

# Komerční banka Group

## Financial results as of 31 March 2015

According to International Financial Reporting Standards, consolidated, unaudited

Prague, 6 May 2015

NA PARTNERSTVÍ ZÁLEŽÍ



## Disclaimer

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

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

Results and ratios in this presentation are as of 31 March 2015, unless stated otherwise.

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

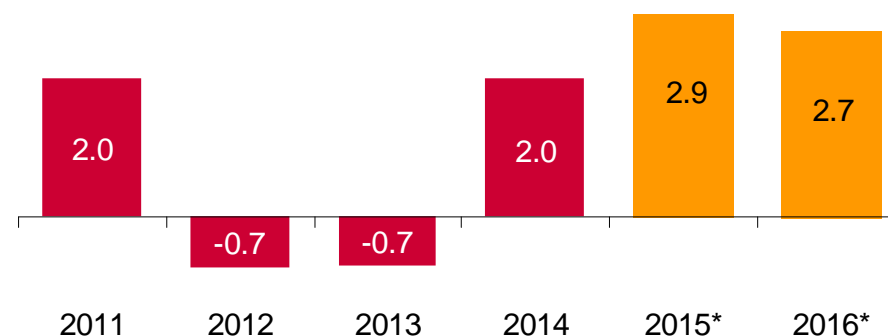
# Agenda

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# Good macroeconomic performance, local interest rates influenced by ECB monetary action

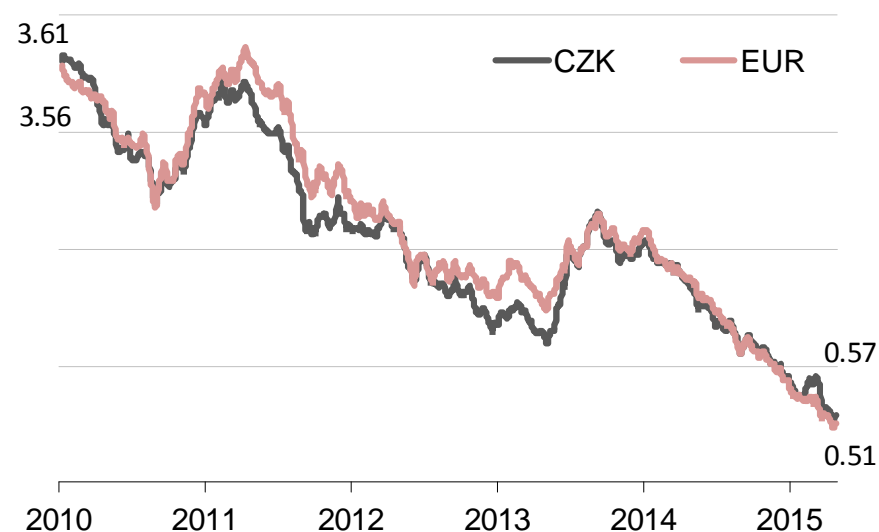
- Czech GDP in 4Q14 +0.4% QoQ. Domestic consumption was the main driver of the growth.
- Retail sales rose 7.2% YoY, industrial production +4.5%, construction output +6.0% and exports +7.5% (all in February, YoY)
- Economic growth drives creation of new jobs and increase in salaries. Unemployment rate decreased to 7.2% in March (-1.1 p.p. YoY), real wages in 2014 were up by 2.0%.
- Czech National Bank affirmed its decision not to remove 27 CZK/EUR floor before second half of 2016
- Continued drop in interest rates pronounced by announcement of quantitative easing by the ECB. CZGB 10Y yield below 0.4%, shorter-term maturities yield around zero or negative

Real GDP outlook (YoY, %)



Source: CSO, 2015–2016\* KB Economic & Strategy Research forecast

10-year IRS yields in CZK and EUR



# Komerční banka in first quarter 2015

## Growing business, attracting clients

- Solid growth in lending with improvement in retail segments
- Growing trend in activity of clients, assets under management
- Increasing number of clients, attracted by MojeOdměny concept

## Maintaining gross operating income by growing business volumes

- Revenues stable thanks to growing volumes of business, in spite of declining spreads
- Increase in year over year profitability enabled by strict cost discipline and favourable development of the loan quality

## Keeping solid position even in the face of tightening regulatory constraints

- Capital adequacy ratios safely above again increased regulatory capital requirements
- Excellent liquidity indicators maintained even after deconsolidation of liabilities to pension fund clients as from 1 January 2015

# Selected deals of the first quarter of 2015



## Multiscan s.r.o.

Investment Loan  
project with EU Subsidy

**CZK 157,000,000**

Complex bank services provider

**2015**

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## CTPark Brno Campus s.r.o.

Real Estate Financing  
IR Hedging

**EUR 30,000,000**

Complex bank services provider

**2015**

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## Witte Group

Term and Revolving Facilities  
Agreement

**EUR 95,000,000**

Coordinator, Mandated Lead Arranger  
and Facility Agent

**2015**

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## MORAVIA

Acquisition of 100% share  
in MORAVIA IT, a.s.

**USD 50,000,000**

Mandated Lead Arranger

**2015**

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## Energeia, o.p.s.

Multitranches Facilities Agreement

**CZK 878,000,000**

Sole Arranger

**2014**

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## Olympia Teplice and Mladá Boleslav

Term Loan Facilities  
Agreement

**EUR 64,400,000**

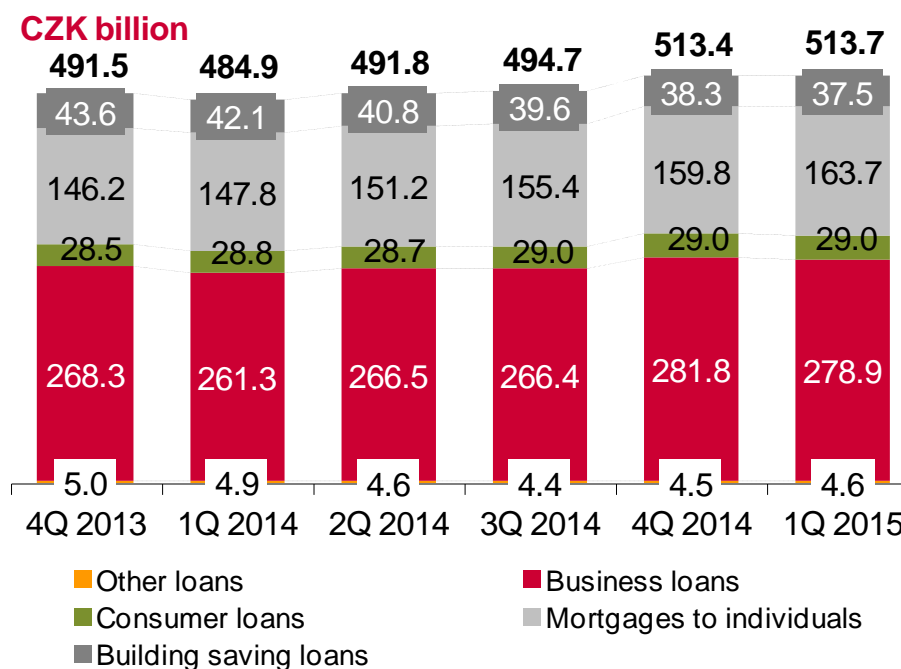
Mandated Lead Arranger and  
Facility Agent

**2015**

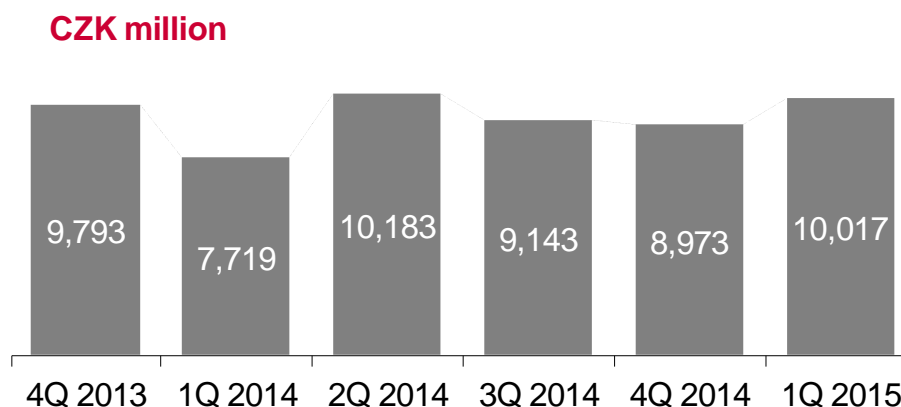
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## Positive trend of lending maintained

- Gross loans up 5.9% YoY, +0.1% QoQ affected by a seasonal pattern in corporate lending
- Solid development in retail and SME lending, slowdown in 1Q 15 corporate lending influenced by a few repaid short-term large financings
- Group housing loans +5.9% YoY. Individual clients' current preference for mortgages reflected in growth of mortgages (+10.7% to CZK 163.7 billion) while lending in Modrá pyramida decreased by 11.0% to CZK 37.5 billion
- Consumer loans (KB + ESSOX) up by 1.0% YoY to CZK 29.0 billion
- Business loans up 6.7% YoY, of which:
  - Small businesses (KB) +0.8% to CZK 28.3 bil.
  - Corporations (incl. Factoring KB) +7.4% to CZK 227.8 billion
  - SGEF (leasing) +7.7% to CZK 22.8 billion

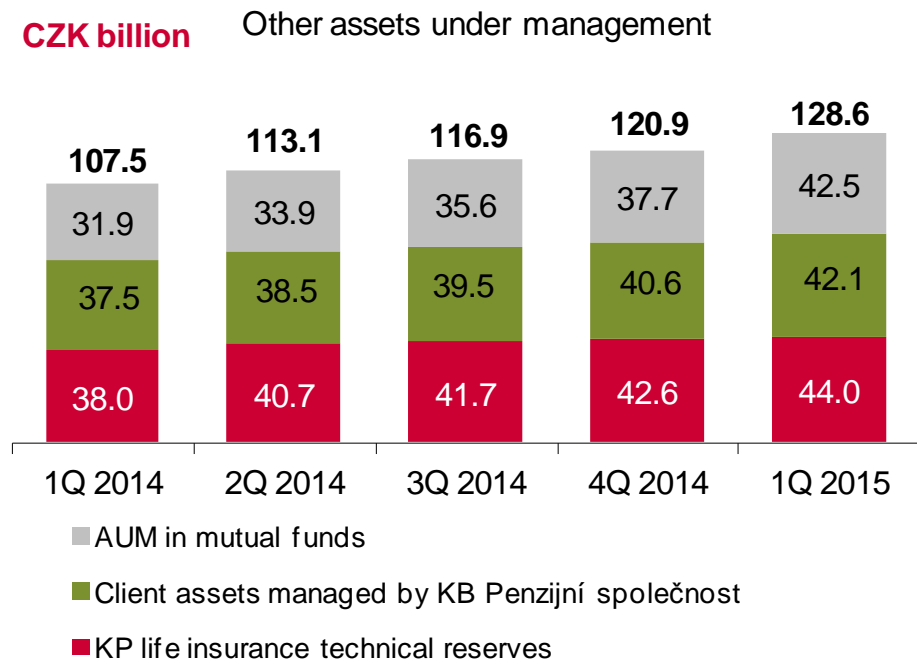
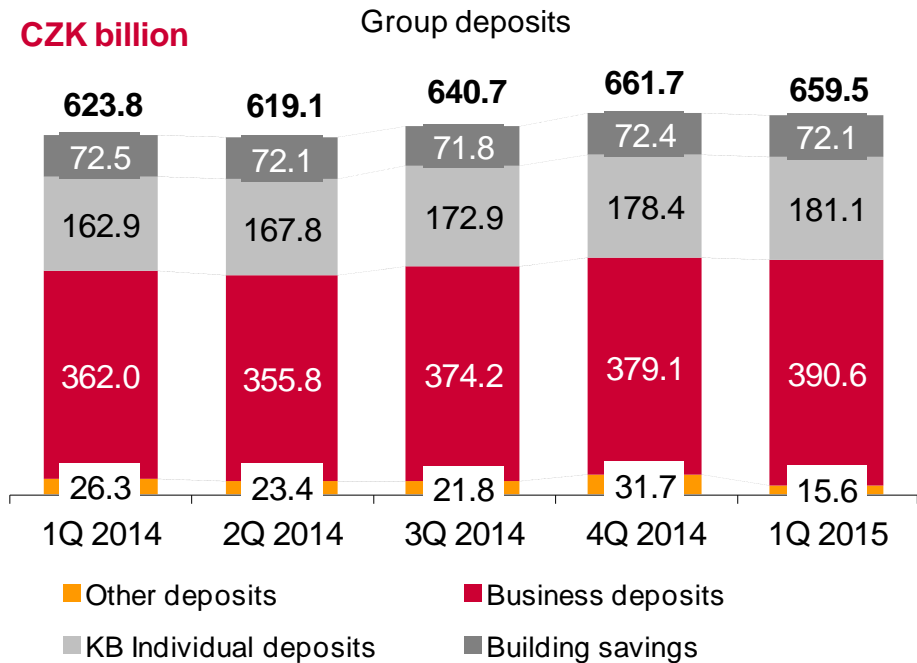


### Sales volume of mortgages to individuals



# Rising total deposits and assets under management

- Standard Group deposits (excluding repo) rose by +7.8% YoY to CZK 650.0 billion, +2.2% QoQ
- The Transformed Fund of KB Penzijní společnost deconsolidated as of 1 January 2015
- Deposits from business clients +7.9% YoY to CZK 390.6 billion
- KB (bank) deposits from individuals +11.2% YoY to CZK 181.1 billion
- MPSS deposits down 0.6% YoY to CZK 72.1 billion
- Clients' pension assets grew +12.1% YoY to CZK 42.1 bil. (o/w Transformed Fund, deconsolidated since 1Q 2015, +10.1% to CZK 40.9 billion)
- KP life insurance technical reserves rose by 15.6% YoY to CZK 44.0 billion
- AUM in mutual funds (sold by KB+MPSS) increased by 33.4% YoY to CZK 42.5 billion





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# Result of the first quarter boosted by commercial hedging demand and low cost of risk

<b>Profit and Loss Statement</b>	1Q 2014	1Q 2014	1Q 2015	Change YoY	Change YoY
(CZK million, unaudited)	Reported	Pro forma	Reported		Like-for-like
Net interest income	5,279	5,079	5,126	-2.9%	0.9%
Net fees & commissions	1,690	1,770	1,699	0.5%	-4.0%
Income from financial operations	571	571	660	15.6%	15.6%
Other income	26	24	22	-15.4%	-8.3%
<b>Net banking income</b>	<b>7,566</b>	<b>7,444</b>	<b>7,507</b>	<b>-0.8%</b>	<b>0.8%</b>
Personnel expenses	-1,655	-1,655	-1,677	1.3%	1.3%
General administrative expenses	-1,028	-1,028	-1,019	-0.9%	-0.9%
Depreciation, impairment and disposal of fixed assets	-441	-441	-436	-1.1%	-1.1%
<b>Operating costs</b>	<b>-3,124</b>	<b>-3,124</b>	<b>-3,132</b>	<b>0.3%</b>	<b>0.3%</b>
<b>Gross operating income</b>	<b>4,441</b>	<b>4,320</b>	<b>4,375</b>	<b>-1.5%</b>	<b>1.3%</b>
Cost of risk	-518	-518	-109	-79.0%	-79.0%
<b>Net operating income</b>	<b>3,923</b>	<b>3,802</b>	<b>4,267</b>	<b>8.8%</b>	<b>12.2%</b>
Profit on subsidiaries and associates	40	40	46	15.0%	15.0%
Share of profit of pension scheme beneficiaries	-121	0	0	n.a.	n.a.
<b>Profit before income taxes</b>	<b>3,843</b>	<b>3,842</b>	<b>4,313</b>	<b>12.2%</b>	<b>12.3%</b>
Income taxes	-666	-666	-738	10.8%	10.8%
<b>Net profit</b>	<b>3,176</b>	<b>3,176</b>	<b>3,575</b>	<b>12.6%</b>	<b>12.6%</b>
Minority profit/(loss)	95	95	119	25.3%	25.3%
<b>Net profit attributable to equity holders</b>	<b>3,081</b>	<b>3,081</b>	<b>3,456</b>	<b>12.2%</b>	<b>12.2%</b>

Since 1 January 2015, the results of Transformed Fund (TF) managed by KB Penzijní společnost, a.s., have been deconsolidated from the consolidating group of Komerční banka. Previous year's results have not been restated. See slides nr. 23 and 24 for overview of the development of KB's financial statements on the like-for-like as well as reported basis.

## Balance sheet stable

Balance Sheet	31 Mar 2014	31 Dec 2014	31 Mar 2015	Change YoY	Change Ytd
	Pro forma	Pro forma	Reported	Like-for-like	
(CZK million, unaudited)					
<b>Assets</b>	<b>833,434</b>	<b>911,829</b>	<b>912,188</b>	<b>9.4%</b>	<b>0.0%</b>
Cash and balances with central bank	55,187	152,904	140,035	153.7%	-8.4%
Amounts due from banks	118,899	59,279	59,849	-49.7%	1.0%
Loans and advances to customers (net)	466,168	494,706	495,300	6.2%	0.1%
Securities and trading derivatives	153,480	154,583	164,435	7.1%	6.4%
Other assets	39,700	50,357	52,569	32.4%	4.4%
<b>Liabilities and shareholders' equity</b>	<b>833,434</b>	<b>911,829</b>	<b>912,188</b>	<b>9.4%</b>	<b>0.0%</b>
Amounts due to banks	36,938	61,360	49,705	34.6%	-19.0%
Amounts due to customers	623,809	661,703	659,467	5.7%	-0.3%
Securities issued	22,572	22,584	22,741	0.7%	0.7%
Other liabilities	49,158	58,176	67,299	36.9%	15.7%
Shareholders' equity	100,957	108,006	112,977	11.9%	4.6%

As of 1 January 2015, the Transformed Fund (TF) managed by KB Penzijní společnost, which gathers the funds of supplementary pension insurance with government contribution, was deconsolidated from the consolidating group of Komerční banka. The fund continues to be administrated by KB Penzijní společnost, a fully owned subsidiary of Komerční banka, whose own consolidation has not changed .

The deconsolidation of TF follows approval of a pertinent change in the Statutes of TF by CNB with effective date 1 January 2015. That change limits the discretion of KB Penzijní společnost for investments in variable income instruments (such as equity, real estate, etc.) Therefore, the probability of triggering the generic legal guarantee of KB with regard to potential negative annual yield of TF has been reduced. The three elements of control which must be met according to IFRS 10 in order to consolidate an entity in the parent's financial statements were not proven from that date.

# Equity increased by quarter's earnings



	31/12/2014	1/1/2015	Increase	Decrease	31/3/2015
<b>Share capital</b>	19,005	19,005			19,005
Capital and reserve funds	51,389	64,374	29		64,403
- Retained earnings, reserve funds and dividends	52,115	65,100	29		65,129
- Treasury shares	-726	-726			-726
Current year attributable net profit	12,985	0	3,456		3,456
Cash flow hedge <sup>1</sup>	15,980	15,980	1,357		17,337
AFS securities' fair value changes <sup>1</sup>	6,660	6,660		-1,489	5,170
Others	344	344	12		356
Minority equity	3,131	3,131	119		3,250
<b>Total Shareholders' equity</b>	<b>109,494</b>	<b>109,494</b>	<b>4,972</b>	<b>-1,489</b>	<b>112,977</b>
Equity for adjusted ROAE calculation <sup>2</sup>	83,723	83,723	3,497	0	87,219

1) Influenced by deconsolidation revaluation differences pertaining to the Transformed fund (CZK 1,427 mil. in AFS revaluation reserve and CZK 61 mil. in cash flow hedge as of 31 December 2014)

2) Group shareholders' equity excluding minority equity, cash flow hedging and revaluation of AFS securities

As of 31 March 2015, CZK -819 million was transferred from Other comprehensive income (Cash flow hedging) to Net profit (net of tax)

## Healthy capital and liquidity, defending margins

Key ratios and indicators (year-to-date)	31 Mar 2014	31 Mar 2015	Change YoY
Capital adequacy	16.2%	16.7% <sup>1</sup>	▲
Tier 1 ratio	16.2%	16.7% <sup>1</sup>	▲
Total risk weighted assets (CZK billion)	375.5	392.9	4.6%
Risk weighted assets for credit risk (CZK billion)	314.6	325.4	3.4%
Net interest margin (NII/Av. interest bearing assets), annualised <sup>2</sup>	2.6%	2.5%	▼
Loans (net) / deposits ratio <sup>2</sup>	74.7%	75.1%	▲
Cost / income ratio <sup>2</sup>	42.0%	41.7%	▼
Return on average equity (ROAE), annualised <sup>2</sup>	12.9%	12.9%	▼
Adjusted return on average equity (adjusted ROAE), annualised <sup>2,3</sup>	15.2%	16.2%	▲
Return on average assets (ROAA), annualised <sup>2</sup>	1.5%	1.5%	▲
Earnings per share (CZK), annualised	326	366	12.2%
Average number of employees during the period	8,537	8,434	-1.2%

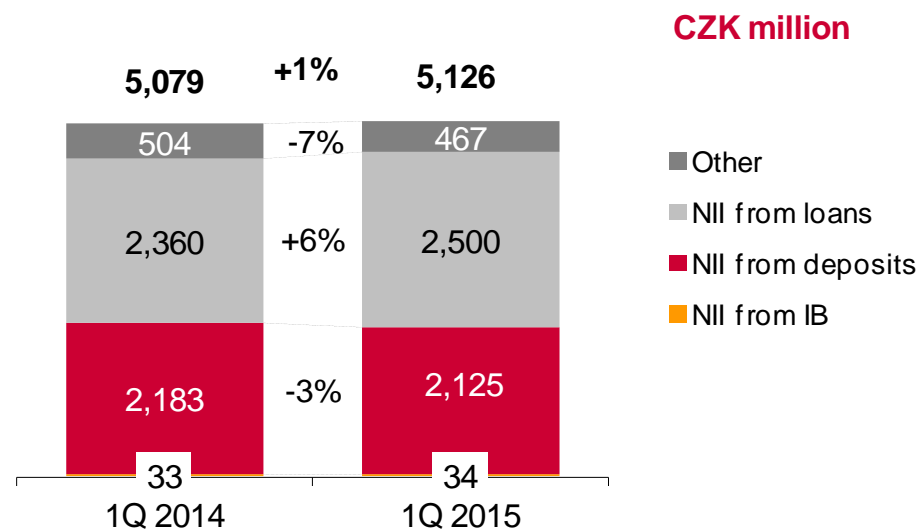
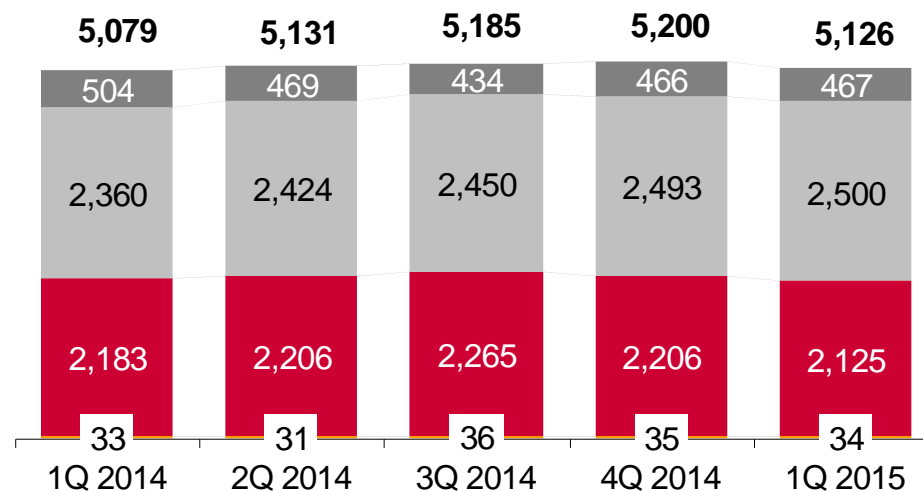
1) As part of gradual phase-in of Basel III rules, the regulatory capital from 1 January 2015 newly includes a part of the AFS revaluation reserve related to disposable securities in AFS portfolio. As a result, Total capital and Core Tier 1 adequacy is higher by 53 bps as of 31 March 2015

2) Adjusted for the deconsolidation of Transformed Fund

3) Adjusted ROAE is computed as net profit attributable to equity holders divided by (average Group shareholders' equity w/o minority equity, cash flow hedging and revaluation of AFS securities)

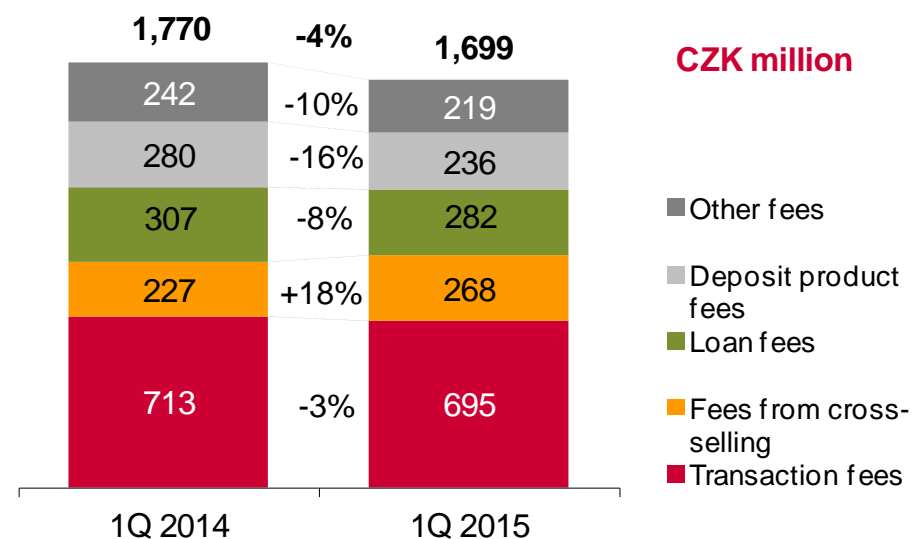
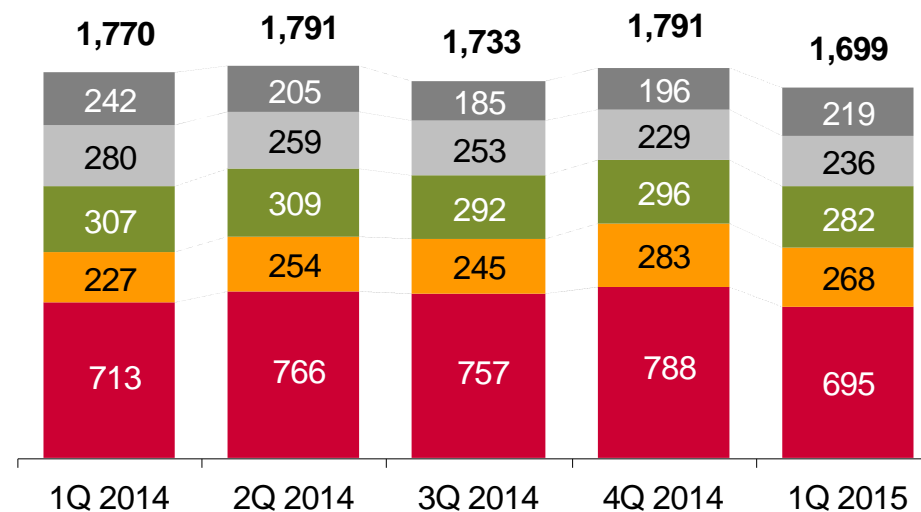
# Like-for-like interest income maintained thanks to volume growth despite further drop in interest rates

- NII adjusted for impact from deconsolidation of TF added in 1Q 2015 +0.9% YoY, but down by 1.4% QoQ. Reported NII -2.9% YoY, -5.3% QoQ.
- NII from loans – reflecting volume growth and slightly decreasing spreads
- NII from deposits – declined by 3% YoY due to continued decrease in market interest rates pushing down deposit reinvestment income
- NII from other – decrease in yield from reinvestment of capital moderated by long-term investment policy
- Small positive influence of deconsolidation of the Transformed fund on net interest margin



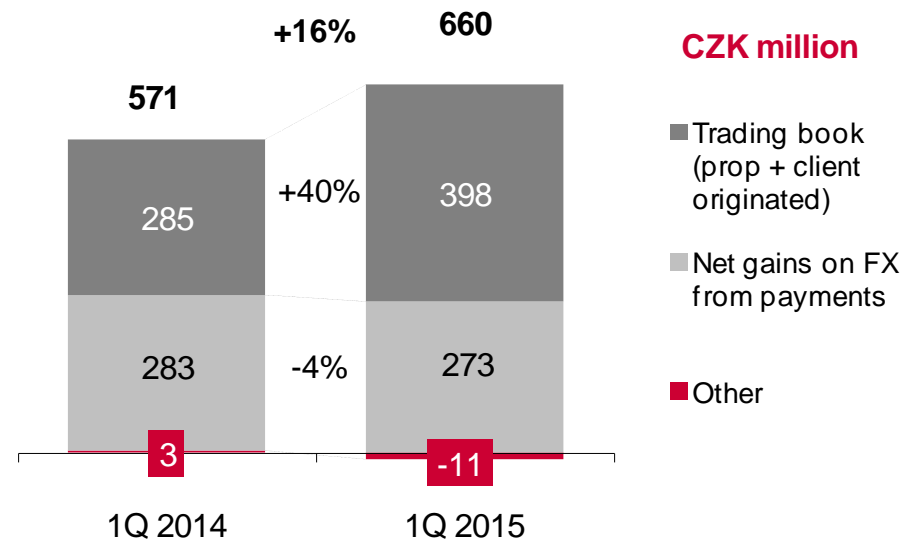
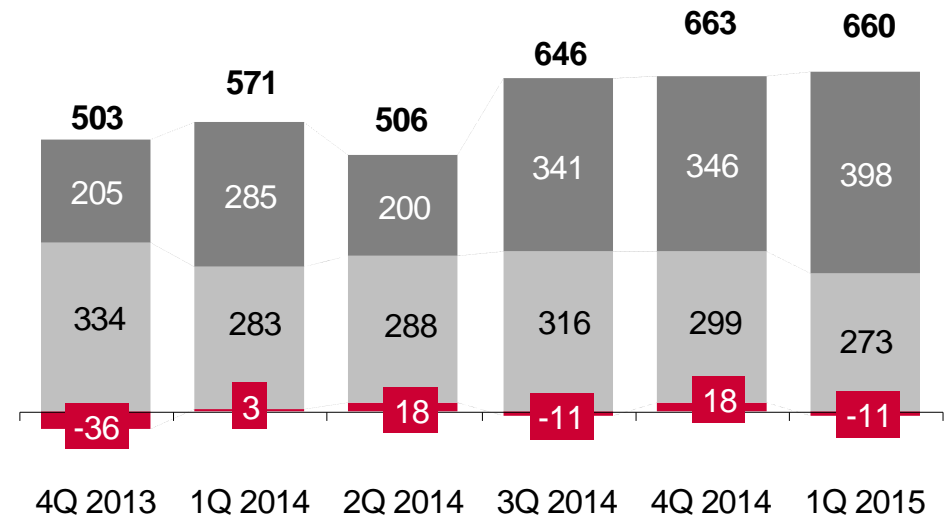
# Decline in fee income due to clients's fast shift to new packages and digital channels

- Like-for-like NFC in 1Q 2015 dropped by 4.0% YoY and 5.1% QoQ. Reported NFC higher by 0.5% YoY due to fees from the Transformed fund (-0.2% QoQ)
- Deposit product fees – underlying decline driven by fast adoption of packages with activity rewards by clients
- Loan fees – continuing effect of rising share of retail loans not charging administration fees as old loans mature and roll over
- Fees from cross-selling – reflecting growth in non-bank assets under management. This line newly includes fees charged to the Transformed pension fund
- Transaction fees – clients economise by increasing share of transactions made within bundles and through cheaper channels. Card fees increased
- Other fees – solid revenues for syndications and trade finance but YoY lower v. exceptional 1Q 2014



# Multiple client hedging deals concluded in the first quarter upon increased volatility

- Net profit from financial operations in 1Q 2015 up by 15.6% YoY, slightly down by 0.5% QoQ
- Elevated CZK volatility drove clients' demand for FX hedging in 1Q 2015
- High number of financing deals with hedging arranged
- Increased demand for hedging of commodity positions
- Continuing pressure on average spreads due to preference of cheaper payment and conversion methods, and extremely low interest rates



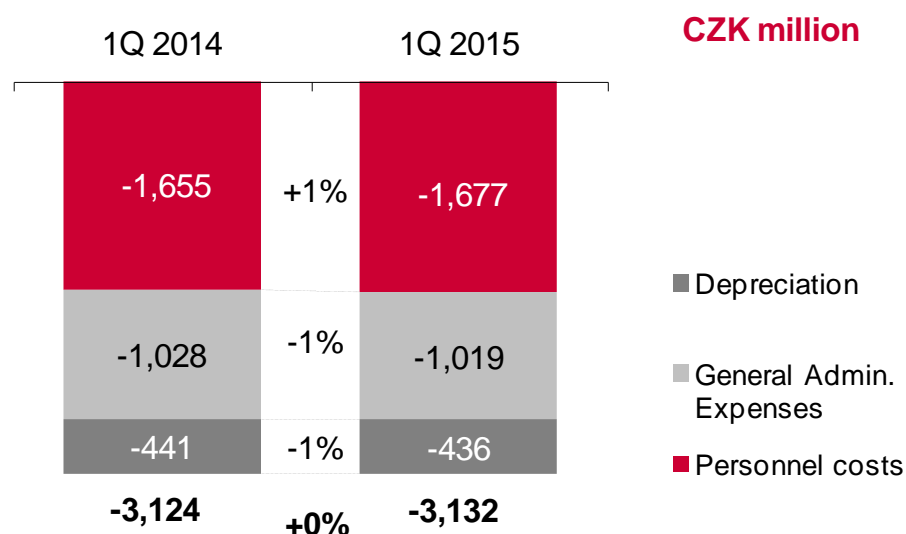
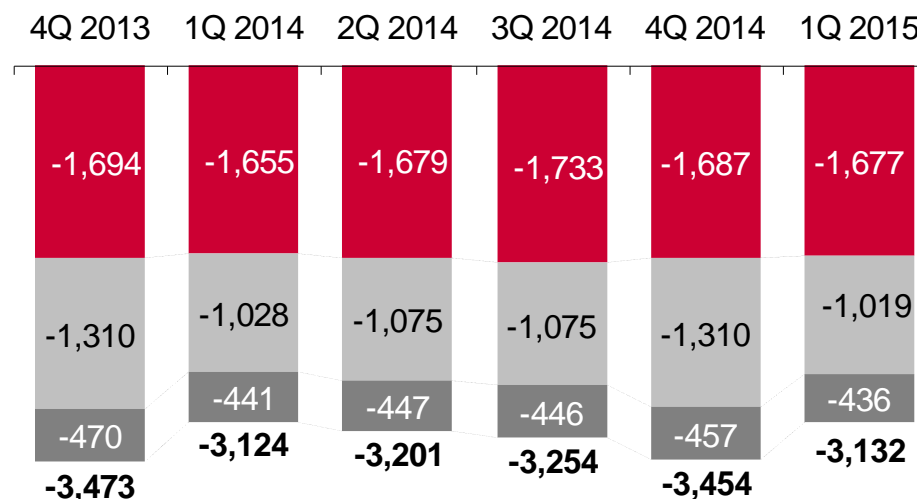
CZK million

- Trading book (prop + client originated)
- Net gains on FX from payments
- Other



# Priority projects developed while costs kept tight

- OPEX in 1Q 2015 +0.3% YoY. 1Q down by 9.3% QoQ affected by usual seasonality
- Personnel costs in 1Q 2015 up by 1.3% YoY. Average staff level decreased by 1.2%
- GAE were down by 0.9% YoY. Expenditures slightly reduced on marketing and telecommunications. Increased IT spending in relation to KB's development priorities
- The expected new contribution to the Bank Resolution Fund was not reflected in the accounts as of March 2015, because the EU acts have not been transposed to the Czech law and the amount of the levy for 2015 was not known and not possible to reliably estimate
- Decline in Depreciation & Amortisation by 1.1% YoY related to final amortisation of certain software equipment compensated by implementation of new applications

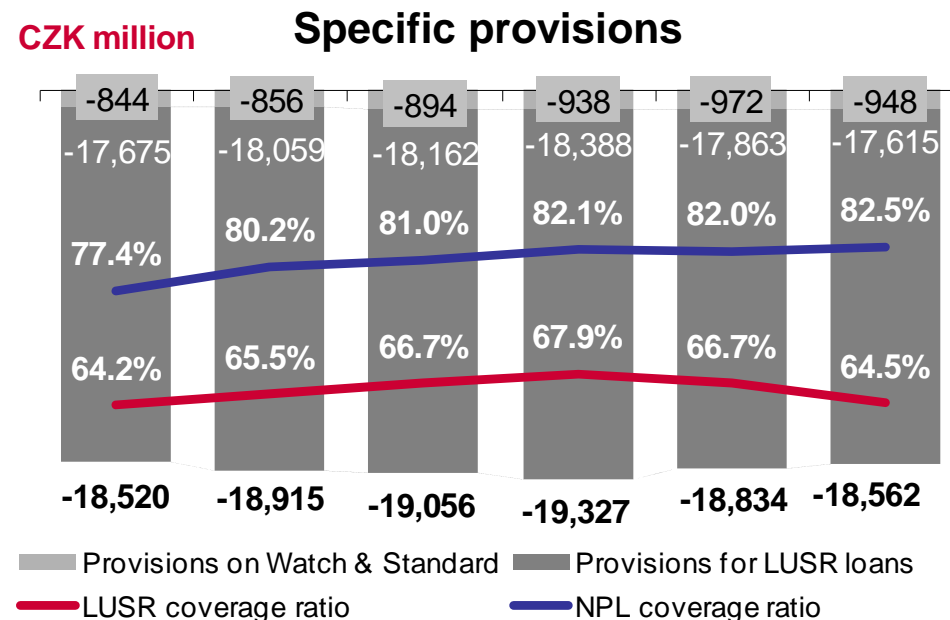
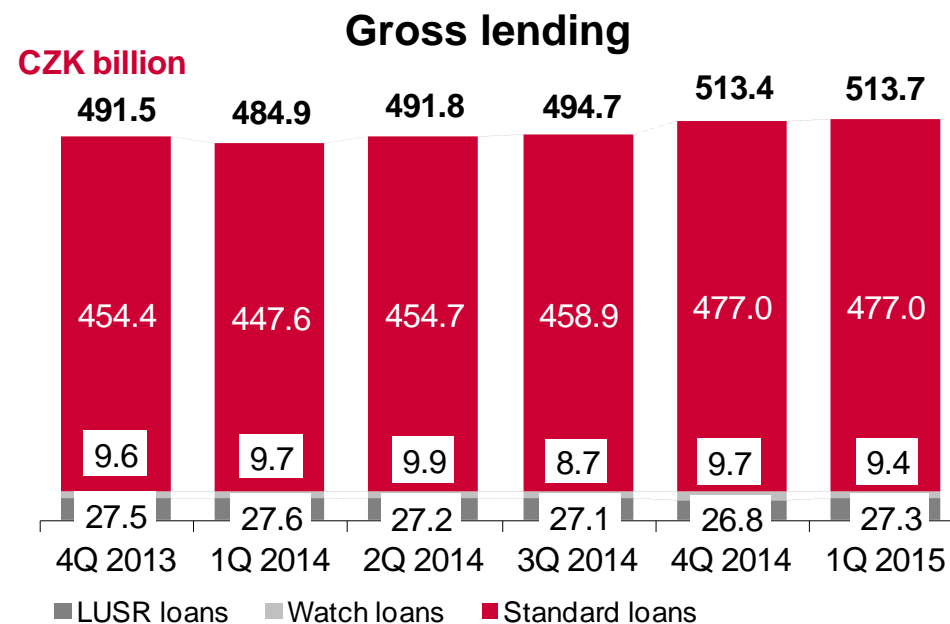


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# Persisting good loan quality

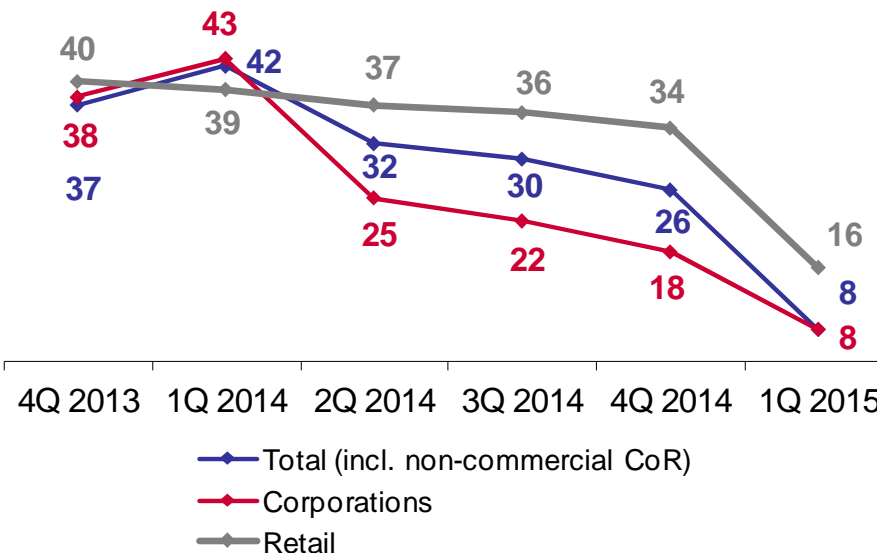
- Loan exposure +5.9% YoY, QoQ flat
- Share of LUSR exposure stable at 5.3% (5.2% in 4Q 2014)
- Share of NPL exposure flat at 3.8% (3.9% in 4Q 2014). QoQ NPL exposure slightly down to CZK 19.6 billion (CZK 20 billion in 4Q 2014)
- Provision coverage ratio for LUSR portfolio QoQ down to 64.5% (66.7% in 4Q 2014) driven by a few new defaults with well collateralized exposure. Provision coverage for NPL portfolio flat at 82.5% (82% in 4Q 2014)



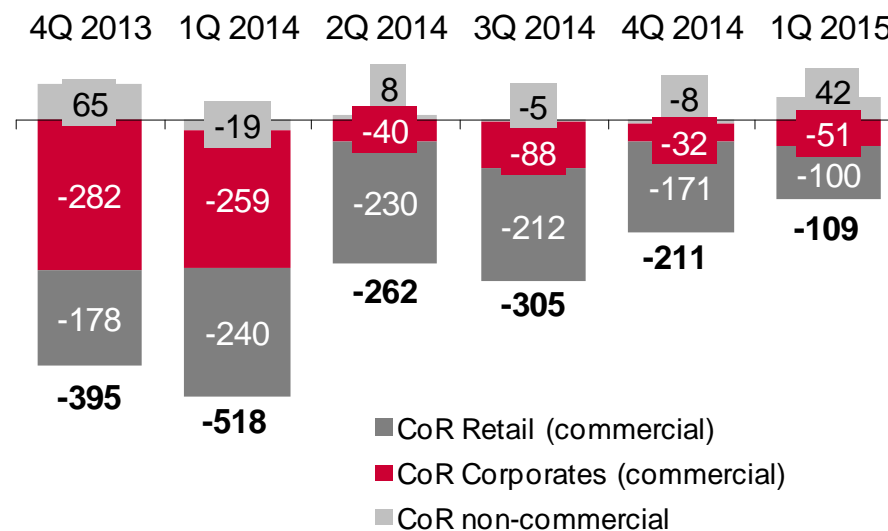
# Cost of risk at exceptionally low level

- CoR in 1Q 2015 decreased by 79.0% YoY and by 48.3% QoQ
- Cost of risk declined to 8 bps in 1Q 2015 as a result of continuing favourable environment in the Czech economy from 42 bps in 1Q 2014 thanks to low number of new defaults and exceptional level of recovery
- YoY decrease in Retail CoR driven by both Individuals (7 bps in 1Q 2015 vs. 30 bps in 1Q 2014) and Small Business (83 bps in 1Q 2015 vs. 103 bps in 1Q 2014)
- YoY CoR on Corporates down to 8 bps from 43 bps in 1Q 2014

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



**Total Cost of Risk development (CZK million)**



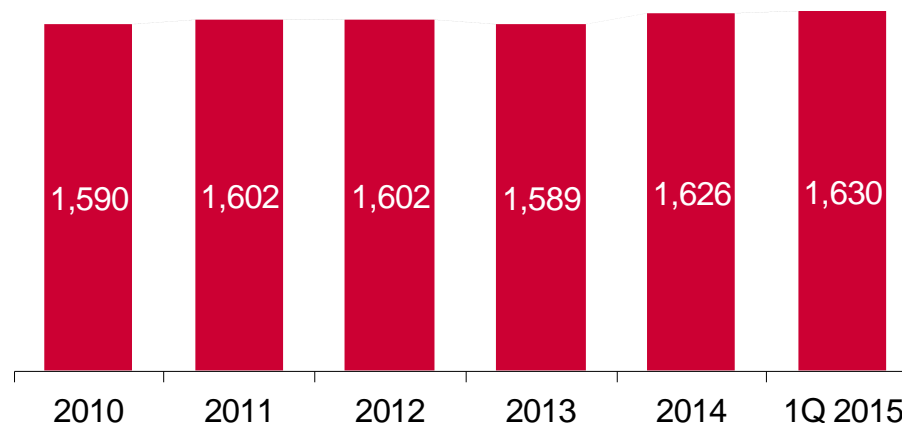
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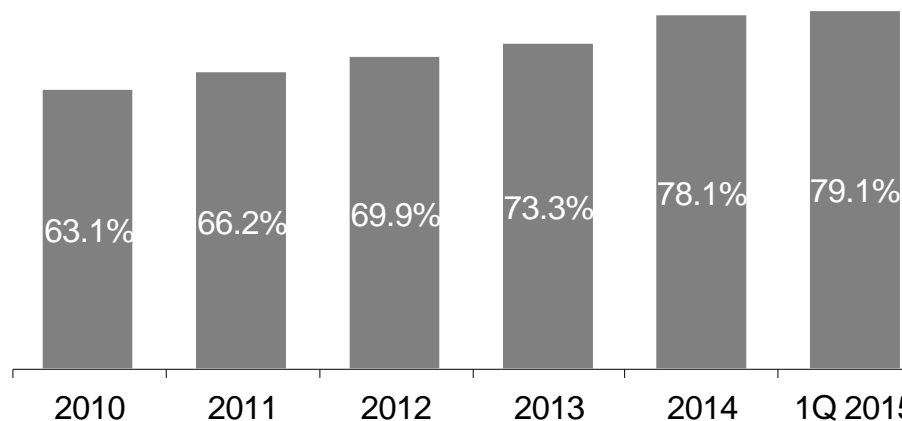
# Number of clients and distribution network

- KB Group's 2.5 million clients, of which
  - KB bank 1,630,000 clients (+2%)
  - MPSS 548,000 clients (-5%)
  - KBPS 553,000 clients (-1%)
  - ESSOX 267,000 active clients (-6%)
- Network
  - 398 branches for retail clients, 10 corporate divisions and 4 divisions for large corporate clients in CZ, 1 in Slovakia
  - 759 ATMs
  - MPSS: 215 points of sale; 1,000 sales agents
  - SGEF: 7 branches in CZ, 2 in Slovakia
- Direct Channels
  - 1,289,000 clients (i.e. 79% of KB client base) using direct banking channels
  - Two call centres, internet and mobile banking

Number of bank clients (ths., CZ)



Number of clients – Direct Channels  
(% share of bank's client base)



# Consolidated income statement – reported and like-for-like

<b>Profit and Loss Statement</b>	1Q 2014	1Q 2014	4Q 2014	4Q 2014	1Q 2015	Change	Change	Change	Change
(CZK million, unaudited)	Reported	Pro forma	Reported	Pro forma	Reported	YoY Reported	YoY Like-for-like	QoQ Reported	QoQ Like-for-like
Net interest income	5,279	5,079	5,414	5,200	5,126	-2.9%	0.9%	-5.3%	-1.4%
Net fees & commissions	1,690	1,770	1,703	1,791	1,699	0.5%	-4.0%	-0.2%	-5.1%
Income from financial operations	571	571	663	657	660	15.6%	15.6%	-0.5%	0.5%
Other income	26	24	30	28	22	-15.4%	-8.3%	-26.7%	-21.4%
<b>Net banking income</b>	<b>7,566</b>	<b>7,444</b>	<b>7,810</b>	<b>7,676</b>	<b>7,507</b>	<b>-0.8%</b>	<b>0.8%</b>	<b>-3.9%</b>	<b>-2.2%</b>
Personnel expenses	-1,655	-1,655	-1,687	-1,687	-1,677	1.3%	1.3%	-0.6%	-0.6%
General administrative expenses	-1,028	-1,028	-1,310	-1,310	-1,019	-0.9%	-0.9%	-22.2%	-22.2%
Depreciation, impairment and disposal of fixed assets	-441	-441	-457	-457	-436	-1.1%	-1.1%	-4.6%	-4.6%
<b>Operating costs</b>	<b>-3,124</b>	<b>-3,124</b>	<b>-3,454</b>	<b>-3,454</b>	<b>-3,132</b>	<b>0.3%</b>	<b>0.3%</b>	<b>-9.3%</b>	<b>-9.3%</b>
<b>Gross operating income</b>	<b>4,441</b>	<b>4,320</b>	<b>4,356</b>	<b>4,222</b>	<b>4,375</b>	<b>-1.5%</b>	<b>1.3%</b>	<b>0.4%</b>	<b>3.6%</b>
Cost of risk	-518	-518	-211	-211	-109	-79.0%	-79.0%	-48.3%	-48.3%
<b>Net operating income</b>	<b>3,923</b>	<b>3,802</b>	<b>4,145</b>	<b>4,011</b>	<b>4,267</b>	<b>8.8%</b>	<b>12.2%</b>	<b>2.9%</b>	<b>6.4%</b>
Profit on subsidiaries and associates	40	40	49	48	46	15.0%	15.0%	-6.1%	-4.2%
Share of profit of pension scheme beneficiaries	-121	0	-146	0	0	n.a.	n.a.	n.a.	n.a.
<b>Profit before income taxes</b>	<b>3,843</b>	<b>3,842</b>	<b>4,048</b>	<b>4,059</b>	<b>4,313</b>	<b>12.2%</b>	<b>12.3%</b>	<b>6.5%</b>	<b>6.3%</b>
Income taxes	-666	-666	-636	-647	-738	10.8%	10.8%	16.0%	14.1%
<b>Net profit</b>	<b>3,176</b>	<b>3,176</b>	<b>3,412</b>	<b>3,412</b>	<b>3,575</b>	<b>12.6%</b>	<b>12.6%</b>	<b>4.8%</b>	<b>4.8%</b>
Minority profit/(loss)	95	95	81	81	119	25.3%	25.3%	46.9%	46.9%
<b>Net profit attributable to equity holders</b>	<b>3,081</b>	<b>3,081</b>	<b>3,331</b>	<b>3,331</b>	<b>3,456</b>	<b>12.2%</b>	<b>12.2%</b>	<b>3.8%</b>	<b>3.8%</b>

Consolidated income statement and balance sheet per quarters of 2014 in the format as reported and adjusted for the effects of deconsolidation of the Transformed Fund are available at [www.kb.cz/en/about-the-bank/investor-relations](http://www.kb.cz/en/about-the-bank/investor-relations)

# Consolidated balance sheet – reported and like-for-like

Balance Sheet (CZK million, unaudited)	31 Mar 2014	31 Mar 2014	31 Dec 2014	31 Dec 2014	31 Mar 2015	Change YoY	Change Ytd	Change YoY	Change Ytd
	Reported	Pro forma	Reported	Pro forma	Reported				
<b>Assets</b>	<b>869,566</b>	<b>833,434</b>	<b>953,261</b>	<b>911,829</b>	<b>912,188</b>	<b>4.9%</b>	<b>-4.3%</b>	<b>9.4%</b>	<b>0.0%</b>
Cash and balances with central bank	55,187	55,187	152,903	152,904	140,035	153.7%	-8.4%	153.7%	-8.4%
Amounts due from banks	118,936	118,899	59,699	59,279	59,849	-49.7%	0.3%	-49.7%	1.0%
Loans and advances to customers (net)	466,168	466,168	494,706	494,706	495,300	6.2%	0.1%	6.2%	0.1%
Securities and trading derivatives	189,638	153,480	195,927	154,583	164,435	-13.3%	-16.1%	7.1%	6.4%
Other assets	39,637	39,700	50,026	50,357	52,569	32.6%	5.1%	32.4%	4.4%
<b>Liabilities and shareholders' equity</b>	<b>869,566</b>	<b>833,434</b>	<b>953,261</b>	<b>911,829</b>	<b>912,188</b>	<b>4.9%</b>	<b>-4.3%</b>	<b>9.4%</b>	<b>0.0%</b>
Amounts due to banks	36,938	36,938	61,361	61,360	49,705	34.6%	-19.0%	34.6%	-19.0%
Amounts due to customers	658,896	623,809	701,867	661,703	659,467	0.1%	-6.0%	5.7%	-0.3%
Securities issued	22,572	22,572	22,584	22,584	22,741	0.7%	0.7%	0.7%	0.7%
Other liabilities	49,164	49,158	57,956	58,176	67,299	36.9%	16.1%	36.9%	15.7%
Shareholders' equity	101,996	100,957	109,494	108,006	112,977	10.8%	3.2%	11.9%	4.6%



# KB consolidated group

Pension insurance	KB Penzijní společnost (100%)	Management company for Transformed Fund (pension fund with 553,000 clients) and for new pension funds in 2nd and 3rd pillars of the Czech pension system
Building society	Modrá pyramida stavební spořitelna (100%)	#2 largest building savings bank according to loan volume with 548,000 clients and 1,046 strong agent distribution network
Consumer credit	ESOX (50.93%)	Consumer credit and car finance company. #4 non-bank consumer loan provider in the Czech Republic
Insurance	Komerční pojišťovna (49%)	Universal insurance company focused on life insurance
Corporate services	KB, branch in Slovakia	KB's branch in Slovakia focuses on serving large corporate clients. It operates as a locally well-established focused corporate bank.
	Factoring KB (100%)	#2 on the Czech factoring market, offering domestic, foreign and reverse factoring
	SGEF Czech Republic (50.1%)	Leading provider of asset-backed financing in the Czech Republic and also active in Slovakia

## Business performance of subsidiaries 1/2

		1Q 2014	1Q 2015	Change YoY
<b>MPSS</b>	Volume of new loans (CZK million)	536	866	61%
	Volume of total loans (gross, CZK million)	42,150	37,518	-11%
	Volume of deposits (CZK million)	72,531	72,115	-1%
	Number of clients	576,638	548,049	-5%
	Average number of FTEs	343	332	-3%
	Number of points of sale	205	215	5%
<b>KB PS</b>	Number of new contracts	6,278	7,417	18%
	Number of clients	560,423	553,454	-1%
	Assets under management (CZK million)	37,526	42,071	12%
	of which in Transformed fund	37,145	40,893	10%
	Average number of FTEs	49	46	-7%
<b>ESSOX</b>	Volume of new contracts (CZK million)	1,008	983	-3%
	Volume of total loans (gross, CZK million)	9,682	9,324	-4%
	Number of active clients	285,895	267,390	-6%
	Average number of FTEs	351	342	-3%

## Business performance of subsidiaries 2/2

		1Q 2014	1Q 2015	Change YoY
<b>Factoring KB</b>	Factoring turnover (CZK million)	7,670	8,296	8%
	Volume of total financing (gross, CZK million)	4,875	5,588	15%
	Average number of FTEs	42	39	-7%
<b>KP</b>	Volume of technical reserves (CZK million)	38,040	43,956	16%
	Premium written (CZK million)	3,853	2,536	-34%
	of which in life insurance	3,680	2,355	-36%
	of which in non-life insurance	173	182	5%
	Average number of FTEs	154	164	6%
<b>SGEF</b>	Volume of new financing (CZK million)	1,597	2,002	25%
	Volume of total financing (gross, CZK million)	21,207	22,833	8%
	Average number of FTEs	115	122	6%

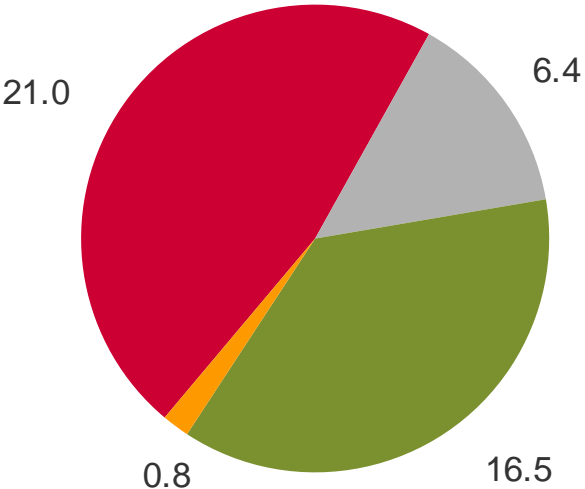
# Securities portfolio in the banking book

As of 31 March 2015

CZK billion

**Available-for-sale portfolio**

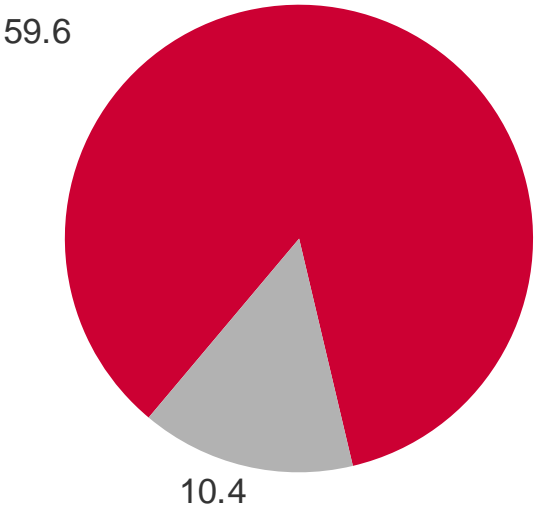
**CZK 44.6 billion**



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

**Held-to-maturity portfolio**

**CZK 70.0 billion**

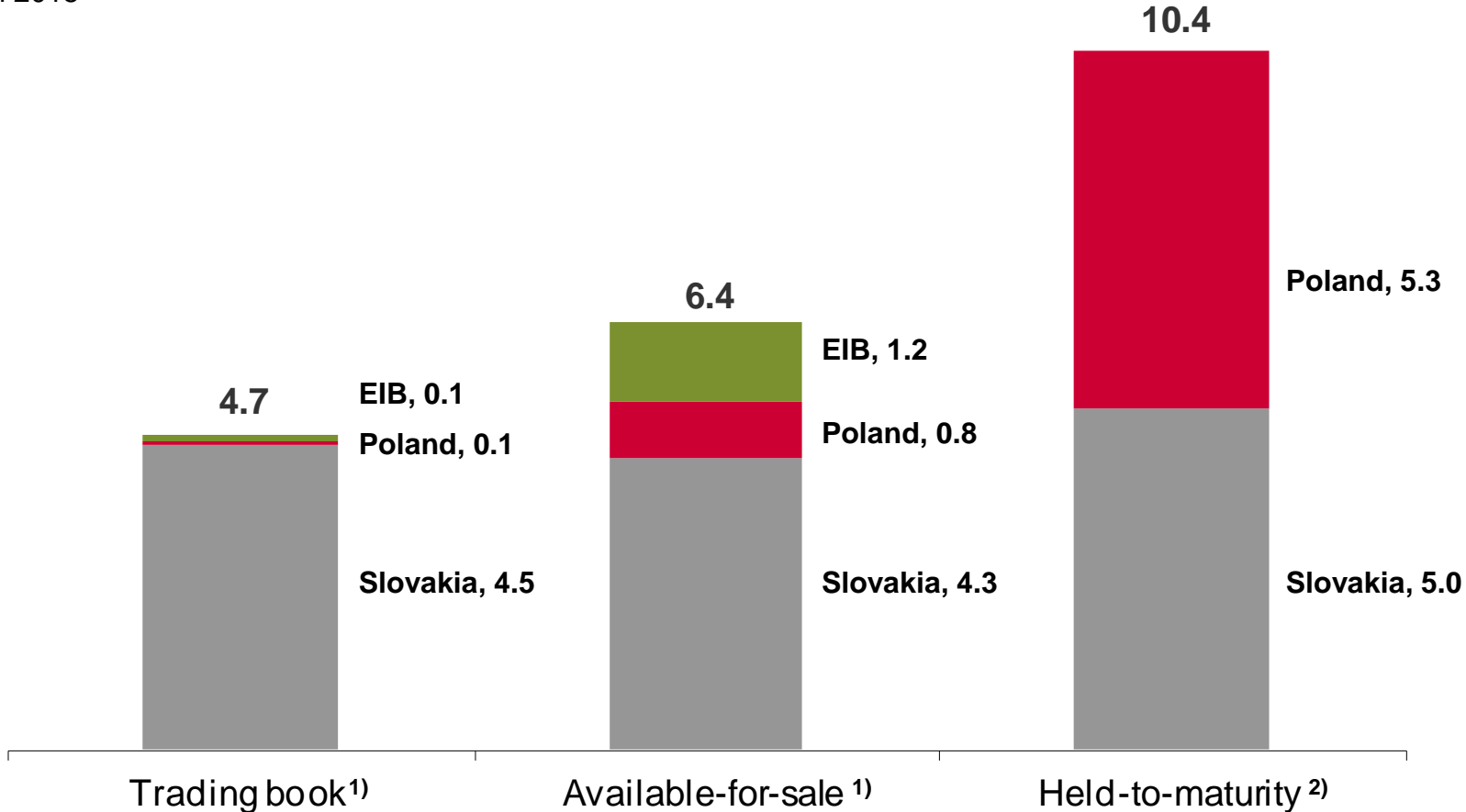


- Czech sovereign
- Foreign sovereign

# Foreign sovereign exposure

As of 31 March 2015

CZK billion



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

# Macroeconomic environment – Czech Republic

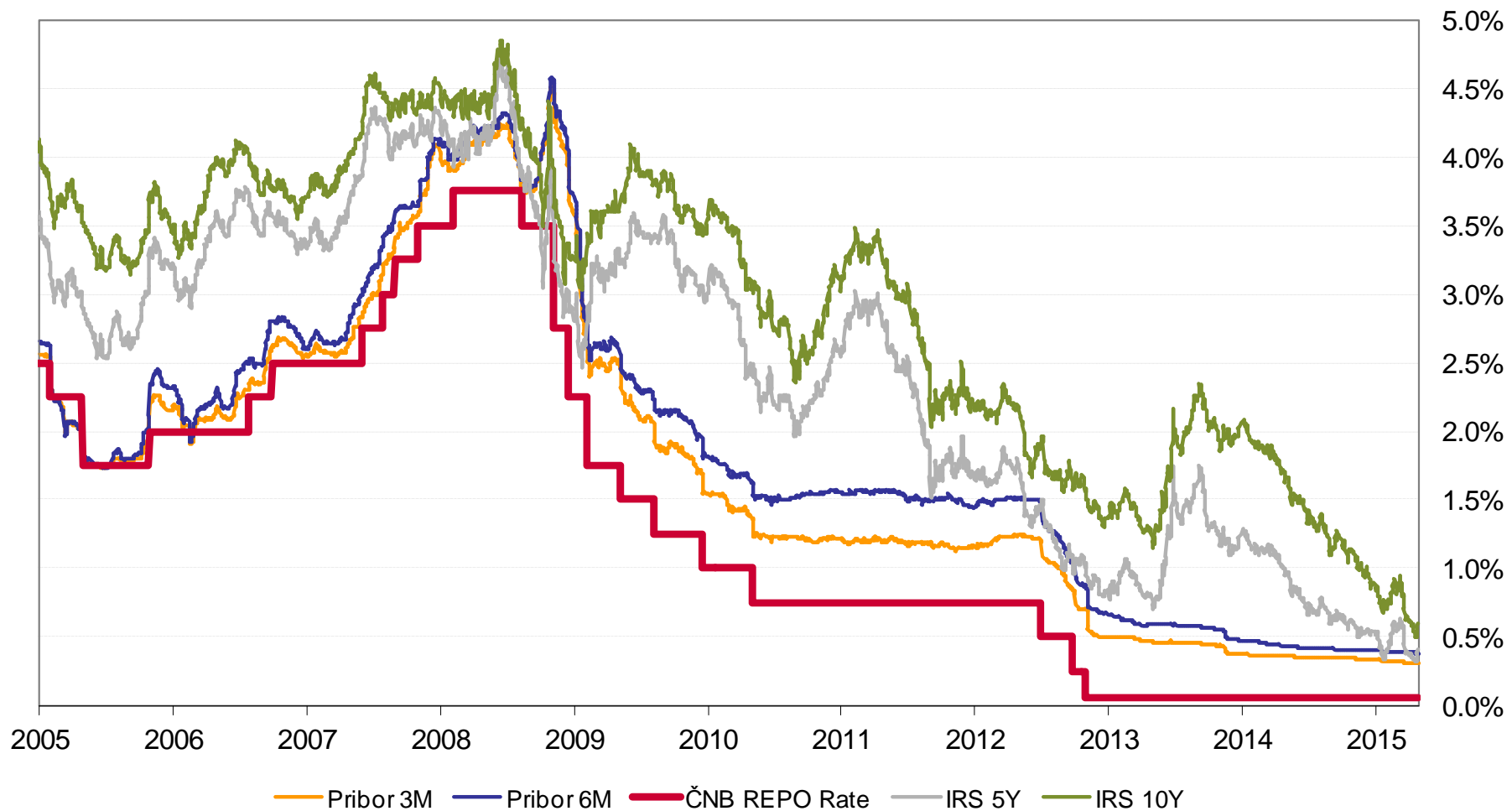
<b>Macroeconomic Indicators</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015*</b>	<b>2016*</b>
Real GDP (% , average)	2.0	-0.7	-0.7	2.0	2.9	2.7
Inflation (% , average)	1.9	3.3	1.4	0.4	0.4	2.0
Household consumption (% , average)	0.3	-1.8	0.4	1.7	2.8	1.7
Unemployment (% , av., MLSA meth.)	6.6	6.8	7.8	7.6	6.5	5.9
M2 (% , average)	3.4	6.0	4.6	4.3	5.4	5.3
3M PRIBOR (% , average)	1.2	1.0	0.5	0.4	0.3	0.3
<b>Potential of the market **</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015*</b>	<b>2016*</b>
Loans / GDP (year-end)	57.3	58.3	61.5	61.8	62.8	63.6
Real estate loans / GDP (year-end)	19.2	20.0	20.9	21.1	21.6	21.9
Deposits / GDP (year-end)	72.5	77.3	81.7	80.5	81.1	80.8
Household loans / GDP (year-end)	25.1	25.8	26.7	26.8	27.2	27.6

\* KB estimate

\*\* Banking sector, year end

# Interest rates evolution

(for the period 1 January 2005 – 27 April 2015)



# Development of KB's share price and PX Index

(for the period 1 October 2001 – 27 April 2015)



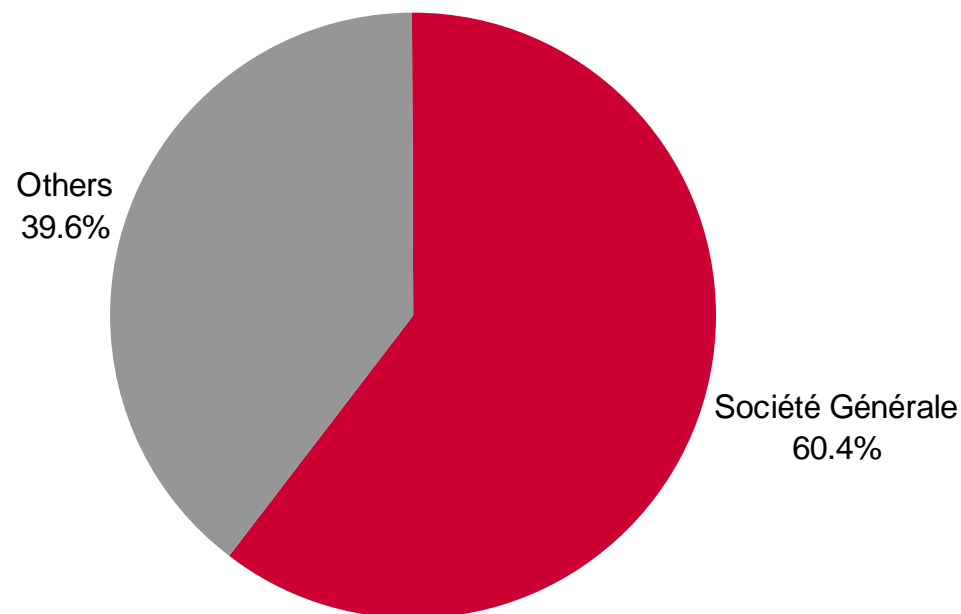


# KB shareholders

As of 31 March 2015

The number of shareholders comprised 42,461 corporate entities and private individuals.

Of the Bank's total share capital of CZK 19,004,926,000 divided into 38,009,852 shares with a nominal value of CZK 500 each, Société Générale S.A. holds 60.35%.



The Bank of New York Mellon ADR Department is, with the permission of the Czech National Bank, the holder of those shares for which Global Depository Receipts (GDRs) were issued and which are in the possession of a significant number of foreign investors.

KB held 238,672 own shares in treasury, representing 0.63% stake on registered capital.



## **Investor Relations**

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