

Modrá Pyramida (MPSS)

Banking

June 2013

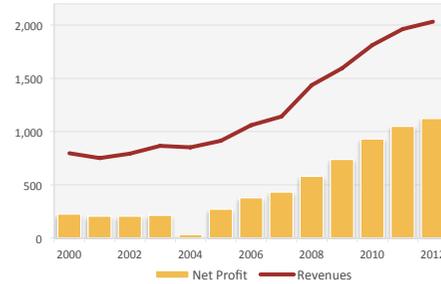


Czech Republic

COMPANY DESCRIPTION

Modrá Pyramida, fully owned by Komerční Banka, is the second largest building savings bank in the Czech Republic, with a 17.1% share of lending and a 16.5% share of building savings deposits as of the end of 2012. Despite gaining market share over the last two years, the bank's overall balance sheet momentum remains negative. Loans declined by 4.3% in 2012, while overall deposits were flat in 2012. This is due mainly to the overall saturation of the market, ongoing reduction of the government subsidy and migration to mortgage lending. Having said that, Modrá Pyramida remains impressively profitable. In 2012, the bank achieved ROE of 14.2%, which is a remarkable achievement given the fact that the bank's capital adequacy has been exceeding 20%. Closer cooperation with Komerční Banka following the takeover in 2006 seems to be bearing fruit, so a further tie-up of Pyramida's sales network with Komerční's products will be interesting to watch for.

REVENUES & PROFITABILITY (CZK mil)



INCOME STATEMENT

CZK mil	2008	2009	2010	2011	2012
Net Interest Income	1,218	1,455	1,652	1,738	1,722
Net Fee Income	218	139	160	226	309
Other Income	-10	-26	-20	-44	-46
Total Revenues	1,436	1,594	1,812	1,963	2,031
Staff Cost	261	273	278	297	304
Depreciation	62	57	58	58	56
Other Cost	384	309	314	355	305
Operating Cost	706	639	650	709	665
Operating Profit	730	954	1,162	1,254	1,366
Provisions	94	131	104	79	103
Pre-Tax Profit	625	797	1,026	1,144	1,217
Tax	45	57	96	93	94
Minorities	0	0	0	0	0
Net Profit	580	740	930	1,051	1,123

BALANCE SHEET

CZK mil	2008	2009	2010	2011	2012
Interbank Loans	541	8	6	1,505	1,001
Customer Loans	38,812	44,971	49,029	50,637	48,477
Debt Securities	27,440	27,500	25,489	25,824	28,762
Fixed Assets	440	417	399	403	389
Total Assets	70,705	76,062	76,715	80,172	82,147
Interbank Borrowings	0	2,824	900	0	0
Customer Deposits	65,805	67,202	69,120	72,420	72,661
Issued Debt	0	0	0	0	0
Liabilities	67,522	71,848	71,069	73,581	73,976
Equity	3,183	4,214	5,646	6,591	8,170
Non-performing Loans	706	1,067	1,268	1,388	1,528
Provisions	491	631	750	840	940

RATIOS

	2008	2009	2010	2011	2012
ROE	21.4%	20.0%	18.9%	17.2%	15.2%
ROA	0.8%	1.0%	1.2%	1.3%	1.4%
Net Interest Margin	1.8%	2.0%	2.2%	2.2%	2.1%
Asset Yield	4.4%	4.4%	4.6%	4.5%	4.4%
Cost Of Liabilities	2.8%	2.6%	2.6%	2.5%	2.5%
Interest (As Of Revenues)	84.8%	91.3%	91.2%	88.5%	84.8%
Costs (As % Of Assets)	1.0%	0.9%	0.9%	0.9%	0.8%
Costs (As % Of Income)	49.2%	40.1%	35.9%	36.1%	32.7%
Staff (As % Of Total Cost)	37.0%	42.7%	42.8%	41.9%	45.7%
Cost of Risk	0.3%	0.3%	0.2%	0.2%	0.2%

MARKET SHARE

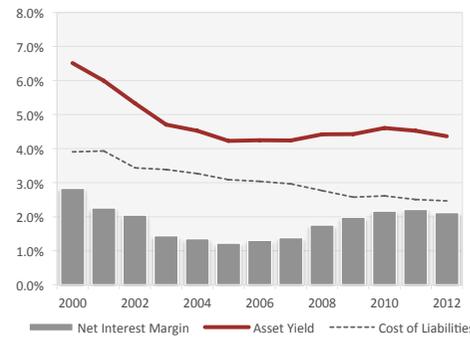
Building Savings Banks	2008	2009	2010	2011	2012
Net profit	12.9%	14.6%	17.9%	20.6%	24.7%
Operating Profit	12.5%	14.1%	15.6%	17.8%	21.5%
Costs	21.3%	19.5%	19.6%	20.4%	19.2%
Revenues	15.7%	15.9%	16.9%	18.7%	20.7%
Employees	21.7%	21.3%	20.6%	21.1%	19.4%

Source: Company data, Helgi Analytics calculation

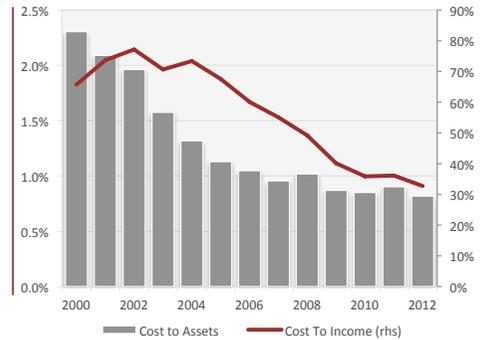


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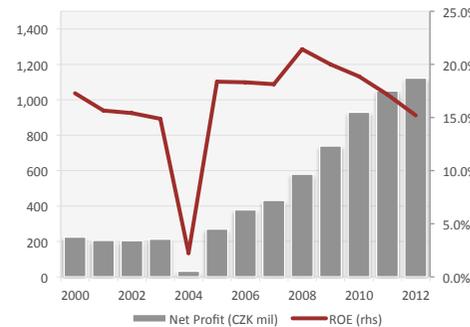
INTEREST MARGIN



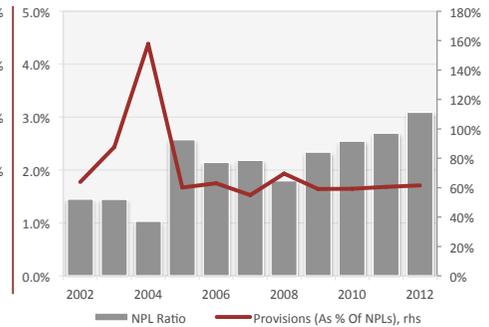
COST EFFICIENCY



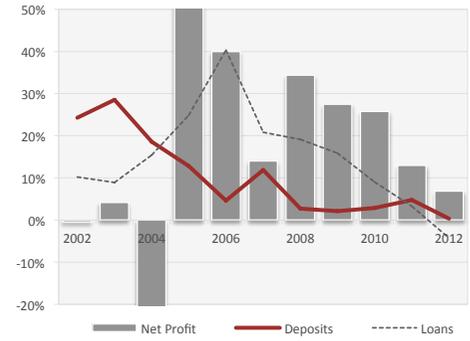
PROFITABILITY



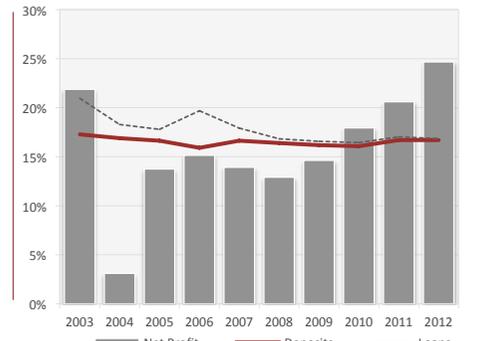
ASSET QUALITY



GROWTH RATES



MARKET SHARE



Source: Company data, Helgi Analytics calculation



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