



Audited Financial Results

as at 31 December 2004

(International Financial Reporting Standards)

Prague - 29 March 2005

SOCIETE
GENERALE
GROUP





KB uses the potential of retail business

As of 31 December 2004, year-on-year comparison

- Number of **customers increased by 90,000 (i.e. 7%) to 1,421,000** mainly thanks to young clients and students;
- KB continued in opening **new branches** and installing new ATMs; at the year-end it served its clients in 335 points of sale and through 555 ATMs;
- **886,000 active products of direct banking** channels (i.e. +37%);
- KB clients use **1,155,000 active debit cards** representing increase of 20%;
- **66,000 active credit cards (+79%)** used by KB clients
- Outstanding **mortgages to individuals: + 40%** to CZK 31 billion;
- Outstanding **consumer loans: + 17%** to CZK 10.6 billion;
- Outstanding **loans to SMEs: + 25%** to CZK 46 billion;
- Outstanding **loans to big corporations: + 3%** to CZK 68 billion;



Net Operating Income increased by 9%

As of 31 December 2004, year-on-year comparison

- **Net interest income** grew by **7%** driven by growing business
- **Non-FX fees and commissions** increased by **5%**
- **Stable costs** in spite of external pressures
- **Personnel costs down by 11%** driven by headcount reduction
- **Cost of risk*** at a stable, very low level of **37 bp**
- Release of **general reserve of CZK 2,375 million** in 4Q
- **Net unconsolidated profit** amounted to **CZK 9,302 million**

* Excluding the release of general reserve



Quality and Communication

Creation of Client Complaints Centre

- In 2004 KB created a specialised centre for fast and proper processing of clients' complaints.

Independent Ombudsman

- KB appointed an independent ombudsman. The Bank has committed itself to respect his decisions, even though they are not legally binding.

New Quality Commitments

- KB committed itself to maintain a guaranteed level of services to clients, based on four main pillars: trust, speed, security and satisfaction.

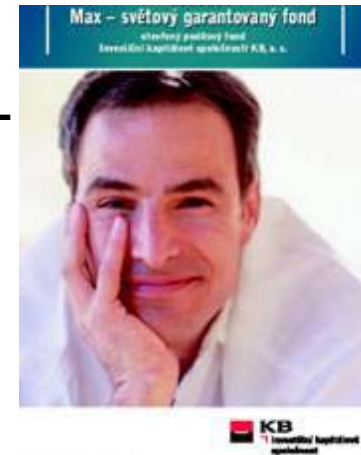
New Communication Campaign

- KB launched a new communication campaign with a new KB claim *"My world, my bank"* clearly expressing: KB is here to help customers in realisation of their projects or satisfaction their needs.



New and innovated products introduced in 4Q

Following the success of Max I. KB launched in October **Max II. - Global Guaranteed Fund** that enables clients to profit from the growth on world equity markets, while providing a guarantee of return of investment by the fund's maturity. **Max III.** succeeded Max II. in February 2005



Komerční banka is extending its offer of lending products by a **VISA Electron credit card offering to KB clients an easy credit facility**

EBRD has granted to KB a EUR 20 million credit line for on-lending to small and medium enterprises, as well as EU technical assistance to increase lending capabilities of this segment. As a result KB launched a **special EU Profi Loan dedicated to SME segment**, a new loan with a simplified and shorter approval process and loan administration free of charge.





Content

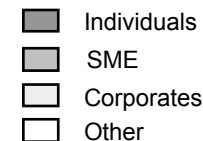
- **Business Performance**
- **Financial Performance**
- **Loan Portfolio Development**
- **Appendix**



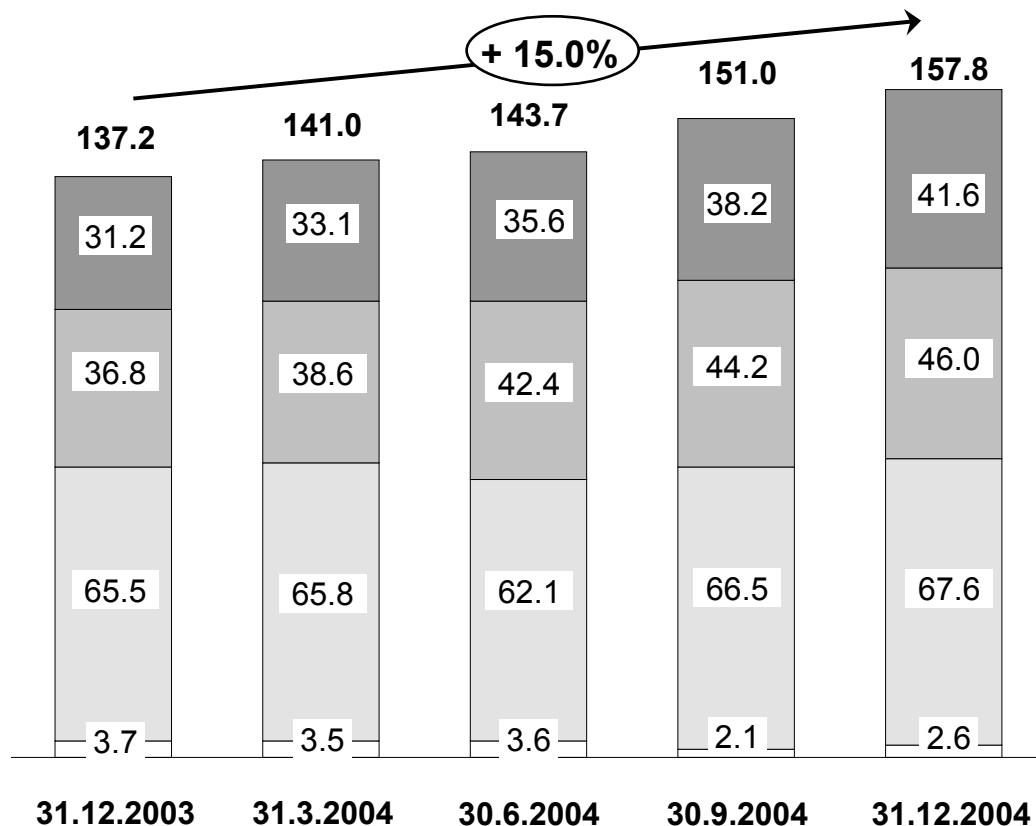
15% growth – increasing dynamics

Volume of loans

CZK billion, Gross amount, without transferred loans



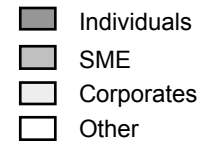
- **Year-on-year growth** of the loan portfolio by **15.0%**
- Total **mortgage loans** stood at CZK 34.7 billion and total **consumer loans** at CZK 10.6 billion
- **Share of retail loans in total portfolio** has increased by 4 p.p. to **29%** year on year
- Total **off-balance sheet commitments** to clients amounted to **CZK 109.6 bil.** (+27%)



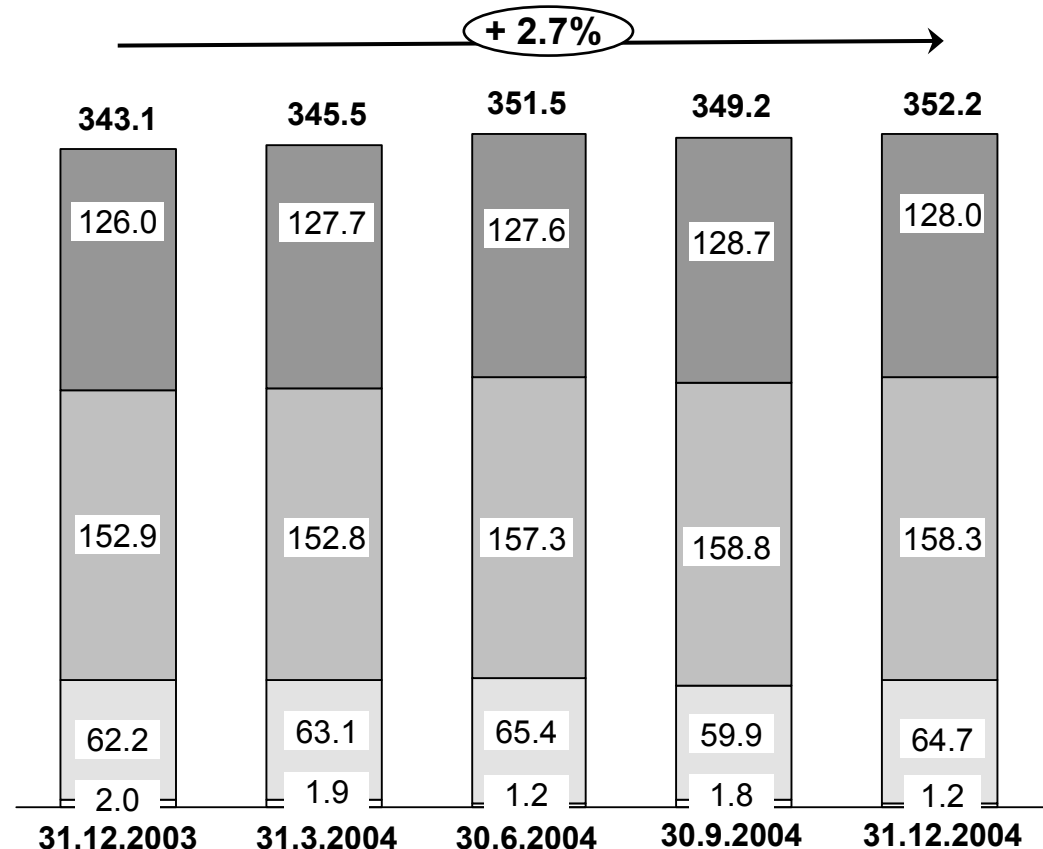


Stable development of deposits

Volume of primary client deposits CZK billion



- **Year-on-year solid growth** in clients' deposits by 2.7%
- **Current accounts** make up **59%** of total primary deposits reaching CZK 212.3 billion; **term deposits** stood at CZK 101.2 billion
- **Migration of deposits** from KB to its subsidiaries during 2004
 - KP Vital insurance product premium written (CZK +2.5 bil.)
 - Increase of PF client contributions (CZK + 0.8 bil.)
 - IKS sales (CZK + 7.5 bil.)

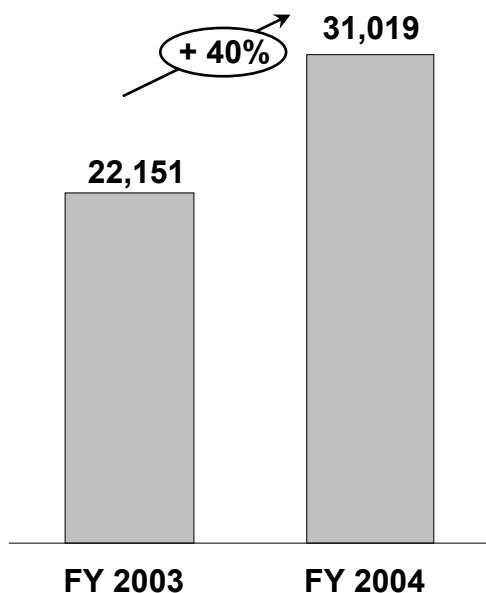




Retail lending – driver of the loan growth

Mortgages to Individuals

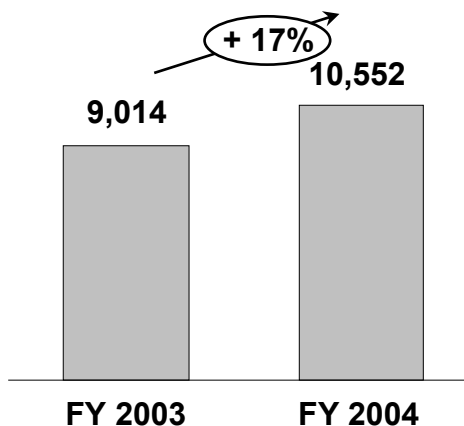
Total volume outstanding in CZK mil.



- Year-on-year increase in volumes of mortgages granted during the year of **22%**
- Year-on-year increase in numbers of mortgages granted during the year of **16%**

Consumer loans

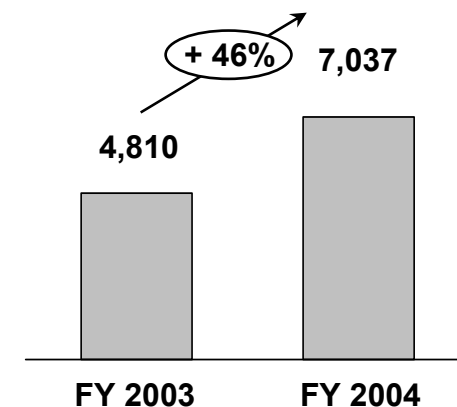
Total volume outstanding in CZK mil.



- Year-on-year increase in volume of consumer loans granted during the year of **11%**
- Year-on-year increase in numbers of consumer loans granted during the year of **36%**

Loans to Small Businesses

Total volume outstanding in CZK mil.



- Year-on-year increase in volume of *Profi* loans granted during the year of **147%**
- Year-on-year increase in numbers of *Profi* loans granted during the year of **158%**



Penetration ratios – continuous growth

	31. 12. 2003	31. 12. 2004	YoY Change
Cross-selling ratio*			
Individuals	3.96	4.49	+13.4%
Penetration ratio – Individuals**			
Packages	49.0	60.5	+ 23.5%
Mortgages	2.1	2.5	+ 19.0%
Consumer loans	8.4	9.8	+ 16.7%
Payment cards	63.0	66.1	+ 4.9%
Penetration ratio - Small businesses**			
Packages	16.3	41.4	+ 154.0%
Business loans	2.2	3.8	+ 72.7%
Payment cards	46.5	56.0	+ 20.4%

* Number of products (including KB subsidiaries) / Number of current accounts

** Number of clients with a product / 100 clients



Success of card business

	31. 12. 2003	31. 12. 2004	YoY Change
Debit cards - active	977,916	1,155,332	+18.1%
Credit cards - active	36,936	66,096	+78.9%
Number of POS (points of sales using electronic device)	10,104	12,717	+25.9%
	FY 2003	FY 2004	
Number of transactions via payment cards	70,400,000	86,349,000	+22.7%



KB – leader of the market

- KB leader in the domestic **syndicated loan market**: 9 transactions with total volume of CZK 28 billion
- **M&A advisory** (valuations, buy and sell side) : 9 mandates in 2004
- Individualised offer of **packages of products and services** to staff of large corporates – new top clients acquired during 2004
- **Trade finance** business recorded a **40% increase** in sales volumes mainly thanks to bank guarantees and letters of credit
- **E-trading** – new service providing a comfortable access to the FX market
- **Increasing** demand for foreign exchange, interest rate and commodity **hedging instruments** provided by KB



Co-operation within KB/SG Group and Strategic Partnerships

	Provided in co-operation with:	1-4Q 2003	1-4Q 2004	Change 04/03
Life insurance Vital (number of sold policies through KB)	Komerční pojišťovna	40,842	47,942	+ 17%
Non-life insurance (number of sold policies through KB)	Allianz	-	3,205	N.A.
Mutual funds (sales in CZK bil.)	Investiční kapitálová společnost KB	9.5	7.5	- 21%
Pension insurance (number of contracts through KB)	Penzijní fond KB	19,418	33,441	+ 72%
Building saving (number of sold contracts)	Modrá pyramida stavební spořitelna	58,045	6,713	- 88%
Factoring (turnover in CZK bil.)	Factoring KB	3.1	7.1	+ 129%
KB FleetLease (cars) (# of cars provided through KB)	ALD Automotive	238	1,537	+ 546%
KB Leasing (big tickets) (turnover in CZK bil. through KB)	SG Equipment Finance	0.591	1.345	+ 128%



Content

- **Business Performance**
- **Financial Performance**
- **Loan Portfolio Development**
- **Appendix**



Operating income up by 9.2%

Profit and Loss Statement CZK million	FY 2003	FY 2003 pro forma	FY 2004	Change 04/03
Net banking income	21,844	21,751	22,717	+ 4.4%
Operating costs	-11,750	-11,750	-11,792	+ 0.4%
Net operating income	10,094	10,001	10,925	+ 9.2%
Provisions for loan and investment losses	2,473	2,473	1,341	- 45.8%
Profit on subsidiaries and associates	716	716	889	+ 24.2%
Profit before income taxes	13,283	13,190	13,155	- 0.3%
Income taxes	-4,021	-4,021	-3,853	- 4.2%
Net profit	9,262	9,169	9,302	+ 1.5%

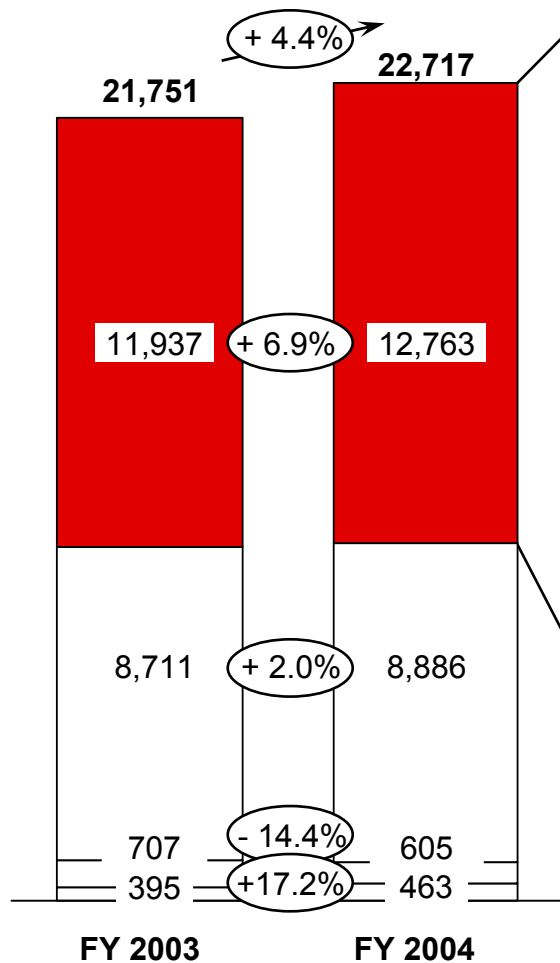
Key ratios and indicators	31. 12. 2003	31. 12. 2003 pro forma	31. 12. 2004	Change 04/03
Capital Adequacy – CNB	15.4%	15.4%	13.5%	→
Tier 1 Ratio (IFRS)	14.8%	14.8%	13.3%	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.0%	3.0%	3.1%	→
Cost / Income ratio - including restructuring costs	53.8%	54.0%	51.9%	→
Return on Average Equity annualised (ROAE)	25.0%	24.7%	22.1%	→
Return on Average Assets (ROAA)	2.1%	2.1%	2.1%	→
Earnings per Share (CZK)	244	241	245	→
Number of Employees (FTE)*	8,258	8,258	7,309	- 11.5%

*Average number of employees in December 2004

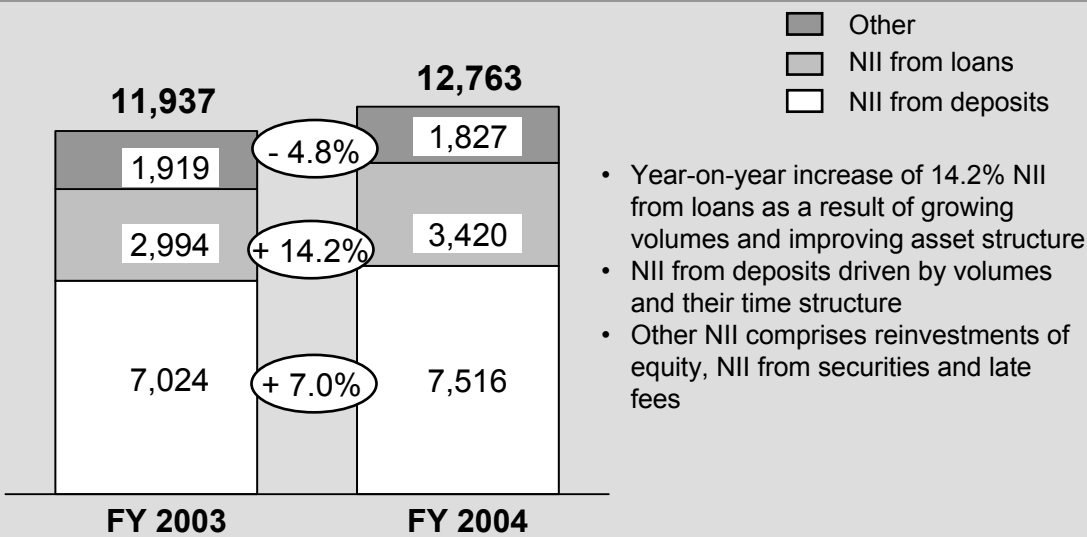
Lending dynamics and current accounts behind the growth of NII

CZK million, unconsolidated

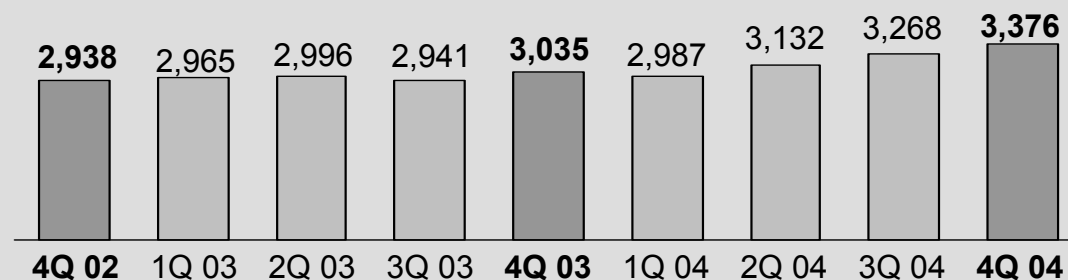
Net Banking Income



Net Interest Income



QxQ development of Net Interest Income

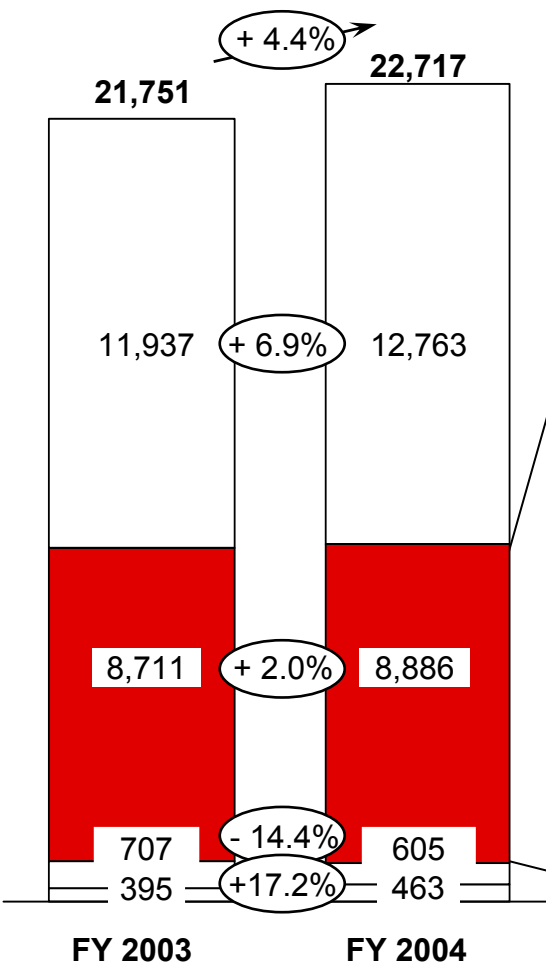




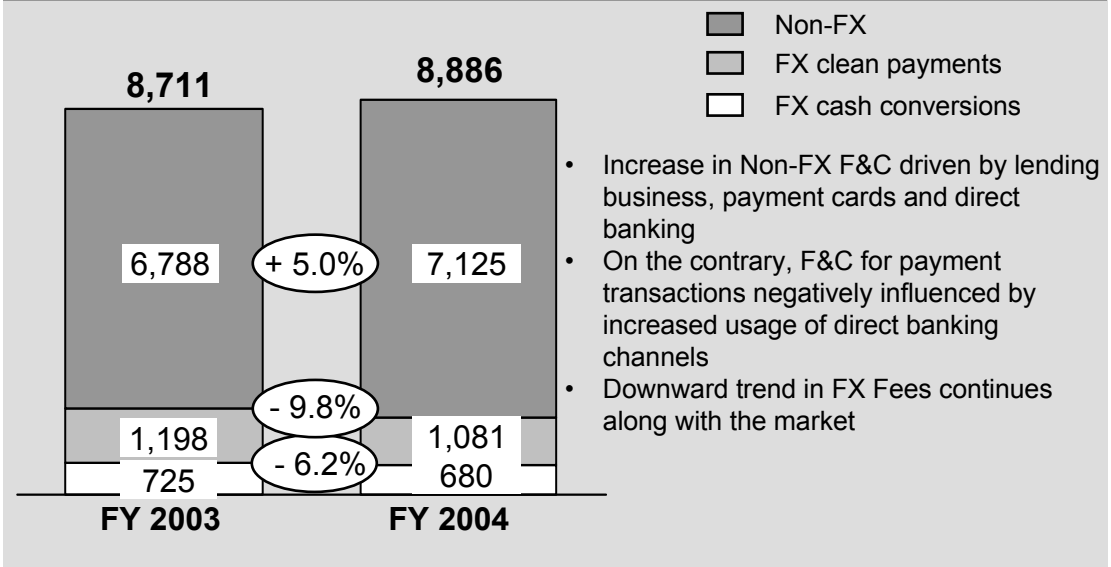
Non-FX F&C growth driven by lending and direct banking services

CZK million, unconsolidated

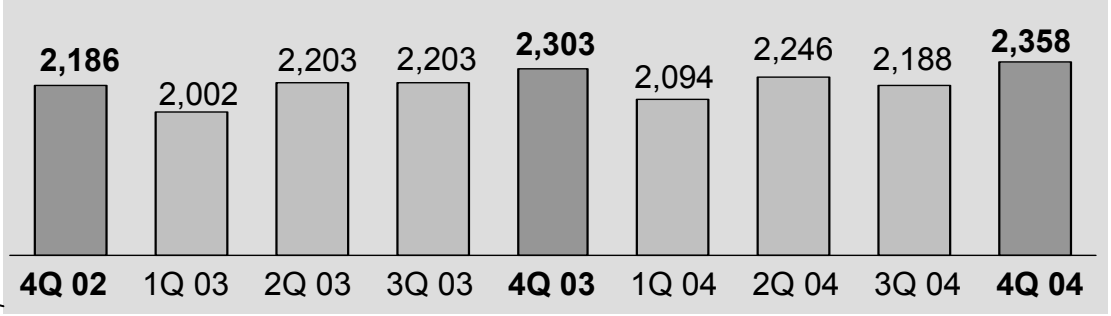
Net Banking Income



Net Fees and Commissions



QxQ development of Net Fees and Commissions

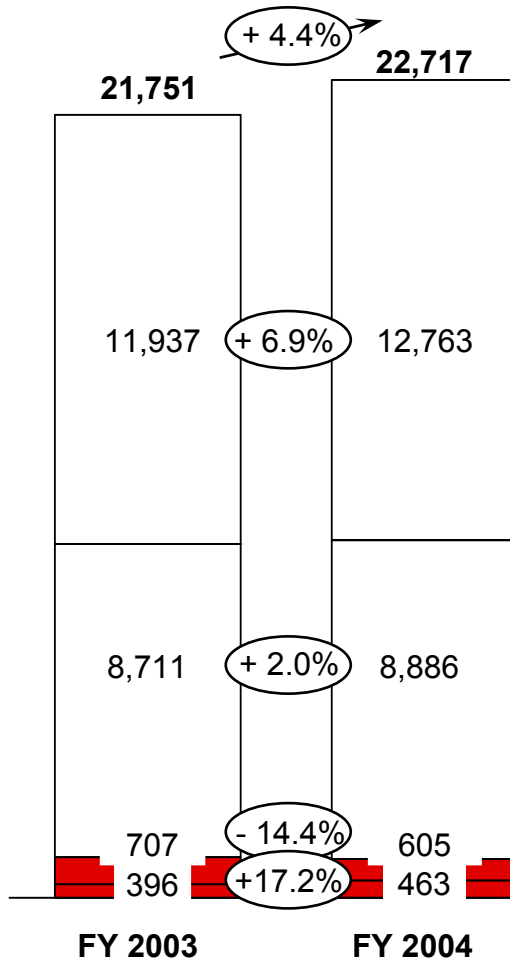




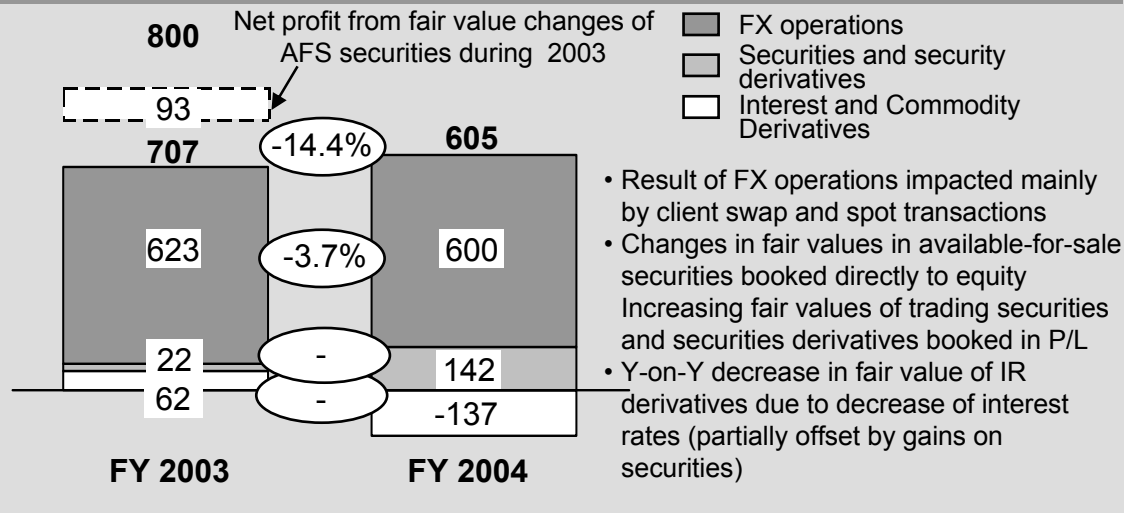
Trading profits driven by client operations

CZK million, unconsolidated

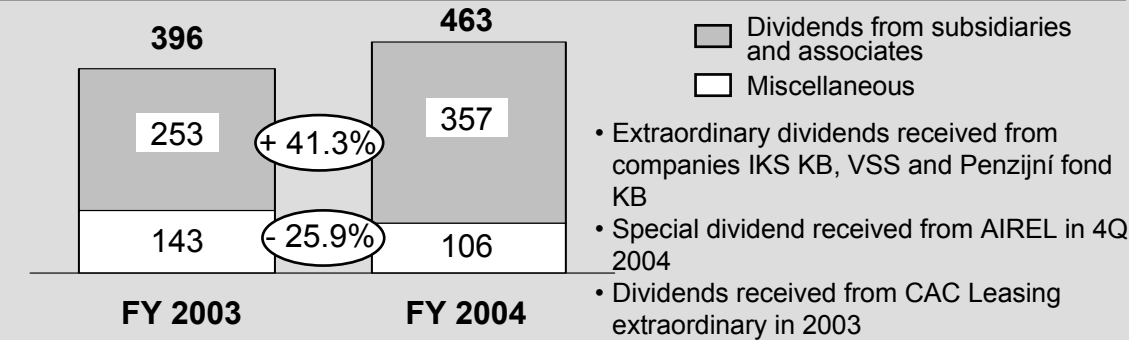
Net Banking Income



Net Profit from Financial Operations



Other Income

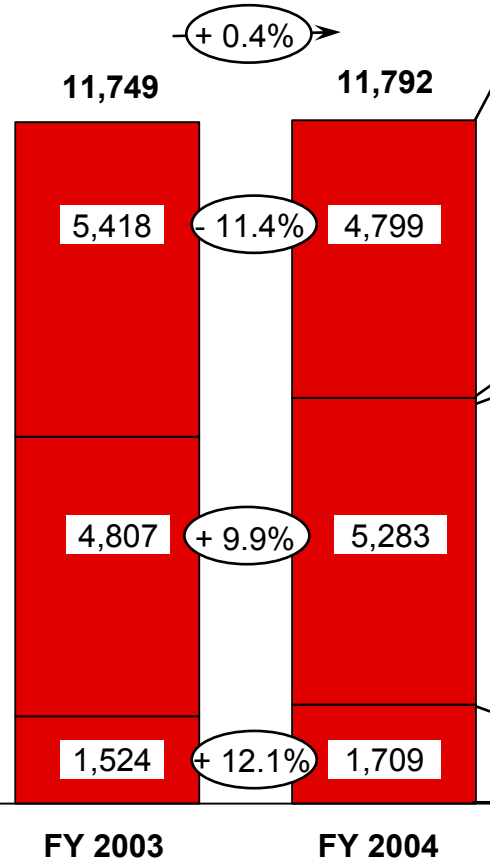




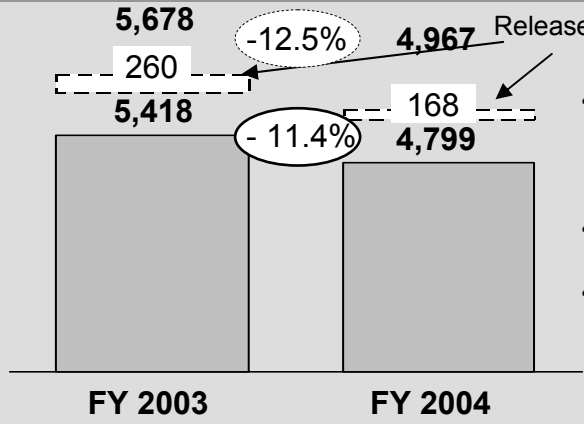
Internal cost savings and headcount reduction

CZK million, unconsolidated

Operating Costs

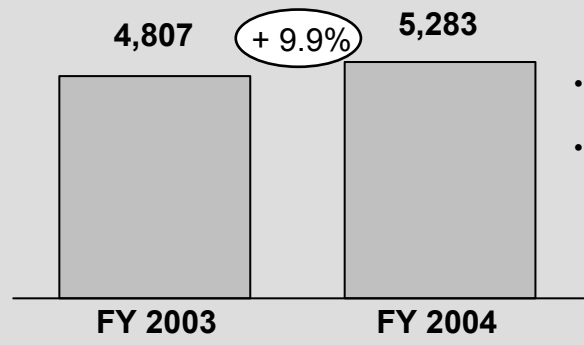


Personnel Costs



- In both 1Q 2003 and 1Q 2004 release of over accruals of bonuses; without this the personnel cost would have decreased by 12.5%
- Positive impact of the headcount reduction by 11%
- Number of employees stabilized, no plans of further decrease of headcount

General administrative expenses



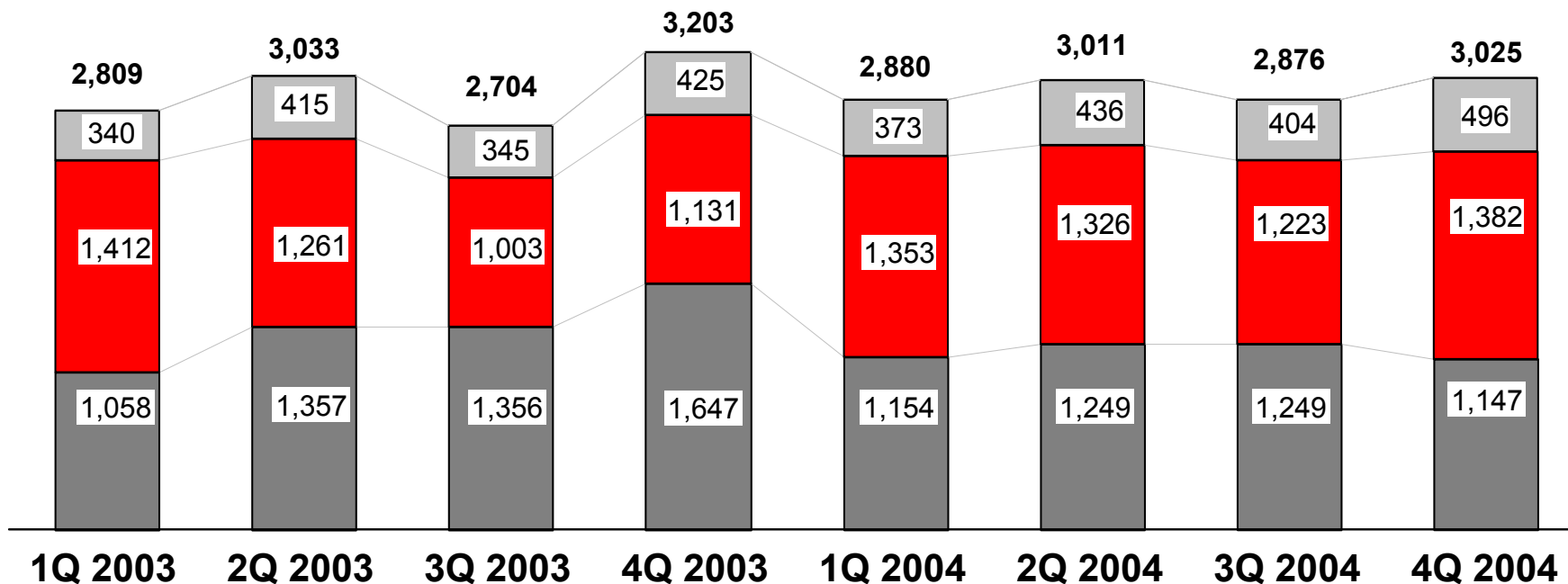
- Deposit insurance increased by CZK 311 million year-on-year
- Negative impact of VAT increase and slight increase of business driven expenses partly balanced by further internal cost savings



Successful cost management

CZK million, unconsolidated

- Depreciation, impairment and disposal of fixed assets
- General administrative expenses
- Personnel expenses



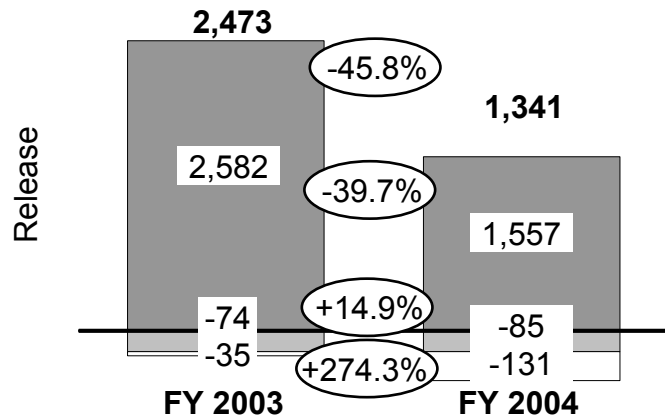
4Q 2004/3Q 2004 comparison:

- Higher general administrative expenses due to seasonal increase of marketing and consultancy expenses
- Personnel expenses were positively impacted by lower bonus accruals and release of part of the reserve for holidays and loyalty programmes



Cost of Risk

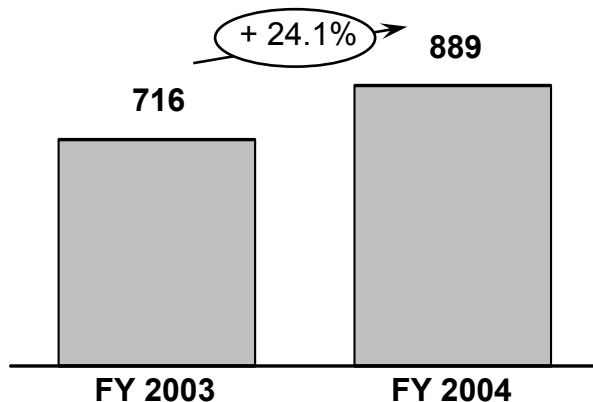
- Provisions for loan losses
- Impairment of securities
- Provisions for other risk expenses



Comments

- Stable cost of risk of 37 bp, resulted from a very good quality of the loan portfolio
- 2003 result positively influenced by the sale of non-performing assets in 1H 2003 and continuously decreasing income from fully written off loans
- Y-on-Y stable level of cost of risk dedicated to the CDO portfolio did not represent a significant part of total cost of risk in 2004.
- Part of general tax-deductible provision of CZK 2,375 million was released in 4Q 2004 (2003: CZK 2,830 million). Remaining part of CZK 1,635 million will be reported on the liability side in 2005.
- New line Provisions for other risk expenses was created, including mainly provisions and costs related to legal cases

Net profit on subsidiaries and associates before tax



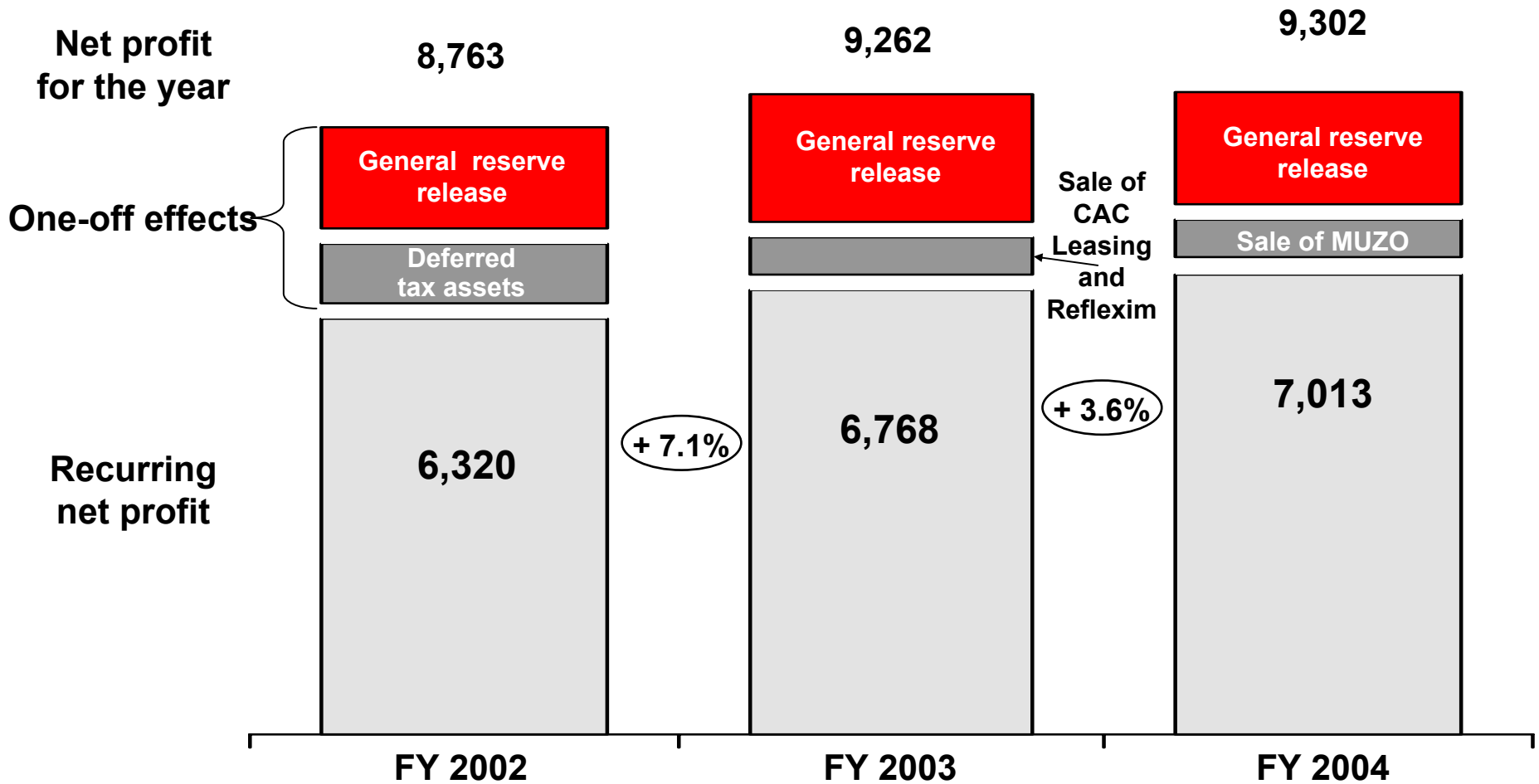
Comments

- Consists mainly of profit from the sale of the stake in MUZO; the transaction was completed in February 2004 (CZK 804 million pre-tax gain)
- In 4Q part of provisions created against Komerční Pojišťovna and Essox were released as a result of higher profitability expectations
- In 2003 stakes in CAC Leasing and Reflexim were sold



Recurring profit on rise

CZK million, unconsolidated





Assets

Liabilities

CZK million, unconsolidated

	447,565	448,298	Change
	31.12.2003	31.12.2004	
Cash and balances with central bank	12,340	10,139	- 17.8%
Amounts due from banks	201,638	231,247	+ 14.7%
Due from Česká konsolidační agentura	24,303	2,945	- 87.9%
Loans and advances to customers (net)	131,042	153,818	+ 17.3%
Securities	48,444	23,038	- 52.4%
Other assets	29,798	27,111	- 9.0%

	447,565	448,298	Change
	31.12.2003	31.12.2004	
Amounts due to banks	18,959	18,548	- 2.2%
Amounts due to customers	349,505	361,998	+ 3.6%
Certificated debt	21,348	9,256	- 56.6%
Other liabilities	17,354	14,789	- 14.8%
Shareholders' equity	40,399	43,707	+ 8.2%



Development since the end of 2003

CZK million, unconsolidated

Total shareholder's equity
as at 31 December 2003:

40,399

+ 3,308

Total shareholder's equity
as at 31 December 2004:

43,707

Shareholders' equity	31. 12. 2003	1. 1. 2004 pro forma*	Increase	Decrease	31. 12. 2004
Share capital	19,005	19,005	-	-	19,005
Capital and reserve funds	10,702	19,773	-	-	12,221
- Retained earnings and reserve funds	10,755	19,826	-	-7,602	12,224
- Own shares	-53	-53	+50	-	-3
Net profit	9,262	0	+9,302	-	9,302
Hedging revaluation reserve	1,328	1,328	+1,475	-	2,803
AFS securities' fair value changes*	N/A	165	+36	-	201
CDOs' fair value changes *	N/A	26	+9	-	35
Others	102	102	+38	-	140
Total Shareholders' equity	40,399	40,399	+10,910	-7,602	43,707

*Changes in fair values of AFS securities booked through P& L until December 2003. The one-off revaluation gain on this portfolio was transferred from Capital and reserve funds as of 1 January 2004. Furthermore the one-off revaluation was recalculated in order to be reported after tax and also the precision of the model was made.



Content

- **Business Performance**
- **Financial Performance**
- **Loan Portfolio Development**
- **Appendix**

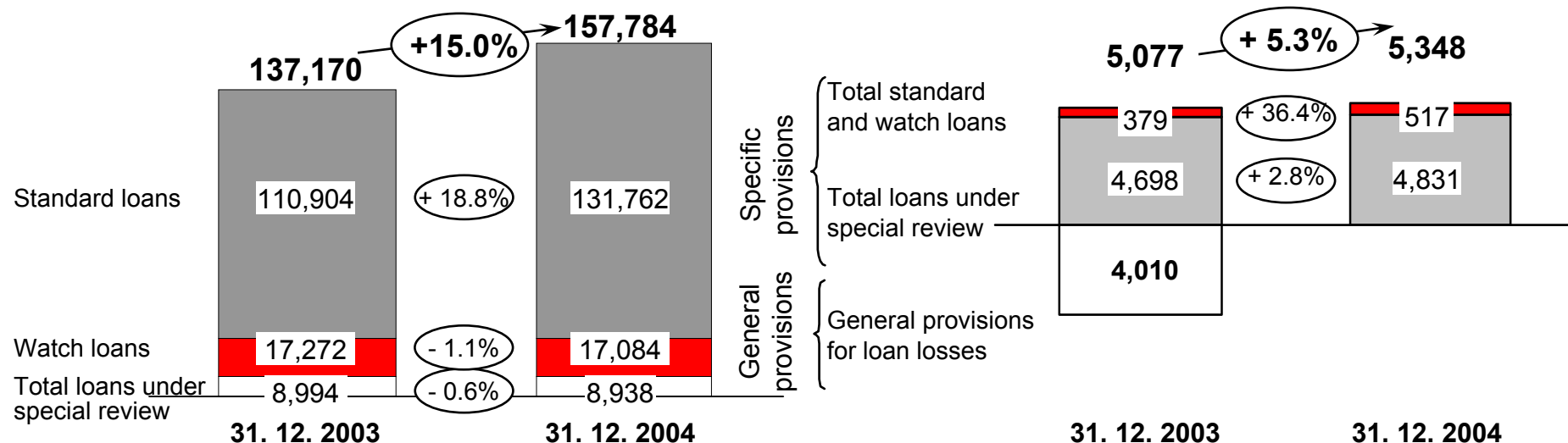


Solid growth and high quality of the loan portfolio

CZK million, unconsolidated

Client loans, On-balance sheet

Gross amount, without transferred loans



- Standard loans make up 84% of the total portfolio (2003: 81 %)
- LUSR* represent 6% of the total portfolio (2003:7%)

- Specific provisions to LUSR cover 54% of LUSR (2003: 52%)
- Used value of collateral covers 41% of total client loans (2003: 42 %)
- Cost of risk on the Premier bank amounted to 37 bp (2003: 37 bp)

* LUSR = Loans under special review (sub-standard, doubtful and loss)

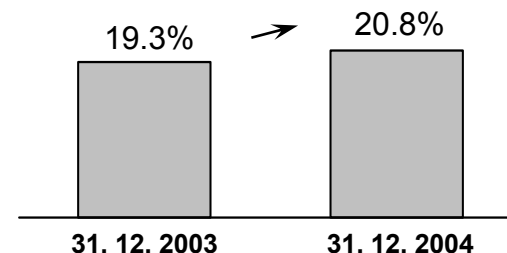
Partial sales of CDOs

As of 31 December 2004

Date of acquisition: September 2000 - April 2001
 Initial invested amount: USD 426 mil.
 Invested amount as at 31. 12. 2004: USD 332 mil.
 Total coverage (as at 31. 12. 2004): USD 69 mil.

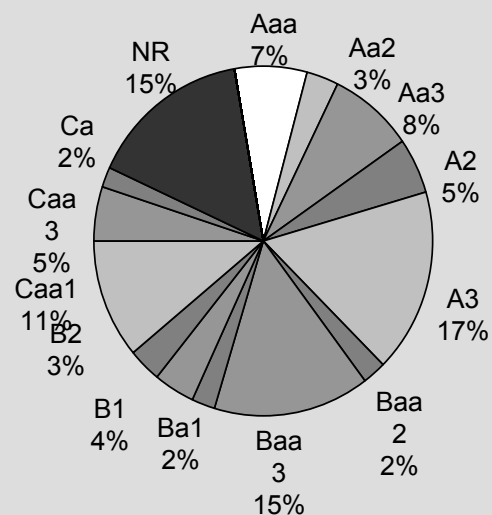
Provisions based on a mark-to-model approach.

Specific provisions / Invested amount

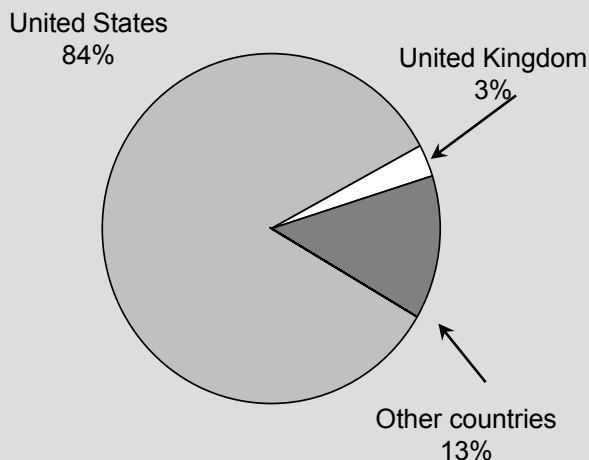


In the second half of 2004 Komerční banka sold part of the CDO portfolio in total volume of USD 29 million.

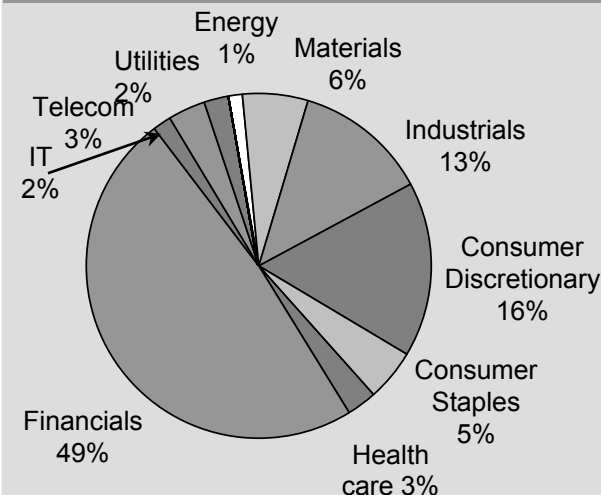
Rating of the CDO portfolio (by invested amount)



CDO collateral by country



Underlying assets by industry





Content

- **Business Performance**
- **Financial Performance**
- **Loan Portfolio Development**
- **Appendix**



Financial Results and Ratios

Profit and Loss Statement CZK million	FY 2003	FY 2003 pro forma	FY 2004	Change 04/03
Net banking income	22,491	22,319	23,212	+ 4.0%
Operating costs	-12,529	-12,529	-12,383	+ 1.2%
Income from not fully consolidated companies and exclusion of subsidiaries from consolidation	408	408	630	+ 54.4%
Cost of risk	2,465	2,465	1,350	- 45.2%
Income taxes	-4,166	-4,166	-3,912	- 6.1%
Net profit	8,669	8,497	8,897	+ 4.7%
Balance Sheet CZK million	31. 12. 2003	31. 12. 2003 pro forma	31. 12. 2004	Change 04/03
Total assets	456,633	456,805	460,269	+ 0.8%
Shareholders' equity	41,401	41,573	44,451	+ 6.9%
Key ratios and indicators	31. 12. 2003	31. 12. 2003 pro forma	31. 12. 2004	Change 04/03
Cost / Income ratio - including restructuring costs	55.7%	56.1%	53.3%	→
Return on Average Equity annualised (ROAE)	22.6%	22.1%	20.6%	→
Return on Average Assets (ROAA)	1.9%	1.9%	1.9%	→
Number of Employees (FTE)	9,287	9,287	8,171	- 12.0%

*Including 246 employees of MUZO sold in February 2004

**Including 119 employees of ESSOX established in March 2004



Subsidiary and associated undertakings results

As at 31 December 2004, CZK mil., CAS/SAS/IFRS

	Share of KB	Profit after tax	Equity	Assets
ASIS, a.s.*	100%	NA	NA	NA
ESSOX, s.r.o. (IFRS)	51%	-65	148	1,213
Factoring KB, a.s.	100%	18	145	3,573
Investiční kapitálová společnost, a.s.	100%	98	229	327
Komerční Finance, B.V.	100%	-1	6	6
Komerční banka Bratislava, a.s. (SAS)	100%	16	589	4,523
Komerční pojišťovna, a.s.	100%	2	704	7,710
Total subsidiary undertakings		68	1,821	17,352
Modrá pyramida SS, a.s.	40%	32	1,340	51,492
Czech Banking Credit Bureau	20%	2	3	10
Total subsidiary and associated undertakings		102	3,164	68,854
KB direct share		113	2,285	37,357
Companies excluded from the consolidation				
ALL IN REAL ESTATE LEASING, s.r.o. *	100%	-0.1	5	5
ALL IN, a.s.*	100%	27	62	62
Penzijní fond Komerční banky, a.s.	100%	440	1,100	13,410

*Companies in process of disposal or liquidation



Overview of changes in accounting and reporting since 1 January 2005

Description of change	Change in reporting in 2004 accounts*	Estimated annual P/L impact on 2004*
<p>Amortisation of origination fees on business loans (launch of deferring policy during the life of the loan unless the fee covers costs directly connected with the loan origination and change in reporting)</p>	<p>Transfer of approx. CZK 180 million from F&C to Net Interest income</p>	<p>+2 million</p>
<p>Amortisation of annual fees on payment cards and origination fees for guarantees (launch of deferring policy)</p>	<p>-</p>	<p>-1 million</p>
<p>Internal project costs capitalisation (launch of capitalisation)</p>	<p>-</p>	<p>No retrospective changes</p>
<p>Change in depreciation policy (implementation of component based approach and change in depreciation periods of buildings and certain tangible assets)</p>	<p>-</p>	<p>No retrospective changes</p>
<p>Interest income on trading instruments (change in reporting in line with IAS 39)</p>	<p>Transfer of CZK 540 million from Net Interest Income to Net Profit from Financial Operations</p>	<p>0 million</p>

*Impact of the new accounting and reporting rules applied on the 2004 results

New Structure of Balance Sheet

Assets CZK million	2004	2004 Restated*	Liabilities CZK million	2004	2004 Restated*
Cash and accounts with ČNB	10,139	10,025	Amounts due to banks	18,548	18,548
Amounts due from banks	231,246	231,360	Amounts due to customers	361,998	358,825
Trading securities	9,642	9,642	Negative fair value of financial derivative transactions	4,699	4,699
Positive fair value of financial derivative transactions	11,333	11,333	Certificated debt	9,256	9,256
Due from ČKA	2,945	2,945	Accruals, provisions and other liabilities	8,697	11,995
Loans and advances to customers, net	153,818	152,433	Income taxes payable	366	366
Securities available for sale	12,411	12,411	Deferred tax liability	1,028	1,028
Investments held to maturity	985	2,320	Total liabilities	404,592	404,717
Prepayments, accrued income and other assets	2,070	2,070	Share capital	19,005	19,005
Deferred tax asset	392	438	Share premium and reserves	24,701	24,572
Investments in subsidiaries and associates	1,847	1,847	Total shareholders' equity	43,706	43,577
Assets held for sale	-	-			
Tangible and intangible fixed assets, net	11,470	11,470			
Total assets	448,298	448,294	Total liabilities and shareholders' equity	448,298	448,294

*Impact of the new accounting and reporting rules applied on the 2004 B/S



Continuous dynamics in number of KB clients

as at 31 December 2004

- **1,421,000 clients - 1,130,000 individuals and 291,000 corporates**
 - YonY increase in number of clients by 90,000 (+7%)
- **Network**
 - 335 points of sale for retail clients
 - 37 business centres for medium enterprises and municipalities
 - 8 business centres for large corporates
 - 555 ATMs
- **Direct banking**
 - 886,000 active products of direct banking (+37%)
 - 598,000 clients using phone banking
 - 223,000 users of internet banking
 - 22,000 users of PC banking
 - 698,000 clients actively using one or more direct banking products



Sales of key products

Financial Packages	31. 12. 2003	31. 12. 2004	YoY Change
PACKAGES FOR INDIVIDUALS	434,224 packages	614,836 packages	+ 42%
GAUDEAMUS package for young clients	76,243 packages	101,415 packages	+ 33%
CHILD ACCOUNT	39,003 packages	94,821 packages	+ 143%
MERLIN payment cards' insurance	Launched in April 2004	85,170 packages	N.A.
PACKAGES FOR SMALL BUSINESSES	45,135 packages	112,474 packages	+ 98%
Business loans	5,869 total loans	11,048 total loans	+ 88%
Authorised overdrafts	36,910 active authorised overdrafts	54,867 active authorised overdrafts	+ 49%



Czech Republic

Macroeconomic indicators	2002	2003	2004	2005*
GDP (%)	+ 1.5	+ 3.7	+ 4.0	+ 4.0
Inflation (%)	+ 1.8	+ 0.1	+ 2.8	+ 2.0
Households income (%)	+ 6.4	+ 4.8	+ 5.0	+ 5.0
M2 (%)	+ 3.5	+ 6.9	+ 4.4	+ 6.0
3M PRIBOR (%)	3.6	2.3	2.4	2.8

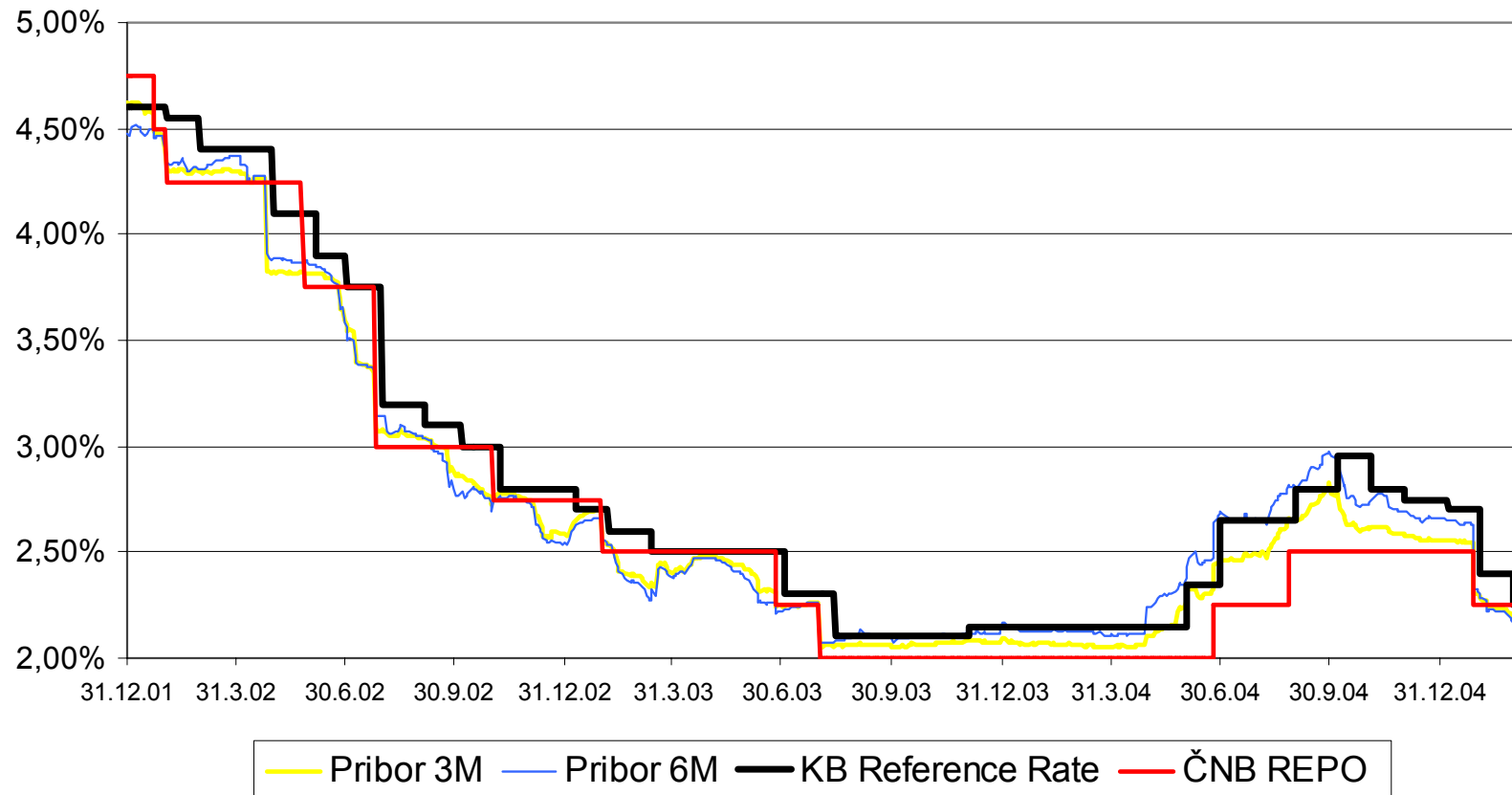
Potential of the market	Change 03/02	Change 04/03
Total client loans**	4.3%	3.9%
Mortgages	47.7%	50.8%
Consumer loans	17.9%	12.1%
Total client deposits**	1.7%	2.8%

* KB forecast

**Excludes loans/deposits of building saving banks

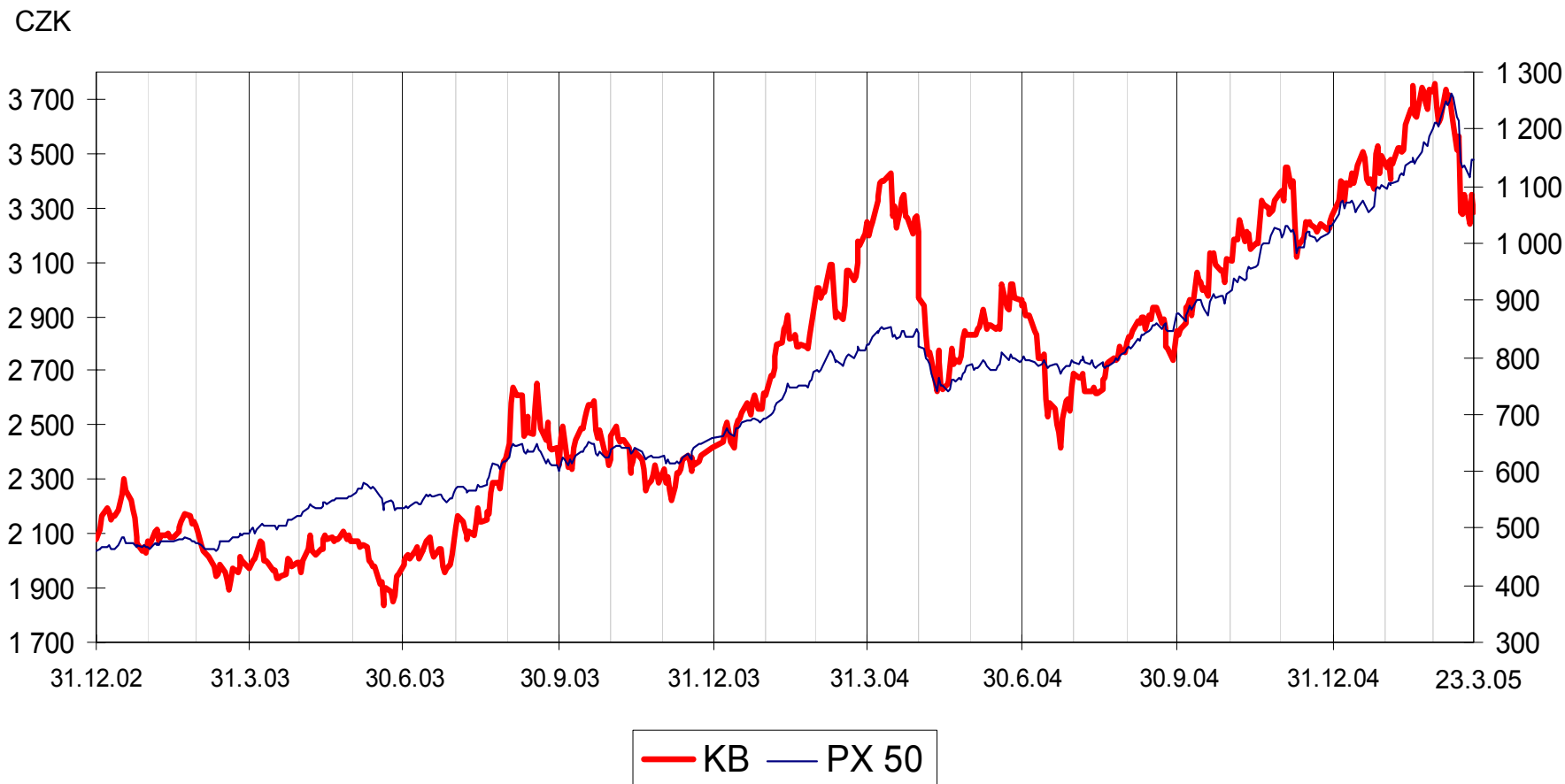


Interest Rates Evolution





Development of KB's share price and Index PX50

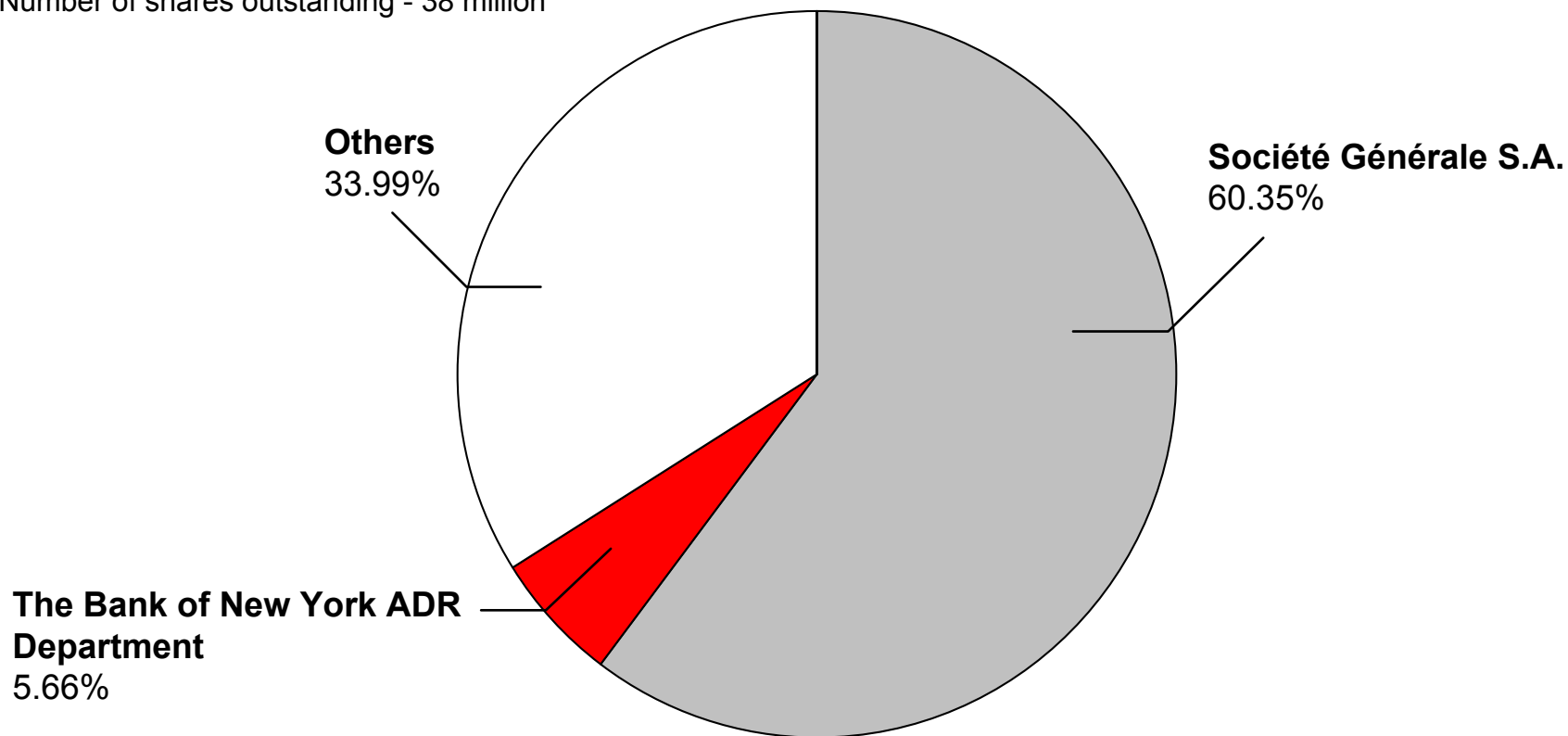




Structure of Shareholders

Major shareholders of Komerční banka, a. s. with over 5% of the share capital
as at 31 December 2004

Number of shares outstanding - 38 million





Investor Relations - Contacts

ILONA KATZOVÁ

Head of Investor Relations

Phone: +420-222 432 156

Email: ilona_katzova@kb.cz

MARTIN SKOUMAL

Investor Relations

Phone: +420-222 432 155

Email: martin_skoumal@kb.cz

Komerční banka

Na Příkopě 33

P.O.Box 839

114 07 Prague 1

Czech Republic

<http://www.kb.cz/>