



# KB Group

Unaudited Financial Results as at 30 June 2011  
(International Financial Reporting Standards)

Prague  
3 August 2011



## 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 30 June 2011, 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

- **Business Highlights**
- Consolidated Financial Results
- Loan Portfolio Quality and Cost of Risk
- Appendix

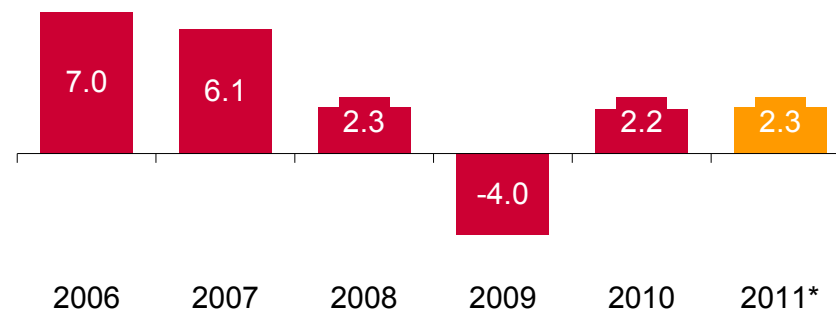


## Economy mildly accelerating

- Expected Czech GDP growth in 2011 continues to be driven by net exports
- Industrial production benefits from strong foreign demand, fixed investments supported by improved capacity utilisation
- Labour market moderately improving (8.1% in June), but household consumption expected to accelerate only in 2012
- CPI at 1.8% (June) still below CNB's 2 % target
- Deepening of the Euro-zone debt crisis may delay the increase of 2W REPO rate toward 4Q 2011
- CZK solid thanks to macro outlook, enacted reforms and positive fiscal outlook
- Higher trade surplus expected to narrow current account deficit to 3.3% in 2011 (3.8% in 2010)

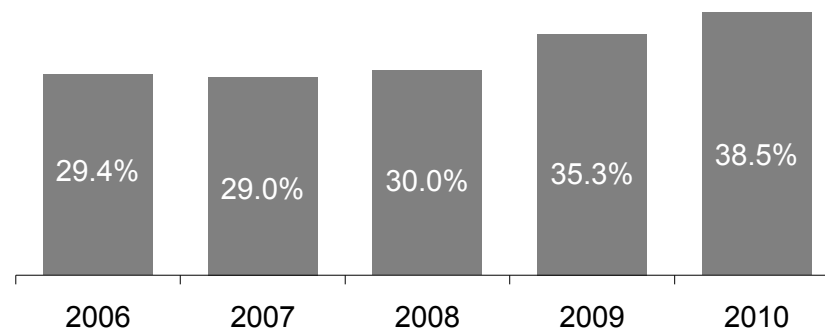
Source: Czech Statistical Office, Czech National Bank, KB estimates

### Real GDP growth (%)



Source: Czech Statistical Office; 2011\* KB estimates

### Public debt (% of GDP)



Source: Czech Statistical Office



### Adjusted net profit rising, improvement in business volumes

- Gross lending to clients up 9.4% to CZK 421.9 billion underpinned by acquisition of SGEF. Organic growth accelerated in 2Q 2011
- Group deposits rose by 1.9% to 546.8 billion. Net loans-to-deposits ratio at 74.3%
- Revenues increased by a slight 0.8% to CZK 16.1 billion. Effect of increasing business volumes was partly offset by low interest rates, pricing pressures and limited demand for financial market products
- Operating cost-to-income ratio moderately increased to 40.6%, driven by projects aiming at improving the services provided
- CZK 1,663 million impairment related to Greek government bonds. Cost of risk of lending reduced by 41.0% to CZK 1,042 million benefiting from improved economic environment and recoveries from legacy portfolio
- Consolidated attributable net profit down 15.5% to CZK 5,478 million. Organic growth of net profit reached 7.5% to CZK 6,777 million
- Return on average equity reached 14.9%
- Total capital adequacy 16.1% and Core Tier 1 ratio at 14.6%



### Addressing clients' needs for high quality financial solutions

- KB improved its mortgage market share as outstanding volume of mortgages rose 11.0% to CZK 115.7 billion. New sales of mortgages increased by 49% to CZK 15.0 billion.
- Portfolio of loans provided by Modrá pyramida grew by 6.3% to CZK 50.6 billion. Volume of deposits at Modrá pyramida increased by 2.8%, supported by a successful promotion campaign
- Reserves in life insurance at Komerční pojišťovna rose 35.5% to CZK 22.4 billion
- A new credit card 'Lady card' was awarded the Banking Innovation of 2011 title in the contest held by Hospodářské noviny daily. Lady card offers unique insurance package, rewards credited to accounts at Penzijní fond KB based on the volume of transactions and additional benefits.
- KB introduced a new KB Absolute Return fund for short-term investments offering a potential for higher yield than on term deposits and saving accounts. The fund is managed by IKS KB.



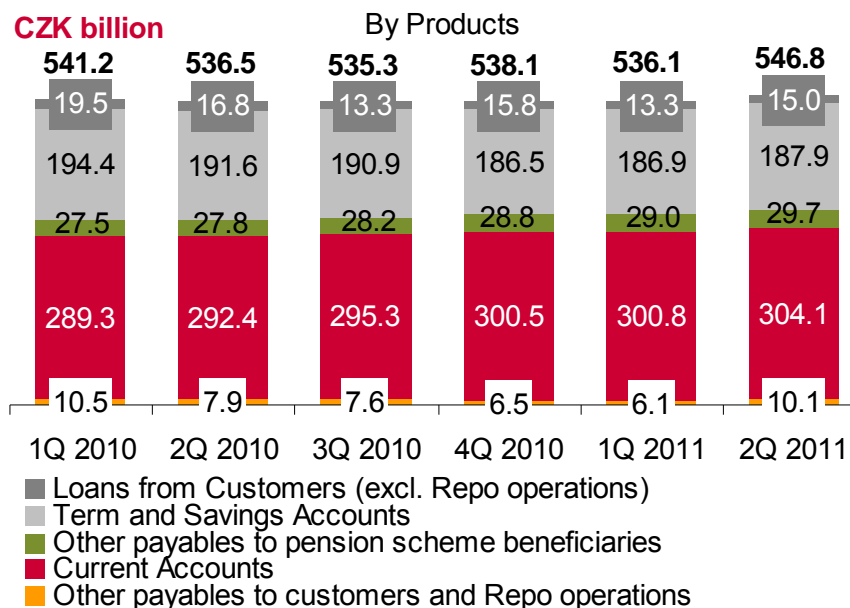
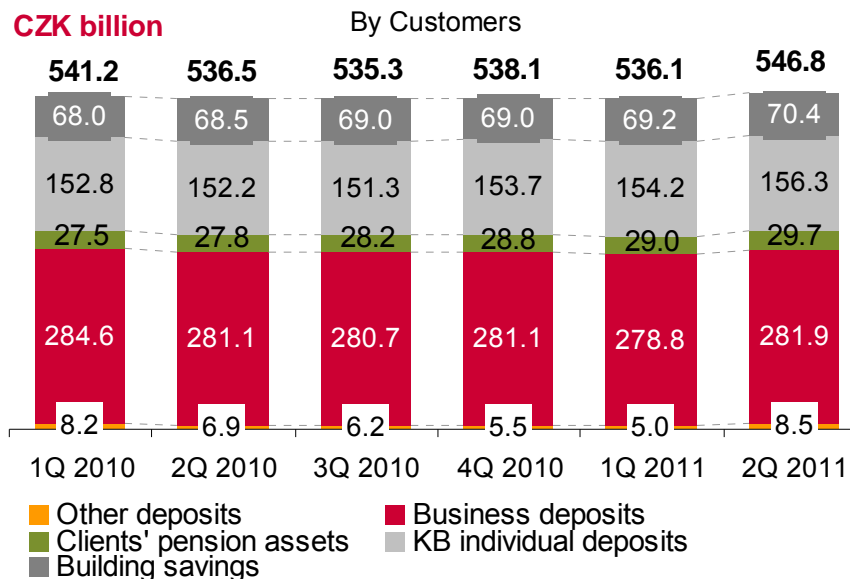
### Reinforcing leadership in innovations and service quality

- Improved dynamics in small business lending. Volume of loans up by 8.2% to CZK 26.6 billion
- Gross volume of receivables from clients at Factoring KB rose by 22.8% to CZK 2.2 billion
- Total Group lending to businesses and corporations increased by 11.5% to CZK 226.0 billion. Excluding contribution from acquisition of SGEF, growth reached 5.1%
- A pilot operation started in the project of contactless payments by telephone handsets based on NFC technology and VISA standards, where KB cooperates with other important companies
- In June, KB acted as Mandated Lead Arranger, Escrow Agent and Security Agent in a takeover of TES Vsetín a.s. and MEZSERVIS a.s., electro-engineering companies, by funds advised by Advent International, a private equity firm. KB participated on financing the transaction with EUR 25 million



## Rise in deposits

- YoY group deposits increased by 1.9%, QoQ up by 2.0%
- KB represents 82% of CZK 546.8 billion of total depositary base, of which:
  - KB deposits from individuals increased by 2.7% CZK 156.3 billion
- Deposits from business clients increased by 0.3% to CZK 281.9 billion
- Clients' pension assets in PF KB grew by 6.6% YoY to CZK 29.7 billion
- MPSS deposits up 2.8% to CZK 70.4 billion
- Sales of non-bank saving products in 1H 2011:
  - IKS sales through KB CZK 2.1 billion (+17.0%), redemptions CZK 4.5 billion (-7.3%)
  - KP Vital life insurance written premium CZK 3.8 billion (-23%), life insurance reserves up 35.5% to CZK 22.4 billion

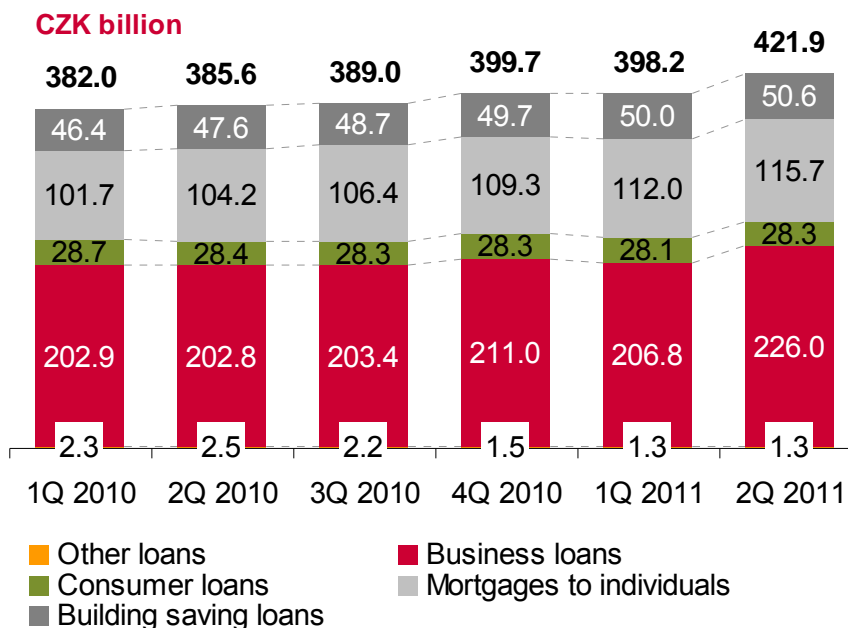




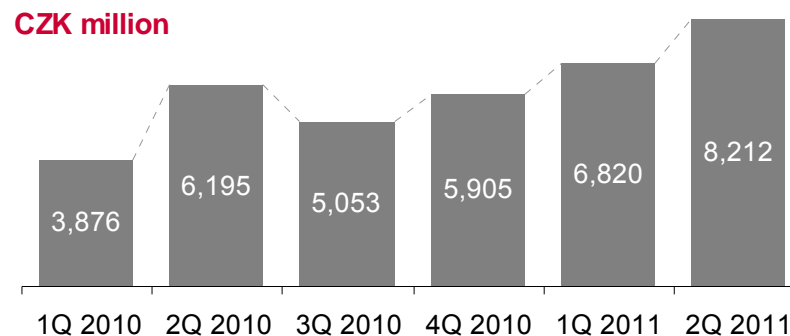


## Positive trends in lending

- Gross loans rose 9.4% YoY, 5.9% QoQ (adjusted for SGEF acquisition up by 6.1% YoY, 2.7% QoQ)
- Business loans up 11.5% YoY (+5.1% adjusted):
  - Small businesses (KB) +8.2% to CZK 26.6 billion
  - Corporations (KB) +0.9% to CZK 178.0 billion
  - Factoring KB +22.8% to CZK 2.2 billion
  - SGEF CZK 19.2 billion
- Consumer loans provided by KB and ESSOX declined 0.6% YoY to CZK 28.3 billion, but increased 0.6% QoQ
- Mortgages to individuals up 11.0% YoY to CZK 115.7 billion (outstanding volume)
- Building loans (standard and bridging) provided by MPSS stood at CZK 50.6 billion, higher 6.3% YoY
- Irrevocable off-balance sheet commitments down 8.7% YoY but up 1.0% QoQ (at CZK 161.4 billion)



## Sales volume of mortgages to individuals





# Agenda

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- Loan Portfolio Quality and Cost of Risk
- Appendix



## Consolidated financial results

<b>Profit and Loss Statement</b>	1H 2010	1H 2011	1H 2011 Pro forma	Change YoY	Change YoY Pro forma
(CZK million, unaudited)					
Net interest income	10,709	10,941	10,834	2.2%	1.2%
Net fees & commissions	3,766	3,748	3,732	-0.5%	-0.9%
Income from financial operations	1,467	1,385	1,390	-5.6%	-5.2%
Other income	54	44	43	-18.5%	-20.4%
<b>Net banking income</b>	<b>15,996</b>	<b>16,118</b>	<b>15,999</b>	<b>0.8%</b>	<b>0.0%</b>
Personnel expenses	-2,971	-3,258	-3,239	9.7%	9.0%
General administrative expenses	-2,390	-2,438	-2,419	2.0%	1.2%
Depreciation, impairment and disposal of fixed assets	-743	-854	-853	14.9%	14.8%
<b>Operating costs</b>	<b>-6,104</b>	<b>-6,550</b>	<b>-6,511</b>	<b>7.3%</b>	<b>6.7%</b>
<b>Gross operating income</b>	<b>9,892</b>	<b>9,569</b>	<b>9,488</b>	<b>-3.3%</b>	<b>-4.1%</b>
Cost of risk	-1,765	-2,706	-2,691	53.3%	52.5%
<b>Net operating income</b>	<b>8,127</b>	<b>6,863</b>	<b>6,797</b>	<b>-15.6%</b>	<b>-16.4%</b>
Profit on subsidiaries and associates	34	43	43	26.5%	26.5%
Share of profit of pension scheme beneficiaries	-298	-326	-326	9.4%	9.4%
<b>Profit before income taxes</b>	<b>7,863</b>	<b>6,580</b>	<b>6,515</b>	<b>-16.3%</b>	<b>-17.1%</b>
Income taxes	-1,341	-1,009	-993	-24.8%	-26.0%
<b>Net profit</b>	<b>6,521</b>	<b>5,571</b>	<b>5,522</b>	<b>-14.6%</b>	<b>-15.3%</b>
Minority profit/(loss)	39	94	69	141.0%	76.9%
<b>Net profit attributable to equity holders</b>	<b>6,482</b>	<b>5,478</b>	<b>5,453</b>	<b>-15.5%</b>	<b>-15.9%</b>

Note: Pro forma – excluding impact of SGEF acquisition



## Recurring financial results

<b>Recurring P&amp;L</b>	<b>1H 2010</b>	<b>1H 2010</b>	<b>1H 2011</b>	<b>1H 2011</b>	<b>Change</b>	<b>Change</b>
(CZK million, unaudited)	<b>Reported</b>	<b>Recurring</b>	<b>Reported</b>	<b>Recurring</b>	<b>YoY</b>	<b>YoY</b>
					<b>Reported</b>	<b>Recurring</b>
Net interest income	10,709	10,650	10,941	10,808	2.2%	1.5%
Net fees & commissions	3,766	3,766	3,748	3,732	-0.5%	-0.9%
Income from financial operations	1,467	1,437	1,385	1,390	-5.6%	-3.3%
Other income	54	54	44	43	-18.5%	-19.2%
<b>Net banking income</b>	<b>15,996</b>	<b>15,907</b>	<b>16,118</b>	<b>15,973</b>	<b>0.8%</b>	<b>0.4%</b>
Personnel expenses	-2,971	-3,035	-3,258	-3,239	9.7%	6.7%
General administrative expenses	-2,390	-2,390	-2,438	-2,419	2.0%	1.2%
Depreciation, impairment and disposal of fixed assets	-743	-808	-854	-856	14.9%	5.9%
<b>Operating costs</b>	<b>-6,104</b>	<b>-6,233</b>	<b>-6,550</b>	<b>-6,513</b>	<b>7.3%</b>	<b>4.5%</b>
<b>Gross operating income</b>	<b>9,892</b>	<b>9,674</b>	<b>9,569</b>	<b>9,460</b>	<b>-3.3%</b>	<b>-2.2%</b>
Cost of risk	-1,765	-1,765	-2,706	-1,027	53.3%	-41.8%
<b>Net operating income</b>	<b>8,127</b>	<b>7,909</b>	<b>6,863</b>	<b>8,433</b>	<b>-15.6%</b>	<b>6.6%</b>
Profit on subsidiaries and associates	34	34	43	43	26.5%	25.8%
Share of profit of pension scheme beneficiaries	-298	-298	-326	-326	9.4%	9.3%
<b>Profit before income taxes</b>	<b>7,863</b>	<b>7,645</b>	<b>6,580</b>	<b>8,150</b>	<b>-16.3%</b>	<b>6.6%</b>
Income taxes	-1,341	-1,300	-1,009	-1,303	-24.8%	0.3%
<b>Net profit</b>	<b>6,521</b>	<b>6,345</b>	<b>5,571</b>	<b>6,846</b>	<b>-14.6%</b>	<b>7.9%</b>
Minority profit/(loss)	39	39	94	69	141.0%	76.5%
<b>Net profit attributable to equity holders</b>	<b>6,482</b>	<b>6,306</b>	<b>5,478</b>	<b>6,777</b>	<b>-15.5%</b>	<b>7.5%</b>

Note: Adjusted for the following one-offs (net of tax): 1H 2010 – MPSS revaluation (50m), sale of VISA shares (24m), sale of buildings (50m), release of reserve for bonuses (52m); 1H 2011 – MPSS revaluation (23m), impairment of Greek government bonds (-1,347m), SGEF acquisition (25m)



## Consolidated financial results

<b>Profit and Loss Statement</b>	<b>2Q 2010</b>	<b>1Q 2011</b>	<b>2Q 2011</b>	<b>2Q 2011</b>	<b>Change</b>	<b>Change</b>
(CZK million, unaudited)				<b>Pro forma</b>	<b>QoQ</b>	<b>QoQ</b>
						<b>Pro forma</b>
Net interest income	5,415	5,372	5,569	5,462	3.7%	1.7%
Net fees & commissions	1,911	1,866	1,882	1,866	0.9%	0.0%
Income from financial operations	685	713	672	677	-5.8%	-5.0%
Other income	28	15	29	28	93.3%	86.7%
<b>Net banking income</b>	<b>8,040</b>	<b>7,966</b>	<b>8,152</b>	<b>8,033</b>	<b>2.3%</b>	<b>0.8%</b>
Personnel expenses	-1,514	-1,605	-1,653	-1,634	3.0%	1.8%
General administrative expenses	-1,234	-1,122	-1,316	-1,297	17.3%	15.6%
Depreciation, impairment and disposal of fixed assets	-396	-421	-433	-432	2.9%	2.6%
<b>Operating costs</b>	<b>-3,144</b>	<b>-3,148</b>	<b>-3,401</b>	<b>-3,363</b>	<b>8.0%</b>	<b>6.8%</b>
<b>Gross operating income</b>	<b>4,896</b>	<b>4,818</b>	<b>4,751</b>	<b>4,670</b>	<b>-1.4%</b>	<b>-3.1%</b>
Cost of risk	-814	-548	-2,158	-2,143	293.8%	291.1%
<b>Net operating income</b>	<b>4,082</b>	<b>4,270</b>	<b>2,593</b>	<b>2,528</b>	<b>-39.3%</b>	<b>-40.8%</b>
Profit on subsidiaries and associates	21	19	24	24	26.3%	26.3%
Share of profit of pension scheme beneficiaries	-154	-175	-151	-151	-13.7%	-13.7%
<b>Profit before income taxes</b>	<b>3,949</b>	<b>4,114</b>	<b>2,466</b>	<b>2,400</b>	<b>-40.1%</b>	<b>-41.7%</b>
Income taxes	-658	-709	-300	-284	-57.7%	-59.9%
<b>Net profit</b>	<b>3,290</b>	<b>3,406</b>	<b>2,166</b>	<b>2,116</b>	<b>-36.4%</b>	<b>-37.9%</b>
Minority profit/(loss)	17	30	64	39	113.3%	30.0%
<b>Net profit attributable to equity holders</b>	<b>3,273</b>	<b>3,376</b>	<b>2,102</b>	<b>2,077</b>	<b>-37.7%</b>	<b>-38.5%</b>

Note: Pro forma – excluding impact of SGEF acquisition



## Consolidated financial results

<b>Balance Sheet</b> (CZK million, unaudited)	30 June 2010	31 Dec 2010	30 June 2011	30 June 2011 Pro forma	Change YtD	Change YtD Pro forma
<b>Assets</b>	<b>693,270</b>	<b>698,014</b>	<b>724,208</b>	<b>710,601</b>	<b>3.8%</b>	<b>1.8%</b>
Cash and balances with central bank	9,333	13,689	11,262	11,262	-17.7%	-17.7%
Amounts due from banks	123,230	112,179	116,727	115,546	4.1%	3.0%
Loans and advances to customers (net)	371,403	384,593	406,387	394,022	5.7%	2.5%
Securities and trading derivatives	153,428	157,160	157,424	156,759	0.2%	-0.3%
Other assets	35,876	30,392	32,409	33,012	6.6%	8.6%
<b>Liabilities and shareholders' equity</b>	<b>693,270</b>	<b>698,014</b>	<b>724,208</b>	<b>710,601</b>	<b>3.8%</b>	<b>1.8%</b>
Amounts due to banks	19,915	29,073	39,657	28,647	36.4%	-1.5%
Amounts due to customers	536,528	538,051	546,774	547,561	1.6%	1.8%
Securities issued	18,320	17,431	18,789	18,789	7.8%	7.8%
Other liabilities	40,736	31,379	38,029	36,627	21.2%	16.7%
Subordinated debt	6,001	6,001	6,001	6,001	0.0%	0.0%
Shareholders' equity	71,770	76,078	74,958	72,975	-1.5%	-4.1%

Note: Pro forma – excluding impact of SGEF acquisition



## Consolidated financial ratios

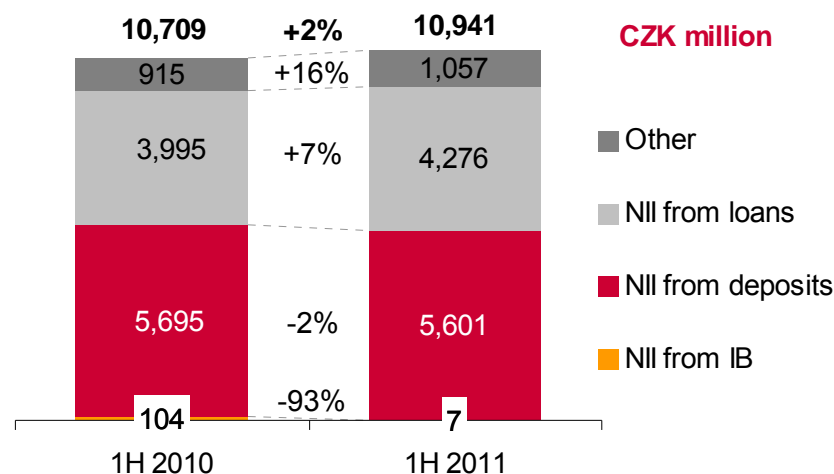
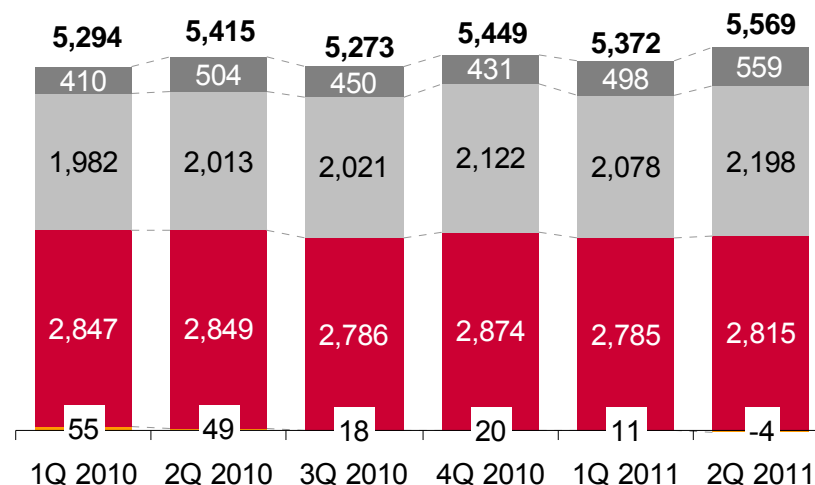
<b>Key ratios and indicators</b> (year-to-date)	<b>30 June 2010</b>	<b>31 March 2011</b>	<b>30 June 2011</b>	<b>30 June 2011 Pro forma</b>	<b>Change YoY</b>	<b>Change YoY Pro forma</b>
Capital adequacy	14.7%	15.5%	16.1%	16.6%	▲	▲
Tier 1 ratio	13.5%	14.2%	14.6%	15.1%	▲	▲
Total capital requirement (CZK billion)	28.4	27.0	28.8	27.3	1.4%	-3.8%
Capital requirement for credit risk (CZK billion)	24.2	22.5	24.2	22.8	0.0%	-5.7%
Net interest margin (NII/Av. interest bearing assets)	3.3%	3.3%	3.3%	3.3%	▼	▼
Loans (net) / deposits ratio	69.2%	71.4%	74.3%	72.0%	▲	▲
Cost / income ratio	38.2%	39.5%	40.6%	40.7%	▲	▲
Return on average equity (ROAE), annualized	18.8%	17.9%	14.9%	14.9%	▼	▼
Return on average assets (ROAA), annualized	1.9%	1.9%	1.5%	1.5%	▼	▼
Earnings per share (CZK), annualized	341	355	288	287	-15.5%	-15.9%
Average number of employees during the period	8,624	8,600	8,669	8,628	0.5%	0.0%

*Note: Pro forma – excluding impact of SGEF acquisition*



## Interest income up thanks to volume growth

- NII in 1H up by 2.2% YoY (+1.2% adjusted for SGEF acquisition). 2Q up 3.7% QoQ (+1.7% adjusted)
- NII at subsidiaries – ESSOX +7%, Modrá pyramida +7%, PF KB +8% YoY
- NII from loans – slight tightening of spreads in corporate segment. Volumes rising. Negative impact from higher sales of mortgages due to commissions paid to third party sellers
- NII from deposits – Low rates weigh on yield from reinvestment. Competitive pressure on spreads on saving accounts, at the same time attracting volume shift from term deposits. YoY comparison affected by increased payment to Deposit insurance since 3Q 2010 (approx. CZK 60 mil. p. q.)
- NII from Other driven by yield on capital. CZK 10.3 billion in dividends paid on 23 May. CZK 90 mil. dividend income in 2Q 2011

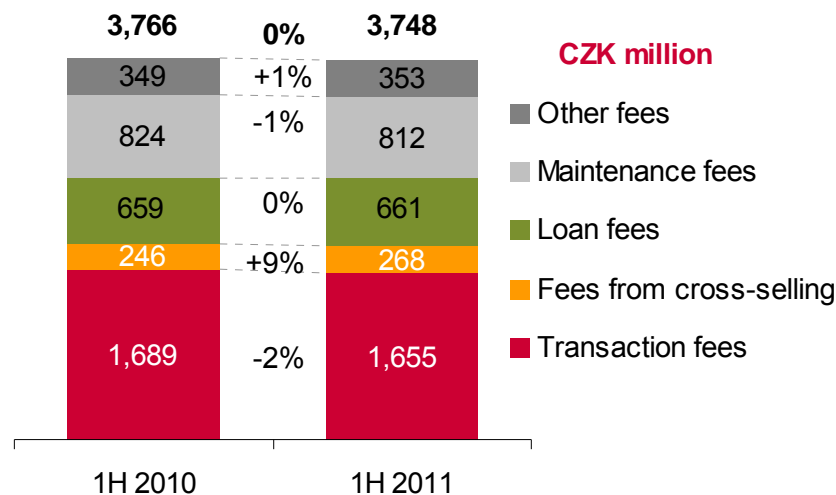
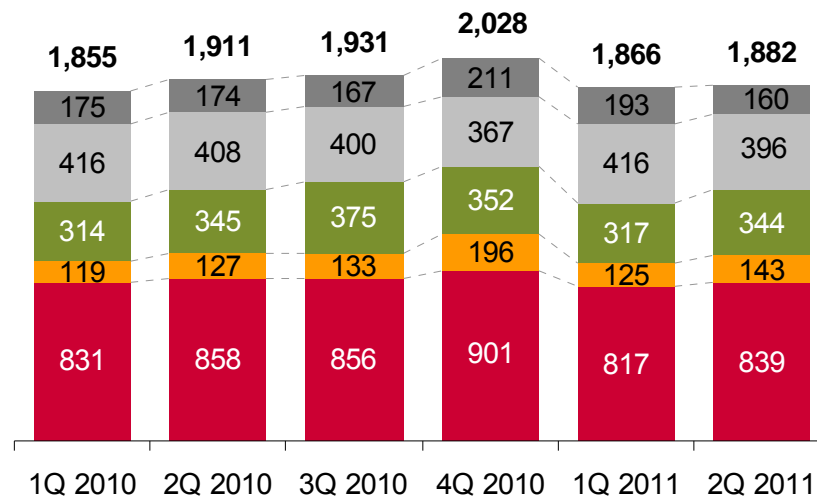






## Fee income affected by price pressure and more external sales

- Fee income in 1H down 0.5% YoY (-0.9% adjusted for SGEF acquisition). 2Q up 0.9% QoQ (flat adjusted)
- Maintenance fees – slightly down due to declining average price and number of accounts. New packages launched in 2Q to support client loyalty and satisfaction
- Loan fees – solid growth in retail segments thanks to increasing production offset by significant increase in paid commissions to third party sellers of mortgages
- Fees from cross-selling – increase driven by life insurance. Improving gross sales of mutual funds, but net sales still negative
- Transaction fees – overall price erosion continued, positive contribution from transactions through direct channels and payment cards
- Other fees – good contribution from trade finance, private banking



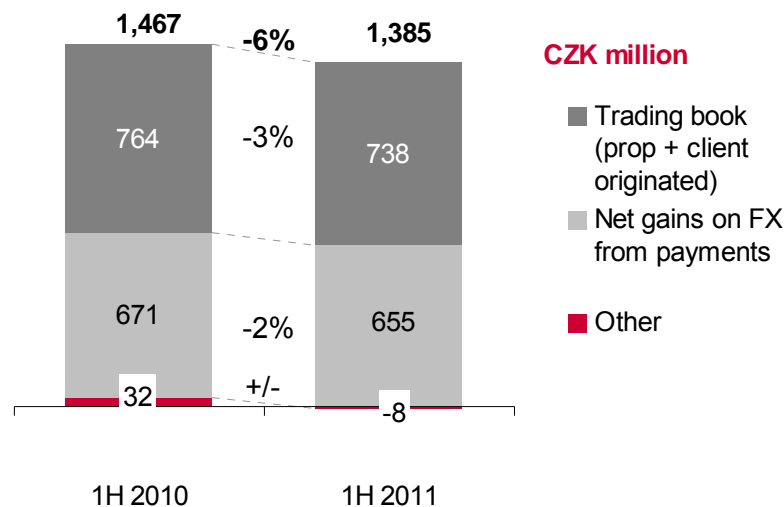
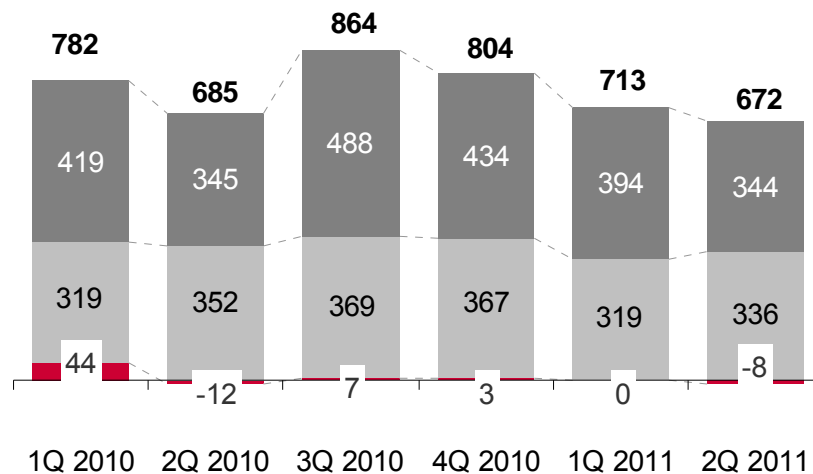
CZK million

- Other fees
- Maintenance fees
- Loan fees
- Fees from cross-selling
- Transaction fees



## Decreased levels of market activity

- Net profit from financial operations in 1H decreased by 5.6% YoY (-5.2% adjusted for SGEF acquisition). 2Q result down 5.8% QoQ (-5.0% adjusted)
- Treasury operations – low market liquidity and volatility limiting potential for revenue growth
- Client operations - targeted product innovations and extension of client reach through direct channels
- FX hedging – client demand limited by low volatility
- Underlying demand for IR hedging solid but YoY comparison affected by end of large-scale investments in photovoltaic plants
- Activity of institutional clients remained low
- Income from FX payment transactions slightly down due to narrowed spreads reflecting increased share of individually priced transactions



CZK million

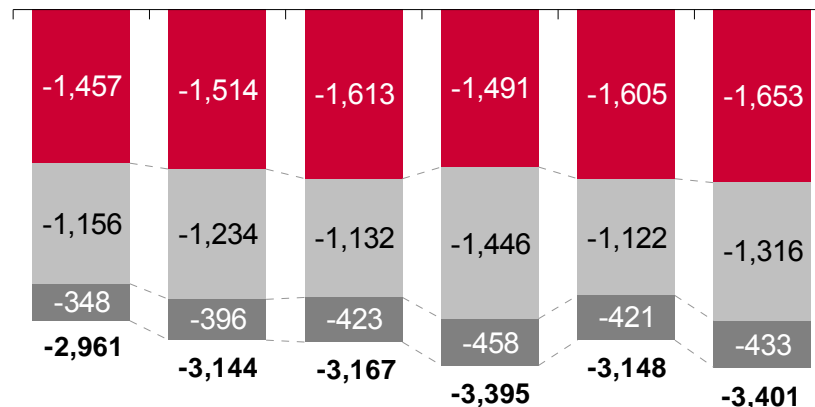
- Trading book (prop + client originated)
- Net gains on FX from payments
- Other



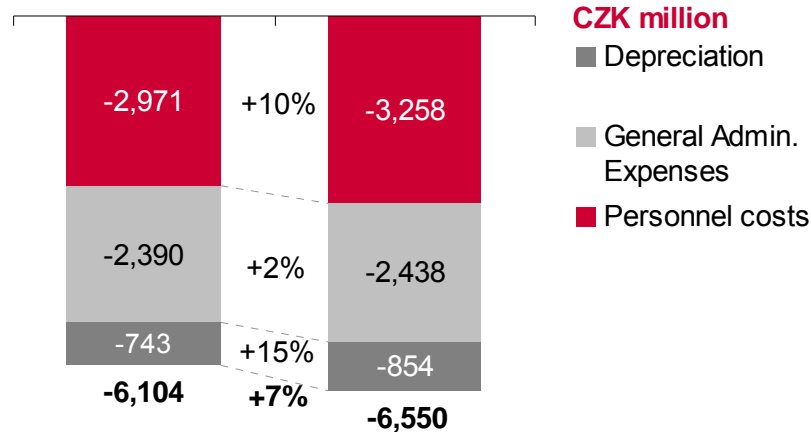
## Supporting business growth

- OPEX in 1H rose by 7.3% YoY (6.7% adjusted for SGEF acquisition). In 2Q OPEX up 8.0% QoQ (6.8% adj.). YoY comparison affected by positive one-offs booked in 2010 (CZK 64 mil. in 1Q10 in Personnel and CZK 62 mil. in 1H10 in D&A)
- Personnel costs in 1H up 9.7% YoY (9.0% adjusted). 2Q up 3.0% QoQ (1.8% adj.). Growth driven by increase in salaries from 2Q and higher average number of employees (+0.5% YoY in 1H). 1Q10 affected by one-off release of bonus over-accrual
- General administrative in 1H up 2.0% YoY (1.2% adj.) 2Q up 17.3% (15.6% adj.) Active campaigning drove marketing costs in 2Q. Higher investments in staff training. Overhead costs diligently controlled.
- Depreciation & amortization up 14.9% YoY (14.8% adj.). 2Q up 2.9% QoQ (2.6%) adjusted. Result affected by implementation of software improvements, 2010 benefited from sales of unused buildings.

1Q 2010 2Q 2010 3Q 2010 4Q 2010 1Q 2011 2Q 2011



1H 2010 1H 2011



CZK million

■ Depreciation

■ General Admin. Expenses

■ Personnel costs



## Shareholders' equity

Total shareholders' equity  
as at 31 December 2010

**-1,120**

Total shareholders' equity  
as at 30 June 2011

Shareholders' equity	31/12/2010	1/1/2011	Increase	Decrease	30/06/2011
<b>Share capital</b>	19,005	19,005			19,005
Capital and reserve funds	36,174	49,504		-10,247	39,256
- Retained earnings, reserve funds and dividends	36,324	49,654		-10,247	39,406
- Treasury shares	-150	-150			-150
Attributable net profit	13,330	0	5,478		5,478
Hedging revaluation reserve	3,908	3,908	933		4,841
AFS securities' fair value changes	2,207	2,207	1,207		3,414
Others	155	155	20		175
Minorities	1,299	1,299	1,490		2,789
<b>Total Shareholders' equity</b>	<b>76,078</b>	<b>76,078</b>	<b>9,127</b>	<b>-10,247</b>	<b>74,958</b>



# Agenda

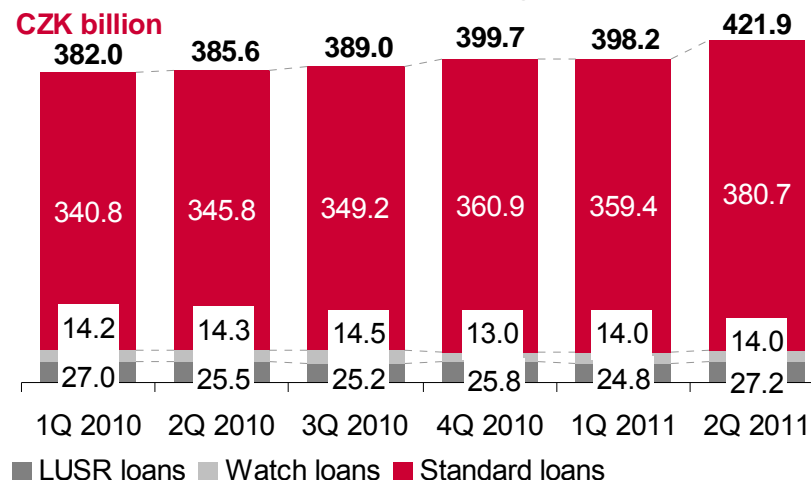
- Business Highlights
- Consolidated Financial Results
- **Loan Portfolio Quality and Cost of Risk**
- Appendix



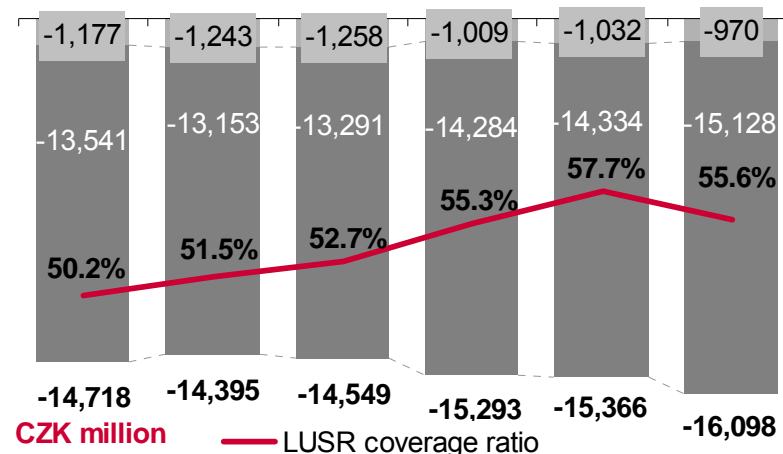
## Increased volume with stable loan quality

- Loan exposure rose by 9.4% YoY and by 5.9% QoQ driven by organic growth and acquisition of SGEF
- Share of Standard and Watch loan exposure stable at 93.6% (93.8% in 1Q 2011)
- Share of LUSR exposure stable at 6.4% (6.2% in 1Q 2011). Increase in volume driven by acquisition of SGEF
- Provision coverage ratio on LUSR portfolio decreased to 55.6% (pro forma excluding SGEF 58.7%)
- Total volume of NPL at CZK 16.8 billion, up 4.3% QoQ

### Gross lending



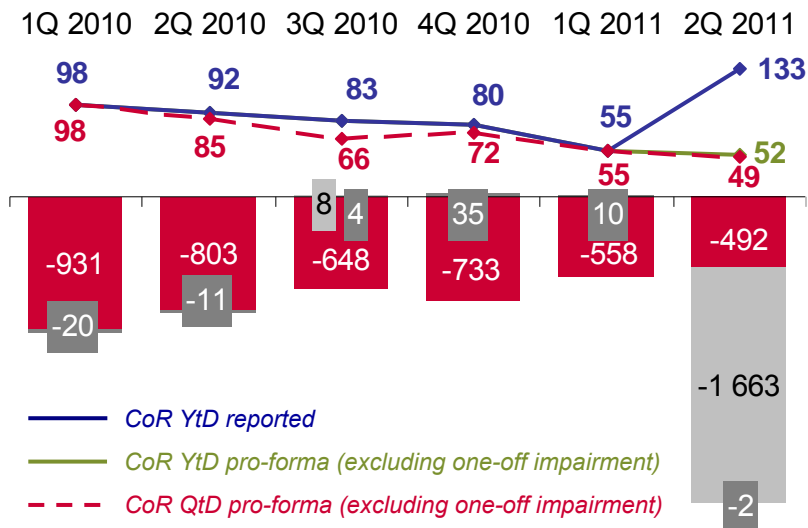
### Specific provisions



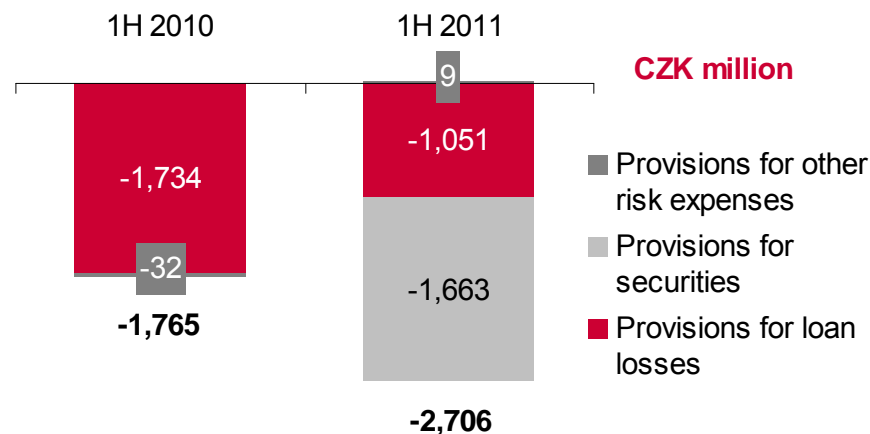


## Cost of risk negatively affected by impairment of Greek bonds

- YTD cost of risk up at CZK 2.7 billion in 1H 2011 compared to CZK 1.8 billion in 1H 2010
- 2Q 2011 non-commercial cost of risk amounted to CZK 1.6 billion, impacted by a write-down of Greek government bonds by CZK 1.7 billion
- 2Q 2011 commercial cost of risk at CZK 582 million, down to 68 bps YTD from 98 bps in 1H 2010
- YoY decrease in 2Q commercial cost of risk by 32% confirms improved trend of asset quality since the beginning of 2010
- Continued stability QoQ of both corporate and retail risk profiles



Note: pro-forma recalculated according to the new cost of risk bps calculation





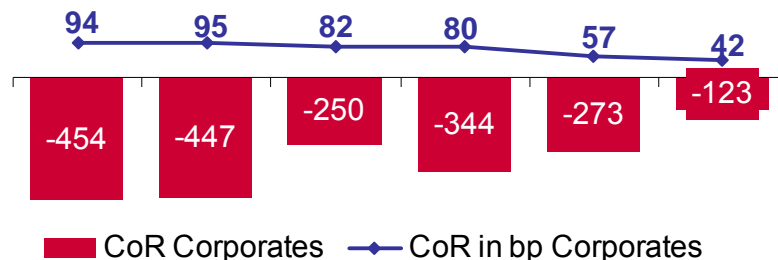
# Commercial cost of risk - Corporate

## Zoom on corporate client segments

- YTD corporate cost of risk down to 42 bps in 1H 2011 compared to 95 bps in 1H 2010
- YoY decrease in 2Q provisioning by 72% confirms improving trend on corporates since the beginning of 2010
- Sharp reduction of cost of risk in 2Q 2011 driven by continued very low inflow into default combined with repayments on already provisioned cases
- Persisting low cost of risk on mid- and small-sized corporate exposures
- Contribution to cost of risk by main KB group entities: KB 89%, SGEF 11%
- Stable and well diversified sector distribution of corporate exposures

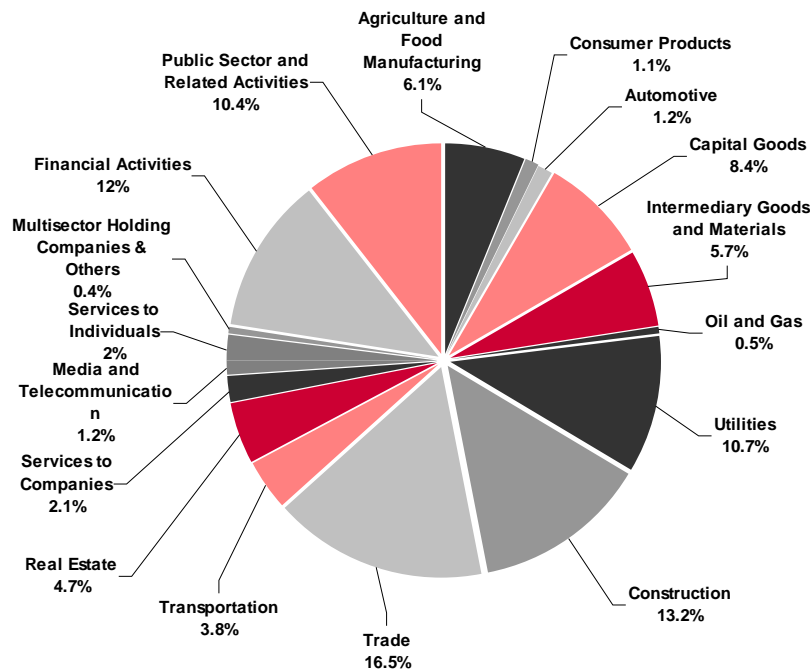
### KB Group – Corporate Segments

1Q 2010 2Q 2010 3Q 2010 4Q 2010 1Q 2011 2Q 2011



Note: pro forma recalculated according to the new cost of risk bps calculation

### KB Solo – Exposure by Industry

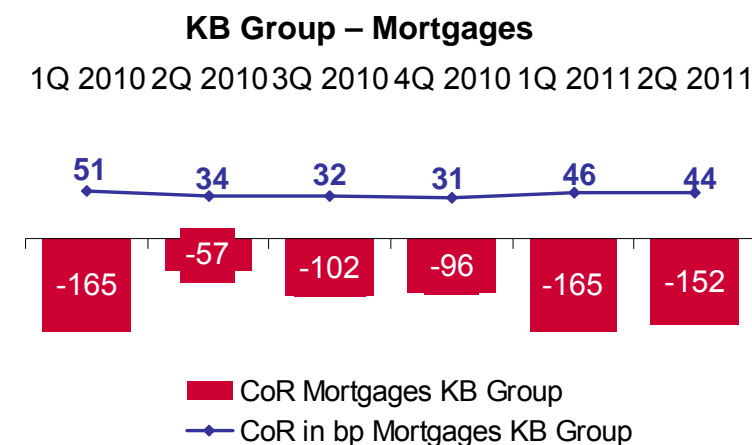
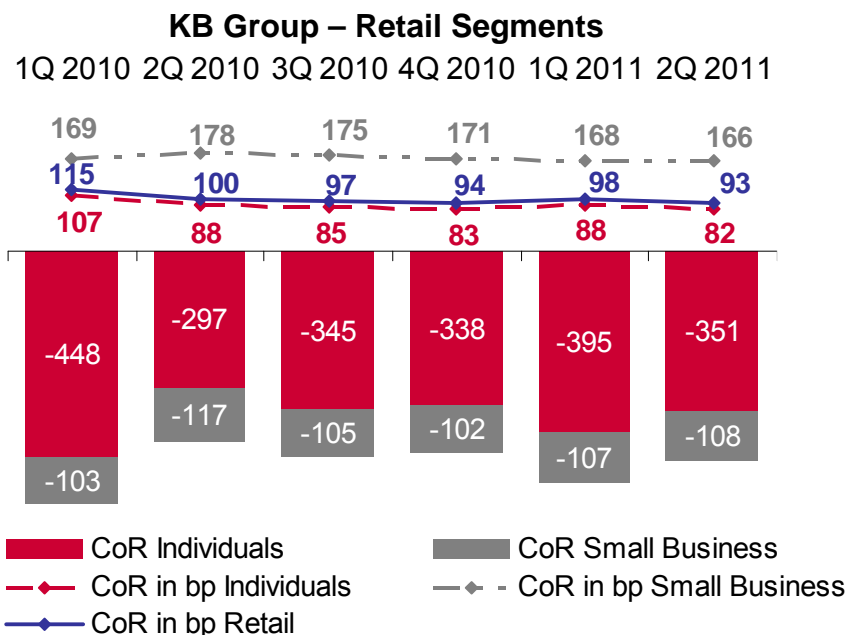






## Zoom on retail client segments

- YTD cost of risk down at 93 bps in 1H 2011 from 100 bps in 1H 2010
- QoQ decrease in overall cost of risk thanks to marginal improvements on Individual segment and stable cost of risk on Small Businesses
- Consumer lending risk profile shows improving trend since the beginning of 2010. YTD cost of risk down at 271 bp in 1H 2011 from 338 bp in 1H 2010
- Cost of risk on mortgages up YoY to 44 bps compared to 34 bps in 1H 2010, driven mainly by delinquency on old vintages and materialized pressure on recovery performance
- Contribution to cost of risk by main KB group entities: KB 73%, ESSOX 24%, MPSS 3%



Note: pro forma recalculated according to the new cost of risk bps calculation



# Agenda

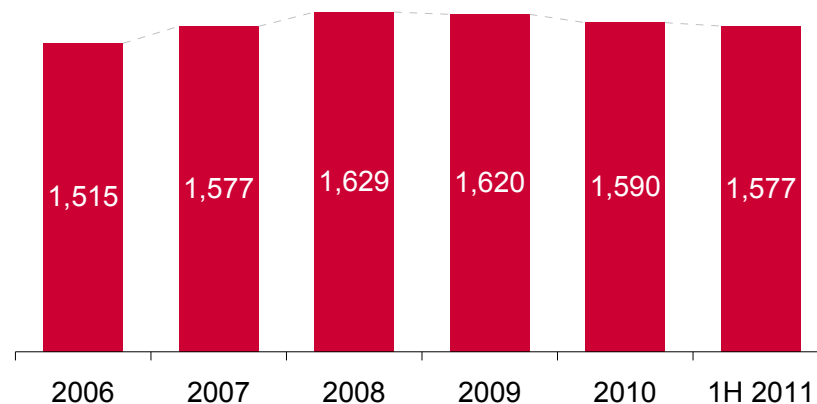
- Business Highlights
- Consolidated Financial Results
- Loan Portfolio Quality and Cost of Risk
- **Appendix**



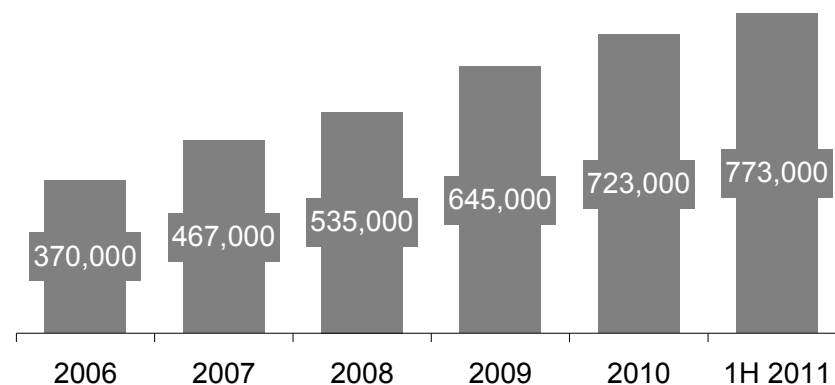
## Evolution of clients' portfolio and networks

- KB Group's 2.67 million clients, of which
  - KB bank 1,577,000 clients (-1%)
  - MPSS 669,000 clients (-6%)
  - PFKB 498,000 clients (+0%)
  - ESSOX 295,000 active clients (-8%)
- Network
  - 396 branches for retail clients, 20 business centres for MEM, 4 corporate divisions for large corporate clients in CZ, 1 in Slovakia
  - 686 ATMs
  - MPSS: 239 points of sale; 1,300 sales agents (of which 383 full-time professionals)
  - SGEF: 6 branches in CZ, 2 in Slovakia
- Direct Channels
  - Two call centres, internet and mobile banking
  - 1,020,000 clients (i.e. 65% of KB client base) using direct banking products

### Number of KB clients (CZ)



### Moje banka – number of clients





Pension insurance	Penzijní fond KB (100%)	#4 pension fund in the Czech Republic with 498,000 clients
Building society	Modrá pyramida stavební spořitelna (100%)	Second largest building society according to loan volume with 669,000 clients and 1,300 strong agent distribution network
Consumer credit	ESSOX (51%)	Consumer credit and car finance company. #4 consumer loan provider in CZ
Insurance	Komerční pojišťovna (49%)	Insurance company focused on life insurance. #2 life insurer in CZ in 2010
Corporate services	KB, branch in Slovakia	The Slovak business division focuses on serving large corporate clients
	Factoring KB (100%)	One of top 5 companies in CZ, offering domestic, foreign and reverse factoring
	SGEF Czech Republic (50.1%)	#4 on the Czech leasing market, specialised on vendor and equipment financing



## Business performance of subsidiaries 1/2

		1H 2010	1H 2011	Change YoY
<b>MPSS</b>	Volume of new loans (CZK million)	4,269	4,331	1%
	Volume of total loans (gross, CZK million)	47,649	50,639	6%
	Target volume of new contracts (CZK million)	16,392	13,443	-18%
	Volume of deposits (CZK million)	68,512	70,401	3%
	Average number of FTEs	361	355	-2%
	Number of points of sale	221	239	8%
<b>PF KB</b>	Number of new contracts	29,555	26,422	-11%
	Number of contracts (stock)	499,983	498,399	0%
	Assets under management (CZK million)	27,849	29,681	7%
	Average number of FTEs	59	60	2%
<b>ESSOX</b>	Volume of new contracts (CZK million)	2,492	2,455	-1%
	Volume of total loans (gross, CZK million)	9,559	9,726	2%
	Average number of FTEs	331	355	7%



## Business performance of subsidiaries 2/2

		1H 2010	1H 2011	Change YoY
<b>Factoring KB</b>	Factoring turnover (CZK million)	5,341	6,929	30%
	Volume of total financing (gross, CZK million)	1,790	2,198	23%
	Average number of FTEs	39	38	-3%
<b>KP</b>	Newly concluded policies (number)	224,717	408,430	82%
	of which in life insurance	55,037	65,043	18%
	of which in non-life insurance	169,680	343,387	102%
	Premium written (CZK milion)	5,366	4,211	-22%
	of which in life insurance	5,155	4,017	-22%
	of which in non-life insurance	211	195	-8%
	Average number of FTEs	149	148	-1%
<b>SGEF</b> (May, Jun '11)	Volume of new loans (CZK million)	n.a.	2,967	n.a.
	Volume of total loans (gross, CZK million)	n.a.	19,246	n.a.
	Average number of FTEs	n.a.	117	n.a.



## Standalone results of KB group companies and associated undertakings

	Account. standards	Share of KB	Net Profit	YoY	Equity	YoY	Assets	YoY
<b>CZK million</b>								
KB	IFRS	n.a.	5,059	n.a.	66,080	n.a.	618,377	n.a.
- o/w KB branch in Slovakia	IFRS	100%	24	n.a.	n.a.	n.a.	9,064	n.a.
ESSOX, s.r.o.	IFRS	51%	141	76.3%	2,790	8.8%	10,439	0.8%
Factoring KB, a.s.	CAS	100%	71	82.1%	1,543	1.9%	3,486	12.0%
Penzijní fond Komerční banky, a. s.*	CAS	100%	384	10.3%	1,294	-20.9%	31,120	5.0%
Bastion European Investments S.A.	IFRS	100%	52	-16.1%	3,084	-7.1%	6,152	-7.0%
Komerční pojišťovna, a.s.	IFRS	49%	88	25.7%	1,465	13.5%	25,503	29.6%
Modrá pyramida SS, a.s.	IFRS	100%	527	10.3%	6,124	30.9%	77,690	1.5%
SG Equipment Finance ČR s.r.o.	IFRS	50.1%	50	n.a.	2,846	n.a.	21,253	n.a.
KB Real Estate, s.r.o.	IFRS	100%	0	n.a.	101	n.a.	102	n.a.
Protos	IFRS	90%	268	-0.7%	13,676	-0.9%	13,699	-0.9%
Czech Banking Credit Bureau	CAS	20%	8	60.0%	12	20.0%	39	-7.1%

\* 85% of net profit must be distributed to pension scheme beneficiaries

Note: Fully consolidated companies are: Essox, Factoring, PFKB, Bastion, Modra pyramida, SGEF ČR, KB Real Estate and Protos. CBCB is not consolidated.



## Background

- ▶ Remaining 60% in Modrá pyramida acquired in October 2006. Full consolidation of MPSS since 4Q 2006
- ▶ Preliminary goodwill on acquisition of Modrá pyramida at CZK 2,741 mil.
- ▶ In accordance with IFRS 3 A&L valuation to be completed within 12 months after acquisition
- ▶ Valuation based on detailed data on the contracts of Modrá Pyramida

## Adjustments to provisional goodwill

- ▶ The fair value adjustments of MPSS balance sheet relating to acquired 60% stake amount to CZK 647 mil.
- ▶ Recognized goodwill on acquisition stands at CZK 3,389 mil.

## Main sources of adjustments

- ▶ Valuation of client's deposits, buildings and securities

## P/L impact

- ▶ Impact from revaluation on consolidated P/L:

CZK million	2006	2007	2008	2009	2010	1H 2011	2011	2012	2013
NII	94	387	267	149	102	26	45	20	-10
NPFO	0	-19	-2	0	0	0	0	0	0
Depreciation	1	5	5	5	5	3	5	5	5
Tax	-23	-117	-57	-31	-20	-5	-9	-4	1
Net profit	73	255	213	124	87	23	41	21	-4





## Czech Republic

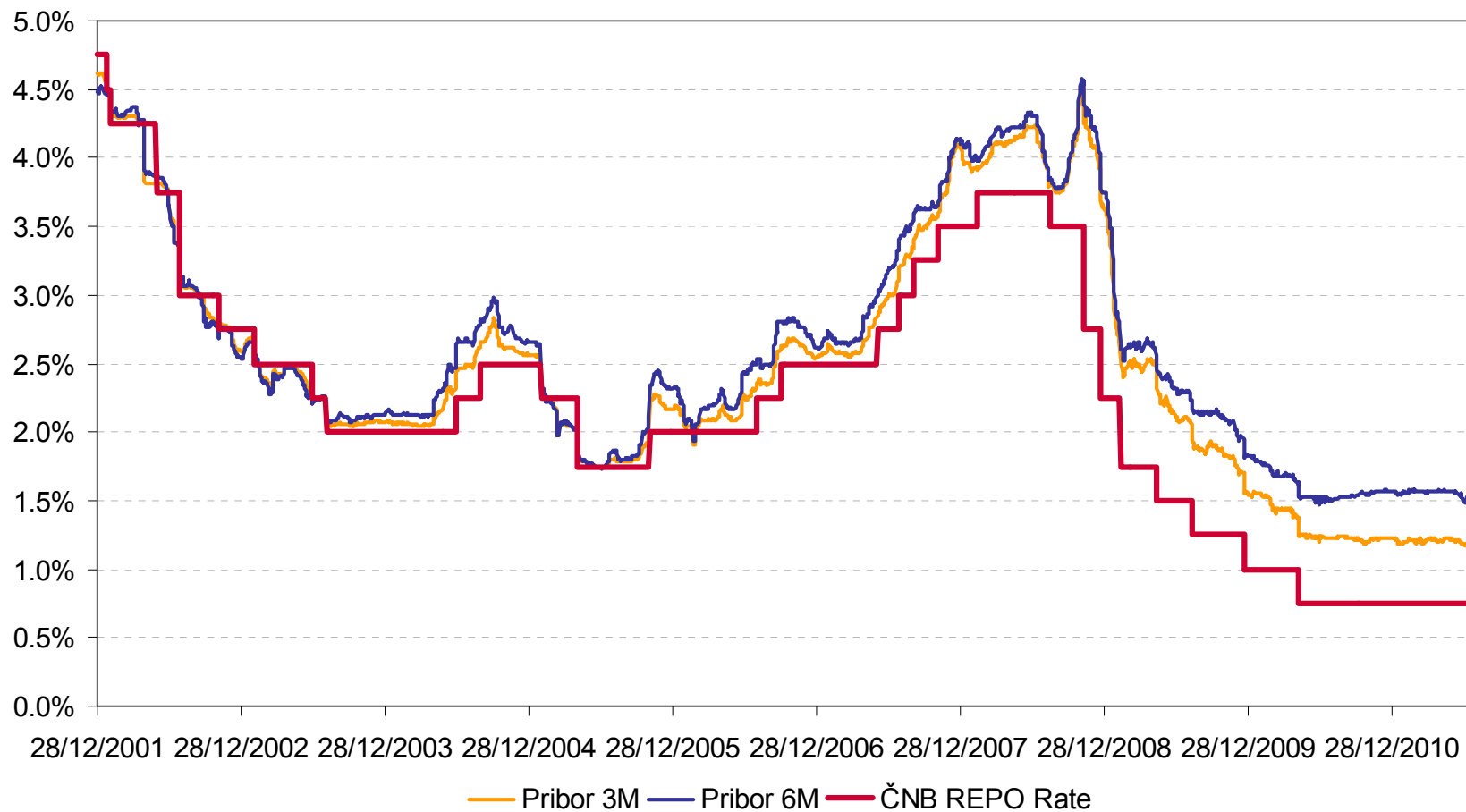
<b>Macroeconomic Indicators</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011*</b>
Real GDP (% , average)	7.0	6.1	2.3	-4.0	2.2	2.3
Inflation (% , average)	2.5	2.8	6.3	1.0	1.5	1.8
Household consumption (% , average)	5.2	4.9	3.4	-0.2	-0.1	-0.1
Unemployment (% , av., MLSA meth.)	8.2	6.7	5.5	8.0	9.0	8.6
M2 (% , average)	9.0	11.2	8.4	6.2	4.0	2.7
3M PRIBOR (% , average)	2.3	3.1	4.0	2.2	1.3	1.2
<b>Potential of the market **</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011*</b>
Loans / GDP (year-end)	43.8	50.4	56.3	57.9	59.3	61.9
Mortgages / GDP (year-end)	11.5	14.4	16.6	18.9	19.9	21.1
Deposits / GDP (year-end)	62.8	66.9	69.6	74.3	76.1	78.5
Household loans / GDP (year-end)	16.8	20.6	24.0	27.3	28.9	30.5

\* *KB estimate*

\*\* *Banking sector*

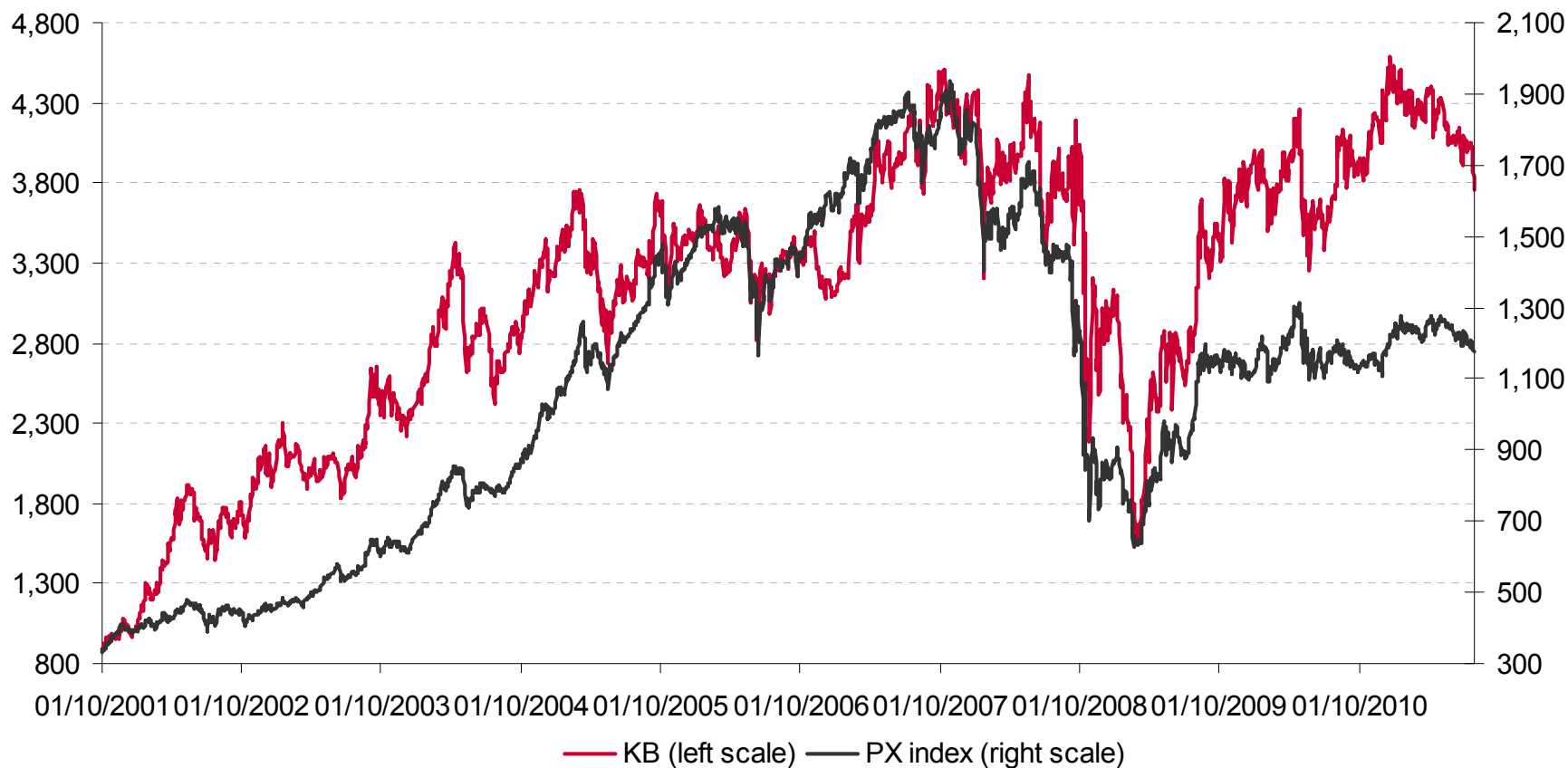


## Interest rates evolution (for the period 28 December 2001 – 29 July 2011)





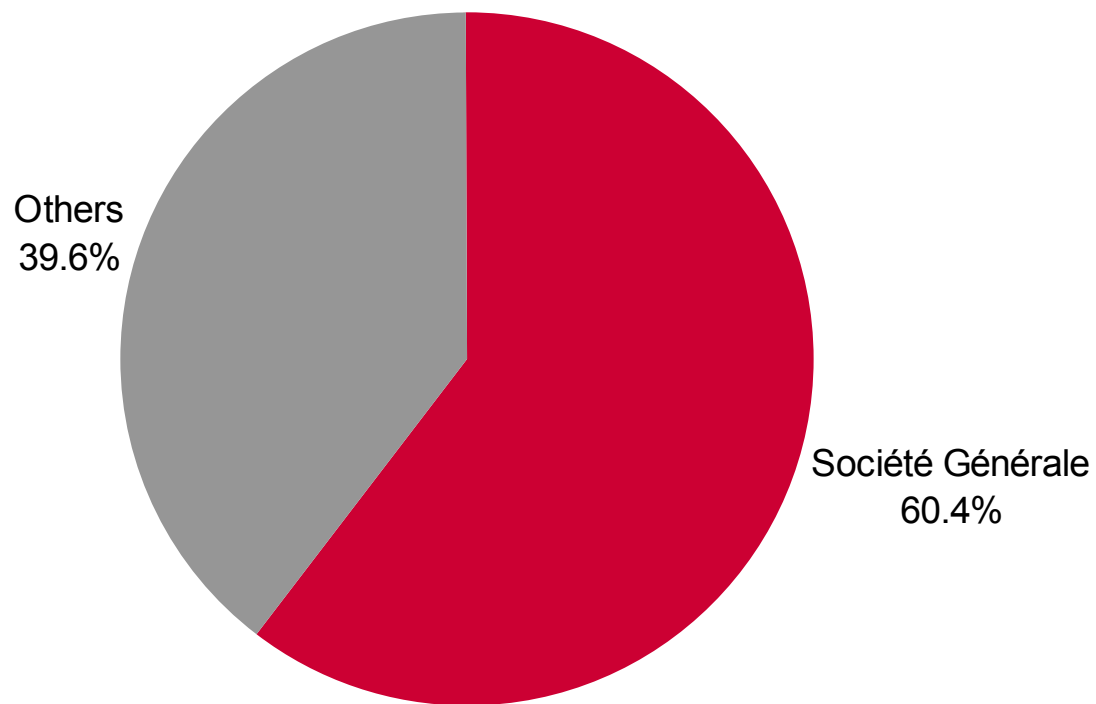
## Development of KB's share price and PX Index (for the period 1 October 2001 – 29 July 2011)





As at 30 June 2011

According to excerpt from the Securities centre





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