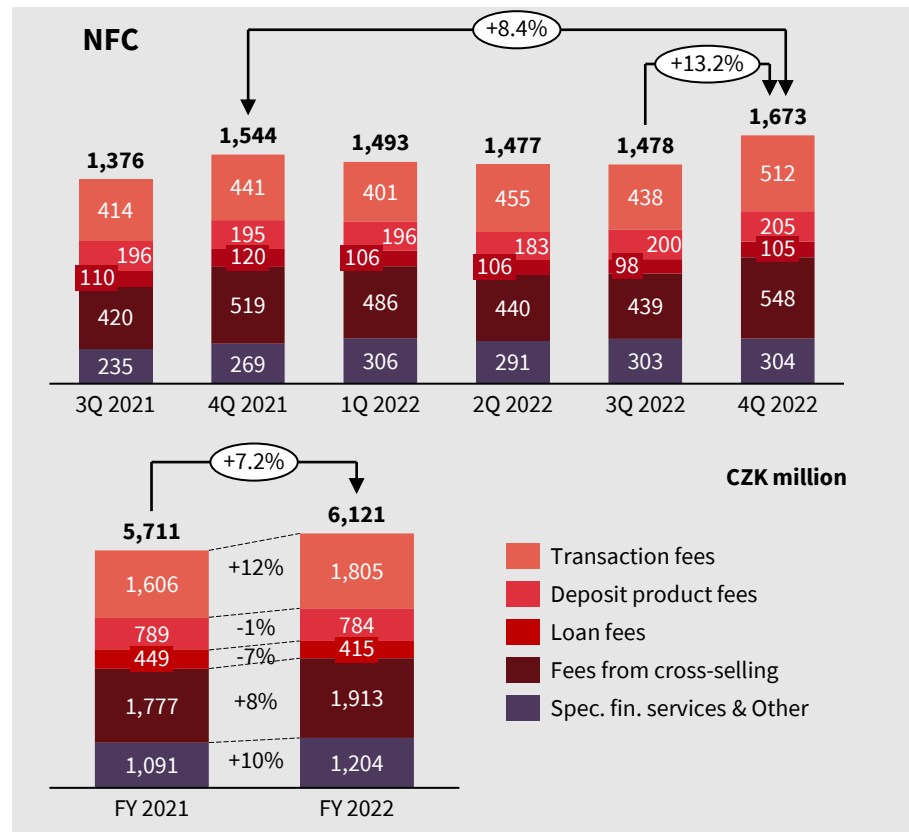
Source: CNB, Macrobond

## NII



# GROWTH IN FEES DRIVEN BY INCOME FROM TRANSACTIONS, MUTUAL FUNDS, GUARANTEES

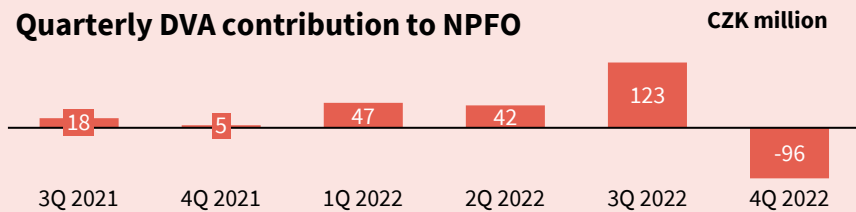
- **Transaction fees** – YoY Growth mainly driven by card fees but all main transaction types up. Seasonal boost in Q4
- **Deposit product fees** – stable client base, signing benefit for refugees from Ukraine mainly in Q2
- **Loan fees** – YoY lower fees for loans to small businesses, consumer loans, credit cards, overdrafts. Better fees from factoring and credit line agreements
- **Fees from cross-selling** – main contribution to growth from mutual funds and insurance products
- **Specialised financial services and other fees** – YoY growth in fees driven by bank guarantees. Lower YoY contribution from debt capital markets services



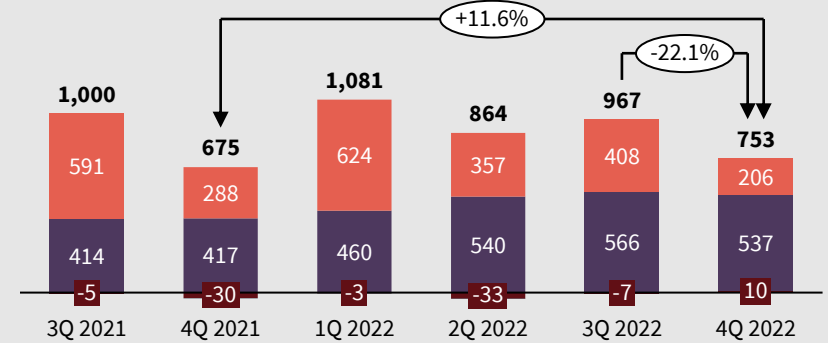
# SOLID ACTIVITY MAINTAINED

- Solid client FX flows and hedging activity
- Demand for IR hedging lower in the second half affected by higher rates and worsened confidence levels
- Higher share of trading desk results booked in financial operations (compared to previously NII)
- Successful tailored hedging strategies for SME clients, particularly those based on FX options
- Net gains of FX from payments – strong result from currency conversions, boosted by recovery in travelling and card payments abroad upon lifted Covid-19 restrictions

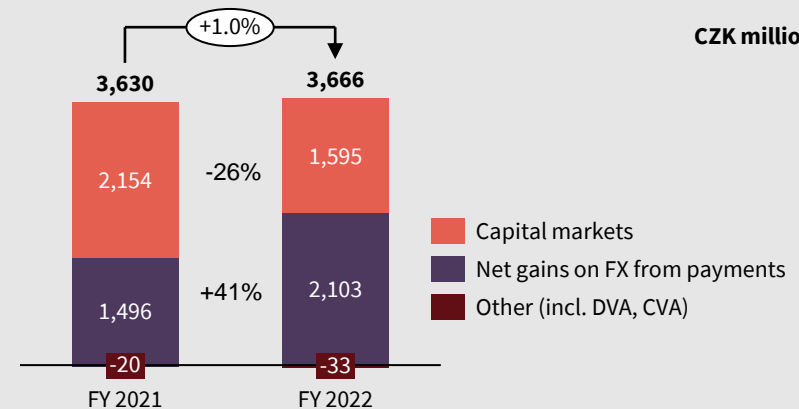
## Quarterly DVA contribution to NPFO



## NPFO



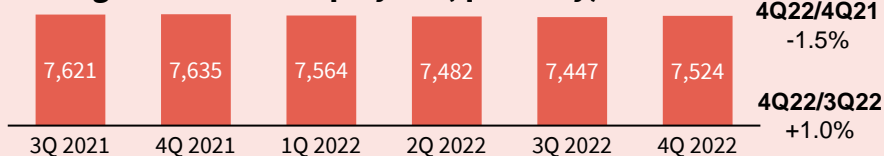
CZK million





# OPEX UNDER CONTROL DESPITE INFLATION, TRANSFORMATION AND REGULATORY CHARGES

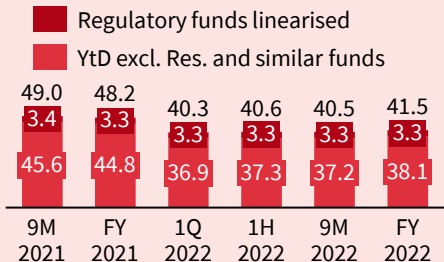
## Average number of employees (quarterly)



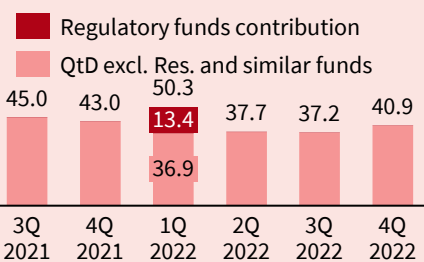
- **Personnel** – FY 2022 avg. FTE–2.4% YoY to 7,503. Pickup in Q4 due to improved filling of vacancies, insourcing of developers. Extraordinary 5% top up in salaries from 4Q 2022. Annual rise of 5% agreed from 2Q 2023
- **Administrative** costs – growth in most categories YoY. Seasonally higher marketing costs in Q4, IT support, real estate
- **D&A** increase driven by software in pursuit of digital transformation

## Cost to Income ratio (%)

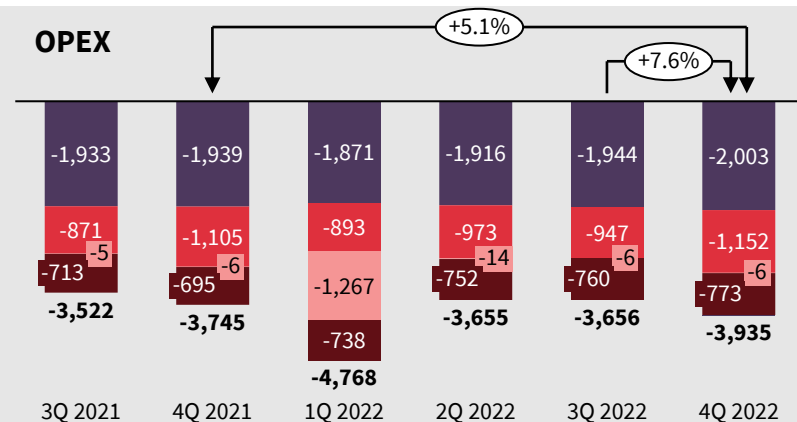
### Year-to date (with IFRIC 21 linearisation)



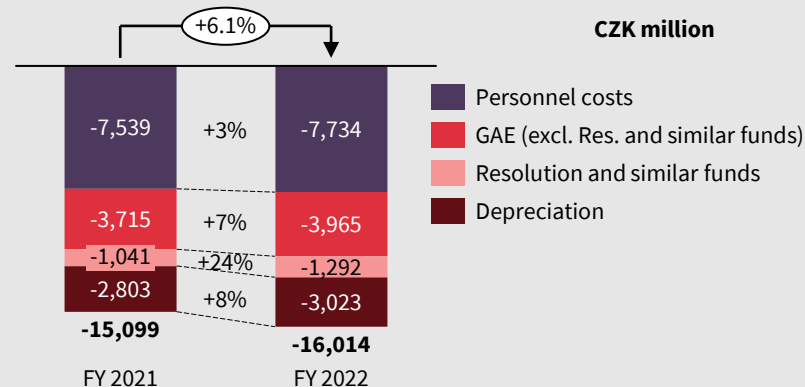
### Quarterly (as reported)



## OPEX



CZK million



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

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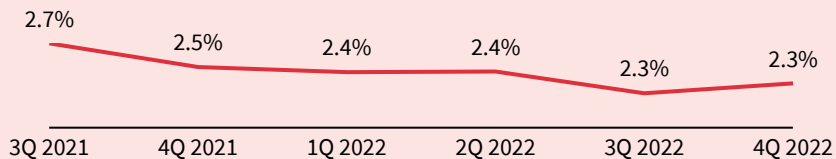
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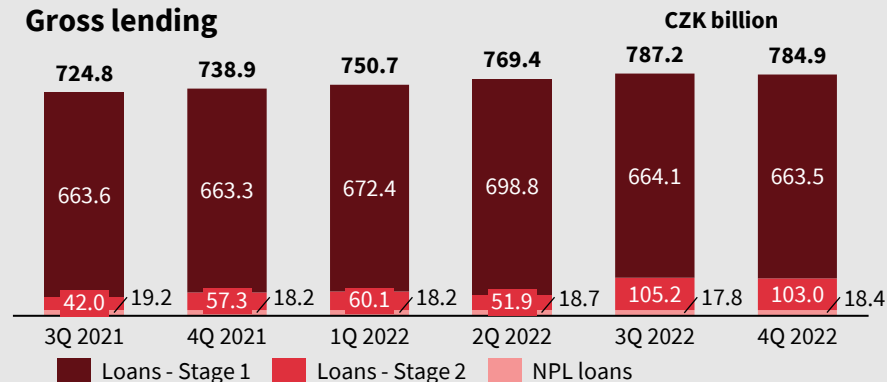
# 4Q 2022 ASSET QUALITY

- Loan portfolio up by 6.2% YoY, down by 0.3% QoQ
- Resilient credit risk profile
  - Stage 2 share stable at 13.1%
  - Contained NPL ratio at 2.3%
    - Continued strong recoveries on all segments
    - Low default intensity for retail portfolios
    - Some isolated inflows into default for corporate portfolios
- Stable NPL provision coverage (50% range)

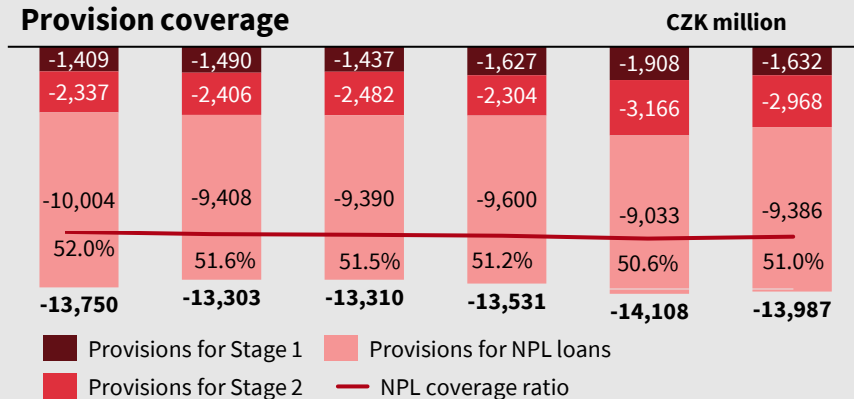
## NPL ratio evolution



## Gross lending



## Provision coverage

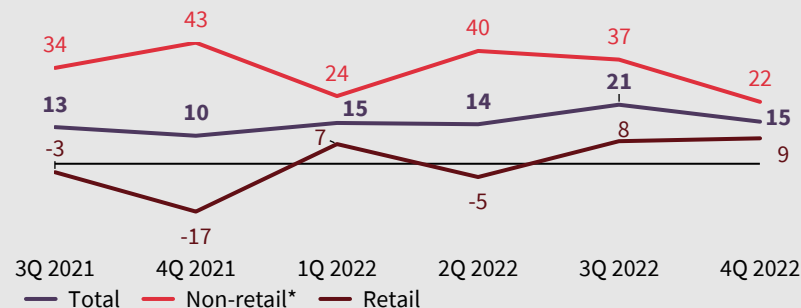


# 4Q 2022 COST OF RISK DEVELOPMENT

- 4Q 2022 CoR net release at CZK 50 million
- CZK 193 million in net releases on non-retail portfolios
  - Full release of Covid reserves
  - Provisions creation concentrated on a few clients default
- CZK 144 million booked as additional inflation reserve on non defaulted retail portfolios
- FY 2022 CoR net creation at CZK 1,182 million or 15 bp, mainly driven by reserves build-up on both retail (6 bps) and non-retail (8 bps) portfolios

## Total Cost of Risk

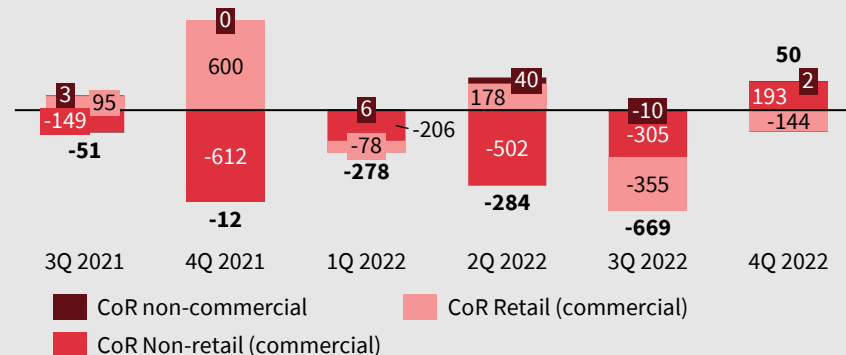
(Year-to-date, in basis points)



\*Note: CoR restated to present an all-in view of non-retail portfolios (including banks)

## Total Cost of Risk development

CZK million

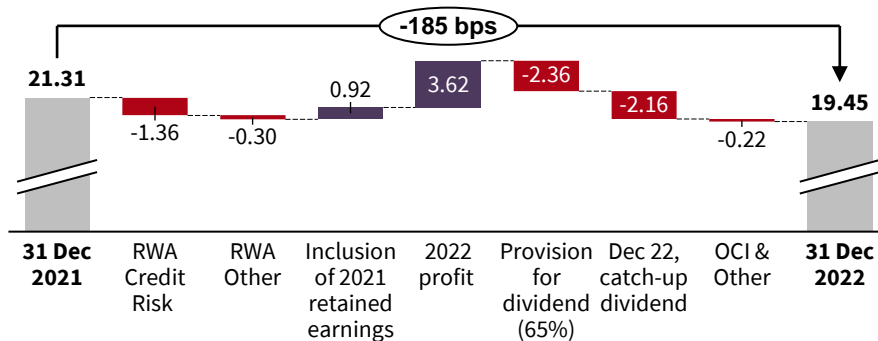


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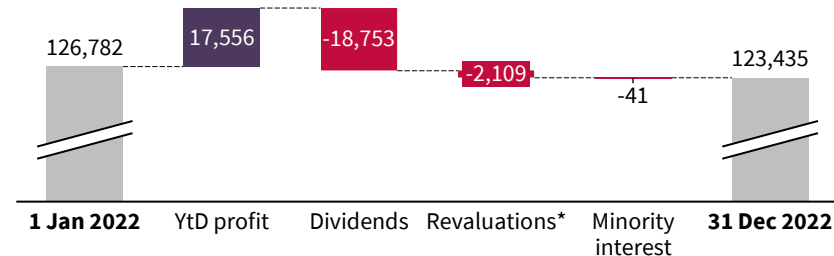
# CAPITAL RATIOS IN Q4 INFLUENCED BY PAYMENT OF CATCH-UP DIVIDEND

## Contributions to capital adequacy ratio in FY 2022 (%)



Note: In 2022, a dividend provision of 65% is applied on profit of the current year

## Contributions to equity in FY 2022 (CZK million)



\* Re-measurement of securities, cash flow hedges, FX positions, pension benefits and equity stakes in associates

As of 1 January 2023, the Overall **Capital requirement** (OCR) is at 17.4%, the minimum CET 1 is 12.6% and the minimum Tier 1 ratio at 14.7%. The OCR will increase by 50 bps as of April 2023 due to increases in countercyclical buffer.

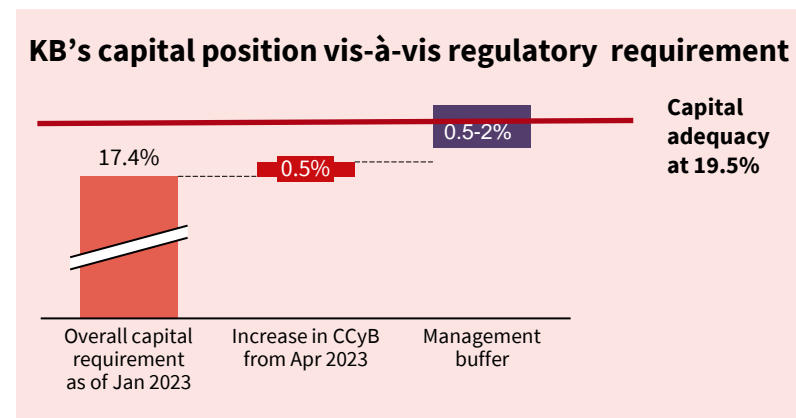
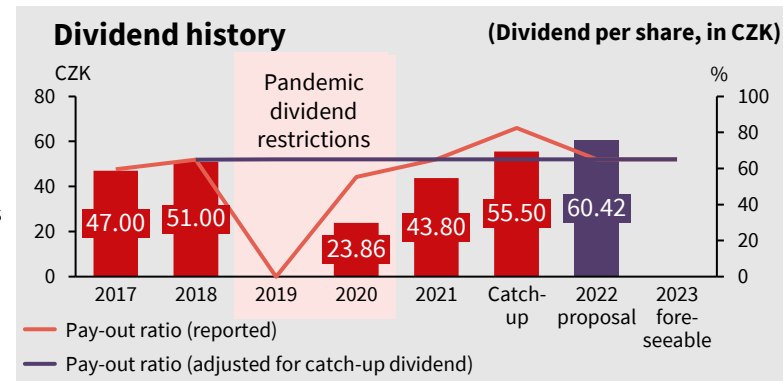
By 31 Dec 2022, KB issued EUR 1,500 million of senior non-preferred debt in order to gradually meet **MREL** target by 1 January 2024. In October, KB also renewed Tier 2 debt.

## 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	19.5%	18.9%	101.7	98.6	523.0	430.8	40.1%
31 Dec 2021	21.3%	20.9%	103.2	101.1	484.4	400.2	38.9%

# DIVIDEND PROPOSED AT A SUSTAINABLE LEVEL

- KB's Board of Directors intends to maintain its standard dividend policy of paying out between 60-70% of net profit generated in the preceding year, by proposing to the Annual General Meeting, which will be held on 20 April 2023, payment of dividends in the volume of CZK 11.5 billion (CZK 60.42 per share). This represents a 65% share on the 2022 net profit
- The proposal is in line with the long-term capital management plan, which maintains capital adequacy at a level appropriate to the risks assumed and with respect to the Bank's business opportunities. It also maintains adequate scope for future business growth and, in the opinion of the Board of Directors, provides shareholders with a fair share of profits
- As of 1 January 2023, the Overall Capital Requirement of KB Group stands at 17.4%. It is expected to increase to 17.9% from 1 April 2023, due to a pre-announced increase in the Countercyclical capital buffer requirement for Czech exposures by 50 bps to maximum 2.5%
- KB's total capital adequacy at 19.5% is at the upper part of the target capital range of 50-200 bps above the Overall Capital Requirement (OCR)
- Given that KB had reflected expected dividend payout of 65% in capital adequacy reporting during 2022, pay out of the dividend in the proposed amount will not affect capital ratios
- Tier 2 capital can contribute up to 2.7 p.p. to meeting the OCR. Tier 2 capital issued so far represents 0.6% of RWA. The space for additional Tier 2 issuance amounting to approximately 2.1% is available to gradually support capital adequacy besides organic capital generation
- For the year 2023, the Board of Directors approves the dividend policy of 65% pay-out



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# OUTLOOK FOR 2023

*Investors are advised to consider high level of uncertainty and risks when formulating their investment decisions*

## Macroeconomic assumptions

- Czech economy expected to grow marginally in 2023, on a gradual recovery path, with positive contribution from fixed investments and still rather weak household consumption.
- CPI inflation to peak in January and to moderate afterwards, but the average for 2023 will be in double digits still.
- CNB's repo rate expected to remain at 7% until Q3, when it should start declining gradually

## Banking market outlook

- Lending market to decelerate to a mid-single-digit pace. The housing loans should record only marginal growth following the drop in new production in 2022. Consumer credit expansion to reach mid-single-digits, combining weak consumer confidence with strong labour market. Lending to corporations should rise at a mid-single pace
- Bank deposits market should grow at mid-single digits, relatively faster in corporate segments. Competition for deposits will remain stiff at least until market interest rates start to retreat

## KB business outlook

- Group's loan portfolio should record a mid-single-digit growth rate. The volume of housing loans should increase slightly, and the volume of new sales of these loans should not fall further. Consumer lending should grow faster. Corporate lending should grow at mid-single digits, as KB aims to confirm the market share gains in this segment
- Total deposits expected to expand at upper-mid-single-digit pace. Deposits of corporations may grow somewhat faster than volumes in retail. Term deposits will probably still outpace growth in current accounts by a large margin.
- Implementation of KB2025 strategy, introduction of the New digital bank to the market

## KB financial outlook

- Revenues should reach a similar level as in 2022. NII will probably retreat somewhat, mainly due to higher costs of deposits. NFC should improve by mid-single digits, driven by volumes in mutual funds. NPFO should grow meaningfully
- OPEX to remain under tight control, to grow by upper mid-single digits in spite of still high inflation and transformation costs. Increase in average salaries by 5%, optimisation of management and support functions across KB Group
- Cost of risk in 2023 will be influenced by several factors, but it should not exceed the estimated normalised level of around 30 basis points across the whole business cycle

## Potential risks to the outlook

- Further escalation of war in Ukraine; Worsening of external economic environment; Rapid decline in consumption; Abrupt changes to relevant interest or FX rates or to fiscal policy; Shortages of energy or other key industrial inputs;

# CONTENTS

Highlights as of 31 December

Macroeconomic environment

Business performance

Financial performance

Asset quality & cost of risk

Capital & dividends

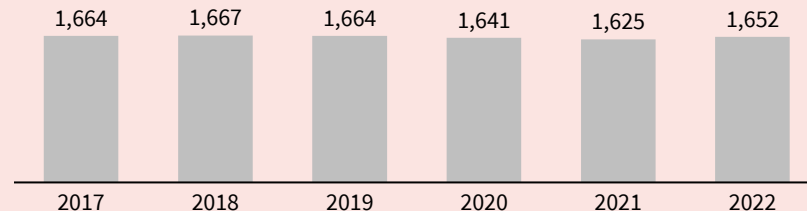
Outlook for 2023

**Appendix**

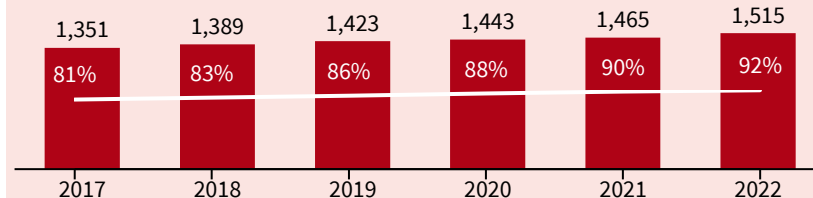
# NUMBER OF CLIENTS AND DISTRIBUTION NETWORK

	2021	2022	YoY
<b>Number of clients</b>			
KB Group's clients	2,251,000	2,240,000	-11,000
Komerční banka	1,625,000	1,652,000	27,000
– individual clients	1,383,000	1,408,000	26,000
– internet banking clients	1,465,000	1,515,000	50,000
– mobile banking clients	1,034,000	1,145,000	111,000
Modrá pyramida	485,000	461,000	-25,000
KB Penzijní společnost	520,000	505,000	-15,000
ESSOX (Group)	137,000	132,000	-5,000
<b>Distribution network</b>			
KB Retail branches	242	218	-24
Modrá pyramida points of sale	202	198	-4
SGEF branches	9	9	0
ATMs (KB network)	860	850	-10
of which deposit-taking	502	521	19
of which contactless	604	645	41
ATMs (Total shared network)	860	1,412	552
of which deposit-taking	502	708	206
Number of active debit cards	1,420,000	1,473,000	53,000
Number of active credit cards	184,000	194,000	10,000
Number of cards virtualized into payment apps	390,000	497,000	107,000
KB key authentication users	963,000	1,089,000	126,000

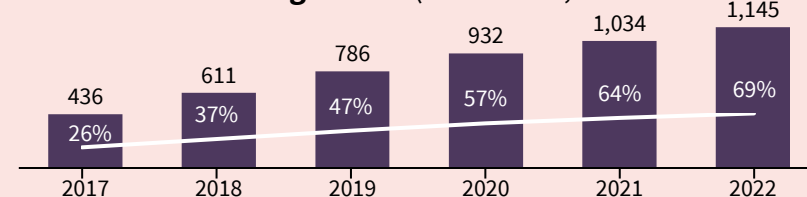
## Number of bank clients (thousands, CZ)



## KB Internet banking clients (thousands, % of total)



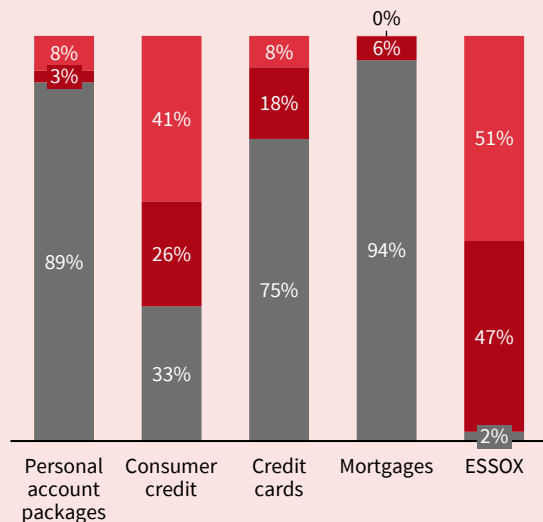
## KB mobile banking clients (thousands, % of total number)



# CONTINUED FAST ADOPTION OF MOBILE BANKING

## Share of sales by channel\*

(selected product categories, %)

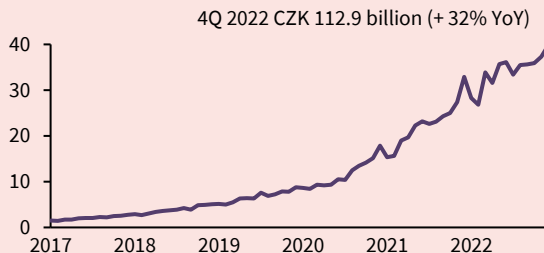


\* Share of sales by channel on total number of sold products in January to December 2022

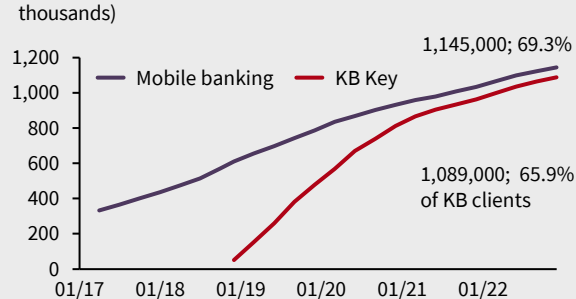
■ End-to-end digital  
■ Partially digital  
■ Physical

## Mobile banking – volume of payments

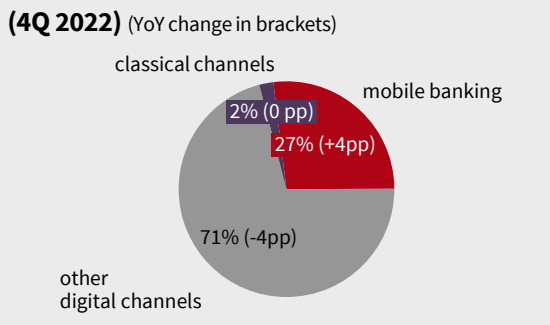
(CZK billion per month)



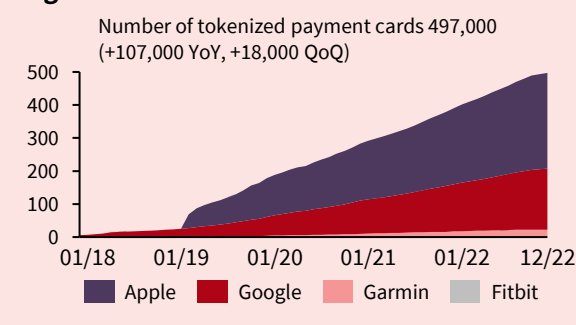
## Mobile banking and KB Key penetration (in thousands)



## Share of channels on number of transactions (4Q 2022) (YoY change in brackets)



## Digital wallet use



# INCOME STATEMENT

## Profit and Loss Statement

	Reported		Change YoY
	FY 2021	FY 2022	
(CZK million, unaudited)			
Net interest income	21,795	28,632	31.4%
Net fee & commission income	5,711	6,121	7.2%
Net profit of financial operations	3,630	3,666	1.0%
Dividend and other income	210	213	1.4%
<b>Net banking income</b>	<b>31,346</b>	<b>38,632</b>	<b>23.2%</b>
Personnel expenses	-7,539	-7,734	2.6%
General admin. expenses (excl. regulatory funds)	-3,715	-3,965	6.7%
Resolution and similar funds	-1,041	-1,292	24.1%
Depreciation, amortisation and impairment of operating assets	-2,803	-3,023	7.8%
<b>Total operating expenses</b>	<b>-15,099</b>	<b>-16,014</b>	<b>6.1%</b>
<b>Operating profit</b>	<b>16,247</b>	<b>22,618</b>	<b>39.2%</b>
Impairment losses	-775	-1,109	43.1%
Net gain from loans and advances transferred and written off	44	-72	+/-
<b>Cost of risk</b>	<b>-731</b>	<b>-1,181</b>	<b>61.6%</b>
<b>Net operating income</b>	<b>15,516</b>	<b>21,437</b>	<b>38.2%</b>
Income from share of associated companies	221	150	-32.1%
Net profit/(loss) on subsidiaries and associates	25	73	>100%
Net profits on other assets	258	111	-57.0%
<b>Profit before income taxes</b>	<b>16,020</b>	<b>21,771</b>	<b>35.9%</b>
Income taxes	-3,028	-3,998	32.0%
<b>Net profit</b>	<b>12,992</b>	<b>17,773</b>	<b>36.8%</b>
Profit attributable to the Non-controlling owners	265	217	-18.1%
<b>Profit attributable to the Group's equity holders</b>	<b>12,727</b>	<b>17,556</b>	<b>37.9%</b>

# INCOME STATEMENT

## Profit and Loss Statement

(CZK million, unaudited)	Reported				
	4Q 2021	3Q 2022	4Q 2022	Change YoY	Change QoQ
Net interest income	6,448	7,342	7,132	10.6%	-2.9%
Net fee & commission income	1,544	1,478	1,673	8.4%	13.2%
Net profit of financial operations	675	967	753	11.6%	-22.1%
Dividend and other income	50	50	67	34.0%	34.0%
<b>Net banking income</b>	<b>8,719</b>	<b>9,838</b>	<b>9,627</b>	<b>10.4%</b>	<b>-2.1%</b>
Personnel expenses	-1,939	-1,944	-2,003	3.3%	3.0%
General admin. expenses (excl. regulatory funds)	-1,105	-947	-1,152	4.3%	21.6%
Resolution and similar funds	-6	-6	-6	0.0%	0.0%
Depreciation, amortisation & impairment of op. assets	-695	-760	-773	11.2%	1.7%
<b>Total operating expenses</b>	<b>-3,745</b>	<b>-3,656</b>	<b>-3,935</b>	<b>5.1%</b>	<b>7.6%</b>
<b>Operating profit</b>	<b>4,973</b>	<b>6,181</b>	<b>5,692</b>	<b>14.5%</b>	<b>-7.9%</b>
Impairment losses	-21	-665	42	+/-	+/-
Net gain from loans and advances transferred and written off	9	-3	7	-28.1%	+/-
<b>Cost of risk</b>	<b>-12</b>	<b>-669</b>	<b>50</b>	<b>+/-</b>	<b>+/-</b>
<b>Net operating income</b>	<b>4,962</b>	<b>5,512</b>	<b>5,742</b>	<b>15.7%</b>	<b>4.2%</b>
Income from share of associated companies	53	0	48	-9.4%	n.a.
Net profit/(loss) on subsidiaries and associates	0	73	0	n.a.	n.a.
Net profits on other assets	230	15	-24	+/-	+/-
<b>Profit before income taxes</b>	<b>5,244</b>	<b>5,601</b>	<b>5,764</b>	<b>9.9%</b>	<b>2.9%</b>
Income taxes	-1,012	-951	-1,067	5.4%	12.2%
<b>Net profit</b>	<b>4,232</b>	<b>4,650</b>	<b>4,697</b>	<b>11.0%</b>	<b>1.0%</b>
Profit attributable to the Non-controlling owners	62	42	68	9.7%	61.9%
<b>Profit attributable to the Group's equity holders</b>	<b>4,169</b>	<b>4,608</b>	<b>4,629</b>	<b>11.0%</b>	<b>0.5%</b>

# BALANCE SHEET

<b>Balance Sheet</b> (CZK million, unaudited)	<b>31 Dec 2021</b>	<b>31 Dec 2022</b>	<b>YoY rel.</b>	<b>YoY abs.</b>
<b>Assets</b>	<b>1,244,353</b>	<b>1,304,063</b>	<b>4.8%</b>	<b>59,710</b>
Cash and current balances with central bank	29,947	14,190	-52.6%	-15,757
Loans and advances to banks	257,196	233,398	-9.3%	-23,798
Loans and advances to customers (net)	724,587	781,463	7.8%	56,876
Securities and trading derivatives	190,924	226,848	18.8%	35,924
Other assets	41,699	48,164	15.5%	6,465
<b>Liabilities and shareholders' equity</b>	<b>1,244,353</b>	<b>1,304,063</b>	<b>4.8%</b>	<b>59,710</b>
Amounts due to banks	83,372	85,176	2.2%	1,804
Amounts due to customers	956,929	950,692	-0.7%	-6,237
Securities issued	13,666	12,156	-11.0%	-1,510
Subordinated and senior non preferred debt	2,490	38,694	>100%	36,204
Other liabilities	61,114	93,910	53.7%	32,796
Total equity	126,782	123,435	-2.6%	-3,347
o/w Minority equity	3,273	3,232	-1.3%	-41

# CAPITAL & PROFITABILITY INDICATORS

	Reported	
(year-to-date, IFRS 9)	31/12/2021	31/12/2022
Capital adequacy	21.3%	19.5%
Tier 1 ratio = Core Tier 1 ratio	20.9%	18.9%
Risk weighted assets for credit risk (CZK billion)	400.2	430.8
Net interest margin, annualised	1.9%	2.4%
Loan (net) / deposit ratio (excl. repo with clients)	76.4%	85.2%
Cost / income ratio	48.2%	41.5%
Return on average equity (ROAE), annualised	10.7%	14.4%
Return on average Tier 1 capital	12.8%	17.6%
Return on average tangible equity (ROTE)	11.8%	16.0%
Return on average assets (ROAA), annualised	1.1%	1.4%
Earnings per share (CZK), annualised	67	93
Average number of employees during the period	7,687	7,503

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



# MREL TARGET AND FULFILMENT STATUS, TIER 2

- As of 1 January 2023, the recommended volume of KB Group's MREL was at 17.4% of the consolidated total risk exposure.
- As of 1 January 2024, based on the CNB general approach, MREL is expected to reach 21.2% of the consolidated TRE and 5.91% of TE. In addition to the MREL, KB Group must fulfil the combined capital buffer requirement (CBR, at 6.5 % as of 1 January 2023)
- In Single Point of Entry concept applied within SG Group, KB will meet its additional requirements stemming from MREL (recapitalisation amount) by gradually taking senior non-preferred loans from Société Générale
- The Czech entities within the SG resolution group are Komerční banka and Modrá pyramida

## Senior non-preferred loans as of 31 December 2022

Issue	Principal	Call option date*	Interest rate (ACT/360)
27-Jun-22	EUR 250m	28-Jun-27	3M Euribor + 2.05%
21-Sep-22	EUR 250m	21-Jun-26	1M Euribor + 1.82%
21-Sep-22	EUR 250m	21-Sep-29	1M Euribor + 2.13%
09-Nov-22	EUR 250m	09-Nov-25	1M Euribor + 2.05%
09-Nov-22	EUR 250m	09-Nov-27	1M Euribor + 2.23%
09-Nov-22	EUR 250m	09-Nov-28	3M Euribor + 2.28%

\* Maturity date is one year after the call option excise date.

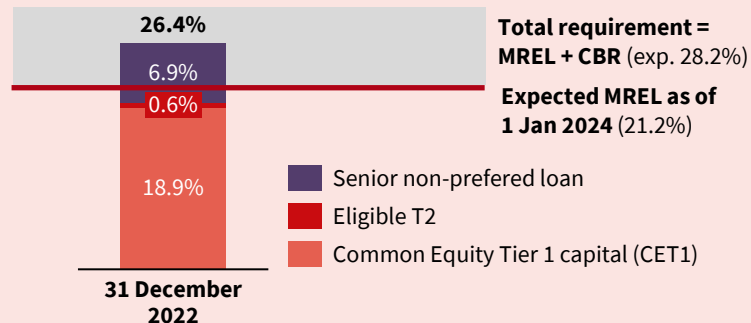
## Subordinated debt as of 31 December 2022

Issue	Principal	Call option date*	Interest rate (ACT/360)
10-Oct-22	EUR 100m	10-Oct-27	3M Euribor + 3.79%

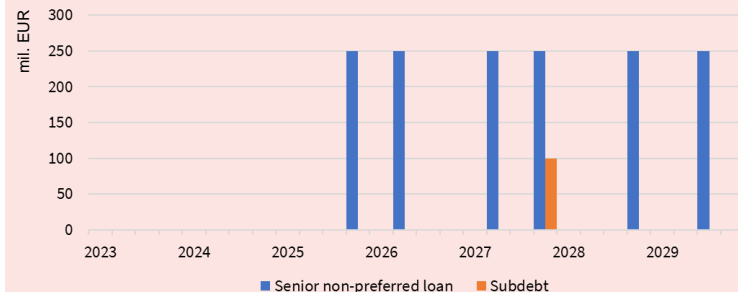
\* Maturity date is five years after the call option excise date.



## Own funds and eligible liabilities (for MREL)



## Own funds and eligible liabilities (for MREL) call option schedule\*



\* Maturity date is one year after the call option excise date and in the case of subordinated debt five years after the call option excise date.

# CAPITAL REQUIREMENTS OVERVIEW 2020 - 2023

As from	01/01/2020	01/04/2020	01/07/2020	01/10/2021	01/03/2022	01/07/2022	01/10/2022	01/01/2023	01/04/2023**
Own funds	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Systemic risk buffer	3.00%	3.00%	3.00%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
O-SII	n.a.	n.a.	n.a.	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Conservation buffer	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer*	1.75%	1.00%	0.50%	0.50%	0.50%	1.00%	1.50%	2.00%	2.50%
Pilar 2	2.20%	2.20%	2.20%	2.20%	2.60%	2.60%	2.60%	2.90%	2.90%
<b>Total capital requirement</b>	<b>17.45%</b>	<b>16.70%</b>	<b>16.20%</b>	<b>15.20%</b>	<b>15.60%</b>	<b>16.10%</b>	<b>16.60%</b>	<b>17.40%</b>	<b>17.90%</b>
Core Tier 1 requirement	13.40%	12.65%	12.15%	11.15%	10.96%	11.46%	11.96%	12.63%	13.13%
Tier 1 requirement	15.40%	14.65%	14.15%	13.15%	12.95%	13.45%	13.95%	14.68%	15.18%
SREP (own funds + Pilar 2)	10.20%	10.20%	10.20%	10.20%	10.60%	10.60%	10.60%	10.90%	10.90%

\* on Czech exposures

\*\* expected in accordance with the pre-announced CNB board's decision to increase the countercyclical capital buffer rate for Czech exposures to 2.50% from 1 April 2023

# WINDFALL TAX

---

The new tax, so called 'windfall tax' was approved by the Parliament as an amendment to the income tax law.

The main characteristics (related to banks) of the windfall tax:

- The windfall tax will be applied to profits of the years 2023, 2024 and 2025, but not 2022.
- The windfall tax rate is 60% applied as a tax surcharge to the standard 19% tax rate. Thus, the effective tax rate for the 'windfall' part of profit will be 79%.
- The 'windfall' is defined as a difference between the income tax base (profit before tax) of the respective year and the average profit before tax in four years 2018-2021, increased by 20%.
- The windfall tax is imposed on (standalone) banks that had reported net interest income for 2021 higher than CZK 6 billion. Within KB Group, it applies to standalone Komerční banka.
- Given the income tax base in 2018, 2019, 2020 and 2021 of standalone Komerční banka, the base for the windfall tax reaches CZK 15.8 bil.

# FY 2022 COST OF RISK STRUCTURE

<b>Key components</b>	<b>Contribution to FY 2022 CoR (bps)</b>
Non-retail NPL portfolio	2 bps
Retail NPL portfolio	-1 bps
Non-retail performing portfolio (Stage 1 & 2)	8 bps
Retail performing portfolio (Stage 1 & 2)	6 bps
<b>Total</b>	<b>15 bps</b>

# BUSINESS PERFORMANCE OF SUBSIDIARIES

## 1/2

	FY 2021	FY 2022	YoY
<b>Modrá pyramida</b> (100%), #2 building savings & loans company			
Volume of new loans (CZK million)	35,695	15,169	-58%
Volume of total loans (gross, CZK million)	76,030	85,266	12%
Volume of deposits (CZK million)	60,900	55,976	-8%
Number of clients	485,465	460,617	-5%
Average number of FTEs	323	340	5%
Number of points of sale	202	198	-2%
<b>KB Penzijní společnost</b> (100%), a manager of pension funds			
Number of new contracts	35,720	39,145	10%
Number of clients	520,380	505,303	-3%
Assets under management (CZK million)	71,481	73,035	2%
of which in Transformed fund	58,806	57,408	-2%
Average number of FTEs	49	49	0%
<b>ESSOX</b> (50.93%), #2 non-bank consumer lender and car financing company			
Volume of total loans (gross, CZK million)	17,331	18,375	6%
Number of active clients	137,055	132,499	-3%
Average number of FTEs	390	371	-5%

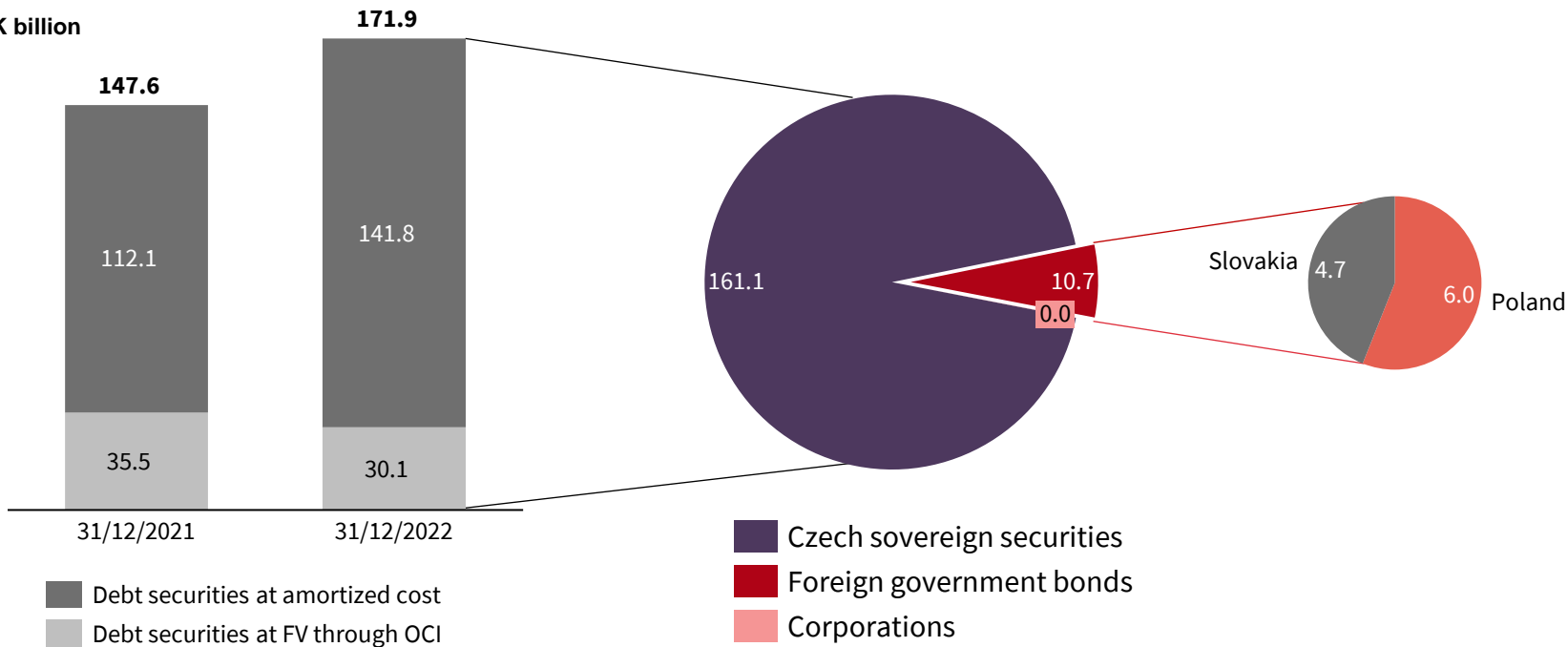
# BUSINESS PERFORMANCE OF SUBSIDIARIES

## 2/2

	FY 2021	FY 2022	YoY
<b>Factoring KB</b> (100%), #1 on the Czech factoring market			
Factoring turnover (CZK million)	63,283	76,132	20%
Volume of total financing (gross, CZK million)	11,392	10,144	-11%
Average number of FTEs	41	41	0%
<b>KB Pojišťovna</b> (49%), a universal insurance company			
Volume of technical reserves - Saving (CZK million)	49,193	45,283	-8%
Gross written premium (CZK million)	7,343	6,925	-6%
of which in life insurance	6,681	6,109	-9%
of which in non-life insurance	662	816	23%
Average number of FTEs	231	254	10%
<b>SGEF Czech Republic</b> (50.1%), a provider of asset-backed financing in Czech Rep. and Slovakia			
Volume of new financing (CZK million)	14,941	14,693	-2%
Volume of total financing (gross, CZK million)	30,675	31,495	3%
Average number of FTEs	140	142	1%

# DEBT SECURITIES PORTFOLIO IN THE BANKING BOOK

CZK billion



Note: Debt securities excl. debt securities issued by KB corporate clients.



# MACROECONOMIC ENVIRONMENT – CZECHIA

Macroeconomic Indicators	2017	2018	2019	2020	2021	2022	2023*	2024*
Real GDP (% , average)	5.3	3.2	3.0	-5.5	3.6	2.5	0.3	2.4
Inflation (% , average)	2.5	2.1	2.8	3.2	3.8	15.1	12.9	2.5
Household consumption (% , average)	4.0	3.3	2.6	-7.4	4.2	-0.6	-1.9	4.0
Unemployment (% , av. , ILO meth.)	2.9	2.2	2.0	2.6	2.8	2.3	2.5	2.4
M2 (% , average)	9.5	5.3	6.9	10.0	9.6	5.5	2.9	1.2
3M PRIBOR (% , average)	0.4	1.3	2.1	0.9	1.1	6.3	6.8	4.3

Potential of the market **	2017	2018	2019	2020	2021	2022	2023*	2024*
Loans / GDP (year-end)	61.0	59.6	63.0	63.0	60.2	58.0	58.6	59.3
Deposits / GDP (year-end)	82.1	81.8	90.4	90.1	87.3	85.0	84.9	85.1
Real estate loans / GDP (year-end)	23.0	23.0	25.1	26.1	24.6	23.4	23.7	24.0
Household loans / GDP (year-end)	28.6	28.5	30.9	31.9	30.1	28.8	29.2	29.6
Corporate loans / GDP (year-end)	32.4	31.1	32.1	31.1	30.1	29.2	29.5	29.7

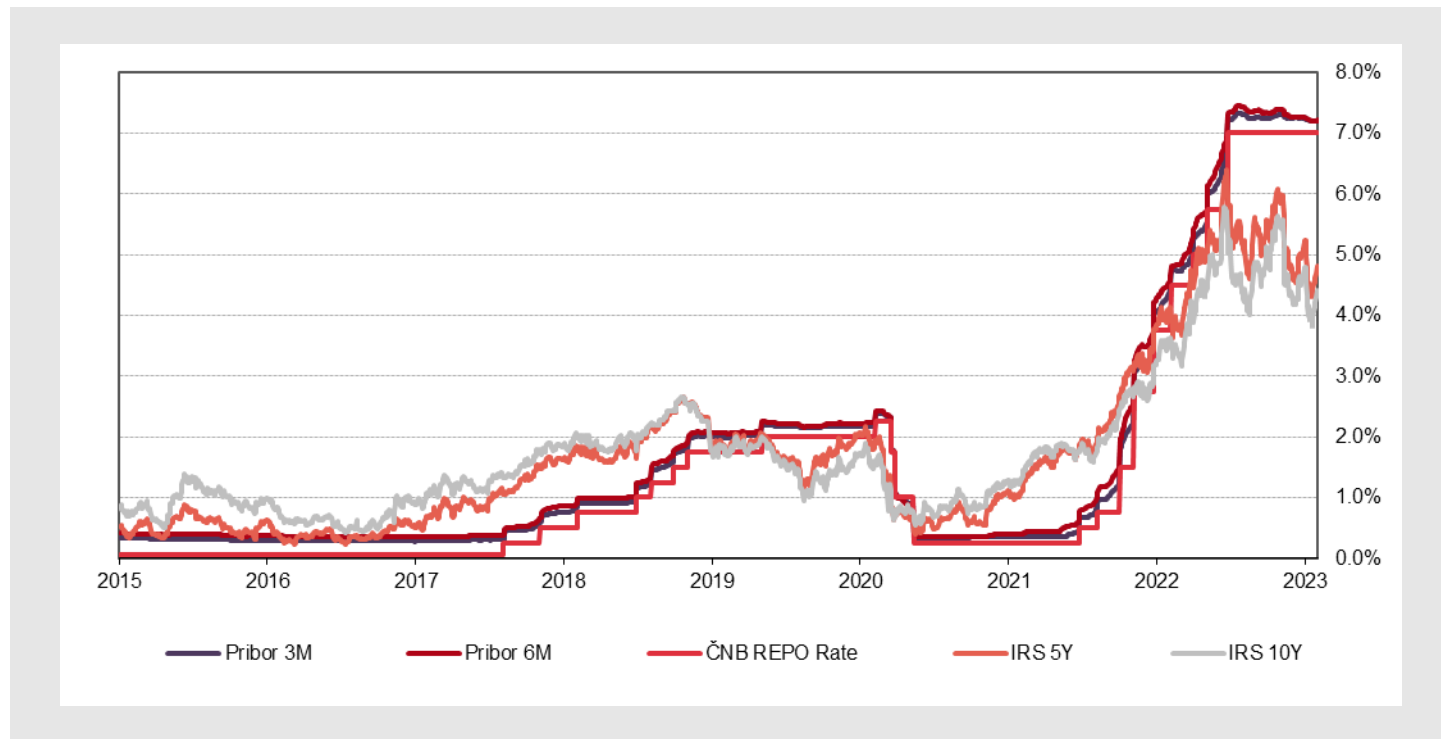
\* KB estimate

\*\* Banking sector



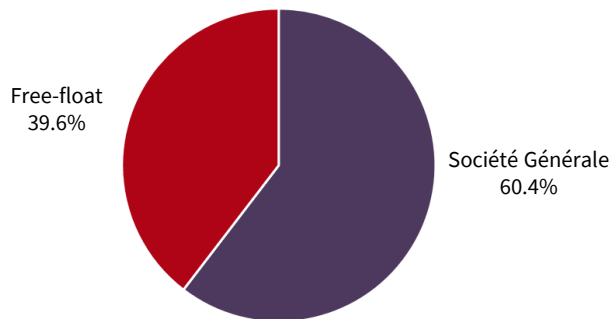
# INTEREST RATES EVOLUTION

For the period 1 Jan 2015 – 31 January 2023



# KB #1 LISTED CZECH BANK

## Shareholder structure



## Development of KB share price and PX index (1 January 2001 – 31 January 2023)



- The number of shareholders comprised 69,034 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

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Bloomberg: KOMB CP

