

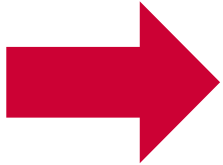


# **Financial Results**

**as at 30 September 2003**

(International Financial Reporting Standards)

Prague - 31 October 2003



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

# NUMBER OF CLIENTS

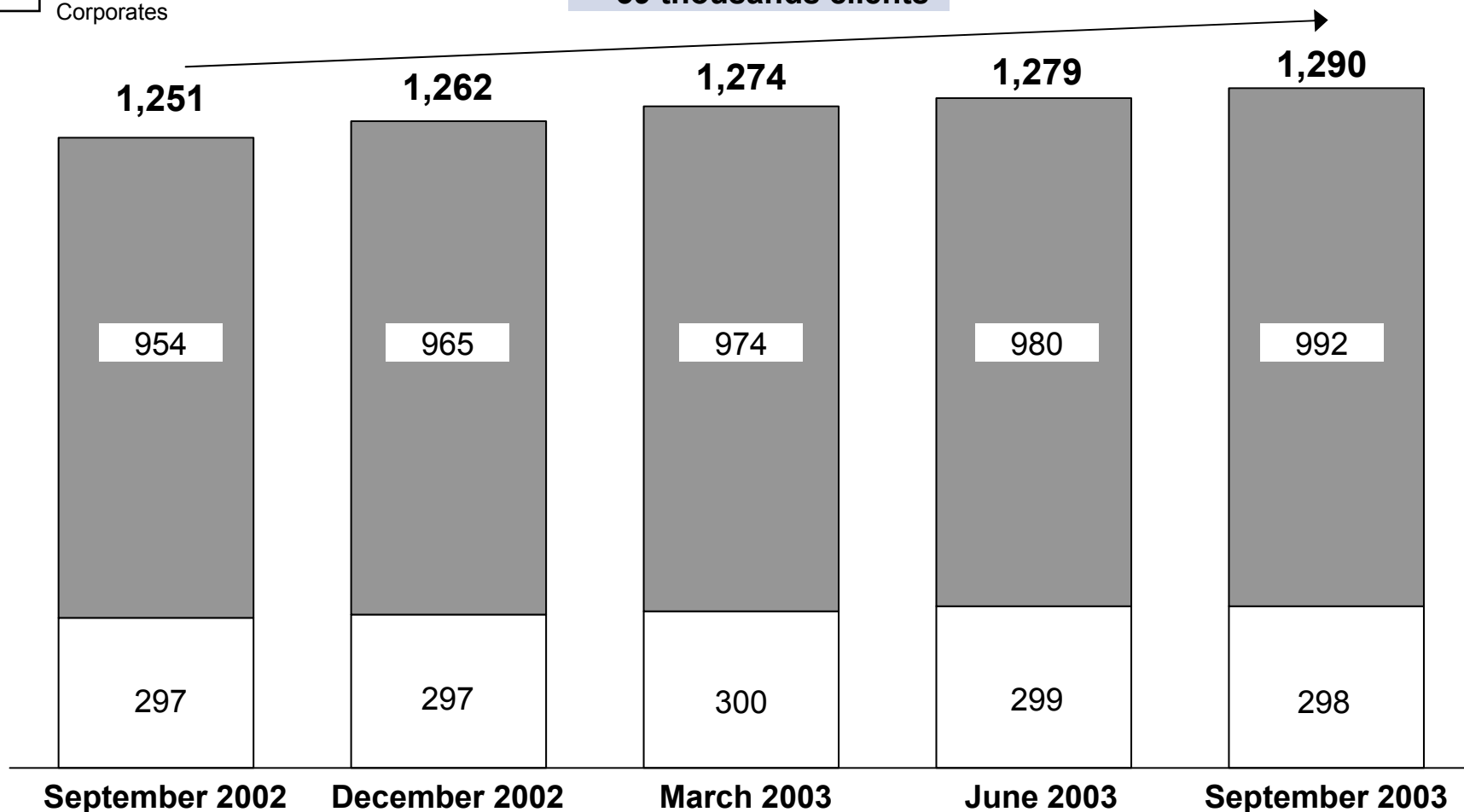
## Increase of retail clients continues

Thousands

■ Individuals

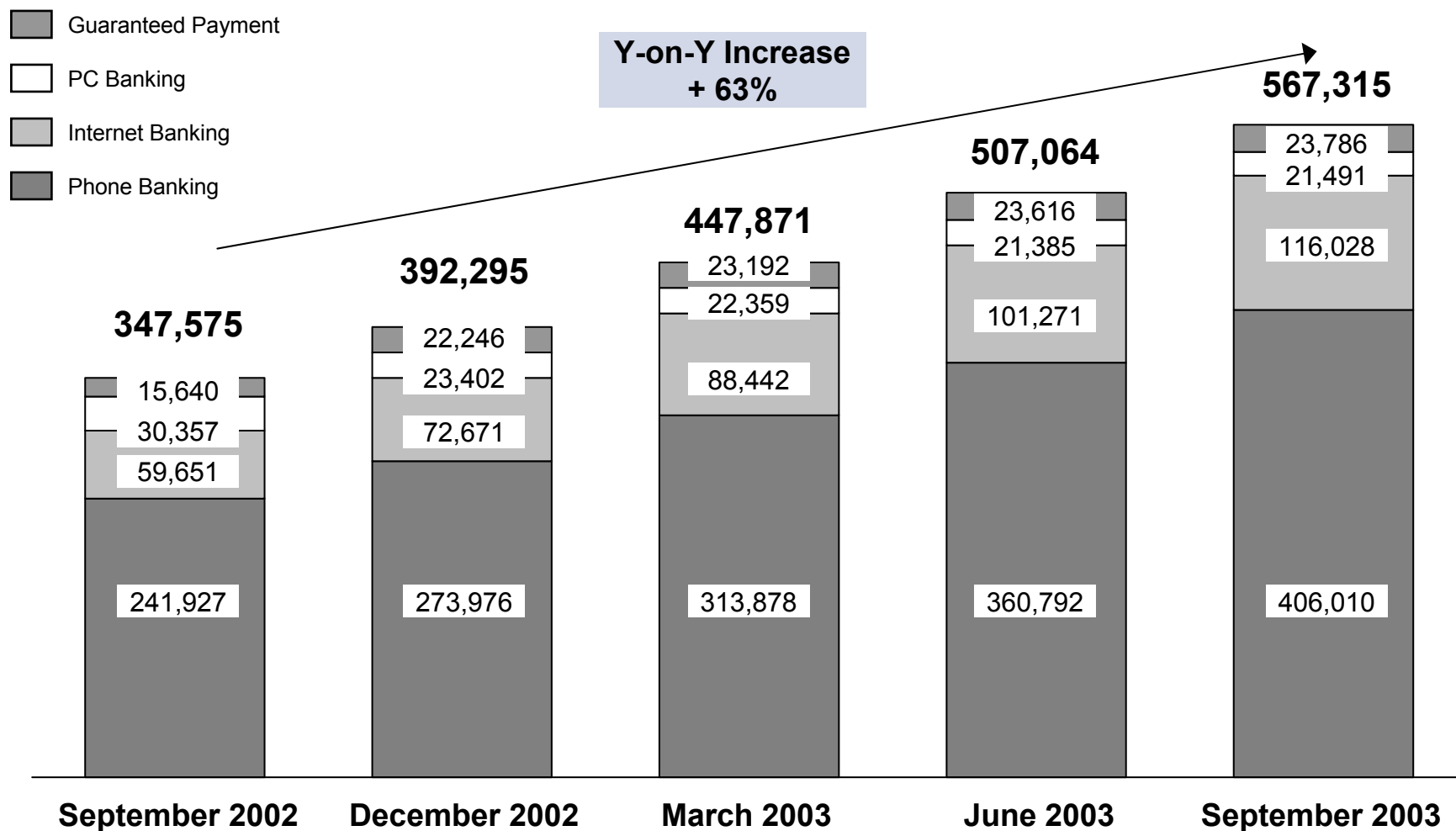
□ Entrepreneurs and Corporates

Y-on-Y Increase  
+ 39 thousands clients

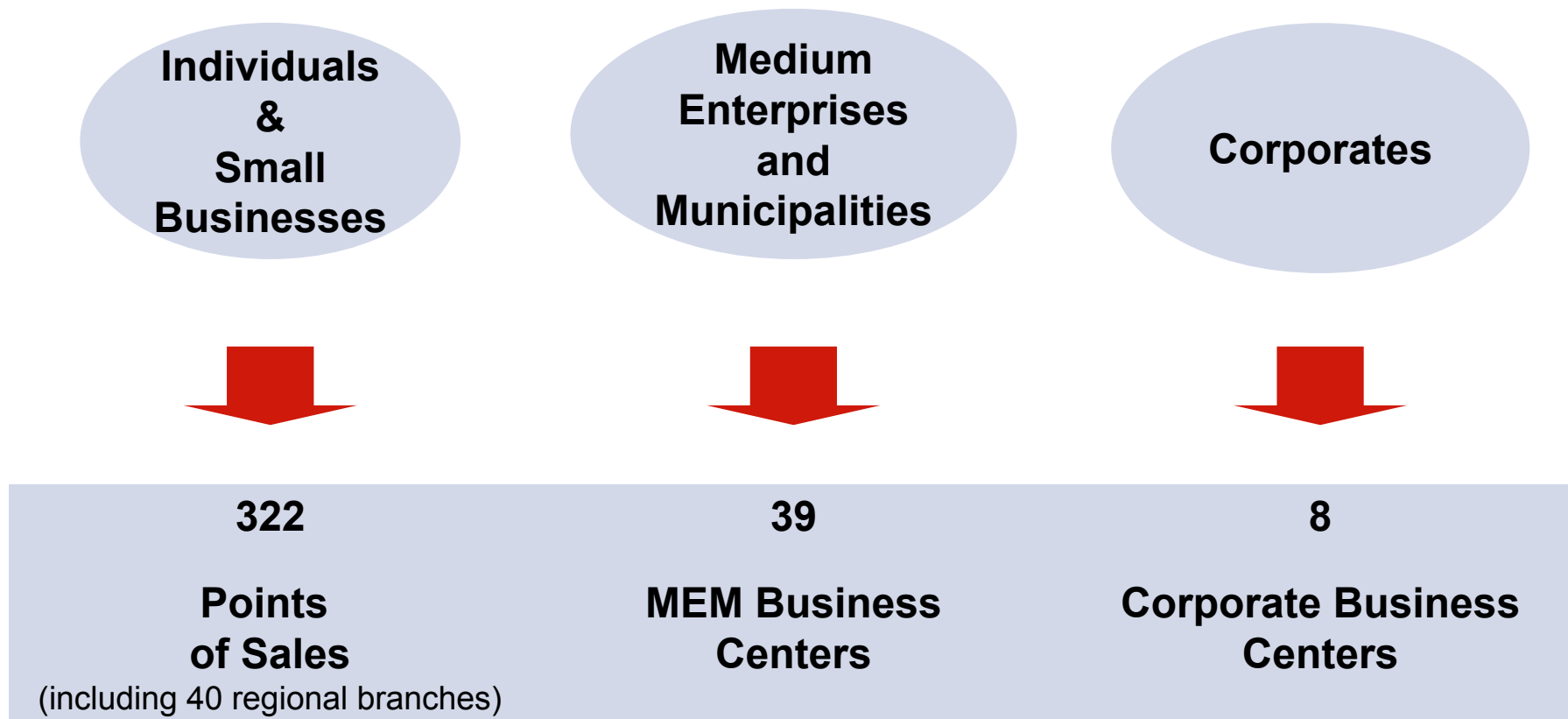


# DIRECT BANKING

Share in the total client base increased to 44%



# SALES NETWORK FOR ALL SEGMENTS

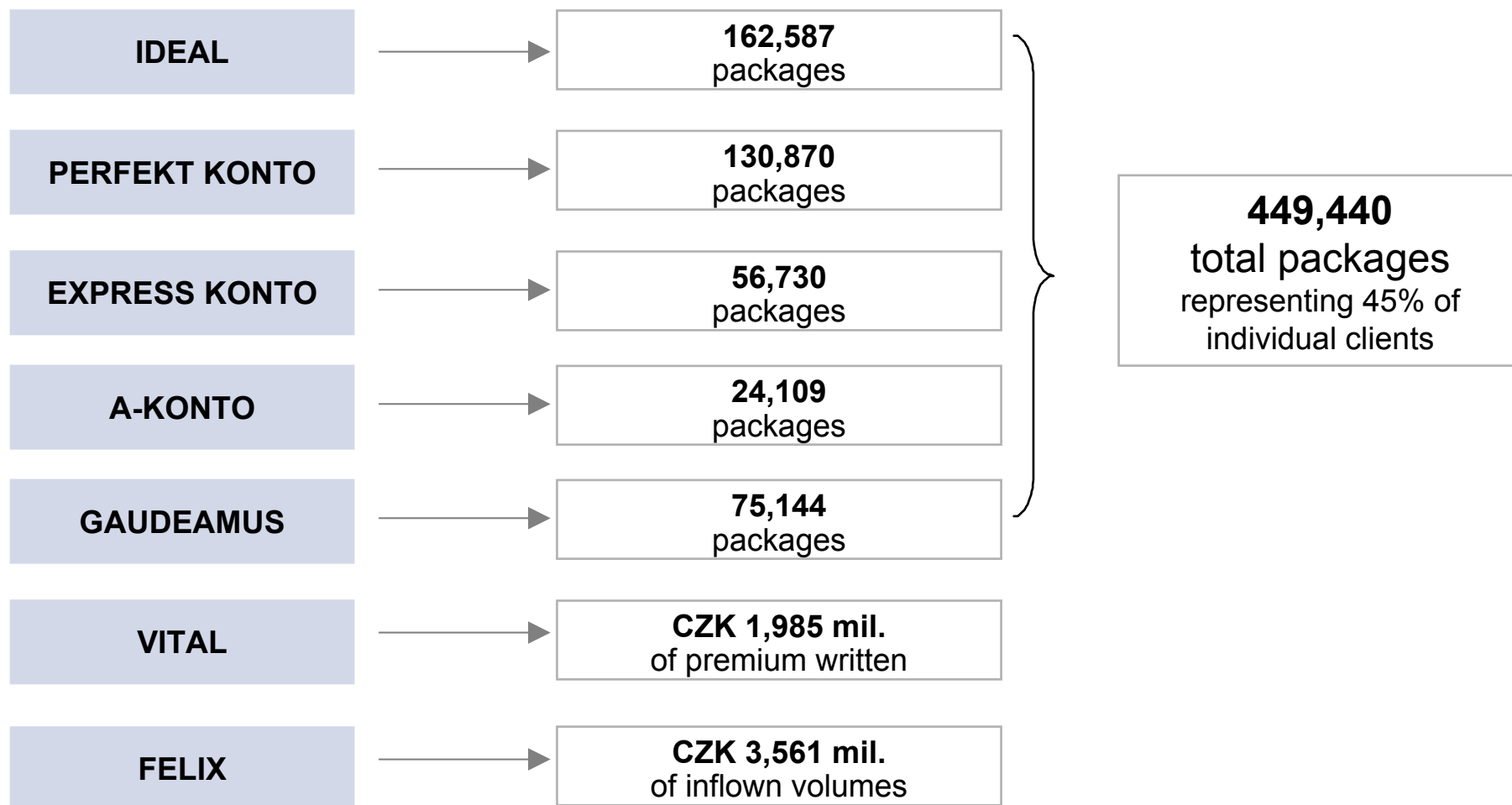


**Number of ATMs grew by 58 to the total of 498 since the end of 2002**



# KEY PRODUCTS FOR INDIVIDUALS

## Continuous increase of active packages in 2003

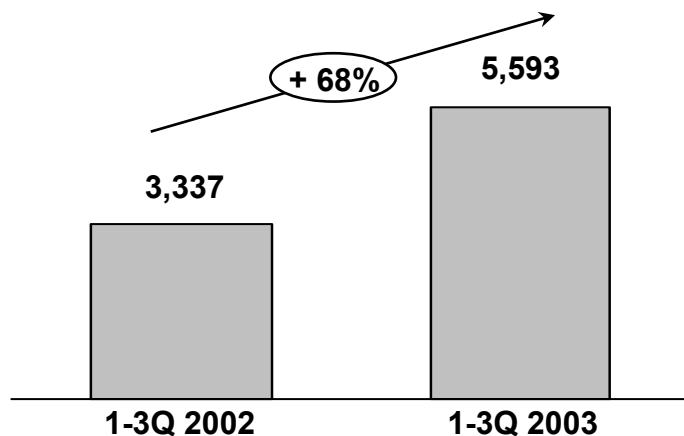


# LOANS TO INDIVIDUALS

## Continuous positive trend

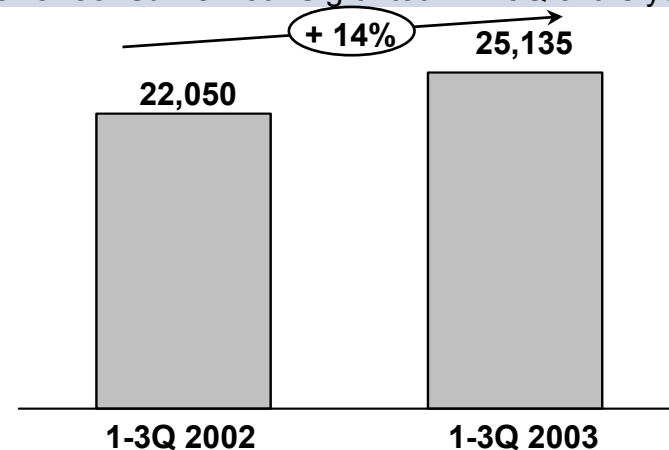
### Mortgages

Number of mortgages granted in 1-3Q of the year

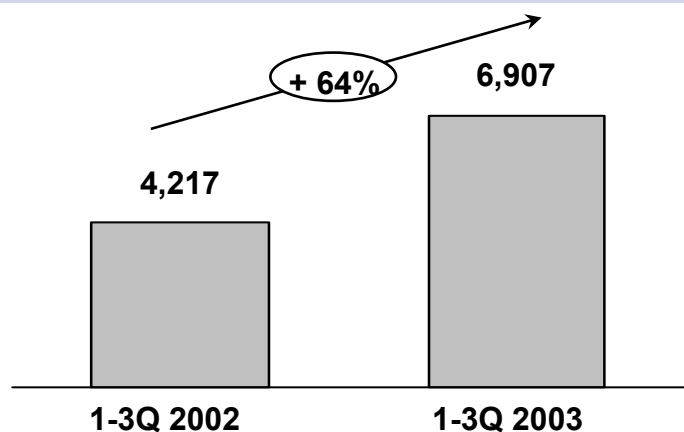


### Consumer loans

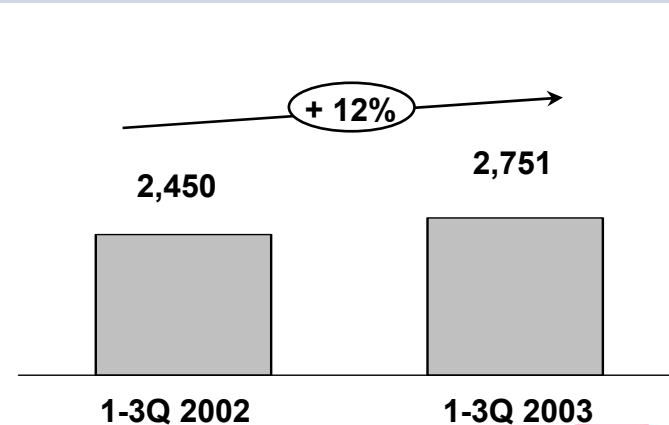
Number of consumer loans granted in 1-3Q of the year



Volume of mortgages granted in 1-3Q of the year  
CZK million



Volume of consumer loans granted in 1-3Q of the year  
CZK million



# NEW PRODUCTS FOR INDIVIDUALS

## Further widening of the services

### CHILDREN'S ACCOUNT

#### New saving account for children up to 15 years

- No fees for the account maintenance
- Attractive interest rate



### PERFECT LOAN

#### Cash loan to the current account

- Non-specific purpose loan up to CZK 150,000
- No fees for the loan procession and loan account maintenance
- Immediate decision on granting the loan
- Flexible instalments decided by client

### PATRON

#### Accident insurance product to current account

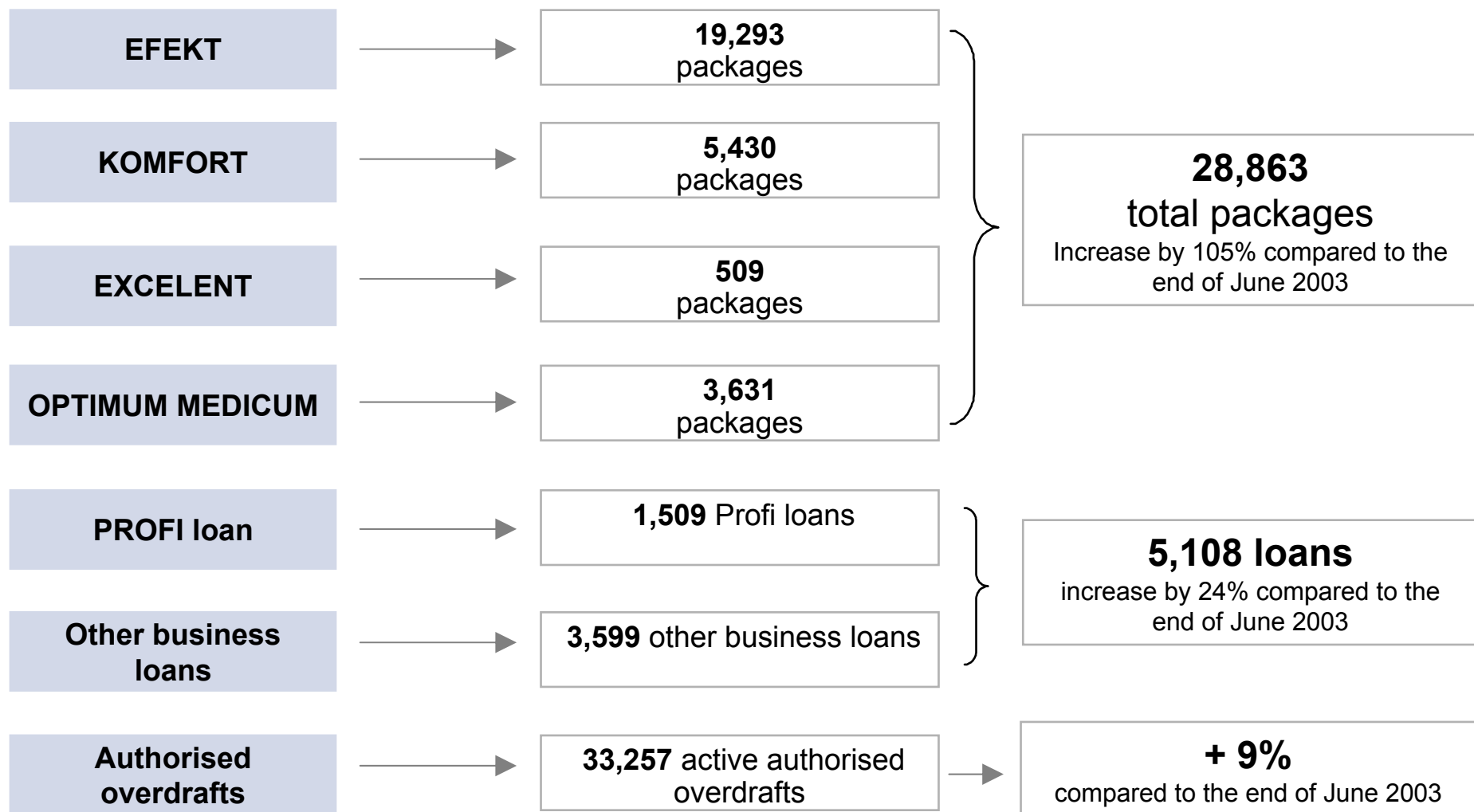
- Insurance against the death caused by an accident
- Fast financial help
- Securing of the family for 1 year





# KEY PRODUCTS FOR SMALL BUSINESSES

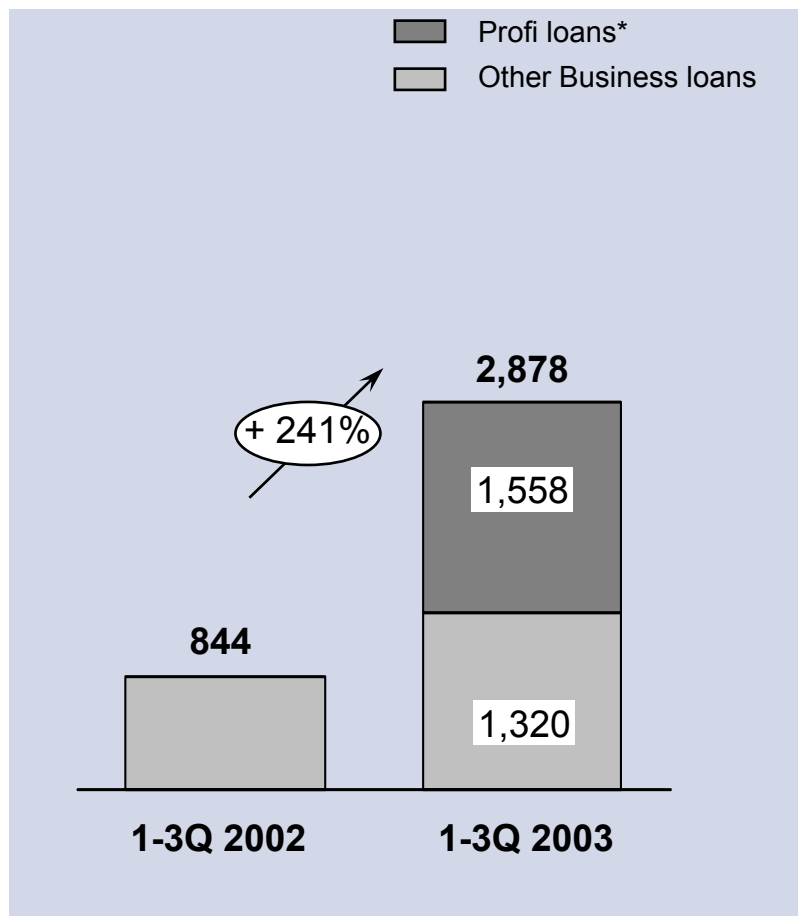
## Number of active packages more than doubled last 3 months



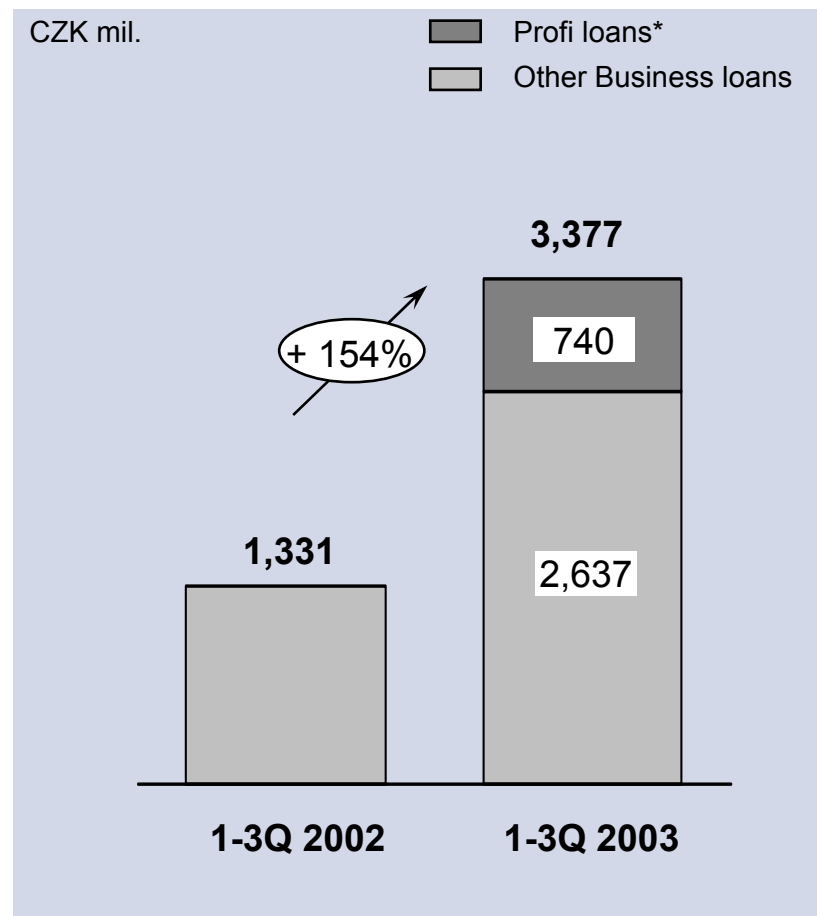
# LOANS TO SMALL BUSINESSES

## Positive result of the simplified granting process

Number of granted loans to small businesses



Volume of granted loans to small businesses



\* Profi loan launched in March 2003



# PAYMENT CARDS

## Continuous increase in the number of transactions

NUMBER OF ACTIVE CARDS

NUMBER OF MERCHANTS

NUMBER OF ISSUED CARDS

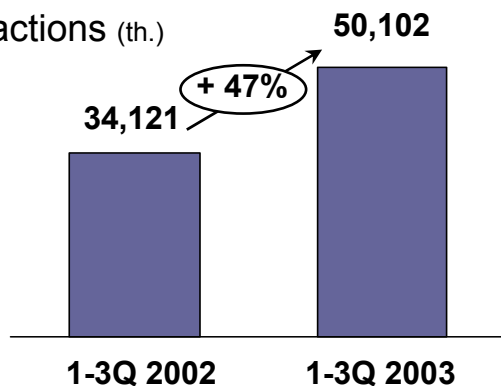
NUMBER OF POS

By date	Active cards (th.)	Issued cards (th.)	Merchants	POS
December 2001	662	972	17,098	6,019
December 2002	796	1,244	18,099	8,480
September 2003	960	1,570	18,807	9,577

+ 21% (Active cards: 662 to 796)  
+ 26% (Issued cards: 972 to 1,244)  
+ 4% (Merchants: 17,098 to 18,099)  
+ 13% (POS: 6,019 to 8,480)

### Payment cards

# of transactions (th.)



Number of issued credit cards increased from the end of 2002 by 36% to

**37,200**



# INDIVIDUALS AND SMALL BUSINESSES

## High double-digit growth of penetration ratios

Penetration ratio*	31.12. 2002	30.9. 2003	Change 03/02
<b>Individuals</b>			
PACKAGES	27.61	45.31	+ 64.1%
MORTGAGES	1.55	2.02	+ 30.3%
CONSUMER LOANS	6.75	7.82	+ 15.9%
PAYMENT CARDS	54.52	64.25	+ 17.8%
<b>Small businesses</b>			
PACKAGES	0.47	10.42	-
BUSINESS LOANS	0.95	1.64	+ 72.6%
PAYMENT CARDS	36.68	45.71	+ 24.6%

\* Number of clients with a product / 100 clients



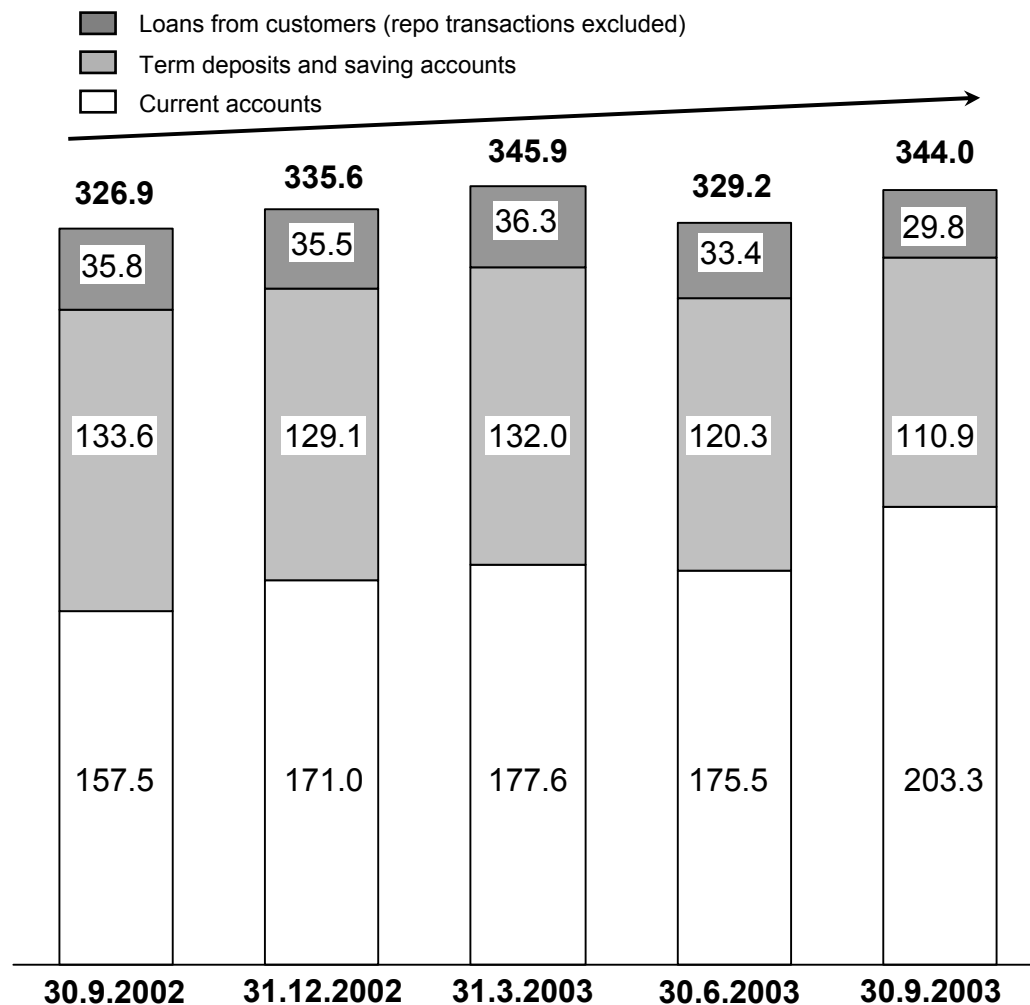
# DEPOSITS

## Influence of decreasing interest rates

### Volume of deposits

CZK billion

- Year-on-year increase by 5%
- Current accounts make up 59% of total primary deposits
- Deposits influenced by decreasing interest rates environment
  - CNB cut the limit repo rate by 0.25 p.p. to 2.0% in July, placing it on the same level as the refi rate of ECB
- Inflow of deposits during 1-9/2003
  - Mutual funds managed by IKS KB (+CZK 4.5 bil.)
  - KP life insurance products (+CZK 2.4 bil.)



# LOAN PORTFOLIO

## Year-on-year increase by 5%

### Volume of loans (Premier bank)

gross amount, CZK billion

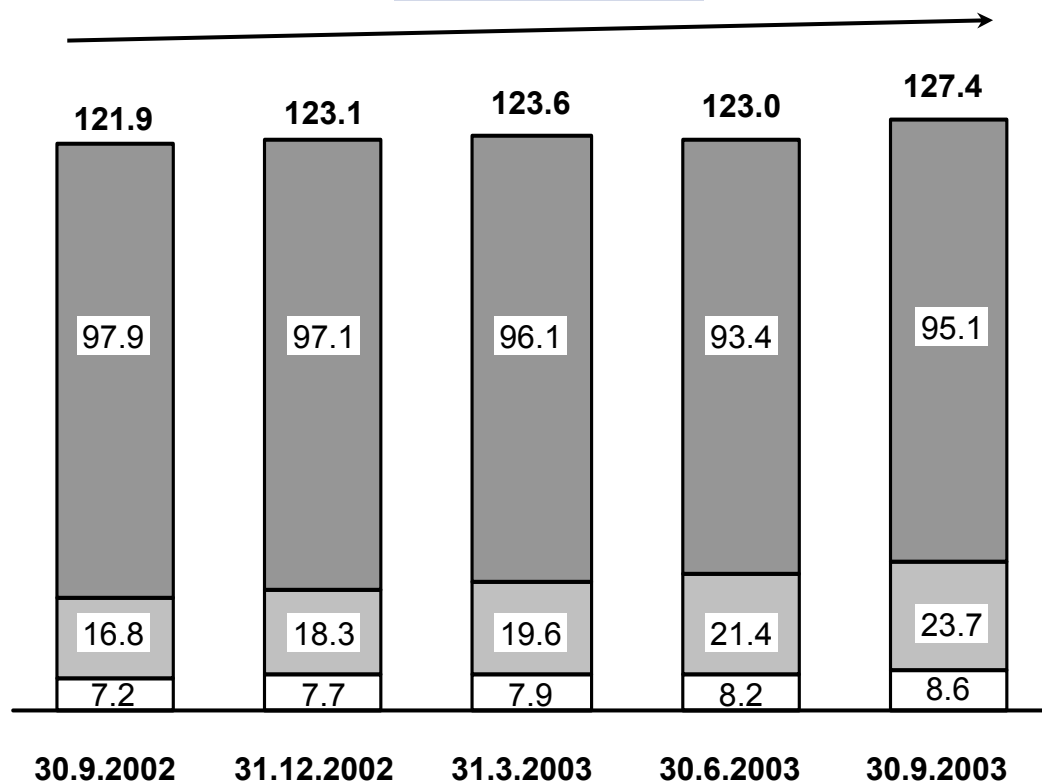
■ Business loans  
■ Mortgage loans  
□ Consumer loans

Y-on-Y increase  
+ 5%

- Year-on-year increase of the Premier Bank portfolio by 5%

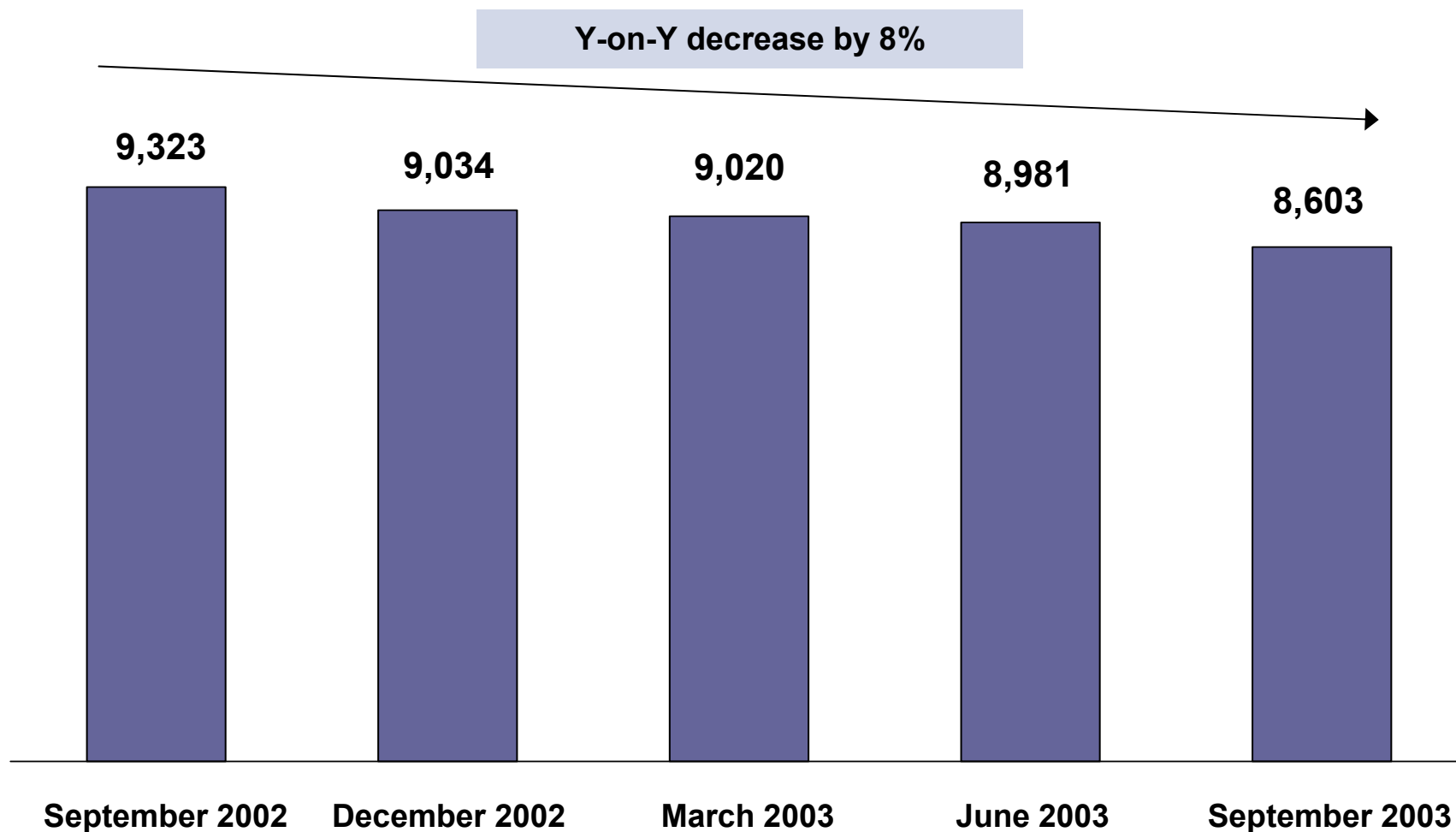
- Retail loans represent 25% of the Premier Bank portfolio

- Volume of mortgages increased year on year by 41.1%
- Volume of consumer loans increased year on year by 19.4%

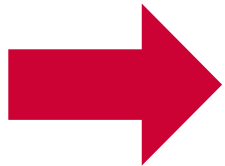


# NUMBER OF EMPLOYEES - FTE

## Continuous decrease in number of employees



Note: Figures include employees of ASIS and Reflexim reintegrated into KB during 2H 2002 and 1H 2003.



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



# FINANCIAL RESULTS AND RATIOS

## Increase in Profit before income taxes by 14%

CZK million, unconsolidated

<b>Profit and Loss Statement</b>	<b>1-3Q 2002</b>	<b>1-3Q 2003</b>	<b>Change 03/02</b>
Net banking income	17,181	16,564	- 3.6%
Operating costs	-9,735	-8,505	- 12.6%
Net operating income	7,446	8,059	+ 8.2%
Provisions for loan and investment losses and net profit from sale of subsidiaries and associates	268	737	+ 175.0%
<b>Profit before income taxes</b>	<b>7,714</b>	<b>8,796</b>	<b>+ 14.0%</b>
Income taxes	-1,406	-2,636	+ 87.5%
<b>Net profit</b>	<b>6,308</b>	<b>6,160</b>	<b>- 2.3%</b>

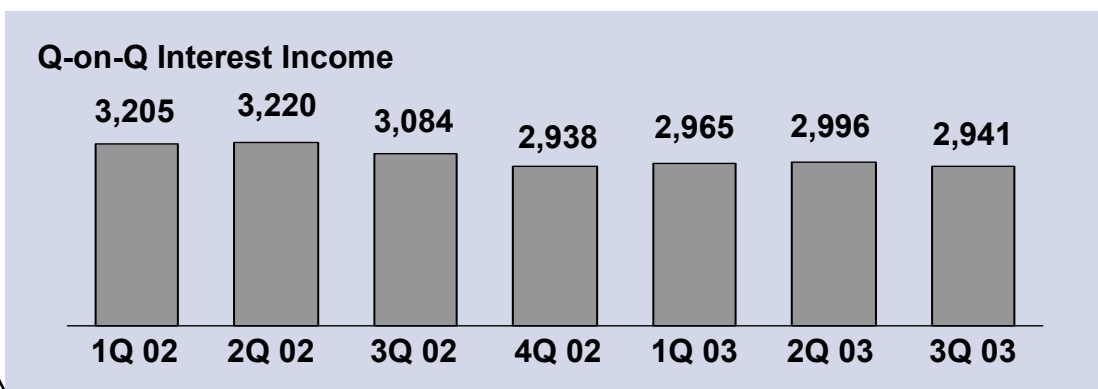
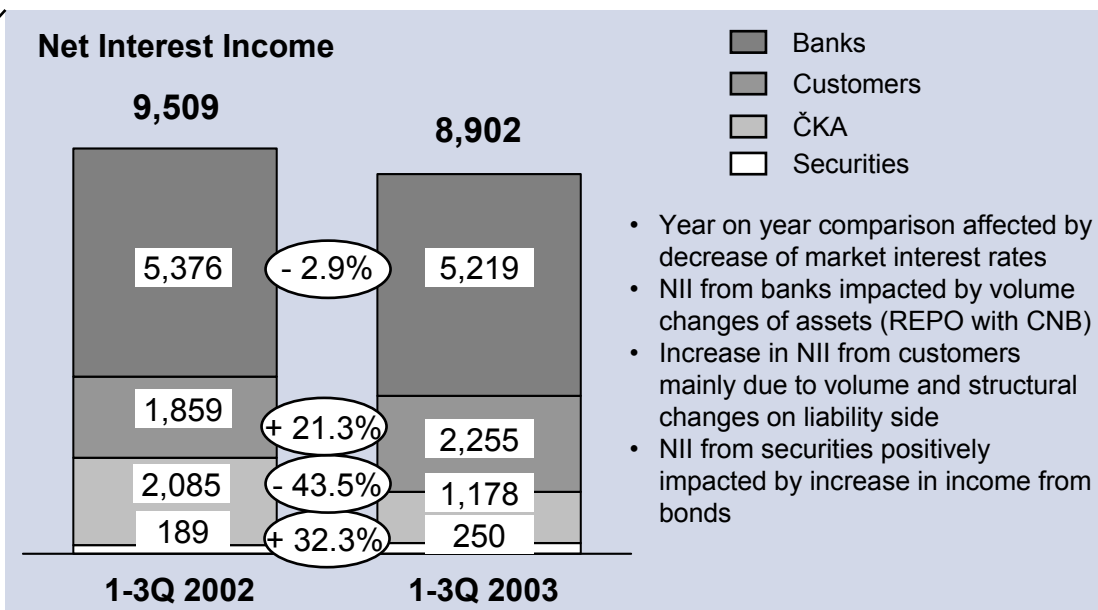
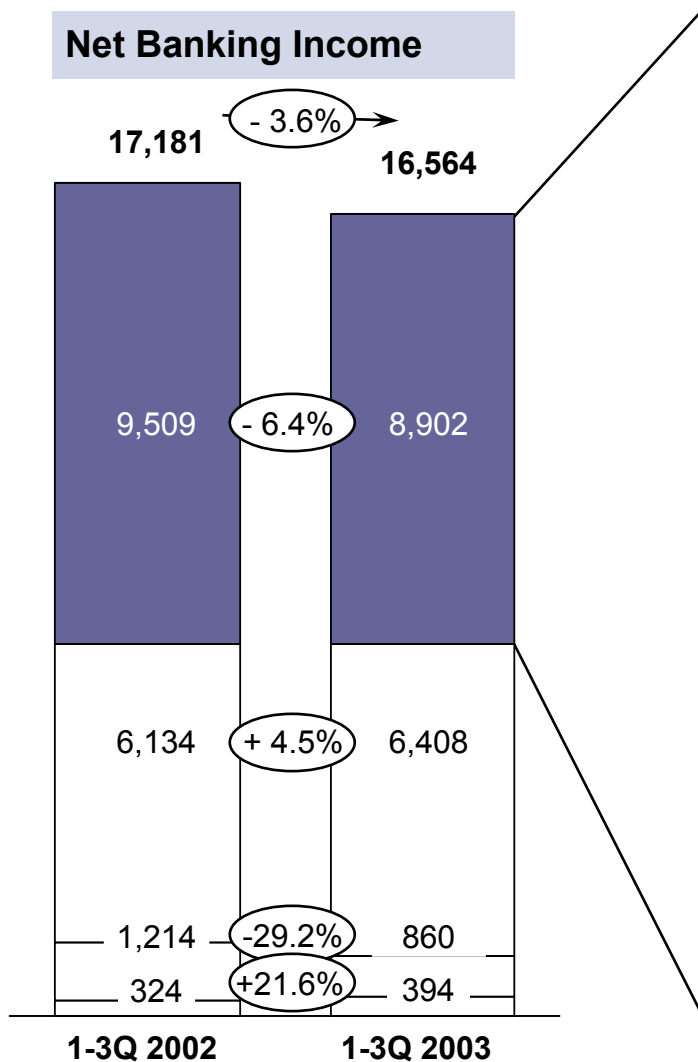
<b>Key ratios and indicators</b>	<b>1-3Q 2002</b>	<b>1-3Q 2003</b>	<b>Change 03/02</b>
Capital Adequacy - CNB	14.3%	15.6%	→
Tier 1 Ratio	11.6%	15.3%	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.1%	3.0%	→
Cost / Income ratio - including restructuring costs	56.7%	51.3%	↘
Return on Average Equity (ROAE)	30.7%	22.7%	↘
Return on Average Assets (ROAA)	1.8%	1.9%	→
Earnings per Share - annualised (CZK)	221	216	↘
Number of Employees (FTE)	9,323	8,603	- 7.7%
Net Banking Income per Employee - annualised (CZK mil.)	2.5	2.6	→



# NET INTEREST INCOME

## Net interest income stabilised on quarterly basis

CZK million, unconsolidated

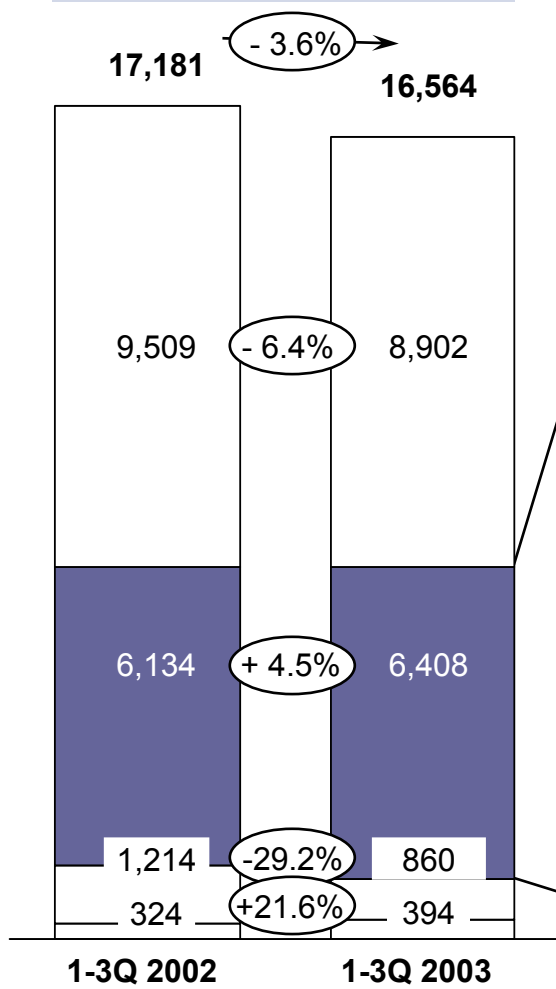


# NET FEES AND COMMISSIONS

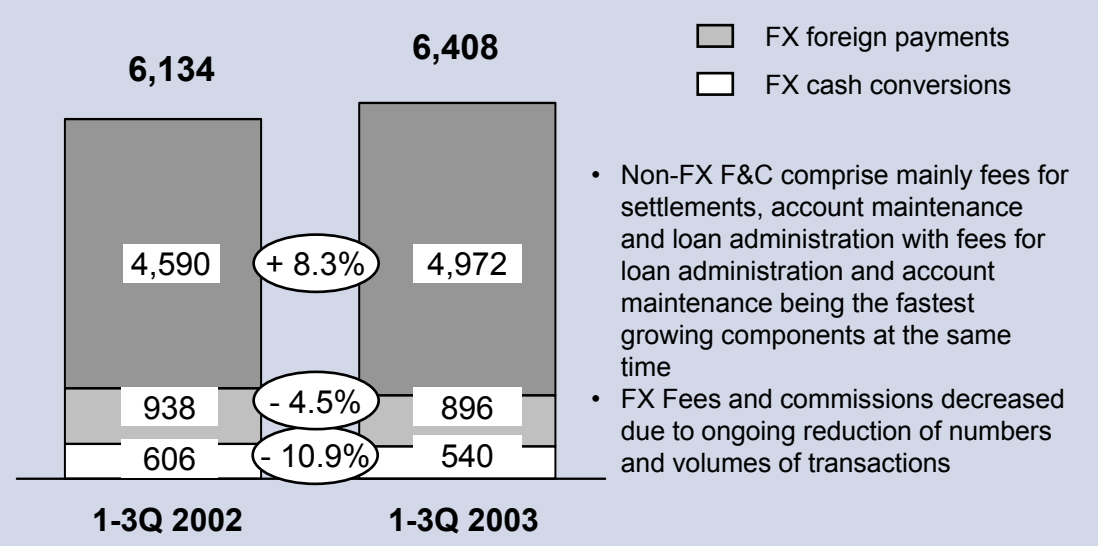
## Increase in Net fees and commissions

CZK million, unconsolidated

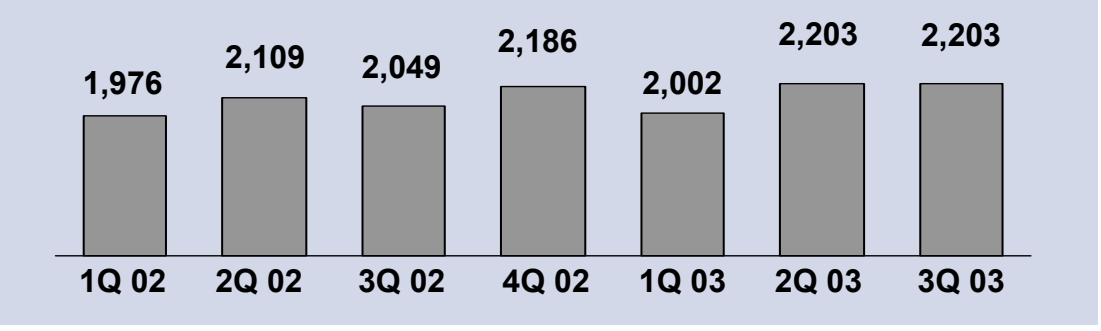
### Net Banking Income



### Net Fees and Commissions



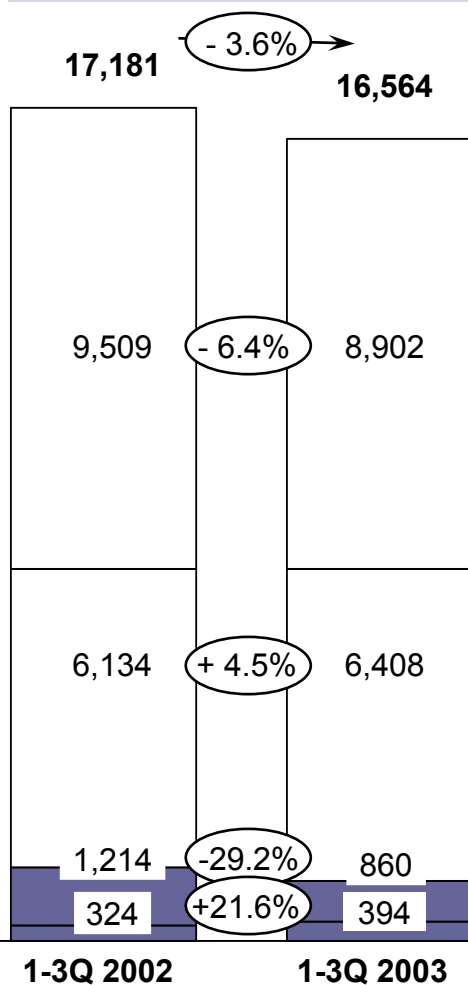
### Q-on-Q Net Fees and Commissions



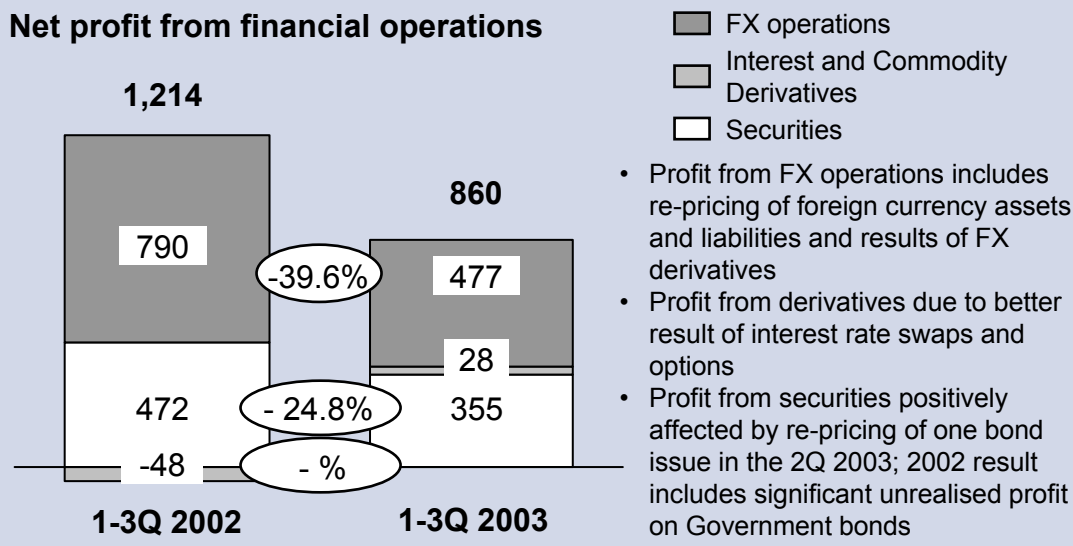
# TRADING PROFITS AND OTHER INCOME

CZK million, unconsolidated

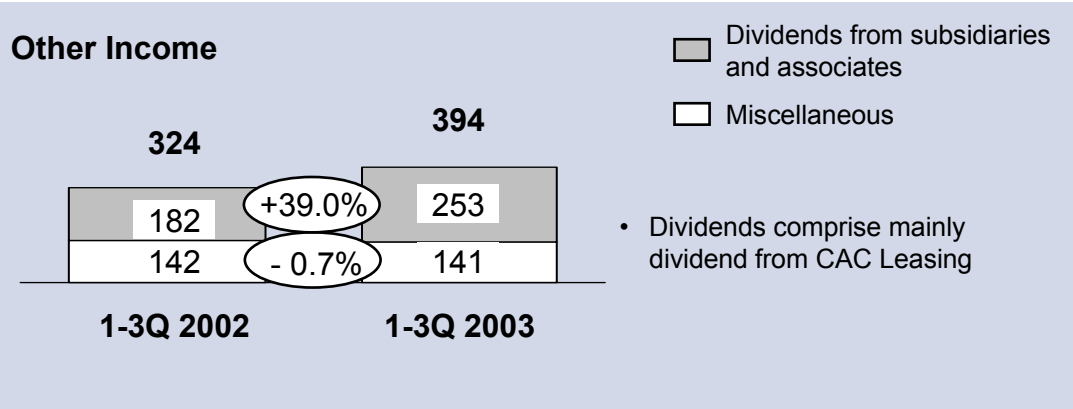
## Net Banking Income



## Net profit from financial operations



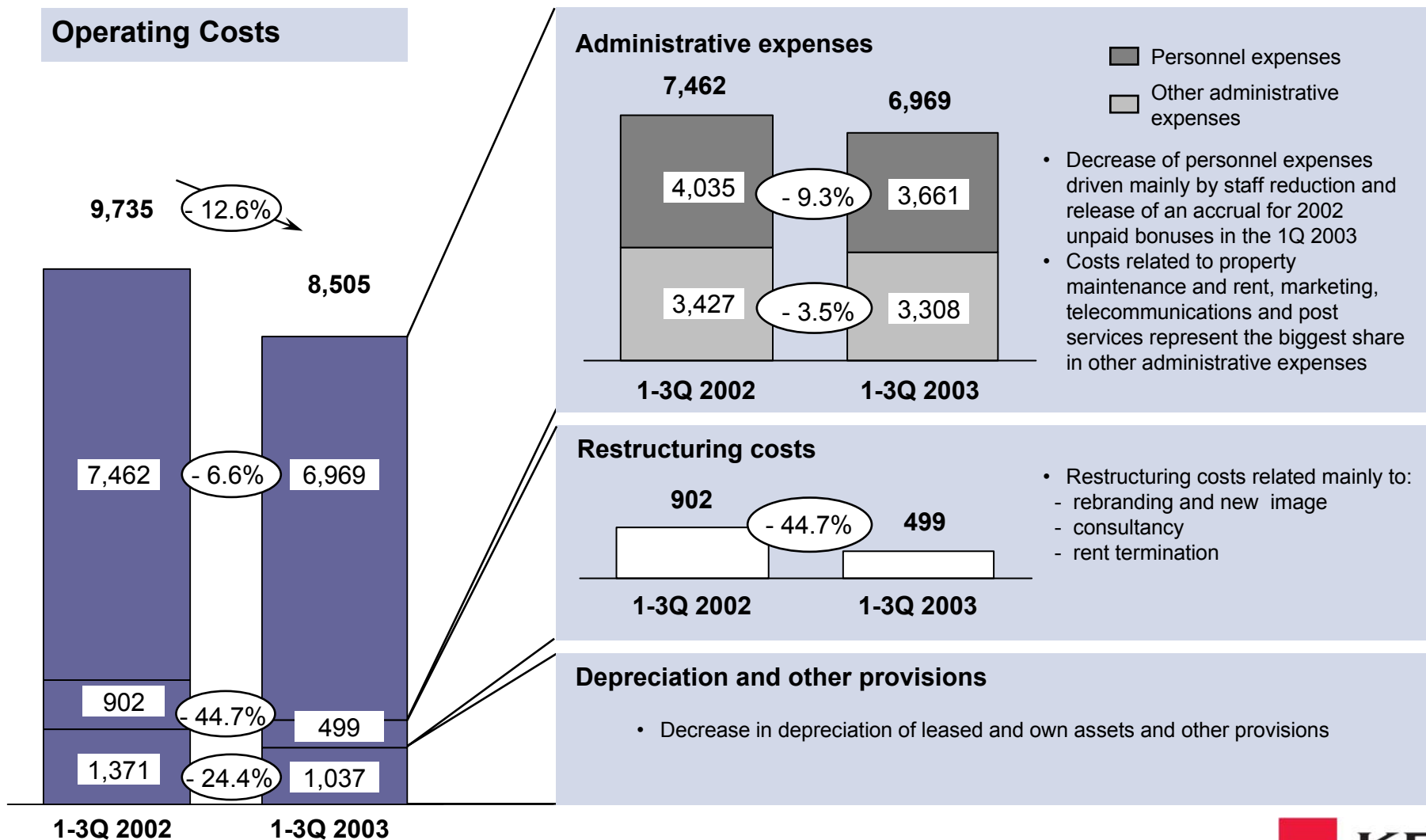
## Other Income



# OPERATING COSTS

## Significant reduction of total costs

CZK million, unconsolidated

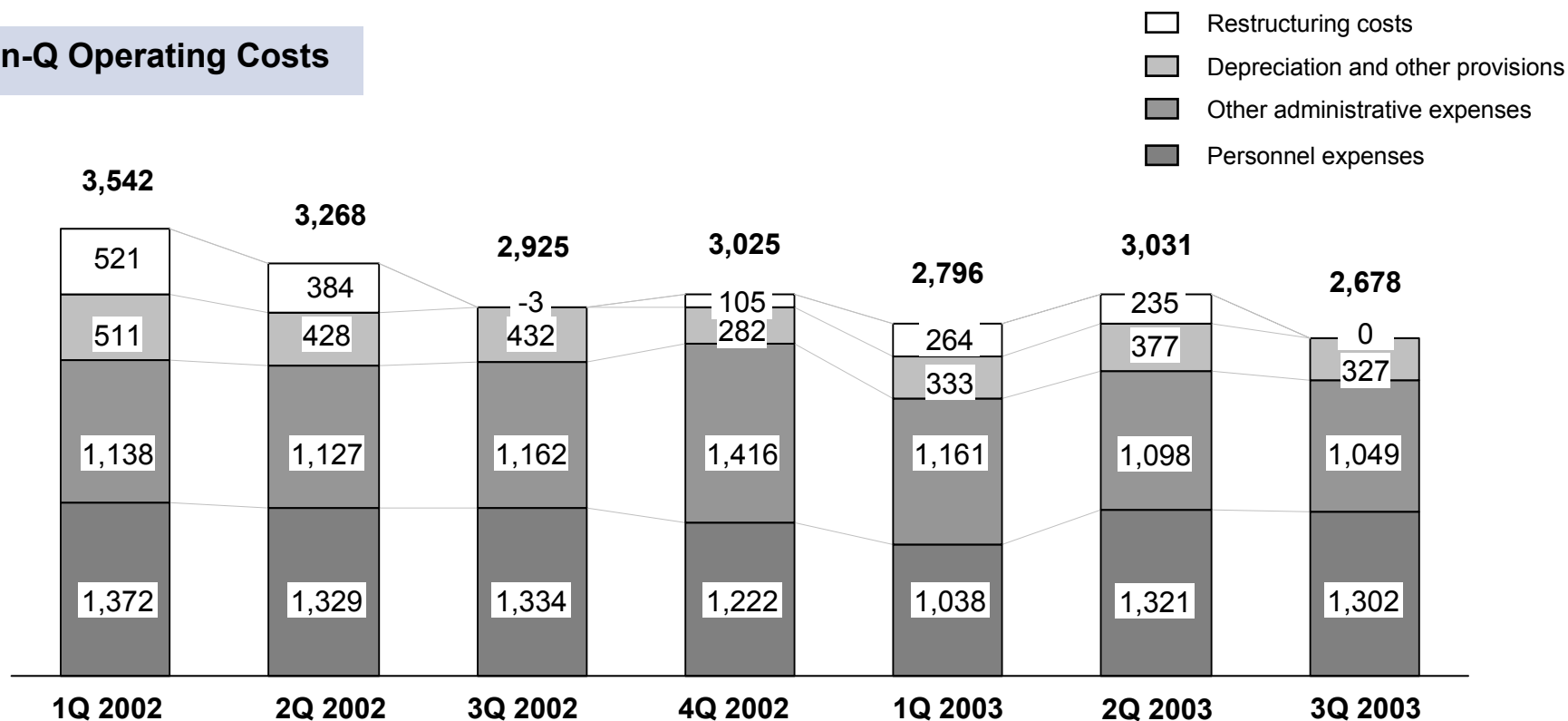


# OPERATING COSTS

## Operating costs Q-on-Q

CZK million, unconsolidated

### Q-on-Q Operating Costs



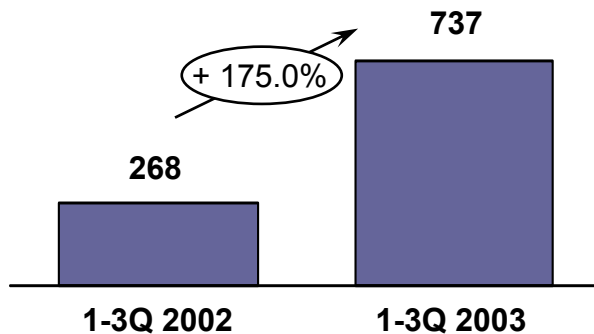
### 3Q 2003/2Q 2003 comparison:

- Lower other administrative expenses primarily due to decrease in marketing costs and costs of property rent
- In the 3Q 2003 restructuring costs charged using restructuring reserve

# PROVISIONS FOR LOAN AND INVESTMENT LOSSES AND NET PROFIT FROM SALE OF SUBSIDIARIES AND ASSOCIATES

CZK million, unconsolidated

## Total provisions

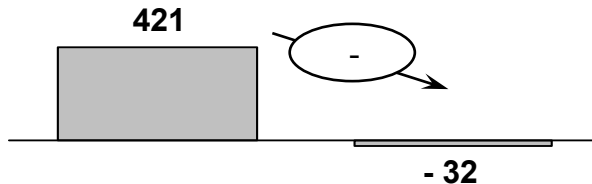


### Comments

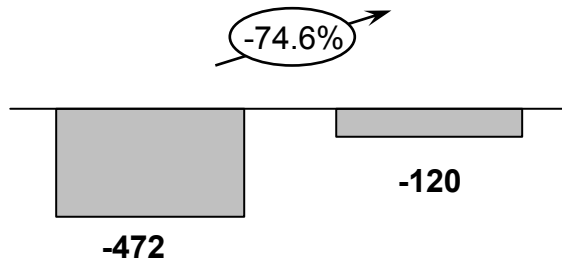
- Profits from sales of CAC Leasing and Reflexim in the 2Q 2003 significantly impacted total provisioning
- Low cost of risk on credit portfolio
- Income from fully written-off loans still considerable
- Release of general provisions planned for the 4Q 2003

## Detailed breakdown

### Provisions for loan losses



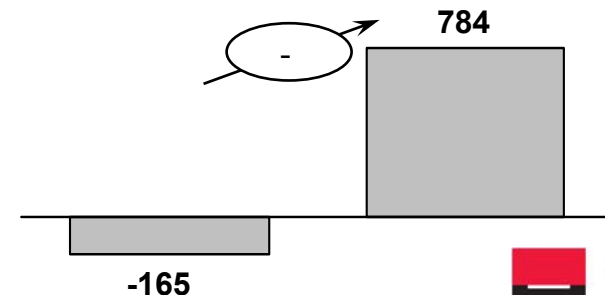
### Provisions for impairment of securities



### Income from fully written-off loans



### Provisions and net profit from sale of subsidiaries and associates



# BALANCE SHEET

CZK million, unconsolidated

## Assets

	439,753	443,973	Change
	31.12.2002	30.9.2003	
Cash and balances with central bank	14,377	19,480	+ 35.5%
Amounts due from banks	199,729	203,932	+ 2.1%
Due from Česká konsolidační agentura	35,440	28,146	- 20.6%
Loans and advances to customers (net)	121,154	121,356	+ 0.2%
Securities	36,143	40,515	+ 12.1%
Other assets	32,910	30,544	- 7.2%

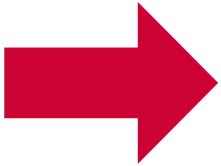
## Liabilities and shareholders' equity

	439,753	443,973	Change
	31.12.2002	30.9.2003	
Amounts due to banks	22,549	19,877	- 11.8%
Amounts due to customers	341,114	352,958	+ 3.5%
Subordinated debt	6,100	0	-
Certificated debt	18,267	20,003	+ 9.5%
Other liabilities	17,965	12,682	- 29.4%
Shareholders' equity	33,758	38,453	+ 13.9%





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

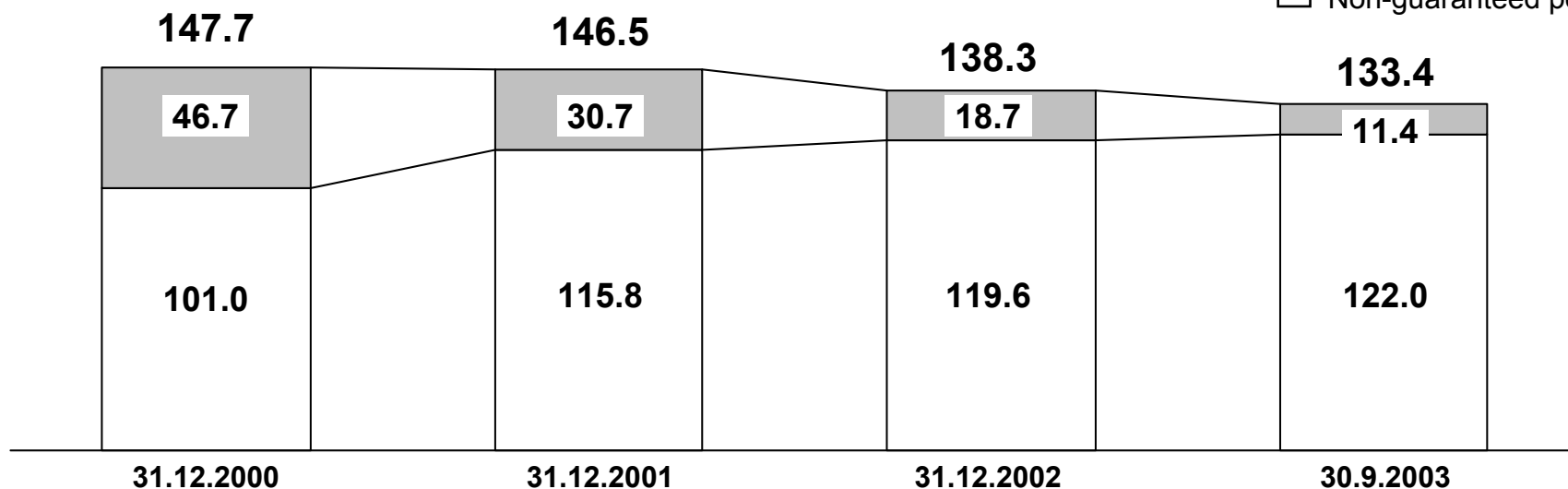


# CLIENT PORTFOLIO EVOLUTION

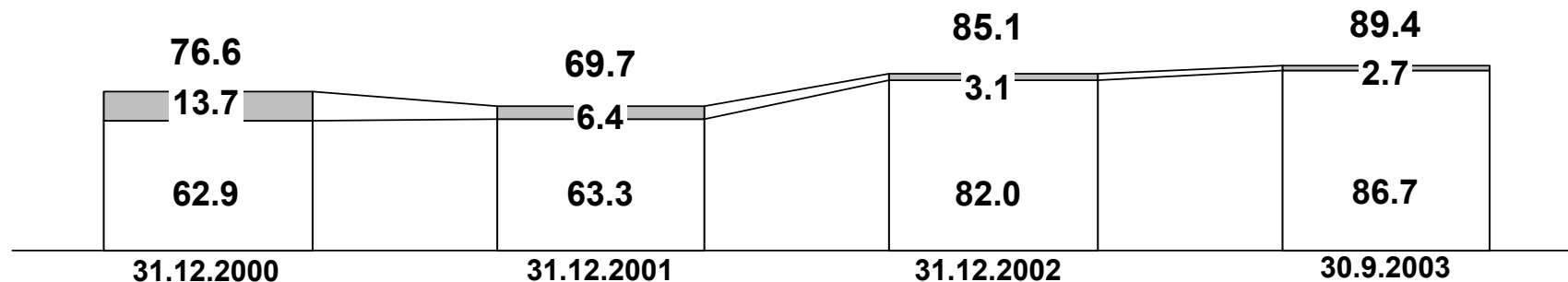
CZK billion

## On-balance Sheet

Guaranteed portfolio  
 Non-guaranteed portfolio



## Off-balance Sheet

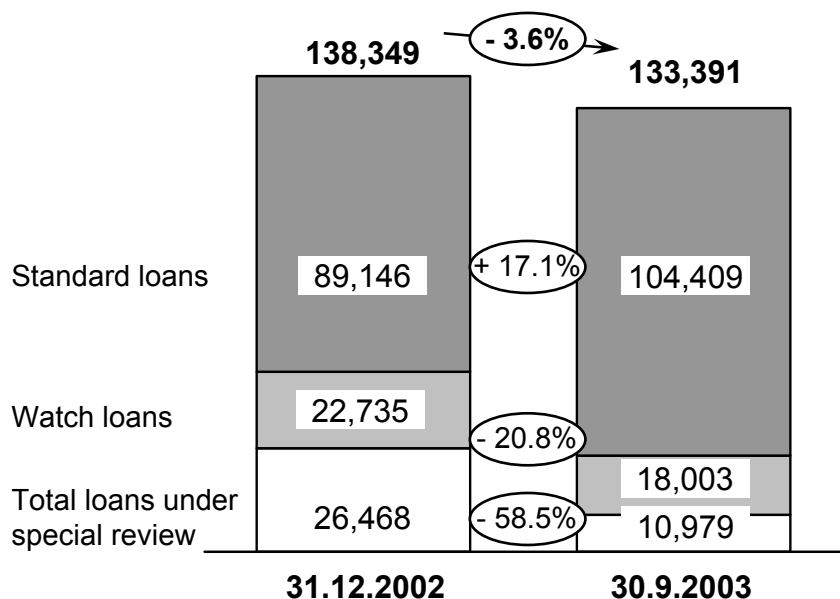


# LOANS AND ADVANCES TO CUSTOMERS

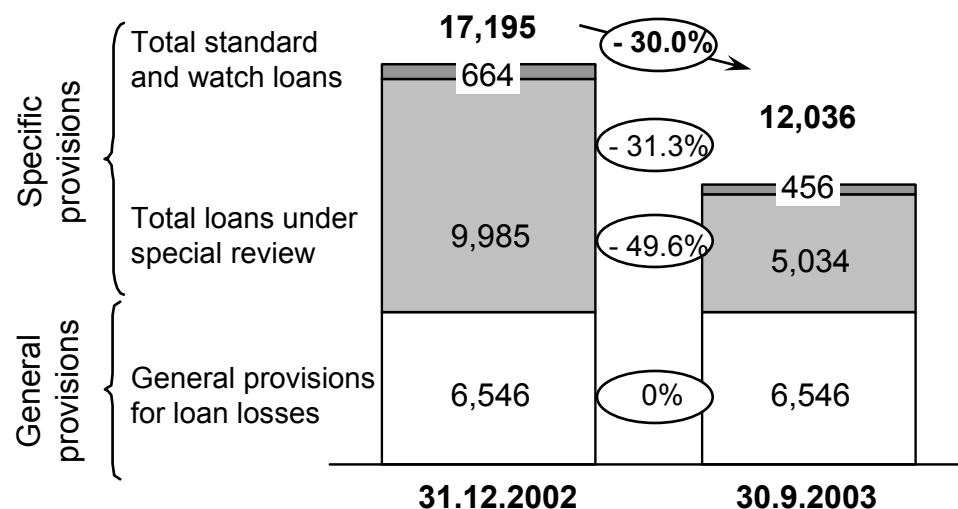
## Increase of the standard loans by 17%

CZK million

### Client loans On-balance sheet



### Specific and general provisions for loan losses On-balance sheet



- Decrease of the total client loans significantly influenced by the sale of non-performing loans in 1H 2003
- Continuous improvement of the quality:
  - Standard loans make up 78% of the total portfolio
  - LUSR\* decreased to a 8% share in the total portfolio
  - Loss loans represent 4% of the total portfolio

- Specific and general provisions and Collateral without the State Guarantee covered 52% of client loans
- Specific provisions to LUSR covered 46% of LUSR
- Cost of risk on the Premier bank amounted to 40 bp

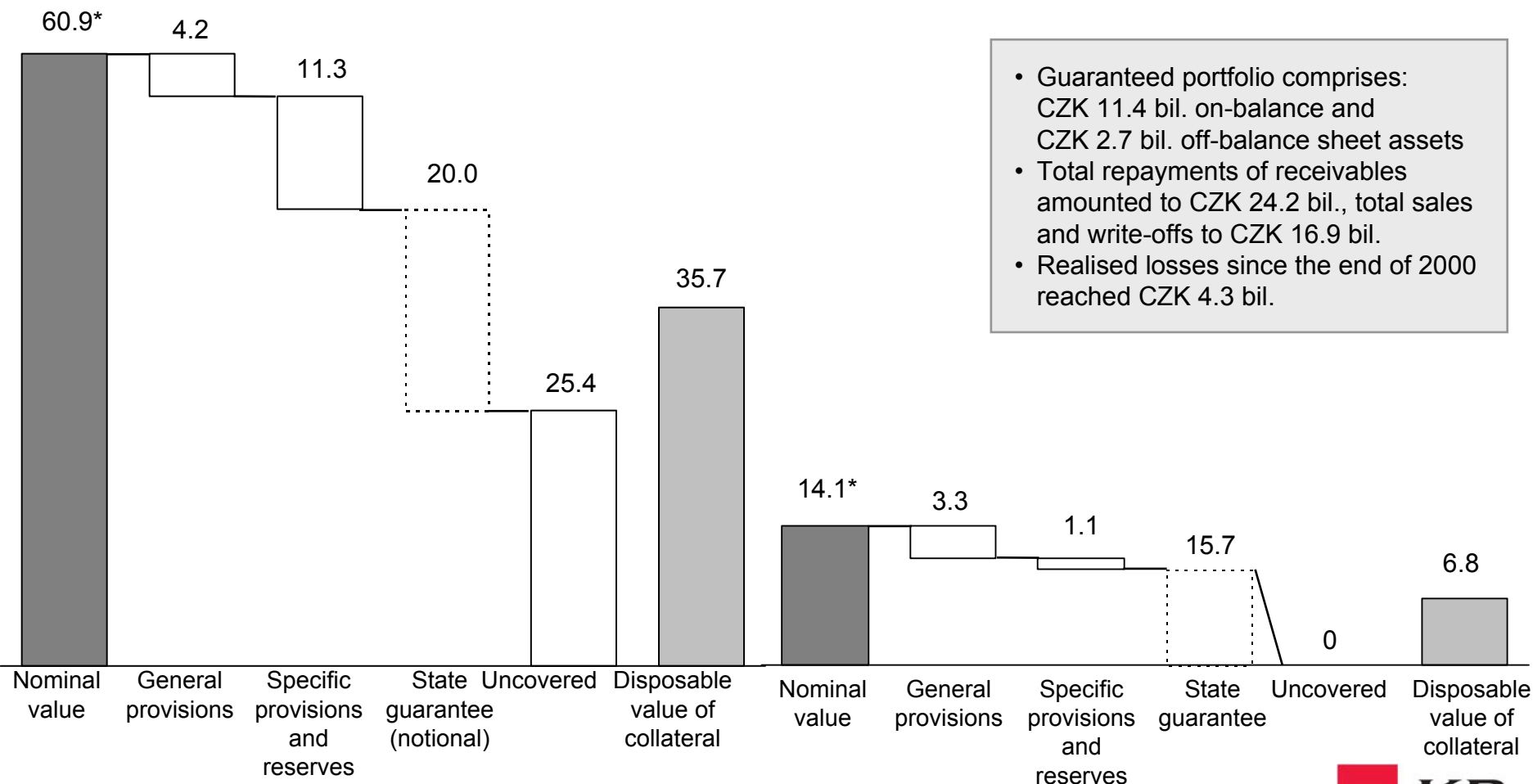
\* LUSR = Loans under special review (sub-standard, doubtful and loss)

# STATE GUARANTEED PORTFOLIO – FOCUS

CZK billion

31. 12. 2000

30. 9. 2003



- Guaranteed portfolio comprises: CZK 11.4 bil. on-balance and CZK 2.7 bil. off-balance sheet assets
- Total repayments of receivables amounted to CZK 24.2 bil., total sales and write-offs to CZK 16.9 bil.
- Realised losses since the end of 2000 reached CZK 4.3 bil.

\* Includes receivables to banks (CZK 510 mil. as at 31.12.2000, CZK 9 mil. as at 30.9.2003)



# CDO PORTFOLIO

## Sound coverage of the portfolio

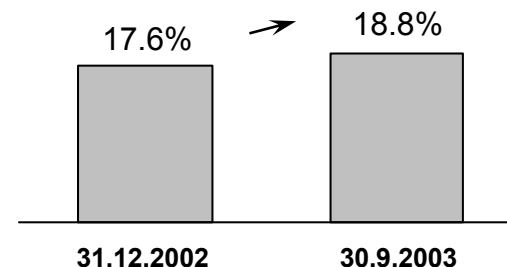
Date of acquisition: September 2000 - April 2001

Purchase price: USD 426 mil.

Total coverage (as at 30.9.2003): USD 80 mil.

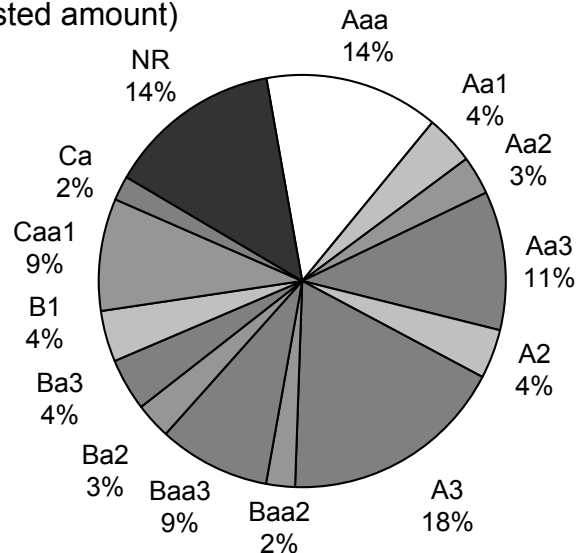
Provisions and reserves based on a mark-to-model approach.

### Specific provisions / Purchase Price

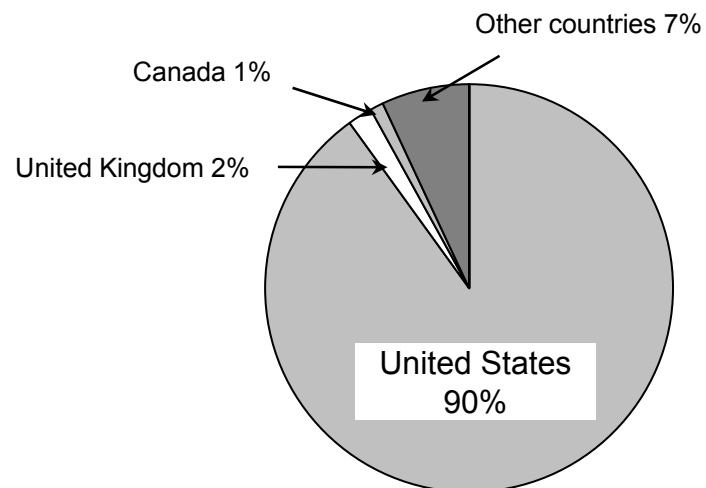


### Rating of the CDO portfolio

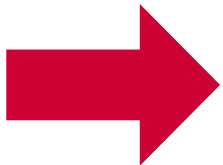
(by invested amount)



### CDO collateral by country



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



- **Appendix**

# FINANCIAL RESULTS AND RATIOS - CONSOLIDATED

CZK million

<b>Profit and Loss Statement</b>	<b>1-3Q 2002</b>	<b>1-3Q 2003</b>	<b>Change 03/02</b>
Net banking income	17,993	17,429	- 3.1%
Operating costs	- 10,738	- 9,483	- 8.9%
Income from not fully consolidated companies	103	385	+ 273.8%
Provisions for loan and investment losses	429	-44	-
Net profit before income taxes	7,787	8,287	+ 6.4%
Income taxes	- 1,523	- 2,760	+ 81.2%
<b>Net profit</b>	<b>6,264</b>	<b>5,527</b>	<b>- 11.7%</b>

<b>Balance Sheet</b>	<b>30. 9. 2002</b>	<b>30. 9. 2003</b>	<b>Change 03/02</b>
Total assets	520,246	452,418	- 13.0%
Shareholders' equity	32,502	39,430	+ 21.3%

<b>Key ratios</b>	<b>1-3Q 2002</b>	<b>1-3Q 2003</b>	<b>Change 03/02</b>
Cost / Income Ratio	61.3%	54.4%	→
Return on Average Equity (ROAE)	29.1%	19.7%	→
Return on Average Assets (ROAA)	1.8%	1.6%	→
Number of Employees (FTE) incl. associated companies	10,996	9,662	- 12.1%



# SUBSIDIARY AND ASSOCIATED UNDERTAKINGS RESULTS

As at 30 September 2003, CZK mil., CAS/SAS

	Share of KB	Profit after tax	Equity	Assets
ASIS, a.s.*,**	100%	4	13	15
Factoring KB, a.s.	100%	12	130	2,619
Investiční kapitálová společnost, a.s.	100%	81	326	388
Komerční Finance, B.V.**	100%	1	9	9
Komerční banka Bratislava, a.s. (SAS)	100%	94	544	3,271
Komerční pojišťovna, a.s.	100%	- 102	425	5,495
MUZO, a.s.	49.9%	108	481	940
<b>Total subsidiary undertakings</b>		<b>198</b>	<b>1,928</b>	<b>12,737</b>
Všeobecná stavební spořitelna KB, a.s.	40%	184	1,492	37,548
Czech Banking Credit Bureau	20%	4	1	16
<b>Total subsidiary and associated undertakings</b>		<b>386</b>	<b>3,421</b>	<b>50,301</b>
<b>KB direct share</b>		<b>219</b>	<b>2,284</b>	<b>27,288</b>
ALL IN REAL ESTATE LEASING, s.r.o.*	100%	-3	37	92
ALL IN, a.s.*	100%	0	36	24
Penzijní fond Komerční banky, a.s.	100%	276	754	10,707

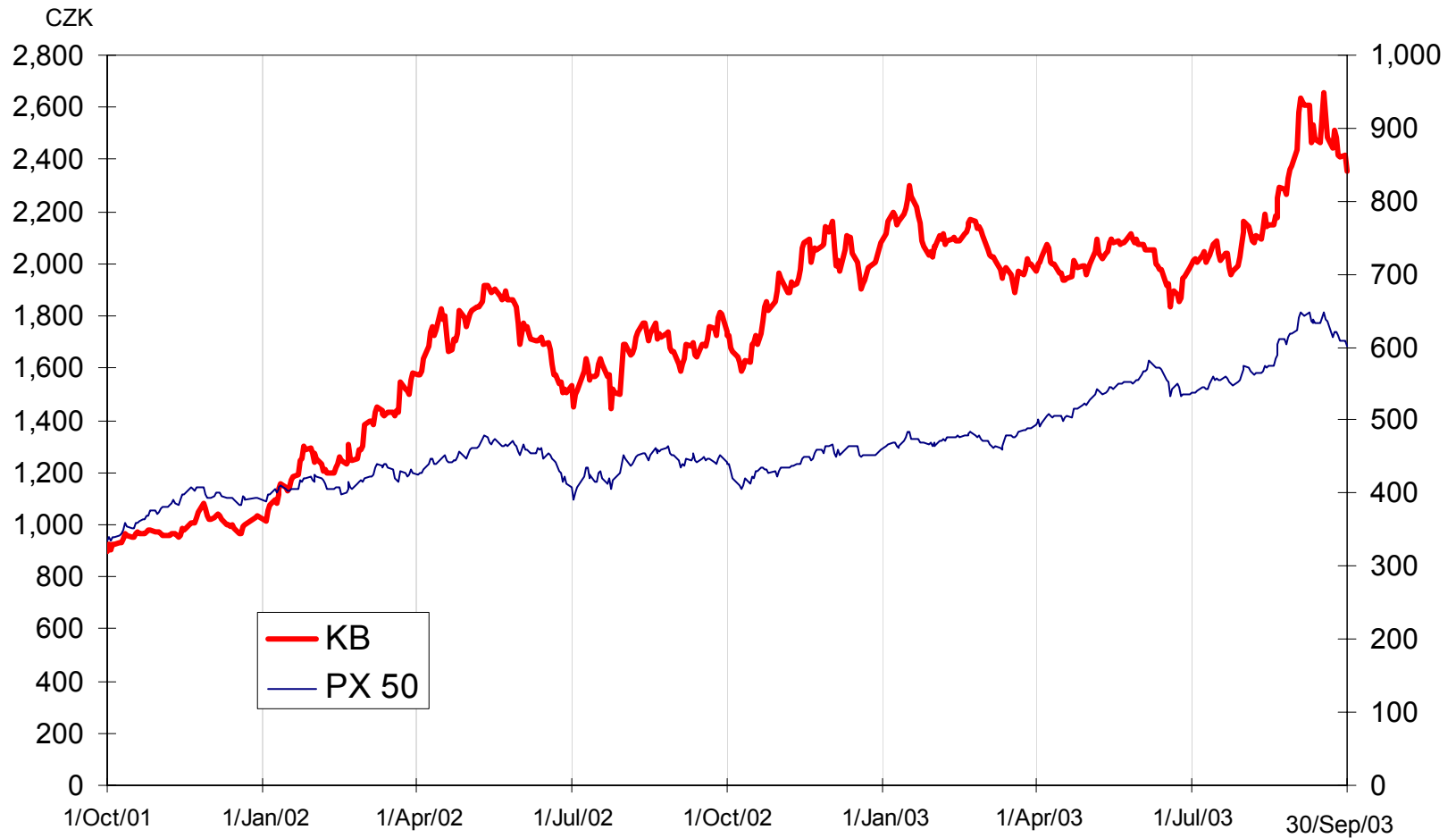
\* Companies in process of disposal or liquidation

\*\* Data as of 31 May 2003

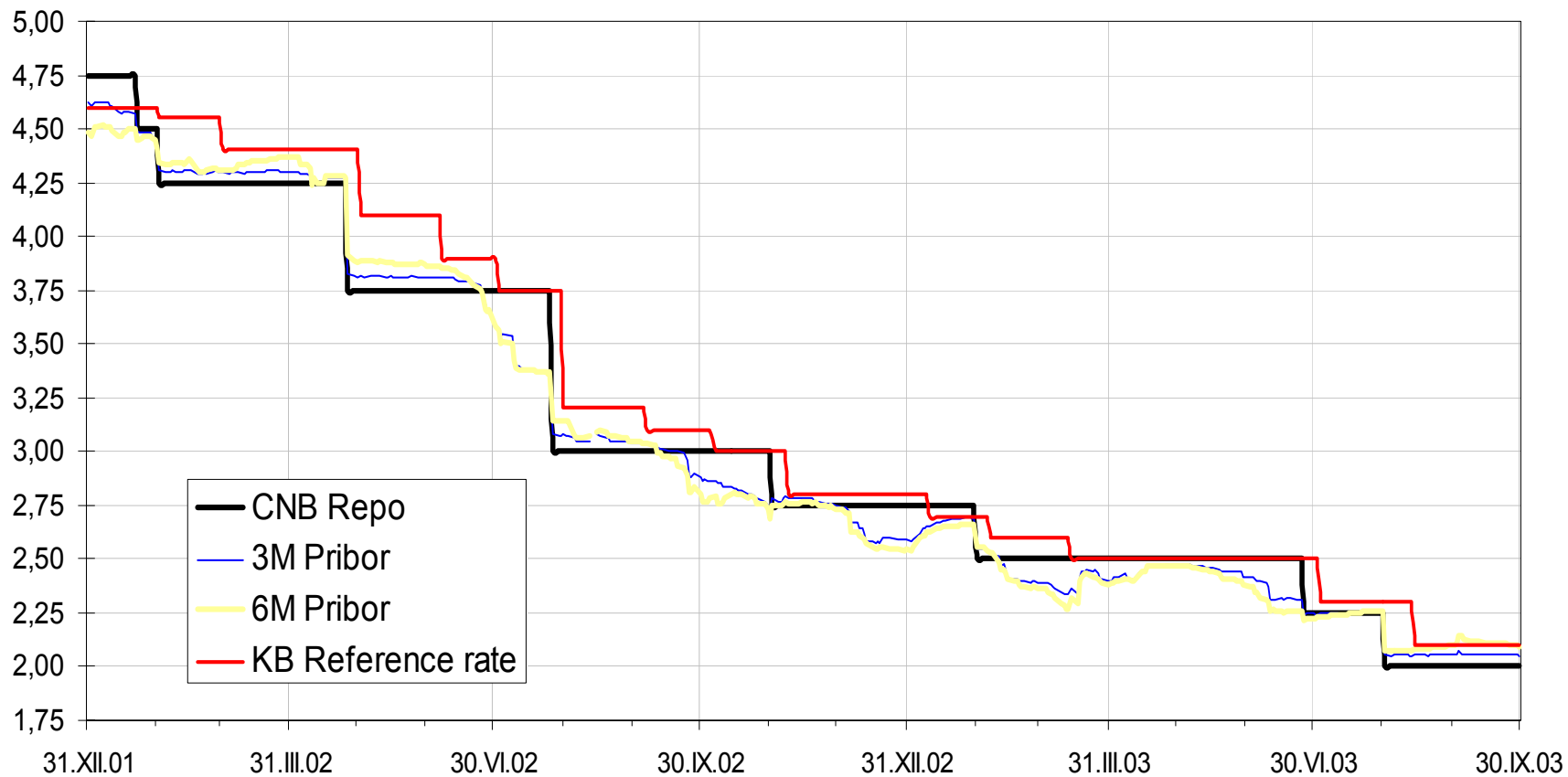




# DEVELOPMENT OF KB'S SHARE PRICE AND INDEX PX50



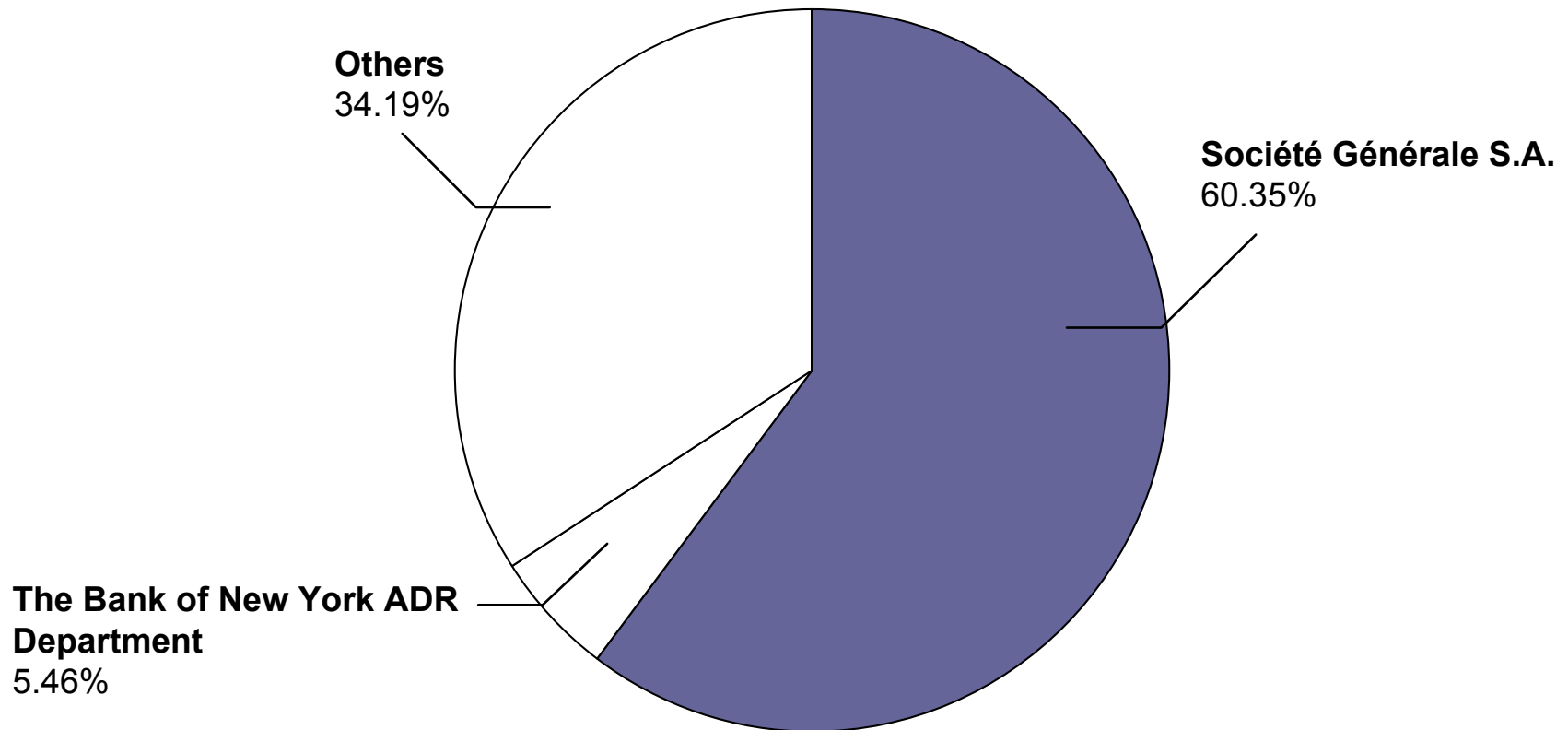
# INTEREST RATES TREND



# STRUCTURE OF SHAREHOLDERS

## Major shareholders of Komerční banka, a. s. with over 5% of the share capital as at 30 September 2003

Number of shares outstanding - 38 million



## Investor Relations

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