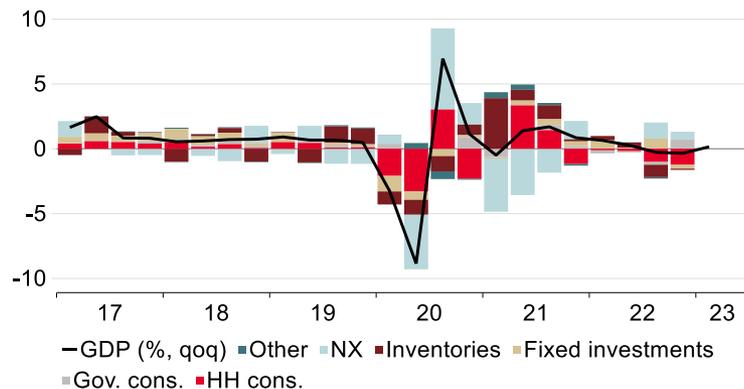

3 MAY 2023

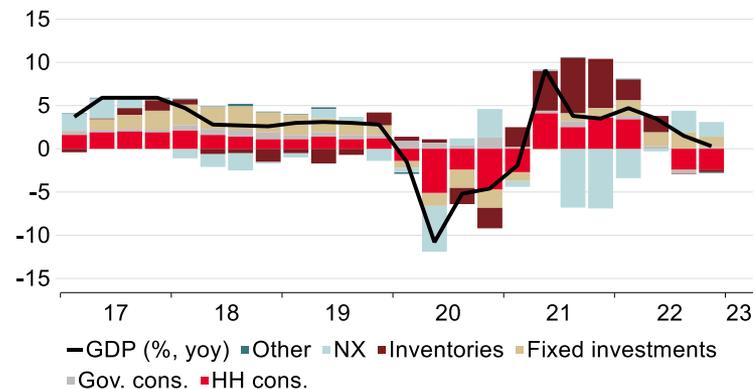
CZECH ECONOMIC OUTLOOK

CURRENT STATE OF THE CZECH ECONOMY

GDP (% , pp, qoq)



GDP (% , pp, yoy)



Real GDP (2015 CZKtn)

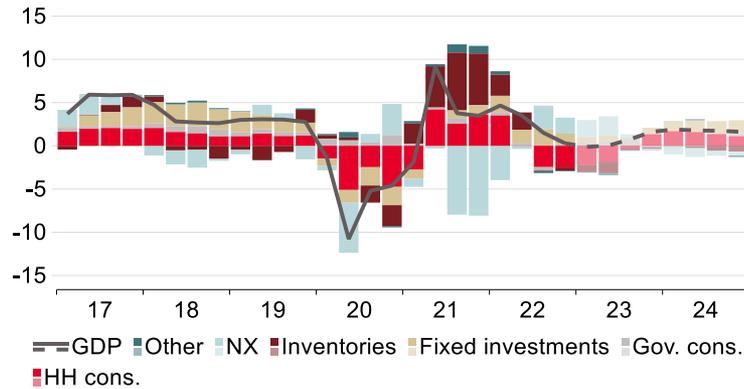


Real household consumption (2015 CZKbn)

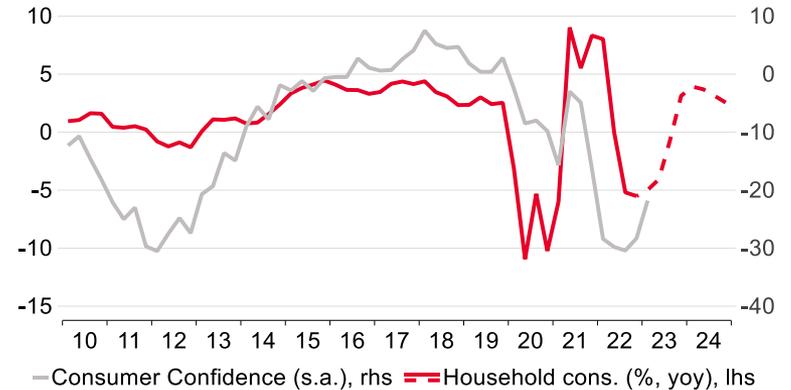


ECONOMIC ACTIVITY & LABOUR MARKET – OUR FORECASTS

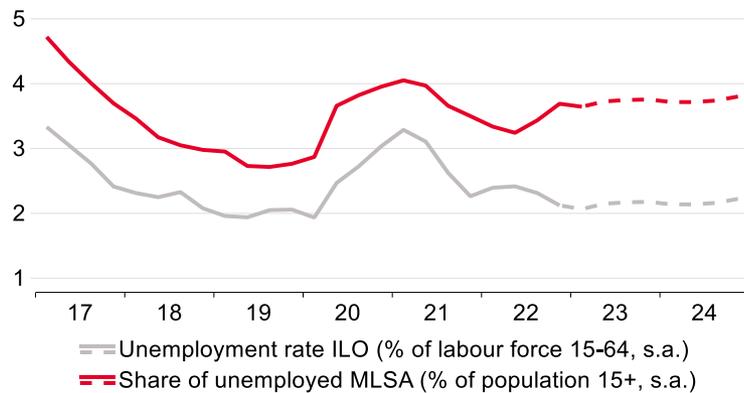
GDP growth (% , pp, yoy)



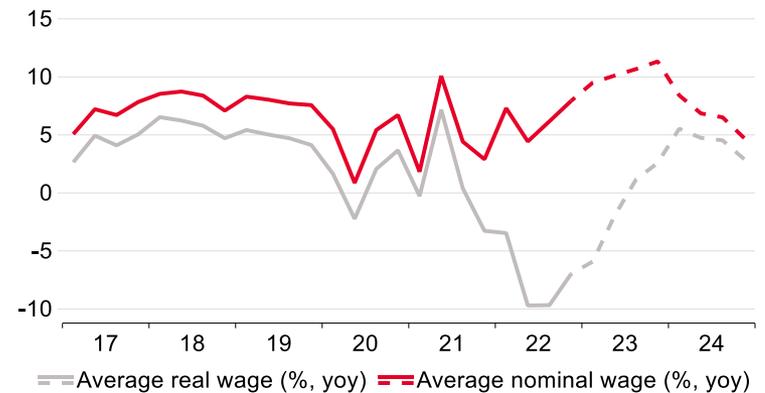
Real household consumption (% , yoy)



Unemployment rate

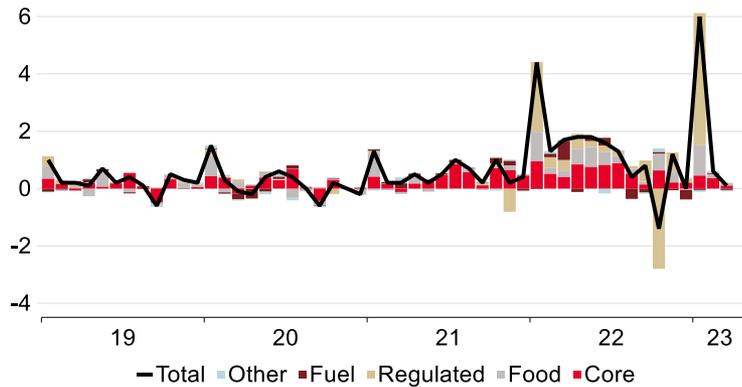


Average wage growth

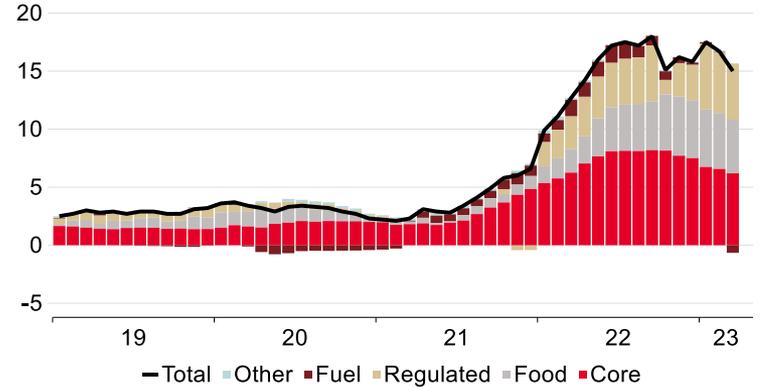


RECENT INFLATION DEVELOPMENTS

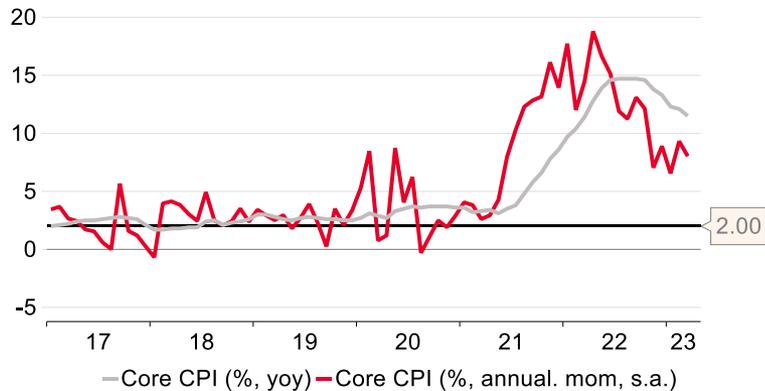
CPI (% , pp, mom, n.s.a.)



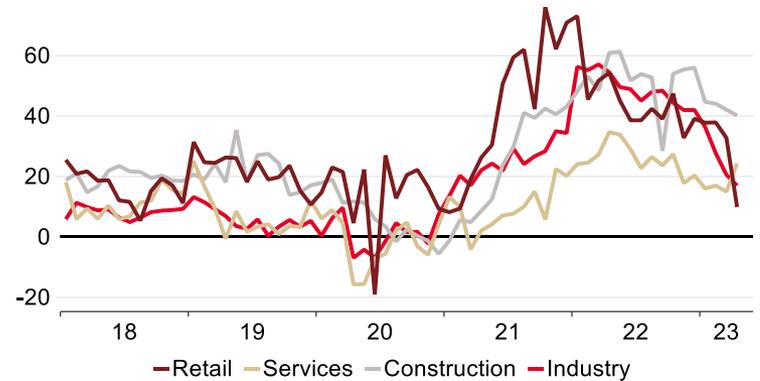
CPI (% , pp, yoy)



Core CPI

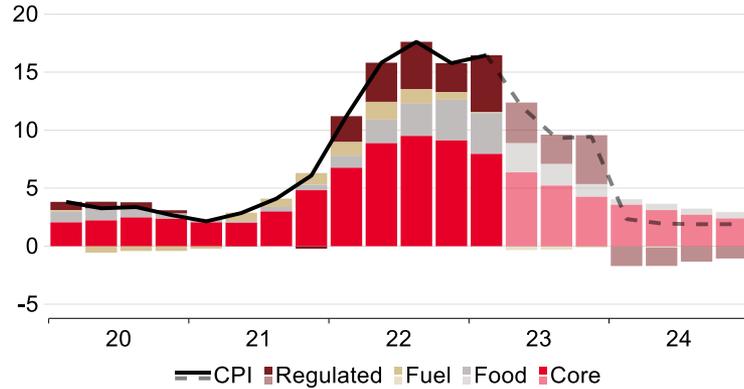


Expected price change by firms in 3M horizon (% , balance)

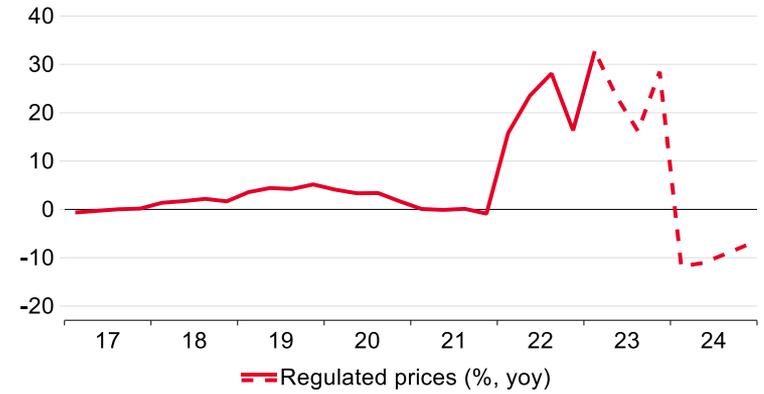


FORECAST OF CPI INFLATION

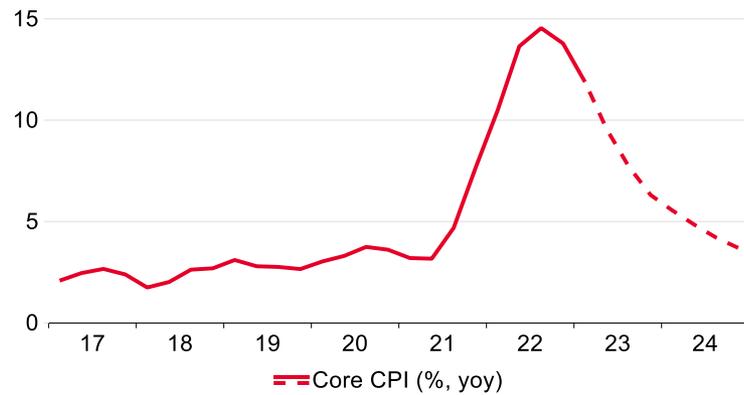
CPI (% , pp, yoy)



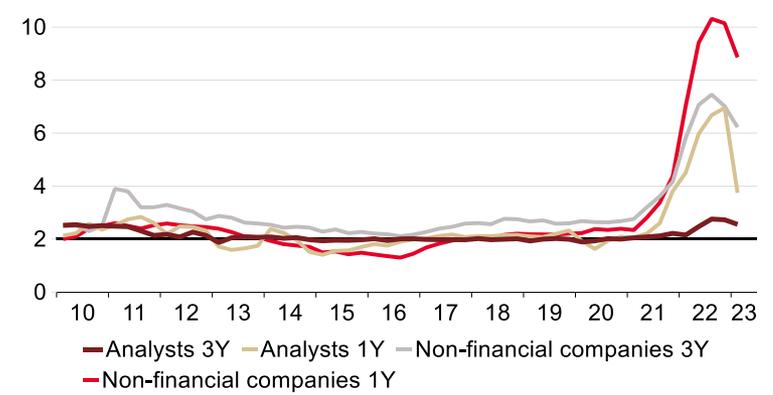
Regulated prices



Core CPI

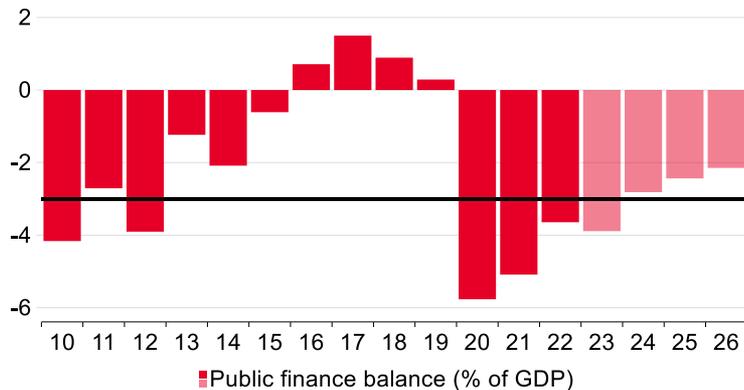


Inflation expectations (% , yoy)

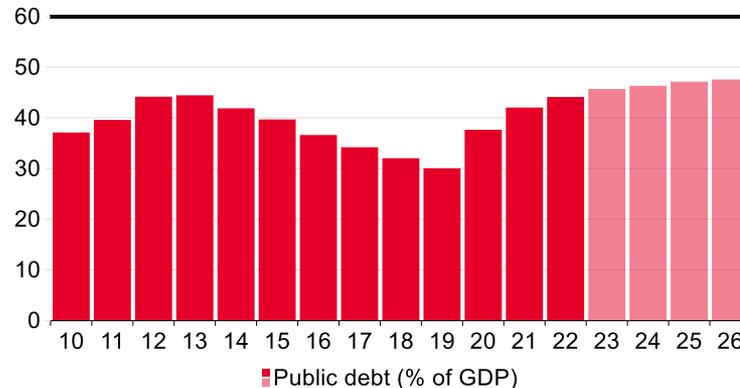


FISCAL & MONETARY POLICY

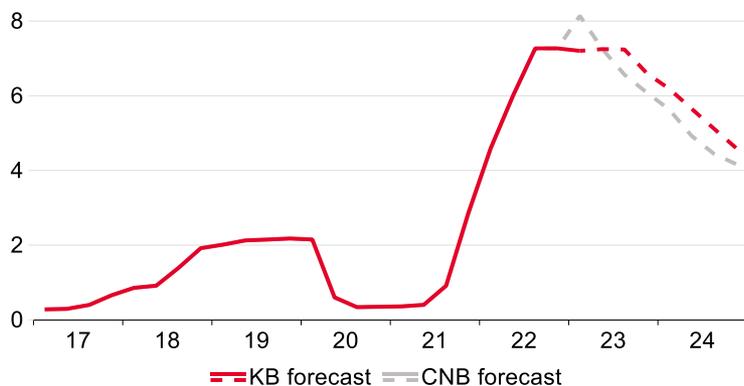
Public finance balance



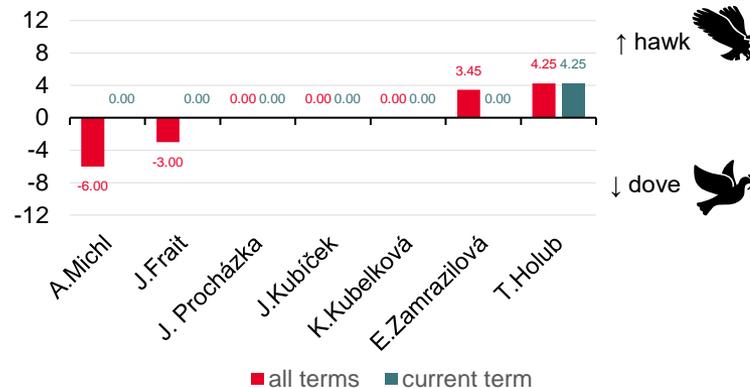
Public debt



3M Príbor (%)

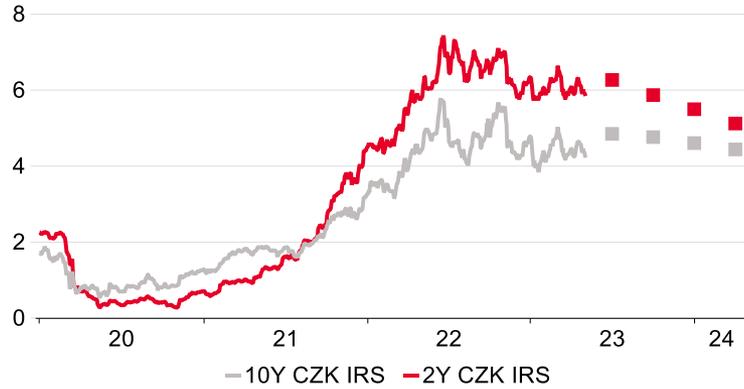


Cummulative deviation in voting from the decision (pp)

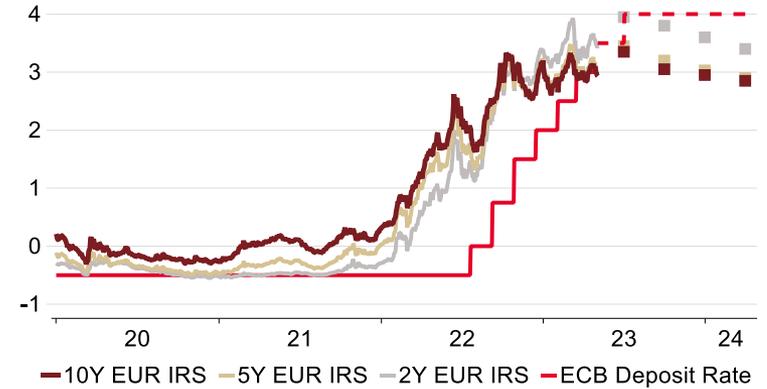


MARTKET INTEREST RATES & CZGB

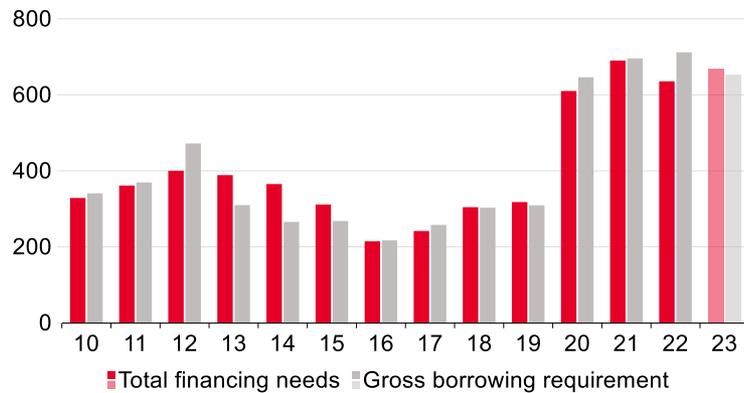
IRS (%)



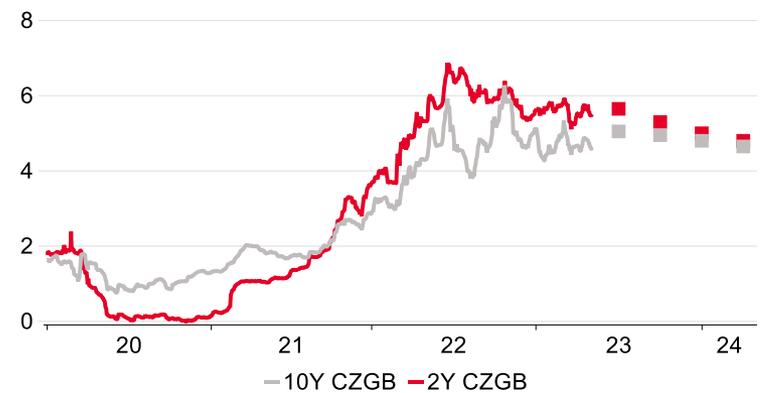
EUR rates (%)



Financing needs (CZKbn)

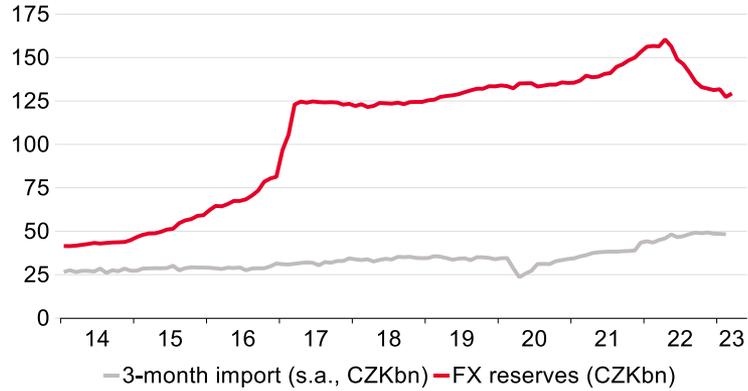


CZGB yields (%)



CZECH FX MARKET

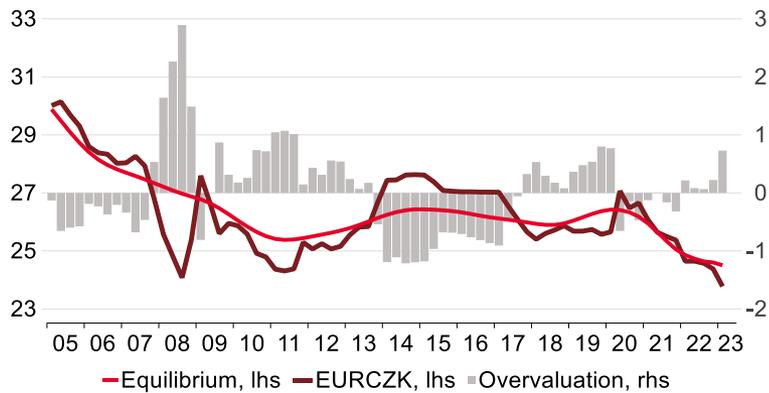
CNB FX reserves



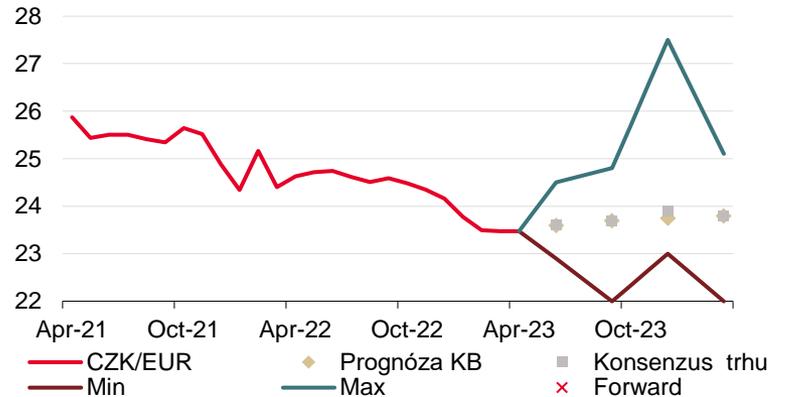
EURCZK and interest rate differential



Equilibrium EURCZK



EURCZK outlook

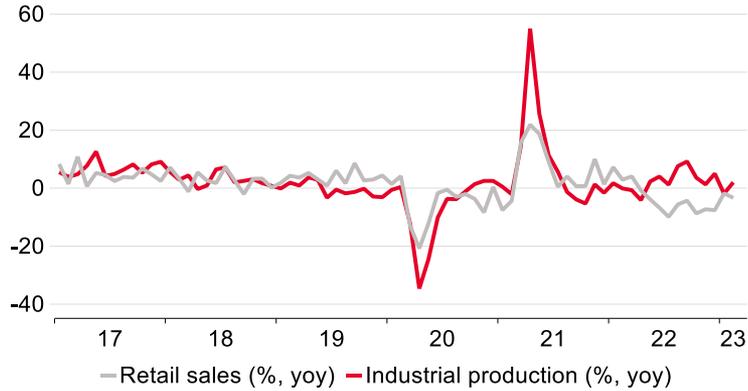




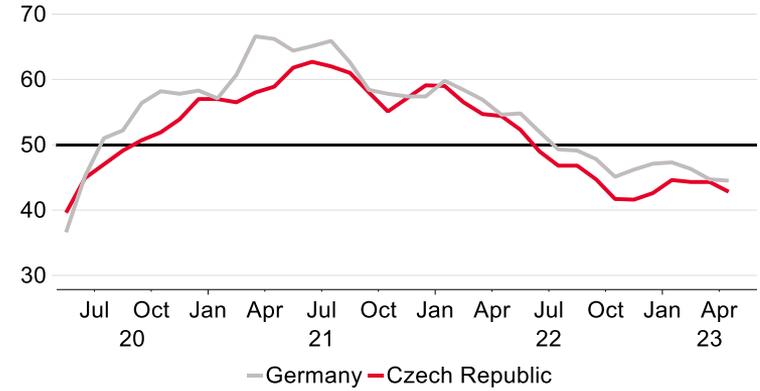
BACKUP SLIDES

MONTHLY INDICATORS

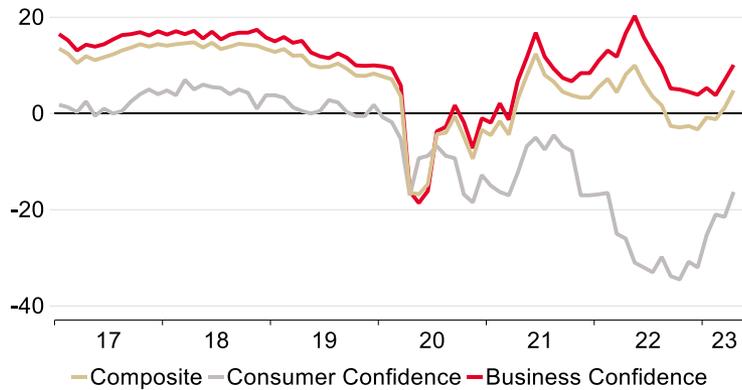
Industrial production, real retail sales



Manufacturing PMI (s.a.)



Economic confidence (% balance)

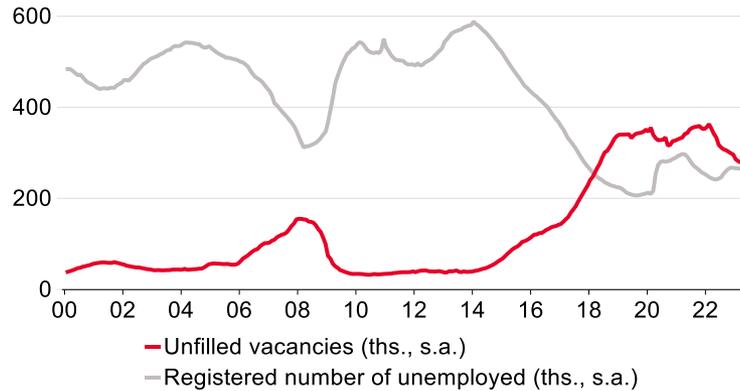


Economic confidence by sector (% balance)

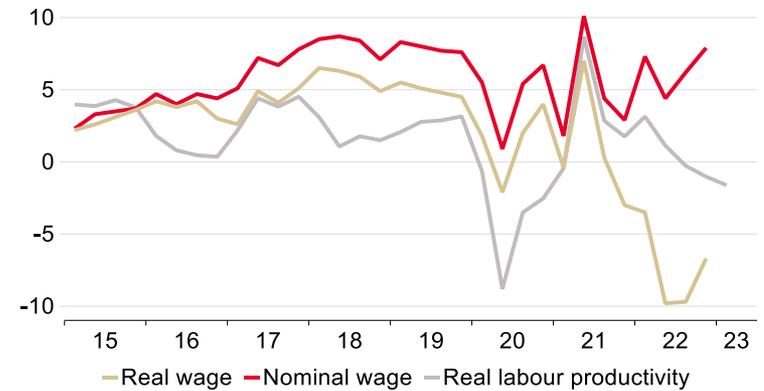


LABOUR MARKET

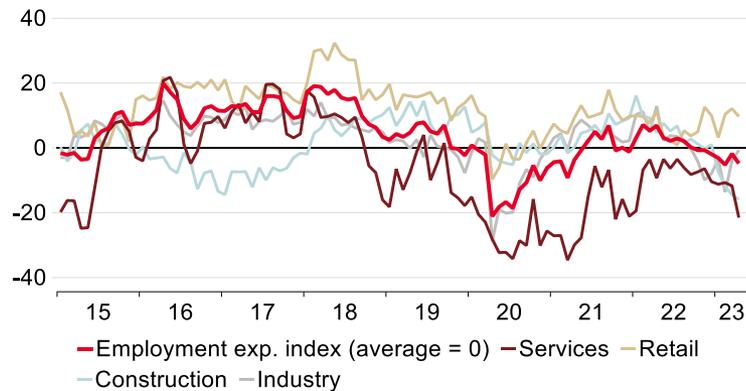
Vaccancies and registered unemployed



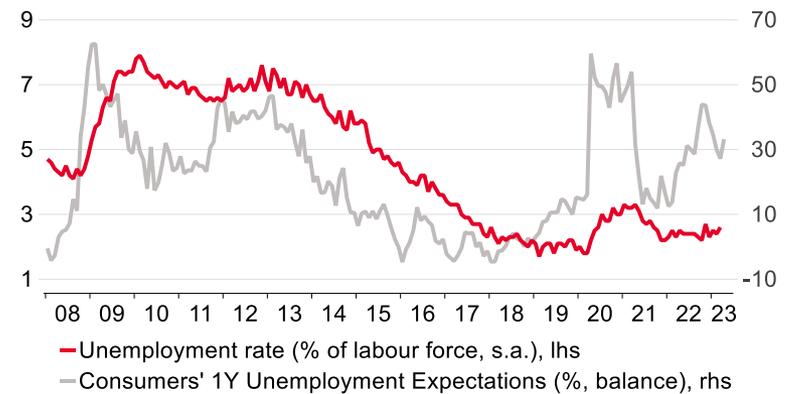
Wages and labour productivity (% yoy)



Expected change in employment by firms in 3M horizon (% balance)

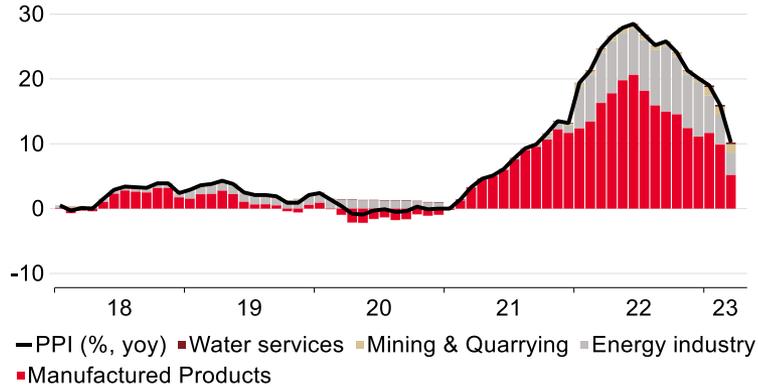


Consumers' unemployment expectations

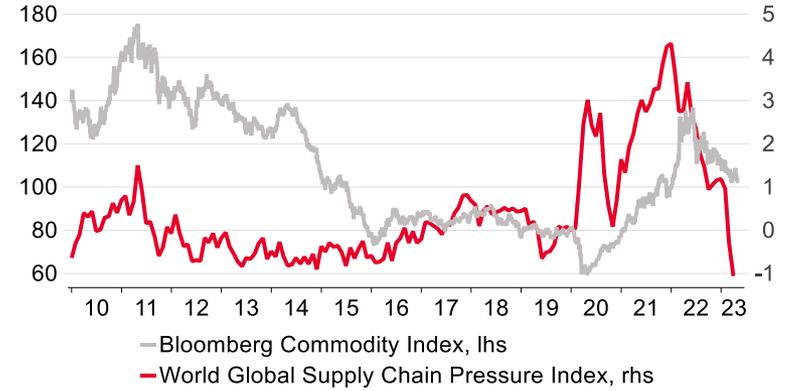


PRICE DEVELOPMENTS

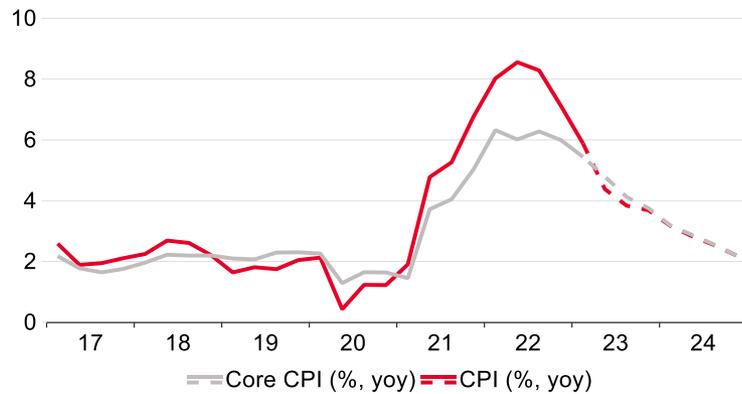
Czech PPI



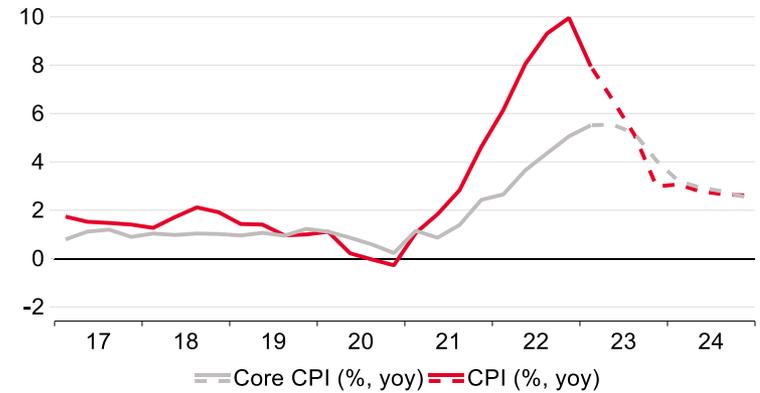
Commodity prices and supply chains



CPI inflation in USA



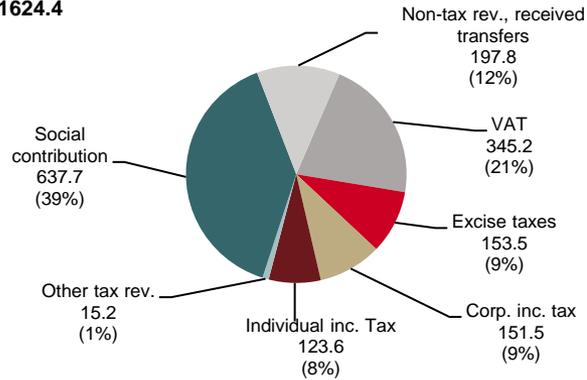
CPI inflation in Eurozone



FISCAL POLICY

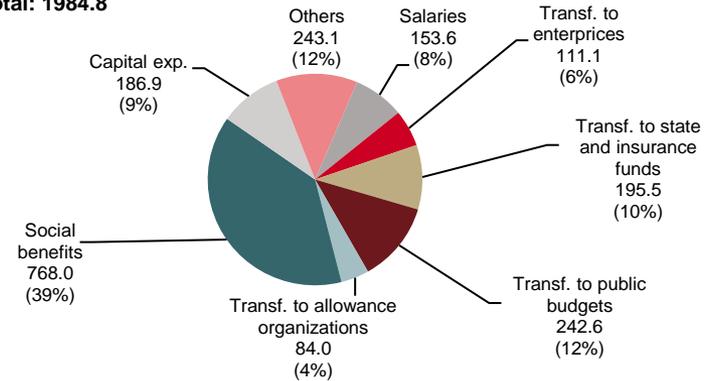
State budget revenue in 2022 (CZKbn, % of total)

Total: 1624.4

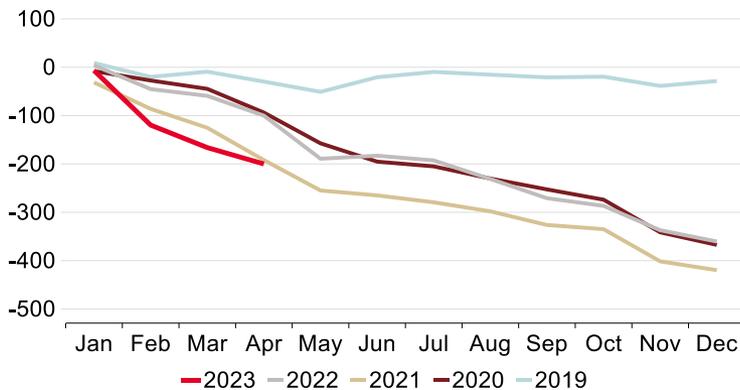


State budget expenditure in 2022 (CZKbn, % of total)

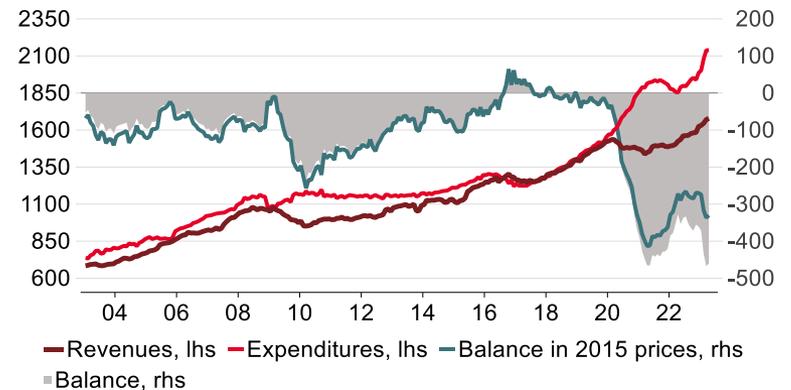
Total: 1984.8



State budget balance (CZKbn, YTD)

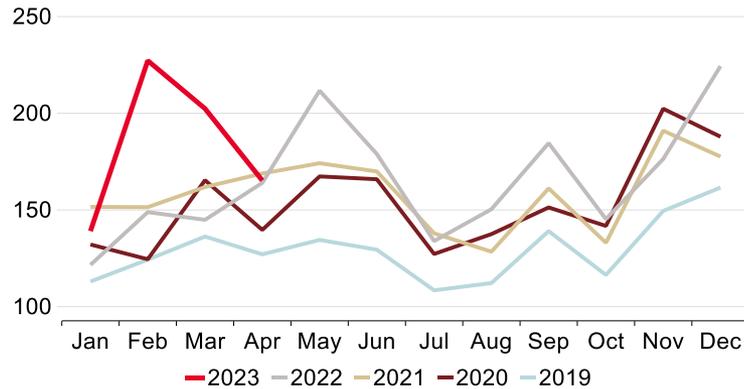


Budget revenues and expenditures (CZKbn, 12m cumulative)

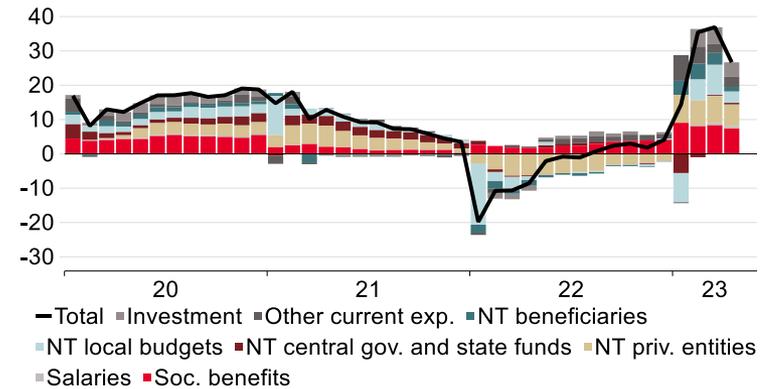


FISCAL POLICY II

State budget expenditure
(CZKbn, non-cumulative)

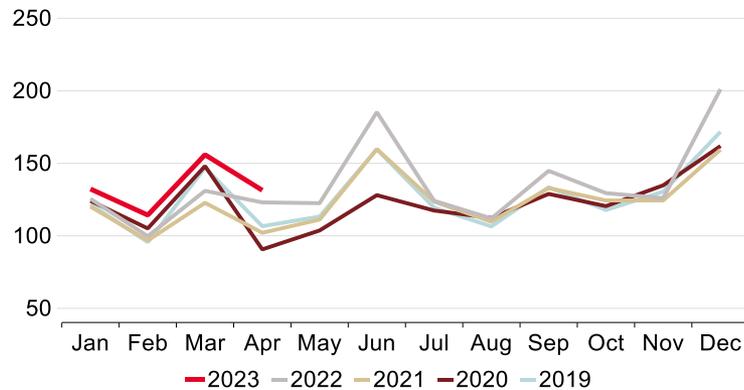


State budget expenditure
(%, pp, yoy, YTD cumulative)

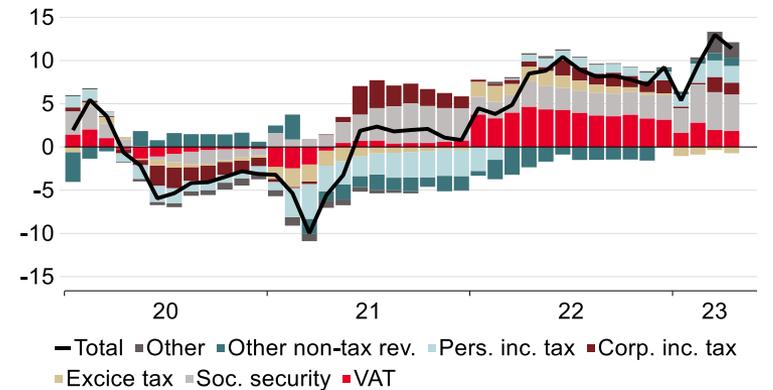


NT – non investment transfers

State budget revenue
(CZKbn, non-cumulative)

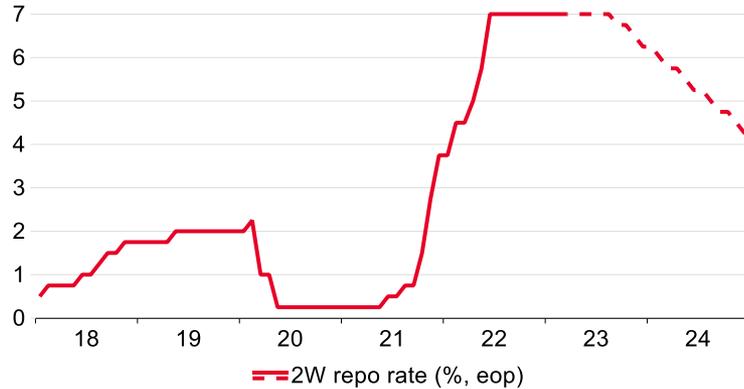


State budget revenue
(%, pp, yoy, YTD cumulative)



MONETARY POLICY

2W repo rate (%)

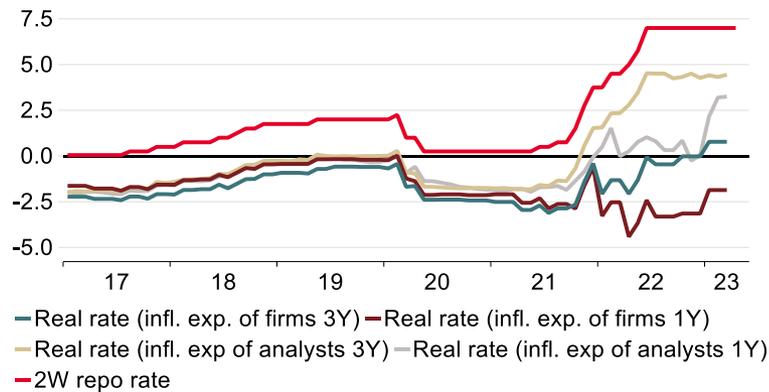


CNB Bank Board Members

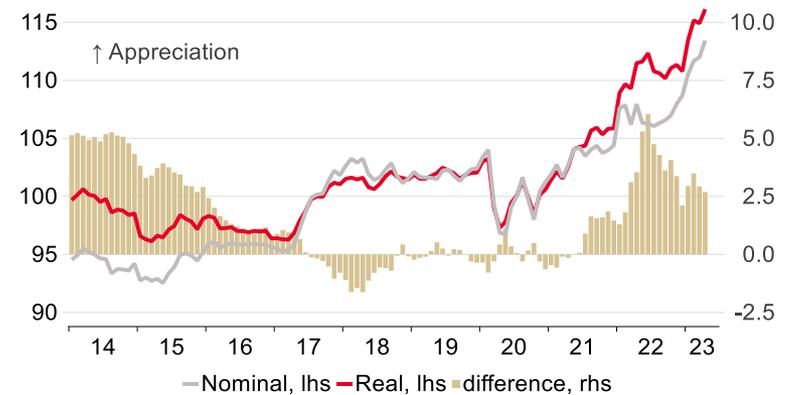
Board Member	Note	Term*	Current term end
A. Michl (G)	Dove	2 nd	30.06.2028
E. Zamrazilová (VG)	Dove	2 nd	30.06.2028
J. Frait (VG)	Dove	2 nd	30.06.2028
K. Kubelková	Dove	1 st	30.06.2028
J. Kubíček		1 st	12.02.2029
J. Procházka		1 st	12.02.2029
T. Holub	Hawk	1 st	30.11.2024

* Board members are appointed by the Czech president for a six-year term and are allowed to serve a maximum of two terms.

Real interest rates

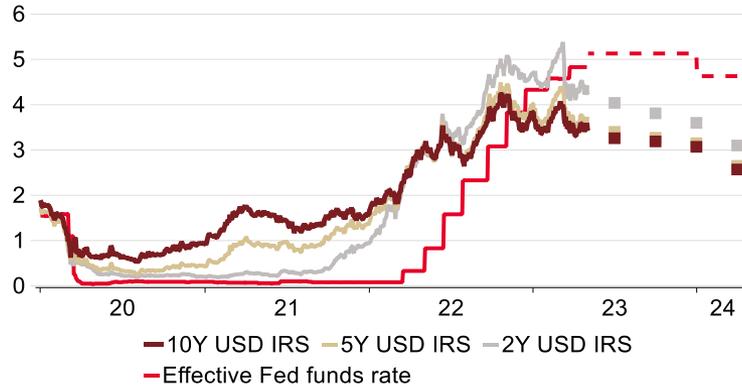


Effective exchange rate (2015 = 100)

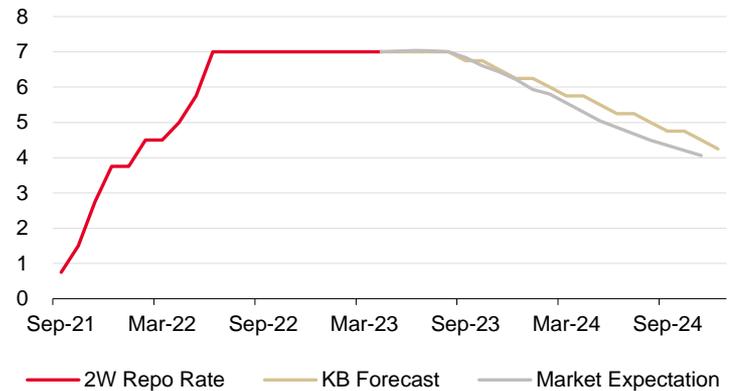


RATES

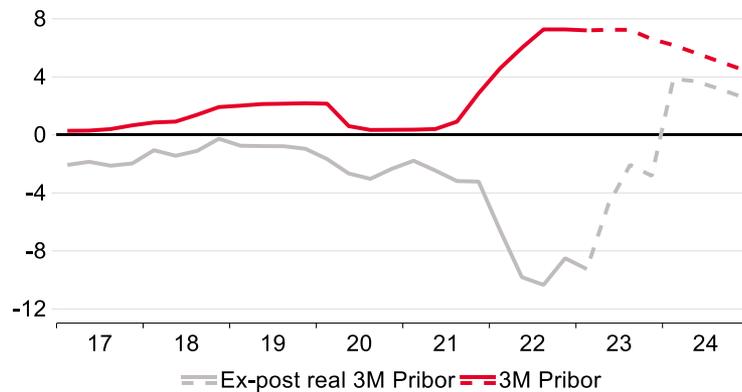
USD rates



Market pricing



3M Pribor (%)

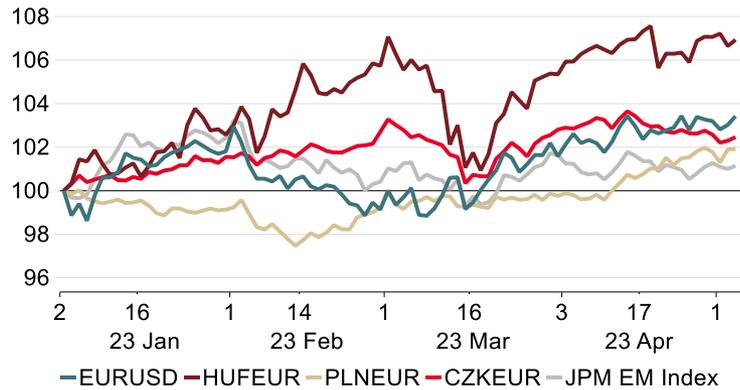


CZ sovereign rating

	Local currency	Outlook	Foreign currency	Outlook	Next review
S&P	AA	STABLE	AA-	STABLE	13 Oct 2023
Moody's	Aa3	NEGATIVE	Aa3	NEGATIVE	26 May 2023
Fitch	AA-	NEGATIVE	AA-	NEGATIVE	25 Aug 2023

CZECH FX MARKET

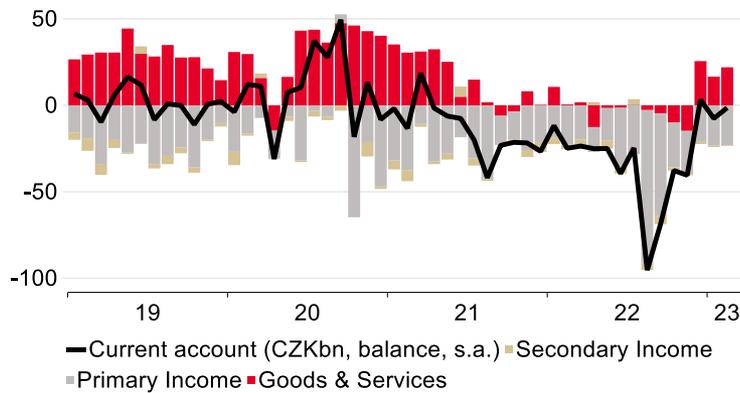
Performance of CE currencies
(1.1.2022 = 100)



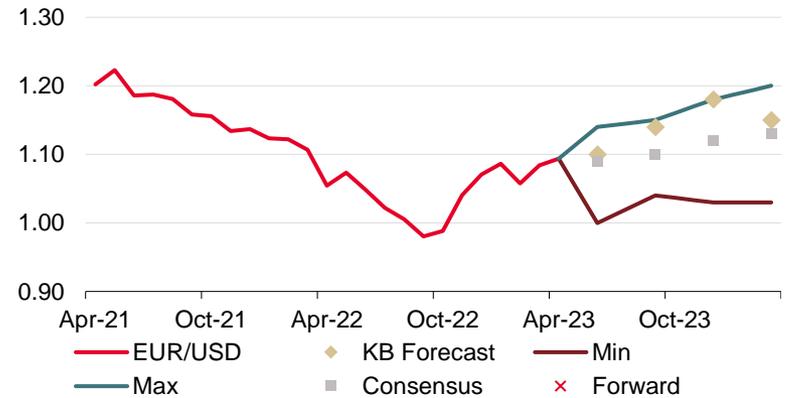
CZK exchange rates



Czech current account balance



EURUSD outlook



DISCLAIMER

The information herein is not intended to be an offer to buy or sell, or a solicitation of an offer to buy or sell any securities. All information and opinions have been obtained from or are based on sources believed to be reliable, but their completeness and accuracy are not guaranteed by Komerční banka, a.s., even though Komerční banka, a.s. believes them to be fair and not misleading or deceptive. The views of Komerční banka, a.s. reflected in this document may change without notice.

Komerční banka, a.s. and its affiliated companies may from time to time deal in, profit from the trading of, hold or act as market makers of securities, or act as advisers, brokers or bankers in relation to securities or derivatives thereof emitted by persons, firms or entities mentioned in this document.

Employees of Komerční banka, a.s. and its affiliated companies, or individuals connected to them may from time to time have a position in or be holding any of the investments or related derivatives mentioned in this document. The authors of this document are not authorized to acquire the investment instruments mentioned in this document. This does not apply to cases when the investment recommendation mentioned in this document represents dissemination of an investment recommendation earlier produced by third parties according to Chapter III of regulation (EU) 2016/958. Komerční banka, a.s. and its affiliated companies are under no obligation to provide any services to their clients on the basis of this document.

Komerční banka, a.s. does not accept any liability whatsoever arising from the use of the material or information contained herein beyond what is required by law. This research document is primarily intended for professional and qualified investors. Should a private customer obtain a copy of this report, they should not base their investment decisions solely on the basis of this document and should seek independent financial advice. The investors must make their own informed decisions regarding the appropriateness of their investments because the securities discussed in this report may not be suitable for all investors.

The performance attained by investment instruments in the past may not under any circumstance serve as an guarantee of future performance. The estimates of future performance are based on assumptions that may not be realized. Investment instruments and investments are connected with different investment risks, the value of any investment can rise and fall and there is no guarantee for the return of the initial invested amount. Investment instruments denominated in foreign currencies are also subject to fluctuations caused by changes in exchange rates, which can have both positive and negative influences particularly on the prices of the investment instrument and consequently on the investment return.

This publication is issued by Komerční banka, a.s. which is a bank/stockbroker according to the applicable legislation and thus regulated by the Czech National Bank. Komerční banka, a.s. applies various measures to prevent conflict of interests in the process of creating investment recommendations, such as the implementation of an appropriate internal separation including information barriers between different departments of Komerční banka, a.s. in compliance with the requirements imposed by applicable regulation. The employees of Komerční banka, a.s. proceed in accordance with the internal regulations governing conflict of interest.

The evaluation of employees creating investment recommendations is never by any means tied with the volume or profit of the trades with instruments mentioned in this document done by Komerční banka, a.s., or the trades of Komerční banka, a.s. with the issuers of such instruments. However, the evaluation of the authors of this document is linked to the profits of Komerční banka, a.s. which also partially include the results of trading with investment instruments.

The recommendations mentioned in this document are intended for the public and the document before its publication is not available to persons not involved in the creation of this document. As per our practice, the issuers do not receive a copy of research reports prior to their publication. Each author of this research report hereby states that (i) the views expressed in the research report accurately reflect his or her personal views about any and all of the securities or issuers at stake.

This document and its contents is not designed for persons with permanent residence or seat in the United States of America and to persons who are deemed as "U.S. persons", as defined in Regulation S under the US Securities Act of 1933, as amended.

This document is not an investment recommendation according to Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and does not constitute investment advisory according to Act no 256/2004 Coll., on Capital market undertakings as amended.

Please refer to our website <http://www.trading.kb.cz> for more details.

LATEST AWARDS OF KB ECONOMIC & STRATEGY RESEARCH



#2 BEST OVERALL FORECASTER - CZECH REPUBLIC



#2 EXCHANGE RATE FORECASTER - CZECH REPUBLIC



#2 FISCAL BALANCE FORECASTER - SLOVAKIA

HISTORICAL AWARDS OF KB ECONOMIC & STRATEGY RESEARCH



#1 POLICY RATE FORECASTER - CZECH REPUBLIC



#2 INFLATION FORECASTER - CZECH REPUBLIC



#3 BEST INFLATION FORECASTER - SLOVAKIA



#1 GDP FORECASTER - CZECH REPUBLIC



#2 BEST OVERALL FORECASTER - SLOVAKIA



#3 BEST OVERALL FORECASTER - CZECH REPUBLIC

**Consensus Economics
Forecast Accuracy
Award Winner**

2014 Slovakia

**Consensus Economics
Forecast Accuracy
Award Winner**

2013 Czech Republic

SG CROSS ASSET RESEARCH CREDENTIALS

Institutional Investor 2021

Global Fixed-Income Research Team

Macro

- #7 Economics & Strategy – Europe
- #5 Cross Asset Strategy - Europe
- #2 Investment Grade Strategy – Europe

Credit

- # 4 Banking & Financial services
- #3 Industrials (IG)
- #4 TMT (IG)
- #4 Consumer (IG) and #5 Consumer (HY)

Institutional Investor 2020

All-Europe Research Team

Macro

- #3 Multi Asset Research
- #3 Quantitative/Database Analysis
- #1 Index Analysis

Equity

- 5 Sector Research Teams in the **Top 10**
- 15 Sector Research Teams in the **Top 15**
- 3rd French Mid & Small Caps



Research house
of the year
Societe Generale

**Institutional
Investor** 2021

**Global Fixed Income
Research Team**

#5 Cross Asset Strategy

(#7 Alain Bokobza)

#5 Covered Bonds

(#4 Cristina Costa Rausa)

#8 Economics

(#18 Michel Martinez, #19 Yvan Mamalet)

#2 Investment Grade Strategy

(#3 Guy Stear, #2 Juan Valencia)

#8 Local Markets Rates Strategy

#9 Local Markets FX Strategy

**Institutional
Investor** 2020

All-Europe Research Team

#3 Multi Asset Research

(#1 Alain Bokobza)

#3 Quantitative/Database Analysis

(#3 Andrew Lapthorne)

#1 Index Analysis

(#3 Yohan Le Jalle; #5 Georgios Oikonomou; #8
Sebastien Lemaire)

**BUDOUCNOST
JSTE VY**  **KB**