



Partnership
matters

Modrá pyramida is a modern and dynamic company which is profiled as a financial advisor offering comprehensive financial advisory services which are primarily based on a financial advisor-client relationship.

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CONTACTS

Modrá pyramida stavební spořitelna, a.s.

Bělehradská 128, č. p. 222

120 21 Prague 2

phone: +420 222 824 111

e-mail: info@mpss.cz

internet: www.modrapyramida.cz

Komerční banka, a.s.

Na Příkopě 33, 114 07 Prague 1

Czech republic

phone: +420 955 559 550

fax: +420 224 243 020

e-mail: mojebanka@kb.cz

internet: www.kb.cz

FURTHER INFORMATION

Information about Modrá pyramida's products and services is accessible from the home page www.mpss.cz.

Selected Key Indicators

- Clients' deposits increased to CZK 70 billion
- Total volume of provided loans exceeded CZK 51.4 billion

	Units	2011	2010	2009	2008
Total assets	CZK '000	80,172,286	76,715,196	76,062,079	70,705,039
Volume of client deposits	CZK '000	70,047,882	68,177,784	65,323,698	63,397,678
Total volume of loans	CZK '000	51,421,748	49,720,446	45,561,104	39,245,851
Volume of assigned loans	CZK '000	6,796,962	7,125,862	7,324,035	7,293,111
Volume of bridging loans	CZK '000	44,624,786	42,594,584	38,237,069	31,952,740
Net profit	CZK '000	1,050,659	930,141	739,668	580,255
Dividend declared for the business year	CZK '000	0	0	0	0
ROAE*	%	22.38	28.10	28.18	27.71
Assets per employee	CZK '000	219,050	215,492	205,573	192,133
Profit per employee (FTE)	CZK '000	2,871	2,613	1,999	1,577
Capital adequacy	%	16.3	13.4	11.1	9.7
Headcount (at 31 December)	person	366	356	370	368
Valid contracts	number	717,842**	768,204	805,325	841,367
Active assigned loans	number	76,501**	84,922	92,419	101,848
Active bridging loans	number	62,902	65,490	65,428	63,386

Note: * The figure complies with CNB calculation methodology to Decree No. 123/2007 Coll. stipulating prudential rules for banks, savings and credit unions and investment firms.

** non audited data

VOLUME OF CLIENT DEPOSITS (CZK '000)

2008	63,397,678
2009	65,323,698
2010	68,177,784
2011	70,047,882

TOTAL VOLUME OF LOANS (CZK '000)

2008	39,245,851
2009	45,561,104
2010	49,720,446
2011	51,421,748

Mr Karel Mareš

CHAIRMAN OF THE ASSOCIATION OF OWNERS



"In 2010 when we decided to revitalize our apartment building we had to resolve where to get a loan. We opted for Modrá pyramida which loaned us CZK 13 million under very convenient conditions for us."



We decided to revitalize our apartment building

The residents of a panel housing building Pilsen's Tachovska Street were lucky when they made a decision to revitalize their building in a period when one of the residents Mr Karel Mareš retired. He had plenty of time and zeal to get involved in this demanding task. He also did not lack the necessary energy and so the building prides itself with for example a new thermally insulated facade or an attractive balconies design. And also everyone is fond of new elevators which for the whole 31 years have only been accessible by stairs from a basement. As a part of the elevator replacement a new station at a pavement level was built so that the elevators are wheelchair accessible now. The building interior is under revitalization repairs now. The Association of owners is going to repay the thirteen million loan from Modrá pyramida within 15 years but to be on a safe side a contract was concluded for period of 23 years. Anything can happen and it would be possible to prolong the repayments. We have managed to get a subsidy at the amount of CZK 3.6 million from the Panel Programme on the interest.





I am very glad that we have achieved much more than "only" overcoming the complicated period of legislative changes in the building savings system but above all we proved that Modrá pyramida is a significant part of Komerční banka Group and at the same time we build a distinctive position on the market.

Interview with the Chairman of the Board of Directors

Complicated, demanding, turbulent, critical, the year of changes and discussions about building savings future but also successful, dynamic, full of challenges and products and services extension, the second transformation year.....Also in these words we could very briefly describe [year 2011 in Modrá pyramida](#).

MR CHAIRMAN, HOW DO YOU EVALUATE THE PAST YEAR?

First of all I must return to year 2010 because it is a historical milestone in Modrá pyramida's development - we set up a new strategy and in autumn 2010 we launched a change of our business model from the classic building savings bank to a provider of comprehensive financial advisory. Year 2011 and primarily the discussions about further changes in building savings sector proved how important the decision was for the Modrá pyramida's future. The whole last year was marked by the transformation when we started to write a completely new chapter in Modrá pyramida's history.

IF YOU ONLY HAD THREE WORDS FOR THE EVALUATION, WHICH WOULD YOU CHOOSE?

Demanding, successful, crucial.

DEMANDING IN WHICH WAY?

In general it was a demanding year with regard to the generally difficult economic situation in our country and abroad. As for all the building savings banks mainly because due to the government economical measures the law amendments came in force which lowered the state subsidy for building savings and imposed tax on the interest income. This in connection with long-term mass media discussion resulted in lower interest of clients in new contracts but also even in building savings loans. It was demanding also for us because we had to manage important transformation steps which had been scheduled for that year.

SUCCESSFUL IN WHICH WAY?

Mainly that despite the complicated market situation, we were able to cope with all of it. We succeeded in explaining to our clients that the building savings still remains to be an interesting product and thus support their loyalty. This is to be largely contributed to our financial advisors and also to the fact that we were successful in the stabilization of our distribution network and its further expansion. As a success I mainly consider the fact that we managed to increase the volume of deposits and generally to reach excellent financial results.

CRUCIAL IN WHICH WAY?

I dare to state that in the way we managed the business model change which due to the market situation has to be carried out in a very fast pace. We decided to profile ourselves as a company providing comprehensive financial advisory with a wide range of products and service at a professional level. To fulfil this strategy we set an exact procedure which includes both a plan of our own financial advisors network development and a plan for development of other products offer particularly from Komerční banka Group. For Modrá pyramida's successful future it is important to manage each of the transformation stage at our best and within the set timeline.

HOW DO YOU EVALUATE THE CHANGES WHICH YOU ACHIEVED LAST YEAR?

It should be emphasized that what we had set up for 2011 we fully achieved. We significantly extended our product offer by insurance, banking services, a car loan but mainly we successfully launched KB mortgages sales because we do keep our focus on housing financing. That is why we extended our Hypocenters network that specializes in everything regarding housing to other towns of the Czech Republic. Behind everything we achieved in the past year we can see a perfect background of our shareholder - Komerční banka but also a great involvement of our employees, co-workers in the distribution network and also in Komerční banka. All of them deserve high recognition and in the name of the whole management of Modrá pyramida I would like to thank them sincerely.

WHAT HAVE YOU ENTERED THE YEAR 2012 WITH?

Primarily we still consistently keep the set strategy. We have brought significant changes into life. We also started a unique training system for our advisors - Financial Academy, we have redesigned most of our consultancy branches according to a new communication concept, we changed the organizational structure of our distribution network. And now above all after the KB mortgage launch we have a comprehensive product offer for housing financing and to complete the scale of products for fulfilment of comprehensive financial advisory we need investment products which are to be launched in the first half of 2012. Thus we have got the basic prerequisites to be a reliable financial advisor for our clients.

WHAT DO YOU SEE NOW AS THE MAIN CHALLENGE FOR MODRÁ PYRAMIDA?

I am very glad that we have achieved much more than "only" overcoming the complicated period of legislative changes in the building savings system but above all we proved that Modrá pyramida is a significant part of Komerční banka Group and at the same time we build a distinctive position on the market. We want to make maximum use of the business potential of our distribution network, the flexibility and relationship with the client and through this efficiently complete the Komerční banka branches. We will carry on supporting the Modrá pyramida brand and we expect our significance as distribution channel within Komerční banka Group to grow. We have been awarded six times in a row the best building savings bank and now we want to be the number one even in more complicated disciplines among which by no doubt the financial advisory belongs. Now this is the biggest challenge for us.

Profile

Modrá pyramida is a modern and dynamic company which is profiled as a financial advisor offering comprehensive financial advisory services which are primarily based on a financial advisor-client relationship. In addition to the traditional **building savings products it offers mainly housing loans including mortgages but also** insurance, banking services, consumer loans as well as certain long-term savings and investment products. The service to clients at a professional level is provided by financial advisors of Modrá pyramida in 229 consultancy centres and they try to be close to their clients also in other places throughout the Czech Republic.

SHAREHOLDER STRUCTURE COMPANY NAME:

Company name:

Komerční banka, a.s.

Registered office:

Na Příkopě 33, Prague 1,
Czech Republic

Ownership interest:

100%

Registered number:

45317054

CORPORATE INFORMATION

Company name:

Modrá pyramida stavební spořitelna, a.s.

Legal status:

public limited company

Incorporated:

in the Register of Companies maintained at the Municipal Court
in Prague, Section B, File 2281

Registered office:

Bělehradská 128/222, 120 21 Praha 2,
Czech Republic

Registered number:

60192852

Incorporated:

9 December 1993

Share capital:

CZK 562,500,000

Shares:

5,625 registered shares in book entry form with a nominal value per share of CZK 100,000 Modrá pyramida stavební spořitelna, a.s., does not have any organizational units abroad.

Bohdan Jůda

TEACHER OF MUSIC

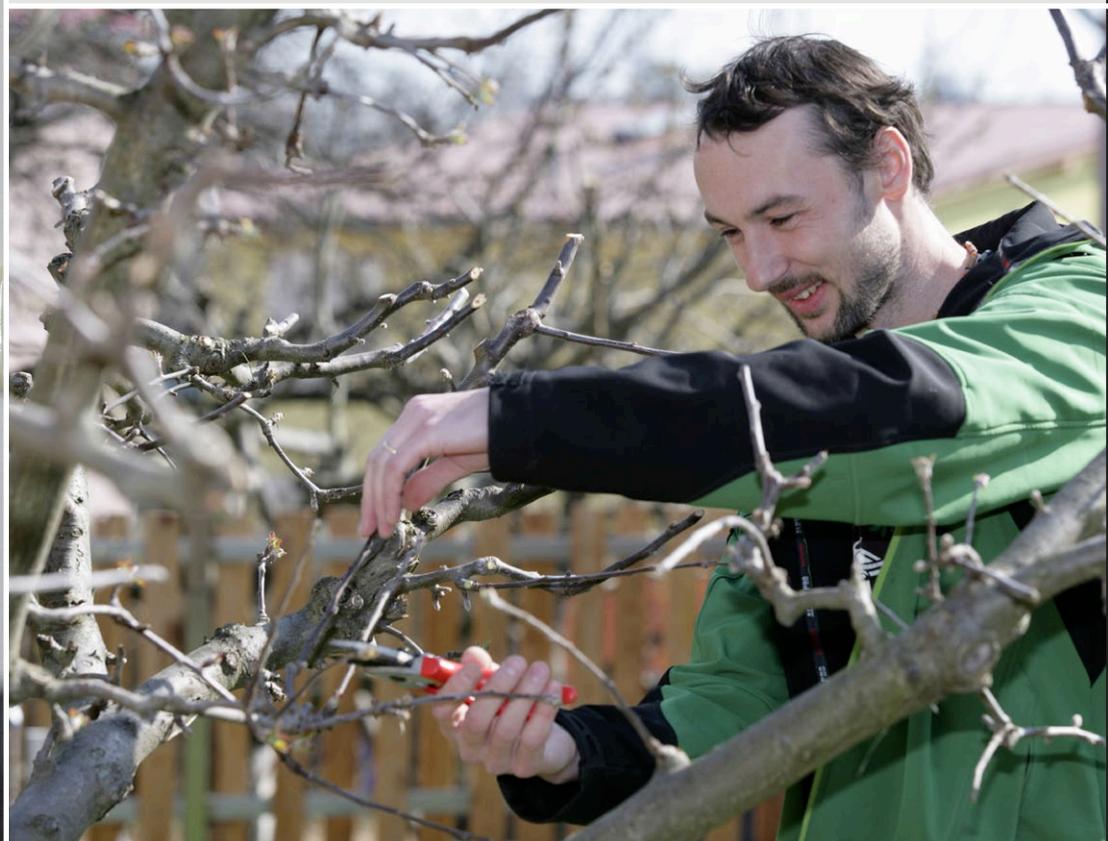
"In spring of 2009 me and my wife we decided to buy and renovate a family house. We used Modrá pyramida building savings loan for financing."





We decided to buy and renovate a family house.

Bohdan Jůda is a long term client of Modrá pyramida. He utilizes the services of this building savings bank mainly for his very good experience with its products and employees. Originally he intended to use the building savings for the necessary flat renovation. Though in 2009 he and his family decided to buy and renovate the family house. A loan from Modrá pyramida building savings turned out to be the most appropriate and the easiest way how to accomplish this plan.



Company Bodies

AS AT 30.3.2012:

BOARD OF DIRECTORS

Jan Pokorný

Chairman of the Board of Directors

Miroslav Hiršl

Vice-Chairman of the Board of Directors

Jiří Votrubec

Member of the Board of Directors

SUPERVISORY BOARD

Henri Bonnet

Chairman of the Supervisory Board

Peter Palečka

Vice-Chairman of the Supervisory Board

Patrice Taillandier-Thomas

Member of the Supervisory Board

Pavel Čejka

Member of the Supervisory Board

Kristýna Fenclová

Member of the Supervisory Board

Josef Květoň

Member of the Supervisory Board



Board of directors

- ↑ **JAN POKORNÝ**
Chairman of the Board of Directors
- **MIROSLAV HIRŠL**
Vice-Chairman of the Board of Directors
- ↓ **JIŘÍ VOTRUBEC**
Member of the Board of Directors



Report of the Board of Directors on business activities and assets of the company for 2011

From the point of view of the building savings, year 2011 was very difficult. Following numerous discussions in mass media and in the Parliament, the changes which had been approved came into effect as of 1st January 2011. The state subsidy was decreased for all contracts to maximum of CZK 2 000 annually, state subsidy for 2010 should have been taxed with 50% and the tax exemption of interest income was cancelled. But the discussions and changes did not come to their finish. The Constitutional Court annulated the 50% tax on state subsidy for 2010 and other changes were returned for repeated discussion because according to its finding these changes had been adopted in violation of constitutional order in the state of legislative emergency. All this led to the fact that practically throughout the whole year there was ongoing uncertainty about the future of so far such a stable system, which building saving undoubtedly is, and that logically affected results of all building savings banks. Therefore year 2011 confirmed yet again the correctness of Modrá pyramida's chosen strategy of its business model change from one-product building savings bank into a complex financial advisor.

In 2011 on the Czech building savings market, there were 585 thousand new building savings contracts with total target amount of CZK 195 billion concluded and loans in the volume of CZK 48 billion granted. At the end of 2011, in total the client's savings deposits amounted to CZK 433 billion and loans to CZK 293 billion in the books of building savings banks.*

Although the building savings market was strongly influenced by anticipated changes and ongoing discussions about the amount of state subsidy and future of building savings, last year Modrá pyramida managed to conclude 94 thousand new contracts and target amount increases with total amount of CZK 25 billion. This signified year-on-year decrease by 25% as measured by volume of target amount. According to target amounts of newly concluded building savings contracts, the market share of Modrá pyramida is 12.8%. This signifies increase by 0.2% and the third place in the ranking of building saving banks.

Despite the drop in newly concluded savings contracts, Modrá pyramida recorded growth of volume of clients' deposits. Their volume reached CZK 70 billion, which signifies growth by 2.7% in comparison to the previous year. The company's total assets reached threshold of CZK 80 billion, in comparison to the end of 2010 it is increase by 4.5%.

At the end of the past year the number of valid building savings contracts was 717,842 contracts with target amount of CZK 230.8 billion.

In 2011 Modrá pyramida provided its clients with over 11 thousand loans in the volume of CZK 7.8 billion, in comparison to the previous year it signifies drop by 14%, whereas overall volume of loans provided by building savings banks dropped by 17%. Modrá pyramida's market share corresponds to 16.2% as for contractual loan volume, which signifies year-on-year increase by 0.6% and the 2nd place on the market.

In 2011 total volume of loans provided for housing purposes increased by 3.4% and reached CZK 51.4 billion, ratio of loans provided for housing purposes to received savings deposits increased to 73.4%.

With the profit after tax in the amount of CZK 1,050.7 million Modrá pyramida managed to fulfil the financial plan for year 2011 despite the environment of deteriorated economic situation on the building savings market.

The ordinary financial statements for 2011 were prepared with due care and diligence and were reviewed by an independent auditor - the auditing company Ernst & Young s.r.o. with its registered office Prague 2, Karlovo nám. 10, post code 120 00. The auditing company

* non audited data

performed the audit in accordance with the regulations applicable in the Czech Republic and has stated that the financial statements give a true and fair view of the financial position of the company Modrá pyramida stavební spořitelna, a.s., as at 31 December 2011 and of the results of its financial performance in accordance with the accounting regulations applicable in the Czech Republic.

FINANCIAL ADVISORY

In 2011 Modrá pyramida successfully continued in the new business strategy, i.e. in transformation from the building savings bank to provider of complex financial advisory. In 2011 the main tasks were an extension of the product offer and in particular a great emphasis on further development and training of financial advisors so that Modrá pyramida clients could get first-class service including complex financial advisory and a wide range of the best products.

In the second half of 2011 a project of complete redesign of Modrá pyramida's outlets commenced the main goal of which is to unify and highlight Modrá pyramida's outlets in compliance with the new business strategy.

NEW PRODUCTS

In January 2011 Modrá pyramida extended its product offer by car insurance from Allianz and together with the motor third party liability it is now able to offer complex car insurance.

In April 2011 a great product innovation for Modrá pyramida's offer was launch of new modern banking products of Komerční banka with absolutely unique concept MojeOdměny (MyRewards). Those are banking products such as MůjÚčet (MyAccount), Perfektní Půjčka (Perfect Loan) but also entirely new credit card with favourable bonus program for ladies Lady Card where a client can choose such product setting which suits him/her best or thanks to using one product he/she can obtain discounts and other advantages of another product.

Moreover in April 2011 Modrá pyramida added Vital Invest from Komerční pojišťovna to its new banking products offer. A modern investment life insurance with high appreciation potential. It flexibly combines investment and insurance component and offers the possibility of changes of most parameters during the insurance period depending on client's wishes and needs.

Two new products in the loan area which Modrá pyramida prepared in the second half of 2011 can be considered as substantial product innovations. And that is compact offer of KB mortgage loans - from now on clients can choose from a really complex offer for housing financing - from the mortgage to housing loans directly from Modrá pyramida.

The second new product is a unique purpose loan for car purchase MojeAuto (MyCar) in cooperation with ESSOX Company the main benefit of which is that the client receives the money prior to selecting a particular car.

The product offer extension was a starting point on the way to providing complex financial advisory. Thus not only financial advisors sell products but prepare tailor-made financial plan for the client.

Modrá pyramida keeps offering new and modern financial products; the innovator role was confirmed by award received in 2011. For the Moudré spoření (Wise saving) product it gained 2nd rank in the prestigious competition Bank innovator 2011 award of the national economic daily Hospodářské noviny.

FINANCIAL ADVISORS

In the past year, the change in the system of distribution network management with focus on its extension and quality enhancement continued. The most important change in the distribution network was establishment of four country directorates - Country North, Central-West, South and East. This change the goal of which is more efficient sales network management was executed as of 1.1.2012. The main goal of all executed changes is permanent enhancement of the quality of provided services and higher professional level of financial advisory and building relationships with clients. Every client has at his/her disposal an advisor who knows the client's needs and, thanks to a wide offer of the financial products, is always able to provide the best solution to the client.

In 2011 we continued in successful development of hypocentres concept outside of Prague. Hypocentres in České Budějovice and Plzeň were opened last year. These Hypocentres as those Hypocentres in Brno, Pardubice and Hradec Králové will cooperate with a number of developer companies and offer the clients of Modrá pyramida a complex solution to their housing needs, from selection of the real estate to the most suitable form of financing.

QUALITY

A client expects a quality product, for him/her it is utter matter of course. Modrá pyramida wants to particularly distinguish itself by the quality of offered products and services. Our goal is to help the clients to solve their needs through competent, polite and helpful financial advisors. A client who leaves a meeting in positive mood is a guarantee to continue in a business negotiation and to establish long term and mutually convenient partnership.

It is necessary to coordinate the ever increasing quality requirements, push for the quality, monitor its use and measure it. These are tasks which have been solved by the newly established Quality management department as of 1.1.2011. And thus in 2011 Modrá pyramida successfully laid foundations for reaching the established goal, i.e. the offer of quality financial advisory.

In Prague, 14 March 2012

Board of Directors of Modrá pyramida stavební spořitelna, a.s.

Jiří Červa

TOOLMAKER FINISHES

"I have got the building savings product from Modrá pyramida because I would like to build a house in a future. We would like to live in our own house."





In two years under our own roof

Mr Jiří Červa currently lives with his wife in an apartment in a block of flats. He grew up in a family house with a garden and he would like to return to this style of living. Therefore the married couple plans to build a one floor bungalow with a garden where one day their children could play, a dog run around and in summer they all could bath in a swimming pool. A property purchase is already under way - it is situated near a house where parents of Mr Červa live. The Červa's family would like to move into their new own house within two years. Their dream can be fulfilled by building savings from Modrá pyramida that both of them concluded some time ago.



Employees and Environment

EMPLOYEES

During 2011 the number of employees increased totalling 366 at the end of the year. This increase fully corresponds with transformation of a company offering building savings and loans to a company providing a wide range of products from different areas.

In the area of employee development, we continued in Talent Management programme which besides emerging managers included a new category of key experts and specialists. The education programmes for participants are designed in cooperation with Komerční banka and other Sociétés Générale subsidiaries operating in the Czech Republic. The participants of various companies thus meet and share their experience. We also kept improving managerial skills, in 2011 focusing on middle and lower management level.

In 2011 Modrá pyramida participated in a survey called Barometer for the first time which is organized worldwide by SoGe. The feedback from our employees delighted us in many aspects, however, at the same time we prepared an action plan with concrete steps in those areas where our employees proposed possibilities for improvement.

The working environment was improved by a full ban on smoking in the head office of the company. With regard to the fact that our effort to create non-smoking environment was also supported by a campaign within the frame of International No Smoking Day, this was well accepted also from among employees-smokers.

The second year of a popular action MOPYÁDA (sports competition of teams created from employees and financial advisors of our distribution network) was as successful as the starting year. We added contests for the individual participants so that everyone would have the possibility to join and rank among the winners.

ENVIRONMENT

Modrá pyramida is environment cautious and its activities do not affect it. It leads to act so both its employees and clients who are actively supported by an offer of loans for modernization of their living, insulation of buildings, reducing energy consumption or using alternative energy resources. Modrá pyramida is also an active member of the Central European Association of Environmental Effective and Intelligent Buildings which enforces considerate approach to the environment at construction of houses and among others organizes the "CZECH-SLOVAKIAN COMPETITION FOR DESIGN OF AN ENVIRONMENTALLY DEVELOPED HOUSE - FAMILY HOUSE" for university students. Modrá pyramida demonstrates its cautious approach to the environment also through projects aiming at reduction in consumption of office paper, envelopes and printer toners.

Report of the Supervisory Board of the Company on control activities in 2011

Throughout 2011, the Supervisory Board of the Company supervised the activities of the Board of Directors of Modrá pyramida stavební spořitelna, a.s., (further as "Company") and implementation of the transformation of the Company in compliance with the approved strategy, the Articles of Association and generally binding legal regulations.

The Supervisory Board performed its control function by discussing in detail the individual issues at three ordinary Supervisory Board sessions held on 31 March, 11 October and 15 December 2011, based on supporting materials prepared by the Board of Directors of the Company. The members of the Board of Directors as well as other invited members of the Company's management participated in meetings of the Supervisory Board. The Supervisory Board reviewed documents and written materials which included information on strategic and business management of the Company.

On its regular meeting on 11 October 2011, the Supervisory Board focused also on reviewing effectiveness and efficiency of the internal management and control system of the Company, including efficiency of the outsourced internal audit services. Based on the discussion of the submitted report on internal control system, the Supervisory Board states that the management and control system of the Company is functioning and resistant.

The Supervisory Board reviewed the ordinary financial statements for year 2011, submitted by the Board of Directors, and found them to be prepared based on properly conducted accounting procedures and to be in compliance with the regular reports on the Company's financial position. Furthermore, the Supervisory Board reviewed the proposal of the Board of Directors to allocate the Company's profit after tax as at 31 December 2011 in the amount of CZK 1,050,659,269.55 and stated that this proposal was in compliance with legal regulations and the Articles of Association of the Company. The Supervisory Board will inform the sole shareholder of the Company Komerční banka, a.s. on the results of its review performed.

The Supervisory Board noted the report for 2011 of 8 March 2012 prepared by the independent auditor, the company Ernst & Young s.r.o. with its registered office 120 00 Prague 2, Karlovo nám. 10, Corporate ID 26704153. The Supervisory Board understood from this report that the independent audit of the ordinary financial statements for 2011 had been performed in accordance with the relevant legal regulations and with the applicable auditing standards. The independent auditor expressed its opinion on the ordinary financial statements as at 31 December 2011 concluding that the

financial statements give in all substantial aspects a true and fair view of the assets, liabilities and financial situation of the Company and that the results of its financial performance for the period from 1 January 2011 to 31 December 2011 are in accordance with the accounting regulations applicable in the Czech Republic.

The Supervisory Board recommends the sole shareholder to approve the ordinary financial statements for year 2011. The Supervisory Board also recommends the sole shareholder to approve the proposal of the Board of Directors to allocate the Company's profit after tax as at 31 December 2011 in the amount of CZK 1,050,659,269.55 as follows:

- undistributed profit CZK 1,050,659,269.55.

The Supervisory Board, in compliance with legal regulations, also reviewed the Report on Relations between related parties as at 31 December 2011, prepared by the Board of Directors of the Company in accordance with Section 66a, subsection 9 of the Commercial Code. The Supervisory Board states that the Company did not suffer any loss resulting from the relations between the related parties in the accounting period from 1 January 2011 to 31 December 2011.

In Prague, on 27 March 2012

The Supervisory Board of Modrá pyramida stavební spořitelna, a.s.

Independent auditor's report

To the Shareholders of Modrá pyramida stavební spořitelna, a.s.:

- I. We have audited the financial statements of Modrá pyramida stavební spořitelna, a.s. ("the Company") as at 31 December 2011 presented in the annual report of the Company on pages 20-49 and our audit report dated 8 March 2012 stated the following:

We have audited the accompanying financial statements of Modrá pyramida stavební spořitelna, a.s., which comprise the balance sheet as at 31 December 2011, and the income statement, statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. For details of Modrá pyramida stavební spořitelna, a. s., see Note 1 to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing as amended by implementation guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Modrá pyramida stavební spořitelna, a.s. as at 31 December 2011, and its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

- II. We have also audited the consistency of the annual report with the financial statements described above. The management of Modrá pyramida stavební spořitelna, a.s. is responsible for the accuracy of the annual report. Our responsibility is to express, based on our audit, an opinion on the consistency of the annual report with the financial statements.

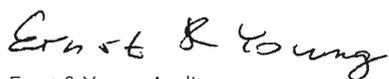
We conducted our audit in accordance with International Standards on Auditing and the related implementation guidance issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the information presented in the annual report that describes the facts reflected in the financial statements is consistent, in all material respects, with the financial statements. We have checked that the accounting information presented in the annual report on pages 1-17 and 57-58 is consistent with that contained in the audited financial statements as at 31 December 2011. Our work as auditors was confined to checking the annual report with the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements described above.

- III. In addition, we have reviewed the accuracy of the information contained in the report on related parties of Modrá pyramida stavební spořitelna, a.s. for the year ended 31 December 2011 presented in the annual report of the Company on pages 50–56. The management of Modrá pyramida stavební spořitelna, a.s. is responsible for the preparation and accuracy of the report on related parties. Our responsibility is to issue a report based on our review.

We conducted our review in accordance with the applicable International Standard on Review Engagements and the related Czech standard No. 56 issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the report on related parties is free from material misstatement. The review is limited primarily to enquiries of company personnel, to analytical procedures applied to financial data and to examining, on a test basis, the accuracy of information, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the report on related parties of Modrá pyramida stavební spořitelna, a.s. for the year ended 31 December 2011 is materially misstated.



Ernst & Young Audit, s.r.o.
osvědčení č. 401
zastoupený



Jan Fanta
partner



Michaela Kubýová
auditor, osvědčení č. 1810

25th April 2012
Prague, the Czech Republic

Balance Sheet at 31 December 2011

No. ASSETS		Row no.			2011	2010
CZK ,000			Gross	Provisions	Net	Net
a	b	c	1	2	3	4
1	Cash in hand and balances with central banks	1	729,472	0	729,472	694,810
2	State zero-coupon bonds and other securities eligible for refinancing with the central bank	2	10,621,005	0	10,621,005	12,086,229
	Of which: a) Issued by Government institutions	3	10,621,005	0	10,621,005	12,086,229
	b) Other	4	0	0	0	0
3	Amounts due from banks and savings associations	5	16,432,846	0	16,432,846	13,138,949
	Of which: a) Repayable on demand	6	1,439	0	1,439	5,737
	b) Other receivables	7	16,431,407	0	16,431,407	13,133,212
4	Amounts due from clients - members of savings associations	8	51,480,539	841,046	50,639,493	49,029,655
	Of which: a) Repayable on demand	9	0	0	0	0
	b) Other receivables	10	51,480,539	841,046	50,639,493	49,029,655
5	Debt securities	11	275,365	0	275,365	269,815
	Of which: a) Issued by Government institutions	12	0	0	0	0
	b) Issued by other entities	13	275,365	0	275,365	269,815
6	Shares, share certificates and other equity investments	14	0	0	0	0
7	Equity investments in associates	15	0	0	0	0
	Of which: In banks	16	0	0	0	0
8	Equity investments in subsidiaries	18	0	0	0	0
	Of which: In banks	19	0	0	0	0
9	Intangible fixed assets	21	415,380	182,129	233,251	240,903
	Of which: a) Start-up costs	22	0	0	0	0
	b) Goodwill	23	0	0	0	0
10	Tangible fixed assets	25	731,619	328,636	402,983	398,662
	Of which: Land and buildings for operating activities	26	523,256	157,001	366,255	375,610
11	Other assets	28	830,870	5,486	825,384	841,853
12	Subscribed capital unpaid	29	0	0	0	0
13	Deferred expenses and accrued income	30	12,487	0	12,487	14,320
	Total assets	31	81,529,583	1,357,297	80,172,286	76,715,196

No.	LIABILITIES	Row no.	Current period	Prior period
CZK ,000				
a	b	c	6	7
1	Amounts owed to banks and savings associations	31	0	900,010
	Of which: a) Repayable on demand	32	0	0
	b) Other payables	33	0	900,010
2	Amounts owed to clients - members of savings associations	34	72,418,386	69,118,894
	Of which: a) Repayable on demand	35	174,726	243,837
	b) Other payables	37	72,243,660	68,875,057
3	Payables from debt securities	42	0	0
	Of which: a) Issued debt securities	43	0	0
	b) Other payables from debt securities	44	0	0
4	Other liabilities	45	602,078	479,685
5	Deferred income and accrued expenses	46	556,754	555,475
6	Reserves	47	4,014	14,810
	Of which: a) For pensions and similar liabilities	48	0	0
	b) For taxes	49	0	0
	c) Other charges	50	4,014	14,810
7	Subordinated liabilities	51	0	0
8	Share capital	52	562,500	562,500
	Of which: a) Share capital paid up	53	562,500	562,500
	b) Treasury shares		0	0
9	Share premium	55	487,500	487,500
10	Reserve funds and other funds from profit	56	1,119,638	1,107,138
	Of which: a) Mandatory reserve funds and risk funds	57	112,500	100,000
	b) Other reserve funds	59	1,007,138	1,007,138
	c) Other funds from profit	60	0	0
11	Revaluation reserve	62	0	0
12	Capital funds	63	0	0
13	Gains or losses from the revaluation of	64	323,586	429,513
	Of which: a) Assets and liabilities	65	323,586	429,513
	b) Hedging derivatives	66	0	0
	c) The retranslation of equity holdings	67	0	0
14	Retained earnings or accumulated losses brought forward	68	3,047,171	2,129,530
15	Profit or loss for the period	69	1,050,659	930,141
	Total liabilities	70	80,172,286	76,715,196

Profit and Loss Account for the Year Ended 31 December 2011

No.	CZK ,000	Row no.	Current period	Prior period
a	b	c	1	2
1	Interest income and similar income	1	3,539,089	3,518,602
	Of which: Interest income from debt securities	2	464,807	579,507
2	Interest expense and similar expense	3	(1,788,465)	(1,879,227)
	Of which: Interest expense from debt securities	4	0	0
3	Income from shares and equity investments	5	0	0
	Of which: a) Income from equity investments in associates	6	0	0
	b) Income from equity investments in subsidiaries	7	0	0
	c) Other income from shares and equity investments	8	0	0
4	Commission and fee income	9	562,042	592,167
5	Commission and fee expense	10	(336,357)	(431,995)
6	Net profit or loss on financial operations	11	0	0
7	Other operating income	12	10,438	24,286
8	Other operating expenses	13	(53,635)	(43,553)
9	Administrative expenses	14	(651,954)	(592,393)
	Of which:	15		
	a) Staff costs	16	(297,419)	(278,539)
	Of which: aa) Social security and health insurance	18	(68,434)	(61,325)
	b) Other administrative expenses	19	(354,535)	(313,854)
10	Release of reserves and provisions for tangible and intangible fixed assets	20	0	0
11	Depreciation, charge for and use of reserves and provisions for tangible and intangible fixed assets	24	(57,606)	(58,141)
12	Release of provisions and reserves for receivables and guarantees, recoveries of receivables written off	30	160,603	155,091
13	Write-offs, charge for and use of provisions and reserves for receivables and guarantees	34	(250,883)	(270,190)
14	Release of provisions for equity investments in associates and subsidiaries	38	0	0
15	Losses on the transfer of equity investments in associates and subsidiaries, charge for and use of provisions for equity investments in associates and subsidiaries	39	0	0
16	Release of other reserves	40	10,250	11,430
17	Charge for and use of other reserves	41	545	(187)
18	Share of profits or losses of subsidiaries and associates	42	0	0
19	Profit or loss for the period from ordinary activities before taxes	44	1,144,067	1,025,890
20	Extraordinary income	45	0	0
21	Extraordinary expenses	46	0	0
22	Profit or loss for the period from extraordinary activities before taxes	47	0	0
23	Income tax	48	(93,408)	(95,749)
24	Net profit or loss for the period after taxes	51	1,050,659	930,141

Off Balance Sheet Accounts

No. CZK ,000		Raw no.	Current period	Prior period
a	b	c	1	2
1	Issued commitments and guarantees	1	2,453,382	3,737,097
2	Provided collateral	2	120,115	114,411
3	Amounts due from spot transactions	3	0	0
4	Amounts due from term transactions	4	0	2,000,000
5	Amounts due from option transactions	5	0	0
6	Receivables written off	6	37,529	39,568
7	Assets provided into custody, administration and safe-keeping	7	0	0
8	Assets provided for management	8	0	0
9	Accepted commitments and guarantees	9	5,664,491	6,622,044
10	Received collateral	10	74,400,586	70,659,982
11	Amounts owed from spot transactions	11	0	0
12	Amounts owed from term transactions	12	0	2,000,000
13	Amounts owed from option transactions	13	0	0
14	Assets received into custody, administration and safe-keeping	14	0	0
15	Assets received for management	15	0	0

Statement of Changes in Equity for the Year Ended 31 December 2011

	Share capital	Treasury shares	Share premium	Reserve funds	Retained earnings/ accumulated losses of prior periods	Valuation gains or losses	Profit or loss	Total
Balance at 1 January 2010	500,000	0	0	1,107,138	1,389,862	477,501	739,668	4,214,169
Change of accounting policies								
Corrections of significant errors								
FX differences and valuation differences not included in profit or loss						(47,988)		(47,988)
Net profit or loss for the period							930,141	930,141
Dividends								
Directors' fees								
Allocation to funds								
Allocation to retained earnings					739,668		(739,668)	
Share issues	62,500		487,500					550,000
Share capital decrease								
Acquisition of treasury shares								
Other changes								
Balance at 31 December 2010	562,500	0	487,500	1,107,138	2,129,530	429,513	930,141	5,646,322
Balance at 1 January 2011	562,500	0	487,500	1,107,138	2,129,530	429,513	930,141	5,646,322
Change of accounting policies								
Corrections of significant errors								
FX differences and valuation differences not included in profit or loss						(105,927)		(105,927)
Net profit or loss for the period							1,050,659	1,050,659
Dividends								
Directors' fees								
Allocations to funds				12,500			(12,500)	
Allocation to retained earnings					917,641		(917,641)	
Share issues								
Share capital decrease								
Acquisition of treasury shares								
Other changes								
Balance at 31 December 2011	562,500	0	487,500	1,119,638	3,047,171	323,586	1,050,659	6,591,054

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1. GENERAL INFORMATION

1.1. INCORPORATION AND DESCRIPTION OF THE BUSINESS

Modrá pyramida stavební spořitelna, a.s., corporate ID: 60192852, registered at Bělehradská 128/222, 120 21 Prague 2, was formed by a Deed of Foundation on 10 June 1993 and was incorporated following its registration in the Register of Companies held at the Municipal Court in Prague, Volume B, File 2281, on 9 December 1993. Modrá pyramida stavební spořitelna, a.s. (hereinafter the "Bank" or the "Company") is a specialized bank and its activities and operations are defined in the Construction Savings and Construction Savings State Support Act 96/1993 Coll., as subsequently amended (the "Construction Savings Act"). The Bank operates a construction savings scheme involving the acceptance of deposits from, and the issuance of loans, to participants in the construction savings scheme, the acceptance of deposits from financial institutions, provision of guarantees in Czech crowns for loans issued from the construction savings, for loans provided pursuant to Section 5 (5) of the Construction Savings Act and for loans defined in Section 9 (1) (a) of the Construction Savings Act, proprietary trading with mortgage bonds and bonds, execution of the payment and settlement system in connection with the operation of the Bank, and conclusion of trading for the purpose of hedging the currency and interest rate risks. The Bank only conducts its business in the territory of the Czech Republic.

During the year 2011, no changes were made to the shareholder structure. The sole shareholder of the Bank is Komerční banka, a.s., corporate ID: 453 17 054, with its registered office at Na Příkopě 33, Prague 1, entered in the Register of Companies maintained by the Municipal Court in Prague, Volume B, File 1360 (hereinafter "KB").

1.2. BOARD OF DIRECTORS AND SUPERVISORY BOARD

Changes in the Composition of the Bank's Board of Directors in 2011

During the year 2011, no changes were made in the composition of the Bank's Board of Directors.

Changes in the Composition of the Bank's Supervisory Board in 2011

Pursuant to the resolution of the sole shareholder, dated 7 December 2010, Peter Palečka was repeatedly appointed as a member of the Supervisory Board with effect from 18 February 2011.

On 21 March and 22 March 2011, elections for members of the Supervisory Board elected by the employees were held. For the new term, Mrs. Kristýna Fencová, replacing Mr. Milan Orkáč, and Mr. Josef Květoň, who was re-elected, were elected by the employees as members of the Supervisory Board. Both were elected with effect from 22 March 2011. The appointment was recorded in the Register of Companies on 13 April 2011.

Pursuant to the resolution of the sole shareholder, dated 19 April 2011, Mr. Thomas Tomiczek, a member of the Supervisory Board, was dismissed and pursuant to the resolution of the sole shareholder, dated 19 April 2011, Mr. Pavel Čejka was appointed as a member of the Supervisory Board with effect from 20 April 2011. Changes in the Register of Companies were made on 11 May 2011.

At the meeting of the Supervisory Board on 31 March 2011, Mr. Peter Palečka was elected as Vice-Chairman of the Supervisory Board with effect from 1 April 2011. The appointment was recorded in the Register of Companies on 19 July 2011.

Changes of residence in the Czech Republic of the Chairman of the Supervisory Board, Mr. Henri Bonnet, and a member of the Supervisory Board, Mr. Patrice Taillandier-Thomas, were made in the Register of Companies on a proposal by the Bank of 18 August 2011, dated 19 August 2011.

Composition of the Board of Directors and the Supervisory Board as at 31 December 2011

	Position	Name
Board of Directors	Chairman	Jan Pokorný
	Vice-Chairman	Miroslav Hiršl
	Member	Jiří Votrubec
Supervisory Board	Chairman	Henri Bonnet
	Vice-Chairman	Peter Palečka
	Member	Patrice Taillandier-Thomas
	Member	Josef Květoň
	Member	Kristýna Fenclová
	Member	Pavel Čejka

1.3. EVENTS IN THE YEAR 2011

Act No. 348/2010 Coll. with effect from 1 January 2011 defines new conditions for building savings and amendments to the Income Tax Act. The significant changes are:

- 1) A reduction in the annual state subsidy for all contracts to 10% of the maximum amount of CZK 20,000 (i.e. max CZK 2,000)
- 2) Taxation of the state subsidy for the year 2010, which will be paid in 2011 with a tax rate of 50%.
- 3) Abolition of tax exemption on interest income from deposits (implementation rate of 15%), which relates to the interest paid after amendments to the Act came into force, after 1 January 2011.

The law was annulled by the findings of the Constitutional Court No. 119/2011 Coll. (the Findings). The above-mentioned 50% tax on the state subsidy was abolished with effect from 6 May 2011, a day of judgment in the Official Gazette. The other above-mentioned changes were abolished by the end of the day 31 December 2011, if the new legislation change regarding these amendments was not assumed by the end of the same period.

Act No. 353/2011 Coll., adopted on 29 November 2011, with effect from 1 January 2012 sets the above-mentioned amendments under points 1 and 3.

2. BASIS OF PREPARATION

(A) ACCOUNTING PRINCIPLES

The financial statements have been prepared on the basis of the underlying accounting books and records maintained in accordance with Accounting Act 563/1991 Coll., and the relevant directives and regulations applicable in the Czech Republic. These financial statements have been prepared on the accruals basis of accounting and under the historical cost convention, with the only exception being assets that are measured at fair value. Comparative figures for the previous financial reporting period are reported reflecting the conditions that existed in the period for which the financial statements have been prepared.

The financial statements have been prepared in accordance with the Regulation of the Czech Finance Ministry 501/2002 Coll., which provides implementation guidance on the composition and substance of the items in the financial statements and the scope of information to be disclosed by banks and certain financial institutions (hereinafter "Regulation no. 501"), as amended, and in accordance with the Czech Accounting Standards for Financial Institutions.

The Bank is subject to the regulatory requirements of the Czech National Bank (hereinafter the "CNB"). These regulations include those pertaining to minimum capital adequacy requirements, classification of loans and off balance sheet commitments, credit risk connected with clients of the Bank, liquidity, interest rate risk and foreign currency position.

The financial statements include the balance sheet, the profit and loss account, the statement of changes in equity and notes to the financial statements. These financial statements are unconsolidated. The data in the financial statements is presented in thousands of Czech crowns.

(B) TRANSACTION RECOGNITION DATE

The date of recognition of transactions is the date of payment or receipt of cash, the day of purchase or sale of securities, the date on which a payment is made or an amount is collected from the client's account, the day of issuing an order to the correspondent to make a payment, the day of settlement of the Bank's orders with the CNB Clearing Centre, the trade date and the settlement date relating to transactions with securities, the day on which the ownership title to assets originates or expires, the day when a receivable or payable originates, changes or is extinguished, a deficit, shortfall, surplus, damage or transfer of assets within the Company is identified or other events take place that are subject to accounting.

Purchases and sales of financial assets are retained off-balance sheet in the period between the trade date and the settlement date. At settlement, the off-balance sheet entry is reversed and the settlement is brought onto the balance sheet.

(C) FOREIGN CURRENCY TRANSLATION

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the exchange rate prevailing as at the transaction. On the balance sheet date, monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to income for the year.

(D) PROVIDED LOANS AND PROVISIONS AGAINST LOAN LOSSES

Amounts receivable arising from loans provided to clients are stated at the outstanding principal amount and accrued interest and fees, net of provisions. Accrued interest income is included in the carrying amount of these receivable balances.

Receivables are reviewed for recoverability. Based on such reviews, provisions are created for individual receivables. The level of provisioning is established in accordance with CNB Regulation 123/2007, as amended, stipulating rules for the assessment of receivables arising from financial activities and the creation of provisions and reserves, and rules for the acquisition of certain classes of assets. The guidance used in recognizing provisions for the period is set out in Note 28 (a) of these financial statements. Provisions charged against expenses are presented in 'Write-offs, charge for and use of provisions and reserves for receivables and guarantees'.

The tax-deductible portion of the period's charge for the recognition of reserves and provisions for loan losses is calculated in accordance with the requirements of Section 5 ('Banking Reserves and Provisions') of the Provisioning Act 593/1992 Coll.

The write-off of irrecoverable receivables is accounted for as 'Write-offs, charge for provisions and reserves for receivables and guarantees' in the profit and loss account as well as the relevant balance of provisions and reserves. Recoveries from receivables previously written off are included in 'Release of provisions and reserves for receivables and guarantees and recoveries of receivables previously written off'.

(E) SECURITIES

Pursuant to Section 9 of the Construction Savings and Construction Savings State Support Act 96/1993 Coll., the Bank acquires Government bonds or bonds guaranteed by the Government, bonds issued by the CNB, mortgage bonds issued by the member states of the Organization for Economic Cooperation and Development (OECD), bonds issued by the OECD states, the central banks and financial institutions of these states and banks seated in these states, and bonds issued by the European Investment Bank (EIB), Nordic Investment Bank (NIB) and the European Central Bank (ECB).

Securities held by the Bank are categorized into portfolios in accordance with the Bank's intent on the acquisition of the securities and pursuant to the Bank's security investment strategy.

At settlement, debt securities, treasury bills and mortgage bonds are initially recognized in the balance sheet at cost which comprises the net purchase cost, the proportionate part of the discount or premium and direct transaction costs related to the acquisition of securities. Accrued interest income is reflected in the carrying amount of these securities.

Securities Available for Sale

Securities available for sale are measured at fair value with the changes in fair values being recognized through the balance sheet in equity. If there is objective evidence that a security may be impaired, the amount corresponding to the impairment is included in the profit and loss account with a corresponding entry to gains or losses from revaluation.

The fair value of securities is determined by reference to the market value prevailing at the fair value measurement date if the Bank proves that the security can be sold at the market value.

The fair values of publicly tradable securities are equal to the reference prices of the debt securities published by the Prague Stock Exchange at the fair value measurement date. In circumstances where this price is not readily obtainable, the fair value is equal to the value published by the market maker.

Transactions under which securities are sold with the commitment to repurchase the securities (repo transactions) for a pre-determined price or are purchased with the commitment to sell the securities (reverse repo transactions) are treated as collateralized received or provided loans. The ownership title underlying these securities passes to the entity issuing the loan. Securities transferred under repo transactions continue to be reported within the relevant securities accounts on the Bank's balance sheet, with the amount acquired through the transfer of securities under repo transactions being included in 'Amounts owed to banks'. Securities acquired under reverse repo transactions are maintained off-balance sheet in the line 'Received collateral'. Loans provided under reverse repo transactions are presented within 'Amounts due from banks and savings associations'.

Income/expenses arising under reverse repo transactions/repo transactions representing the difference between the cost and the selling price are accrued over the life of the transaction and are reported in the profit and loss account lines 'Interest income and similar income' or 'Interest expense and similar expenses' as appropriate.

Publicly non-tradable debt securities acquired in primary placements

Upon initial recognition, publicly non-tradable debt securities acquired in primary placements are carried at the acquisition cost which includes direct transaction costs. The valuation from the purchase settlement date to maturity or the sale settlement date is gradually increased (decreased) to reflect accrued interest income (expenses). If debt securities acquired in primary placements not held for trading are sold, the difference between the accrued amount not adjusted for provisions and the selling price at the sale/sale settlement date is recognized in income or expenses as profit or loss from the sale of securities.

(F) FINANCIAL DERIVATIVES AND HEDGING

In the ordinary course of business, derivative transactions classified at the date of contract are realized as hedging operations.

Hedging derivatives fulfill simultaneously these following conditions:

- Appropriate strategy of the Bank within risk management
- At the beginning of the hedge, the hedging relationship is formally documented, the documentation identifies the hedged items and hedging instruments, the definition of risk that is being hedged and the approach to identify and authenticate efficiency of the hedge
- It is expected that the hedge is highly effective at inception and throughout the period
- Current fair value changes, respective cash flows of the hedged and hedging instruments are almost aligned (in the range 80-125%).

Hedging derivatives are accounted according to the type of the hedging relationship which can be either:

- (i) A fair value hedge of a recognized asset or liability or firm commitment (fair value hedge) or
- (ii) Hedging of the future cash flow attributable to a recognized asset or liability or a forecasted transaction (cash flow hedge)

During the accounting period the Bank used a type of hedging relationship as fair value hedges. Changes in the fair value of derivatives that are identified as fair value hedges and qualify for hedge accounting in relation to hedged risk, are charged in income along with the change in fair value of the hedged asset or liability that is attributable to the hedged risk and recognized in „Net interest income“.

If the hedge no longer meets the criteria for hedge accounting, an adjustment of the accounting value of a hedged interest-bearing financial instrument is written off to the profit over the period to maturity of the hedged item.

The fair values of derivatives classified as hedges are set out in paragraph 22 of the Notes.

(G) TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible fixed assets include tangible assets with a cost greater than CZK 40,000 and an estimated useful life exceeding one year.

Intangible fixed assets include assets with the cost of individual components greater than CZK 60,000 and an estimated useful life exceeding one year.

Tangible and intangible fixed assets are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives. Depreciation periods of individual classes of tangible and intangible fixed assets are as follows:

Terms for depreciation of tangible and intangible assets

	<u>Depreciation period for accounting purposes</u>
Buildings	40 years
Machinery and equipment	12 years
Energy machines	20 years
Furniture and fixtures	6 years
Vehicles	5 years
Office equipment	4 years
Software	4 years or based on the estimated useful life, as appropriate
Other intangible assets	5 years

Assets with a cost lower than CZK 60,000 and CZK 40,000 are not treated as intangible and tangible fixed assets, respectively, and are expensed in the period of acquisition, except for the collectively acquired licenses with a cost higher than CZK 60,000. Assets with a cost higher than CZK 1,000 are maintained in the underlying operating records.

External costs of technical improvements in respect of tangible and intangible fixed assets are capitalized and increase the acquisition cost of the related fixed asset. Asset maintenance costs are charged directly to the profit and loss account when the expenditure is incurred. Internal (staff) costs incurred in respect of the project involving software development are also capitalized.

Assets held under finance leases are depreciated by the lessor.

(H) RESERVES

The Bank recognizes reserves for liabilities with uncertain timing and amount in the event that:

- It has an obligation (legal or constructive)
- It is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation; "likely" means a likelihood of higher than 50%
- An appropriately reliable estimate can be made of the amount of the obligation.

Reserves are used only for the purposes for which they were recognized. If there is no longer a reason for maintaining the reserve, the Bank releases the reserve to income.

(I) PROVISIONING

The Bank recognizes provisions for assets that are not revaluated at fair value in circumstances where the carrying amount of the assets as stated in the books is temporarily impaired. Provisions are recognized in respect of amounts due from clients, tangible and intangible assets and other assets. The recognition of provisions is charged to expenses and credited to the relevant provisioning account. The recognition, use and release of provisions is reported in the relevant profit and loss account lines.

(J) RECOGNITION OF INCOME AND EXPENSE

Interest income and expense are recognized on an accrual basis, in the period to which they relate, irrespective of when they are paid or received, the only exception being default interest. Accrued interest income and expenses related to assets and liabilities are included in the aggregate balances of those assets and liabilities.

Interest income on securities held is recognized using the effective interest rate method (EIR). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument.

The Bank reports fees and commissions particularly from construction savings schemes and provided loans. Commission and fee income and expenses are recognized on an accruals basis in the period to which they relate, irrespective of when they are paid or received and are classified in Income/Expense from fees and commissions. Operating income and expenses and administrative expenses are recognized under the same principle.

Past due interest or interest where management of the Bank expects that it is not likely to be recovered, is recognized in income and provisions in the corresponding amount are recorded and charged to the profit and loss account.

Default interest is recognized when collected (default interest payments are disclosed in paragraph 3 of the Notes).

(K) USE OF ESTIMATES

The presentation of financial statements in line with the accounting regulations applicable in the Czech Republic requires the Bank's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and their reported amounts of revenues and expenses during the reporting period. These estimates, which specifically relate to the determination of fair values of financial instruments, valuation of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date.

Management of the Bank has determined these estimates and assumptions by reference to the relevant information available to it.

The Bank recognizes an estimated receivable, also reported as a payable to clients, as equal to the amount of the estimated state subsidy which will be added to the deposit accounts of clients in the following year.

(L) FINANCE LEASE

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, the ownership title to the asset transfers from the lessor to the lessee; pending the transfer of the title, the lessee makes lease payments to the lessor for the assets that are charged to expenses.

The initial lump-sum payment related to assets acquired under finance leases is amortized and expensed over the lease period.

Leasehold improvements are depreciated over the lease term. Following the transfer of the ownership title to the leased asset to the lessee, the cost of improvements is added to the value of acquired assets and the depreciation of this increased amount continues.

(M) INCOME TAXES

The income tax base is calculated using the profit for the period adjusted by adding tax non-deductible expenses and deducting non-taxable income. The income tax base is additionally adjusted to reflect tax relief and tax credits, if any. Taxation is calculated at the period-end in accordance with the Income Taxes Act 586/1992 Coll., as subsequently amended. The currently enacted tax rate is 19% for 2011.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax is provided using the balance sheet liability method on all temporary differences between the tax base of an asset or liability and the carrying amounts stated in the balance sheet. The amount of deferred tax asset or liability is calculated as equal to the resulting difference multiplied by the income tax rate effective pursuant to the Income Taxes Act 586/1992 Coll., or the income tax rate that is expected to apply in the period when the tax liability is settled or the asset realized. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

A deferred tax liability is always recognized. A deferred tax asset is recognized only to the extent that there is no doubt about its future recoverability and only up to the amount of the likely future taxable income.

Deferred tax assets and liabilities are offset and reported on a net basis in 'Other assets' or 'Other liabilities.'

(N) YEAR-ON-YEAR CHANGES IN VALUATION, DEPRECIATION AND ACCOUNTING METHODS

There were no changes in the year ended 31 December 2011.

3. NET INTEREST INCOME

CZK '000	2011	2010
Total interest income	3,539,089	3,518,602
On deposits (deposits with financial institutions, interbank transactions including repurchase transactions)	546,144	511,264
On loans	2,522,885	2,388,118
On securities (including premium and discount amortization)	464,807	579,507
On interest rate swap	5,253	39,713
Total interest expense	1,788,465	1,879,227
On client deposits	1,760,129	1,786,243
On subordinated debt	0	19,940
On repo transactions	0	7,965
On interest rate swap	20,720	56,052
Other	7,616	9,027
Net interest income	1,750,624	1,639,375

Net interest income on loans and client deposits is CZK 762,756 thousand (2010: CZK 601,875 thousand). The increase is due to annual increases in the volume of loans and deposits received from clients.

Net interest expense from hedging interest rate derivatives amounts to CZK 15,467 thousand. CZK (2010: CZK 16,339 thousand). Hedging interest rate derivatives are used to provide the fair value. The change in the fair value is given in paragraph 22 of these Notes.

During the year ended 31 December 2011, the Bank collected default interest of CZK 30,106 thousand (2010: CZK 28,840 thousand). The increase is principally the result of a greater volume of withdrawn receivables and collections. Outstanding default interest which is maintained on the off-balance sheet amounted to CZK 83,788 thousand as at 31 December 2011 (2010: CZK 65,935 thousand).

4. NET FEES AND COMMISSIONS

CZK '000	2011	2010
Commission and fee income		
on client transactions including commission from the KB financial group and other companies	562,042	592,167
Total	562,042	592,167
Commission and fee expenses		
on transactions with securities	1,402	89
on client transactions including commission to the KB financial group	289,177	395,245
Other	45,778	36,661
Total	336,357	431,995
Net fees and commissions	225,685	160,172

5. NET PROFIT OR LOSS ON FINANCIAL OPERATIONS

As at 31 December 2011, the Bank did not realize any sale of securities.

6. STAFF COSTS

CZK '000	2011	2010
Staff costs		
Staff salaries and bonuses	213,361	202,662
Social security and health insurance	68,434	61,325
Other social costs	15,624	14,552
Total	297,419	278,539

Average Headcount

	2011	2010
Staff	359	358

Stated as the average number of employees since the beginning of the year.

7. GENERAL OPERATING COSTS

Administrative Costs

CZK '000	2011	2010
Rent and other services relating to rent	55,312	52,929
Low-value assets	13,441	10,458
Costs of technical equipment	45,825	39,137
Consumed material	10,998	14,946
Audit, advisory	9,677	2,393
Taxes and fees	4,299	6,917
Consumed energy	13,574	14,169
Repairs and maintenance	10,827	10,839
Postage, transportation and telecommunication	23,338	26,357
Sale promotion	19,034	17,699
Public relations, advertising	123,737	93,361
Other	24,473	24,649
Total administrative costs	354,535	313,854

Other Operating Income

CZK '000	2011	2010
Other	10,323	23,572
Income from the transfer of assets	115	714
Total	10,438	24,286

The increase in 'Other' in 2010 principally includes the one-off charging of legal fees for previous years amounting to CZK 13,817 thousand.

Other Operating Expenses

CZK '000	2011	2010
Annual contribution to the Deposit Insurance Fund	48,461	38,024
State support covered from internal funding	572	723
Other	4,602	4,806
Total	53,635	43,553

In accordance with the Banking Act, the contribution to the Deposit Insurance Fund amounted to 0.05% annually at 30 June 2010. From 1 July 2010, it was 0.08% annually of the amount of insured deposits.

8. DEPRECIATION

CZK '000	2011	2010
Depreciation of tangible and intangible fixed assets	57,606	58,141
Total	57,606	58,141

9. WRITE-OFFS, CHARGE FOR, USE AND RELEASE OF PROVISIONS FOR RECEIVABLES AND RECOVERIES OF RECEIVABLES WRITTEN OFF

Provisions for Classified Receivables

CZK '000	
Provisions for classified receivables	
Balance at 1 January 2010	630,611
Charge during the year	255,436
Monitored loans	51,297
Substandard loans	71,226
Doubtful loans	47,851
Loss loans	85,062
Use during the year	(149,323)
Write-off of loans	(618)
Release of redundant provisions	(148,705)
Balance of provisions at 31 December 2010	736,724
Balance at 1 January 2011	736,724
Charge during the year	244,017
Monitored loans	44,047
Substandard loans	67,319
Doubtful loans	35,654
Loss loans	96,997
Use and release during the year	(155,673)
Write-off of loans	(895)
Release of redundant provisions	(154,778)
Balance of provisions at 31 December 2011	825,068

The Company created non-tax deductible provisions for interest in the year ended 31 December 2011 amounting to CZK 871 thousand (2010: CZK 985 thousand).

Release of provisions and reserves against receivables and guarantees, income from receivables previously written off

CZK '000	2011	2010
Release of provisions against receivables	156,511	149,269
Recoveries of receivables previously written off	4,092	5,822
Release of provisions and reserve against receivables and guarantees, recoveries of receivables previously written off	160,603	155,091

Write-offs, recognition and use of provisions and reserves against receivables and guarantees

CZK '000	2011	2010
Recognition of provisions against receivables	(244,017)	(255,436)
Recognition of provisions against other assets	(6,520)	(14,142)
Write-off of receivables	(1,453)	(2,097)
Use of provisions against written-off receivables	895	618
Use of provisions against other assets	212	867
Write-offs, recognition and use of provisions and reserves against receivables and guarantees	(250,883)	(270,190)

10. INCOME TAX

CZK '000	2011	2010
Pre-tax profit or loss for the period	1,144,067	1,025,890
Non-taxable income	(682,366)	(573,287)
Non-tax deductible expenses	53,923	39,546
Other items (tax and accounting depreciation charges)	(20,419)	(59,531)
Sponsorship	(400)	(355)
Tax liability (19 percent)	94,013	82,130
Used tax relief and deductions	(180)	(156)
Income tax charge	93,833	81,974
Deferred tax credit/charge	(1,362)	11,200
Tax refunds and arrears	937	2,575
Total income taxation	93,408	95,749

Refunds and arrears of taxes as at 31 December 2011 consist of the settlement of the corporate income tax for the year 2010. Refunds and arrears of taxes as at 31 December 2010 include especially the settlement of the corporate income tax for the year 2009 amounting to CZK 23.5 thousand and refunds for the years 2006-7 amounting to CZK 487 thousand due to the tax deductibility of a state subsidy paid from its own resources and additional tax paid for the years 2004-9 amounting to CZK 3,053 thousand due to the one-off charging of legal fees for the previous years in income.

11. ALLOCATION OF PROFIT

The Bank's profit for the year ended 31 December 2011 amounted to CZK 1,050,659 thousand. A Profit distribution proposal for the year 2011 was not available at the date of creation of the annual financial statements. In the year ended 31 December 2010, the Bank's profit amounted to CZK 930,141 thousand and the General Meeting approved an increase in the mandatory reserve fund of CZK 12,500 thousand and transfer of the remaining part of the profit for 2010, CZK 917,641 thousand, into retained earnings.

12. CASH IN HAND AND BALANCES AT THE CZECH NATIONAL BANK

CZK '000	2011	2010
Cash in hand	5,619	0
Deposits at the Czech National Bank	723,853	694,810
Total	729,472	694,810

Cash in hand as at 31 December 2011 includes cash in transit of CZK 5,619 thousand. Balances with the Czech National Bank represent mandatory minimum reserves. These mandatory minimum reserves with the Czech National Bank bear interest. At the end of 2011, the interest rate was 0.75% (the 2010 year-end: 0.75%).

13. AMOUNTS DUE FROM BANKS

Current accounts and term deposits

CZK '000	2011	2010
Operating account with KB (repayable at call)	1,439	5,737
Term deposits	1,503,327	0
Mortgage bonds issued by financial institutions	14,928,080	13,133,212
Of which: accrued interest income (including premium and discount)	24,243	92,307
Total amounts due from banks	16,432,846	13,138,949

Mortgage bonds issued by financial institutions are publicly non-tradable debt securities acquired in primary placements consisting of a security in certificate form with a fixed interest income with an aggregate amount of CZK 3,166,675 thousand and securities in certificate and booked form with a variable interest rate fixed for the determined periods; as at the fixing date, both the investor and the issuer have the possibility to sell/repurchase the securities at an aggregate amount of CZK 11,761,405 thousand (2010: CZK 9,952,222 thousand).

These securities held by the Bank at the balance sheet date are not listed.

14. AMOUNTS DUE FROM CLIENTS

Classification of amounts due from clients

Since 1996, the Bank has been providing clients with both bridging loans until they become entitled to receive a construction savings loan and loans arising under the Construction Savings Act.

Amounts due from clients

CZK '000	2011	2010
Granted loans	6,796,962	7,125,863
Bridging loans	44,624,786	42,594,583
Total loans (gross)	51,421,748	49,720,446
Other amounts due from clients	58,791	59,150
Total amounts due from clients (gross balance)	51,480,539	49,779,596
Provisions against granted loans	(70,535)	(68,637)
Provisions against bridging loans	(754,533)	(668,088)
Provisions against other amounts due from clients	(15,978)	(13,216)
Total provisions	(841,046)	(749,941)
Total amounts due from clients (net balance)	50,639,493	49,029,655

Granted loans

CZK '000	2011	2010
Standard	6,655,548	6,979,315
Monitored	43,219	44,052
Substandard	44,078	56,542
Doubtful	4,658	5,903
Loss	49,459	40,051
Granted loans (gross balance)	6,796,962	7,125,863

Bridging loans

CZK '000	2011	2010
Standard	42,507,465	40,678,766
Monitored	829,071	750,170
Substandard	537,946	532,309
Doubtful	79,189	86,338
Loss	671,115	547,000
Total bridging loans (gross balance)	44,624,786	42,594,583

Analysis of granted loans and bridging loans to clients by type of collateral

Type of collateral (CZK '000)	2011	2010
Bank guarantees	438,200	194,203
Real estate	33,508,207	32,743,538
Guarantors	2,689,818	3,397,284
Deposits	6,761,880	6,108,165
Uncollateralised	8,023,643	7,277,256
Total	51,421,748	49,720,446

The collateral values presented above represent the types of collateral accepted by the Bank but only up to the amount of the loan balances. If collateral is combined, the loan is split into portions and reported on several lines based on the collateral quality.

Analysis of loans to clients by sector - gross balance

CZK '000	2011	2010
Resident individuals	48,184,582	47,946,519
Legal entities, housing associations, etc.	3,237,166	1,773,927
Municipalities	0	0
Total (gross amount)	51,421,748	49,720,446

Amounts due from clients written off and recoveries of receivables written off

CZK '000	2011	2010
Receivables written off	(1,453)	(2,097)
Amounts due from clients written off	(1,221)	(1,302)
Other amounts due written off	(232)	(795)
Recoveries of receivables written off	4,092	5,822
Of which: Recoveries of amounts due from clients written off	4,092	5,822
Recoveries of amounts due sold	0	0

15. SECURITIES AVAILABLE FOR SALE

State zero-coupon bonds and other securities eligible for refinancing with the central bank

CZK '000	2011	2010
Carrying amount of state zero-coupon bonds and other securities eligible for refinancing with the central bank	10,621,005	12,086,229
Of which: accrued interest income (including premium and discount)	74,798	(203,283)

Debt securities

CZK '000	2011	2010
Mortgage bonds issued by financial institutions	275,365	269,815
Of which: accrued interest income (including premium and discount)	(6,039)	(4,392)

The amount of valuation differences of securities charged against equity before taking into account the effect of deferred tax amounted to CZK 399,489 thousand (2010: CZK 543,245 thousand) as at 31 December 2011.

All securities available for sale held by the Bank at the balance sheet date are listed on the Prague Stock Exchange.

16. DEFERRED EXPENSES AND ACCRUED INCOME AND OTHER ASSETS

Deferred expenses and accrued income

CZK '000	2011	2010
Office material in stock	347	389
Car lease	5,157	6,419
Other (rental, meal tickets, newspaper subscriptions, magazines, etc.)	6,983	7,512
Total	12,487	14,320

Other assets

CZK '000	2011	2010
Prepayments made to suppliers	17,936	13,790
Various debtors	12,980	7,811
Estimated receivables for state subsidy	777,002	813,814
Estimated commission, invoices not issued, other	21,244	5,074
Settlement with the State budget	1,708	574
Receivables from employees	0	4,462
Total other assets	830,870	845,525
Provisions against other receivables	(5,486)	(3,672)
Total other assets	825,384	841,853

17. INTANGIBLE ASSETS

Summary of intangible fixed assets

CZK '000	Software	Prepayments	Other intangible fixed assets	Investments under construction	Total
Cost					
At 1 January 2010	328,440	0	8,339	16,501	353,280
Additions	24,916	0	4,739	33,521	63,176
Other movements	0	0	0	0	0
Disposals	0	0	0	(29,655)	(29,655)
At 31 December 2010	353,356	0	13,078	20,367	386,801
At 1 January 2011	353,356	0	13,078	20,367	386,801
Additions	30,351	0	0	28,579	58,930
Other movements	0	0	0	0	0
Disposals	0	0	0	(30,351)	(30,351)
At 31 December 2011	383,707	0	13,078	18,595	415,380
Accumulated amortization and provisions					
At 1 January 2010	103,747	0	8,339	0	112,086
Annual charges	33,812	0	0	0	33,812
Disposals	0	0	0	0	0
At 31 December 2010	137,559	0	8,339	0	145,898
At 1 January 2011	137,559	0	8,339	0	145,898
Annual charges	35,283	0	948	0	36,231
Disposals	0	0	0	0	0
At 31 December 2011	172,842	0	9,287	0	182,129
Net book value					
At 31 December 2010	215,797	0	4,739	20,367	240,903
At 31 December 2011	210,865	0	3,791	18,595	233,251

18. TANGIBLE ASSETS

Summary of tangible assets

CZK '000	Land and buildings	Tools, office equipments and others	Prepayments	Tangibles under construction	Total
Cost					
At 1 January 2010	522,458	189,044	0	0	711,502
Additions	38	5,133	0	5,502	10,673
Other movements	0	0	0	0	0
Disposals	0	(4,612)	0	(5,171)	(9,783)
At 31 December 2010	522,496	189,565	0	331	712,392
At 1 January 2011	522,496	189,565	0	331	712,392
Additions	761	2,580	0	25,696	29,037
Other changes	0	0	0	0	0
Disposals	0	(6,469)	0	(3,341)	(9,810)
At 31 December 2011	523,257	185,676	0	22,686	731,619
Accumulated amortization and provisions					
At 1 January 2010	136,788	157,223	0	0	294,011
Annual charges	10,098	14,233	0	0	24,331
Disposals	0	(4,612)	0	0	(4,612)
At 31 December 2010	146,886	166,844	0	0	313,730
At 1 January 2011	146,886	166,844	0	0	313,730
Annual charges	10,115	11,260	0	0	21,375
Disposals	0	(6,469)	0	0	(6,469)
At 31 December 2011	157,001	171,635	0	0	328,636
Net book value					
At 31 December 2010	375,610	22,721	0	331	398,662
At 31 December 2011	366,256	14,041	0	22,686	402,983

In addition to the above, at the balance sheet date the Bank reported 25 cars (2010: 24 cars) acquired under a long-term finance lease contract; the acquisition cost of the cars amounts to CZK 13,578 thousand (2010: CZK 12,723 thousand).

19. EQUITY INVESTMENTS

The Bank held no equity investments in other companies in 2011 and 2010.

20. AMOUNTS OWED TO BANKS

As at 31 December 2011, the Bank reported no amounts owed to banks (as at 31 December 2010: from received term deposits). The Bank does not provide other banks with guarantees for loans to its clients and does not accept any bills of exchange.

Amounts owed to Banks

CZK '000	2011	2010
Term deposits	0	900,010
Total amounts owed to banks	0	900,010

21. AMOUNTS OWED TO CLIENTS

Total amounts owed to clients

CZK '000	2011	2010
Deposits received from clients under construction savings schemes	70,047,882	68,177,784
Other payables to clients	90,312	127,296
State subsidy claims	777,002	813,814
Received term deposits from other financial institutions	1,503,190	0
Total	72,418,386	69,118,894
Of which: Repayable at call	174,726	243,837

The level of state subsidy arising under construction savings schemes as at 31 December 2011 is estimated on the basis of the client deposit balance at the end of the month. The state subsidy for 2011 will be credited to client accounts after its level is approved by the Czech Finance Ministry during 2012.

22. ACCRUED EXPENSES AND DEFERRED INCOME AND OTHER LIABILITIES

Accrued expenses and deferred income

CZK '000	2011	2010
Annual bonuses, overtime hours, outstanding vacation days, fine, social security and health insurance	39,012	32,250
Estimate for advantageous interest	517,702	523,185
Deferred income - (rental)	40	40
Total	556,754	555,475

The estimate for advantageous interest to clients represents accrued expenses for client deposits in respect of the Profit tariff (construction savings contracts concluded prior to 30 June 2001) which are recognized on an ongoing basis and to which the clients become entitled under certain conditions and advantageous interest provided to clients within the marketing activities.

Other liabilities

CZK '000	2011	2010
Estimated payables	183,113	200,035
Of which: Commission for mediating construction savings contracts and loan contracts	86,699	120,140
Other (predominantly unbilled supplies)	96,414	79,895
Suppliers	27,864	40,012
Settlement with employees	11,087	11,021
Settlement with the state budget	272,069	45,851
Settlement with social authorities	5,861	5,719
Deferred tax liability	99,789	125,998
Other temporary liabilities	2,295	513
Change in fair value of interest rate swap	0	50,536
Total other liabilities	602,078	479,685

Settlement with the state budget as at 31 December 2011 includes withholding tax liability amounting to CZK 236,520 thousand from interest income on deposits credited in December 2011 in relation to the amendment to the Income Tax Act effective from 1 January 2011.

23. RESERVES

Development of the reserve and the other tax non-deductible reserves in 2011 and 2010 was as follows:

CZK '000

Balance at 1 January 2010	26,052
Recognition of the reserve for default interest	730
Use of the reserve for default interest	(730)
Recognition of a reserve for employee jubilees and loyalty bonuses (net)	170
Release of the reserve for operating expenses	(11,287)
Recognition of the reserve for legal disputes	17
Release of the reserve for legal disputes	(142)
Balance of tax non-deductible reserves at 31 December 2010	14,810

Non-deductible reserves as at 31 December 2010 represent the reserve for seizure amounting to CZK 750 thousand, the reserve for penalties from the Anti-monopoly Office of CZK 9,100 thousand, the reserve for employee jubilees and loyalty bonuses amounting to CZK 1,863 thousand and the reserve for legal disputes with bank advisors of CZK 2,935 thousand and with clients amounting to CZK 162 thousand.

CZK '000

Balance at 1 January 2011	14,810
Recognition of a reserve for employee jubilees and loyalty bonuses (net)	22
Use of the reserve for penalties	(9,100)
Recognition of the reserve for legal disputes	600
Release of the reserve for legal disputes	(1,151)
Use of the reserve for legal disputes	(1,594)
Recognition of a reserve for other personnel costs	427
Balance of tax non-deductible reserves at 31 December 2011	4,014

Non-deductible reserves as at 31 December 2011 represent the reserve for seizure of CZK 750 thousand, the reserve for employee jubilees and loyalty bonuses amounting to CZK 1,885 thousand, the reserve for legal disputes with bank advisors of CZK 708 thousand and with clients amounting to CZK 244 thousand and the reserve for social and health insurance in connection with provision of shares to the employees of CZK 427 thousand.

24. DEFERRED TAX

Deferred tax is calculated from temporary differences between the tax base and carrying value using tax rates effective in the period when the use of the temporary tax difference is estimated, i.e. 19% applicable in 2012 and used for 2011 (in 2010: i.e. 19% applicable for 2011).

The deferred income tax for the year ended 31 December 2011 reflects a difference between the accounting and tax net book values of assets, the amount of planned bonuses for managers to be paid in the following year, the cost of social security and health insurance on planned bonuses for managers and an estimate made in respect of outstanding vacation days for 2011. The deferred income tax for the year ended 31 December 2010 did not reflect the amount of planned bonuses for managers to be paid in the following year. The deferred tax liability with an impact on equity represents a difference on the fair value remeasurement of the portfolio of securities available for sale.

Deferred tax asset and liability

CZK '000

	2011	2010
Intangible and tangible fixed assets - difference between accounting and tax net book values	(160,592)	(140,073)
Planned bonuses to be paid in the following year	26,173	0
Social security and health insurance on planned bonuses, estimated vacation	8,703	7,189
Total balance of temporary differences	(125,716)	(132,884)
Deferred tax asset with an impact on the profit and loss account at 31 December	(23,886)	(25,248)
Remeasurement of available for sale securities	(399,489)	(530,263)
Balance of the deferred tax asset charged against equity	(75,903)	(100,750)

Development of deferred tax asset and liability

CZK '000	2011	2010
Deferred tax asset with an impact on profit or loss at 1 January	(25,248)	(14,048)
Deferred tax asset charged against equity at 1 January	(100,750)	(112,006)
Deferred tax asset (+) / liability (-) at 1 January	(125,998)	(126,054)
Current changes charged against profit or loss	1,362	(11,200)
Current changes charged against equity	24,847	11,256
Impact of the change in the tax rate	0	0
Total current changes charged	26,209	56
Deferred tax asset with an impact on profit or loss at 31 December	(23,886)	(25,248)
Deferred tax asset/liability with an impact on equity at 31 December	(75,903)	(100,750)
Deferred tax asset (+) / liability (-) at 31 December	(99,789)	(125,998)

25. EQUITY

As at 31 December 2011 and 2010, the Bank's share capital amounts to CZK 562,500 thousand and is composed of 5,625 registered shares that are not tradable with a nominal value of CZK 100 thousand each. The shares are registered in book-entry form. The sole shareholder of the Bank with 100% equity investment is KB with its registered office at Na Příkopě 33, Prague 1.

As at 31 December 2011, the Bank carries the statutory reserve fund of CZK 112,500 thousand (2010: CZK 100,000 thousand), general reserve fund of CZK 1,007,138 thousand, share premium CZK 487,500 thousand and valuation differences of CZK 323,586 thousand (CZK 399,489 thousand on a gross basis and the relating deferred tax of CZK -75,903 thousand), in the year ended 31 December 2010: CZK 429,513 thousand (CZK 530,263 thousand on a gross basis and the relating deferred tax of CZK -100,750 thousand).

26. CONTINGENT ASSETS, LIABILITIES AND LOAN COMMITMENTS

LOAN COMMITMENTS

Loan Commitments of the Bank as at 31 December were as follows:

CZK '000	2011	2010
Commitments - granted loans	133,525	395,908
Commitments - bridging loans	2,319,857	3,341,189
Loan Commitments Total	2,453,382	3,737,097

LEGAL DISPUTES AND ADMINISTRATIVE PROCEEDINGS

In 2004, the Anti-monopoly Office initiated administrative proceedings regarding the coordinated approach of construction savings banks to determine fees relating to the construction savings scheme. The dispute ended in 2011 with the decision to cancel the penalty and the Bank released the recognized reserve of CZK 9 100 thousand.

As at 31 December 2011, in addition to the above, the Bank was not involved in any litigation, which would have a significant impact on the company.

27. RELATED PARTY TRANSACTIONS

Transactions with KB financial group

CZK '000	2011	2010
ASSETS		
Operating accounts with KB	1,439	5,737
Term deposits with KB	1,503,328	0
KB mortgage bonds available for sale	272,239	268,056
KB mortgage bonds - non-current financial investment	14,928,080	13,133,212
Estimate of the commission of the KB financial group (sale of products)	12,633	2,940
Other assets (deferred expenses, operating receivables, rebilling)	173	8
Total	16,717,892	13,409,953
LIABILITIES		
Received term deposit from KB	0	900,010
Received term deposit from PF KB	1,503,190	0
Payables to KB	1,773	1,068
Estimated payables - services and commissions to KB	13,566	2,335
Difference in the fair value of KB securities	13,326	7,497
Other liabilities (IRS)	0	64,791
Total	1,531,855	975,701

CZK '000	2011	2010
EXPENSES		
Commissions and fees (KB)	9,534	22,085
Interest (KB)	38,128	73,044
Interest (PF KB)	3,190	0
Interest on subordinate debt (KB)	0	19,940
Net expenses for securities transactions (KB)	1,300	89
Other operating expenses (KB)	17,550	5,006
Total	69,702	120,164

CZK '000	2011	2010
INCOME		
Interest KB (term deposit, IRS)	21,720	39,945
Income from mortgage bonds of KB	546,924	513,180
Other operating income (KB)	60	60
Commission to the KB financial group (sale of products)	49,492	39,794
Total	618,196	592,979

Remuneration and receivables from members of the Board of Directors and the Supervisory Board

CZK '000	2011	2010
Salaries and bonuses		
To members of the Board of Directors	14,384	14,372
To members of the Supervisory Board	33	31
Total	14,417	14,403
Number of members of the Board of Directors at 31 December	3	3
Number of members of the Supervisory Board at 31 December	6	6

In the case of the Board of Directors, the assumption of an annual bonus for 2011 was included (to be paid in March 2012). The salaries of the members of the Supervisory Board elected by the Bank's employees have not been reflected in the above table.

As at 31 December 2011, the Bank records the loan receivable from the members of the Board of Directors amounting to CZK 3,267 thousand (2010: CZK 3,267 thousand) and from the members of the Supervisory Board amounting to CZK 1,195 thousand (2010: CZK 0)

28. RISK MANAGEMENT

The inclusion of the Bank into the Société Générale/Komerční banka Group requires a gradual introduction of risk management standards adhered to by the whole Group which has a positive impact on the quality of management of all risks to which the Bank is exposed. The cooperation involves, for example, the implementation of tools for managing operational risks developed within the Group, introduction of scoring models in the area of retail receivables, and implementation of the IRB approach based on the model established in SG with respect to exposures on the financial market, etc.

CAPITAL MANAGEMENT

The Bank manages its capital with the objective of maintaining a strong capital base to support its business activities and to meet capital regulatory requirements in the current period and going forward. As part of the capital planning process, the Bank takes both internal and external factors into account which are reflected in the corresponding internal targets expressed in the targeted Tier 1 values and the capital adequacy ratio. The Bank's capital level planning process is based on a regular capital structure analysis and a forecast which takes into account future capital requirements generated by increasing business volumes and future risks as expected by the Bank. This analysis principally leads to adjustments of the level of the Bank's dividend pay-out, identification of future capital needs and maintenance of a balanced capital composition.

The Bank uses the Internal Rating Based Advanced Approach for the credit risk capital requirement calculation in respect of amounts due from banks, central banks and central governments. The Bank uses the Standardized Approach for the credit risk capital requirement calculation in respect of other exposures.

For amounts due from banks, the Bank will use a central economic rating model developed by Société Générale. The model is based on variables of a qualitative questionnaire, including quantitative financial criteria, and country support questionnaire. Central models have also been developed for sovereigns (central banks and central governments).

The Bank uses the Standardized Approach for the operational risk capital requirement calculation.

(A) CREDIT RISK

Credit Risk Arising from Construction Savings (bridging and granted loan)

In the credit risk management process, the roles of individual departments are established so as to comply with the CNB's regulatory requirements. Risk management and loan approval is separate from business activities at the level of the members of the Board of Directors. Any important decisions in the area of credit risk management are adopted by the Credit Risk Management Committee.

In addition to construction savings loans, the Bank provides 'bridging loans' to clients who have not yet met the criteria to be eligible for the construction savings loan. The bridging loans are designed to bridge the period over which the client is not yet entitled to receive a construction savings loan. The client drawing a bridging loan pays interest on the bridging loan account and, at the same time, makes mandatory additional payments to a savings account. The additional payments made to the savings account represent the credit risk indicator and make the client eligible for state support. Once the terms and conditions for the provision of a loan from the construction savings are met, the bridging loan is repaid partly from the amount accumulated in the savings account and partly from the newly provided loan from the construction savings.

Pursuant to the Construction Savings Act, loans advanced to the participants in the construction savings scheme must be used to accommodate their housing needs. The purpose of each loan is subject to the Bank's review.

The Construction Savings Act places a limit on the proportion of loans entered into with legal entities. A similar restriction is put in place in respect of loans to persons whose products and services are designed to meet housing needs and bridging loans granted to clients. In addition to these regulatory limits, the Bank maintains other internal limits as well.

Individuals ('fyzické osoby')

The provision of loans to individuals represents the principal business of the Bank. As such, the loan portfolio is composed of a significant number of loan transactions of a relatively small volume and similar characteristics. With a view to limiting situations where the debtor is unable to repay the loan as required, the Bank specifically refers to the following information (depending on the product type) in making a loan underwriting decision:

- Assessment of a client's repayment ability based on documented income which is anticipated to be sustained in the future (after taking into account the expenses of the client)
- Assessment of a client using the scoring models that reflect both the savings and credit history of the client in the Bank and other available information on clients

- Assessment of negative information on a client (the Bank uses Bankovní registr klientů (Client Data Banking Register) operated by CBCB and the register operated by SOLUS as well as other internal or freely available negative information)
- Assessment of the quality of provided collateral.

Internal rules set out requirements to be followed in collateralizing the provided loans. The Bank uses the following forms of collateral: collateral by guarantors, by real estate, by deposits and by bank guarantees. Loans collateralized by real estate are largely issued up to 85% of the market value arrived at on the basis of an expert valuation report, for Hypoúvěř 100 mortgage loans up to 100% of the value arrived at on the basis of an expert valuation report. The Bank applies a conservative approach with respect to uncollateralized loans which are advanced only to clients with a history with the Bank or with using the application scoring. Synergies within the KB Group have been reflected in the area of provided loans where the Bank employs the scoring models developed in close cooperation with KB.

Legal Entities ('právníce osoby')

Loans to legal entities are provided specifically to groups of owners of flats and housing associations. Loans provided to legal entities are assessed with reference to the financial position, debt service and payment health of the client at regular intervals.

Recovery, Restructuring and Write-Offs of Receivables from Debtors

The loan recovery process has three phases involving the prevention of the origin of the classified loans, the out-of-court recovery phase and the court recovery phase. Classified loan receivables are recovered by the Distressed Loan Management Department and each overdue loan transaction is assessed on an individual basis.

At any phase of the loan recovery process, loan restructuring can be performed. The restructuring is primarily effected by writing a bailiff's deed. Since October 2009, the Bank has also used restructuring in the form of a short postponement of principal payments (additional payments).

A loan receivable is written off when the Bank determines that the receivable has become irrecoverable specifically through its assessment of a debtor's financial and economic position and hence court recovery of the loan cannot be expected to be successful.

Credit Risk Monitoring

The Bank regularly monitors the development of the loan portfolio and, as part of its regular monitoring activities, it analyses the loan portfolio by individual types of products, clients, distribution channels, collateral, individual classification grades of receivables and other criteria.

The Bank uses standard methodology for monitoring according to default rates, i.e. by client default to repay the loan in particular periods. This approach makes it possible to identify early indications of portfolio quality impairment as well as to compare the quality of the Bank's portfolio to the quality of the parent company's portfolio.

Loan Portfolio Quality

During 2011, the proportion of classified loans increased from 4.15% as at the 2010 year-end to 4.39%. As part of this category, the proportion of monitored loans increased from 1.60% to 1.70% and the proportion of distressed exposures increased from 2.55 to 2.70%.

In case the classification was purely based on the observed number of days after the maturity of individual loans, the share of classified loans in the bank would be stable long-term (at the end of 2008: 2.84%, 2009: 2.85%, 2010: 2.63%, 2011: 2.76%).

In addition to the number of days over maturity, the final classification of loans into categories influence other factors, see further description below.

Loan Categorization

The Bank classifies loans primarily by reference to the number of past due days. The calculation of the number of the past due days reflects both the outstanding past due amounts on the loan account (interest on the bridging loans and annuity repayments of loans under a construction savings scheme) and the savings debts in respect of the bridging loans. The savings debts have been reflected in the classification of loans since the end of 2007.

Special rules for classification of receivables are applied to loans which are restructured by the Bank.

The classification of the receivable may also be impacted by 'default transfers', i.e., downgrading in circumstances where the debtor or co-debtor in the assessed loan participates in another classified loan at the Bank either as a debtor, co-debtor or guarantor. The default transfer is partially applied to clients that default on their loans provided by KB.

Provisioning

The Bank recognizes provisions against classified exposures arising from provided loans. In charging the provisions, the Bank does not apply the portfolio approach; provisions are recognized in respect of individual receivables.

Loans are categorized into individual classification grades in accordance with the Czech National Bank Regulation 123/2007 Coll. The Bank categorizes its loans into standard exposures and classified exposures (watch, substandard, doubtful and loss). The substandard, doubtful and loss exposures are collectively referred to as distressed loans. The Bank recognizes provisions against classified receivables.

In determining coefficients to arrive at provisioning for individual classification grades, the Bank refers to its own statistical measurements and reflects the mandated coefficient ranges applicable to individual classification grades according to the CNB Regulation. The settings of the coefficients in the Bank are almost at the maximum level as outlined in the Regulation 123/2007 Coll., which leads to a high level of provisioning for classified exposures. In determining the provisions, the Bank additionally takes into account the level and quality of loan collateral. For provisioning purposes, the nominal value of the collateral is adjusted for a discount reflecting the risk of realizing the relevant type of collateral. This adjusted value is offset against the total loan exposure and the adjusted loan exposure serves as a basis for provisioning. The setting of discount coefficients for individual types of collateral is assessed on an ongoing basis by reference to the information regarding the recovery rates of individual forms of collateral.

Credit Risk Associated with Financial Markets

Available funds are invested in Czech government bonds or mortgage bonds or in term deposits with KB. The Bank does not hold any assets issued by any other entity and has no financial market exposure to any other entities than the Czech state and KB. The Czech state and KB are the only entities for which the Bank maintains a credit limit.

(B) MARKET RISKS

Given that the Bank complies with the Construction Savings Act 96/1993 Coll. as amended, the possibility of using financial instruments are limited. In 2011, in addition to bridging loans and construction savings loans, the Bank used the following financial instruments: depository transactions on the interbank market, investment in government bonds, and mortgage bonds, and it conducted repo transactions and securities transactions carrying the repurchase or sale commitment and hedging transactions. The Bank does not include any of these instruments in the trading book. The Bank makes these investments to assess available funds and to not increase the exposure to the interest rate risk. The Bank additionally carries no open currency, commodity or other positions that would depend on the development of market prices.

As the Bank does not hold foreign currency assets and liabilities, it does not present an analysis of assets and liabilities by balance sheet categories and principal currencies.

ASSETS AND LIABILITIES MANAGEMENT - INTEREST RATE RISK

Interest Rate Characteristics of the Bank's Assets and Liabilities

Given the structure of assets and liabilities which show a timing mismatch and have different maturities or repricing dates, the Bank is exposed to interest rate risk. The bulk of liabilities consist of client deposits bearing a fixed interest rate throughout the entire life of the construction savings contract. In respect of the contracts entered into subsequent to 2004, the Bank has the option to revise interest rates on deposits provided that the participant meets the conditions for being granted a loan under the construction savings scheme and assuming that more than six years have elapsed. With regard to the contracts entered into prior to 2004, the interest rate remains valid throughout the contract term.

Provided construction savings loans and the bulk of securities held by the Bank in its portfolio also bear interest at fixed interest rates, the Bank may review the interest rate attached to the long-term bridging loans after the lapse of six years. The possibility of reviewing interest rates attached to bridging loans relates only to contracts entered into subsequent to 1 July 2004. This fact is also reflected in the Bank's interest rate model.

Interest Rate Risk Management

The Bank manages interest rate risk through its investment policy, changes in the setting of interest rate terms underlying new construction savings contracts and adjustments of client contractual arrangements.

In an effort to improve the possibility of interest rate risk management, the Bank sought to expand its banking license to include hedging derivatives. The Czech National Bank approved the expanded license in early 2008. All investment/hedging transactions are approved by the Assets and Liabilities Management Committee which also approves the rules and techniques used in developing the interest rate and liquidity positions. Cooperation with KB in assets and liabilities management involves KB's representatives taking part in the Assets and Liabilities Management Committee meetings and cooperation in the development of interest rate risk management model.

Interest Rate Risk Measurement Techniques

Interest rate risk is the risk that net interest income will fluctuate due to changes in market interest rates. The basic instrument for monitoring and measuring interest rate risk is a gap analysis which represents an analysis of the difference in maturities of individual assets and liabilities. The substance of this technique involves comparing how quickly assets and liabilities respond to changes in market interest rates and how these changes impact the Bank's net interest income. The technique is based on the allocation of assets and liabilities into time bands according to the period of their repricing (contractual change of the interest rate) or maturity.

In measuring interest rate risk, the Bank uses the polo-dynamic model which reflects both the existing balance sheet amounts and the future increase in the volume of deposits and loans, but only in respect of the existing loan and construction savings contracts.

The Bank additionally uses the sensitivity indicator to quantify the level of interest rate risk taken. The sensitivity indicator quantifies the impact of a parallel shift of the yield curve by 1%. The sensitivity indicator is calculated for all time periods. The Bank has established an internal limit in respect of this indicator.

The table below describes balances allocated to individual time buckets at the balance sheet date (a static model which does not reflect the increase in the balance sheet amounts in respect of the existing contracts and which the Bank uses only as a supporting model for interest rate risk measurement).

Interest Rate Sensitivity of the Bank's Assets and Liabilities

CZK million	Up to 1 year	1 year to 5 years	5 years to 10 years	10 years to 15 years	Over 15 years	Undefined	Total net balance
At 31 December 2011							
Total assets	13,856	40,337	16,529	7,115	1,639	697	80,172
Cash in hand and balances with central banks	729	0	0	0	0	0	729
State zero-coupon bonds and other securities eligible for refinancing with the central bank	379	8,172	615	1,455	0	0	10,621
Amounts due from banks and savings associations	2,993	0	13,440	0	0	0	16,433
Amounts due from clients - members of savings associations	8,976	31,892	2,473	5,660	1,639	0	50,639
Debt securities	2	273	0	0	0	0	275
Intangible fixed assets	0	0	0	0	0	233	233
Tangible fixed assets	0	0	0	0	0	403	403
Other assets	777	0	0	0	0	61	838
Total liabilities and equity	41,153	29,654	2,125	5	0	7,234	80,172
Amounts owed to banks	0	0	0	0	0	0	0
Amounts owed to clients - members of savings associations	40,633	29,654	2,125	5	0	0	72,418
Other liabilities	2	0	0	0	0	600	602
Deferred income and accrued expenses	518	0	0	0	0	39	557
Reserves	0	0	0	0	0	4	4
Subordinated liabilities	0	0	0	0	0	0	0
Total equity	0	0	0	0	0	6,591	6,591
Gap	(27,297)	10,682	14,403	7,110	1,639	(6,537)	0

ASSETS AND LIABILITIES MANAGEMENT - LIQUIDITY RISK

Liquidity risk is the risk that the Bank will not be able to meet its financial commitments when they fall due or will not be able to refinance its assets. The principal objective of liquidity management is to ensure the Bank's ability to settle its payables at any point of time. The Bank has developed a liquidity management strategy which was approved by the Board of Directors.

Liquidity management can be divided into 2 areas:

1) Short-term Liquidity Management (Operational Liquidity)

The Bank monitors and controls liquidity in the context of managing the mandatory minimum reserves placed on the account in the CNB Clearing Centre. Current liquidity is monitored on a daily basis. Monitoring is performed with no less than a three-month forecast.

The Bank outsources short-term liquidity management to KB which enables further drawing from the KB synergy potential as KB is in a better position to deposit and/or lend cash on financial markets.

2) Long-term Liquidity Management (Strategic Liquidity)

As a part of its risk management strategy, the Bank maintains a proportion of its assets in highly liquid instruments such as interbank market deposits with maturity of less than three months, reverse repo transactions, treasury bills, and government securities. For measurement purposes, the Bank uses, inter alia, the quick assets ratio which represents the proportion of highly liquid assets net of loan commitments to total assets and to the amount of deposits where the blocking period has expired.

The Bank additionally uses the liquidity gap as a strategic liquidity management tool, which shows the liquidity position based on a semi-dynamic model and shows the situation that would occur if the Bank ceased to enter into new construction savings contracts and to provide bridging loans. It simulates the state in which the Bank would only settle the current contracts and all payables arising from them. The model foresees the acceptance of new deposits and the conclusion of new construction savings loans but only as part of the already existing construction savings contracts. This indicator is prepared and reported to the management on a monthly basis. The bank has set the limit for this indicator.

For liquidity risk management purposes, the Bank uses the limits specified in its internal regulations.

The table below shows the allocation of balances to individual time buckets as at the balance sheet date (using a static model which does not reflect the increase in balances of the existing contracts and which serves only as a liquidity risk measurement supporting tool). In 2009, the Bank introduced a product for which clients undertake to maintain funds on savings accounts after the blocking period. These contracts set out a new blocking period at 3 or 6 years. The new blocking period is reflected in the table below showing the remaining maturity.

The remaining maturity of the bank's assets and liabilities

CZK million	Up to 7 days	7 days to 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Maturity undefined	Total for remaining maturity
At 31 December 2011										
Total assets	844	547	884	3,576	3,620	5,936	17,203	45,448	2,116	80,172
Cash in hand and balances with central banks	729	0	0	0	0	0	0	0	0	729
State zero-coupon bonds and other securities eligible for refinancing with the central bank	0	263	0	106	10	2,421	5,751	2,071	0	10,621
Amounts due from banks and savings associations	1	0	58	1,503	1,430	0	0	13,440	0	16,433
Amounts due from clients - members of savings associations	113	284	826	1,190	2,178	3,515	11,179	29,937	1,418	50,639
Debt securities	0	0	0	0	2	0	273	0	0	275
Intangible fixed assets	0	0	0	0	0	0	0	0	233	233
Tangible fixed assets	0	0	0	0	0	0	0	0	403	403
Other assets	0	0	0	777	0	0	0	0	61	838
Total liabilities and equity	210	299	31,526	3,090	6,028	10,063	19,591	2,131	7,234	80,172
Amounts owed to banks	0	0	0	0	0	0	0	0	0	0
Amounts owed to clients - members of savings associations	210	297	31,008	3,090	6,028	10,063	19,591	2,131	0	72,418
Other liabilities	0	2	0	0	0	0	0	0	600	602
Deferred income and accrued expenses	0	0	518	0	0	0	0	0	39	557
Reserves	0	0	0	0	0	0	0	0	4	4
Subordinated liabilities	0	0	0	0	0	0	0	0	0	0
Total equity	0	0	0	0	0	0	0	0	6,591	6,591
Gap	634	248	(30,642)	486	(2,408)	(4,128)	(2,388)	43,317	(5,119)	0
Cumulative gap	634	882	(29,760)	(29,274)	(31,682)	(35,810)	(38,198)	5,119	0	0

(C) OPERATIONAL RISK

All significant decisions relating to operational risk management are adopted by the Operational Risk Management Committee.

The Bank collects data on losses arising from operational risks. Data collection also relates to loan fraud which is treated as losses from credit risk associated with operational risk. The loss data is forwarded to KB and used in the group model for calculating capital requirements under the Advanced Measurement Approach (AMA) managed within the SG group. However, the capital requirements are calculated by reference to the standard method (TSA) on the Bank's level. At the end of 2011, the Bank started preparation on the plan to implement Advanced Measurement Approach (AMA).

Other advanced instruments that the Bank uses for operational risk management, involve monitoring the Key Risk Indicators (KRI), the Risk Control Self Assessment (RCSA) and the First Level Control (FLC).

The Bank's internal regulations define practices and procedures to be followed in recovering IT systems in disaster situations (disaster recovery planning) and IT security management principles. In 2011, plans for business continuity were updated under the applicable methodology of the SG group, the principles for which were documented in guidelines and work procedures.

The Bank eliminates operational risk through internal operating controls existing within processes and activities, such as liquidity management and trading on financial markets. Internal regulations define responsibilities for individual processes and the approach to monitoring, record-keeping and dealing with events that trigger damage.

29. POST BALANCE SHEET EVENTS

There were no significant events after the financial statements as at 31 December 2011.

Report on Relations Among Related Persons for the 2011 Accounting Period

(hereinafter referred to as "Report on Relations")

Modrá pyramida stavební spořitelna, a.s., with registered office at Bělehradská 128, no. 222, 120 21 Prague 2, IČ (Reg. no.) 60192852, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Enclosure 2281, (hereinafter referred to as "Company"), is a part of the business group (concern) of **Société Générale S.A.**, with registered office at 29, BLD Hausmann, 75009 Paris, France, registration number in the French commercial register: R.C.S. Paris B552120222 (1955 B 12022) (hereinafter referred to as "**SG**" or "**SG Paris**"), in which the following relations between the Company and its controlling person exist along with relations between the Company and other persons controlled by the same controlling person (hereinafter referred to as "**Related Persons**"), which are listed in this report. The sole shareholder of the Company is **Komerční banka, a.s.**, with registered office at Na Příkopě 33 no. 969, 114 07 Prague 1, IČ (Reg. no.) 453 17 054, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Enclosure 1360. SG is a 60.35% shareholder of Komerční banka, a.s.

This Report on Relations among the persons listed below was prepared in accordance with provision § 66a paragraph 9 of Act no. 513/1991 Coll., as amended (Commercial Code), for the period of 2011, i.e., from January 1, 2011 until December 31, 2011 (hereinafter referred to as "**Accounting Period**").

I. Introduction

During the 2011 accounting period, the Company had relations with the following related persons:

Company	Registered Office	Share of SG on the Company's voting rights
Société Générale S.A.	29, BLD Hausmann, 75009 Paris, France	-
Komerční banka, a.s.	Na Příkopě 33 no. 969, 114 07 Prague 1	60.735%
Komerční pojišťovna, a.s.	Karolinská 1, no. 650, 186 00 Prague 8	100%
Penzijní fond Komerční banky, a.s.	Lucemburská 1170/7, 130 11 Prague 3, Vinohrady	100%
Factoring KB, a.s.	Lucemburská 1170/7, 130 11 Prague 3, Vinohrady	100%
ALD Automotive s.r.o.	U Stavoservisu 527/1, 100 40 Prague 10	100%
ESSOX s.r.o.	Senovážné náměstí 231/7, 370 01 České Budějovice	100%
SG Equipment Finance Czech Republic s.r.o.	Antala Staška 2027/79, 140 00 Prague 4, Krč	100%
Societe Generale Algeria S.p.A.	16105 - Gu de Constantine, Résidence El Kerma BP 55 - BIRKHADEM, Wilaya d' ALGER, ALGERIA	100%

° this information is valid as of December 31, 2011

II. Relations with Related Persons

A. CONTRACTS AND AGREEMENTS WITH THE CONTROLLING PERSON AND OTHER RELATED PERSONS

I. Contracts and agreements concluded during the Accounting Period

Contract type (or subject-matter of the contract, unless given by the name)	Contracting party	Company's provided service	Counter-service	Loss incurred by the company
Universal contract on the handover of cash in envelopes	Komerční banka, a.s.	payment of service price and provision of cooperation	service provision	none
Deposits - transactions (210 units)	Komerční banka, a.s.	provision of money	interest according to the contract	none
Independent distribution contract - "Perfect Loan" from April 1, 2011	Komerční banka, a.s.	loan intermediation	commission	none
Independent Distribution Contract - "A karta, Lady karta, VISA Elektron credit card" from April 1, 2011	Komerční banka, a.s.	loan intermediation	commission	none
Independent Distribution Contract - "My Account, G2.2" from April 1, 2011	Komerční banka, a.s.	loan intermediation	commission	none
Service Provision Contract - outsourcing - data warehouse from June 30, 2011, and Annex no. 1 from October 15, 2011	Komerční banka, a.s.	payment for the price of services	service provision	none
Framework contract on the provision of services (IT) from January 24, 2011, and Annex no. 1 from October 11, 2011	Komerční banka, a.s.	payment of service price a provision of cooperation	service provision	none
Sub-contract no. 1 for the handling of technical infrastructure no. 2005/20110000009648/0000 from November 30, 2011, according to the Framework Contract from January 24, 2011, as amended by Annex no. 1 from October 11, 2011	Komerční banka, a.s.	payment of service price	service provision	none
Sub-contract no. for the handling of technical infrastructure no. 2005/20110000009602/0000 from October 31, 2011 according to the Framework Contract from January 24, 2011, as amended by Annex no. 1 from October 11, 2011	Komerční banka, a.s.	payment of service price	service provision	none
Sub-contract no. 3 for the handling of technical infrastructure no. 2005/20110000009604/0000 from October 31, 2011 according to the Framework Contract from January 24, 2011, as amended by Annex no. 1 from October 11, 2011	Komerční banka, a.s.	payment of service price	service provision	none
Sub-contract no. 4 for the handling of technical infrastructure no. 2005/20110000009603/0000 from October 31, 2011 according to the Framework Contract from January 24, 2011, as amended by Annex no. 1 from October 11, 2011	Komerční banka, a.s.	payment of service price	service provision	none
Contract on the lease of non-residential services and on the payment of services related to their use from August 15, 2011 (Česká Lípa)	Komerční banka, a.s.	payment of service price	service provision	none
Contract on the placement of bank machine no. 2004/201119526 (Brno, Kounicova street)	Komerční banka, a.s.	payment of service price	service provision	none
Independent distribution contract for products - "Mortgage Loan, Pre-mortgage Loan" from September 9, 2011, as amended by Annex no. 1 from December 19, 2011	Komerční banka, a.s.	loan intermediation	commission	none
Service Provision Contract - outsourcing, Assessment of risks related to real estate pledges for MPSS in the KB system	Komerční banka, a.s.	payment of service price	service provision	none
Agreement on the provision of training for employees at KB	Komerční banka, a.s.	payment of the price of services according to individual orders	service provision	none
Invoicing (re-charging) of the agency commission from KB according to agreement	Komerční banka, a.s.	payment of invoicing (re-charging) of the agency commission from KB	service provision	none
Order no. 522100028 (of a solution architect for an external data centers project study)	Komerční banka, a.s.	payment for the price of services	service provision	none
Term deposit accepted from PF KB	Penzijní fond Komerční banky, a.s.	provision of money	interest according to the contract	none

Contract type (or subject-matter of the contract, unless given by the name)	Contracting party	Company's provided service	Counter-service	Loss incurred by the company
Invoicing (re-charging) of costs from MPSS to KP according to agreement	Komerční pojišťovna, a.s.	payment of invoicing (re-charging) from MPSS to KP	service provision	none
Contract on sales representation - Moje auto	ESSOX s.r.o.	loan intermediation	commission	none
Invoicing (re-charging) of costs from ESSOX according to agreement - "Essox Moje Auto" flyers	ESSOX s.r.o.	payment of invoicing (re-charging) from MPSS to ESSOX	service provision	none
DATA PROTECTION AGREEMENT Processing of HR Data by Soci�t� G�n�rale	Soci�t� G�n�rale S.A.	service provision	cooperation during service provision	none
2 contracts on financial leasing with the subsequent purchase of the leased item no. 310050680, no. 310050822	ALD Automotive s.r.o.	payment of leasing installments	service provision	none
2 purchase contracts on the sale of used passenger cars	ALD Automotive s.r.o.	automobile sale	purchase price payment	none

II. Services received and provided during the Accounting Period based on contracts concluded in previous accounting periods

Contract type (or subject-matter of the contract, unless given by the name)	Contracting party	Company's provided service	Counter-service	Loss incurred by the company
Contract on the establishment and maintenance of a current account, including addendums	Komerční banka, a.s.	payment of interest and fees according to the contract	maintenance of current account and payment of interest	none
3 contracts on the issuing and use of a payment card for current account, 2x1 VISA Business Silver Card	Komerční banka, a.s.	payment of interest and fees according to the contract	service provision	none
6 contracts on the issuing and use of a payment card for current account, 4X company Gold Cards, 2X company Gold cards VISA (one cancelled during 2011)	Komerční banka, a.s.	payment of interest and fees according to the contract	service provision	none
Contract on the provision of direct banking (Internet banking with current account)	Komerční banka, a.s.	interest and fees according to the contract	service provision	none
Framework contract on dealing on the financial market from 2005 - transactions	Komerční banka, a.s.	commission	dealing on the financial market	none
Framework contract on dealing on the financial market from 2010 - transactions	Komerční banka, a.s.	commission	dealing on the financial market	none
Contract on the provision of the purchase or sale of securities from 1996 - transactions	Komerční banka, a.s.	commission	dealing on the financial market	none
Service Provision Contract on the market of short-term bonds, incl. Addendum no. 1	Komerční banka, a.s.	payment of fees for services	service provision	none
Contract on the use of a safety deposit box of Komerční banka, a.s., no. 863, box no. 723	Komerční banka, a.s.	payment of fees for service	service provision	none
Contract on use of a safety deposit box of Komerční banka, a.s., no. 867, box no. 921	Komerční banka, a.s.	payment of fees for service	service provision	none
Contract on use of a safety deposit box of Komerční banka, a.s., no. 494, box no. 833	Komerční banka, a.s.	payment of fees for service	service provision	none
Contract on the use of a night safe with a current account	Komerční banka, a.s.	fees for service provision	service provision	none
Contract on custody services provided by KB from 2010	Komerční banka, a.s.	contractual remuneration	service provision	none
Contract on use of the KB sales network (incl. Addendum no. 1, no. 2 and no. 3 from October 1, 2011)	Komerční banka, a.s.	payment of commission for the intermediation of transactions	intermediation of transactions	none
Framework contract on the provision of preferential conditions for employees of KB and subsidiary companies - building savings participants	Komerční banka, a.s.	provision of preferential conditions	provision of preferential conditions	none
Contract on the modification, use and operation of software "web914"	Komerční banka, a.s.	payment for service provision	service provision	none
Contract on the preservation of the confidential nature of information /Confidentiality Agreement/ - four-party contract	Komerční banka, a.s., BHW Holding AG and Česká pojišťovna, a.s.	preservation of the confidential nature of information	preservation of the confidential nature of information	none

Contract type (or subject-matter of the contract, unless given by the name)	Contracting party	Company's provided service	Counter-service	Loss incurred by the company
Service Provision Contract during a transitional period / Transitional IT Services Agreement/ - four-party contract	Komerční banka, a.s., BHW Bau-sparkasse AG and BHW Holding AG.	commitment to provide cooperation	provision of cooperation	none
Framework contract on the temporary assignment of employees, including Addendum no. 1	Komerční banka, a.s.	payment of costs for the temporary allocation of an employee	service provision	none
Agreement on the storage of back-up media	Komerční banka, a.s.	service provision payment	service provision	none
Contract on cooperation between KB and VSS in the provision of consumer loans, incl. Addendum no. 1	Komerční banka, a.s.	provision of services according to contract	provision of services according to contract	none
Lease contract - garage parking spot	Komerční banka, a.s.	service provision	lease fee	none
Contract on mutual cooperation from August 31, 2007, incl. Addendum no. 1	Komerční banka, a.s.	benefits for MPSS employees at KB	provision of benefits for MPSS employees at KB	none
General Distribution Agreement from August 31, 2007, incl. Addendum no. 1 from September 9, 2011	Komerční banka, a.s.	mutual cooperation in the sales of products	mutual cooperation in the sales of products	none
Cooperation Agreement - invoicing (re-charging) of costs from KB to MPSS from August 31, 2007, incl. Addendum no. 1 from May 17, 2011	Komerční banka, a.s.	mutual cooperation, service provision, service payment	mutual cooperation, service provision, service payment	none
Independent Distribution Contract (Blue Loan) incl. Contract Termination Agreement from March 31, 2011	Komerční banka, a.s.	loan intermediation	commission	none
Independent Distribution Contract (Blue Account, Blue Account PLUS, G2), incl. Addendum no. 1 and Addendum no. 2 and incl. Contract Termination Agreement from March 31, 2011	Komerční banka, a.s.	loan intermediation	commission	none
Independent Distribution Contract (Blue Credit Card), incl. Addendum no. 1 and incl. Contract Termination Agreement from March 31, 2011	Komerční banka, a.s.	loan intermediation	commission	none
Independent Distribution Contract (Mortgage loan, Pre-mortgage loan, Bridging loan), replaced by new contract from September 9, 2011	Komerční banka, a.s.	loan intermediation	commission	none
Cooperation Agreement - Client Scoring	Komerční banka, a.s.	provision of cooperation	service provision	none
Independent Distribution Contract from December 14, 2007 (investment instruments) including addendums no. 1 and 2 and incl. Agreement on the Termination of Contracts from December 23, 2011	Komerční banka, a.s.	investment intermediation	commission	none
Contract on Investment Intermediation from December 14, 2007 and incl. Agreement on the Termination of Contracts from December 23, 2011	Komerční banka, a.s.	investment intermediation	commission	none
Outsourcing Agreement - treasury	Komerční banka, a.s.	fees according to the contract	service provision	none
Agreement on the provision (intermediation) of "Assessment of risks related to real estate pledges" via DTS according to KB specification and methodology, terminated as of September 1, 2011	Komerční banka, a.s.	payment of service price and provision of cooperation	service provision	none
Confidentiality agreement for the "Agreement on the use of HP OV SD licenses"	Komerční banka, a.s.	preservation of the confidential nature of information	preservation of the confidential nature of information	none
Agreement on the payment of license use costs (replaced the oral agreement on the payment of costs for license use from 2007) incl. Addendum no. 1	Komerční banka, a.s.	payment of service price and provision of cooperation	service provision	none
Contract on cooperation within the group pursuant to § 5a of Act no. 235/2004 Coll., as amended, on Value Added Tax, including Addendum no. 1	Komerční banka, a.s.	provision of cooperation and payment for representation	service provision	none
1 contract on the lease of non-residential premises and on the payment of services related to their use (Uherský Brod)	Komerční banka, a.s.	service provision payment	service provision	none

Contract type (or subject-matter of the contract, unless given by the name)	Contracting party	Company's provided service	Counter-service	Loss incurred by the company
Framework contract on the processing of personal information (KB administrator, MPSS processing party) from May 30, 2009	Komerční banka, a.s.	personal information processing	provision of cooperation	none
Framework contract on the processing of personal information (MPSS administrator, KB processing party) from May 30, 2009 incl. Addendum no. 1 from September 12, 2011	Komerční banka, a.s.	provision of cooperation	personal information processing	none
Agreement on the insurance premiums payment method (discount on insurance premiums within the KB financial group) from July 1, 2009	Komerční banka, a.s.	provision of cooperation	service provision	none
Agreement on KB call centre services from January 1, 2010	Komerční banka, a.s.	payment of service price and provision of cooperation	service provision	none
Confidentiality contract for the "Contract on the provision of services - outsourcing (HR services)"	Komerční banka, a.s.	preservation of the confidential nature of information	preservation of the confidential nature of information	none
Service Provision Contract - outsourcing (HR services)	Komerční banka, a.s.	payment of service price and provision of cooperation	service provision	none
Confidentiality contract for "Contract on cooperation in the area of outsourcing and purchasing"	Komerční banka, a.s.	preservation of the confidential nature of information	preservation of the confidential nature of information	none
Accession to the rules of cooperation among KB and members of the financial group in the area of outsourcing and purchasing from September 16, 2010	Komerční banka, a.s.	payment of service price and provision of cooperation	service provision	none
Memorandum of Understanding in the area of credit risk management from August 3, 2010	Komerční banka, a.s.	cooperation in the provision of services	service provision	none
Agreement on the Organisation of Periodic Control from December 17, 2010	Komerční banka, a.s., and Sociétés Générales S.A.	payment of service price	service provision	none
Contract of the collective co-insurance of VSSKB clients in the event of death for the securing of loan no. 37-9861	Komerční pojišťovna, a.s., Česká pojišťovna, a.s.	client insurance intermediation	commission	none
Operating contract for the securing of collective co-insurance of the clients of VSSKB Česká pojišťovna, a.s., Komerční pojišťovna, a.s.	Komerční pojišťovna, a.s., Česká pojišťovna, a.s.	client insurance intermediation	commission	none
Sales representation contract, incl. Addendum no. 1, 2 and addendum. 3 from April 1, 2011	Komerční pojišťovna, a.s.	transaction intermediation	commission payment	none
Framework contract on cooperation no. 3010000246 (SPEKTRUM PROGRAM)	Komerční pojišťovna, a.s.	provision of cooperation	service provision to MPSS employees	none
Contract on the provision of preferential conditions for employees of Komerční pojišťovna a.s. - participants of building savings at MPSS	Komerční pojišťovna, a.s.	provision of preferential conditions	provision of preferential conditions	none
Mandate contract on cooperation in the area of supplementary pension insurance incl. Addendums no. 1, 2, 3, 4, 5 and 6 from March 30, 2011	Penzijní fond Komerční banky, a.s.	transaction intermediation	commission payment	none
Contract on the processing of personal information from November 28, 2003, administrator PFKB processing party MPSS	Penzijní fond Komerční banky, a.s.	personal information processing	provision of cooperation	none
Contract on the processing of personal information from November 9, 2004, administrator MPSS, processing party PFKB	Penzijní fond Komerční banky, a.s.	provision of cooperation	personal information processing	none
Contract on cooperation in the area of supplementary pension insurance with state subsidy	Penzijní fond Komerční banky, a.s.	transaction intermediation	commission payment	none
Mandate contract on the intermediation of MPSS employee requests for participation in supplementary pension insurance	Penzijní fond Komerční banky, a.s.	transaction intermediation	commission payment	none

Contract type (or subject-matter of the contract, unless given by the name)	Contracting party	Company's provided service	Counter-service	Loss incurred by the company
Contract on the provision of preferential conditions for employees of PF KB a.s. - participants of building savings at MPSS	Penzijní fond Komerční banky, a.s.	provision of preferential conditions	provision of preferential conditions	none
Contract on the provision of preferential conditions for employees of ESSOX s.r.o. - participants of building savings at MPSS	ESSOX s.r.o.	provision of preferential conditions	provision of preferential conditions	none
Cooperation agreement (including the Process rules of cooperation and Financial conditions of cooperation) from May 16, 2007	ESSOX s.r.o.	loan intermediation	commission	none
Contract on the processing of confidential information (MPSS administrator, ESSOX processing party) from May 16, 2007	ESSOX s.r.o.	provision of cooperation	personal information processing	none
Contract on the provision of preferential conditions for employees of Factoring KB a.s. - participants of building savings at MPSS	Factoring KB a.s.	provision of preferential conditions	provision of preferential conditions	none
Contract on the provision of preferential conditions for employees of SG Equipment Finance Czech Republic, s.r.o. a.s. - participants of building savings at MPSS	SG Equipment Finance Czech Republic, s.r.o.	provision of preferential conditions	provision of preferential conditions	none
Assignment of contract Evolution no. 20070049.1 from ECS International Czech Republic, s.r.o., deed of assignment from August 30, 2007	SG Equipment Finance Czech Republic, s.r.o.	lease installment payments	service provision	none
Invoicing (re-charging) of costs from MPSS to SOCIETE GENERALE ALGERIE S.p.A., Algeria according to agreement	SOCIETE GENERALE ALGERIE S.p.A.,	invoicing (re-charging) of costs	payment of invoiced (re-charged) costs that have not been paid yet	none
Contract on the provision of preferential conditions for employees of ALD Automotive s.r.o. - participants of building savings at MPSS	ALD Automotive s.r.o.	provision of preferential conditions	provision of preferential conditions	none
Framework contract from October 18, 2007 - conclusion of contracts on financial leasing	ALD Automotive s.r.o.	provision of cooperation	service provision	none
24 contracts on financial leasing with the subsequent purchase of the leased item no. 310035090, no. 310035146, no. 310035147, no. 310035148, no. 310035149, no. 310035971, no. 31003808, no. 310038082, no. 310038083, no. 310040492, no. 310045803, no. 310045804, no. 310044806, no. 310045799, no. 310045800, no. 310045801, no. 310045802, no. 310045803, no. 310044804, no. 310047131, no. 310047132, no. 310047133, no. 310047136, no. 310047279,	ALD Automotive s.r.o.	lease installment payments	service provision	none

B. OTHER LEGAL ACTS PERFORMED BY THE COMPANY IN THE INTEREST OF THE CONTROLLING PERSON AND OTHER RELATED PERSONS

In 2011 the Company did not perform any other legal acts in the interest of the controlling person and other related persons or based on their initiative.

C. MEASURES ADOPTED OR TAKEN BY THE COMPANY IN THE INTEREST OF THE CONTROLLING PERSON AND OTHER RELATED PERSONS OR BASED ON THEIR INITIATIVE

In 2011 the Company did not adopt or take any measures in the interest of the controlling person and other related persons or based on their initiative.

III. Conclusion

The Company's Board of Directors has reviewed all relations between the Company and related persons for the 2011 Accounting Period and states that no losses have been incurred by the Company from any concluded contract, agreement, another legal act or other measures taken or adopted by the Company during the Accounting Period.

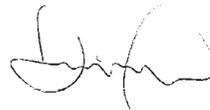
In Prague, on February 9, 2012

Prepared by: JUDr. Josef Květoň, Head of the Legal Department

Approved by:



Jan Pokorný
Chairman of the Board of Directors
and Managing Director of the Company



Miroslav Hiršl
Vice-Chairman of the Board of Directors and
First Deputy to the Company's Managing Director

Data on adherence to rules of cautious entrepreneurial activity

1. Data on capital

a) The share capital of the Bank is fully subscribed and paid, it amounts to CZK 562.5 million and is divided into 5,625 pcs. of registered shares of a nominal value CZK 100,000 per share. The shares have a form of book-entered securities and are not publicly traded.

Besides the share capital, the following is also included in the original capital (Tier 1): share premium in the amount of CZK 487.5 million, reserve funds and other funds from profit in the amount of CZK 1,120 million and undistributed profit from previous periods in the amount of CZK 3,047 million; intangible assets in the amount of CZK 233 million are deducted on the contrary.

The capital of the Bank consists of the original capital (Tier 1) only and is reduced by insufficiency in coverage of expected credit losses in the amount of CZK 2.5 million.

CZK thousand	31.12.2011	30.9.2011*	30.6.2011*	31.3.2011*
Total amount of original capital (Tier 1 component)	4,983,559	4,980,739	4,979,676	4,048,323
thereof paid share capital registered in commercial register	562,500	562,500	562,500	562,500
thereof share premium	487,500	487,500	487,500	487,500
thereof reserve funds and undistributed profit	4,166,809	4,166,809	4,166,809	3,236,668
- mandatory reserve funds	112,500	112,500	112,500	100,000
- other funds from profit distribution	1,007,138	1,007,138	1,007,138	1,007,138
- undistributed profit from previous periods	3,047,171	3,047,171	3,047,171	2,129,530
Total amount of supplementary capital (Tier 2 component)	0	0	0	0
thereof other supplementary capital	0	0	0	0
- subordinated debt A	0	0	0	0
Total amount of capital for coverage of market risk (Tier 3 component)	0	0	0	0
Total amount of deductible items	235,799	238,415	239,468	240,666
thereof insufficiency in coverage of expected credit losses at IRB	2,549	2,345	2,335	2,321
Total amount of capital after consideration of deductible items from original and supplementary capital and set limits of capital items	4,981,010	4,978,394	4,977,341	4,046,002

* non audited data

2. Data on capital requirements

CZK thousand	31.12.2011	30.9.2011*	30.6.2011*	31.3.2011*
Amount of capital requirements	2,438,643	2,428,405	2,428,829	2,388,295
a) 1. of credit risk in total	2,242,948	2,232,710	2,233,134	2,220,026
1.1 of credit risk according to standardized approach, therein:	1,854,439	1,878,153	1,873,457	1,858,294
Cap. requir. at STA in IRB of exposures towards central governments and banks	0	0	0	0
Cap. requir. at STA in IRB of exposures towards institutions	0	0	0	0
Cap. requir. at STA in IRB of corporate exposures	155,926	143,391	124,572	101,025
Cap. requir. at STA in IRB of retail exposures	1,698,513	1,734,762	1,748,885	1,757,268
Cap requir. at STA in IRB of the other exposures	0	0	0	0
1.2 of credit risk according to IRB approach in total	388,509	354,557	359,677	361,732
Cap. requir. of credit risk at IRB of selected exposures in total	348,471	314,420	319,446	320,362
Cap. requir. at IRB of exposures towards central governments and banks	59,514	61,828	64,038	67,260
Cap. requir. at IRB of exposures towards institutions	288,957	252,592	255,408	253,102
Cap. requir. at IRB of corporate exposures	0	0	0	0
Cap. requir. at IRB of retail exposures	0	0	0	0
Cap. requir. of credit risk at IRB of share exposures	0	0	0	0
Cap. requir. of credit risk at IRB of securitized exposures	0	0	0	0
Cap. requir. of credit risk at IRB of the other exposures	40,038	40,137	40,231	41,370
b) of settlement risk	0	0	0	0
c) of position, currency and commodity risk	0	0	0	0
d) of operational risk	195,695	195,695	195,695	168,369
e) of engagement risk of business portfolio	0	0	0	0
f) of other tools of business portfolio	0	0	0	0
g) Transition cap. requir.	0	0	0	0

* non audited data

3. Ratio indicators

	31.12.2011	30.9.2011*	30.6.2011*	31.3.2011*
1. indicator of capital adequacy	16.34	16.40	16.39	13.55
2. return on average assets (ROAA)	1.35	1.37	1.36	1.48
3. return on average equity (ROAE)	22.38	23.06	23.69	28.16
4. assets per 1 employee	219,050	213,217	217,014	215,014
5. administrative costs per 1 employee	1,780	1,650	1,703	1,450
6. profit or loss after taxation per 1 employee	2,871	2,895	2,943	3,192

* non audited data

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