

Modrá Pyramida (MPSS)

Banking

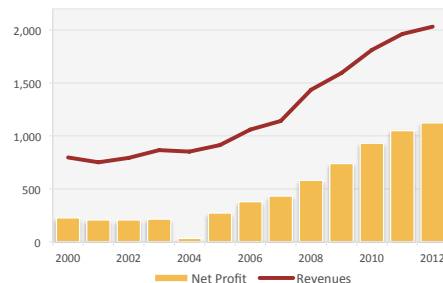
June 2013

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

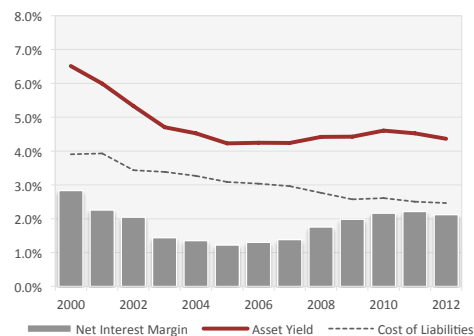
| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------|-------|-------|-------|-------|-------|
| ROE | 21.4% | 20.0% | 18.9% | 17.2% | 15.2% |
| ROA | 0.8% | 1.0% | 1.2% | 1.3% | 1.4% |
| Net Interest Margin | 1.8% | 2.0% | 2.2% | 2.2% | 2.1% |
| Asset Yield | 4.4% | 4.4% | 4.6% | 4.5% | 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

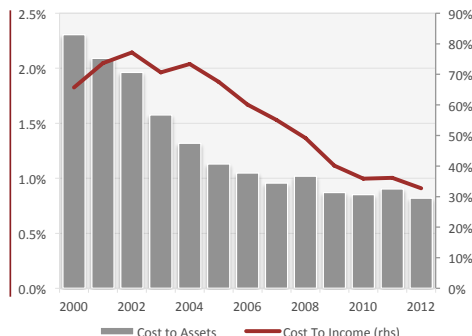
| Building Savings Banks | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|-------|-------|-------|-------|-------|
| Net profit | 12.9% | 14.6% | 17.9% | 20.6% | 24.7% |
| Operating Profit | 12.5% | 14.1% | 15.6% | 17.8% | 21.5% |
| Costs | 21.3% | 19.5% | 19.6% | 20.4% | 19.2% |
| Revenues | 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

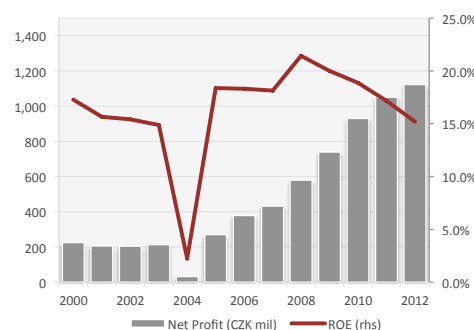
INTEREST MARGIN



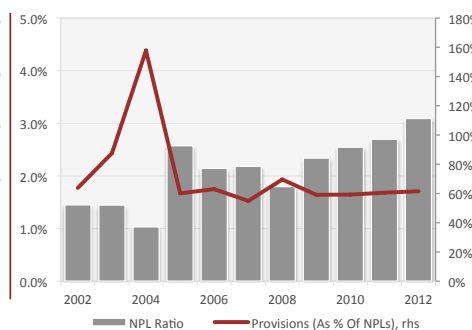
COST EFFICIENCY



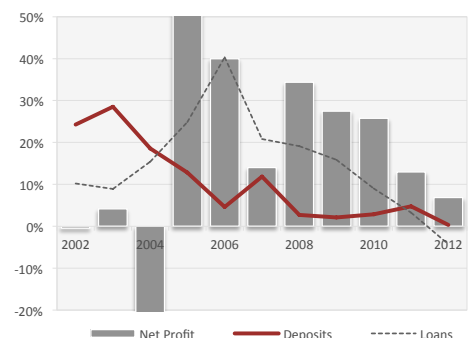
PROFITABILITY



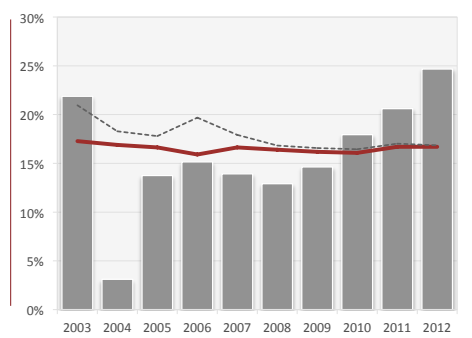
ASSET QUALITY



GROWTH RATES



MARKET SHARE



Source: Company data, Helgi Analytics calculation

ABOUT HELGI ANALYTICS

Helgi Analytics is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarily on the region of Central and Eastern Europe.

Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit www.helgilibrary.com or contact us at info@helgianalytics.com.

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