

PRAGUE, 3 AUGUST 2022

# **KB GROUP RESULTS AS OF 30 JUNE 2022**

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According to IFRS, Consolidated, Unaudited

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

# DISCLAIMER

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

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

Results and ratios in this presentation are as of 30 June 2022, unless stated otherwise.

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

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# HIGHLIGHTS AS OF 30 JUNE 2022

## Komerční banka – growing business, strong financial performance, good asset quality

Loans (gross) \*



**CZK 769.4 bil. / +8.7% YoY**

Revenues



**CZK 19.2 bil. / +29.5% YoY**

Net Profit



**CZK 8.3 bil. / +62.3% YoY**

KB Group / KB clients



**2,256,000 / 1,650,000**  
**+12,000 / +29,000 YoY**

Client deposits \*



**CZK 1,024.3 bil. / +2.7% YoY**

Operating expenses



**CZK 8.4 bil. / +7.5% YoY**

ROE / ROA



**13.5% / 1.2%**

Shared ATM network



Non-bank  
assets under management



**CZK 205.6 bil. / +4.8% YoY**

Cost of Risk



**CZK 0.5 bil. / 14 bps**

Core Tier 1 /  
Capital adequacy



**20.0% / 20.3%**

Developing ecosystem of services



UPVEST

Notes: \* excluding repo / reverse repo operations with clients

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# RESILIENT PERFORMANCE OF THE ECONOMY

- GDP in 2Q 2022 +0.2% QoQ and +3.6% YoY, YoY growth was driven by domestic consumption and fixed investments, while net exports contributed negatively<sup>1</sup>
- Manufacturing and construction still hindered by supply chain disruptions and inflation of input prices. However, Czech car production returned back on track during 1H2022 (down 8.6% YoY but May and June already above '21)
- Labour market remains tight. Unemployment rate 2.5% in May 2022.<sup>2</sup> Nominal wages in Q1 +7.2% YoY, -3.6% in real terms
- Consumer price inflation at 17.2% YoY in June (1.6% MoM – second sequential MoM slowdown). HICP (Eurostat) at 16.6% YoY in June. CPI growth broad-based: housing-related costs (contribution: 0.5pp) and food and non-alcoholic beverages (contrb.: 0.4pp) main drivers of the MoM CPI
- As of 30 June 2022, at 24.7 CZK per EUR, CZK v. EUR QoQ weaker by 1.5%, and YoY stronger by 2.9%
- CNB continued in 2Q 2022 hiking cycle by further 200 bps in two steps (75 bps early May and 125 bps at the end of June) to 7%. As of 30 June, 3M PRIBOR rose to 7.2% (+315 bps Ytd), 10Y IRS at 5.2% (+189 bps Ytd) while IRS curve stays inverted (5Y at 5.7%) and 10Y CZGB 4.8% (+206 bps Ytd)

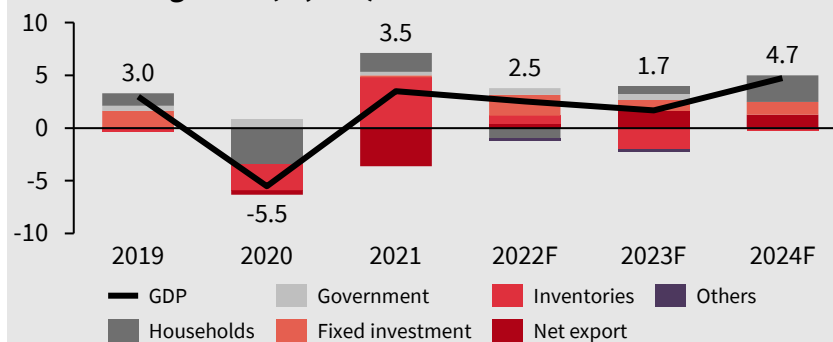
Notes: Source of indicators Czech Statistical Office, CNB, unless stated otherwise.

1) According to flash estimate of the Czech Statistical Office, published on 29 July 2022;

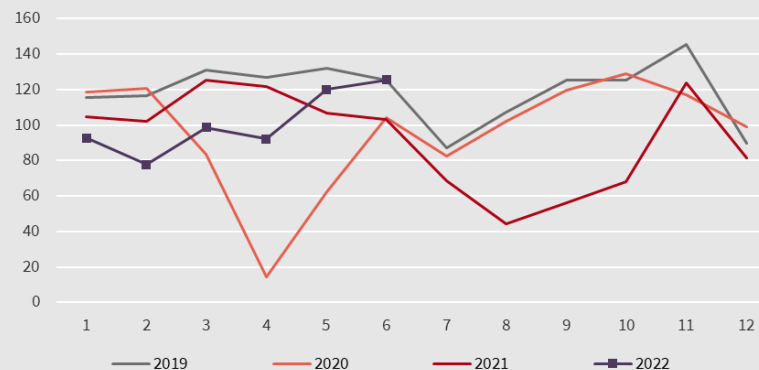
2) According to Eurostat, seasonally adjusted



### Czech GDP growth (% YoY)



### Monthly car production (ths)



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# STRONG BUSINESS TRANSFORMATION MOMENTUM

## Pursuing important initiatives



### Sharing ATMs

This should mark the first step in sharing the ATM networks across multiple Czech banks, improving access to finance, sustainability and efficiency of operations



### Sustainable e-shop

Some 100 e-shops out of 800 applicants qualified for the label upon assessment of compliance with ESG principles, in a joint project of KB with VISA, Heureka and the Czech Social Responsibility Association

## Receiving public acknowledgements

### VISA Awards 2021



#1 sustainable bank – Komerční banka  
#1 woman in payment systems – Monika Truchlíková

### Top 20 Taxpayers



Ministerstvo financí  
České republiky

KB traditionally declared among top 20 income tax payers in Czechia for 2021, despite having prepaid a part of taxes due in 2021 already in 2020 in order to support the public finances during the pandemics



### Zlatá koruna (Golden crown) awards

Green crown – KB loan for sustainable technologies



Silver crown  
SME leasing  
KB Profi Auto



Bronze crown  
SME lending  
KB Profi Loan



Silver crown  
Fintech –  
Roger iplatba

## Developing the ecosystem of affiliates



KB Smart Solutions upped its stake to 24.99%, in support of international expansion of B2B e-commerce financing platform



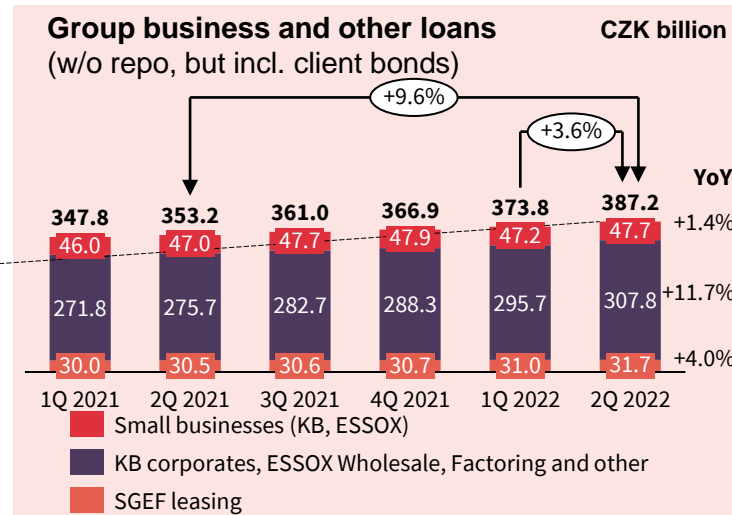
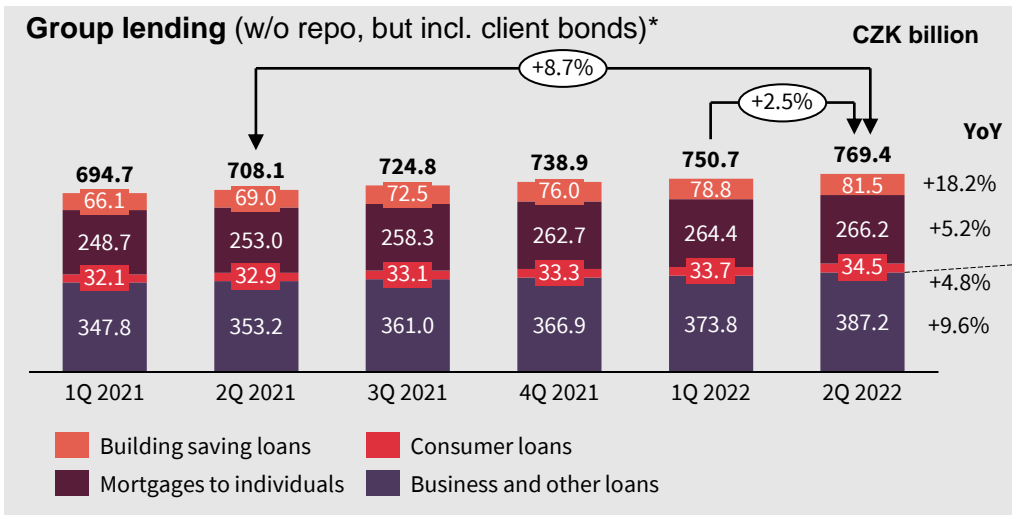
KB Smart Solutions acquired full ownership of the leading Czech consultancy in sustainable energy and waste management



KB Smart Solutions increased its ownership stake to 96% in the digital crowdfunding platform for real estate projects

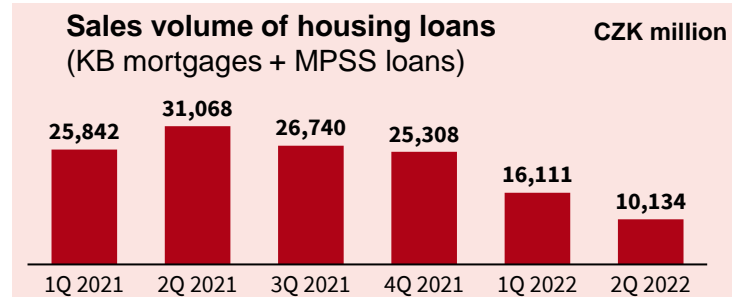


# GROSS LENDING UP 8.7% YOY



- Net loans to deposits ratio at 74.0%. Liquidity coverage ratio 174%
- Sales of housing loans in 1H 2022 down 53.9% from record 2021 levels
- Growth in business lending driven by both working capital financing as well as investment loans
- Negative contribution from 2.9% YoY appreciation of CZK v. EUR (to CZK value of EUR denominated loans to businesses) represents 0.5% of total lending

\* Including debt securities issued by KB's corporate clients. There were no reverse repo operations with clients to report as of 30 June 2022 or 30 June 2021.



# SELECTED DEALS OF THE 2Q 2022

## WATER DISTRIBUTION UTILITIES



FCC Aqualia SA

Syndicated Green Loan

**EUR 1,100,000,000**

Mandated Lead Arranger

**2022**

## PHARMACEUTICALS



ČESKÁ LÉKÁRNA HOLDING, a.s.  
Baramoore International s.r.o.

Complex Club Financing

**EUR 940,000,000**

Bookrunner, Mandated Lead Arranger,  
Coordinator

**2022**

## REAL ESTATE



HB Reavis Investments Holding S.A.

Club Credit Facility

**EUR 100,000,000**

Arranger, Original Lender

**2022**

## ELECTRICAL EQUIP. MANUFACTURING



Elektrizace železnic Praha a.s.

Syndicated Credit Facility

**CZK 6,504,000,000**

Arranger, Original Lender

**2022**

## WHOLESALE TRADE



eD system a.s.

Club Financing

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

Mandated Lead Arranger and Original Lender

**2022**

## REAL ESTATE



EUDI REAL s.r.o.

Investment Financing

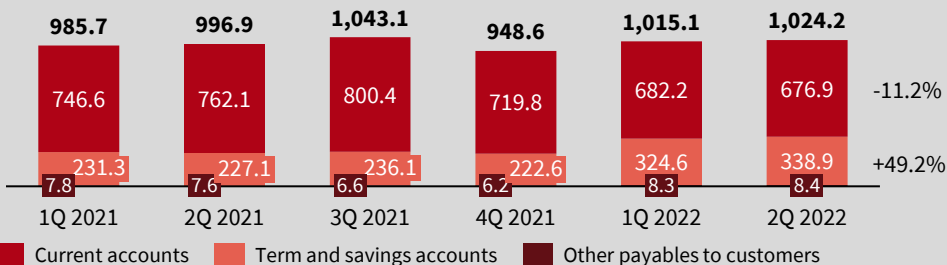
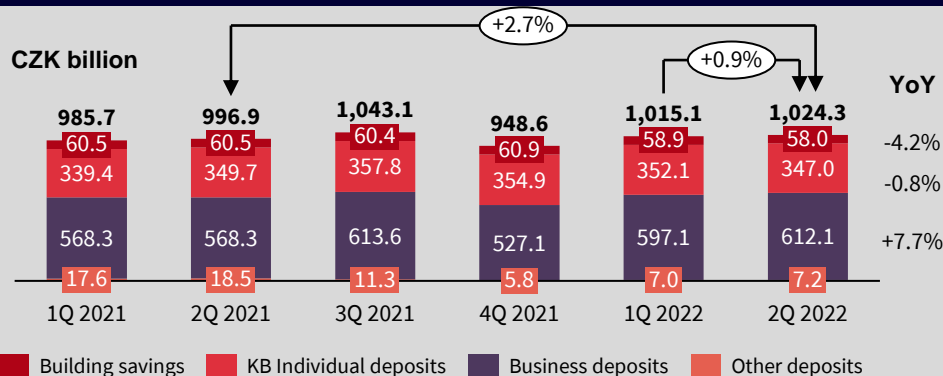
**EUR 31,000,000**

Arranger

**2022**

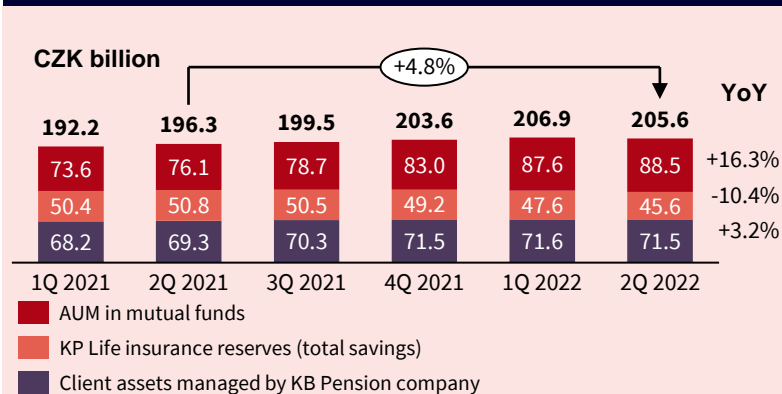
# CLIENT DEPOSITS UP BY 2.7% YOY, OTHER AUM +4.8%

## GROUP DEPOSITS (excluding repo operations) CLIENT

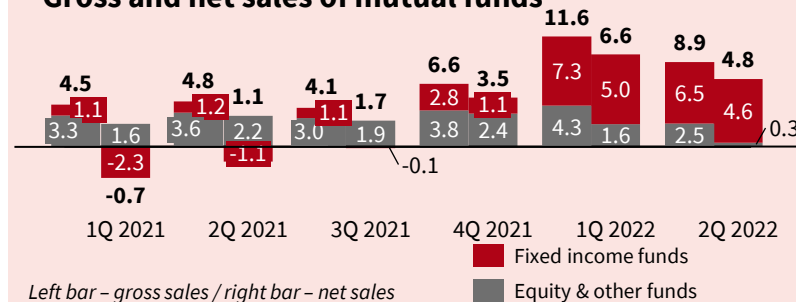


Total amounts due to clients (incl. repo op. with clients) +6.9% YoY, 5.0% QoQ to CZK 1,103.6 billion

## NON-BANK ASSETS UNDER MANAGEMENT CLIENT



## Gross and net sales of mutual funds



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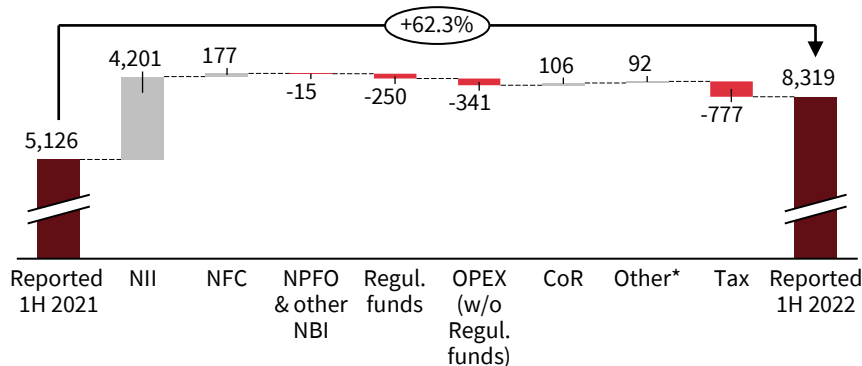
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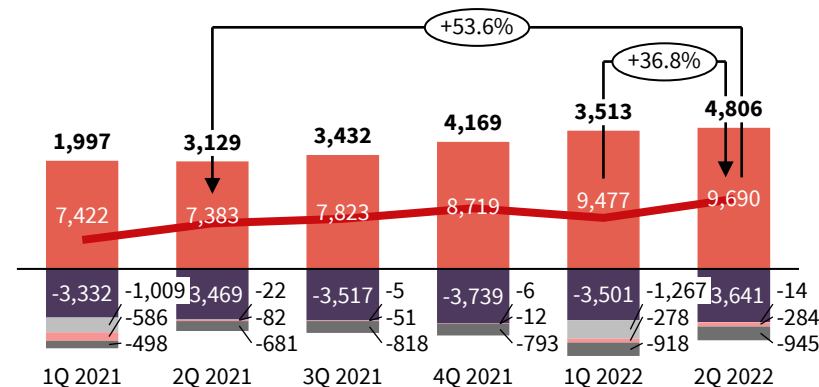
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# POSITIVE OPERATING JAWS, LIMITED INCREASE IN RISK COSTS

Drivers for year on year change in attributable net profit  
(as of 30 June 2022)



Development of quarterly net profit and its drivers



\*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

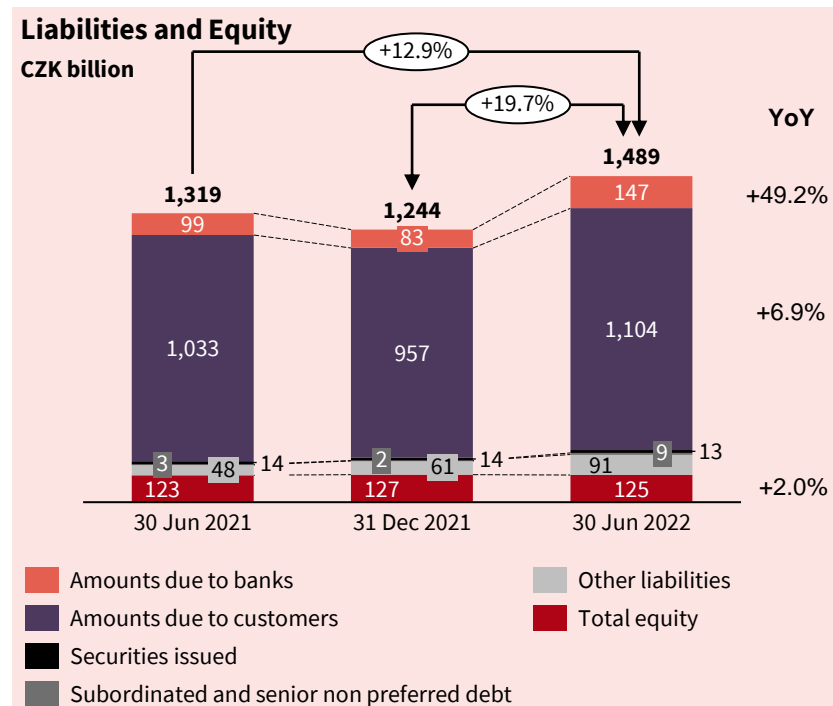
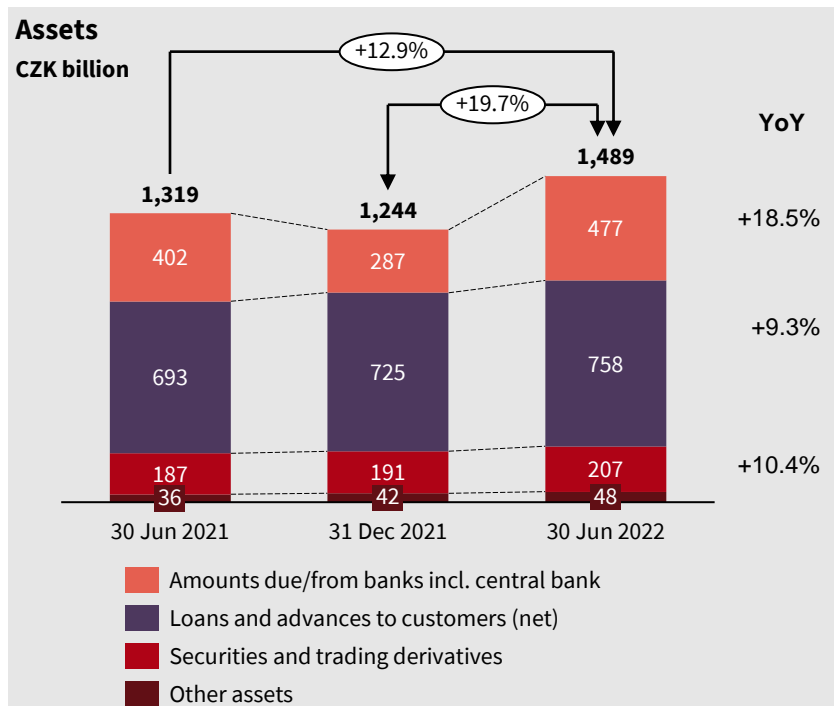
- Profit attributable to the shareholders
- NBI
- OPEX w/o Regulatory funds
- Regulatory funds
- CoR
- Other

## Profitability indicators for 1H 2022

Return on average equity	Return on average Tier 1 capital	Return on average tangible equity	Return on average assets
<b>13.5%</b>	<b>16.0%</b>	<b>15.0%</b>	<b>1.2%</b>
14.4%**	17.0%**	15.9%**	1.3%**

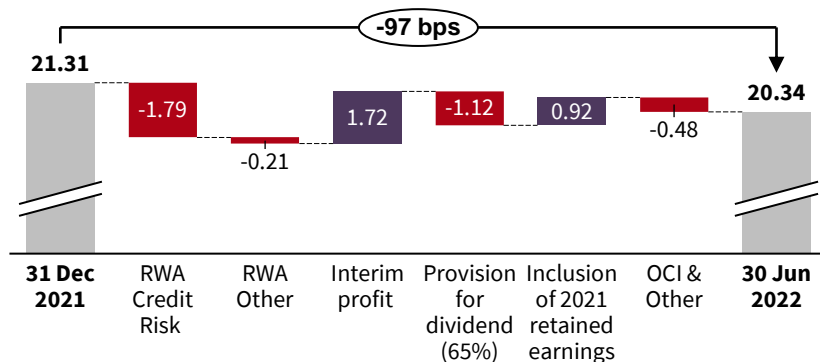
\*\* Assuming linear accrual of regulatory funds charges over the whole year (IFRIC 21 linearisation)

# BALANCE SHEET GROWTH DRIVEN BY DEPOSITS



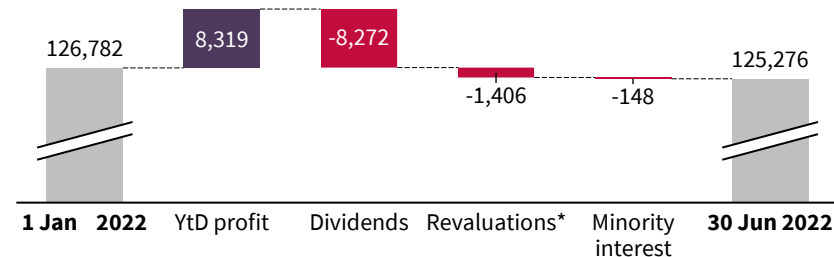
# CAPITAL ABOVE TARGET, MREL ISSUANCE LAUNCHED

## Contributions to capital adequacy ratio in 1H 2022 (%)



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

## Contributions to equity in 1H 2022 (CZK million)



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

The Overall Capital requirement (OCR) is currently at 16.10%, the minimum CET 1 is 11.46% and the minimum Tier 1 ratio at 13.45%. The OCR will increase by 150 bps in three steps by April 2023 due to increases in countercyclical buffer. As from 1 April 2023, min. OCR will reach 17.60%, min. CET1 ratio 12.96% and min. Tier 1 to reach 14.95%.

On 27 June 2022, KB issued EUR 250 million senior non-preferred debt as a first tranche to gradually meet **MREL** target by 1 January 2024

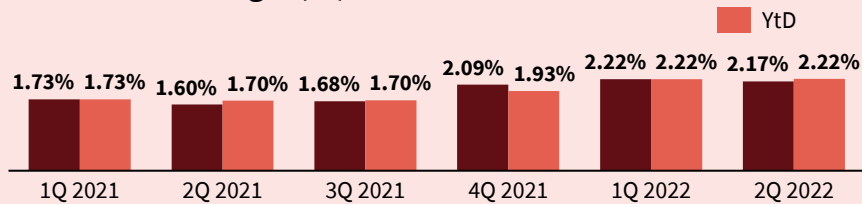
## Regulatory capital indicators

	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	20.3%	20.0%	108.5	106.4	533.2	442.3	35.8%
31 Dec 2021	21.3%	20.9%	103.2	101.1	484.4	400.2	38.9%
30 Jun 2021	23.2%	22.6%	108.3	105.8	467.3	387.6	35.4%



# INTEREST INCOME GROWTH DRIVEN BY RATES, VOLUMES

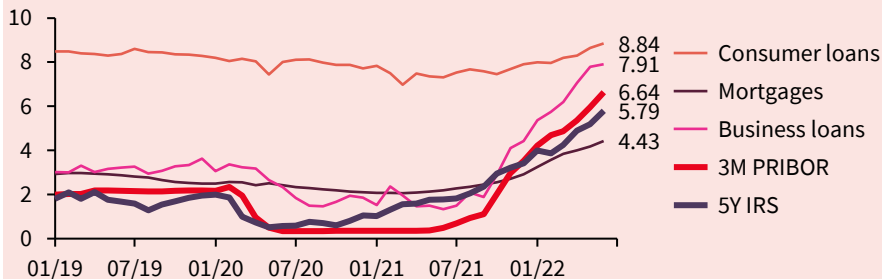
## Net interest margin (%)



- NII from deposits – higher reinvestment yields partly offset by shift from current to term deposits, increasing average deposit remuneration
- NII from loans – retail lending spreads continue drifting lower, corporate spreads steady
- NII from IB – higher share of margin from IB hedging solutions booked in NII

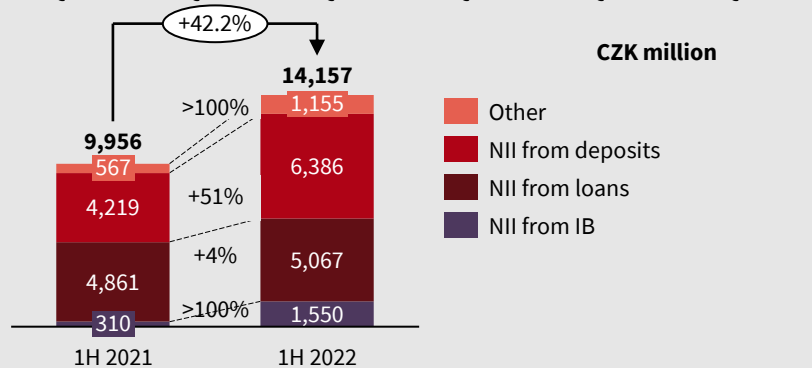
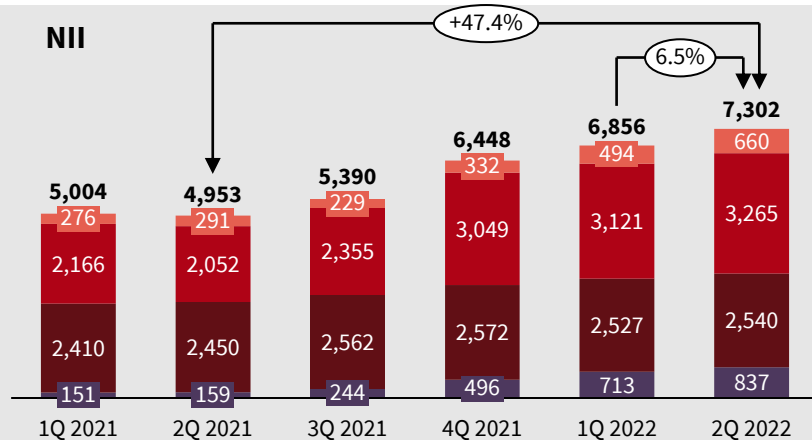
## Average market rates on new CZK loans (%)

(until June 2022)



Source: CNB, Macrobond

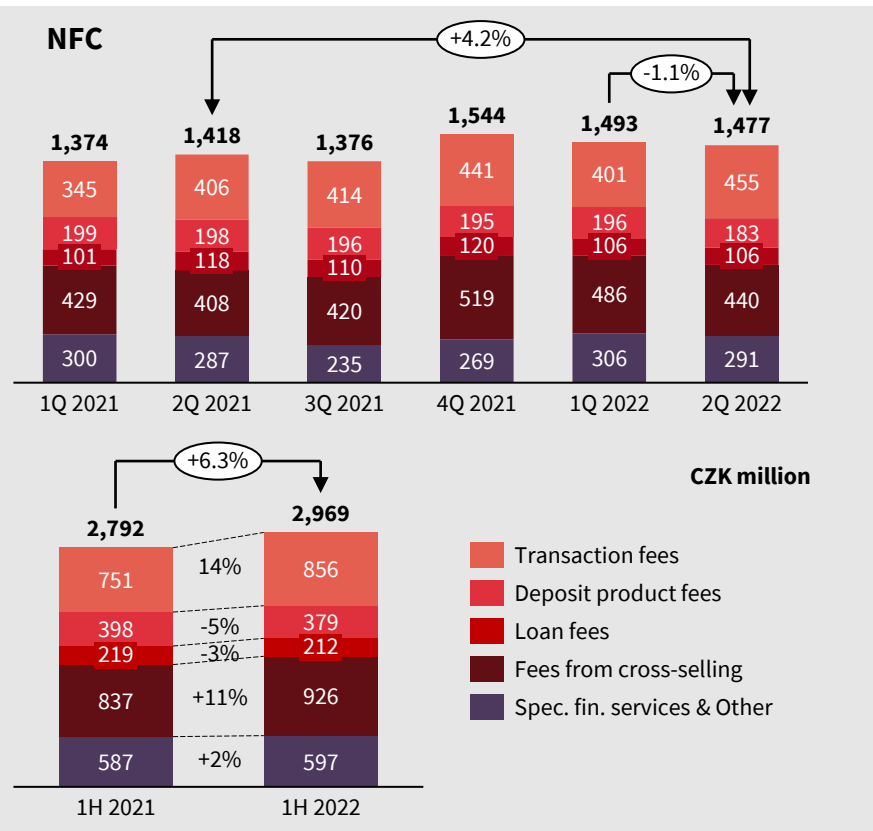
## NII





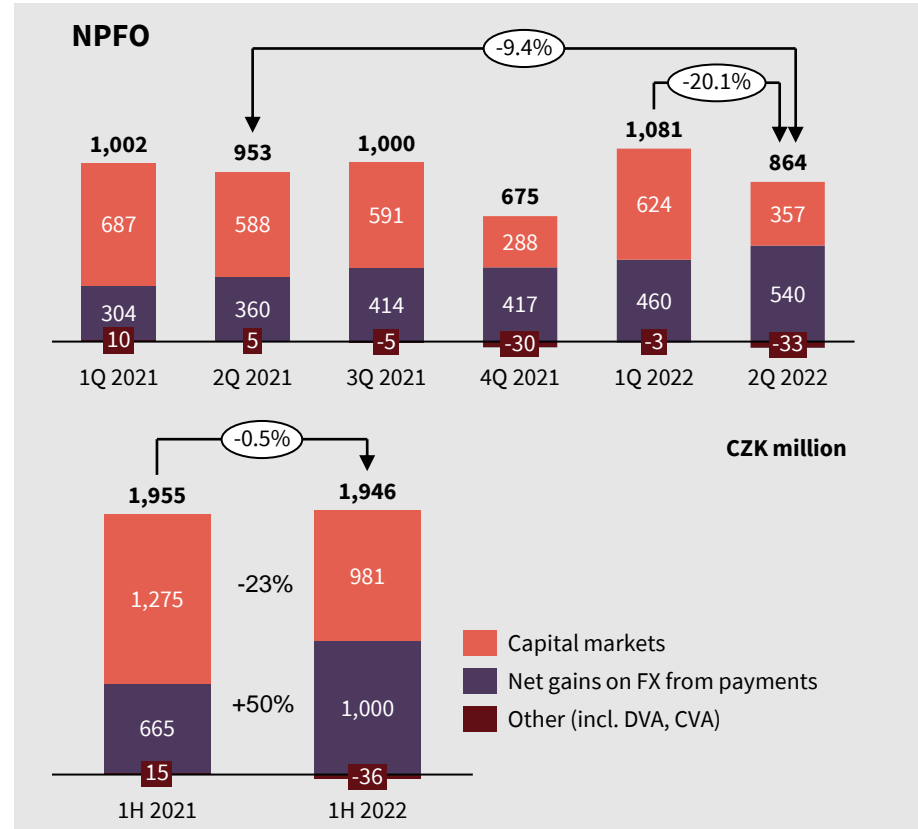
# GROWTH DRIVEN BY TRANSACTIONS AND CROSS-SELL

- **Transaction fees** – All transaction types up compared to 1H21 (which had been affected by pandemic restrictions). Main contribution from continuing fast growth in card payments
- **Deposit product fees** – stable client base, signing benefit for refugees from Ukraine mainly in Q2
- **Loan fees** – lower fees for loans to small businesses, consumer loans, credit cards. YoY better factoring and credit line agreements
- **Fees from cross-selling** – growth in 1H22 driven mainly by mutual funds and insurance products
- **Specialised financial services and other fees** – growth in fees from bank guarantees and advisory. Lower YoY contribution from loan syndications



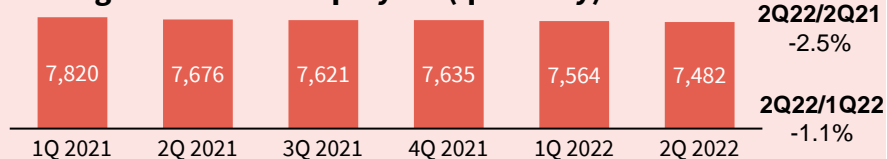
# RECOVERY IN FX CONVERSIONS, SOLID DEMAND FOR HEDGING

- Continued strong client hedging activity linked to high volatility and expected developments of CZK FX and IR rates
- Successful tailored hedging strategies for SME clients, particularly those based on FX options
- Correct management of inventory positions
- Net gains of FX from payments - driven by recovery in travelling and related currency conversions upon lifted Covid-19 restrictions



# TIGHT COST CONTROL

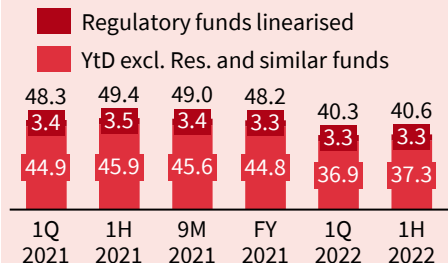
## Average number of employees (quarterly)



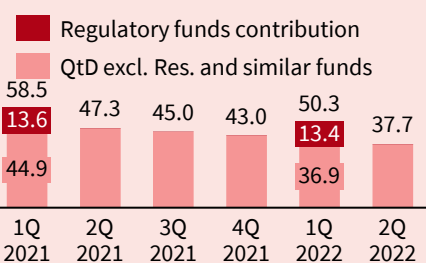
- **Personnel costs** – 1H 2022 avg. FTE –2.9% YoY. Increase in average salaries by 3% from April '22. Lower bonus accrual in comparative base of 1H 2021. Additional 5% hike in salaries from October 2022
- **Administrative costs** – higher marketing, consultancy, other employee costs, IT support partly offset by lower real estate costs
- **D&A** increase driven by software

## Cost to Income ratio (%)

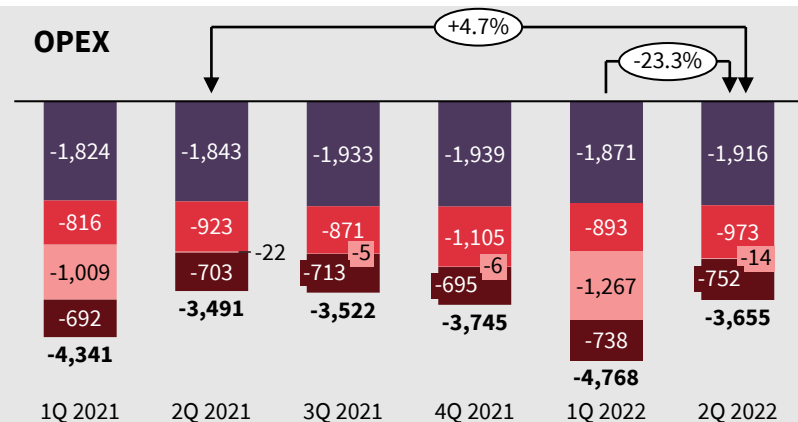
### Year-to date (with IFRIC 21 linearisation)



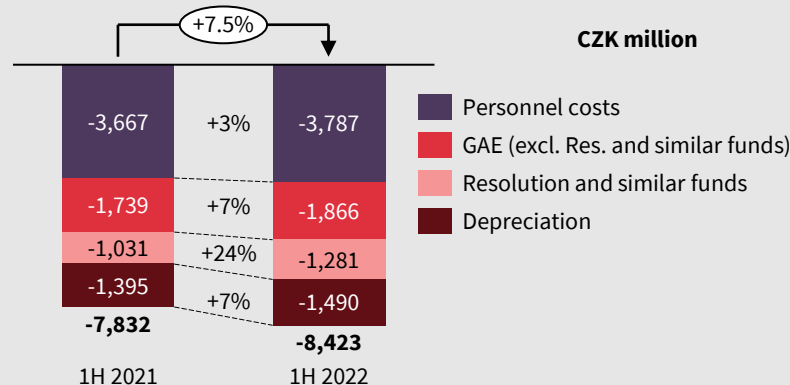
### Quarterly (as reported)



## OPEX



CZK million



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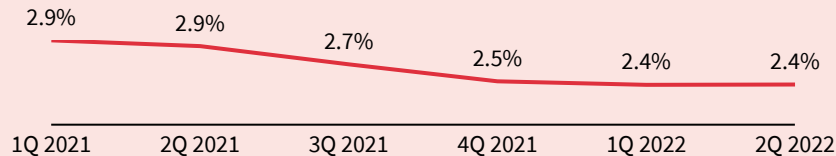
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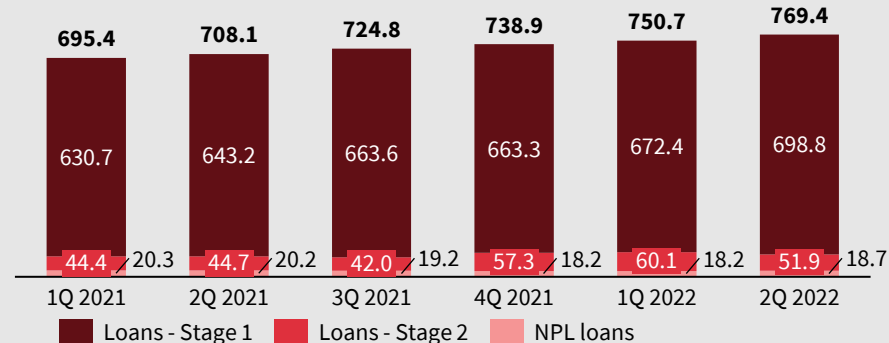
# 2Q 2022 ASSET QUALITY

- Loan portfolio up 8.7% YoY and 2.5% QoQ
- Stable credit risk profile of KB loan portfolio
  - Stage 2 ratio fluctuating within the 5%-10% range
  - NPL ratio QoQ stable at 2.4% (low default migration intensity and continued strong recoveries on retail segments)
- Stable NPL provision coverage, fluctuating around 50%

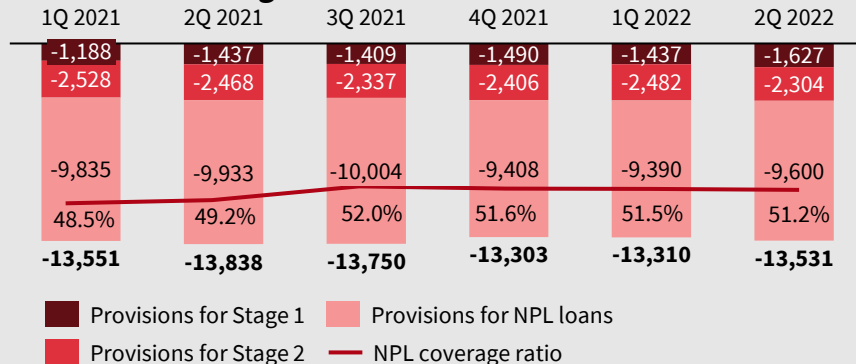
## Share of NPL exposure development



## Gross lending



## Provision coverage

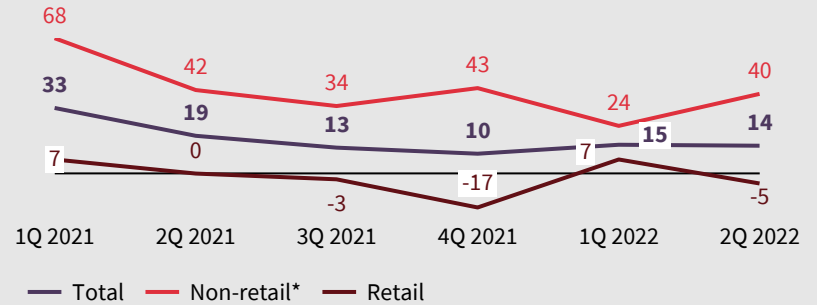


# 2Q 2022 COST OF RISK DEVELOPMENT

- 2Q 2022 CoR net creation at CZK 284 million
- CZK 502 million created on non-retail portfolios
  - Low number of new defaulted clients (Russia or inflation related)
  - Prudent provisioning of S1 & S2 portfolios anticipating future inflation impacts
- CZK 178 million released on retail portfolios
  - Continued resilient payment discipline
  - Low default intensity
  - Continued resilient recoveries recorded on mortgage exposures

## Total Cost of Risk

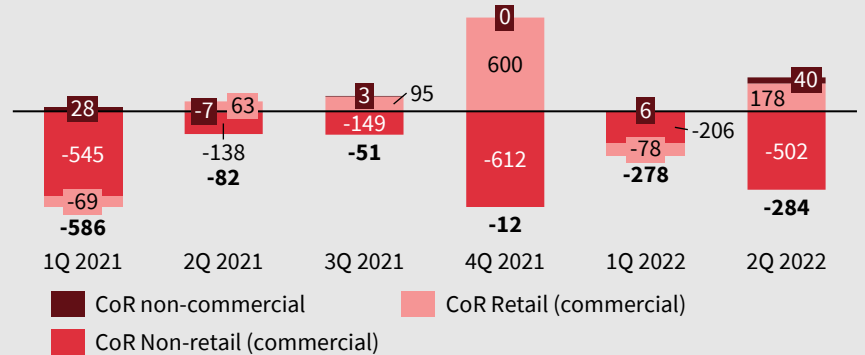
(Year-to-date, in basis points)



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

## Total Cost of Risk development

CZK million



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# UPDATED OUTLOOK FOR 2022

*This is an update of the outlook presented on 5 May 2022. Investors are advised to consider higher than usual level of uncertainty and risks*

## Macroeconomic assumptions

- Czech GDP expected to grow by 2.5% in FY 2022, with a mild recession (GDP QoQ declining) in 3Q and 4Q22, due to decline in household consumption and lower demand for industrial exports
- Due to the shock in commodity prices and rise in core prices, the average CPI expected to reach 16.8%, peaking around 20% in 4Q 2022
- CNB expected to increase the two-week repo rate by 50 basis points to 7.5% by the end of 2022, and to remain present on FX in order to prevent significant depreciation of CZK

## Banking market outlook

- Lending market to grow at mid-single digit pace in 2022 in total. Housing loans to grow low- to mid- single digits, consumer lending to expand at mid-single digits, corporate lending somewhat faster
- Bank deposits should grow at mid-single digits, relatively faster in corporate segments

## KB business outlook

- KB Group lending to grow at upper mid-single digit pace in total, with faster corporate lending. Housing loans to grow low- to mid- single digits even as new sales drop from record 2021 levels
- KB total deposit growth in low-single digits, with switch to term deposits, mid-single digit drop in Modrá pyramida
- Implementation of KB Change 2025 strategy, building of the New digital bank according to the plan

## KB financial outlook

- Revenue growth to exceed 20% driven by NII up by approx. a third, reflecting increase in rates and volumes and higher share of hedging margin in NII, mid single digit growth in NFC driven by cross-selling, and slight retreat of NPFO from record 2021
- OPEX to grow by upper mid-single digits in spite of double-digit growth in Resolution Fund charges, high inflation and transformation costs, reflecting further downsizing of branch network and savings in HQ
- Cost of risk for 2022 to remain below KB's through-the-cycle level of around 30 basis points

## Potential risks to the outlook

- Further escalation of the war in Ukraine; Shortages of fuels or key input materials; Return of the pandemic situation with recurring lockdowns; Worsening of external economic environment; Abrupt changes to relevant interest or FX rates or to fiscal policy



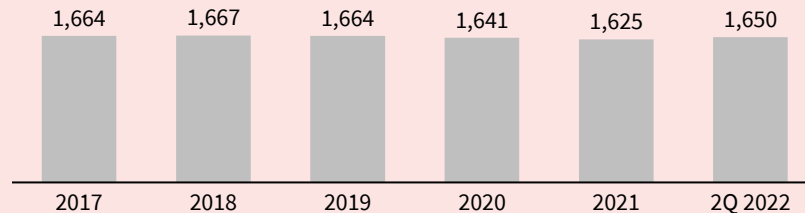
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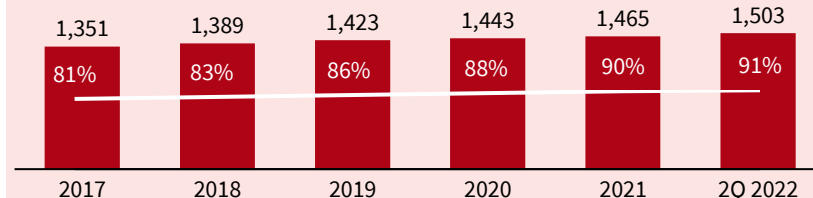
# NUMBER OF CLIENTS AND DISTRIBUTION NETWORK

	1H 2021	1H 2022	YoY
<b>Number of clients</b>			
KB Group's clients	2,244,000	2,256,000	12,000
Komerční banka	1,621,000	1,650,000	29,000
– individual clients	1,378,000	1,407,000	28,000
– internet banking clients	1,447,000	1,503,000	55,000
– mobile banking clients	980,000	1,099,000	119,000
Modrá pyramida	487,000	472,000	-16,000
KB Penzijní společnost	523,000	512,000	-11,000
ESSOX (Group)	142,000	135,000	-7,000
<b>Distribution network</b>			
KB Retail branches	243	218	-25
Modrá pyramida points of sale	200	194	-6
SGEF branches	9	9	0
ATMs	846	863	17
of which deposit-taking	477	521	44
of which contactless	552	641	89
Number of active debit cards	1,408,000	1,456,000	48,000
Number of active credit cards	183,000	188,000	6,000
Number of cards virtualized into payment apps	329,000	449,000	120,000
KB key authentication users	904,000	1,036,000	132,000

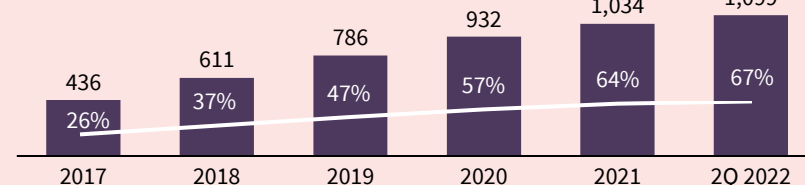
## Number of bank clients (thousands, CZ)



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



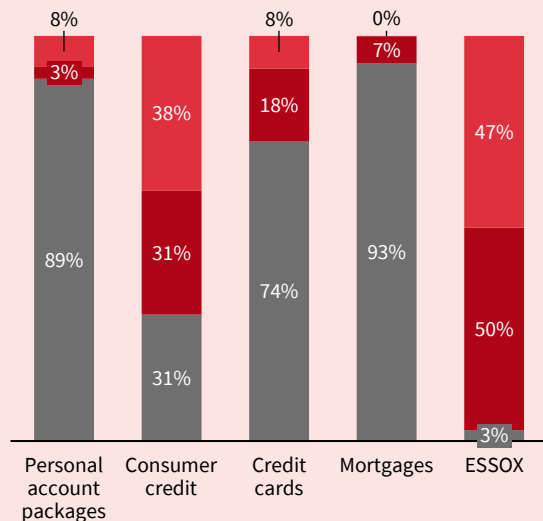
## KB mobile banking clients (thousands, % of total number)



# CONTINUED FAST ADOPTION OF MOBILE BANKING

## Share of sales by channel\*

(selected product categories, %)

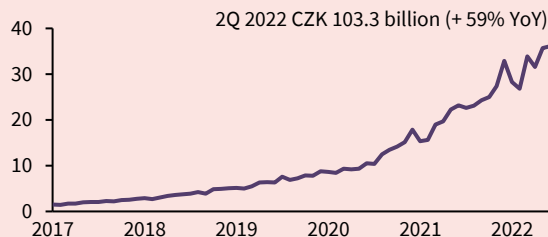


\* Share of sales by channel on total number of sold products in January to June 2022

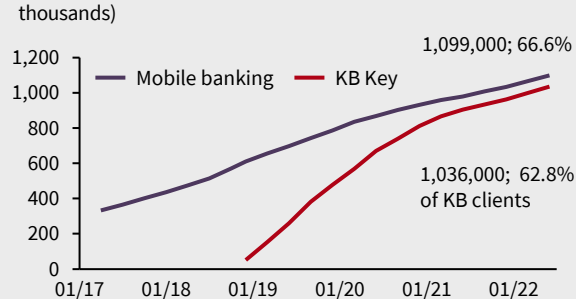
■ End-to-end digital  
■ Partially digital  
■ Physical

## Mobile banking – volume of payments

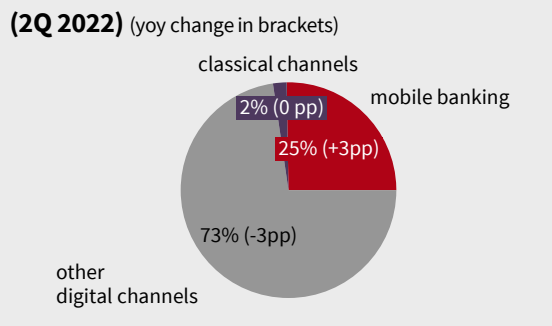
(CZK billion per month)



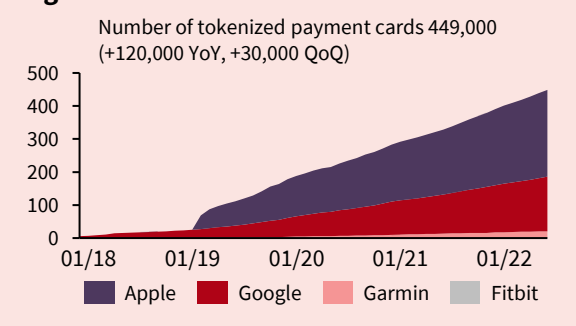
## Mobile banking and KB Key penetration (in thousands)



## Share of channels on number of transactions (2Q 2022) (yoy change in brackets)



## Digital wallet use



# INCOME STATEMENT

## Profit and Loss Statement

	Reported		
	1H 2021	1H 2022	Change YoY
(CZK million, unaudited)			
Net interest income	9,956	14,157	42.2%
Net fee & commission income	2,792	2,969	6.3%
Net profit of financial operations	1,955	1,946	-0.5%
Dividend and other income	102	96	-5.9%
<b>Net banking income</b>	<b>14,805</b>	<b>19,168</b>	<b>29.5%</b>
Personnel expenses	-3,667	-3,787	3.3%
General admin. expenses (excl. regulatory funds)	-1,739	-1,866	7.3%
Resolution and similar funds	-1,031	-1,281	24.2%
Depreciation, amortisation and impairment of operating assets	-1,395	-1,490	6.8%
<b>Total operating expenses</b>	<b>-7,832</b>	<b>-8,423</b>	<b>7.5%</b>
<b>Operating profit</b>	<b>6,973</b>	<b>10,745</b>	<b>54.1%</b>
Impairment losses	-693	-486	-29.9%
Net gain from loans and advances transferred and written off	25	-76	+/-
<b>Cost of risk</b>	<b>-668</b>	<b>-562</b>	<b>-15.9%</b>
<b>Net operating income</b>	<b>6,305</b>	<b>10,183</b>	<b>61.5%</b>
Income from share of associated companies	106	103	-2.8%
Profit/(loss) attributable to exclusion of companies from consolidation	25	0	n.a.
Net profits on other assets	25	120	>100%
<b>Profit before income taxes</b>	<b>6,461</b>	<b>10,406</b>	<b>61.1%</b>
Income taxes	-1,203	-1,980	64.6%
<b>Net profit</b>	<b>5,258</b>	<b>8,426</b>	<b>60.3%</b>
Profit attributable to the Non-controlling owners	132	107	-18.9%
<b>Profit attributable to the Group's equity holders</b>	<b>5,126</b>	<b>8,319</b>	<b>62.3%</b>

# INCOME STATEMENT

## Profit and Loss Statement

	Reported				
	2Q 2021	1Q 2022	2Q 2022	Change YoY	Change QoQ
(CZK million, unaudited)					
Net interest income	4,953	6,856	7,302	47.4%	6.5%
Net fee & commission income	1,418	1,493	1,477	4.2%	-1.1%
Net profit of financial operations	953	1,081	864	-9.3%	-20.1%
Dividend and other income	60	47	49	-18.3%	4.3%
<b>Net banking income</b>	<b>7,383</b>	<b>9,477</b>	<b>9,690</b>	<b>31.2%</b>	<b>2.2%</b>
Personnel expenses	-1,843	-1,871	-1,916	4.0%	2.4%
General admin. expenses (excl. regulatory funds)	-923	-893	-973	5.4%	9.0%
Resolution and similar funds	-22	-1,267	-14	-36.4%	-98.9%
Depreciation, amortisation & impairment of op. assets	-703	-738	-752	7.0%	1.9%
<b>Total operating expenses</b>	<b>-3,491</b>	<b>-4,768</b>	<b>-3,655</b>	<b>4.7%</b>	<b>-23.3%</b>
<b>Operating profit</b>	<b>3,892</b>	<b>4,709</b>	<b>6,036</b>	<b>55.1%</b>	<b>28.2%</b>
Impairment losses	-95	-158	-328	>100%	>100%
Net gain from loans and advances transferred and written off	14	-120	44	>100%	+/-
<b>Cost of risk</b>	<b>-82</b>	<b>-278</b>	<b>-284</b>	<b>&gt;100%</b>	<b>2.2%</b>
<b>Net operating income</b>	<b>3,810</b>	<b>4,431</b>	<b>5,752</b>	<b>51.0%</b>	<b>29.8%</b>
Income from share of associated companies	50	48	55	10.0%	14.6%
Profit/(loss) attributable to exclusion of companies from consolidation	25	0	0	n.a.	n.a.
Net profits on other assets	20	-33	153	>100%	+/-
<b>Profit before income taxes</b>	<b>3,904</b>	<b>4,446</b>	<b>5,961</b>	<b>52.7%</b>	<b>34.1%</b>
Income taxes	-710	-869	-1,111	56.5%	27.8%
<b>Net profit</b>	<b>3,194</b>	<b>3,577</b>	<b>4,849</b>	<b>51.8%</b>	<b>35.6%</b>
Profit attributable to the Non-controlling owners	65	64	43	-33.8%	-32.8%
<b>Profit attributable to the Group's equity holders</b>	<b>3,129</b>	<b>3,513</b>	<b>4,806</b>	<b>53.6%</b>	<b>36.8%</b>

# BALANCE SHEET

<b>Balance Sheet</b> (CZK million, unaudited)	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2022</b>	<b>YoY rel.</b>	<b>YoY abs.</b>	<b>Ytd rel.</b>	<b>Ytd abs.</b>
<b>Assets</b>	<b>1,318,604</b>	<b>1,244,353</b>	<b>1,489,019</b>	<b>12.9%</b>	<b>170,415</b>	<b>19.7%</b>	<b>244,666</b>
Cash and current balances with central bank	24,279	29,947	21,383	-11.9%	-2,896	-28.6%	-8,564
Loans and advances to banks	377,833	257,196	455,150	20.5%	77,317	77.0%	197,954
Loans and advances to customers (net)	692,814	724,587	757,528	9.3%	64,714	4.5%	32,941
Securities and trading derivatives	187,423	190,924	207,000	10.4%	19,577	8.4%	16,076
Other assets	36,255	41,699	47,958	32.3%	11,703	15.0%	6,259
<b>Liabilities and shareholders' equity</b>	<b>1,318,604</b>	<b>1,244,353</b>	<b>1,489,019</b>	<b>12.9%</b>	<b>170,415</b>	<b>19.7%</b>	<b>244,666</b>
Amounts due to banks	98,706	83,372	147,266	49.2%	48,560	76.6%	63,894
Amounts due to customers	1,032,789	956,929	1,103,643	6.9%	70,854	15.3%	146,714
Securities issued	14,014	13,666	12,689	-9.5%	-1,325	-7.1%	-977
Subordinated and senior non preferred debt	2,553	2,490	8,665	>100%	6,112	>100%	6,175
Other liabilities	47,673	61,114	91,480	91.9%	43,807	49.7%	30,366
Total equity	122,870	126,782	125,276	2.0%	2,406	-1.2%	-1,506
o/w Minority equity	3,372	3,273	3,125	-7.3%	-247	-4.5%	-148

# CAPITAL & PROFITABILITY INDICATORS

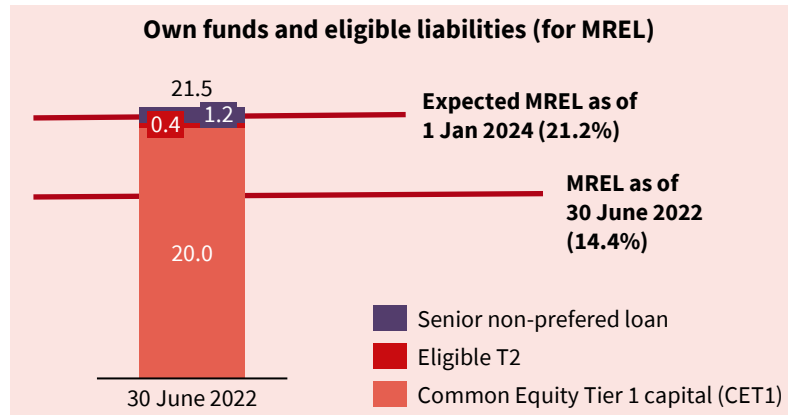
	Reported			Adjusted for IFRIC 21 linearisation*	
	30/06/2021	31/12/2021	30/06/2022	30/06/2021	30/06/2022
(year-to-date, IFRS 9)					
Capital adequacy	23.2%	21.3%	20.3%		
Tier 1 ratio = Core Tier 1 ratio	22.6%	20.9%	20.0%		
Risk weighted assets for credit risk (CZK billion)	387.6	400.2	442.3		
Net interest margin, annualised	1.7%	1.9%	2.2%		
Loan (net) / deposit ratio (excl. repo with clients)	69.5%	76.4%	74.0%		
Cost / income ratio	52.9%	48.2%	43.9%	49.4%	40.6%
Return on average equity (ROAE), annualised	8.8%	10.7%	13.5%	9.5%	14.4%
Return on average Tier 1 capital	10.1%	12.8%	16.0%	10.9%	17.0%
Return on average tangible equity (ROTE)	9.7%	11.8%	15.0%	10.5%	15.9%
Return on average assets (ROAA), annualised	0.8%	1.1%	1.2%	0.9%	1.3%
Earnings per share (CZK), annualised	54	67	88	59	94
Average number of employees during the period	7,748	7,687	7,522		

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

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

# MREL TARGET AND FULFILMENT STATUS

- As of 1 January 2022, KB Group is required to comply with a MREL equal to 14.4% of the consolidated total risk exposure and 4.46% of the consolidated total exposure. KB Group fulfilled the interim target thanks to its capital surplus
- As of 1 January 2024, based on the CNB general approach, MREL is expected to reach 21.2% of the consolidated TRE and 5.91% of the consolidated TE
- In addition to the MREL, KB Group must fulfil the combined capital buffer requirement (at 5.5 % as of 1 July 2022)
- In Single Point of Entry concept applied within SG Group, KB will meet its additional requirements stemming from MREL (recapitalisation amount) by gradually taking senior non-preferred loans from Société Générale
- The Czech entities within the SG resolution group are Komerční banka and Modrá pyramida



## First issue as of 27 June 2022

- Senior non-preferred loan
- Lender: Société Générale S.A.
- Principal amount: EUR 250 million
- Initial term: 27 June 2028 (6Y)
- Call option date 27 June 2027
- Interest rate at 3M EURIBOR plus 2.05% (ACT/360)



# 1H 2022 COST OF RISK STRUCTURE

Key components	Contribution to H1 2022 CoR
Non-retail NPL portfolio	10 bps
Non-retail performing portfolio (Stage 1 & 2)	7 bps
Retail NPL portfolio	-3 bps
Retail performing portfolio (Stage 1 & 2)	0 bps
<b>TOTAL</b>	<b>14 bps</b>

# BUSINESS PERFORMANCE OF SUBSIDIARIES

## 1/2

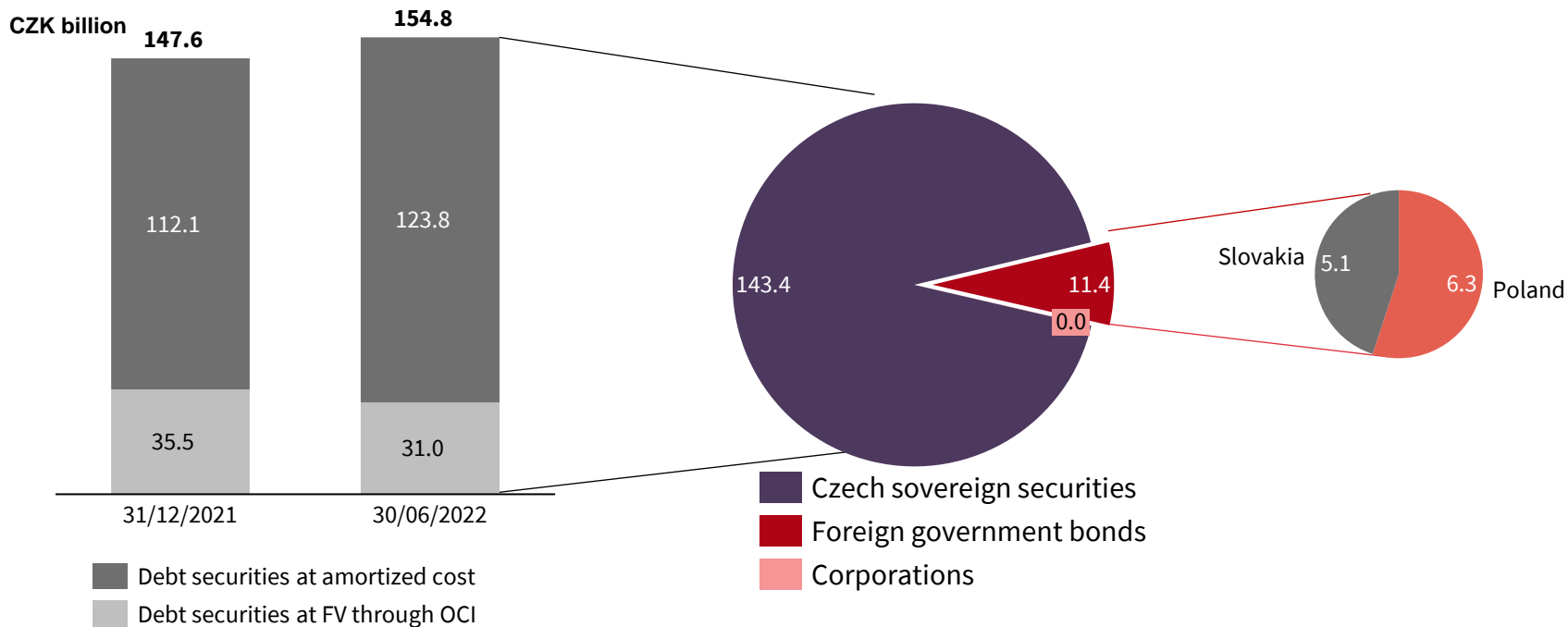
	1H 2021	1H 2022	YoY
<b>Modrá pyramida</b> (100%), #2 building savings & loans company			
Volume of new loans (CZK million)	17,271	10,708	-38%
Volume of total loans (gross, CZK million)	69,013	81,547	18%
Volume of deposits (CZK million)	60,482	57,967	-4%
Number of clients	487,211	471,701	-3%
Average number of FTEs	321	334	4%
Number of points of sale	200	194	-3%
<b>KB Penzijní společnost</b> (100%), a manager of pension funds			
Number of new contracts	18,922	20,091	6%
Number of clients	523,422	511,963	-2%
Assets under management (CZK million)	69,337	71,536	3%
of which in Transformed fund	58,174	58,266	0%
Average number of FTEs	49	49	0%
<b>ESSOX</b> (50.93%), #2 non-bank consumer lender and car financing company			
Volume of total loans (gross, CZK million)	17,986	18,461	3%
Number of active clients	141,567	134,596	-5%
Average number of FTEs	393	378	-4%

# BUSINESS PERFORMANCE OF SUBSIDIARIES

## 2/2

	1H 2021	1H 2022	YoY
<b>Factoring KB</b> (100%), #1 on the Czech factoring market			
Factoring turnover (CZK million)	28,614	39,204	37%
Volume of total financing (gross, CZK million)	8,546	10,339	21%
Average number of FTEs	41	42	3%
<b>Komerční pojišťovna</b> (49%), a universal insurance company			
Volume of technical reserves - Saving (CZK million)	50,848	45,583	-10%
Gross written premium (CZK million)	5,196	3,996	-23%
of which in life insurance	4,809	3,528	-27%
of which in non-life insurance	388	468	21%
Average number of FTEs	237	247	5%
<b>SGEF Czech Republic</b> (50.1%), a provider of asset-backed financing in Czech Rep. and Slovakia			
Volume of new financing (CZK million)	7,202	7,752	8%
Volume of total financing (gross, CZK million)	30,471	31,695	4%
Average number of FTEs	140	141	1%

# DEBT SECURITIES PORTFOLIO IN THE BANKING BOOK



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

# MACROECONOMIC ENVIRONMENT – CZECHIA

Macroeconomic Indicators	2017	2018	2019	2020	2021	2022*	2023*	2024*
Real GDP (% , average)	5.3	3.2	3.0	-5.5	3.5	2.5	1.7	4.7
Inflation (% , average)	2.5	2.1	2.8	3.2	3.8	16.8	11.2	2.5
Household consumption (% , average)	4.0	3.3	2.6	-7.4	4.2	-2.2	1.7	5.7
Unemployment (% , av., ILO meth.)	2.9	2.2	2.0	2.6	2.8	2.5	2.7	2.3
M2 (% , average)	9.5	5.3	6.9	10.0	9.6	4.8	3.1	1.3
3M PRIBOR (% , average)	0.4	1.3	2.1	0.9	1.1	6.4	6.1	3.6

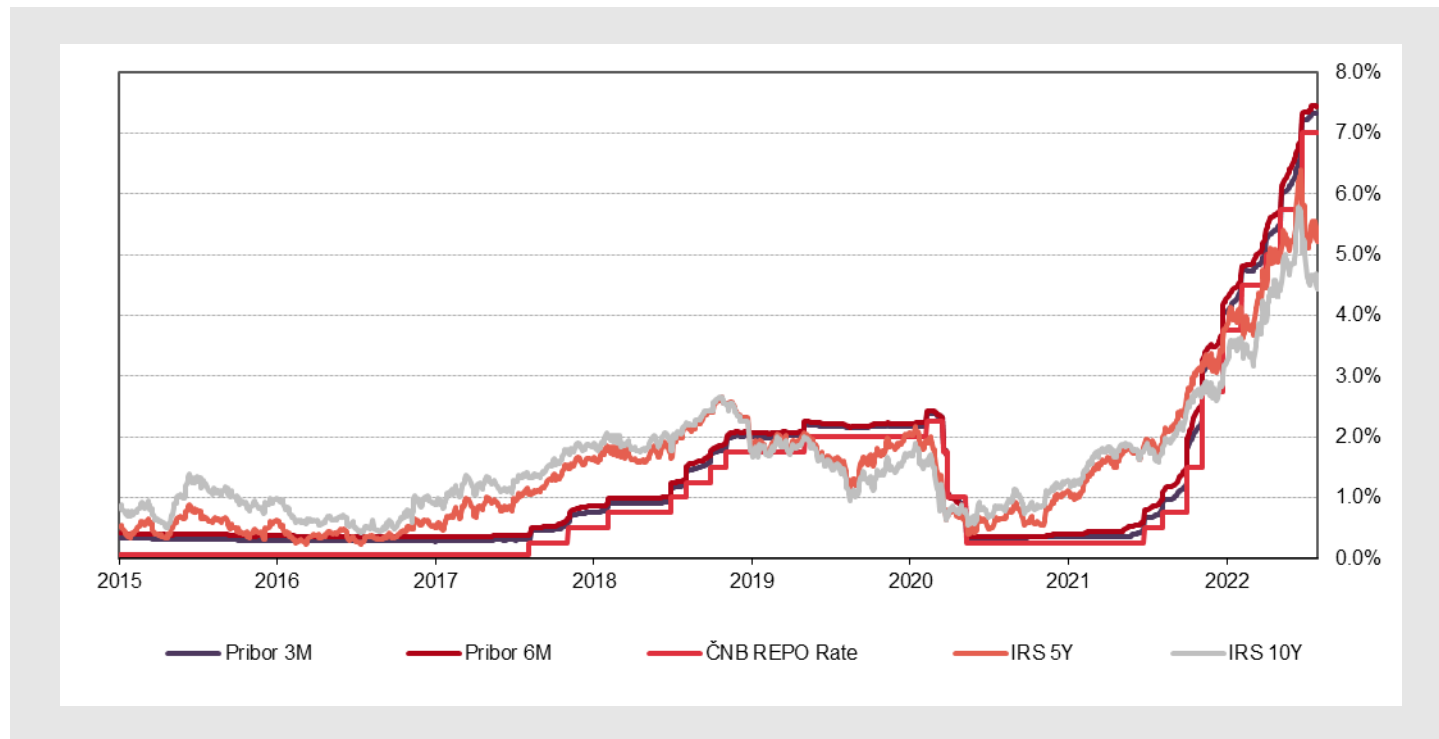
Potential of the market **	2017	2018	2019	2020	2021	2022*	2023*	2024*
Loans / GDP (year-end)	61.0	59.6	63.0	63.0	58.9	55.7	54.6	54.6
Deposits / GDP (year-end)	82.1	81.8	90.4	90.1	85.2	81.2	78.4	77.9
Real estate loans / GDP (year-end)	23.0	23.0	25.1	26.1	23.8	22.3	21.8	21.8
Household loans / GDP (year-end)	28.6	28.5	30.9	31.9	29.2	27.5	26.9	26.9
Corporate loans / GDP (year-end)	32.4	31.1	32.1	31.1	29.7	28.2	27.7	27.7

\* KB estimate

\*\* Banking sector

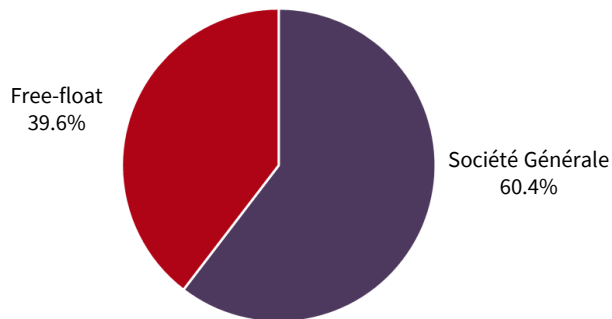
# INTEREST RATES EVOLUTION

For the period 1 Jan 2015 – 29 July 2022



# KB #1 LISTED CZECH BANK

## Shareholder structure



## Development of KB share price and PX index (1 January 2001 – 29 July 2022)



- The number of shareholders comprised 64,384 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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Bloomberg: KOMB CP

