



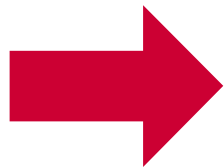
Financial Results

as at September 30, 2002

(Unconsolidated, IAS)

Prague - October 30, 2002

CONTENT



- **Implementation Statement**

- **3Q 2002 Performance**

- Business Indicators

- Financial Performance

- **Appendix**

IMPLEMENTATION STATEMENT

(March 2002 – presentation)

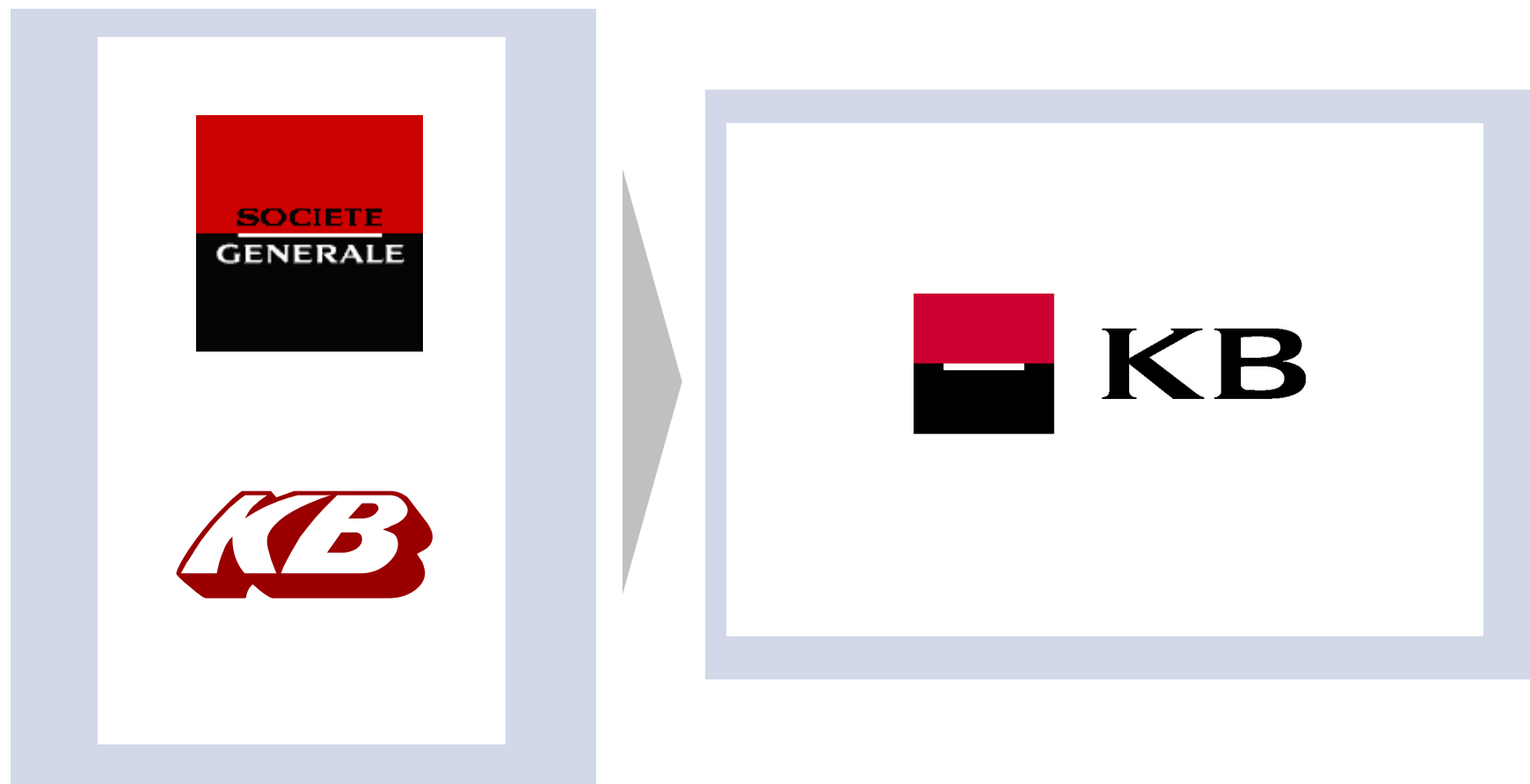
Our mission statement is to become the leading financial institution in retail business (mass-market and corporate) and the core local provider of investment banking services to corporates in the Czech Republic

- We cover all **three key customer segments** of the market: Individuals and Small Businesses, Medium Enterprises and Municipalities, Corporates
- We **tailor our product offer to the needs of respective customer segments**
- We enhance a **multi-channel distribution model**, integrating direct channels with the branch network
- We build a **new image for KB** by leveraging both the SG global image as well as the existing KB brand
- By aligning subsidiaries' strategic initiatives and focusing subsidiaries' activities on production, we realize **significant cross-selling opportunities**



NEW IMAGE FOR KB

Leverage of SG global image and KB brand



A UNIFIED IDENTITY FOR KB SUBSIDIARIES TO SUPPORT CROSS-SELLING



THREE NEW COMMERCIAL GUIDING PRINCIPLES

Availability

One dedicated Relationship Manager to each client

Proximity

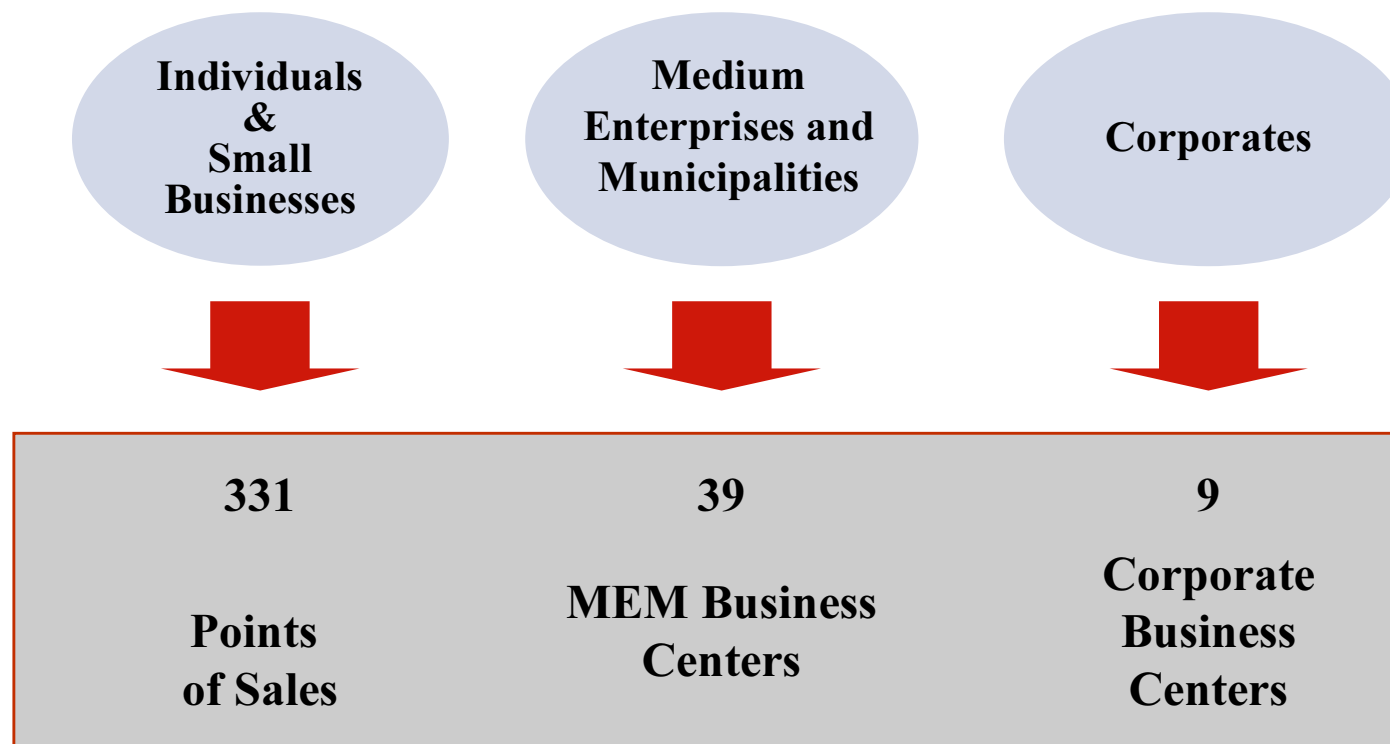
Closer relationship with our clients through all channels (network and direct channels)

Expertise

Highly specialized Relationship Managers to meet individual client needs



A STRONG FOCUS ON EACH OF OUR THREE KEY CUSTOMER SEGMENTS



TAILORED PRODUCT OFFER TO THE NEEDS OF RESPECTIVE CUSTOMER SEGMENTS

Customer segments	Core needs	% on the Czech market	KB package offer
Standard	<ul style="list-style-type: none"> ▪ Simplicity ▪ Value 	34%	Ideal
Active	<ul style="list-style-type: none"> ▪ Value ▪ Convenience 	60%	Perfekt Konto
Perspective	<ul style="list-style-type: none"> ▪ Convenience ▪ Flexibility 	4%	Expres Konto
Affluent	<ul style="list-style-type: none"> ▪ Flexibility ▪ Accessibility 	2%	A-Konto



KB NOW READY TO GAIN ITS COMMERCIAL CHALLENGE (March 2002 – presentation)

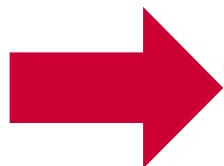
Key performance indicators 2001-04 (IAS, unconsolidated)

<ul style="list-style-type: none"> ▪ Total revenue (CAGR, 2001-04) ▪ Share of Fees & Commissions from total revenues (total growth, 2001-04) ▪ Revenue per employee (CAGR, 2001-04) 	<p>+5%</p> <p>+9%</p> <p>+15%</p>
<ul style="list-style-type: none"> ▪ Total KB operating costs (CAGR, 2001-2004) ▪ Decrease in number of employees (total decrease, 2001-04) ▪ Operating cost per employee (CAGR, 2001-2004) 	<p>-5%</p> <p>-24%</p> <p>+4%</p>
<ul style="list-style-type: none"> ▪ Cost/ Income ratio (2004) 	<p>low 50's %</p>
<ul style="list-style-type: none"> ▪ Share of Individual loans from total loans (total growth, 2001-04) ▪ Balance sheet (CAGR, 2001-04) 	<p>+6 p.p.</p> <p>+8%</p>
<ul style="list-style-type: none"> ▪ ROE (2004) 	<p>25%</p>
<ul style="list-style-type: none"> ▪ Growth of total number of individual clients (per year) ▪ Number of products per client (2004) 	<p>+50,000</p> <p>4.5</p>



CONTENT

- **Implementation Statement**



- **3Q 2002 Performance**
 - Business Indicators
 - Financial Performance

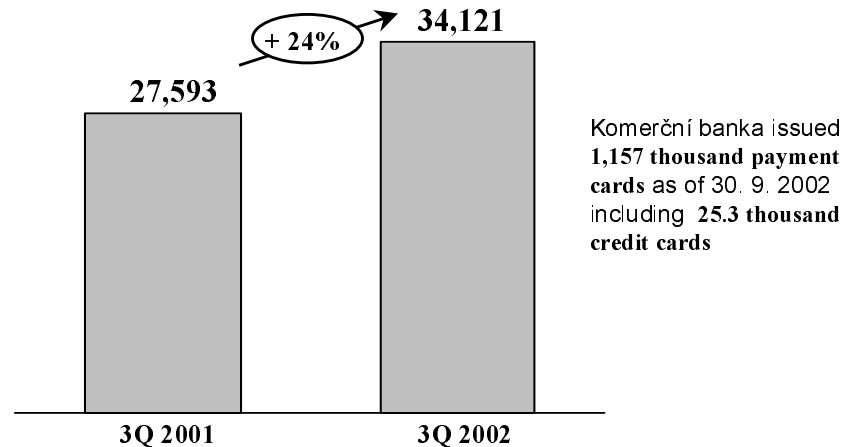
- **Appendix**

KEY BUSINESS INDICATORS

Clients

- **Client base slightly increased**, number of KB clients represents **1.25 million** of which:
 - Individuals 0.95 million
 - Corporates 0.30 million
- **Number of clients using direct banking increased** by 37 % compared to YE 2001
 - **0.36 million clients using direct banking represent 29 % of the total client base**

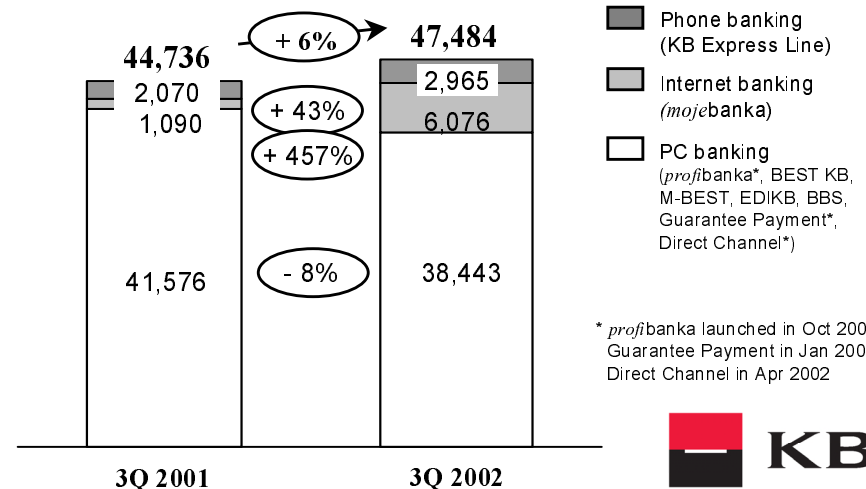
Payment cards - transactions thousand



Services

- Sale network consists of **331 points of sale** - increase by 8 compared to YE 2001
- **Number of ATMs reached 404** representing an increase by 21% compared to YE 2001
- **New client segmentation for retail** has been implemented
- **One dedicated Relationship Manager to each client**
- **New products and services launched**
 - Perfect Konto
 - Vital life Insurance

Direct banking - transactions thousand

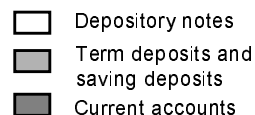


KEY BUSINESS INDICATORS

Increasing deposit base

Volume of deposits

CZK million

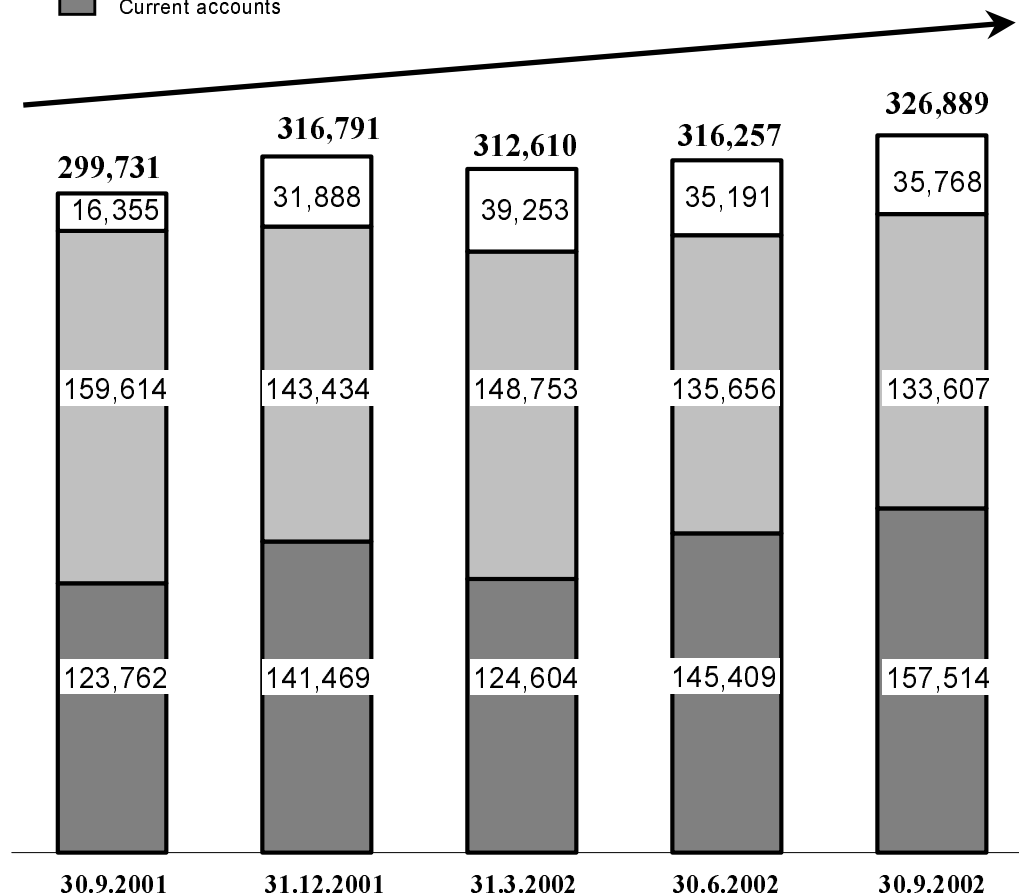


- + 9% growth year-over-year

- Slight changes in the structure of deposits

- Continues increase of current accounts deposits (48% of primary deposits)
- term and saving deposits make 41% of primary deposits

- Deposits influenced by decreasing interest rates environment



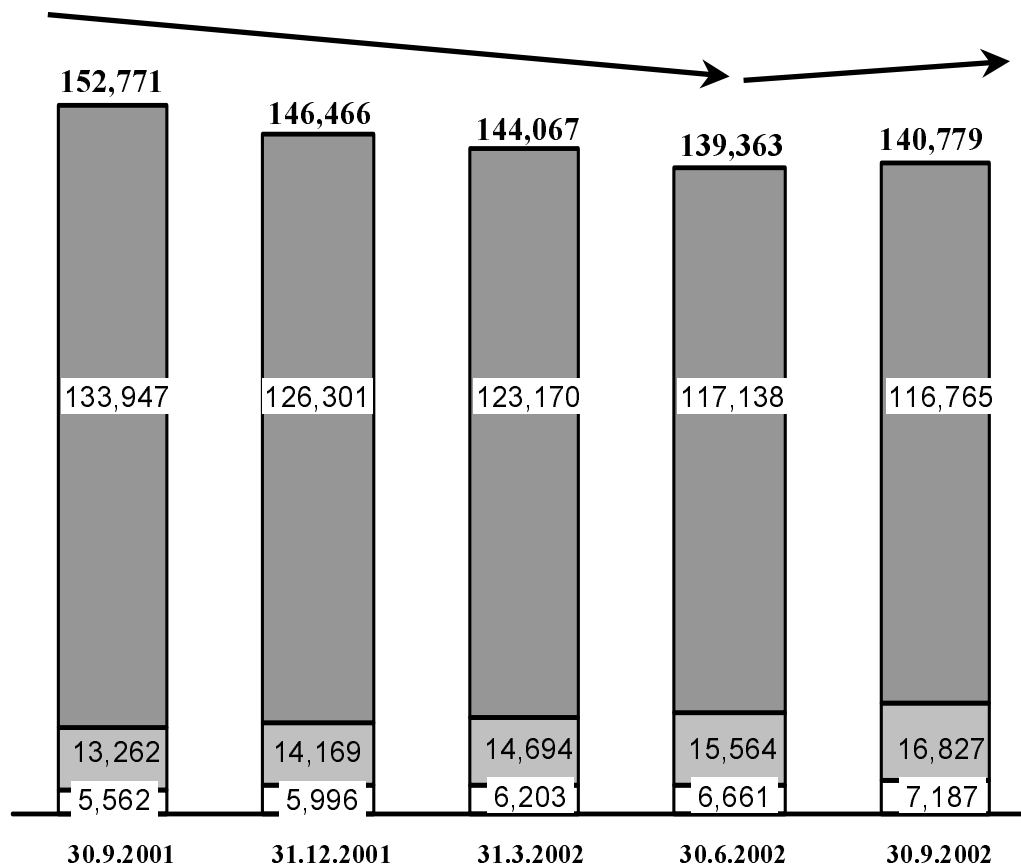
KEY BUSINESS INDICATORS

Stabilised loan portfolio and ongoing positive trend in retail lending

Volume of loans (gross amount)
CZK million

■ Business loans
■ Mortgage loans
□ Consumer loans

- **Stabilised loan portfolio**
- **Continues increase of mortgages and consumer loans**
 - Retail loans represent 17% of total customer loans
 - Mortgages increased by 27% year-over-year
 - Consumer loans increased by 29% year-over-year
- **Business loans decreased due to Remedial Management Division activities**

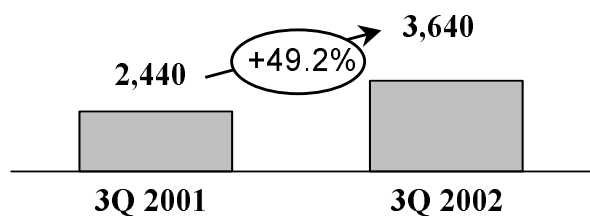


KEY BUSINESS INDICATORS

Retail loans development - focus

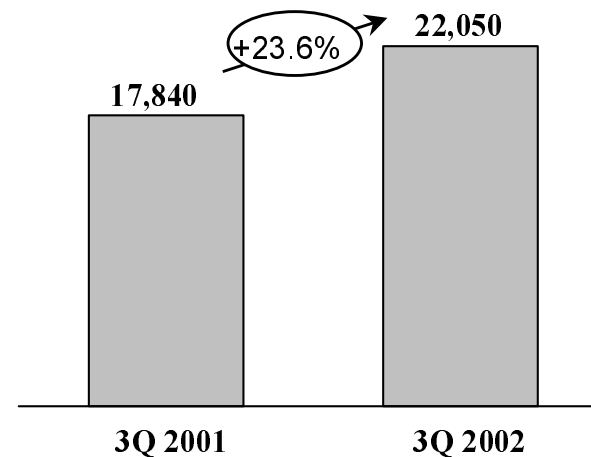
Mortgages

Number of mortgages granted during 3Q of 2002

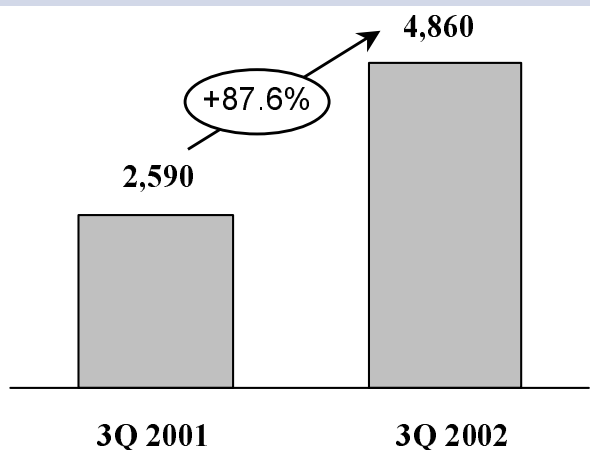


Consumer loans

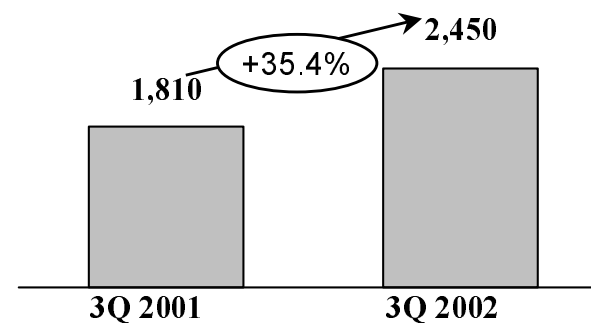
Number of consumer loans granted during 3Q of 2002



Volume of mortgages granted during 3Q of 2002
CZK million



Volume of consumer loans granted during 3Q of 2002
CZK million



FINANCIAL RESULTS AND RATIOS

CZK million

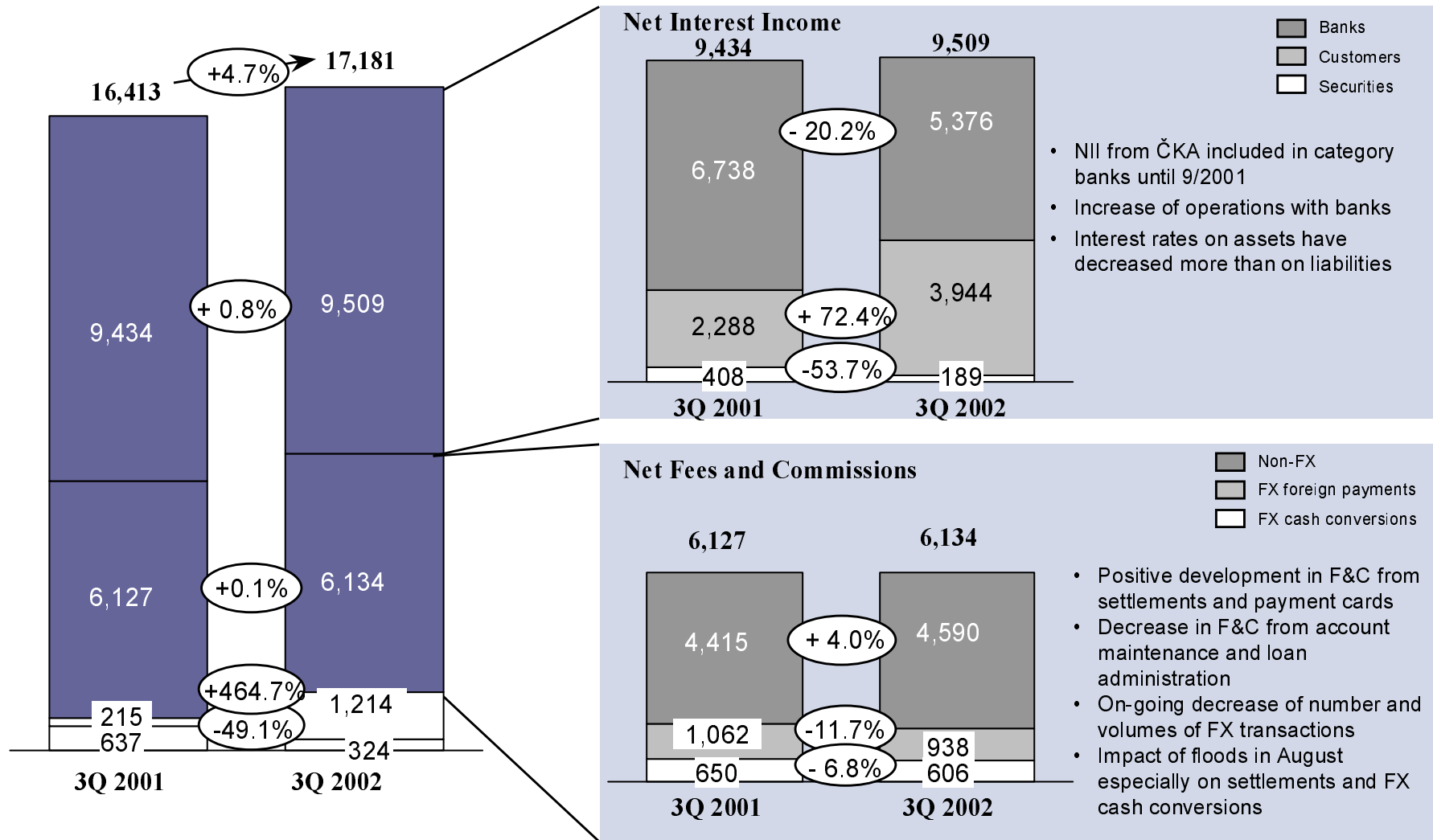
Profit and Loss Statement	3Q 2001	3Q 2002	Change 02/01
Net banking income	16,413	17,181	+ 4.7%
Operating costs	-10,580	-9,735	- 8.0%
Net operating income	5,833	7,446	+27.7%
Provisions for loan and investment losses	-2,562	268	-
Income tax	-739	-1,406	+ 90.3%
Net profit	2,532	6,308	+ 149.1%

Key ratios and indicators	3Q 2001	3Q 2002	Change
Capital Adequacy - CNB	13.6%	14.3%	→
Tier 1 Ratio (IAS)	10.0%	11.6%	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.56%	3.07%	→
Cost / Income ratio including restructuring costs	64.5%	56.7%	→
Return on Average Equity (ROAE), annualised	15.5%	30.7%	↗
Return on Average Assets (ROAA), annualised	0.8%	1.8%	↗
Non-interest Income / Total Revenues	42.5%	44.7%	→
Number of employees (FTE)	9,324	8,636	- 7.4%

NET BANKING INCOME 1/2

Stable development in core banking activities

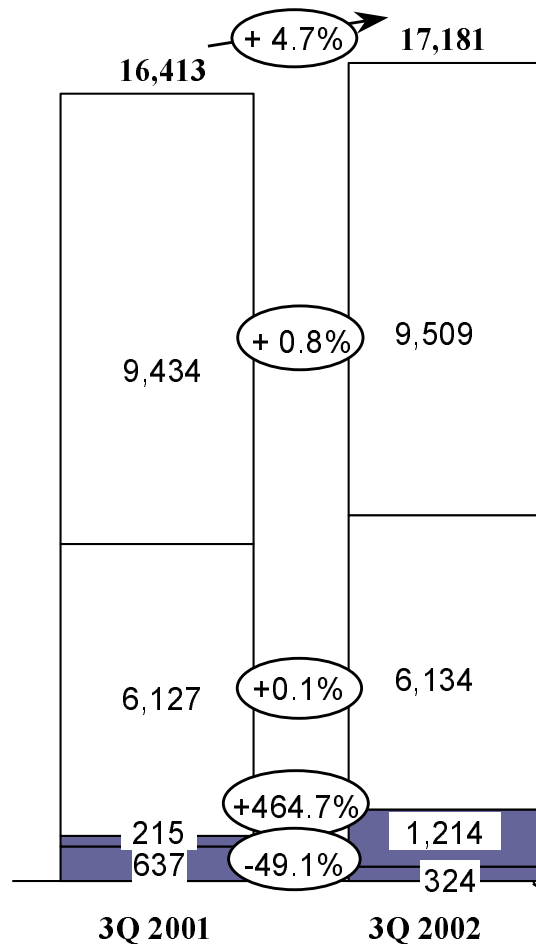
CZK million



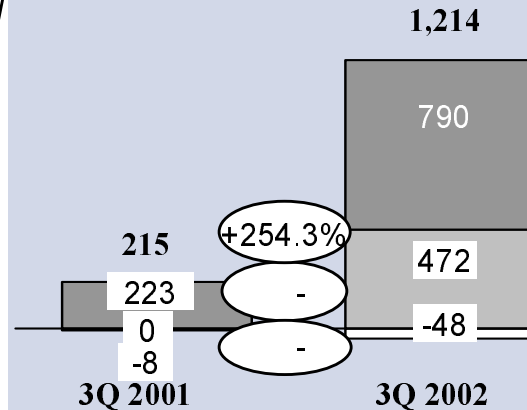
NET BANKING INCOME 2/2

Net profit on financial operations contributing to net banking income growth

CZK million



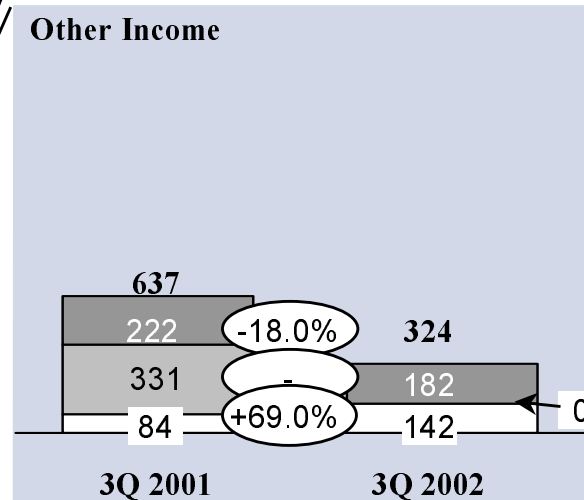
Net profit from financial operations



- FX operations
- Securities
- Derivatives

- YoY not fully comparable due to methodology and reporting changes
- Increase in profit driven mainly by FX operations
- Increasing unrealised profits on bonds as a result of expectations of declining interest rates
- Higher realised profit on the sale of bonds and received dividends from available for sale portfolio compared to 2001

Other Income



- Dividends from subsidiaries and associates
- Exceptional net income
- Miscellaneous

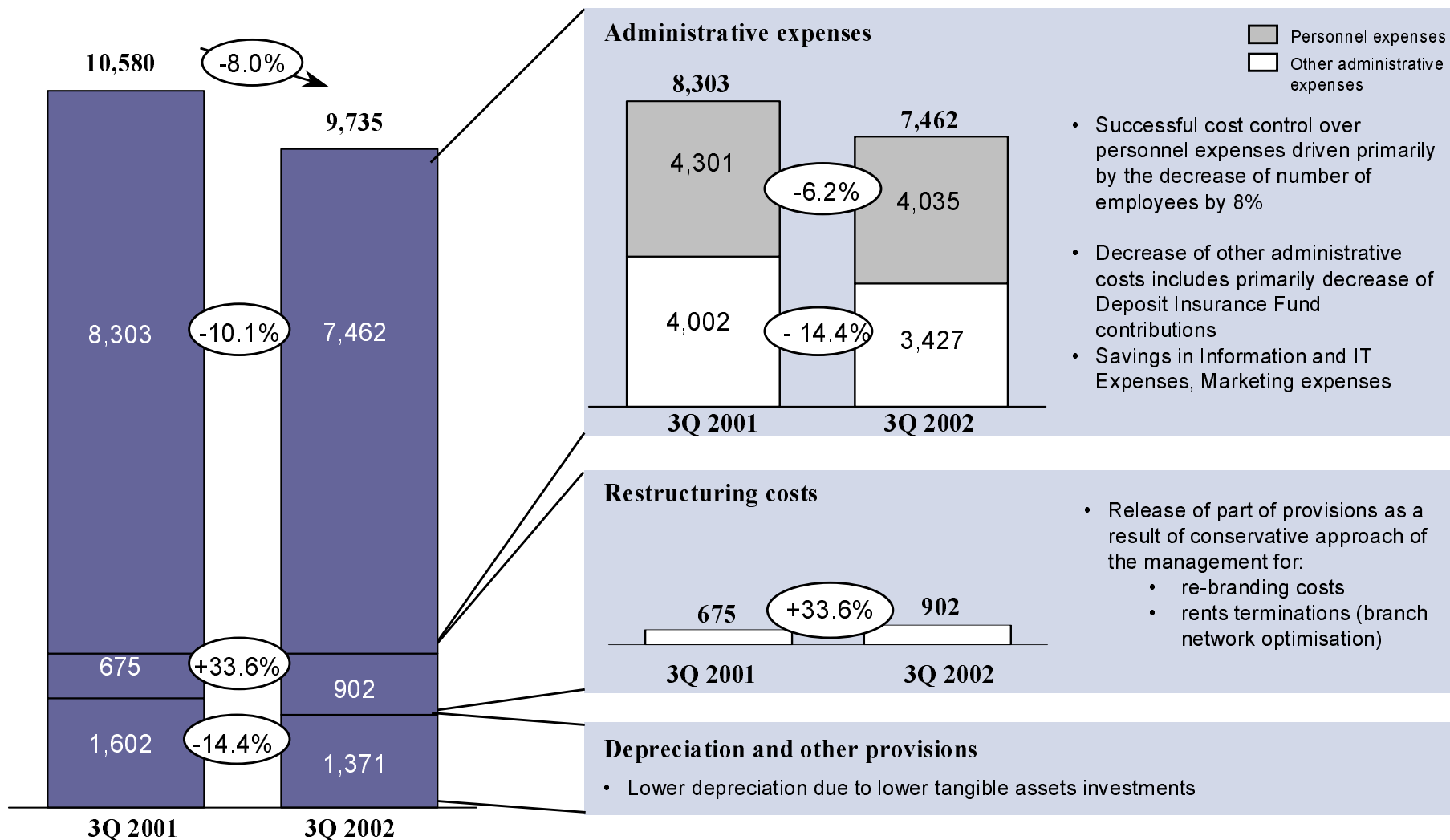
- Exceptional net income connected with previous exceptional events (resulted primarily from the payment system change in mid 90's reported in 2001)
- Increase of miscellaneous mainly due to rent received and sale of non-operating tangible fixed assets



OPERATING COSTS

Successful cost control and ongoing restructuring

CZK million



- Successful cost control over personnel expenses driven primarily by the decrease of number of employees by 8%
- Decrease of other administrative costs includes primarily decrease of Deposit Insurance Fund contributions
- Savings in Information and IT Expenses, Marketing expenses

- Release of part of provisions as a result of conservative approach of the management for:
 - re-branding costs
 - rents terminations (branch network optimisation)

Depreciation and other provisions

- Lower depreciation due to lower tangible assets investments

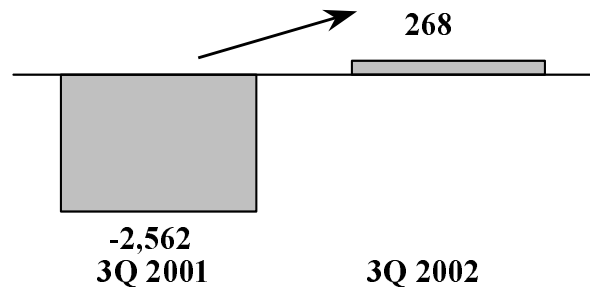


PROVISIONS FOR LOANS AND INVESTMENT LOSSES

Impact of increasing quality of KB loan book

CZK million

Total provisions

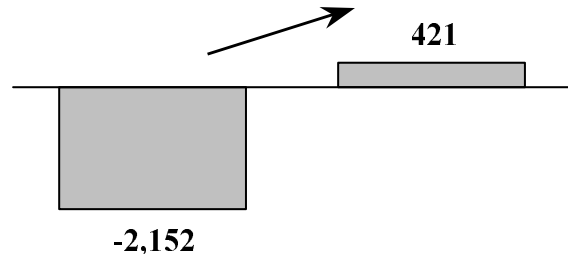


Comments

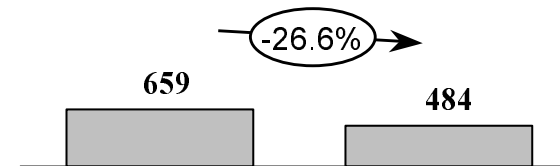
- Release of provisions for loan losses caused by an ongoing improvement of the loan book structure due to repayments, re-classifications and sales of non-performing loans
- Net creation of provisions to KP in the total amount of CZK 152 mil.
- Provisions for impairment of securities fully connected to CDO/CLN portfolio

Detailed breakdown

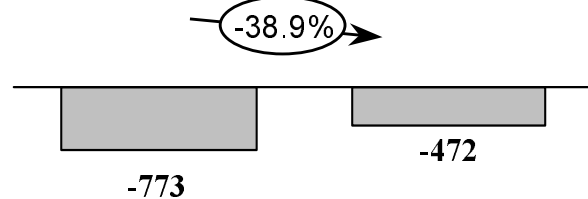
Provisions for loan losses



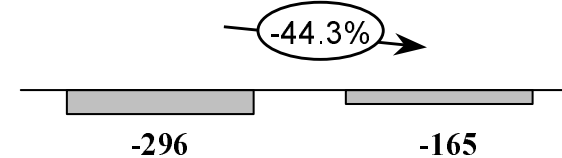
Income from fully written-off loans



Provisions for impairment of securities



Provisions for losses for investments in subsidiaries and associates



BALANCE SHEET

Increase of total balance sheet by 21%

CZK million

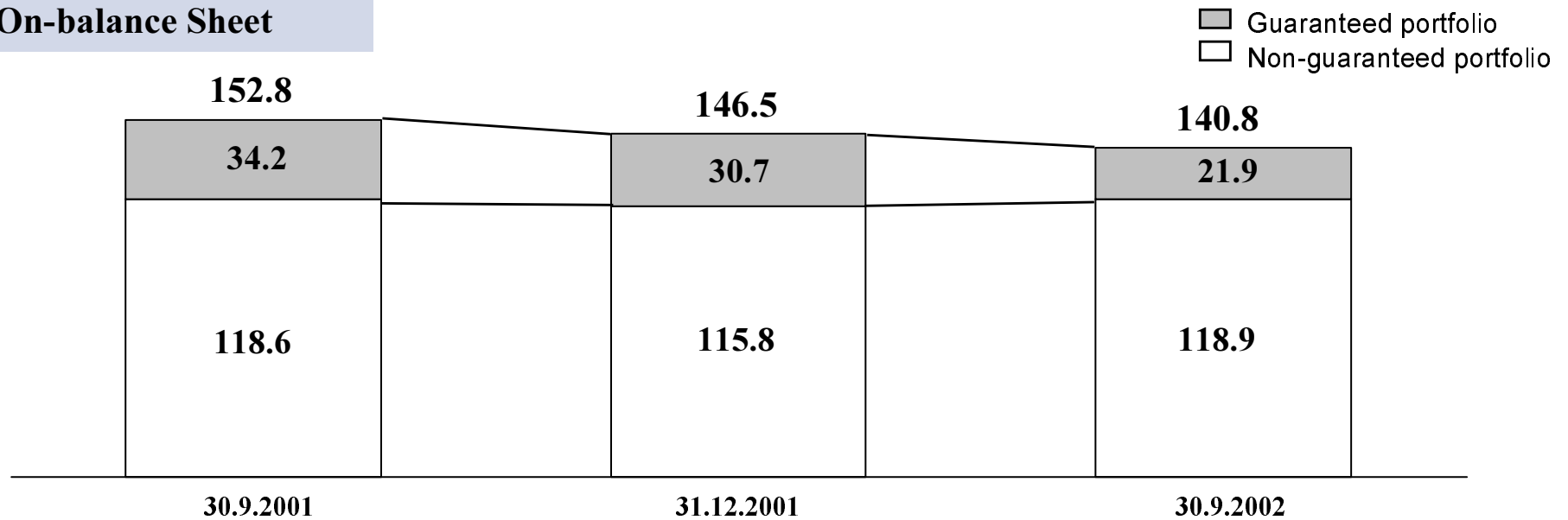
Assets		511,856	Change	Liabilities		511,856	Change
		26,506	+ 45.5%			21,932	- 24.0%
Cash and balances with central bank	421,720			Amounts owed to financial inst.	421,720		
	18,211			REPO with state institutions	28,860		
Due from financial institutions	155,602	257,370	+ 65.4%		0		
Due from Ěeská konsolidaèní agentura	49,765	37,827	- 24.0%	Amounts owed to customers	316,791	326,889	+ 3.2%
REPO with state institutions	12,500	0	-				
Loans and advances to customers (net)	122,697	120,575	- 1.7%	Subordinated debt	7,252	6,358	- 12.3%
Securities	38,123	38,348	+ 0.6%	Certificated debt	27,771	17,883	- 35.6%
Other assets	24,822	31,230	+ 25.8%	Other liabilities	17,448	26,114	+ 49.7%
	31.12.2001	30.9.2002		Shareholders' equity	23,598	31,219	+ 32.3%
					31.12.2001	30.9.2002	



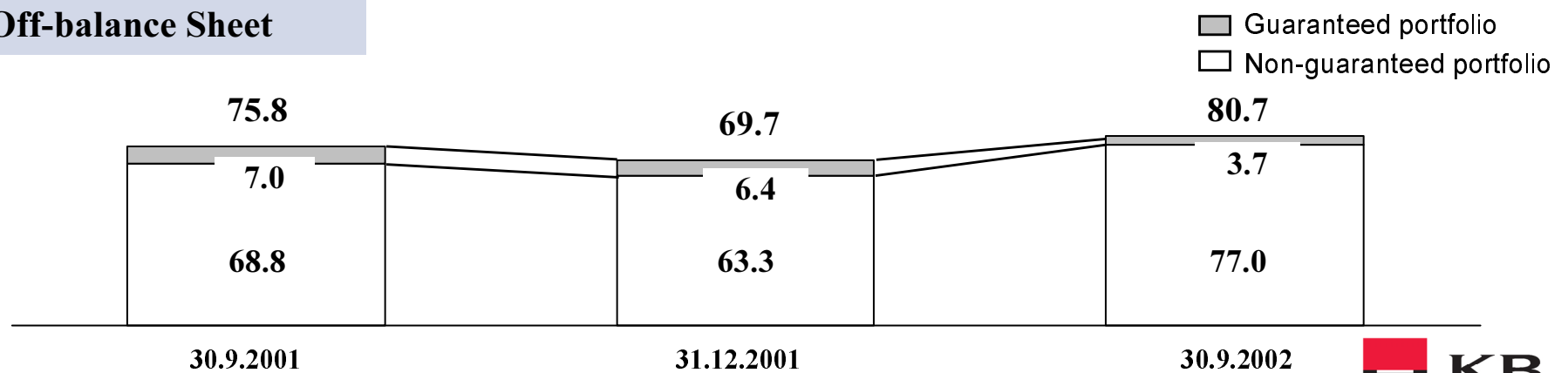
CLIENT PORTFOLIO DEVELOPMENT

CZK billion

On-balance Sheet



Off-balance Sheet

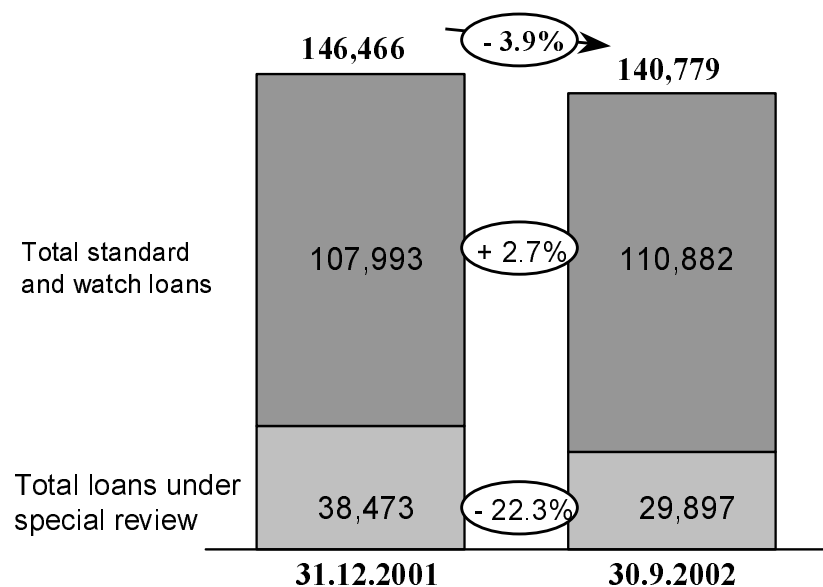


LOANS AND ADVANCES TO CUSTOMERS

Permanent improvement in the loan book quality

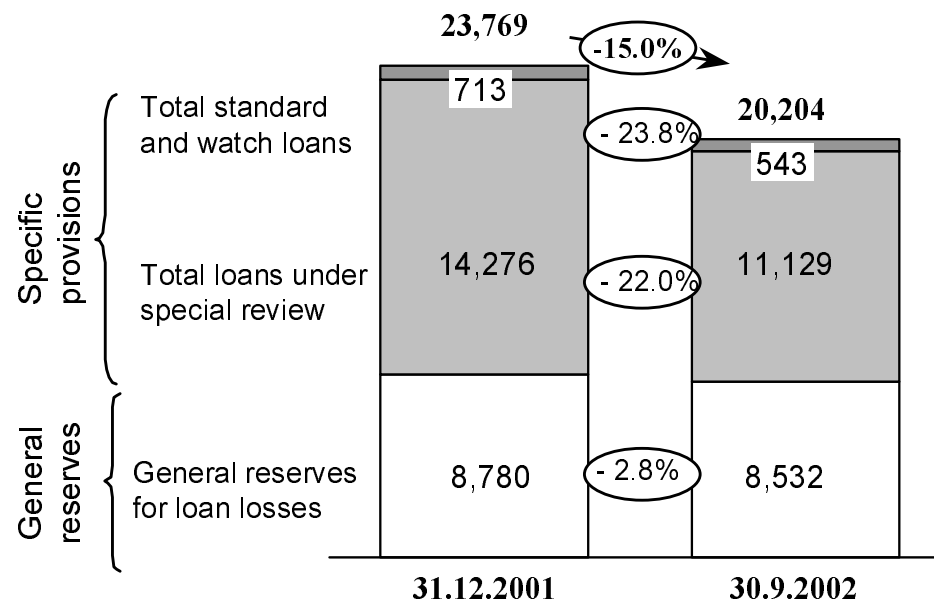
CZK million

Client loans On-balance sheet



- Quality improvement in the loan book structure during the first three quarters of 2002
- Increase in the share of standard loans in the total customer loans by 7 p.p. to final 63%
- Decrease in LUSR / Total customer loans by 5 p.p. to final 21%
- Decrease in Loss loans / Total customer loans by 2 p.p. to final 9%

Provisions and general reserves for loan losses On-balance sheet



- Total coverage rate (provisions and general reserves without the State Guarantee) amounted to 14%
- Provisions, Reserves and Collateral without the State Guarantee cover 56% of the loan portfolio
- Coverage of loans under special review by specific provisions was 37%



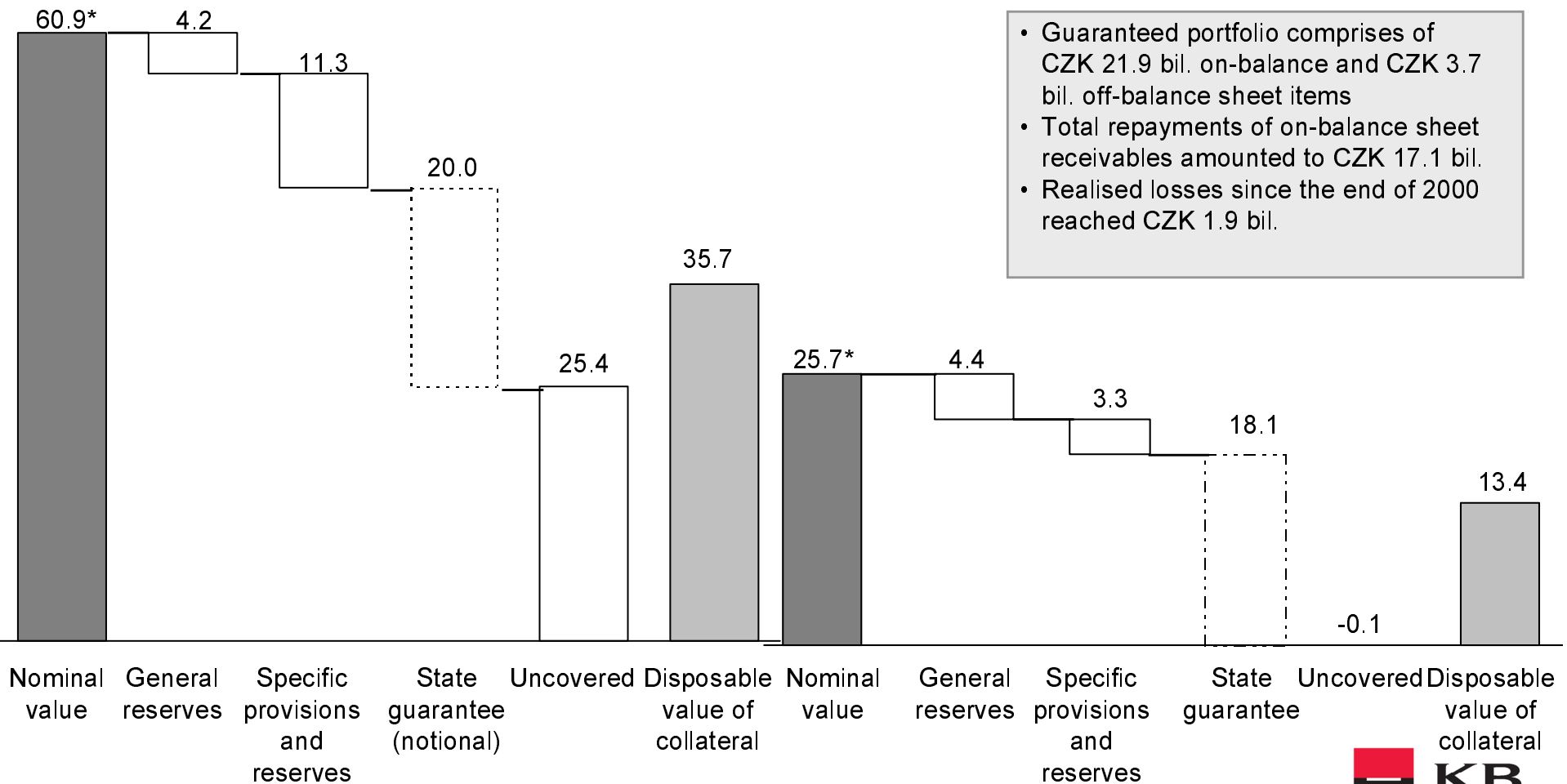
STATE GUARANTEED PORTFOLIO – FOCUS

Continuing reduction of non-performing loans covered by the State Guarantee

CZK billion

31. 12. 2000

30. 9. 2002



* Includes receivables to banks (CZK 510 mil. as at 31.12.2000, CZK 50 mil. as at 30.9.2002)



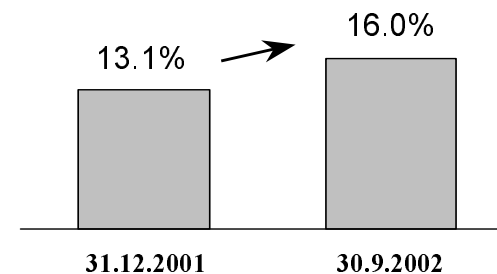
CDO PORTFOLIO

Increased coverage of the portfolio

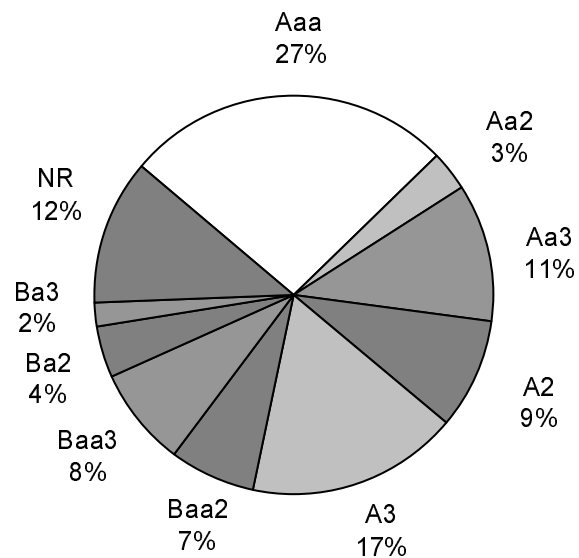
Date of acquisition: September 2000 - April 2001
Purchase price: USD 426 mil.
Total coverage (as at 30-Sept 2002): USD 68 mil.

Provisions and reserves based on a marked-to-model approach.

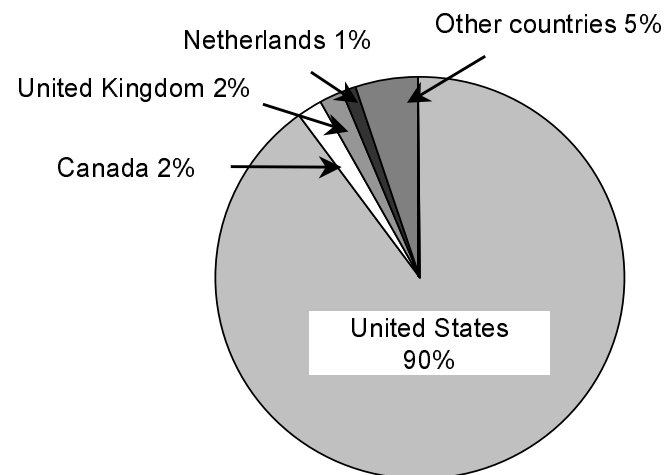
Specific provisions / Purchase Price



Rating of the CDO portfolio



CDO collateral by country



SUBSIDIARY AND ASSOCIATED UNDERTAKINGS RESULTS

CZK thousand; CAS/SAS

	Share of KB	Profit after tax	Equity	Assets
ASIS, a.s.	100%	4,495	12,050	69,402
Factoring KB, a.s.	100%	6,539	114,493	2,223,453
Investiční kapitálová společnost, a.s.	100%	54,937	223,310	277,344
Komerční Finance, B.V.	100%	2,989	4,261	6,371,741
Komerční banka Bratislava, a.s. (SAS)	100%	22,451	424,981	3,708,995
Komerční pojišťovna, a.s.*	100%	- 181,656	- 326,370**	4,793,831
MUZO, a.s.	51.25%	178,674	462,202	1,058,652
Reflexim, a.s.	100%	1,555	6,906	43,423
Total subsidiary undertakings		89,984	921,833	18,546,841
CAC LEASING, a.s. (unconsolidated)	50%	67,382	617,219	19,245,904
Všeobecná stavební spořitelna KB, a.s.	40%	163,197	1,308,657	29,102,192
Czech Banking Credit Bureau	20%	-10,099	-8,909	1,406
Total subsidiary and associated undertakings KB		310,464	2,838,800	66,896,343
direct share		97,418	1,520,561	39,280,566
ALL IN REAL ESTATE LEASING, s.r.o. ***	100%	3,804	36,512	89,354
ALL IN, a.s.***	100%	3,040	24,081	24,253
Penzijní fond Komerční banky, a.s.	100%	266,224	672,090	9,282,949

• **Komerční pojišťovna comments:**

- Sale of MTPL insurance completed
- Recapitalisation completed, KB increased capital by CZK 989 mil.
- Impact of the floods will not exceed CZK 300 mil. (majority is covered by reinsurance companies)

* Preliminary results

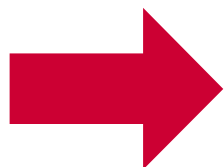
** Due to legal procedures this figure does not include the second share capital increase

***Companies in process of disposal or liquidation



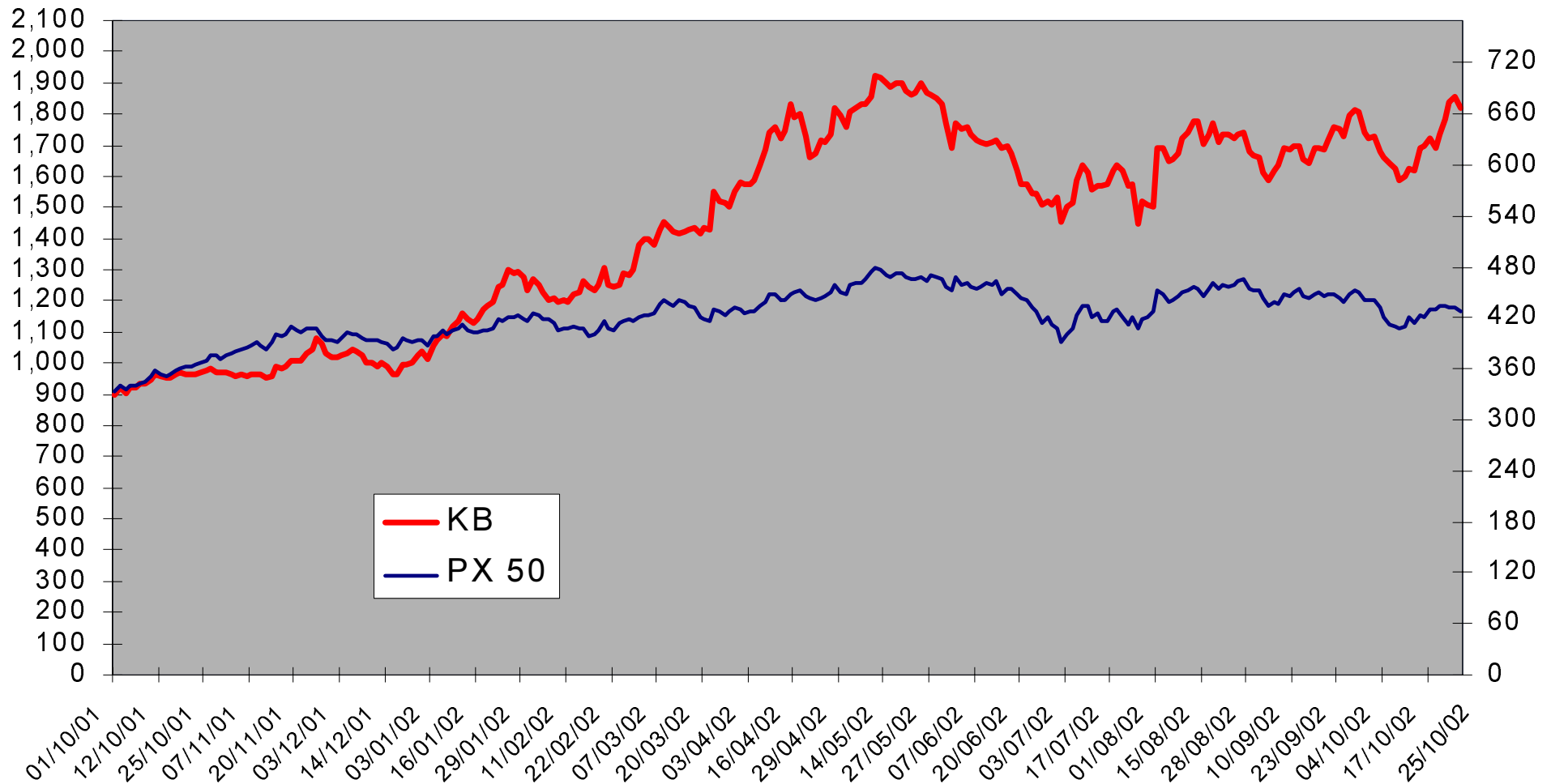
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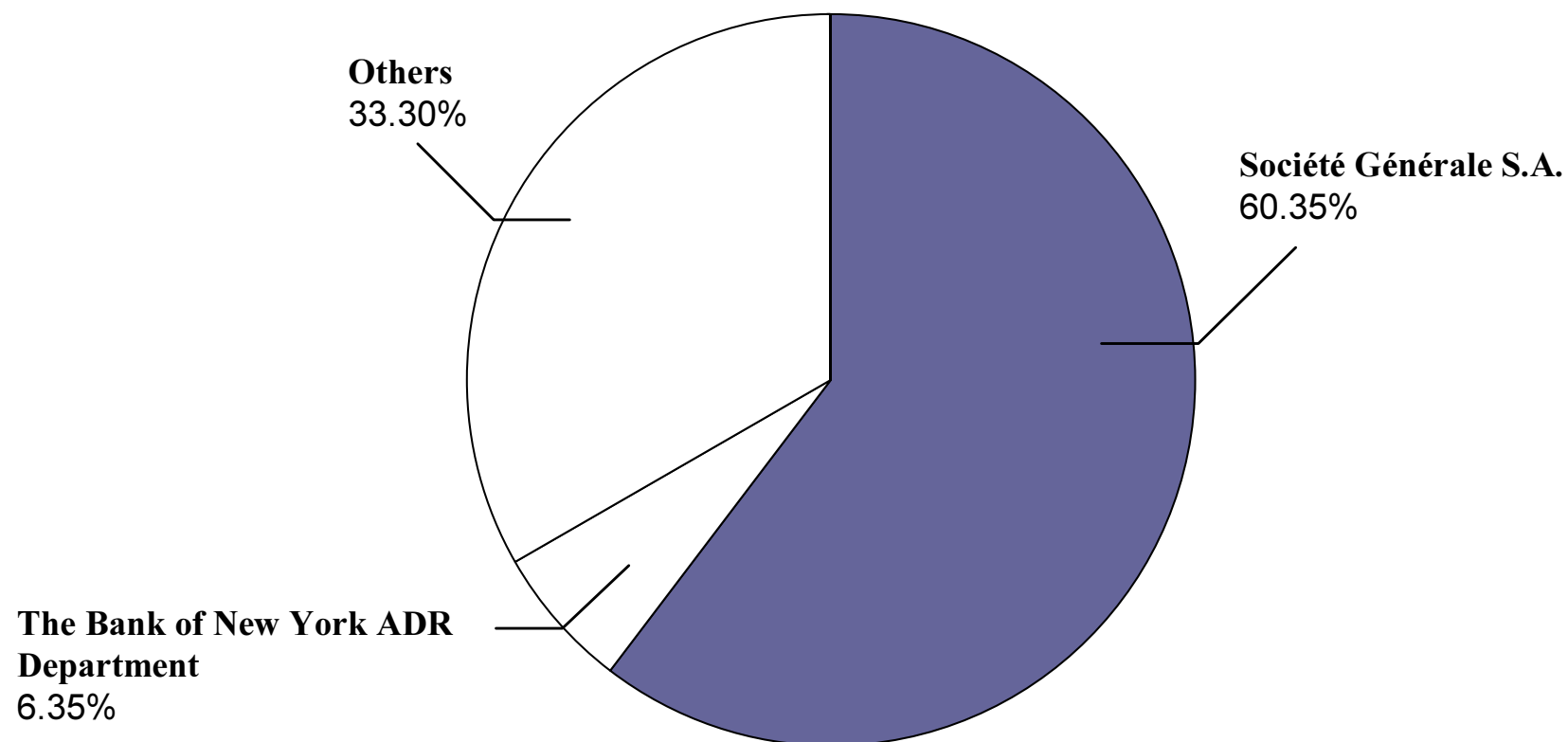
- **Appendix**

DEVELOPMENT OF KB'S SHARE PRICE AND INDEX PX50



STRUCTURE OF SHAREHOLDERS

**Major shareholders of Komerèní banka, a.s.
with over 5% of the share capital as at September 30, 2002**



CONTACTS

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