



Regulatory information

Strong growth in loans, deposits and assets under management across client segments

Net profit stable, influenced by extraordinary factors

- Total lending to clients expanded by a strong 9.9% to CZK 570.8 billion. Year on year, KB strengthened its market position in lending across the segments, and especially to individuals, entrepreneurs and non-financial corporations;
- Deposits from clients within KB Group rose by 9.3% to CZK 694.3 billion;
- Client assets in mutual funds, pension savings and life insurance grew by 8.3% to CZK 144.5 billion;
- The Core Tier 1 capital adequacy ratio stood at 15.3%;
- Reported net profit was stable at CZK 6.7 billion while the net adjusted for non-recurring items declined, because the growth in business did not fully offset the margin pressure and higher cost of risk.

Prague, 3 August 2016 – Komerční banka today reported consolidated results for the first half of 2016. The Bank saw the number of its clients increase by 12,000 to 1,649,000. The volume of loans to clients expanded by 9.9% to CZK 570.8 billion, volume of deposits grew by 9.3% to CZK 694.3 billion, and volume of non-bank assets under management¹ improved by 8.3% to CZK 144.5 billion.

Total revenues were up by 5.3% to CZK 16.3 billion. This figure was influenced by an extraordinary gain from reimbursement for KB's stake in VISA Europe Ltd. When excluding this item, revenues were down by 0.9%². Operating expenditures decreased by 0.1% to CZK 7.2 billion. The cost of risk increased to CZK 0.8 billion from the very low figure of the previous year's first half (CZK 0.1 billion). The reported net profit attributable to shareholders thus remained almost stable year on year at CZK 6.7 billion (+0.8%). Excluding the gain related to VISA Europe, the net profit declined by 10.9% year on year.

"The business results of the first half are very satisfactory as we continue to support our clients with advantageous solutions for day-to-day banking, financing, savings and investments, as well as for hedging of financial risks. The underlying financial performance, on the other hand, is clearly hampered by the extreme interest rate environment and increasing costs due to regulation. In such context, we are striving to take full advantage of our strengths in terms of client relationships, market expertise, operational efficiency, capital strength and liquidity," related Albert Le Dirac'h, KB's Chairman of the Board of Directors and Chief Executive Officer.

As of 30 June 2016, KB Group's Common Equity Tier 1 capital adequacy stood at 15.3%. The Czech National Bank informed KB that in accordance with its assessment of KB's systemic importance the Bank's systemic risk buffer should be lifted to 3.0% from 2.5% as from 1 January 2017. This is in addition to the previously announced decision of the CNB to increase the rate of countercyclical

¹ Client assets in pension funds, mutual funds, technical reserves in life insurance

² On a like-for-like basis adjusted for reclassification of contributions to the Deposit Insurance Fund from 'Net interest income' to 'Operating expenses' and contributions to the Investor Compensation Fund (supported by securities brokers) from 'Net fees and commissions' to 'Operating expenses'



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capital buffer from 1 January 2017 to 0.5% (from 0%). In its Financial Stability Report, the CNB also provided a stricter interpretation of Basel III rules on interaction of regulatory capital buffers, effectively leading to stricter Overall Capital Requirement for banks. Further changes to the capital requirements may arise from the continuing annual Supervisory Review and Evaluation Process.

With the new information on further important increase in the capital requirements, the Board of Directors of KB decided to put under review the previously communicated guidance on dividend distribution from the result of 2016. Under the current assumption of no additional changes to the capital requirements to be incurred in 2016, KB should be able to sustain the organic development of its business activities by returning to the level of dividend pay out ratio usual before the period of increased dividend distribution (from 2014).

Liquidity measured as the ratio of net loans to deposits was at a solid 80.1%.

KB had 45,826 shareholders (+2,992 year on year), of which 40,244 were private individuals from the Czech Republic (+2,578 year on year).

Comments on business and financial results

The published financial data are from unaudited consolidated results under IFRS (International Financial Reporting Standards).

BUSINESS PERFORMANCE OF KB GROUP

Market environment in the first half of 2016

In line with expectations, the Czech economy's growth slowed in the first half of 2016 compared to the previous year, but it remained on track to grow by more than 2% in the full year 2016, thanks to solid private and foreign demand. The slowdown is due mainly to reduction in investment activities financed from public sources, which was reflected in declining construction output. The slowdown was evident in some industrial sectors, too, even though strong growth in car production caused reported manufacturing output to show a solid expansion.

Household consumption remained strong thanks to a favourable employment situation. In June, the unemployment rate fell to 5.2%, the lowest level since the 2009 crisis year, and the tightening labour market is beginning to squeeze some employers. Nominal wages grew by 4.4% in the first quarter.

Consumer price inflation remained low, at 0.1% year on year in June, while core inflation³ stood at 1.4%. The CNB kept its monetary policy unchanged during the first half, and interbank rates continued to diminish moderately from their already very low levels. The benchmark 10-year interest rate swap rate decreased below 0.5% from 1% at the beginning of the year.

The lending market retained a solid growth trend. In the individuals segment, mortgages continued to be well in demand and the market even saw the total volume of consumer loans increase slightly after a long period of stagnation. Borrowing by private businesses was a bit slower, reflecting both relatively strong generation of cash from operations as well as enduring uncertainty which limits the appetite for investments into new production capacities. The volume of credits outstanding to entities from the public sector declined markedly.

Developments in the client portfolio and distribution networks

At the close of June 2016, KB Group was serving 2.4 million clients on a consolidated basis. Standalone KB recorded 1,649,000 clients (+0.7% year on year), of which 1,393,000 were individuals. The remaining 256,000 customers were comprised of entrepreneurs, businesses and

³ Excluding prices of food and fuels, regulated prices and effects of changes in indirect taxation



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corporations (including municipalities and associations). Modrá pyramida was attending to 503,000 customers, and the number of pension insurance participants at KB Penzijní společnost reached 540,000. ESSOX's services were being used by 210,000 active clients.

Komerční banka's clients had at their disposal 397 banking branches (including one branch for corporate clients in Slovakia), 773 ATMs, plus full-featured direct banking channels supported by two call centres. The number of clients using at least one direct banking channel (such as internet or telephone banking) reached 1,364,000 by the end of June 2016 and corresponds to 82.7% of all clients. Customers held 1,611,000 active payment cards, of which 197,000 were credit cards. The number of active credit cards issued by ESSOX came to 115,000. Modrá pyramida's customers had at their disposal 217 points of sale and approximately 1,000 advisors. SG Equipment Finance (SGEF) was providing its leasing services via nine branches (two of which are in Slovakia), as well as through KB's network.

Loans to customers

The total gross volume of loans provided by KB Group expanded by 9.9% year on year to CZK 570.8 billion. Lending increased across all categories.

Among lending to individuals, the overall volume of housing loans¹ grew by 10.9% year on year. Within this total, the portfolio of mortgages to individuals expanded by 12.8% from the year earlier to CZK 194.9 billion. Modrá pyramida reported growth of its portfolio by 2.0% to CZK 37.7 billion. The volume of consumer lending provided by KB and ESSOX was up by 6.9% to CZK 31.5 billion, notably outperforming the market.

The total volume of **loans** provided by KB Group **to businesses** climbed by 10.7% to CZK 304.3 billion. The overall volume of credit granted by KB to medium-sized and large corporate clients in the Czech Republic and Slovakia, and inclusive of factor finance outstanding at Factoring KB, advanced by 11.8% to CZK 248.0 billion. Lending to small businesses expanded by 6.7% to CZK 31.6 billion. Total credit and leasing amounts outstanding at SGEF were higher by 5.5% year over year at CZK 24.7 billion.

Amounts due to customers and assets under management

While excluding volatile repo operations with clients⁴, the overall **volume of deposits** within KB Group rose by 10.2% year on year to CZK 690.0 billion. Deposits at KB from individual clients grew by 12.5% year on year to CZK 208.9 billion. The deposit book at Modrá pyramida diminished by 7.3% to CZK 64.9 billion. Total deposits from businesses and other corporations climbed by 12.3% to CZK 409.4 billion.

Client assets managed by KB Penzijní společnost were higher by 10.4% at CZK 47.5 billion. Technical reserves in life insurance at Komerční pojišťovna expanded by 5.4% to CZK 45.8 billion. The volumes in mutual funds held by KB Group clients grew by 9.2% to CZK 51.2 billion.

FINANCIAL PERFORMANCE OF KB GROUP

Income statement

As from 1 January 2016, Komerční banka reclassified certain items in the income statement and statement of financial position in accordance with IFRS to better reflect the substance of those items and recommendations of the European Banking Authority.

⁴ The total volume of 'Amounts due to customers' was up by 9.3% to CZK 694.3 billion.



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Specifically, the contribution to the Deposit Insurance Fund has been reclassified from 'Net interest income' to 'General administrative expenses' and the contribution to the Investor Compensation Fund (supported by securities brokers) has been reclassified from 'Net fees and commissions' to 'General administrative expenses'. In addition, the balances of depository bills of exchange have been reclassified from 'Amounts due to customers' to 'Securities issued'.

The comments provided above and below are on a like-for-like basis. Results for the first half of 2016 and the comparable period (first half 2015) are presented in accordance with the reporting methodology applied from 2016.

Komerční banka's reported revenues (**net banking income**) for the first six months of 2016 were up by 5.3%. This growth was markedly influenced by a gain from reimbursement for KB's stake in VISA Europe Ltd. after that company had been acquired by VISA Inc. Excluding this one-off impact, the revenues declined by a slight 0.9%.

Net interest income was down by 2.1% to CZK 10,446 million as pressure continued from the prevailing low market interest rates and in spite of growing loan and deposit volumes. Yields from reinvestment of deposits decreased markedly, and interest income from loans rose somewhat more slowly than did their volumes, reflecting the competitive pressure on loan spreads. The net interest margin, computed as the ratio of net interest income to interest-earning assets reported on the balance sheet, narrowed to 2.5% in the six months of 2016 from 2.6% one year earlier.

Net fees and commissions were down by 2.4% to CZK 3,408 million, due to lower fees from basic services partially offset by higher transaction activity. The Bank paid out more rewards within the MojeOdměny (MyRewards) loyalty programme and generated fewer fees for loan services as a result of previously cancelling loan administration fees. Weaker construction activity and smaller numbers of public tenders reduced demand for bank guarantees. On the positive side, transaction fee income was supported by rising numbers of the Bank's clients and the larger size of their transactions. Fees from cross-selling were stable, inasmuch as the volume of assets under management continued to grow strongly even though sales of mutual funds and life insurance policies were somewhat subdued. Also stable were fees from specialised financial services, mainly for corporations (including custody, debt capital market services and syndications).

Net gains from financial operations improved by 12.3% even excluding the contribution from the VISA Europe transaction. Demand from corporate clients for hedging of currency and interest rate risks was solid, and a growing number of clients used the eTrading platform for foreign exchange transactions. Along with increasing foreign transactions turnover, this boosted fees and commissions from FX transactions. In the second quarter, KB recognised in the income statement the CZK 959 million value (before taxation) of consideration it obtained for its stake in VISA Europe, coming in the forms of cash, deferred cash and securities. Including this one-off gain, reported net profit from financial operations climbed by 89.2% to CZK 2,359 million.

Operating expenditures remained almost flat at CZK 7,196 million (-0.1% year over year). Within this total, personnel expenses were higher by 1.6% at CZK 3,429 million. The average number of employees was flat at 8,434. General administrative expenses (excluding the regulatory funds) were down by 3.0% to CZK 2,029 million. Savings were achieved across all main areas except for marketing. The cost of contributions to the Deposit Insurance Fund, Resolution Fund and Investor Protection Fund (supported by securities brokers) totalled CZK 874 million, which in accordance with the IFRIC 21 guideline is the total charge to these funds for the year 2016. As of 30 June 2015, by comparison, KB had booked CZK 861 million of costs for the regulatory funds, while those expenditures for the full year 2015 had reached CZK 913 million. The category 'Depreciation, impairment and disposal of fixed assets' was smaller by 1.7%, at CZK 864 million, as certain assets had reached the end of their depreciation periods during 2015.

Gross operating income for the first six months of 2016 was higher by 10.1% year on year, at CZK 9,083 million. If the gain from the VISA Europe transaction were excluded, the gross operating



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income would have declined by 1.6%.

The **cost of risk** increased to CZK 788 million from the very low result of the previous year's first half (CZK 118 million). This translates into 29 basis points in relative terms^{II} as measured over the average volume of the lending portfolio. Provisioning in retail segments remained marginal, reflecting the very good repayment discipline of clients and successful recovery performance. The cost of risk in corporate segments was influenced by creation of provisions on a few isolated cases.

Income from shares in associated undertakings (effectively only from Komerční pojišťovna) was up by 3.2% to CZK 97 million.

Income taxes increased by 8.4% to CZK 1,492 million.

At CZK 6,899 million, KB Group's consolidated net profit for the first half of 2016 was higher by 0.7% in comparison with the same period in the prior year. Of this amount, CZK 205 million was profit attributable to holders of minority stakes in KB's subsidiaries (-4.2% versus the year earlier). **Profit attributable to the Bank's shareholders** totalled CZK 6,695 million, which is 0.8% more than in the first six months of 2015. The attributable net profit not including the net gain from the VISA Europe transaction declined by 10.9% year on year.

Statement of financial position

The comparison period for the balance sheet under IFRS is the end of the previous year. Therefore, unless indicated otherwise, the following text provides a comparison with the close of 2015.

As of 1 January 2016, Komerční banka reclassified depository bills of exchange from 'Amounts due to customers' to 'Securities issued'. The figures have been reclassified retrospectively. As a result of the reclassification, the item 'Amounts due to customers' as of 31 December 2015 contracts by CZK 10.1 billion and the item 'Securities issued' expands by the same amount.

As of 30 June 2016, KB Group's **total assets** had grown by 5.4% for the year to date to CZK 939.8 billion.

Cash and current balances with central banks were up by 11.5% to CZK 143.0 billion. The main component of this item comprises the volume of obligatory minimum reserves at central banks.

Amounts due from banks grew by 15.4% to CZK 55.2 billion.

Financial assets measured at fair value through profit or loss increased by 14.9% to CZK 33.6 billion.

Total net loans and advances picked up by 4.4% in comparison with the end of the previous year to reach CZK 555.8 billion. The gross amount of client loans and advances^{III} was up by 4.1% to CZK 570.8 billion. The share of standard loans within that total climbed to 94.6% (CZK 540.3 billion) while the proportion of loans rated watch was 1.3% (CZK 7.7 billion). Loans under special review (substandard, doubtful and loss) comprised 4.0% of the portfolio, with volume of CZK 22.9 billion. The volume of provisions created for loans reached CZK 15.3 billion. That was 3.1% less than at the close of 2015.

The portfolio of securities available for sale (AFS) diminished by 5.0% to CZK 39.8 billion. Of the CZK 39.8 billion in the AFS portfolio, debt securities comprised CZK 39.6 billion. These included CZK 20.1 billion in Czech government bonds and foreign government bonds of CZK 8.1 billion. The volume of securities in the held-to-maturity (HTM) portfolio shrank by 7.0% to CZK 62.4 billion. From the CZK 62.4 billion total volume of debt securities in this portfolio, Czech government bonds constituted CZK 53.2 billion and foreign government bonds CZK 9.2 billion.

The net book value of tangible fixed assets dropped by 6.7% to CZK 6.4 billion, while that of intangible fixed assets declined by 3.4% to reach CZK 3.7 billion. Goodwill, which primarily derives from the acquisitions of Modrá pyramida, SGEF and ESSOX, remained unchanged at CZK 3.8



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billion.

Total liabilities were 6.6% higher in comparison to the close of 2015 and reached CZK 837.1 billion. Amounts due to customers grew by 5.8% to CZK 694.3 billion. Because of the decrease in depository bills of exchange, the volume outstanding of issued securities fell by 26.4% to CZK 15.8 billion. The Group's **liquidity** as measured by the ratio of net loans to deposits was 80.1%.

Shareholders' equity dropped year to date by 3.4% to CZK 102.6 billion, as the generation of net profit and revaluation gains on cash flow hedges was more than offset by the dividends payment (KB paid out CZK 11.7 billion in May). Revaluation gains on cash flow hedges were higher due to lower long-term interest rates in comparison with the end of 2015. The revaluation of the AFS portfolio (which represents primarily reinvestment of client deposits) declined as a result of recognising the reimbursement for KB's stake in VISA Europe Ltd. within 'Net gains from financial operations' and amortisation of the revaluation differences on securities reclassified from the AFS to HTM portfolio in 2014. As of 30 June 2016, KB held in treasury 1,193,360 of its own shares constituting 0.63% of the registered capital.

Consolidated regulatory capital for the capital adequacy calculation stood at CZK 65.9 billion as of 30 June 2016. KB Group's regulatory capital was composed solely of Core Tier 1 equity. The **capital adequacy** (as well as the Core Tier 1 capital ratio under Basel III standards) stood at 15.3%. The regulatory capital base includes a contribution from a part of the revaluation reserve related to AFS securities portfolio recognised within the equity account.

As measured by the Liquidity Coverage Ratio, KB's liquidity throughout the first half of 2016 safely met requirements established by the applicable regulations.

Change in the Group structure

ESSOX s.r.o., 50.93% subsidiary of Komerční banka, concluded on 1 July 2016 the acquisitions of 100% ownership stakes in PSA FINANCE ČESKÁ REPUBLIKA s.r.o. ("PSA Finance CZ") and in PSA FINANCE SLOVAKIA, s.r.o. ("PSA Finance SK") from members of Banque PSA Finance, based in Paris. PSA Finance CZ and PSA Finance SK has been consolidated in Komerční banka Group accounts from 1 July 2016.



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ANNEX: Consolidated results as of 30 June 2016 under International Financial Reporting Standards (IFRS)

Profit and Loss Statement (CZK million, unaudited)	1H 2015 As reported	1H 2015 Pro forma	1H 2016	Change y-o-y	Change y-o-y Like-for- like
Net interest income	10,223	10,669	10,446	2.2%	-2.1%
Net fees and commissions	3,486	3,492	3,408	-2.2%	-2.4%
Net gains from financial operations	1,247	1,247	2,359	89.2%	89.2%
Other income	51	51	65	27.5%	27.5%
Net banking income	15,007	15,459	16,279	8.5%	5.3%
Personnel expenses	-3,374	-3,374	-3,429	1.6%	1.6%
General administrative expenses (excl. Resolution and similar funds)	-2,502	-2,092	-2,029	-18.9%	-3.0%
Resolution and similar funds	0	-861	-874	n.a.	1.5%
Depreciation, impairment and disposal of assets	-879	-879	-864	-1.7%	-1.7%
Operating costs	-6,754	-7,206	-7,196	6.5%	-0.1%
Gross operating income	8,253	8,253	9,083	10.1%	10.1%
Cost of risk	-118	-118	-788	>100%	>100%
Net operating income	8,135	8,135	8,295	2.0%	2.0%
Profit on subsidiaries and associates	94	94	97	3.2%	3.2%
Profit before income taxes	8,229	8,229	8,392	2.0%	2.0%
Income taxes	-1,376	-1,376	-1,492	8.4%	8.4%
Net profit	6,853	6,853	6,899	0.7%	0.7%
Minority profit/(loss)	214	214	205	-4.2%	-4.2%
Net profit attributable to the Bank's shareholders	6,639	6,639	6,695	0.8%	0.8%

Balance Sheet (CZK million, unaudited)	31 Dec 2015 As reported	31 Dec 2015 Pro forma	30 Jun 2016	Change y-t-d	Change y-t-d Like-for- like
Assets	891,555	891,555	939,782	5.4%	5.4%
Cash and balances with central banks	128,336	128,336	143,035	11.5%	11.5%
Amounts due from banks	47,799	47,799	55,151	15.4%	15.4%
Loans and advances to customers (net)	532,617	532,617	555,813	4.4%	4.4%
Securities	138,144	138,144	135,723	-1.8%	-1.8%
Other assets	44,658	44,658	50,061	12.1%	12.1%
Liabilities and shareholders' equity	891,555	891,555	939,782	5.4%	5.4%
Amounts due to banks	56,230	56,230	61,773	9.9%	9.9%
Amounts due to customers	666,407	656,286	694,320	4.2%	5.8%
Securities issued	11,283	21,403	15,752	39.6%	-26.4%
Other liabilities	51,408	51,408	65,290	27.0%	27.0%
Shareholders' equity	106,229	106,229	102,648	-3.4%	-3.4%
<i>Of which:</i>					
<i>Cash flow hedging</i>	<i>12,653</i>	<i>12,653</i>	<i>15,694</i>	<i>24.0 %</i>	<i>24.0 %</i>
<i>Available-for-sale portfolio revaluation reserve</i>	<i>4,960</i>	<i>4,960</i>	<i>3,503</i>	<i>-29.4 %</i>	<i>-29.4 %</i>
<i>Minority equity</i>	<i>3,816</i>	<i>3,816</i>	<i>3,645</i>	<i>-4.5 %</i>	<i>-4.5 %</i>



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Key ratios and indicators	30 Jun 2015	30 Jun 2016	Change year on year
Capital adequacy (CNB)	16.5%	15.3%	▼
Tier 1 ratio (CNB)	16.5%	15.3%	▼
Total risk-weighted assets (CZK billion)	397.7	429.8	8.1%
Risk-weighted assets for credit risk (CZK billion)	332.3	363.8	9.5%
Net interest margin (NII/average interest-bearing assets) ^{IV}	2.6%	2.5%	▼
Loans (net) / deposits ratio ^V	79.0%	80.1%	▲
Cost / income ratio ^{VI}	46.6%	44.2%	▼
Return on average equity (ROAE) ^{VII}	13.3%	13.3%	▼
Adjusted return on average equity (adjusted ROAE) ^{VIII}	16.4%	16.3%	▼
Return on average assets (ROAA) ^{IX}	1.5%	1.5%	▼
Earnings per share (CZK) ^X	70	71	0.8%
Average number of employees during the period	8,422	8,434	0.1%
Number of branches (KB standalone in the Czech Republic)	398	396	-2
Number of ATMs	762	773	11
Number of clients (KB standalone)	1,637,000	1,649,000	0.7%

Business performance in retail segment – overview	30 Jun 2016	Change year on year
Mortgages to individuals – volume of loans outstanding	CZK 194.9 billion	12.8%
Building savings loans (MPSS) – volume of loans outstanding	CZK 37.7 billion	+2.0%
Consumer loans (KB + ESSOX) – volume of loans outstanding	CZK 31.5 billion	6.9%
Small business loans – volume of loans outstanding	CZK 32.2 billion	8.8%
Total active credit cards – number	197,000	-1.1%
– of which to individuals	156,000	-0.6%
Total active debit cards – number	1,414,000	1.2%
Insurance premiums written (KP)	CZK 3.8 billion	-0.9%

Financial calendar for 2016:

3 November 2016: Publication of 9M 2016 and 3Q 2016 results



Definitions of the mentioned alternative performance indicators

- I **Housing loans:** mortgages to individuals provided by KB + loans to clients provided by Modrá pyramida
- II **Cost of risk in relative terms:** annualized 'Allowances for loan losses' divided by the average of 'Gross amount of client loans and advances', year to date
- III **Gross amount of client loans and advances:** 'Gross amount of client loans and advances' minus 'Other amounts due from customers'
- IV **Net interest margin (NIM):** 'Net interest income' minus 'Dividend income' divided by average interest-earning assets (IEA) year to date (IEA comprise 'Amounts due from banks', 'Current balances with central banks', 'Net loans and advances to customers', 'Financial assets at fair value through profit or loss' (only debt securities), 'Financial assets available for sale' (only debt securities), 'Investments held to maturity' (only debt securities)). Data for 2015 are reported in accordance with 2016 reporting methodology, i.e. cost of Deposit Insurance Fund is not included in the category 'Net interest income'
- V **Net loans to deposits:** 'Net loans and advances to customers' divided by total 'Amounts due to customers'. Data for 2015 are reported in accordance with 2016 reporting methodology, i.e. depository bills of exchange are not included in the category 'Amounts due to customers'
- VI **Cost to income ratio:** 'Operating costs' divided by 'Net banking income'. Data for 2015 are reported in accordance with 2016 reporting methodology, i.e. the cost of Deposit Insurance Fund and of Investor Compensation Fund are included in 'General administrative expenses'.
- VII **Return on average equity (ROAE):** annualised 'Net profit attributable to equity holders' divided by the quantity average group 'Shareholders' equity' less 'Minority equity', year to date
- VIII **Adjusted return on average equity (adjusted ROAE):** annualised 'Net profit attributable to equity holders' divided by the quantity average group 'Shareholders' equity' minus 'Minority equity' minus 'Cash flow hedging' minus 'Available-for-sale portfolio revaluation reserve', year to date
- IX **Return on average assets (ROAA):** annualised 'Net profit attributable to equity holders' divided by average 'Total assets', year to date
- X **Earnings per share:** annualised 'Net profit attributable to equity holders' divided by the quantity average number of shares issued minus average number of own shares in treasury. The value of Earnings per share for 1H 2015 was adjusted for the effect of 1-to-5 split of the shares of KB implemented on 25 April 2016. The previously reported value of Earnings per share (before the split) for the first half of 2015 was CZK 352.



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Reconciliation of the 'Net interest margin' calculation, (in mil. CZK, consolidated, unaudited):

	1H 2015 Proforma	1H 2016
<i>(source: Profit and Loss Statement)</i>		
Net interest income (excl. Income from dividends)	10,667	10,445
<i>(source: Balance Sheet)</i>		
	30 Jun 2015 Proforma	30 Jun 2016
Amounts due from banks + Amounts due from central banks	189,824	191,014
Loans and advances to customers, net	502,218	555,813
Financial assets at fair value through profit or loss (Debt securities)	17,285	9,046
Financial assets available for sale (Debt securities)	43,476	39,604
Investments held to maturity (Debt securities)	67,004	62,408
Interest bearing assets	819,807	857,885
Average interest bearing assets, year-to-date	824,891	835,713
NIM year-to-date, annualized	2.6%	2.5%