

# **Komerční banka Group**

## Financial results as of 31 March 2016

According to International Financial Reporting Standards, consolidated, unaudited

Prague, 4 May 2016

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 2016, 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

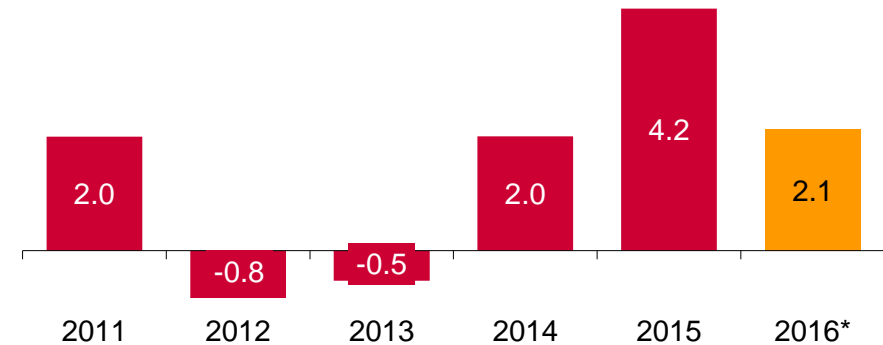
■ <b>Business results</b>	<b>4</b>
■ Financial results	10
■ Loan portfolio quality and cost of risk	19
■ Appendix	22

# GDP dynamics at the level of the potential growth of the economy

- Czech GDP rose by 4.0% YoY in 4Q15, driven by domestic demand
- High base of fixed investments in 2015 driven by EU subsidies to weigh down on 2016 dynamics
- In February 2016, retail sales rose 10.5%, industrial production +5.6%, exports +5.0% while construction -2.3% YoY
- Household disposable income growing on sinking unemployment (6.1% in March, -1.1 p.p. YoY) and growing real wages (+3.1% YoY in 2015)
- Recovery in house prices after 5 years stagnation (price of flats +6.7% YoY in 4Q 2015)
- CPI in March +0.3% YoY below CNB expectation, despite growing trend of core inflation. According to CNB, the currency floor regime will probably be discontinued „closer to mid-2017“. Monetary policy rates expected to stay unchanged throughout 2017.\*
- CZGB 10Y yield currently around 0.5%, yield on short-term maturities negative

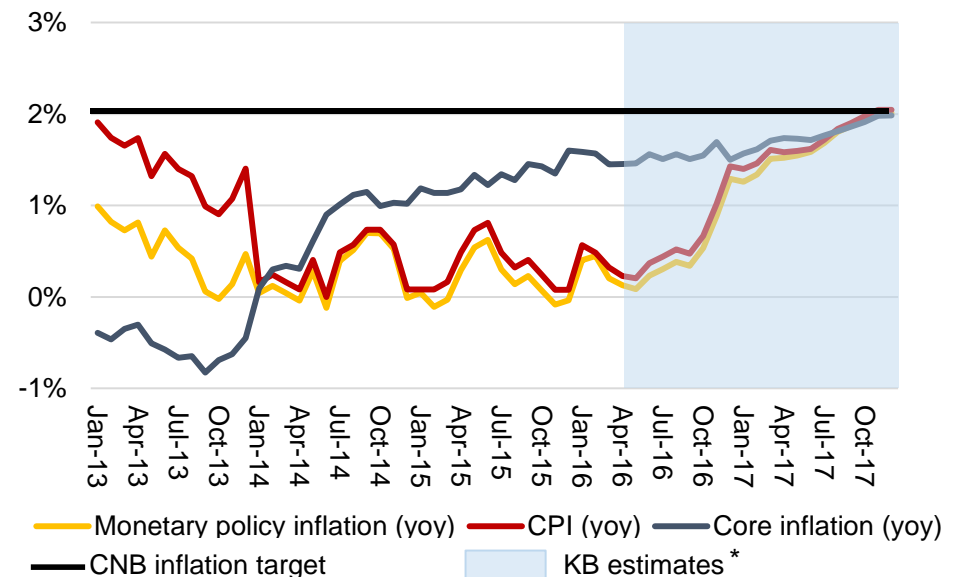
\* KB Economic & Strategy Research estimates

## Real GDP outlook (YoY, %)



Source: CSO, 2016\* KB Economic & Strategy Research forecasts

## Inflation expected to hit 2% in autumn 2017



Source: CSO

# Resilient performance but result influenced mainly by front-loading of costs of Resolution Fund

## Important deals and accolades

- New financing for projects of starting up SMEs, provided with a support from EIF, as a unique bank credit product on the Czech market, the Profi loan Start
- KB and Worldline formed an alliance for card acquiring business - KB SmartPay
- ESSOX is to acquire PSA Finance in CZ and Slovakia, financing PSA cars and dealers
- Global Finance magazine named KB 'Best Trade Finance Provider' for the Czech Rep

## Positive trend in business volumes

- Persisting growth in the volume of total loans +6.8% YoY. KB continued outperforming the retail lending market
- Standard group deposits rose by 6.0% year on year, clients' non-bank assets under management increased by 8.3% YoY
- Number of KB bank clients continued growing, adding 18,000 customers YoY (+1.1%)

## Solid net profit with respect to cost of Resolution Fund and low interest rates

- Revenues stable (-0.5%) as business growth offset interest margin pressure
- Operating costs excluding regulatory charges down 2.8% YoY
- Low cost of risk at 17 bps reflecting sound quality of the asset portfolio
- Reported attributable net profit down by 16.3% mainly due to front-loading of annual costs mainly for the Resolution Fund. Adjusted net profit lower by 1.8%

# Selected deals of the first quarter of 2016

## TELECOMMUNICATIONS



Facilities Agreement

**CZK 4,049,000,000**

Original Lender

**2016**

## MACHINERY



ČKD Blansko Engineering, a.s.  
Term and Revolving Facilities  
Agreement

**CZK 177,500,000**

Complex bank services provider

**2016**

## RETAIL



KLENOTY AURUM, s.r.o.  
Investment Loan

**CZK 130,000,000**

Complex bank services provider

**2016**

## MANUFACTURING



Term and Overdraft Facilities Agreement

**EUR 230,000,000**

Mandated Lead Arranger

**2016**

## CONSUMER GOODS



SEV Litovel, s.r.o.  
Investment Loan  
(with EU Subsidy)

**EUR 4,000,000**

Complex bank services provider

**2016**

## PUBLIC SECTOR



Statutární město Olomouc  
Promissory Notes Program

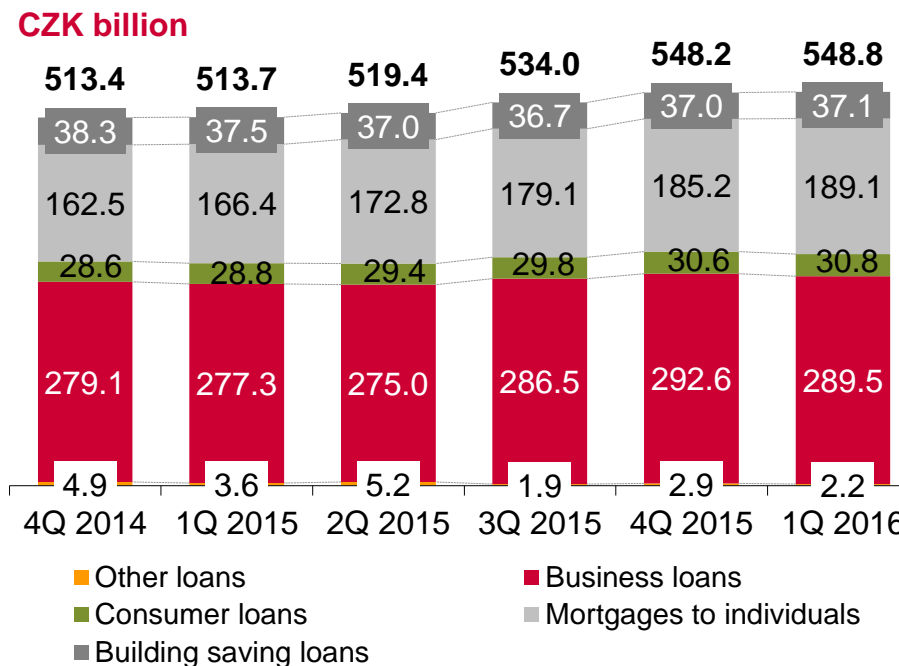
**CZK 250,000,000**

Complex bank services provider

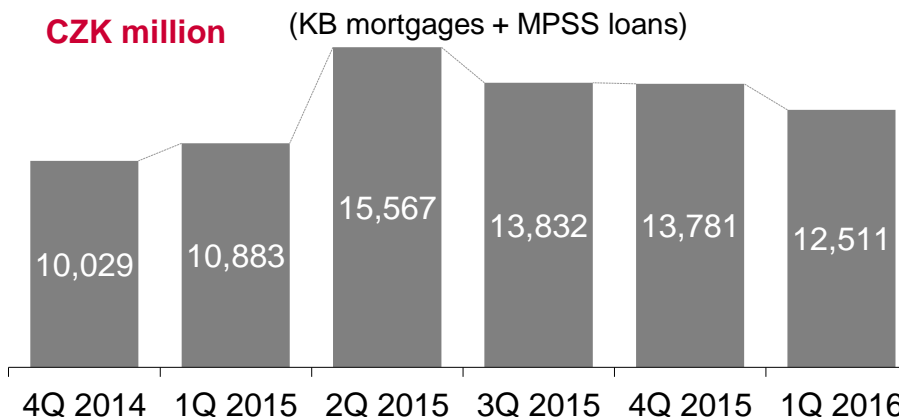
**2016**

# Good trend in loans, despite seasonal slowdown in corporate lending

- Gross loans up 6.8% YoY\*, +0.1% QoQ
- Group housing loans +10.9% YoY, of which
  - Dynamic mortgages +13.6% YoY to CZK 189.1 billion
  - Modrá pyramida's loan portfolio growing last two quarters but YoY down -1.1% to CZK 37.1 billion
- Consumer loans (KB + ESSOX) up by 7.2% YoY to CZK 30.8 billion
- Business loans up 4.4%\* YoY, of which:
  - Small businesses (KB) +7.3% to CZK 30.9 bil.
  - Corporations (incl. Factoring KB) +3.9%\* to CZK 234.6 billion
  - SGEF (leasing) +5.3% to CZK 24.1 billion
- Business lending seasonally slower in Q1 and influenced by a few larger maturities



## Sales volume of housing loans

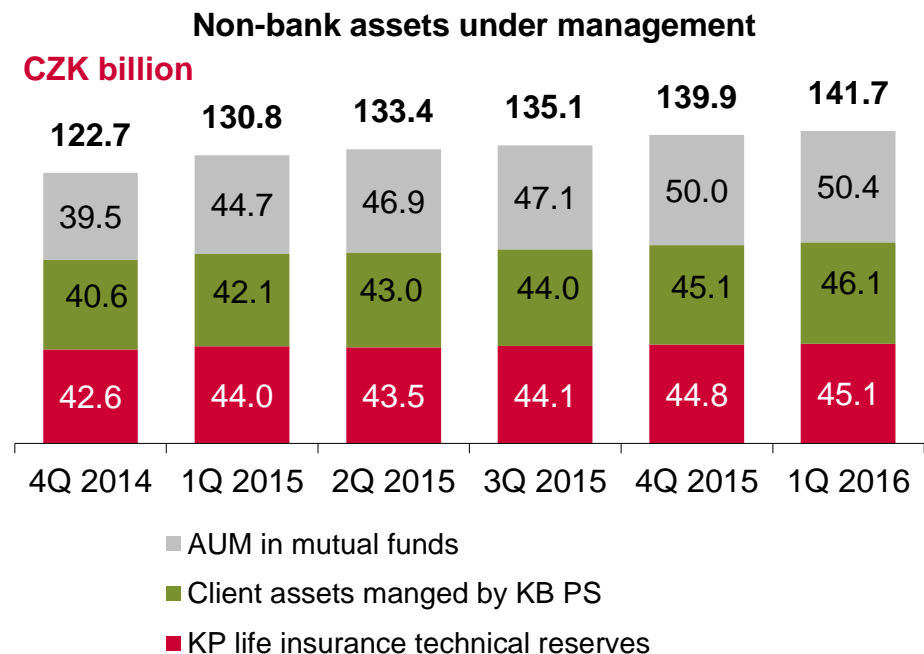
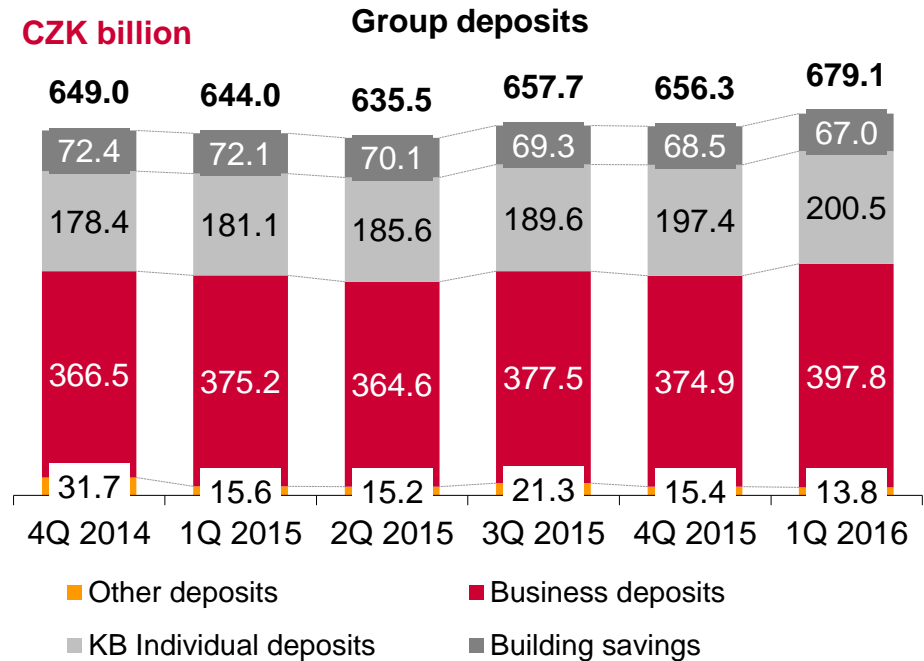


\* In 2Q 2015, KB reclassified an exposure from 'Loans to clients' to 'Amounts due from banks', following a client's merger

# Client balances growing

- Total amounts due to clients +5.4% YoY, +3.5% QoQ. Standard Group deposits (excluding repo) grew by +6.0% YoY to CZK 672.9 billion, +4.1% QoQ
- Deposits from business clients +6.0% YoY to CZK 397.8 billion
- KB (bank) deposits from individuals +10.7% YoY to CZK 200.5 billion
- MPSS deposits down 7.1% YoY to CZK 67.0 billion
- Current accounts +10.6% to CZK 475.9 billion, term and savings accounts -4.6% YoY to CZK 187.7 billion
- Clients' pension assets grew +9.6% YoY to CZK 46.1 billion
- KP life insurance technical reserves rose by 2.6% YoY to CZK 45.1 billion
- AUM in mutual funds (sold by KB+MPSS) increased by 12.7% YoY to CZK 50.4 billion

Note: As of 1 January 2016, KB reclassified depository bills of exchange from 'Amounts due to customers' to 'Securities issued'. The volume of depository bills reached CZK 7.1 billion in 1Q 2016 (v. CZK 10.1 bil. in 4Q 2015 and 15.4 bil. in 1Q 2015).





# Agenda

■ Business results	4
■ <b>Financial results</b>	<b>10</b>
■ Loan portfolio quality and cost of risk	19
■ Appendix	22

# Stable revenues, OPEX affected by front-loading of annual costs for the Resolution Fund

<b>Profit and Loss Statement</b> (CZK million, unaudited)	1Q 2015 Restated*	1Q 2016 Reported	Change YoY Like-for-like*	Δ YoY excluding reg. funds*
Net interest income	5,348	5,234	-2.1%	-2.1%
Net fees & commissions	1,701	1,700	-0.1%	-0.1%
Income from financial operations	660	734	11.2%	11.2%
Other income	22	27	22.7%	22.7%
<b>Net banking income</b>	<b>7,731</b>	<b>7,694</b>	<b>-0.5%</b>	<b>-0.5%</b>
Personnel expenses	-1,677	-1,692	0.9%	0.9%
General admin. expenses (excl. regulatory funds)	-1,019	-943	-7.5%	-7.5%
Resolution and similar funds	-224	-835	272.8%	n.a.
Depreciation, impairment and disposal of fixed assets	-436	-409	-6.2%	-6.2%
<b>Operating costs</b>	<b>-3,356</b>	<b>-3,879</b>	<b>15.6%</b>	<b>-2.8%</b>
<b>Gross operating income</b>	<b>4,375</b>	<b>3,815</b>	<b>-12.8%</b>	<b>1.1%</b>
Cost of risk	-109	-225	106.4%	106.4%
<b>Net operating income</b>	<b>4,267</b>	<b>3,590</b>	<b>-15.9%</b>	<b>-1.4%</b>
Profit on subsidiaries and associates	46	51	10.9%	10.9%
<b>Profit before income taxes</b>	<b>4,313</b>	<b>3,641</b>	<b>-15.6%</b>	<b>-1.3%</b>
Income taxes	-738	-653	-11.5%	4.0%
<b>Net profit</b>	<b>3,575</b>	<b>2,988</b>	<b>-16.4%</b>	<b>-2.4%</b>
Minority profit/(loss)	119	95	-20.2%	-20.2%
<b>Net profit attributable to equity holders</b>	<b>3,456</b>	<b>2,894</b>	<b>-16.3%</b>	<b>-1.8%</b>

Note:

\* On the same consolidation basis. Since 1 January 2016, Deposit Insurance Fund charge and contribution to Investor Compensation Fund (of Securities Brokers) have been reclassified from NII and NFC, respectively, to GAE.

## Balance sheet growth driven mainly by deposits

<b>Balance Sheet</b> (CZK million, unaudited)	<b>31 Mar 2015</b> Pro forma	<b>31 Dec 2015</b> Pro forma	<b>31 Mar 2016</b> Reported	<b>Change YoY</b> Like-for-like	<b>Change Ytd</b>
<b>Assets</b>	<b>912,188</b>	<b>891,555</b>	<b>933,291</b>	<b>2.3%</b>	<b>4.7%</b>
Cash and balances with central bank	140,035	128,336	151,603	8.3%	18.1%
Amounts due from banks	59,849	47,799	64,633	8.0%	35.2%
Loans and advances to customers (net)	495,300	532,617	534,539	7.9%	0.4%
Securities and trading derivatives	164,435	138,144	133,336	-18.9%	-3.5%
Other assets	52,569	44,658	49,180	-6.4%	10.1%
<b>Liabilities and shareholders' equity</b>	<b>912,188</b>	<b>891,555</b>	<b>933,291</b>	<b>2.3%</b>	<b>4.7%</b>
Amounts due to banks	49,705	56,230	64,812	30.4%	15.3%
Amounts due to customers	644,027	656,286	679,096	5.4%	3.5%
Securities issued	38,180	21,403	18,475	-51.6%	-13.7%
Other liabilities	67,299	51,408	59,668	-11.3%	16.1%
Shareholders' equity	112,977	106,229	111,240	-1.5%	4.7%

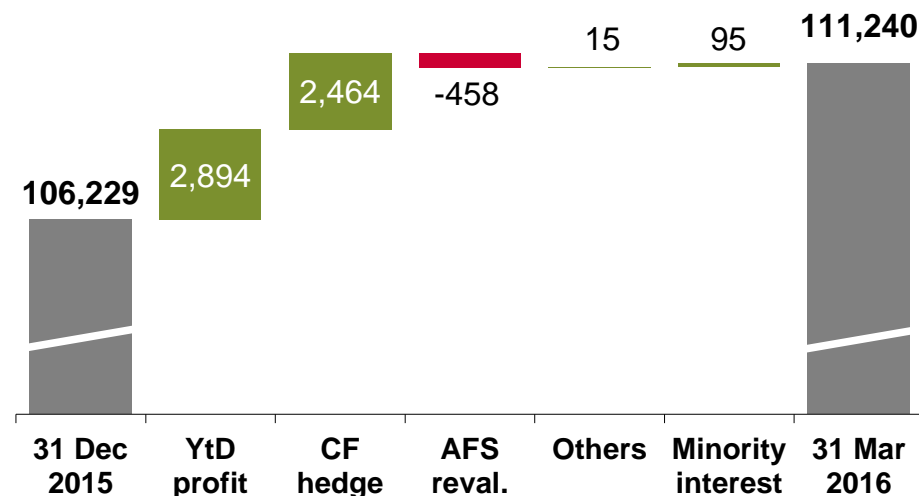
Note: \* Adjusted for reclassification of Depository bills of exchange from 'Amounts due to customers' to 'Securities issued'.

# CF hedge reserve affected by decrease in market yields

- Shareholders' equity rose year to date by 4.7% to CZK 111.2 billion
- The generation of net profit and revaluation gains on cash flow hedges added to the equity. Revaluation gains on cash flow hedges were higher due to decrease in 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 the portfolio's amortisation as well as the revaluation difference on securities reclassified from the AFS to HTM portfolio in 2014
- Total regulatory capital = Core Tier 1 capital amounted to CZK 66.6 billion (+1.7% YoY)

As of 31 March 2016, CZK -818 million was transferred from Other comprehensive income (Cash flow hedging) to Net profit (net of tax)

## Contributions to equity in 1Q 2016



## Shareholders' equity

(CZK million)	31/03/2016
Share capital & reserve funds	84,315
Current year attributable net profit	2,894
Others	502
<b>Equity for adjusted ROAE calculation</b>	<b>87,710</b>
Cash flow hedge	15,117
AFS securities' fair value changes	4,502
Minority equity	3,911
<b>Total Shareholders' equity</b>	<b>111,240</b>

## Steady development of main indicators

Key ratios and indicators (year-to-date)	31 Mar 2015	31 Dec 2015	31 Mar 2016	Change YoY	Change Ytd
	Pro forma	Pro forma	Reported		
Capital adequacy	16.7%	16.3%	16.0% <sup>1</sup>	▼	▼
Tier 1 ratio	16.7%	16.3%	16.0% <sup>1</sup>	▼	▼
Total risk weighted assets (CZK billion)	392.9	407.6	416.7	6.1%	2.2%
Risk weighted assets for credit risk (CZK billion)	325.4	342.0	349.6	7.4%	2.2%
Net interest margin (NII/Av. interest bearing assets), annualised	2.6%	2.6%	2.5%	▼	▼
Loans (net) / deposits ratio	76.9%	81.2%	78.7%	▲	▼
Cost / income ratio	43.4% <sup>2</sup>	46.2%	50.4% <sup>2</sup>	▲	▲
Return on average equity (ROAE), annualised	12.9%	12.3%	11.0%	▼	▼
Adjusted return on average equity (adjusted ROAE) <sup>3</sup> , annualised	16.2%	15.1%	13.4%	▼	▼
Return on average assets (ROAA), annualised	1.5%	1.4%	1.3%	▼	▼
Earnings per share (CZK), annualised	366	338	306	-16.3%	-9.3%
Average number of employees during the period	8,434	8,421	8,404	-0.3%	-0.2%

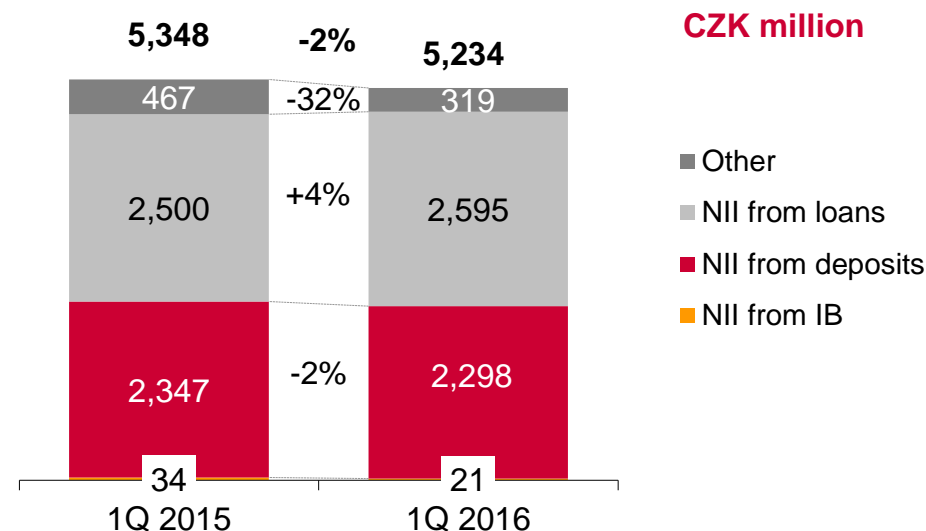
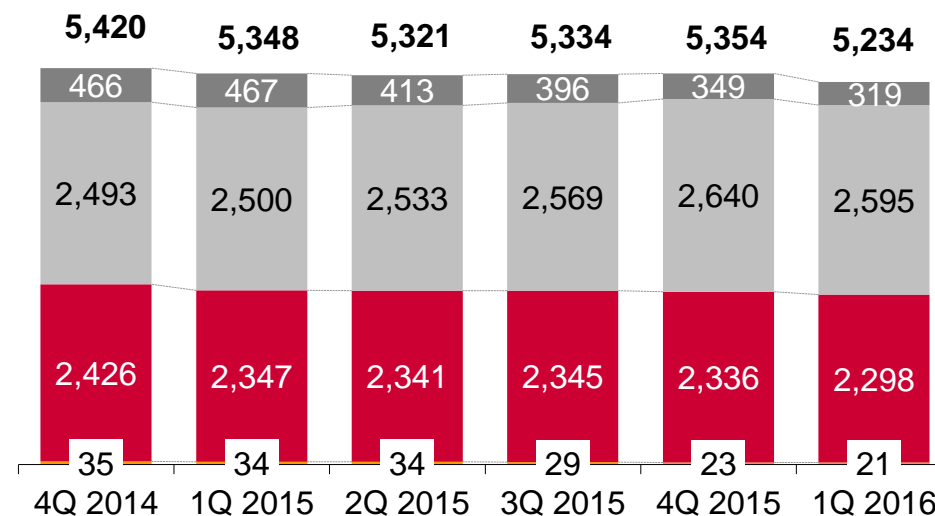
1) Contribution to the regulatory capital from a part of the AFS revaluation reserve related to disposable securities in AFS portfolio amounted to 52 bps of Total capital and Core Tier 1 adequacy, as of 31 March 2016

2) Excluding cost of the Resolution Fund and Deposit Insurance Fund from OPEX, cost-to-income reached 39.6% in 1Q 2016 (40.5% in 1Q 2015)

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)

# Impact from low rates partly offset by volumes

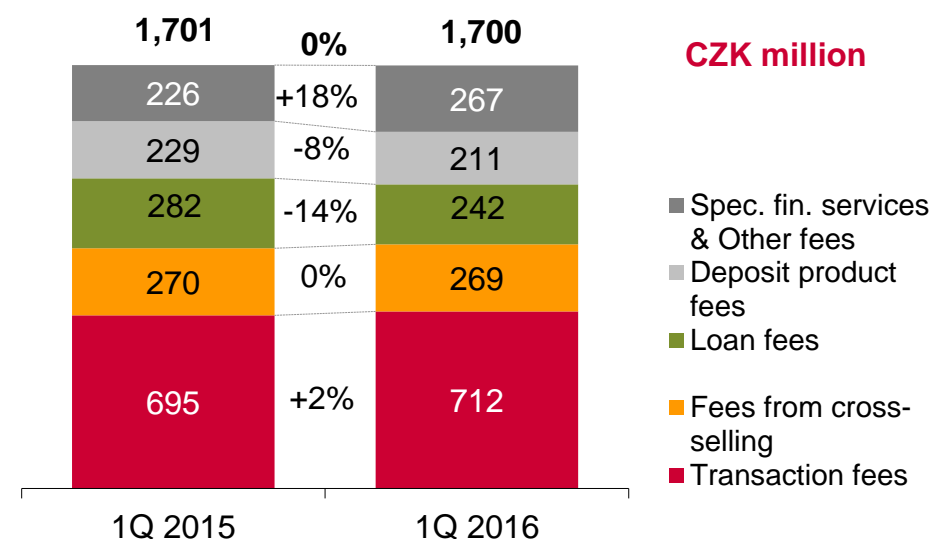
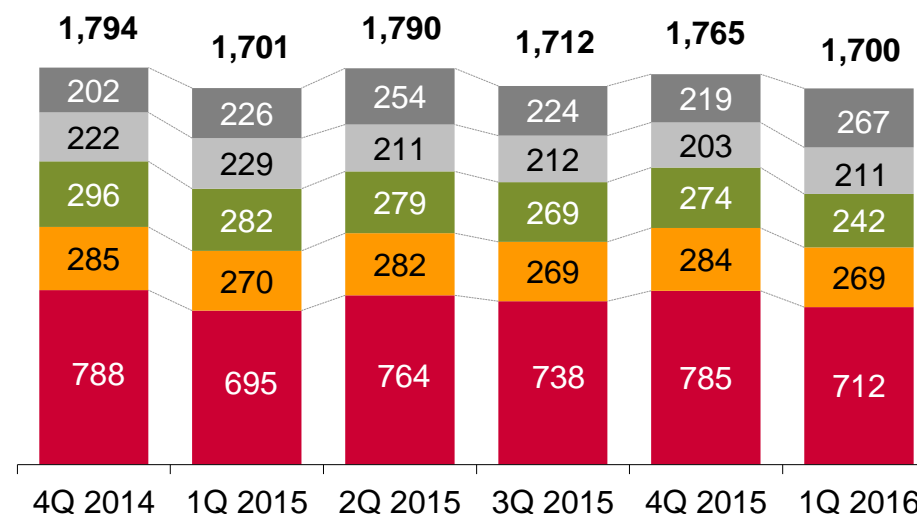
- NII down 2.1% YoY\* in 1Q 2016, -2.2% QoQ\*
- NII from loans – driven by growth in volumes. Slight decline in spreads driven by intense competition on the market
- NII from deposits – down because of persistent low market interest rates. Impact of low yields from reinvesting deposits moderated by long-term hedging policy
- NII from other – low market rates push down yield from ALM operations and capital reinvestments
- The net interest margin reached 2.51% in 1Q 2016 (compared to 2.58%\* in 1Q 2015)



\* adjusted for impact of reclassification of Deposit Insurance Fund charge from NII to GAE as from 1 January 2016 (CZK 901 million in FY 2015)

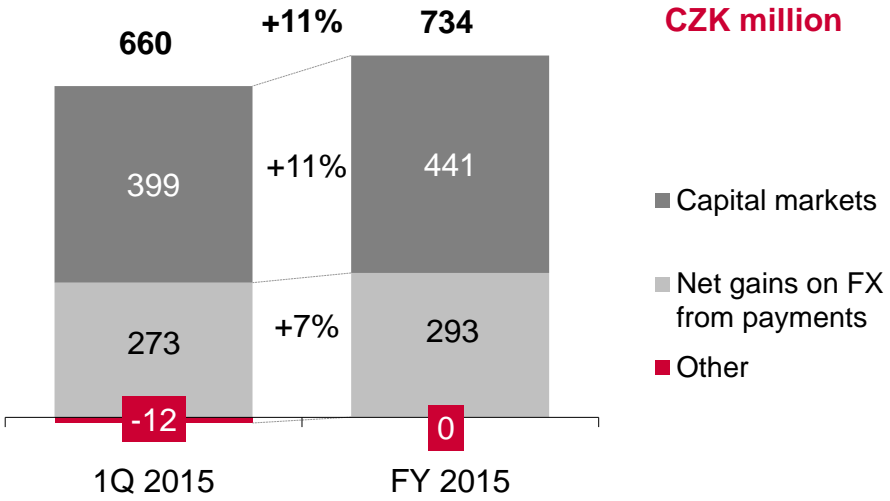
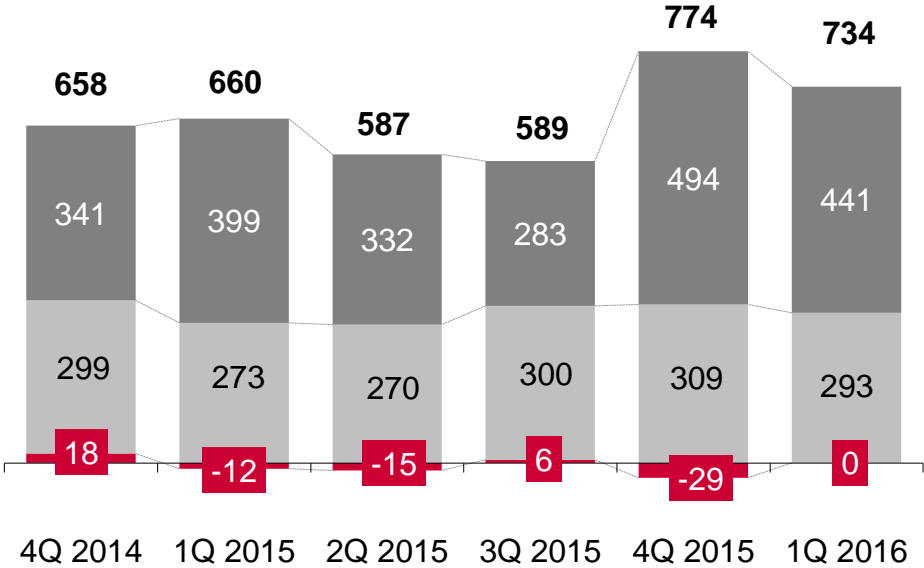
# Fees stable year on year

- NFC in 1Q 2016 declined by 0.1% YoY, -3.7% QoQ
- Deposit product fees – stabilising trend as majority of clients have already switched to new accounts with MojeOdměny rewards
- Loan fees – lending expanded but old retail loans charging administration fees gradually mature. Higher commissions paid out for sales of loans, lower early repayment fees received
- Fees from cross-selling – volume of assets under management continued to grow strongly but sales of mutual funds and life insurance policies were somewhat subdued
- Transaction fees – influenced by higher number of transactions YoY but slower traffic in 1Q
- Other fees – contribution from solid activity in private banking, securities services, bond issuance. Yearly booking of safe deposit rentals in 1Q



# Income from financial operations driven by demand for hedging and FX transactions

- Net profit from financial operations in 1Q 2016 increased by 11.2% YoY, -5.2% QoQ
- Strong IR and FX hedging activity for corporate clients
- KB active in structured financing
- Greater numbers of foreign transactions and conversions translated into YoY better net gains from FX payments



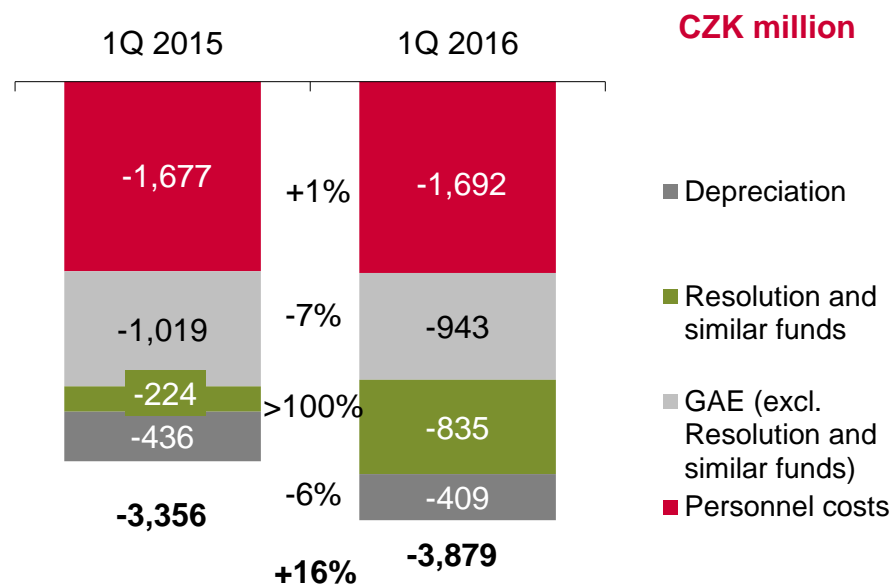
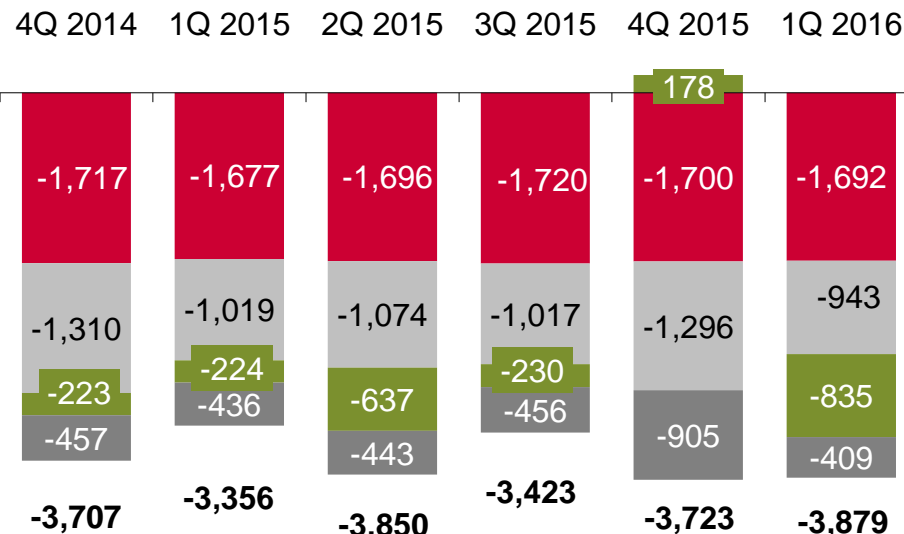
CZK million

- Capital markets
- Net gains on FX from payments
- Other



# Reported OPEX affected by front-loading of annual costs of the regulatory funds

- OPEX excluding the cost of the Deposit Insurance Fund, Resolution Fund and Investor Protection Fund were lower by 2.8% YoY at CZK 3,044 million
- Total OPEX in 1Q 2016 up 15.6% YoY, +4.2% QoQ
- The estimated cost of contributions to the regulatory funds amounted to CZK 835 million in 1Q 2016 (v. CZK 224 mil. in 1Q 2015). In accordance with the IFRIC 21, as from 2016, the estimated contributions for the full year are recognised in the first quarter

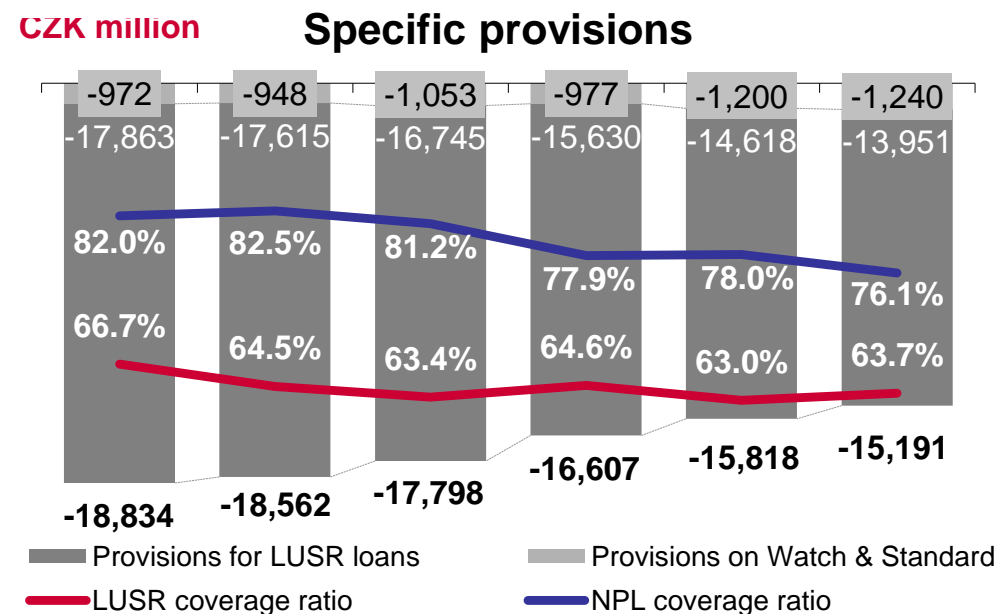
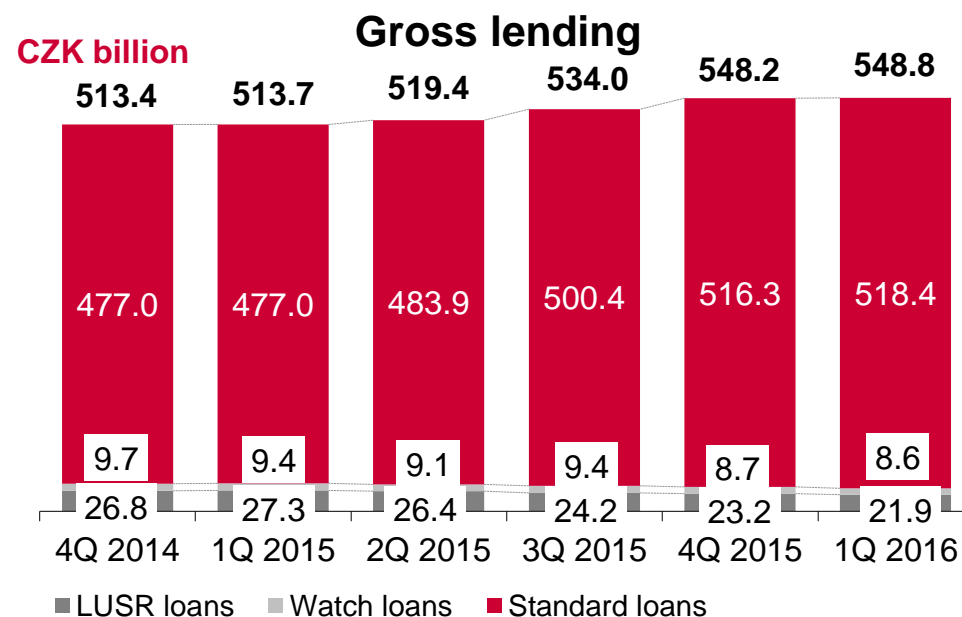


# Agenda

- Business results 4
- Financial results 10
- **Loan portfolio quality and cost of risk 19**
- Appendix 22

# Stable exposure with persisting good loan quality

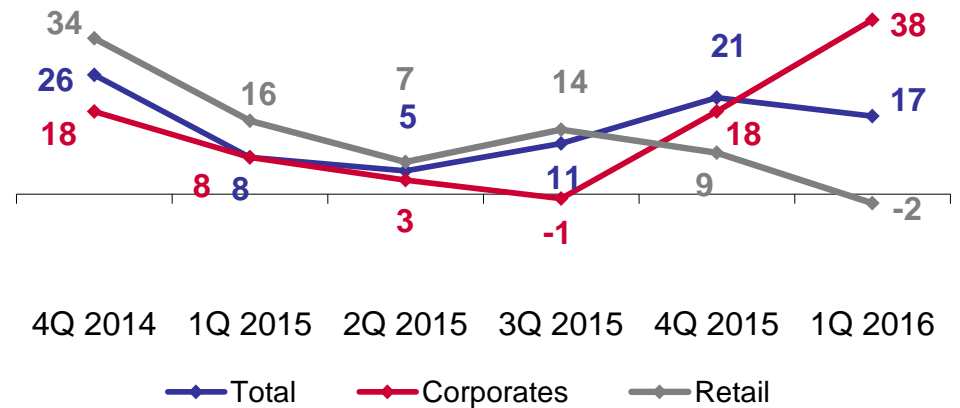
- Loan exposure +6.8% YoY, QoQ stable
- LUSR exposure down to 4% (5.3% in 1Q 2015) and NPL exposure down to 2.7% (3.8% in 1Q 2015) driven by low default rates, successful recovery, write-offs and dynamic exposure growth
- Provision coverage ratio for LUSR portfolio slightly down to 63.7% (64.5% in 1Q 2015) driven by write-offs
- Provision coverage ratio for NPL portfolio down to 76.1% (82.5% in 1Q 2015) driven by write-offs



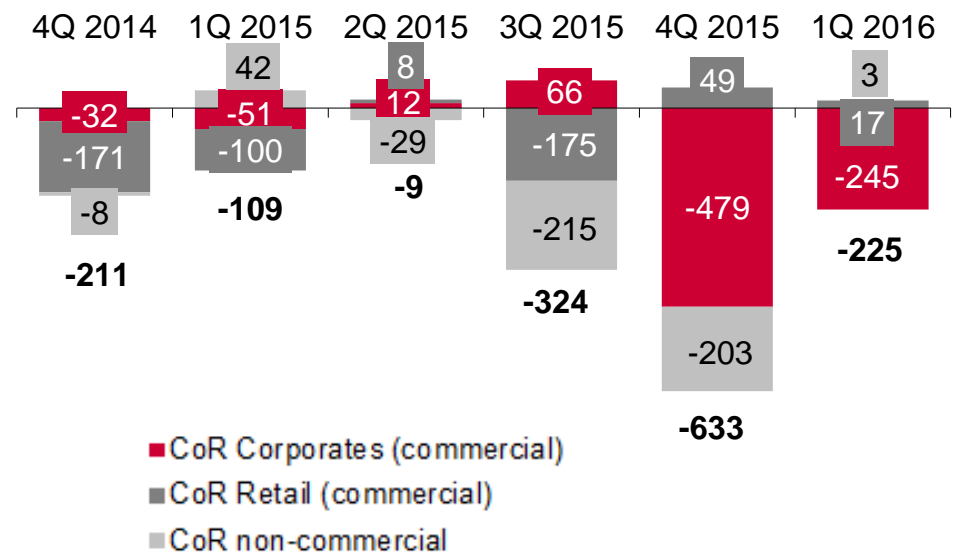
# Cost of risk at satisfactory level

- Cost of Risk +106.4% YoY, -64.5% QoQ
- Satisfactory Cost of Risk at 17 bps in 1Q 2016 (vs. 8 bps in 1Q 2015)
- Very low Retail Cost of Risk driven by both Individuals (-6 bps in 1Q 2016 vs. 7 bps in 1Q 2015) and Small Business (26 bps in 1Q 2016 vs. 83 bps in 1Q 2015)
- Corporate Cost of Risk (38 bps in 1Q 2016 vs. 8 bps in 1Q 2015) influenced by additional creation on a few isolated Corporate clients

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



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

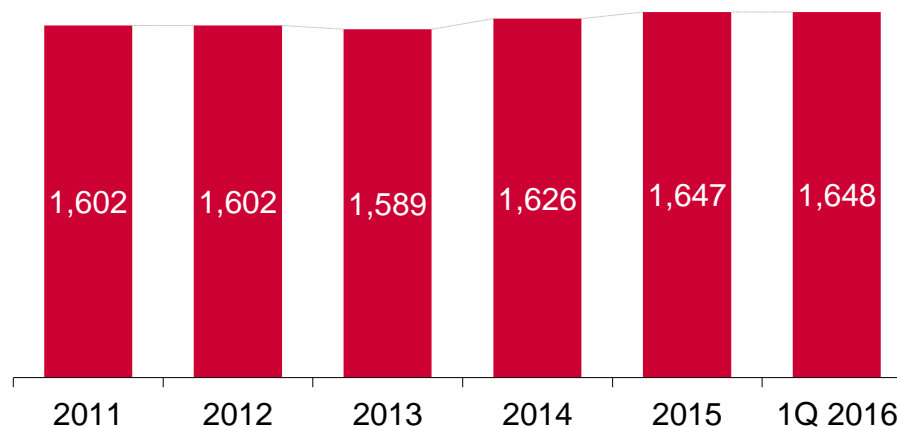


# Agenda

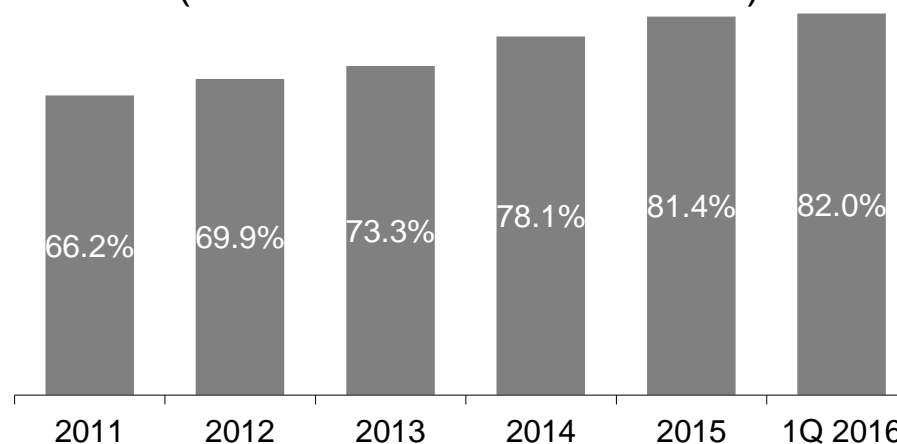
■ Business results	4
■ Financial results	10
■ Loan portfolio quality and cost of risk	19
■ <b>Appendix</b>	<b>22</b>

# Number of clients and distribution network

Number of bank clients (ths., CZ)



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



- KB Group's 2.4 million clients, of which
  - KB bank 1,648,000 clients (+1%)
  - MPSS 512,000 clients (-7%)
  - KBPS 544,000 clients (-2%)
  - ESSOX 213,000 active clients (-20%)
- Network
  - 396 branches for retail clients, 10 corporate divisions and 4 divisions for large corporate clients in CZ, 1 in Slovakia
  - 771 ATMs
  - MPSS: 219 points of sale; approx. 1,000 sales agents
  - SGEF: 7 branches in CZ, 2 in Slovakia
- Direct Channels
  - 1,351,000 clients (i.e. 82% of KB client base) using direct banking channels
  - Two call centres, internet and mobile banking

# Consolidated income statement – quarterly view

<b>Profit and Loss Statement</b> (CZK million, unaudited)	1Q 2015 Pro forma	4Q 2015 Pro forma	1Q 2016 Reported	YoY Like-for- like	QoQ Like-for- like
Net interest income	5,348	5,354	5,234	-2.1%	-2.2%
Net fees & commissions	1,701	1,765	1,700	-0.1%	-3.7%
Income from financial operations	660	774	734	11.2%	-5.2%
Other income	22	34	27	21.8%	-19.6%
<b>Net banking income</b>	<b>7,731</b>	<b>7,926</b>	<b>7,694</b>	<b>-0.5%</b>	<b>-2.9%</b>
Personnel expenses	-1,677	-1,700	-1,692	0.9%	-0.5%
General admin. expenses (excl. regulatory funds)	-1,019	-1,296	-943	-7.4%	-27.3%
Resolution and similar funds	-224	178	-835	273.0%	n.a.
Depreciation, impairment and disposal of fixed assets	-436	-905	-409	-6.1%	-54.8%
<b>Operating costs</b>	<b>-3,356</b>	<b>-3,723</b>	<b>-3,879</b>	<b>15.6%</b>	<b>4.2%</b>
<b>Gross operating income</b>	<b>4,375</b>	<b>4,203</b>	<b>3,815</b>	<b>-12.8%</b>	<b>-9.2%</b>
Cost of risk	-109	-633	-225	107.2%	-64.5%
<b>Net operating income</b>	<b>4,267</b>	<b>3,570</b>	<b>3,590</b>	<b>-15.9%</b>	<b>0.6%</b>
Profit on subsidiaries and associates	46	28	51	9.8%	84.0%
<b>Profit before income taxes</b>	<b>4,313</b>	<b>3,598</b>	<b>3,641</b>	<b>-15.6%</b>	<b>1.2%</b>
Income taxes	-738	-657	-653	-11.5%	-0.6%
<b>Net profit</b>	<b>3,575</b>	<b>2,941</b>	<b>2,988</b>	<b>-16.4%</b>	<b>1.6%</b>
Minority profit/(loss)	119	67	95	-20.3%	42.4%
<b>Net profit attributable to equity holders</b>	<b>3,456</b>	<b>2,874</b>	<b>2,894</b>	<b>-16.3%</b>	<b>0.7%</b>

Consolidated income statement and balance sheet per quarters of 2015 in the format as reported and adjusted for the effects of reclassifications 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 2015	31 Mar 2015	31 Dec 2015	31 Dec 2015	31 Mar 2016	Change YoY	Change Ytd	Change YoY	Change Ytd
	Reported	Pro forma	Reported	Pro forma	Reported	Reported		Like-for-like	
<b>Assets</b>	<b>912,188</b>	<b>912,188</b>	<b>891,555</b>	<b>891,555</b>	<b>933,291</b>	<b>2.3%</b>	<b>4.7%</b>	<b>2.3%</b>	<b>4.7%</b>
Cash and balances with central bank	140,035	140,035	128,336	128,336	151,603	8.3%	18.1%	8.3%	18.1%
Amounts due from banks	59,849	59,849	47,799	47,799	64,633	8.0%	35.2%	8.0%	35.2%
Loans and advances to customers (net)	495,300	495,300	532,617	532,617	534,539	7.9%	0.4%	7.9%	0.4%
Securities and trading derivatives	164,435	164,435	138,144	138,144	133,336	-18.9%	-3.5%	-18.9%	-3.5%
Other assets	52,569	52,569	44,658	44,658	49,180	-6.4%	10.1%	-6.4%	10.1%
<b>Liabilities and shareholders' equity</b>	<b>912,188</b>	<b>912,188</b>	<b>891,555</b>	<b>891,555</b>	<b>933,291</b>	<b>2.3%</b>	<b>4.7%</b>	<b>2.3%</b>	<b>4.7%</b>
Amounts due to banks	49,705	49,705	56,230	56,230	64,812	30.4%	15.3%	30.4%	15.3%
Amounts due to customers	659,467	644,027	666,407	656,286	679,096	3.0%	1.9%	5.4%	3.5%
Securities issued	22,741	38,180	11,283	21,403	18,475	-18.8%	63.7%	-51.6%	-13.7%
Other liabilities	67,299	67,299	51,408	51,408	59,668	-11.3%	16.1%	-11.3%	16.1%
Shareholders' equity	112,977	112,977	106,228	106,228	111,240	-1.5%	4.7%	-1.5%	4.7%

Consolidated income statement and balance sheet per quarters of 2015 in the format as reported and adjusted for the effects of reclassifications are available at [www.kb.cz/en/about-the-bank/investor-relations](http://www.kb.cz/en/about-the-bank/investor-relations)



# KB consolidated group

Pension insurance	KB Penzijní společnost (100%)	Management company for Transformed Fund (pension fund with 544,000 clients) and for new pension funds in 3rd pillars of the Czech pension system
Building society	Modrá pyramida stavební spořitelna (100%)	#3 largest building savings bank according to loan volume with 512,000 clients and approximately 1,000 strong agent distribution network
Consumer credit	ESSOX (50.93%)	Consumer credit and car finance company. #2 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 2015	1Q 2016	Change YoY
<b>MPSS</b>	Volume of new loans (CZK million)	866	2,079	140%
	Volume of total loans (gross, CZK million)	37,518	37,120	-1%
	Volume of deposits (CZK million)	72,115	67,015	-7%
	Number of clients	548,049	511,627	-7%
	Average number of FTEs	332	326	-2%
	Number of points of sale	215	219	2%
<b>KB PS</b>	Number of new contracts	7,417	8,246	11%
	Number of clients	553,454	543,926	-2%
	Assets under management (CZK million)	42,071	46,118	10%
	of which in Transformed fund	40,893	43,927	7%
	Average number of FTEs	46	47	2%
<b>ESSOX</b>	Volume of new contracts (CZK million)	983	1,101	12%
	Volume of total loans (gross, CZK million)	9,324	9,213	-1%
	Number of active clients	267,390	213,209	-20%
	Average number of FTEs	342	343	0%

## Business performance of subsidiaries 2/2

		1Q 2015	1Q 2016	Change YoY
<b>Factoring KB</b>	Factoring turnover (CZK million)	8,296	8,107	-2%
	Volume of total financing (gross, CZK million)	5,588	6,205	11%
	Average number of FTEs	39	44	12%
<b>KP</b>	Volume of technical reserves (CZK million)	43,956	45,107	3%
	Premium written (CZK million)	2,536	1,767	-30%
	of which in life insurance	2,355	1,579	-33%
	of which in non-life insurance	182	188	3%
	Average number of FTEs	164	176	7%
<b>SGEF</b>	Volume of new financing (CZK million)	2,002	2,091	4%
	Volume of total financing (gross, CZK million)	22,833	24,054	5%
	Average number of FTEs	122	124	2%

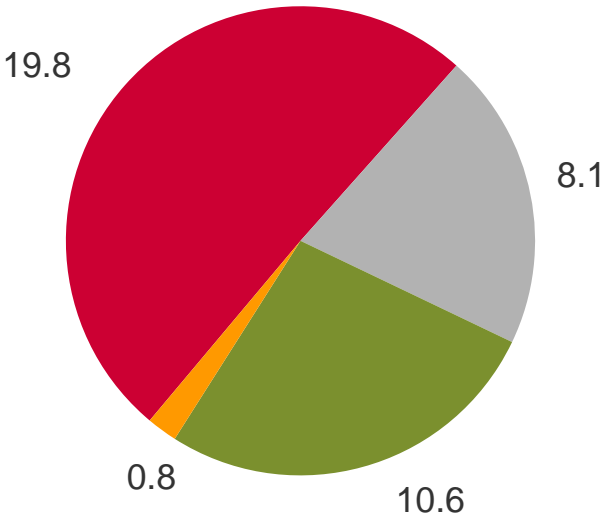
# Debt securities portfolio in the banking book

As of 31 March 2016

CZK billion

**Available-for-sale portfolio**

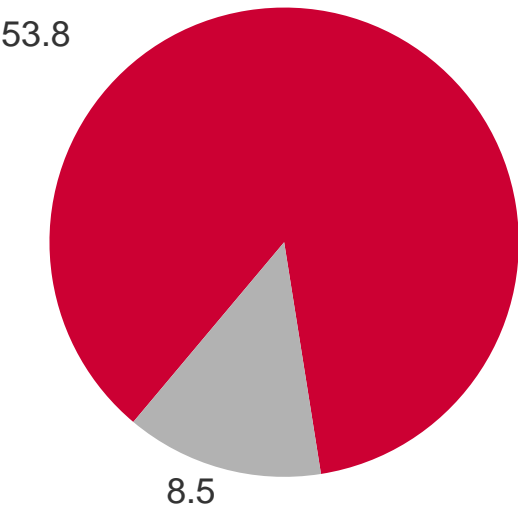
**CZK 39.3 billion**



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

**Held-to-maturity portfolio**

**CZK 62.2 billion**

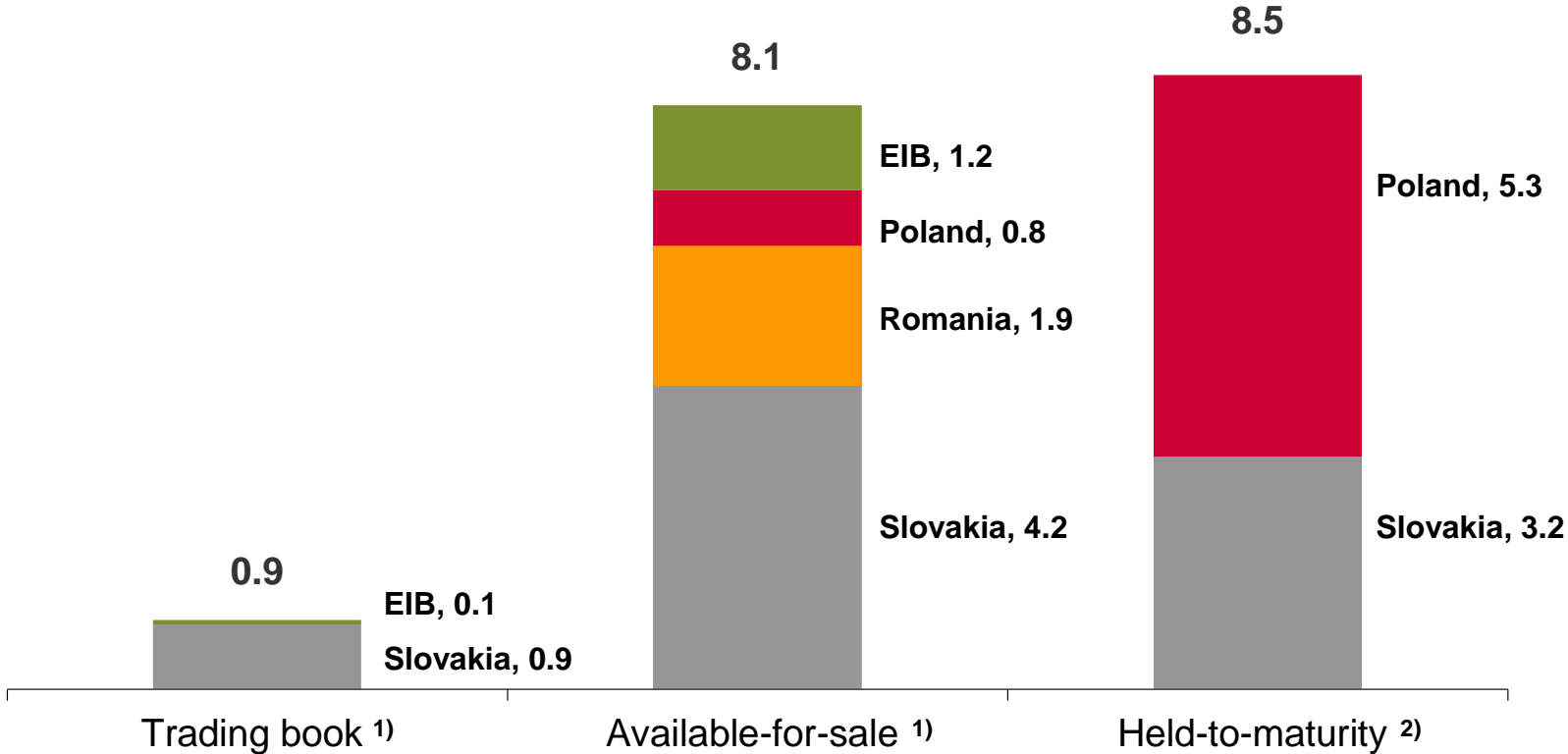


- Czech sovereign
- Foreign sovereign

# Foreign sovereign exposure

As of 31 March 2016

CZK billion



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

# Macroeconomic environment – Czech Republic

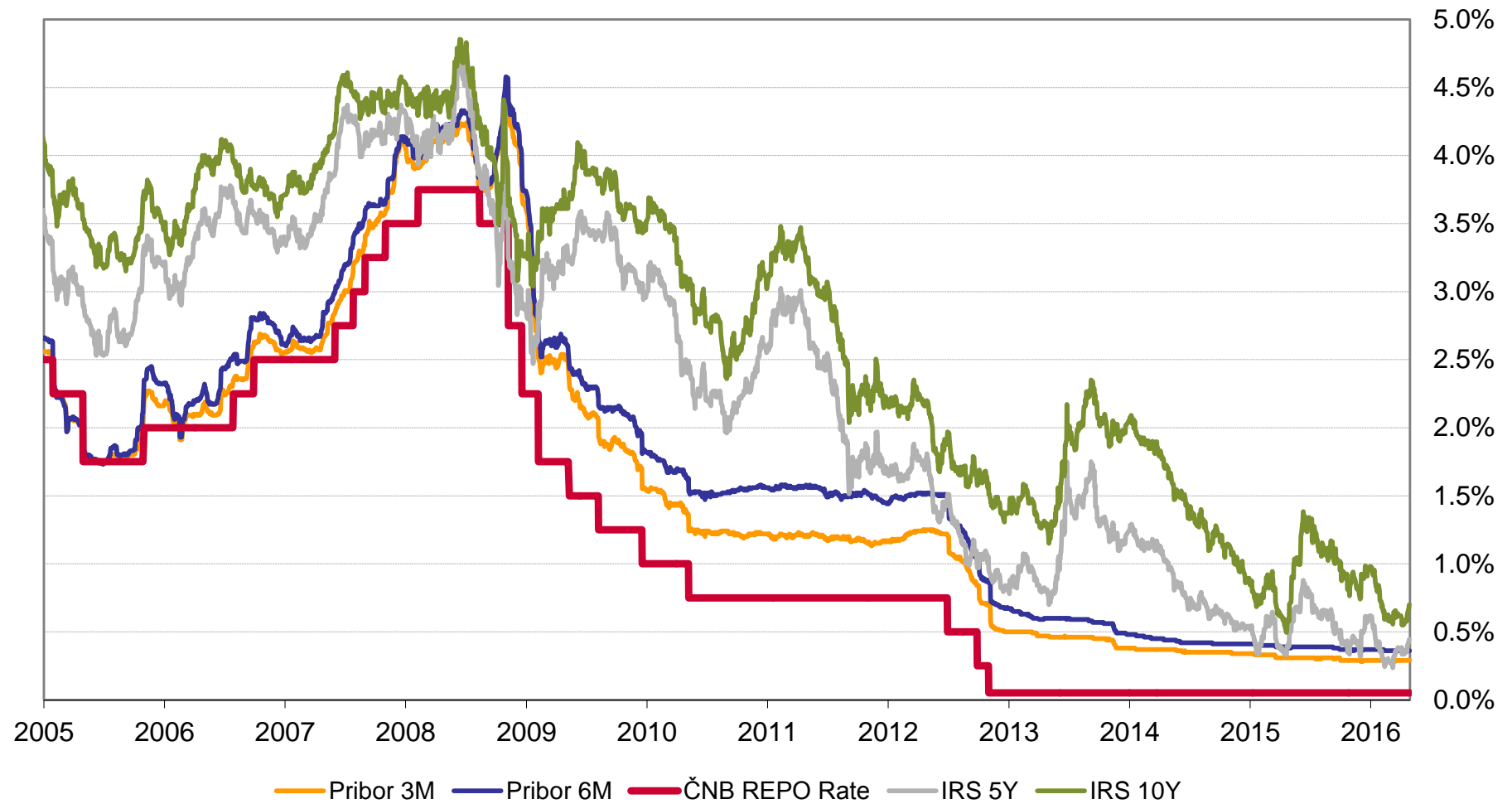
<b>Macroeconomic Indicators</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016*</b>
Real GDP (% , average)	2.0	-0.8	-0.5	2.0	4.2	2.1
Inflation (% , average)	1.9	3.3	1.4	0.4	0.3	0.6
Household consumption (% , average)	0.3	-1.5	0.7	1.5	2.9	2.7
Unemployment (% , av., MLSA meth.)	6.6	6.8	7.8	7.6	6.4	5.4
M2 (% , average)	3.4	6.0	4.6	4.3	6.3	7.2
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	58.4	61.7	61.8	62.4	64.0
Real estate loans / GDP (year-end)	19.2	20.0	20.9	21.1	21.7	22.7
Deposits / GDP (year-end)	72.5	77.4	81.9	80.6	78.6	83.0
Household loans / GDP (year-end)	25.1	25.9	26.8	26.8	27.6	28.6

\* *KB estimate*

\*\* *Banking sector, year end*

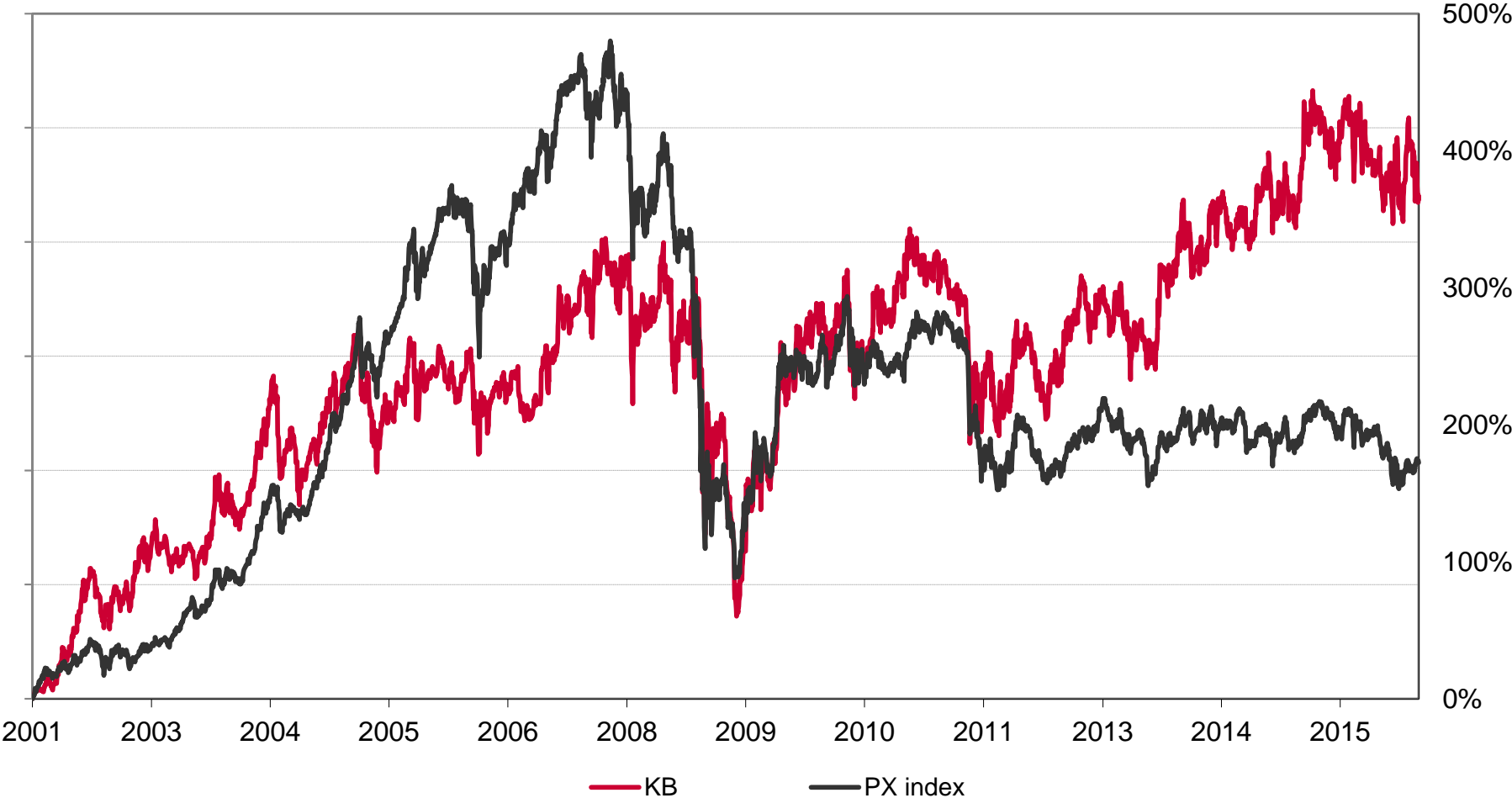
# Interest rates evolution

(for the period 1 January 2005 – 28 April 2016)



# Development of KB's share price and PX Index

(for the period 1 October 2001 – 28 April 2016)



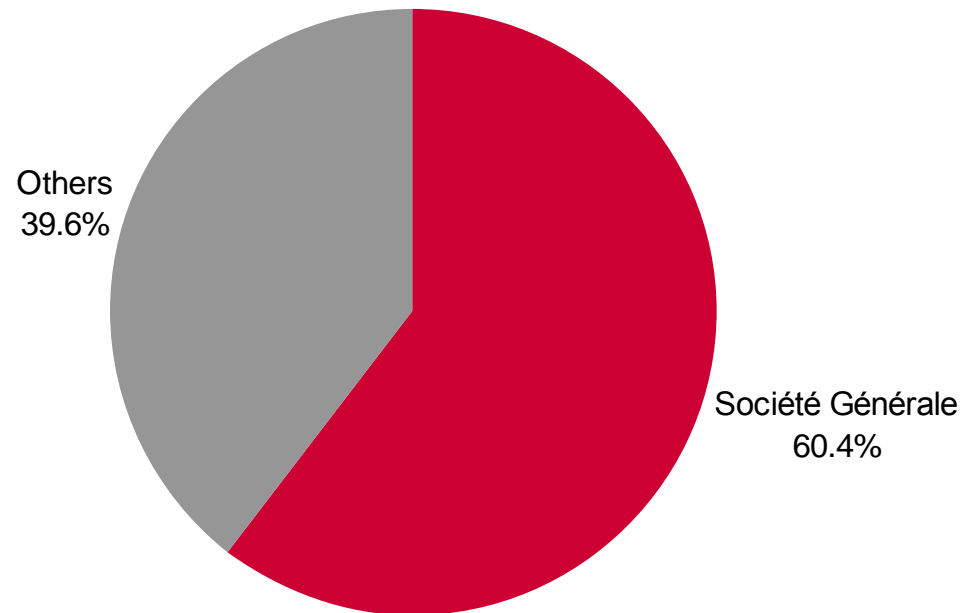


# KB shareholders

As of 31 March 2016

The number of shareholders comprised 44,597 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%.



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



## **Investor Relations**

Jakub Černý, Robert Janeček, Renata Swaczynová, Kamila Corbet

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

E-mail: [investor\\_relations@kb.cz](mailto:investor_relations@kb.cz) - Internet: [www.kb.cz](http://www.kb.cz)