

PRAGUE, 4 NOVEMBER 2021

# **KB GROUP RESULTS AS OF 30 SEPT 2021 AND STATUS OF KB CHANGE 2025 IMPLEMENTATION**

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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 30 September 2021, 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 30 SEPTEMBER

Komerční banka – delivering on strategy, rebounding from the pandemic hit

Loans (gross) \*



**CZK 724.8 bil. / +4.7% YoY**

Revenues



**CZK 22.6 bil. / +1.3% YoY**

Net Profit



**CZK 8.6 bil. / +40.7% YoY**

Dividend



**CZK 4.5 bil. / 23.86 DPS**

Client deposits \*



**CZK 1,043.1 bil. / +12.1% YoY**

Operating expenses



**CZK 11.4 bil. / -0.7% YoY**

ROE / ROA



**9.6% / 0.9%**

Mobile banking clients



**1,008,000**

Non-bank  
assets under management



**CZK 199.5 bil. / +6.1% YoY**

Cost of Risk



**CZK 0.7 bil. / 14 bps**

Core Tier 1 /  
Capital adequacy



**22.5% / 23.0%**

Strategic partnership  
for sustainability



with ČEZ Group



Notes: \* excluding repo operations with clients

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# ONGOING RATES NORMALISATION SUPPLY CHAIN ISSUES WEIGH ON GROWTH AND INFLATION

- GDP in 3Q 2021 +1.4% QoQ and +2.8% YoY driven by private consumption and fixed investments. In 2021, Czech economy expected to grow by 1.9%, to be driven by household consumption and investments
- Manufacturing and construction affected by supply chain disruptions and inflation in input prices. Czech car production in Q3 2021 down by -49.1% QoQ due to shortage of semiconductors
- Unemployment rate still below 3% (2.9% in August).<sup>1</sup> Nominal wages in Q2 +11.3% YoY, 8.2% in real terms, driven mainly by public sector
- CPI inflation accelerated to 4.9% YoY in September (from 4.1 % in August). The main driver was housing costs, including the rise in energy prices
- CZK flat in QoQ terms, but stronger by +6.3% YoY, at 25.5 CZK per EUR as of 30 September 2021
- CNB rate normalisation started on 23 June 2021 (2W repo up by 25 bps), followed on 5 August (25 bps) and 30 September (by 75 bps to 1.5%). Further hikes expected. As of 30 September, 3M PRIBOR 1.24% (+88 bps Ytd), 10Y IRS at 2.44% (+116 bps Ytd) and 10Y CZGB 2.09% (+79 bps Ytd)

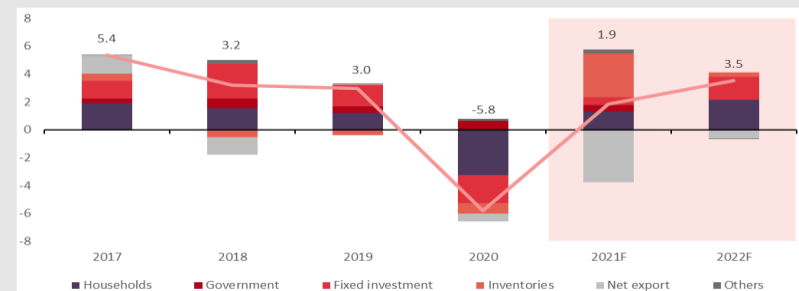
Notes: Source of indicators Czech Statistical Office, CNB, unless stated otherwise

1) According to Eurostat, seasonally adjusted

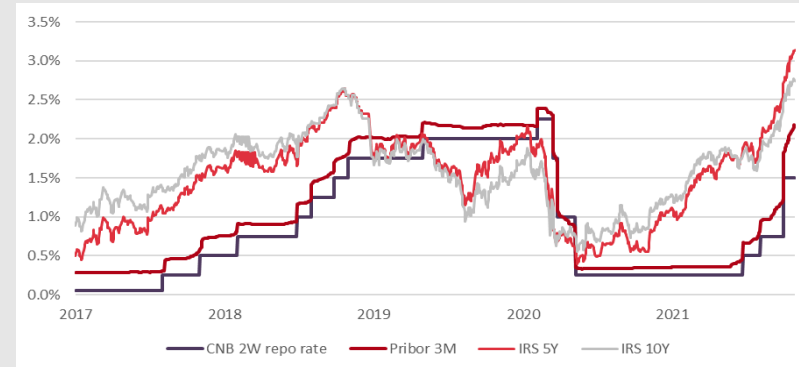
2) Source: KB Economic Research estimate

3) Source of historical data: Czech Statistical Office; 2021F and 2022F: forecast of KB Economic Research

Czech GDP growth (% , yoy)<sup>3</sup>



Czech interest rate development

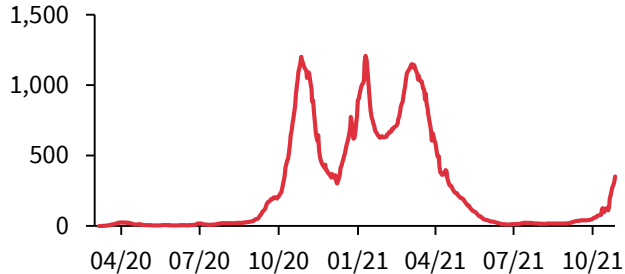


Source: Macrobond, CNB

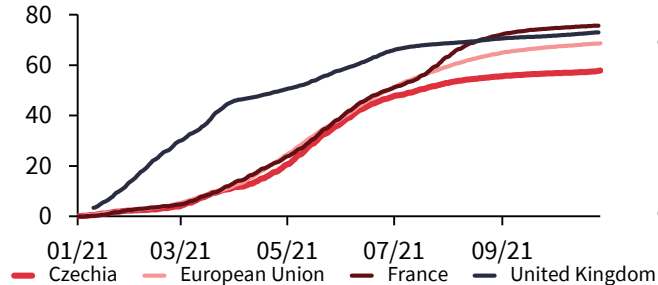
# COVID-19 PANDEMIC UPDATE

## Increased incidence in October, containment measures not too intrusive so far

### Czech Daily Incidence rate (smoothed, per 1M)



### COVID-19 vaccinated per 100 inhabitants



Source: <https://ourworldindata.org/covid-vaccinations>, Ministry of Health of the Czech Republic.

• **Pandemic situation:** Worsening in October after calm situation during summer months, with end-of-October weekly incidence rate at 320.5. As of 31 October, share of inoculated population with at least one shot was 59.9% and 56.9% of population fully vaccinated, 16% officially recovered from Covid-19

• **Containment measures:** Certain tightening from October - respirators needed indoors, shortened validity of tests and limited reimbursement of tests from public health insurance (excl. children and contraindications)

• **Public finance:** Expected public budget deficit in 2021 at 6.3% GDP (CZK 382 billion), leading to est. 41.8% public debt/GPD in 2021. Budgetary works for 2022 to continue upon appointment of the new government

• **Next Generation EU recovery fund:** According to the plan approved by the EC, Czechia will receive EUR 7 billion (CZK 180 billion, 2.9% of GDP) in grants for projects protecting climate (42% of total allocation), digitalisation (22%). Pre-financing in 2021 to reach 13% of total amount, 70% to be committed in 2022, the rest by 2023

• **Covid guaranteed lending:** As of 30 September 2021, the banks on the Czech market granted CZK 74.0 billion in loans guaranteed by state's CMZRB and EGAP agencies

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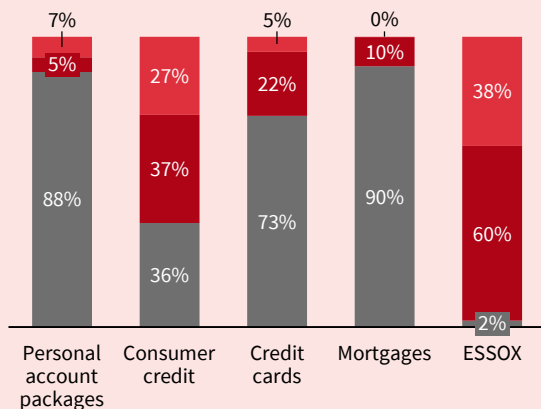
# 1,000,000 MOBILE BANKING CLIENTS MARK EXCEEDED

## New Digital Bank

Drop 1 with basic functions and 500 users launched October '21

### Share of sales by channel\*

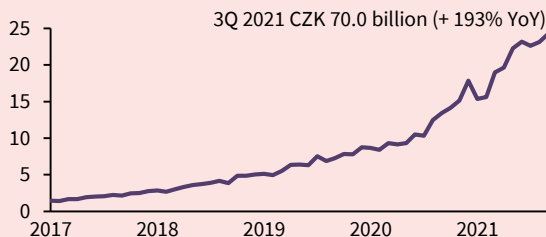
(selected product categories, %)



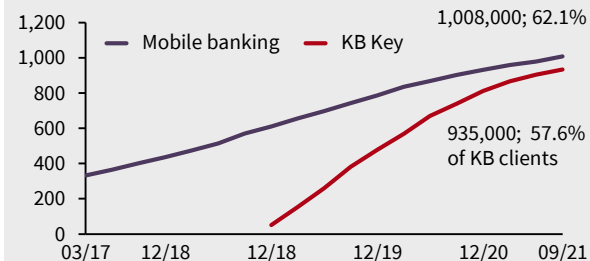
\* Share of sales by channel on total number of sold products in January to September 2021

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

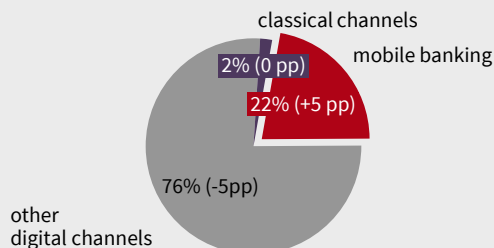
## Mobile banking – volume of payments (CZK billion per month)



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

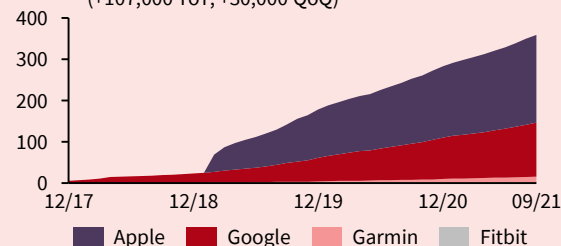


## Share of channels on number of transactions (3Q 2021) (yoy change in brackets)

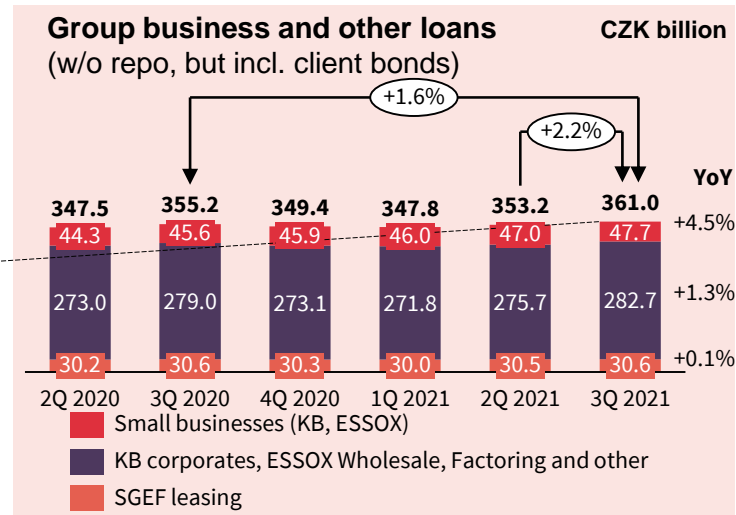
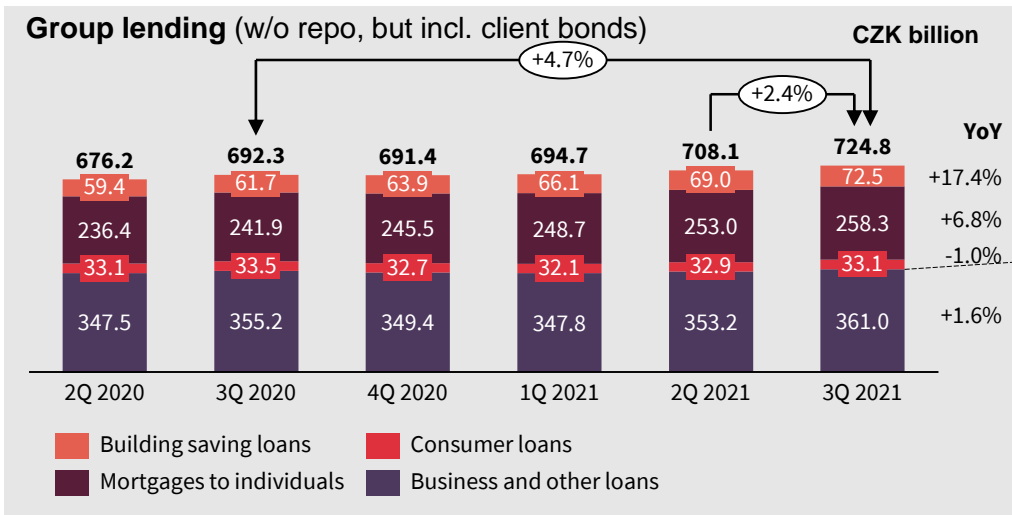


## Digital wallet use

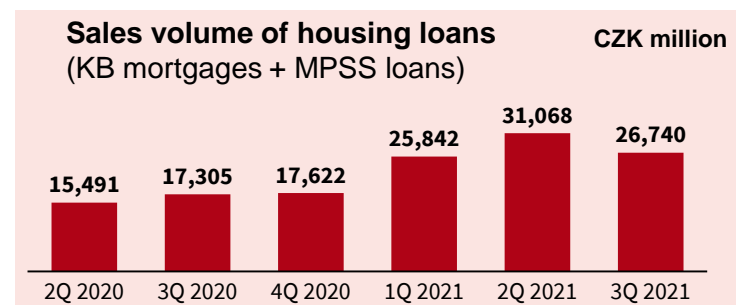
Number of tokenized payment cards 359,000 (+107,000 YoY, +30,000 QoQ)



# GROSS LENDING EXCLUDING REPO UP 4.7% YOY



- Gross amounts due from clients (including repo operations and debt securities issued by KB's corporate clients) +4.2% YoY, 2.4% QoQ to CZK 724.8 billion
- Net loans to deposits ratio at 68.1%. Liquidity coverage ratio 200%
- Sales of mortgages still strong before further increases in rates in October
- Business lending growth still mainly driven by working capital financing
- Negative contribution from 6.3% YoY appreciation of CZK v. EUR (to CZK value of EUR denominated loans to businesses) represents 1.0% of total lending



# SELECTED DEALS OF THE 3Q 2021

## REAL ESTATE



CTPark Ostrava, spol. s r.o., Rhapsody III  
CTP N.V.

Real Estate Financing  
RCF Participation

**EUR 1,000,000,000**  
**EUR 400,000,000**

Agent, Security Agent, Lender, Account Bank

2021

## MACHINERY



AGROSTROJ Pelhřimov, a.s.

Acquisition Financing

**EUR 66,000,000**

Arranger, Lender

2021

## MEDIA AND TELECOMMUNICATION



CETIN GROUP N.V.

Sale of minority stake in dual track

Sell side advisory and  
Global Coordinator of IPO

2021

## TELECOMMUNICATION



SWAN, a.s., SWAN Mobile, a.s.

Club Credit Facility

**EUR 176,660,000**

Original Lender, Hedge Counterparty

2021

## METALURGY



U.S. Steel Košice, s.r.o.

Unsecured sustainability linked syndicated  
revolving credit facility

**EUR 65,000,000**

Mandated Lead Arranger

2021

## SPECIAL MACHINERY



CZECHOSLOVAK GROUP a.s.

Reg S, Senior Unsecured Floating Rate Bonds  
Due July 2026

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

Joint Lead Manager

2021

## MINERAL PRODUCT INDUSTRY



IZSPV s.r.o.

Investment Loan

**undisclosed**

Sole Financing Arranger & Underwriter, Escrow  
Agent

2021

## MUNICIPALITIES



Město Kyjov

Investment Loan

**CZK 330,000,000**

Sole Lender

2021

## UTILITIES



COMPAG MLADÁ BOLESLAV s.r.o.

Investment Loan

**CZK 384,000,000**

Sole Lender

2021

## CONSTRUCTION



VHS UNI s.r.o.

Investment Loan

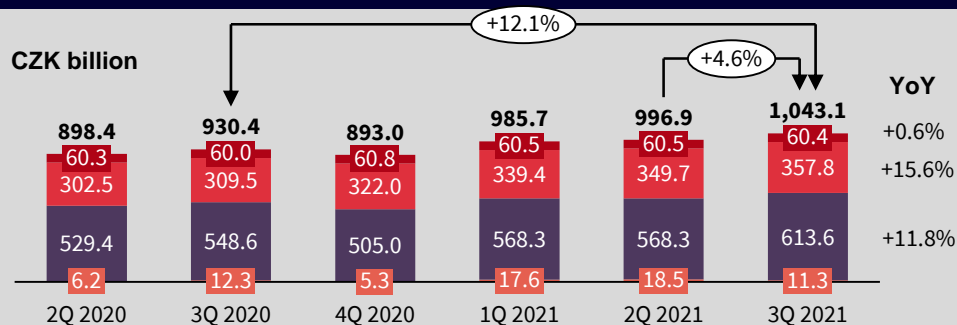
**EUR 9,000,000**

Sole Lender

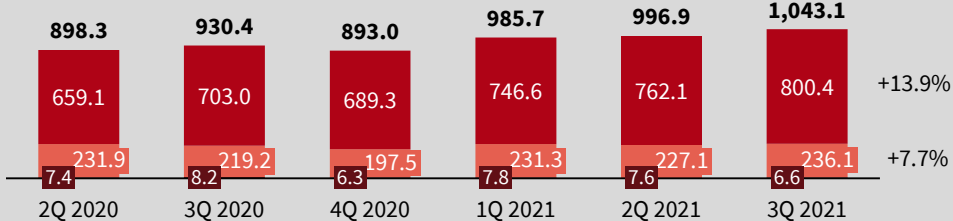
2021

# CLIENT DEPOSITS UP BY 12.1% YOY, OTHER AUM +6.1%

## GROUP DEPOSITS (excluding repo operations) CLIENT



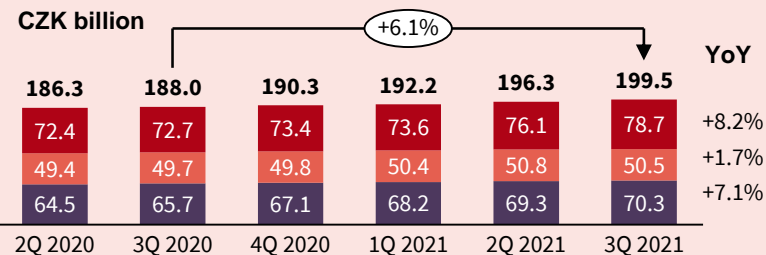
■ Building savings ■ KB Individual deposits ■ Business deposits ■ Other deposits



■ Current accounts ■ Term and savings accounts ■ Other payables to customers

Total amounts due to clients (incl. repo op. with clients) +13.2% YoY, +5.9% QoQ to CZK 1,093.9 billion

## NON-BANK ASSETS UNDER MANAGEMENT CLIENT

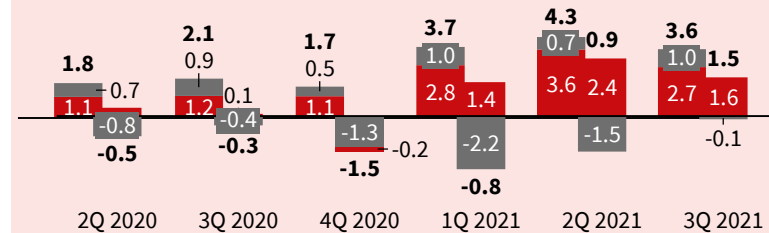


■ AUM in mutual funds

■ KP Life insurance reserves (total savings)

■ Client assets managed by KB Pension company

## Gross and net sales of mutual funds



■ Fixed income funds

■ Equity & other funds

Left bar - gross sales / right bar - net sales

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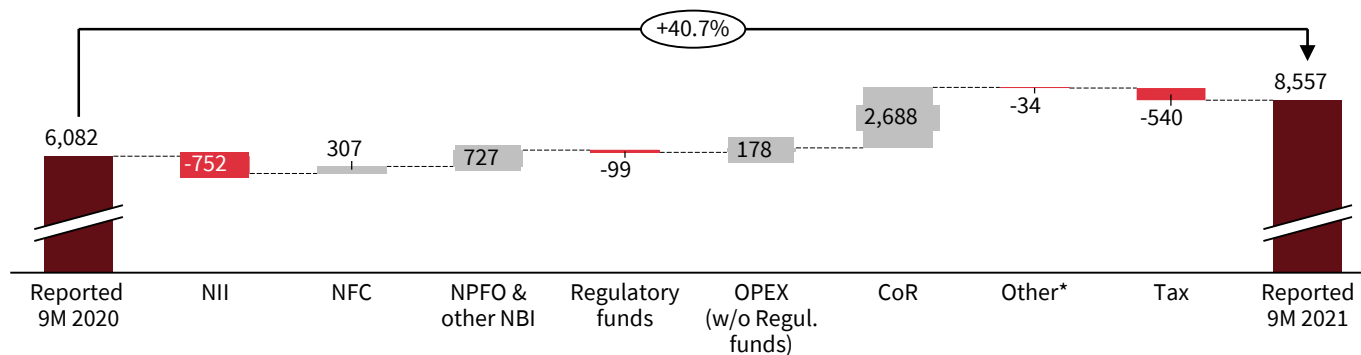
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# PROFITABILITY RECOVERING FROM PANDEMIC HIT

Drivers for year on year change in attributable net income (as of 30 September 2021)



\*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

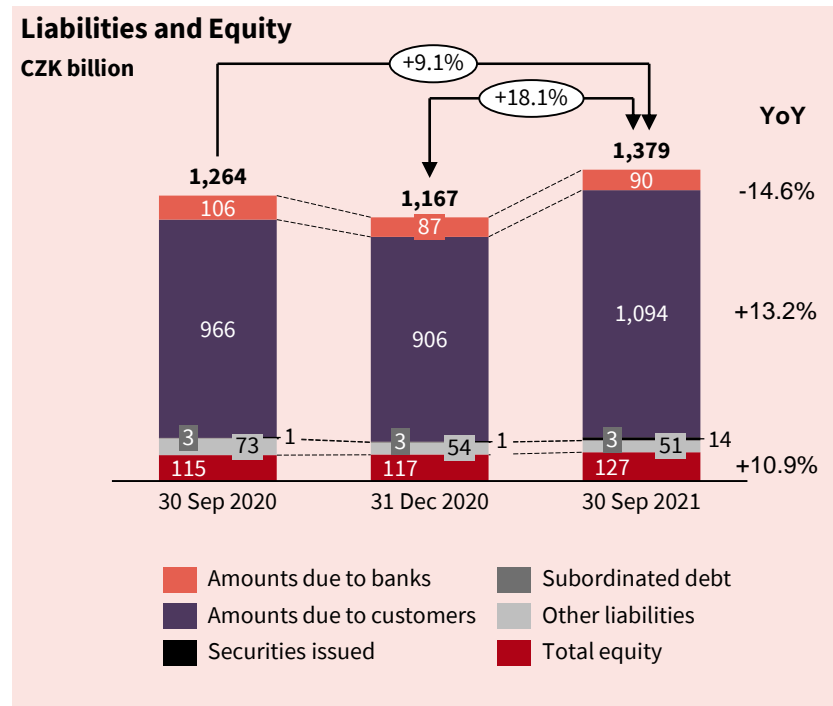
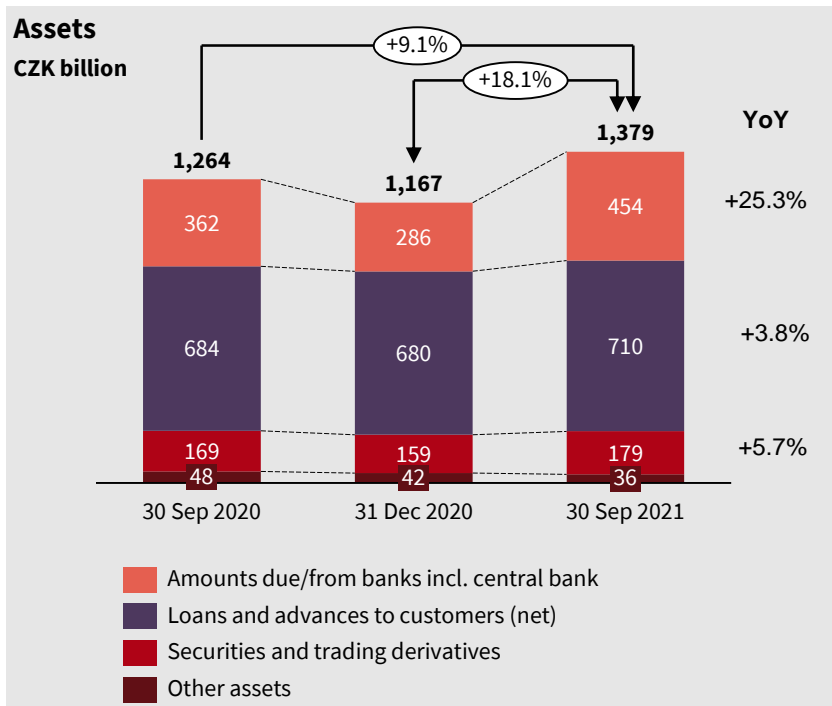
## Profitability indicators for 9M 2021

Return on average equity	Return on average Tier 1 capital	Return on average tangible equity	Return on average assets
<b>9.6%</b> 9.8%**	<b>11.2%</b> 11.5%**	<b>10.6%</b> 10.8%**	<b>0.9%</b> 0.9%**

\*\* Assuming linear accrual of regulatory funds charges over the whole year (IFRIC 21 linearisation)

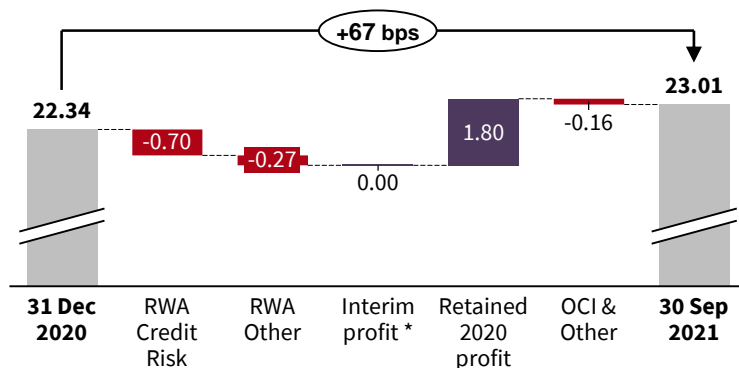
# BALANCE SHEET GROWTH DRIVEN BY CLIENT DEPOSITS AND RETAINED EARNINGS

STATEMENT OF FINANCIAL POSITION



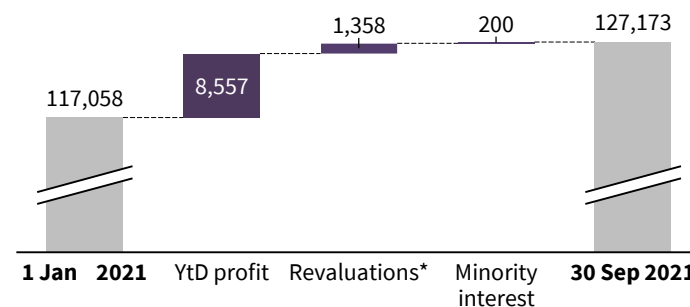
# STRONG CAPITAL ABOVE TARGET

## Contributions to capital adequacy ratio in 2021 (%)



\* In 2021, a dividend provision of 100% is applied on profit of the current year.

## Contributions to equity in 2021 (CZK million)



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

As of 1 October 2021, following switch from systemic risk buffer (3%) to O-SII requirement (2%), KB's Overall Capital Requirement temporarily decreased to 15.2% (minimum CET 1 at 11.15%, minimum Tier 1 at 13.15%). It will increase again by cumulative 100 bps from October-22 due to announced two increases in counter-cyclical buffer to 1.5%. KB will continue to apply prudent assumptions in its capital planning about the future development of regulatory capital requirements.

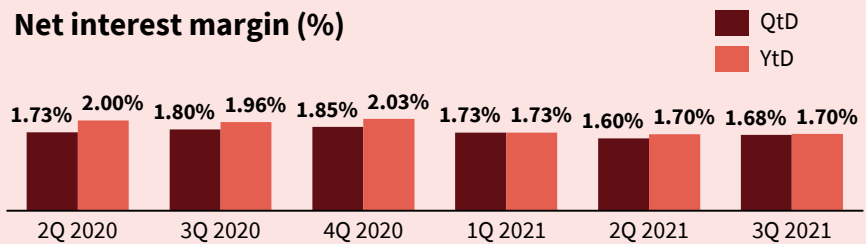
## Regulatory capital indicators

	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	23.0%	22.5%	108.4	106.1	471.1	388.9	34.2%
31 Dec 2020	22.3%	21.7%	100.7	97.9	450.6	375.9	38.6%
30 Sep 2020	21.6%	20.9%	98.0	94.7	453.2	375.2	35.9%



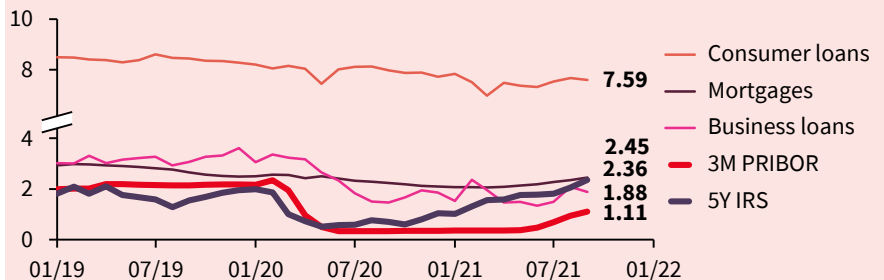
# INTEREST INCOME RECOVERING

## Net interest margin (%)



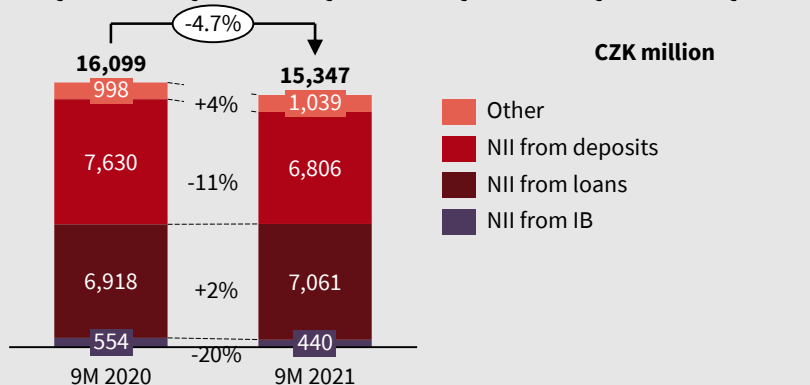
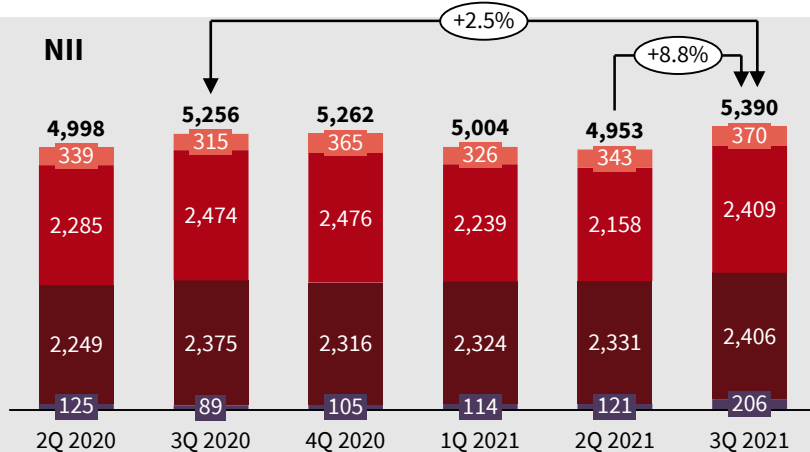
- NII from loans – positive volume effect, retail loan spreads lower, stable spreads in business lending
- NII from deposits – beginning recovery following start of normalisation of interest rates

## Average market rates on new CZK loans (%) (until September 2021)



Source: CNB, Macrobond

## NII

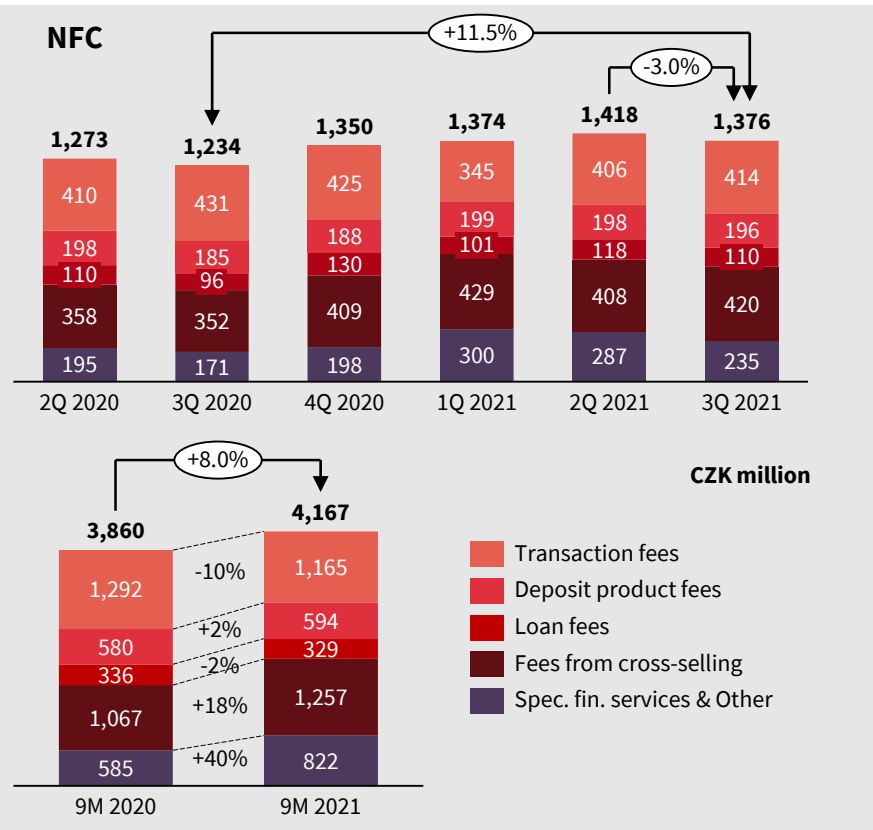


- Other
- NII from deposits
- NII from loans
- NII from IB



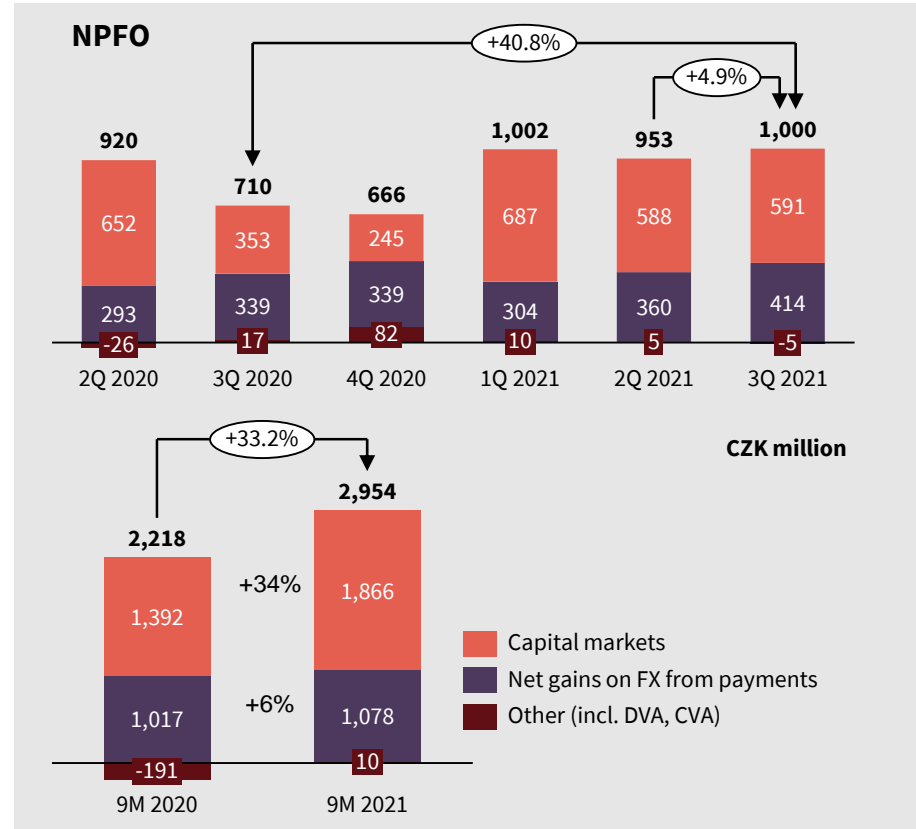
# FEE INCOME DRIVEN BY CROSS-SELLING, DCM SERVICES

- **Transaction fees** – rebound in activity since 2Q21 in card, non-cash, non-branch transactions
- **Deposit product fees** – reflecting number of accounts, clients upgrading their account packages
- **Loan fees** – affected by cost of guarantees for loans in COVID programmes. Fees for loan services stable YoY
- **Fees from cross-selling** – better income from mutual funds and life insurance
- **Specialised financial services and other fees** – strong result driven by debt capital markets and advisory services, higher custody fees. Several large transactions in 1H21



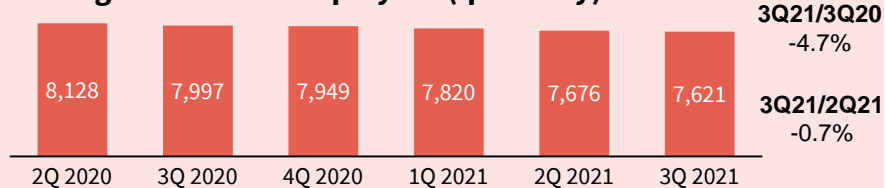
# SUPPORTIVE MARKET CONDITIONS

- Higher client activity in IR and FX hedging driven by evolving CZK rates expectations, and KB's appropriate offer of hedging strategies
- Solid turnover on CZGB secondary market
- Result supported by correct inventory positioning
- Growing activity of SME clients via eTrading platform
- Partial recovery in travelling and related currency conversions reflected in improved gains of FX from payments compared to low base of 2020



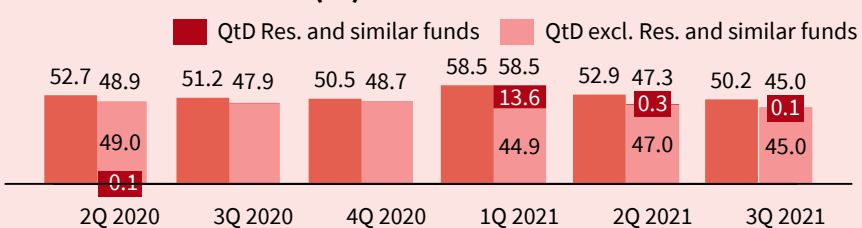
# TIGHT CONTROL OF OPERATING COSTS

## Average number of employees (quarterly)

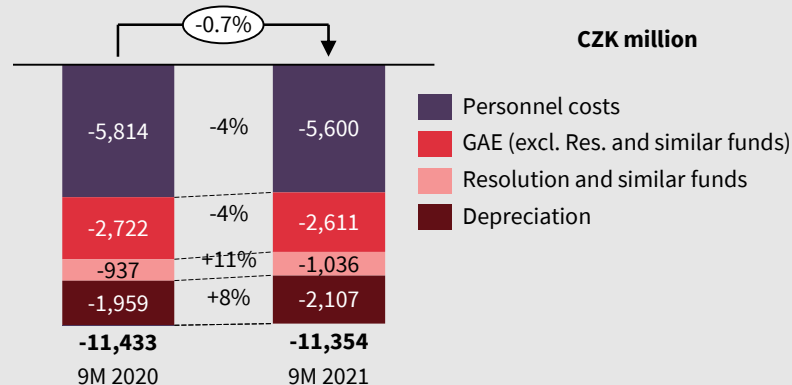
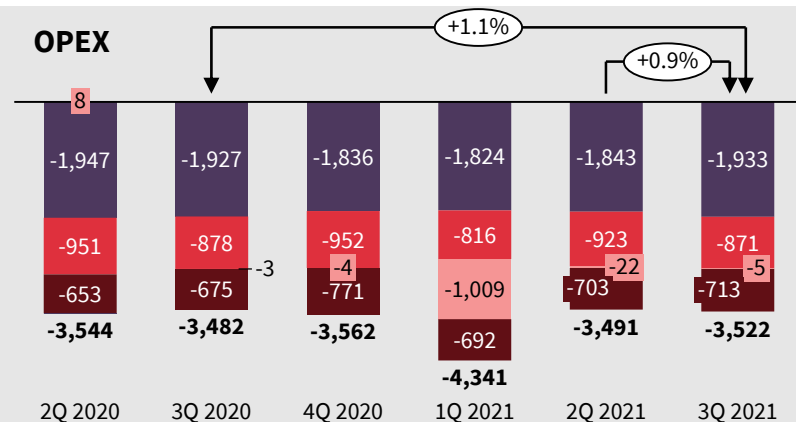


- **Personnel costs** – 9M 2021 average FTE -4.9% YoY at 7,705, stable salaries in 2021, ongoing bonus accrual adjustment
- **Administrative costs** – YoY lower telco, real estate costs (HQ centralisation), higher IT, marketing costs
- **Regulatory funds** – Bank sector charge for RES fund up 15% YoY
- **D&A increase** driven by software and IT equipment

## Cost to Income ratio (%)



## OPEX



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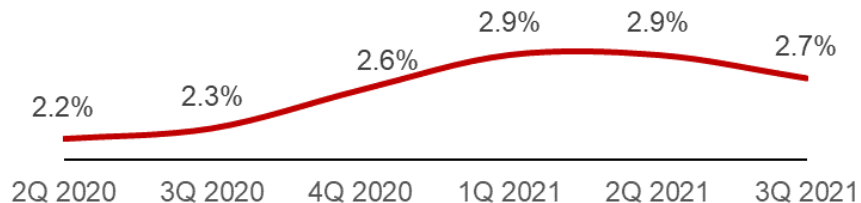
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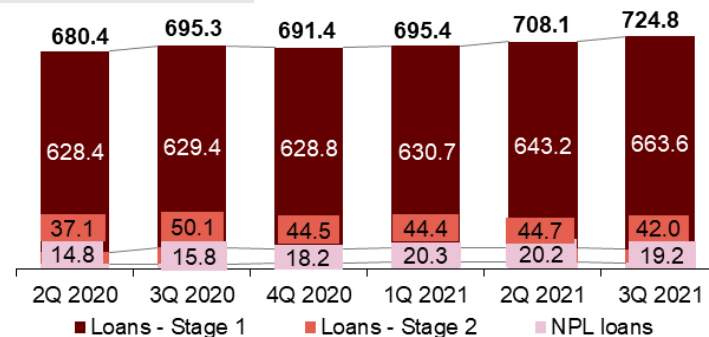
# 3Q 2021 ASSET QUALITY

- Loan exposure up 4.2 % YoY and 2.4% QoQ
- Stable credit risk profile of KB loan portfolio
  - NPL share down to 2.7% (QoQ down by 0.2%)
  - Stage 2 share down to 5.8% (QoQ down by 0.5%)
- Stable provision coverage (fluctuating around 50%)

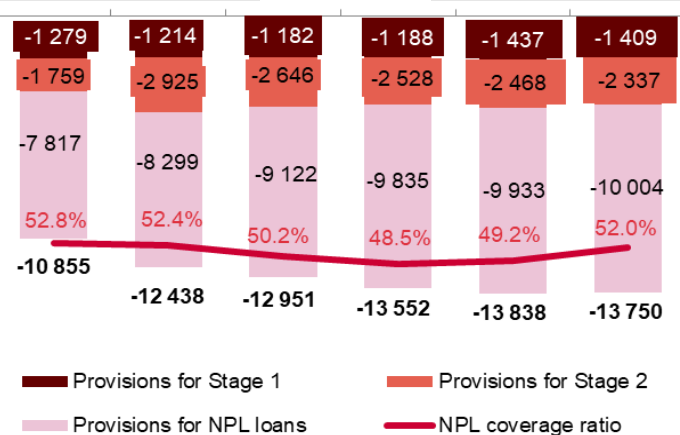
## Share of NPL exposure development



## Gross lending



## Provision coverage

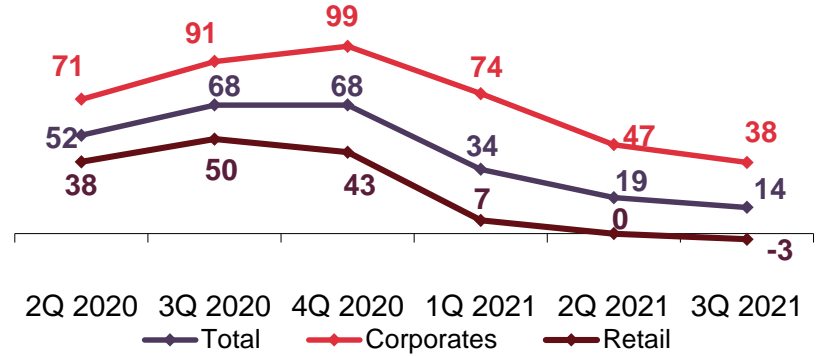


# 3Q COST OF RISK DEVELOPMENT

- 3Q 2021 CoR net creation at CZK 51 million
- CZK 149 million created on corporate portfolios
  - New CoR creation concentrated on one client situation
  - Continued successful recoveries on a few client situations
- CZK 95 million released on retail portfolios
  - Limited migration intensity into NPL
  - Continued recovery performance at satisfactory levels

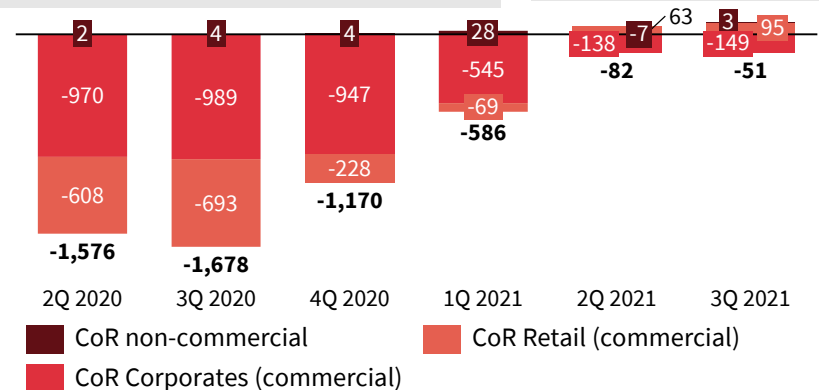
**Total Cost of Risk**

(Year-to-date, in basis points)



**Total Cost of Risk development**

CZK million



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# BASELINE OUTLOOK FOR 2021 (UPDATE AS OF OCTOBER)

*Investors are advised to consider higher than usual level of uncertainty and risks*

## Macroeconomic assumptions

- Czech economy expected to grow by only 2% due to supply shortages and production outages in automotive sector. Growth to be driven mainly by household consumption.
- Average consumer price inflation expected to reach 3.6%.
- Monetary policy normalisation expected to continue in November and December 2021.

## Banking market outlook

- Lending market to grow at mid-single digit pace in 2021, with housing loans still relatively faster, while consumer lending and business lending to grow only slightly.
- Bank deposits should grow again strongly, faster than loans, both in retail and corporate.

## KB business outlook

- KB Group lending to grow at mid-single digit pace in total, faster in retail (mortgages) than in corporate.
- Deposit growth in low teens in retail, except for marginal growth at Modrá pyramida, mid single digits in corporate segments.
- Implementation of KB Change 2025 strategy, building of the new digital bank according to the plan.

## KB financial outlook

- Revenues slightly up with NII at red zero reflecting trajectory of rates. NFC to rebound by mid-single digits on improved economic activity and cross-selling. NPFO should increase by double digit figure driven by hedging demand, return of travel related flows.
- OPEX to remain flattish, with higher costs related to digital transformation offset by lower personnel expenses, reflecting savings at headquarters and downsizing of branch network.
- Risk costs in FY 2021 to decrease significantly year on year, thanks to post-pandemic recovery and effective public support.

## Potential risks to the outlook

- Insufficient vaccination results, worsening pandemic situation leading to recurring lockdowns.
- Worsening external environment, such as a due to major disruptions in global supply chains.
- Abrupt change in the fiscal policy, withdrawal of stimulus.
- Further decline in CZK interest rates, large shifts in FX rate.

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# KB CHANGE 2025 STRATEGIC FRAMEWORK

## Purpose

“Building together with our clients a **better and sustainable future** through **responsible** and **innovative financial** solutions.”

## Vision

“Leader in **new era of banking**, for **2 million** active clients.”

## Pillars

### Growth

### Helpfulness

### Responsibility

## Company objectives

- Digital bank for people with aspiration
- New revenue sources
- One mortgage factory
- Market leader for corporate services
- Agile, adaptive & effective organization
- Fully digital sales & services
- Next Gen CSR / ESG
- Data driven company
- Risk management 2.0
- Operational efficiency

# DELIVERIES IN FIRST 12 MONTHS OF KB CHANGE 2025 PLAN



## DIGITAL BANK FOR PEOPLE WITH ASPIRATIONS

- New digital bank – based on Temenos Transact core banking Drop 1 with basic functions and 500 users launched October 2021

- New branch concept introduced with a first outlet in July 2021

- Share of E2E digital sales of consumer loans up to 27% in 9M 2021 (v. 11% in 2019), 17% of MůjÚčet accounts (v. 4%), 14% of mutual fund contracts

- New products available via mobile banking – consumer loan, property insurance, savings accounts, overdrafts, wallet insurance

- Building an ecosystem of complementary services via internal development, participations and co-operations with fintech companies or established providers



SMART SOLUTIONS



UPVEST



- New joint infrastructure and front-end for housing financing for both KB & MPSS

- Market share in lending to businesses up by 0.6 p.p. to 17.4%

- Společně udržitelně.cz – Sustainably together – new advisory portal for business sustainability introduced

- Trade & Finance On-line – new online platform received high satisfaction and security rankings



## FULLY DIGITAL SALES AND SERVICES



## NEW REVENUE SOURCES



## ONE MORTGAGE FACTORY



## MARKET LEADERSHIP IN SERVICES FOR CORPORATES



# DELIVERIES IN FIRST 12 MONTHS OF KB CHANGE 2025 PLAN



## ENVIRONMENT, SOCIETY, GOVERNANCE

- 2020 carbon emissions down 35% to 25,050 tonnes CO<sub>2</sub> eq. (15.2 kg per client)
- New sustainable positive impact financing of CZK 3.2 billion over last 12 months. Gradual withdrawal from coal financing
- New retail and CIB sustainable products and advisory



FTSE4Good



## RISK MANAGEMENT 2.0

- Development of digital anti-fraud capabilities
- Enhanced retail collection capabilities using new technologies (voicebot, AI-based algorithms)
- Deployment of AI-based Early Warning Signal models for loan monitoring activities
- New risk modules supporting automation/digitization of loan granting activities
- Better systems stability, improved IT flexibility, reduced response time achieved along with increase in average number of app releases to 11 p.a.
- HR insourcing initiatives focused on strengthening internal know-how and improving efficiency
- Full rollout of OKR method across the organisation
- Upgraded data analytics and visualisation with Power BI platform
- Number of FTE -4.9% YoY. No. of branches down 29% v. 2019
- Head offices of all KB Group companies (ex. ESSOX) moved to HQ in Stodůlky
- Ongoing centralisation of support functions across KB Group



## AGILE, ADAPTIVE & EFFECTIVE ORGANISATION



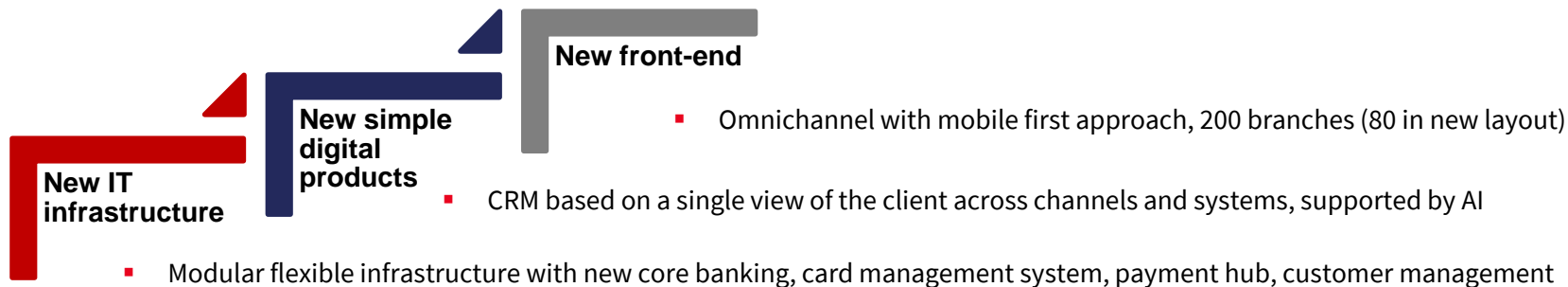
## DATA DRIVEN COMPANY



## OPERATIONAL EFFICIENCY

# NEW DIGITAL BANK – MINIMUM VIABLE BANK LAUNCHED

New digital bank means a greenfield initiative and overhaul of banking processes – client facing as well as internal



## Main planned technological features

- Real time 24/7 processing, analytics and lead generation
- Continuous innovations with daily releases
- Addressing customer & banking needs (CRM, reporting, compliance)
- Significant savings from decommissioning of old systems

## Planned key results

- Increase in number of clients, client satisfaction measured by NPS, average revenue per user
- Share of digital sales to exceed 50%
- 100% paperless communication with client
- Improved productivity (number of clients per employee)

## New digital bank implementation timeline



# DELIVERY OF OPERATIONAL TARGETS ON TRACK IN SPITE OF COVID-19 DISRUPTION

MAIN OPERATIONAL TARGETS *	2019	SEP-2021	TARGET 2025	
<b>CLIENT SATISFACTION (NPS)</b>				
- INDIVIDUALS	32	37	50	<ul style="list-style-type: none"> <li>Retail NPS growing driven by high satisfaction with digital channels and significantly improved perception of stability of systems</li> <li>Leading position on the market for corporate clients maintained, measurement pending</li> </ul>
- SMALL BUSINESSES	32	34	50	
- MID-SIZED CORPORATIONS	35	▲	50	
- LARGE CORPORATES	58	▲	50	
<b>BANK CLIENTS (NUMBER) **</b>	1,664,000	1,623,000	>2,000,000	<ul style="list-style-type: none"> <li>Trend so far affected by full-scale KYC remediation</li> </ul>
<b>BANK BRANCHES</b>	342	242	200	<ul style="list-style-type: none"> <li>New branch design introduced, ambient to advisory</li> <li>102 cashless branches</li> </ul>
<b>EMPLOYEES (FTE NUMBER)</b>	7,210	6,754	5,500	<ul style="list-style-type: none"> <li>Optimization through digitization and automation, branch reduction. Insourcing of IT &amp; data know-how</li> </ul>
<b>EMPLOYEE ENGAGEMENT</b>	78	76.5	83	<ul style="list-style-type: none"> <li>Smart office, Mojevitalita programme for healthy lifestyle, legal and life counselling, supporting vulnerable populations, education portal</li> </ul>
<b>ESG ASSESSMENT (FTSE4GOOD INDEX SCORE)</b>	3.3	3.3	4	<ul style="list-style-type: none"> <li>Member of FTSE4Good and MSCI ESG indices</li> <li>Reduced carbon emissions by 35% YoY, gradual withdrawal from coal financing by 2030</li> </ul>

\* Bank only \*\* including contribution from non-organic growth

# CONFIRMED GROWTH AND FINANCIAL TARGETS FOR 2025

- Dynamic growth of revenues from 2022 after pandemic-induced trough to be driven by rising business volumes, digital sales, advisory model supported by data analytics and new sources of revenues, and underpinned by faster normalisation of interest rates
- Management targets positive operating jaws with operating expenditures growing on average below inflation
- Total investments of the digital journey peaking in 2021 and 2022, savings from decommissioning of old components to accrue mainly from 2024-2025
- Strong capital to support shareholder remuneration, higher mid-single digit growth of RWA driven by business growth, with some contribution of RW regulatory adjustments and potentially accretive non-organic growth opportunities

	2019	9M 2021	AMBITION 2025 (INCL. NON-ORG. GROWTH)	
<b>BANK CLIENTS (NUMBER)</b>	1,664,000	1,623,000	>2,000,000	▪ Minimum ambition including non-organic growth
<b>COST-TO-INCOME *</b>	46%	50%	<40%	▪ Significant positive trajectory in 2024-25 with new revenues and savings from rollout of the New Digital Bank
<b>RETURN ON EQUITY *</b>	15%	10%	>15%	▪ Assuming normalization in Cost of risk to 25 bps in 2025, contribution from non-organic growth

\* KB Group, including contribution from non-organic growth



# CONTENTS

Highlights of 9M 2021

Macroeconomic environment

Business performance

Financial performance

Asset quality & cost of risk

Outlook for 2021

KB Change 2025 Year 1 delivery

**Appendix**

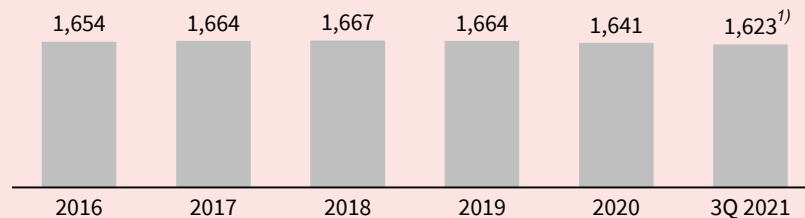
# NUMBER OF CLIENTS AND DISTRIBUTION NETWORK

	3Q 2020	3Q 2021	YoY
<b>Number of clients</b>			
KB Group's clients	2,299,000	2,237,000	-62,000 <sup>1), 2)</sup>
Komerční banka	1,651,000	1,623,000	-27,000 <sup>1)</sup>
– individual clients	1,397,000	1,380,000	-17,000 <sup>1)</sup>
– internet banking clients	1,440,000	1,457,000	17,000
– mobile banking clients	904,000	1,008,000	104,000
Modrá pyramida	480,000	484,000	4,000
KB Penzijní společnost	526,000	522,000	-4,000
ESOX (Group)	154,000	138,000	-16,000 <sup>2)</sup>
<b>Distribution network</b>			
KB Retail branches	243	243	0
Modrá pyramida points of sale	201	201	0
SGEF branches	9	9	0
ATMs	802	856	54
of which deposit-taking	415	494	79
of which contactless	286	579	293
Number of active debit cards	1,411,000	1,415,000	4,000
Number of active credit cards	182,000	183,000	2,000
Number of cards virtualized into payment apps	252,000	359,000	107,000
KB key authentication users	740,000	935,000	194,000

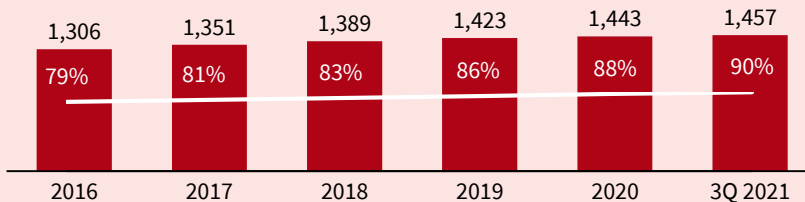
1) Year on year decline affected by termination of accounts as a result of Know-Your-Client remediation process.

2) Year on year decline influenced by termination of non-active credit card relationships.

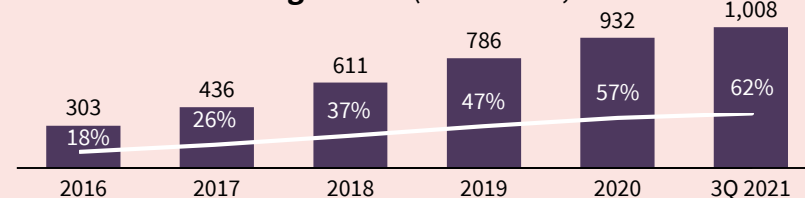
## Number of bank clients (thousands, CZ)



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



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



# INCOME STATEMENT

## Profit and Loss Statement

	Reported		
	9M 2020	9M 2021	Change YoY
(CZK million, unaudited)			
Net interest income	16,099	15,347	-4.7%
Net fee & commission income	3,860	4,167	8.0%
Net profit of financial operations	2,218	2,954	33.2%
Dividend and other income	169	160	-5.3%
<b>Net banking income</b>	<b>22,346</b>	<b>22,628</b>	<b>1.3%</b>
Personnel expenses	-5,814	-5,600	-3.7%
General admin. expenses (excl. regulatory funds)	-2,722	-2,611	-4.1%
Resolution and similar funds	-937	-1,036	10.6%
Depreciation, amortisation and impairment of operating assets	-1,959	-2,107	7.6%
<b>Total operating expenses</b>	<b>-11,433</b>	<b>-11,354</b>	<b>-0.7%</b>
<b>Operating profit</b>	<b>10,913</b>	<b>11,274</b>	<b>3.3%</b>
Impairment losses	-3,524	-754	-78.6%
Net gain from loans and advances transferred and written off	117	35	-70.2%
<b>Cost of risk</b>	<b>-3,407</b>	<b>-719</b>	<b>-78.9%</b>
<b>Net operating income</b>	<b>7,506</b>	<b>10,554</b>	<b>40.6%</b>
Income from share of associated companies	192	168	-12.5%
Profit/(loss) attributable to exclusion of companies from consolidation	-41	25	+/-
Net profits on other assets	-5	28	+/-
<b>Profit before income taxes</b>	<b>7,652</b>	<b>10,776</b>	<b>40.8%</b>
Income taxes	-1,475	-2,015	36.6%
<b>Net profit</b>	<b>6,177</b>	<b>8,760</b>	<b>41.8%</b>
Profit attributable to the Non-controlling owners	95	203	>100%
<b>Profit attributable to the Group's equity holders</b>	<b>6,082</b>	<b>8,557</b>	<b>40.7%</b>

# QUARTERLY INCOME STATEMENT

## Profit and Loss Statement

(CZK million, unaudited)

	Reported				
	3Q 2020	2Q 2021	3Q 2021	Change YoY	Change QoQ
Net interest income	5,256	4,953	5,390	2.5%	8.8%
Net fee & commission income	1,234	1,418	1,376	11.5%	-3.0%
Net profit of financial operations	710	953	1,000	40.8%	4.9%
Dividend and other income	63	59	58	-7.9%	-1.7%
<b>Net banking income</b>	<b>7,263</b>	<b>7,383</b>	<b>7,823</b>	<b>7.7%</b>	<b>6.0%</b>
Personnel expenses	-1,927	-1,843	-1,933	0.3%	4.9%
General admin. expenses (excl. regulatory funds)	-878	-923	-871	-0.8%	-5.6%
Resolution and similar funds	-3	-22	-5	66.7%	-77.3%
Depreciation, amortisation & impairment of op. assets	-675	-703	-713	5.6%	1.4%
<b>Total operating expenses</b>	<b>-3,482</b>	<b>-3,491</b>	<b>-3,522</b>	<b>1.1%</b>	<b>0.9%</b>
<b>Operating profit</b>	<b>3,781</b>	<b>3,892</b>	<b>4,300</b>	<b>13.7%</b>	<b>10.5%</b>
Impairment losses	-1,695	-95	-61	-96.4%	-36.5%
Net gain from loans and advances transferred and written off	16	14	9	-39.3%	-30.8%
<b>Cost of risk</b>	<b>-1,678</b>	<b>-82</b>	<b>-51</b>	<b>-97.0%</b>	<b>-37.8%</b>
<b>Net operating income</b>	<b>2,103</b>	<b>3,810</b>	<b>4,249</b>	<b>&gt;100%</b>	<b>11.5%</b>
Income from share of associated companies	49	50	62	26.5%	24.0%
Profit/(loss) attributable to exclusion of companies from consolidation	-41	25	0	n.a.	n.a.
Net profits on other assets	-7	20	3	+/-	-85.0%
<b>Profit before income taxes</b>	<b>2,104</b>	<b>3,905</b>	<b>4,315</b>	<b>&gt;100%</b>	<b>10.5%</b>
Income taxes	-405	-710	-813	>100%	14.5%
<b>Net profit</b>	<b>1,698</b>	<b>3,194</b>	<b>3,502</b>	<b>&gt;100%</b>	<b>9.6%</b>
Profit attributable to the Non-controlling owners	53	65	71	34.0%	9.2%
<b>Profit attributable to the Group's equity holders</b>	<b>1,646</b>	<b>3,129</b>	<b>3,432</b>	<b>&gt;100%</b>	<b>9.7%</b>

# BALANCE SHEET

<b>Balance Sheet</b> (CZK million, unaudited)	<b>30 Sep 2020</b>	<b>31 Dec 2020</b>	<b>30 Sep 2021</b>	<b>YoY rel.</b>	<b>YoY abs.</b>	<b>Ytd rel.</b>	<b>Ytd abs.</b>
<b>Assets</b>	<b>1,263,532</b>	<b>1,167,131</b>	<b>1,378,937</b>	<b>9.1%</b>	<b>115,405</b>	<b>18.1%</b>	<b>211,806</b>
Cash and current balances with central bank	47,764	23,547	79,070	65.5%	31,306	>100%	55,523
Loans and advances to banks	314,422	262,606	374,771	19.2%	60,349	42.7%	112,165
Loans and advances to customers (net)	683,684	679,956	709,811	3.8%	26,127	4.4%	29,855
Securities and trading derivatives	169,207	158,916	178,914	5.7%	9,707	12.6%	19,998
Other assets	48,455	42,106	36,371	-24.9%	-12,084	-13.6%	-5,735
<b>Liabilities and shareholders' equity</b>	<b>1,263,532</b>	<b>1,167,131</b>	<b>1,378,937</b>	<b>9.1%</b>	<b>115,405</b>	<b>18.1%</b>	<b>211,806</b>
Amounts due to banks	105,873	86,572	90,385	-14.6%	-15,488	4.4%	3,813
Amounts due to customers	966,117	906,217	1,093,858	13.2%	127,741	20.7%	187,641
Securities issued	1,063	1,148	14,017	>100%	12,954	>100%	12,869
Subordinated debt	2,726	2,629	2,554	-6.3%	-172	-2.9%	-75
Other liabilities	73,074	53,507	50,951	-30.3%	-22,123	-4.8%	-2,556
Total equity	114,680	117,058	127,173	10.9%	12,493	8.6%	10,115
o/w Minority equity	3,199	3,242	3,443	7.6%	244	6.2%	201

# CAPITAL & PROFITABILITY INDICATORS

	Reported			Adjusted for IFRIC 21 linearisation*	
	30/09/2020	31/12/2020	30/09/2021	30/09/2020	30/09/2021
(year-to-date, IFRS 9)					
Capital adequacy	21.6%	22.3%	23.0%		
Tier 1 ratio = Core Tier 1 ratio	20.9%	21.7%	22.5%		
Risk weighted assets for credit risk (CZK billion)	375.2	375.9	388.9		
Net interest margin, annualised	2.0%	2.0%	1.7%		
Loan (net) / deposit ratio (excl. repo with clients)	73.2%	76.1%	68.1%		
Cost / income ratio	51.2%	50.5%	50.2%	50.1%	49.0%
Return on average equity (ROAE), annualised	7.5%	7.4%	9.6%	7.7%	9.8%
Return on average Tier 1 capital	9.1%	9.0%	11.2%	9.4%	11.5%
Return on average tangible equity (ROTE)	8.2%	8.2%	10.6%	8.5%	10.8%
Return on average assets (ROAA), annualised	0.7%	0.7%	0.9%	0.7%	0.9%
Earnings per share (CZK), annualised	43	43	60	44	62
Average number of employees during the period	8,099	8,061	7,705		

\* **Adjusted for** linearised IFRIC 21 charges for regulatory funds

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

# YTD 3Q 2021 COST OF RISK STRUCTURE

Key components	Contribution to YtD 3Q 2021 CoR
Corporate NPL portfolio	8 bps
Corporate performing portfolio (Stages 1 & 2)	7 bps
Retail NPL portfolio	2 bps
Retail performing portfolio (Stages 1 & 2)	-2 bps
IFRS9 models recalibrations	-1 bps
<b>TOTAL</b>	<b>14 bps</b>

# TERMINATED LOAN MORATORIUM PORTFOLIOS

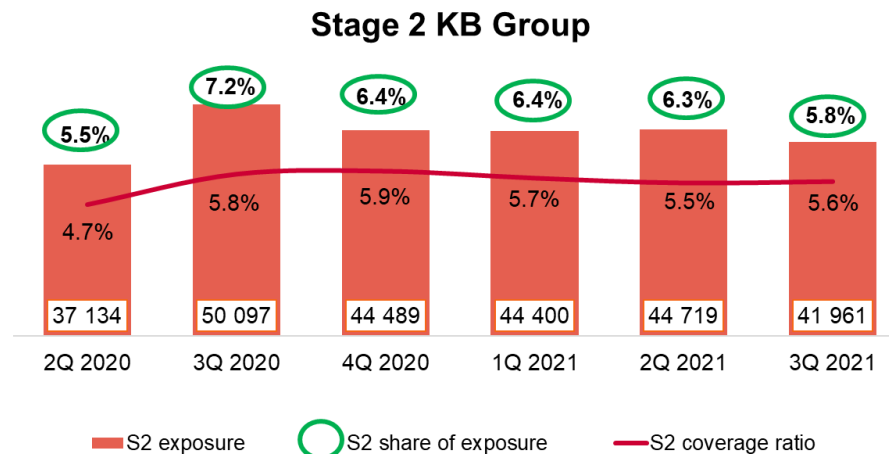
CZK billion	Total moratorium exposure	o.w. defaulted exposure	% of defaulted exposure	o.w. non-defaulted exposure with DPD >10	% of non-defaulted exposure with DPD >10
<b>Corporates</b>	24.0	2.9	12.1%	0.6	2.6%
<b>Mortgages</b>	27.3	1.6	5.7%	0.1	0.5%
<b>Other Retail</b>	6.2	0.9	14.1%	0.0	0.8%
<b>KB Group Total</b>	57.5	5.3	9.3%	0.8	1.4%

- Terminated loan moratorium exposure at CZK 57.5 billion as of 3Q 2021 (vs. CZK 62.1 billion as of 2Q 2021)
  - 8.0% of total loan exposure
- Contained risk profile as of 3Q 2021
  - Low share of defaulted exposure at 9.3% (vs. 8.4% as of 2Q 2021)
  - Level of payment incidents rate at low 1.4% (vs. 0.9% as of 2Q 2021)
  - Marginal QoQ increase of corporate indicators driven by one client situation



# STAGE 2 EXPOSURE EVOLUTION

- Lower Stage 2 share (from 6.3% to 5.8% QoQ)
  - Driven by both corporate and retail portfolios
- Stable Stage 2 provision coverage ratio at around 5.5%
  - Prudent provisions of selected Covid-sensitive portfolios
  - Prudent approach to IFRS9 macroeconomic scenarios and related provisioning



# LENDING WITH STATE COVID GUARANTEE

*As of 30 September 2021*

<b>GUARANTEED COVID LENDING</b>	<b>No. of clients</b>	<b>Signed (CZK million)</b>	<b>Outstanding exposure* (CZK million)</b>
Covid II	920	3,999	3,291
Covid Prague	64	380	255
Covid III	2,426	16,714	14,998
Covid Plus	21	3,114	2,847
<b>Total</b>	<b>3,431</b>	<b>24,206</b>	<b>21,390</b>

*\* according to ČNB methodology*

# BUSINESS PERFORMANCE OF SUBSIDIARIES

## 1/2

OVERVIEW OF KB SUBSIDIARIES

	9M 2020	9M 2021	YoY
<b>Modrá pyramida</b> (100%), #2 building savings & loans company			
Volume of new loans (CZK million)	13,265	26,268	98%
Volume of total loans (gross, CZK million)	61,744	72,462	17%
Volume of deposits (CZK million)	59,980	60,352	1%
Number of clients	479,721	483,723	1%
Average number of FTEs	330	322	-2%
Number of points of sale	201	201	0%
<b>KB Penzijní společnost</b> (100%), a manager of pension funds			
Number of new contracts	21,147	26,465	25%
Number of clients	525,608	521,520	-1%
Assets under management (CZK million)	65,659	70,298	7%
of which in Transformed fund	56,562	58,434	3%
Average number of FTEs	47	49	4%
<b>ESSOX</b> (50.93%), #2 non-bank consumer lender and car financing company			
Volume of total loans (gross, CZK million)	16,353	17,459	7%
Number of active clients	154,340	137,978	-11%
Average number of FTEs	391	391	0%

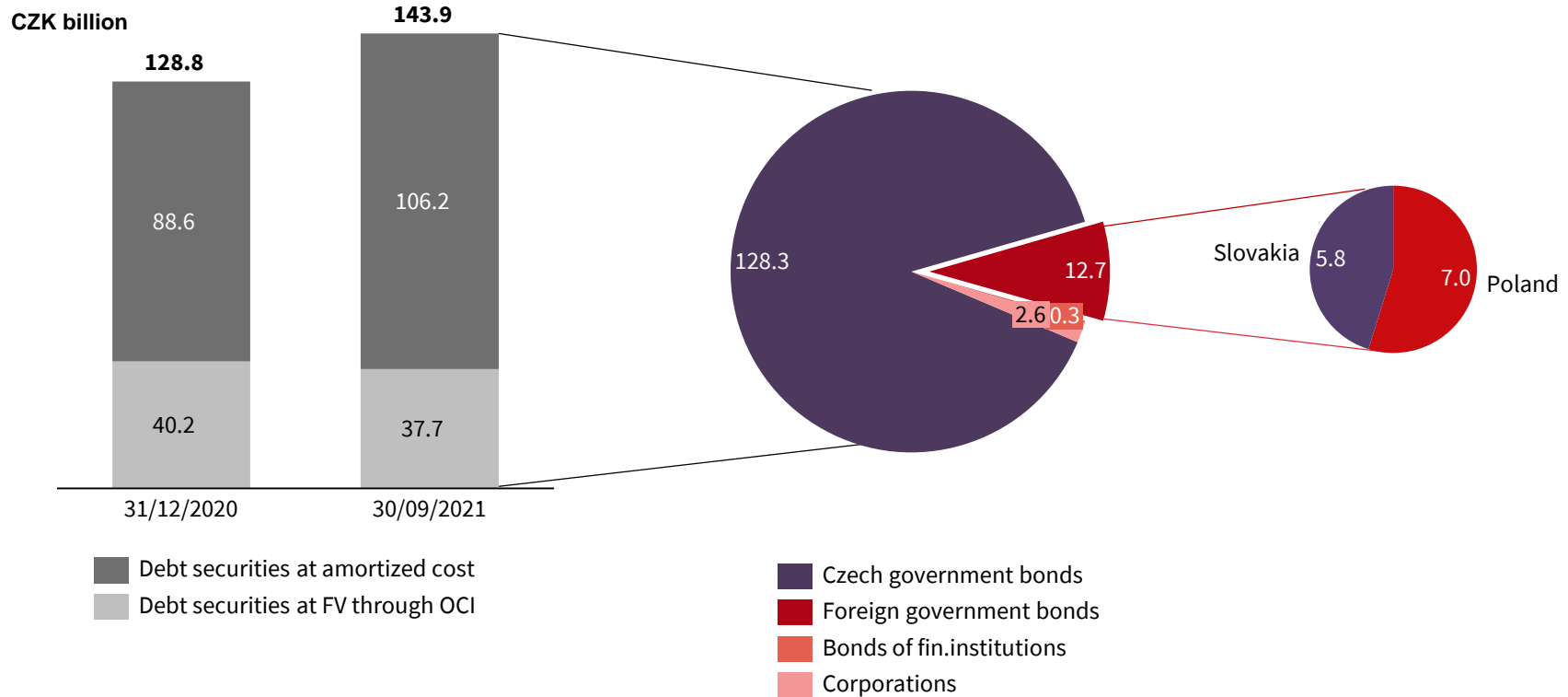
# BUSINESS PERFORMANCE OF SUBSIDIARIES

## 2/2

OVERVIEW OF KB SUBSIDIARIES

	9M 2020	9M 2021	YoY
<b>Factoring KB (100%), #1 on the Czech factoring market</b>			
Factoring turnover (CZK million)	35,475	43,604	23%
Volume of total financing (gross, CZK million)	7,379	8,890	20%
Average number of FTEs	42	41	-3%
<b>Komerční pojišťovna (49%), a universal insurance company</b>			
Volume of technical reserves - Saving (CZK million)	49,651	50,488	2%
Gross written premium (CZK million)	6,080	6,366	5%
of which in life insurance	5,622	5,841	4%
of which in non-life insurance	457	524	15%
Average number of FTEs	232	234	1%
<b>SGEF Czech Republic (50.1%), a provider of asset-backed financing in Czech Rep. and Slovakia</b>			
Volume of new financing (CZK million)	8,367	10,525	26%
Volume of total financing (gross, CZK million)	30,586	30,631	0%
Average number of FTEs	142	140	-1%

# DEBT SECURITIES PORTFOLIO IN THE BANKING BOOK



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

# MACROECONOMIC ENVIRONMENT – CZECHIA

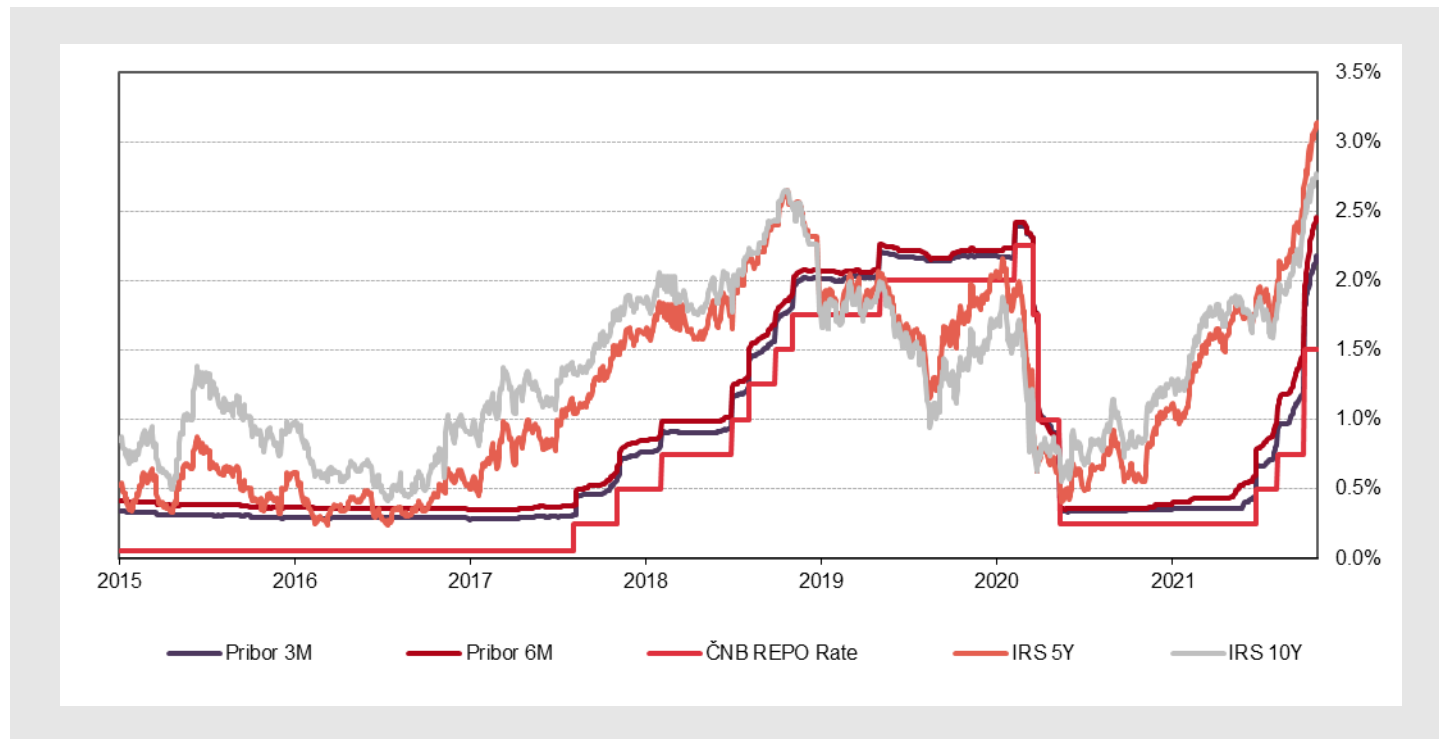
<b>Macroeconomic Indicators</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021*</b>	<b>2022*</b>	<b>2023*</b>
Real GDP (% , average)	2.4	5.4	3.2	3.0	-5.8	1.9	3.5	4.0
Inflation (% , average)	0.7	2.5	2.1	2.8	3.2	3.6	4.8	2.8
Household consumption (% , average)	3.7	4.1	3.3	2.6	-7.1	2.7	4.6	2.2
Unemployment (% , av., ILO meth.)	4.0	2.9	2.2	2.0	2.6	3.1	2.9	2.4
M2 (% , average)	8.6	9.5	5.3	6.9	10.0	10.1	11.6	8.5
3M PRIBOR (% , average)	0.3	0.4	1.3	2.1	0.9	1.0	3.0	2.7
<b>Potential of the market **</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021*</b>	<b>2022*</b>	<b>2023*</b>
Loans / GDP (year-end)	61.5	60.3	61.0	59.6	63.1	62.0	60.4	60.5
Deposits / GDP (year-end)	78.6	81.5	82.1	81.8	90.6	94.4	91.1	90.3
Real estate loans / GDP (year-end)	22.0	22.4	23.0	23.0	25.2	25.3	24.6	24.5
Household loans / GDP (year-end)	27.7	28.1	28.6	28.5	31.0	30.9	30.1	30.1
Corporate loans / GDP (year-end)	33.8	32.2	32.4	31.1	32.2	31.0	30.3	30.3

\* KB estimate

\*\* Banking sector

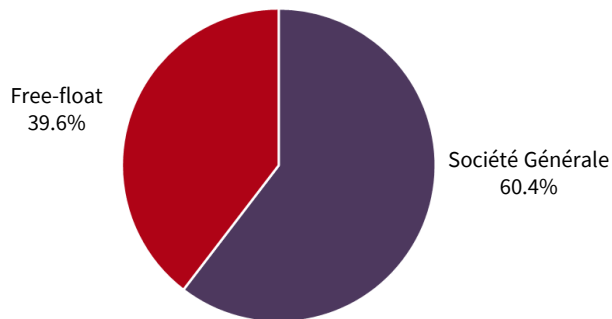
# INTEREST RATES EVOLUTION

For the period 1 Jan 2015 – 29 October 2021



# KB #1 LISTED CZECH BANK

## Shareholder structure



## Development of KB share price and PX index (1 January 2001 – 29 October 2021)



- The number of shareholders comprised 57,851 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, Soci t  G n rale 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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