

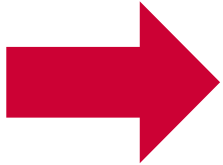


Financial Results

as at 30 June 2004

(International Financial Reporting Standards)

Prague - 29 July 2004



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

HIGHLIGHTS OF THE FIRST HALF OF 2004

Revenues from the core business are increasing

Year-on-year comparison

- **Net interest income increased by 3%**
- **Non-FX fees and commissions went up by 7%**
- **Total costs under control**; year on year stable
- **Impairment on the CDOs in the amount of CZK 218 mil.**
- **Cost of risk at a stable level of 45 bp**
- **Sale of the stake in MUZO** with a positive pre-tax impact of CZK 804 mil.
- **Net profit** amounted to **CZK 3,868 mil.**
- **Dividends for 2003: CZK 200 per share** (CZK 7.6 billion in total)



HIGHLIGHTS OF THE FIRST HALF OF 2004

Retail business keeps performing

Year-on-year comparison

- Number of **customers increased by 7% to 1,369 thousand**
- **771 thousand clients**, i.e. 56% of the total, use one of **direct banking channels**
- **New product MERLIN**, launched in April, provides the insurance against the consequences of loss or theft, and potential abuses of payment cards ; 34,000 clients used it at the end of June
- **Total outstanding mortgages to individuals increased by 45% and consumer loans by 16%**
- Increase in total loans to **Small businesses by 47%**
- Growth of **total loans to MEM by 22%**

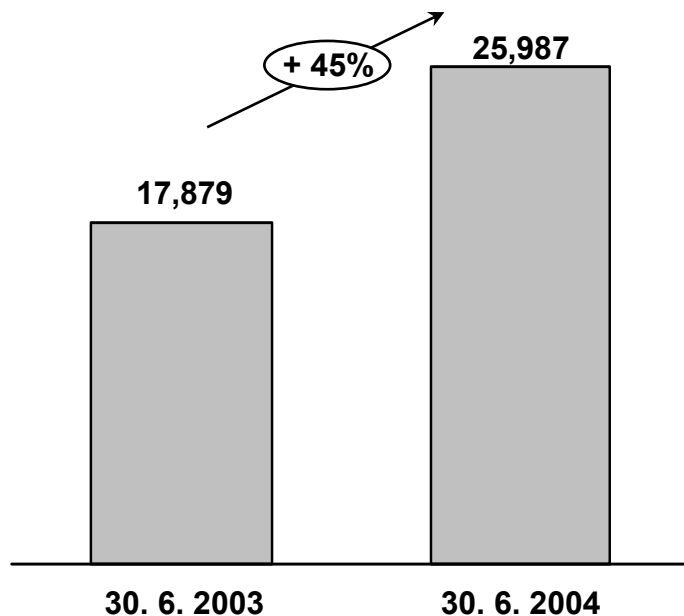


LOANS TO INDIVIDUALS

Retail loans continue to grow

Mortgages

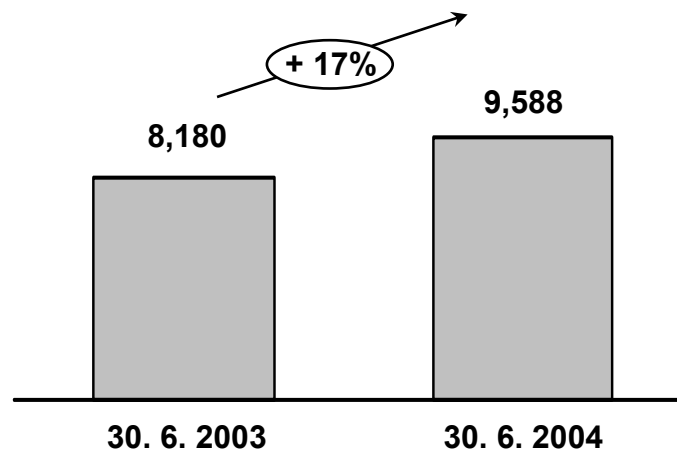
Total volume in CZK mil.



- Year-on-year increase in volumes of mortgages granted during 1H by **19%**
- Year-on-year increase in numbers of mortgages granted during 1H by **11%**

Consumer loans

Total volume in CZK mil.



- Year-on-year increase in volume of consumer loans granted during 1H by **6%**
- Year-on-year increase in numbers of consumer loans granted during 1H by **35%**



LOANS TO SMALL BUSINESSES

Success of new products and simplified processes

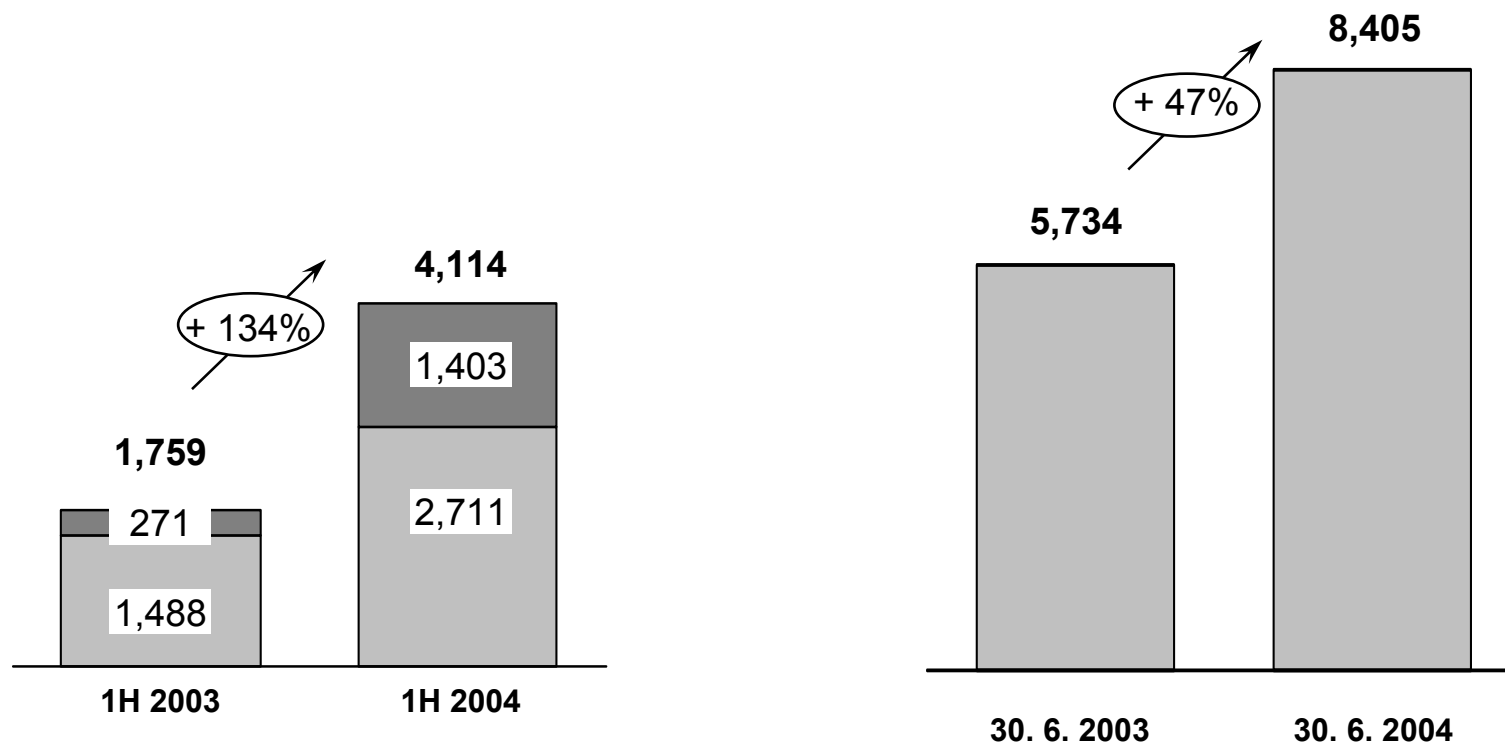
CZK million

Loans to small businesses

Volume of granted loans in 1H in CZK mil.

Total volume of loans and overdrafts in CZK mil.

- Profi loans*
- Other Business loans



* Profi loan launched in March 2003



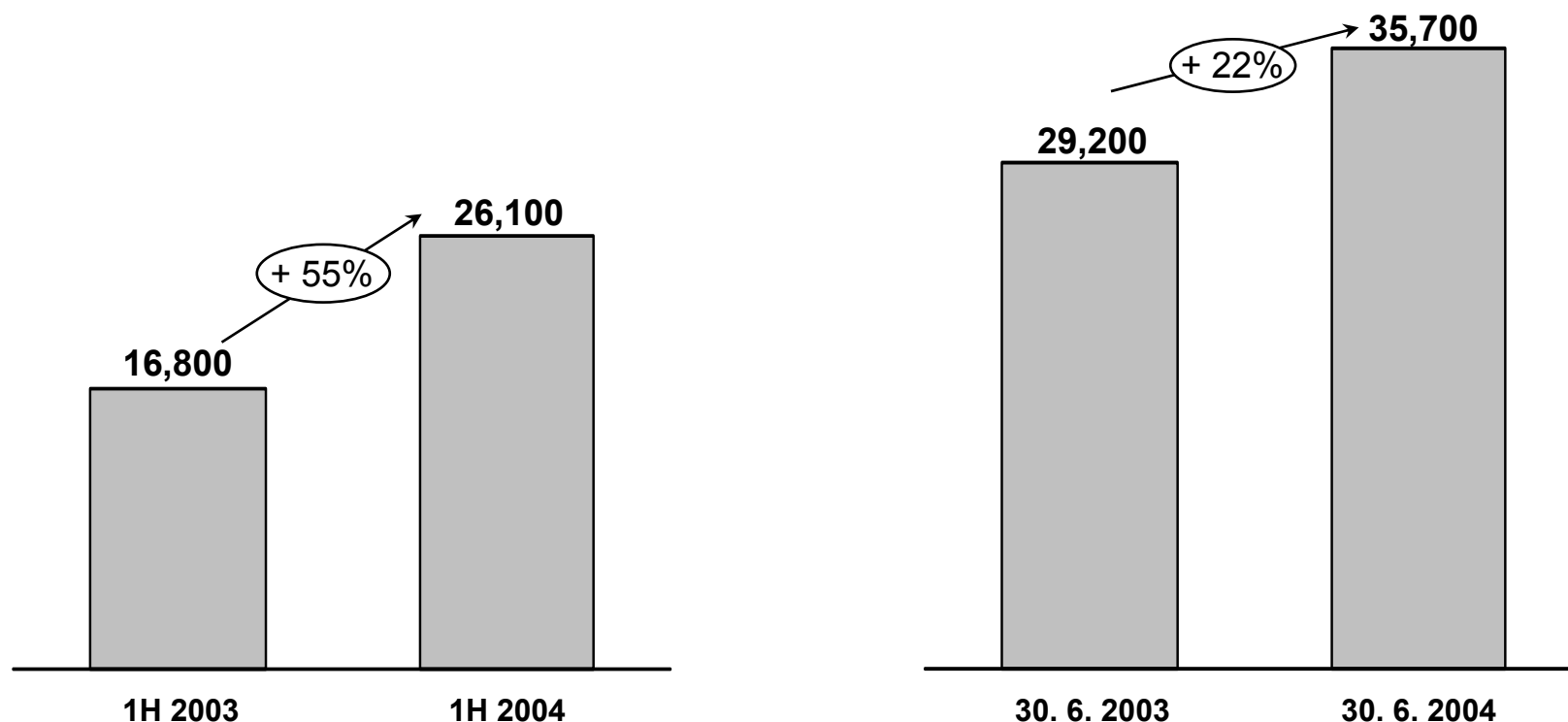
MEDIUM ENTERPRISES AND MUNICIPALITIES

Growing dynamics in lending to this segment

Medium Enterprises and Municipalities

Volume of granted loans in 1H in CZK mil.

Total volume of loans and overdrafts in CZK mil.



- Volumes of loans granted to **medium enterprises** during the first half increased by **68%** year on year



- **Year-to-date increase in the loans** to large corporations by **3%**
- **Complex cash management** (real time payments)
- **New products for employees** of KB corporate clients
- Participation in **6 syndications**; KB's participation more than **CZK 3.5 billion**
- **Issue of KB mortgage bonds of CZK 2.4 billion**
- KB acts as a **sole lead manager** for the first issue under the second bond issuance programme of **Česká konsolidační agentura** in the amount of **CZK 5 billion**

INDIVIDUALS AND SMALL BUSINESSES - PENETRATION

Exploitation of penetration potential continues






Penetration ratio*	30. 6. 2003	31.12.2003	30. 6. 2004	Change 1H 04/ 1H 03
Individuals				
PACKAGES	39.5	49.0	58.2	+ 47.3%
MORTGAGES	1.9	2.1	2.3	+ 21.1%
CONSUMER LOANS	8.0	8.4	9.2	+ 15.0%
PAYMENT CARDS	60.1	63.0	65.0	+ 8.2%
Small businesses				
PACKAGES	4.9	16.3	32.0	-
BUSINESS LOANS	1.5	2.3	3.3	+ 120.0%
PAYMENT CARDS	49.8	57.2	66.2	+ 32.9%

* Number of clients with a product / 100 clients



PAYMENT CARDS

Utilisation of cards keeps increasing

	30. 6. 2003	30. 6. 2004	YonY Change
Payment cards issued	1,463 thousand	1,979 thousand	+35.3% 
Credit cards issued	33,890	60,040	+77.2% 
Number of merchants accepting payment cards	18,992	20,000	+5.3% 
Number of POS (points of sales accepting electronic payment cards)	9,233	11,374	+23.2% 
	1H 2003	1H 2004	
Number of transactions via payment cards	31,843 thousand	39,951 thousand	+25.5% 

LOAN PORTFOLIO DEVELOPMENT – PREMIER BANK

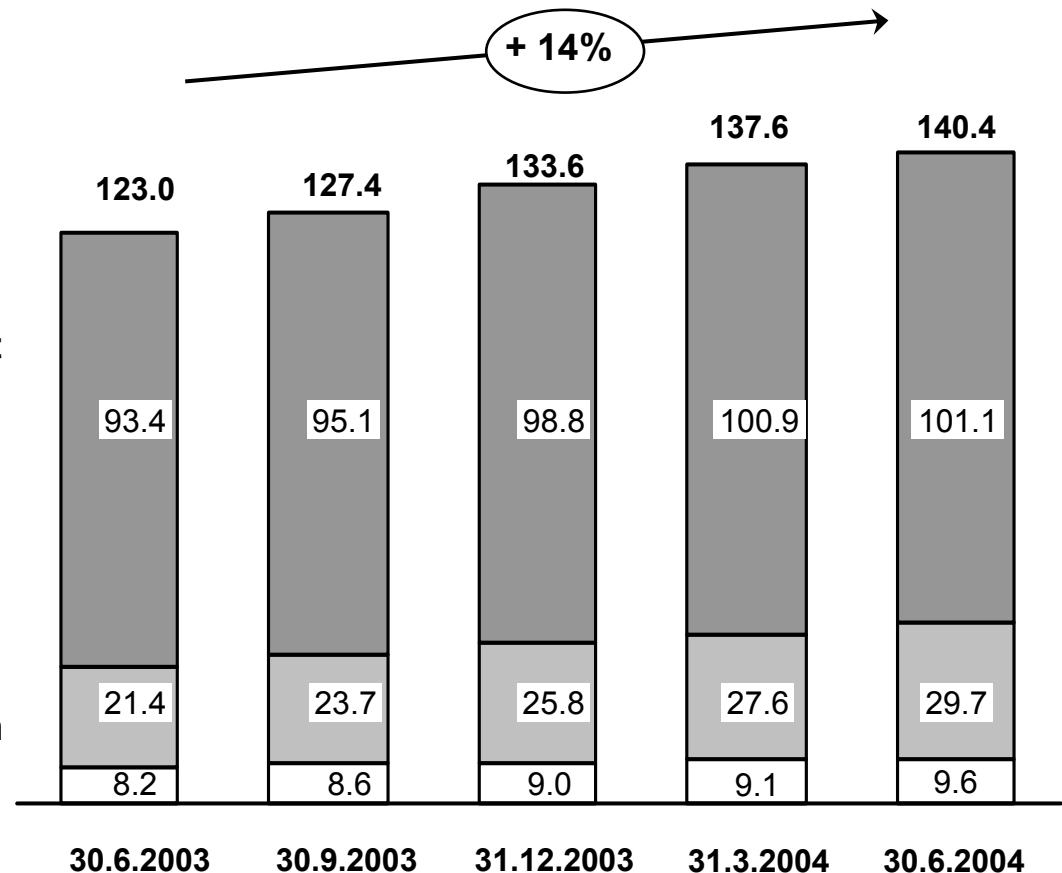
14% - solid growth of the loan portfolio

Volume of loans (Premier bank)

gross amount, CZK billion

Business loans
 Mortgage loans
 Consumer loans

- Year-on-year increase of the Premier Bank portfolio by 14%
- Business loans increased by 8%
- Mortgage and consumer loans represent 28% of the Premier Bank portfolio
 - Volume of mortgages (retail and corporate) increased year on year by 39%
 - Volume of consumer loans increased year on year by 17%
- Off-balance sheet receivables to clients in Premier bank amounted to **CZK 98.4 bil.** (+23% year on year)



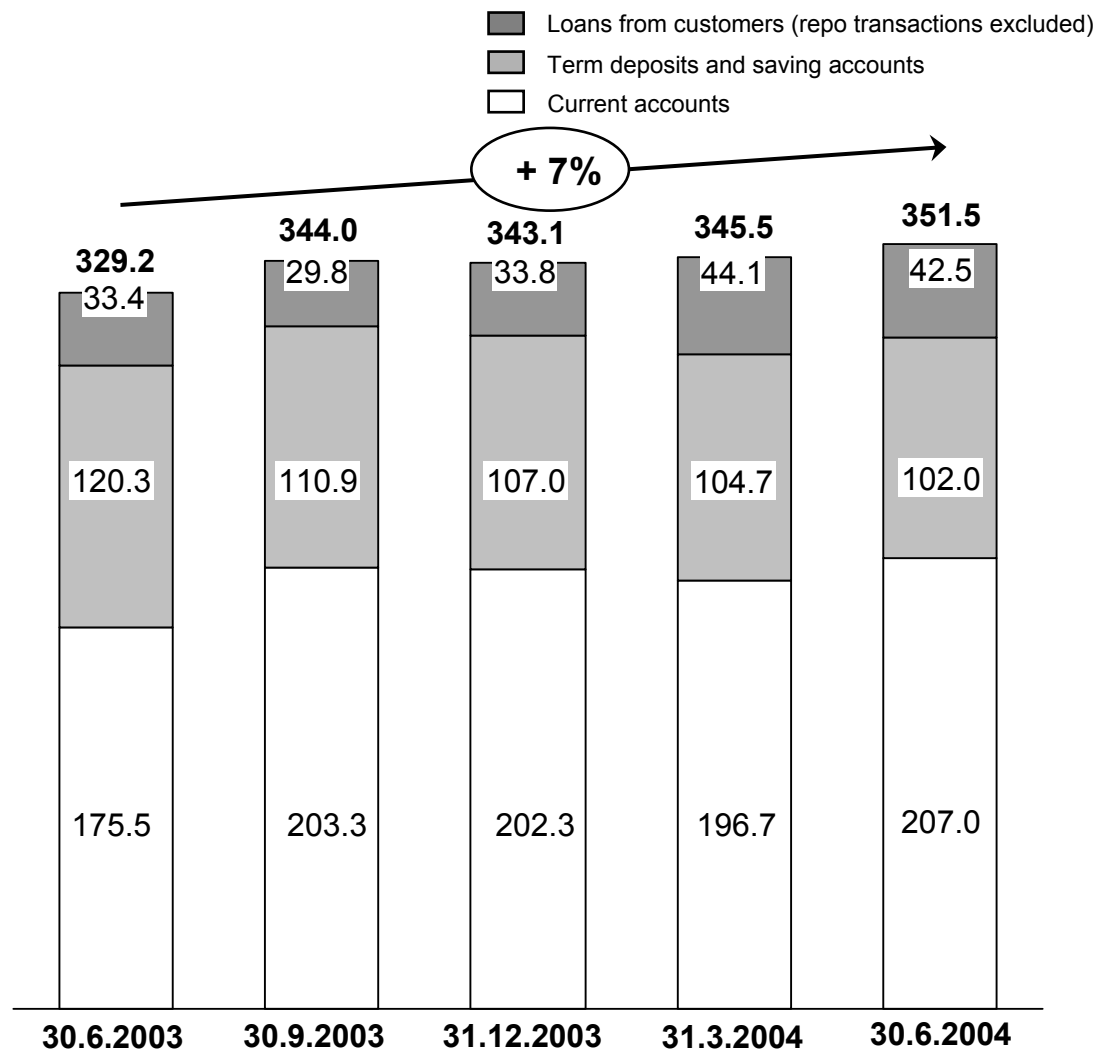
DEPOSITS

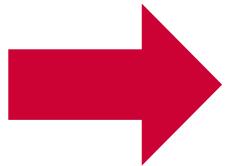
Continuous growth in the deposits base

Volume of deposits

CZK billion

- Year-on-year growth in clients' deposits by 7%
- Current accounts make up 59% of total primary deposits and their share has gradually been increasing
- Migration of deposits from KB to its subsidiaries during 1H 2004
 - KP life insurance premium written (CZK 1.4 bil.)
 - Increase of PF client contributions (CZK +0.7 bil.)
 - IKS sales (CZK +3.1 bil.)





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

FINANCIAL RESULTS AND RATIOS

Growth in the core banking revenues by 3%

CZK million, unconsolidated

Profit and Loss Statement	1H 2003	1H 2003 restated	1H 2004	Change 04/03
Net banking income	11,363	10,915	11,201	+ 2.6%
Operating costs	-5,842	-5,842	-5,891	+ 0.8%
Net operating income	5,521	5,073	5,310	+ 4.7%
Provisions for loan and investment losses	94	114	-630	N.A.
Profit on subsidiaries and associates	784	784	761	- 2.9%
Profit before income taxes	6,399	5,971	5,441	- 8.9%
Income taxes	-1,909	-1,909	-1,573	- 17.7%
Net profit	4,491	4,062	3,868	- 4.8%
Key ratios and indicators	1H 2003	1H 2003 restated	1H 2004	Change 04/03
Capital Adequacy – CNB	15.4%	15.4%	14.8%	→
Tier 1 Ratio (IFRS)	15.1%	15.1%	14.3%	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.1%	3.1%	3.0%	→
Cost / Income ratio - including restructuring costs	51.4%	53.5%	52.6%	→
Return on Average Equity annualised (ROAE)	25.3%	22.7%	20.5%	→
Return on Average Assets (ROAA)	2.1%	1.9%	1.7%	→
Earnings per Share (CZK)	236	214	204	→
Number of Employees (FTE)	8,981	8,981	7,926	- 11.7%
Net Banking Income per Employee annualised (CZK mil.)	2.5	2.4	2.8	→

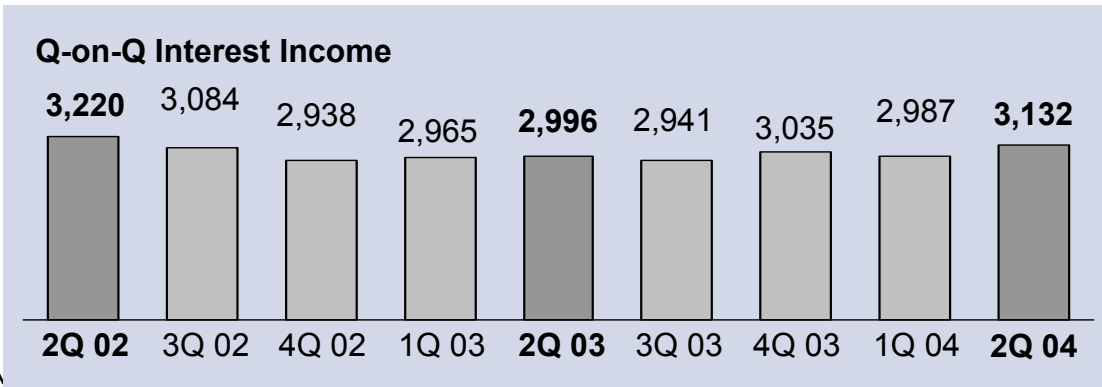
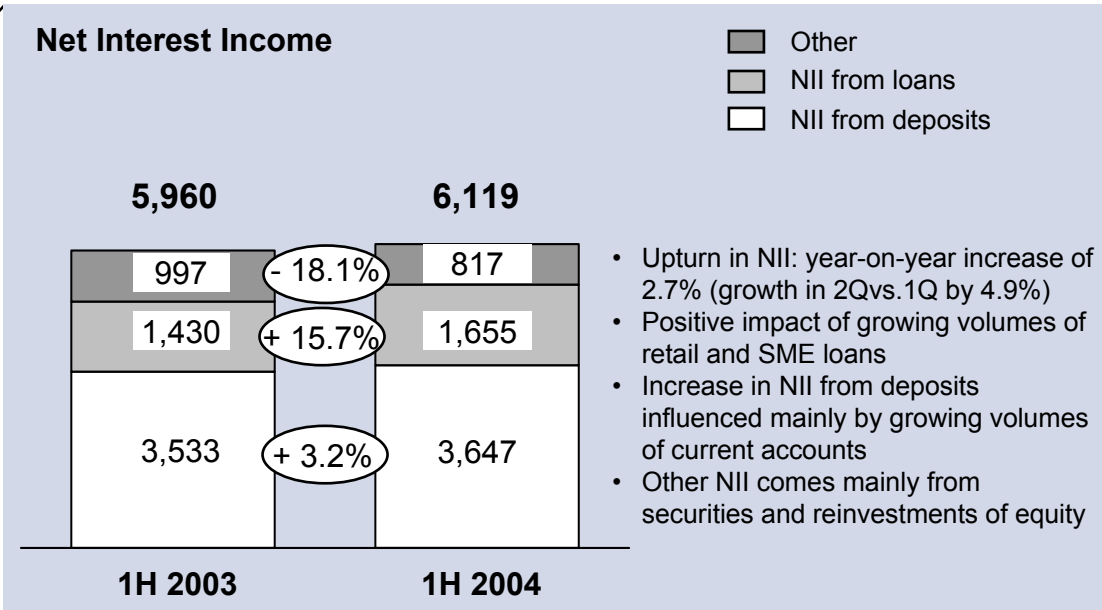
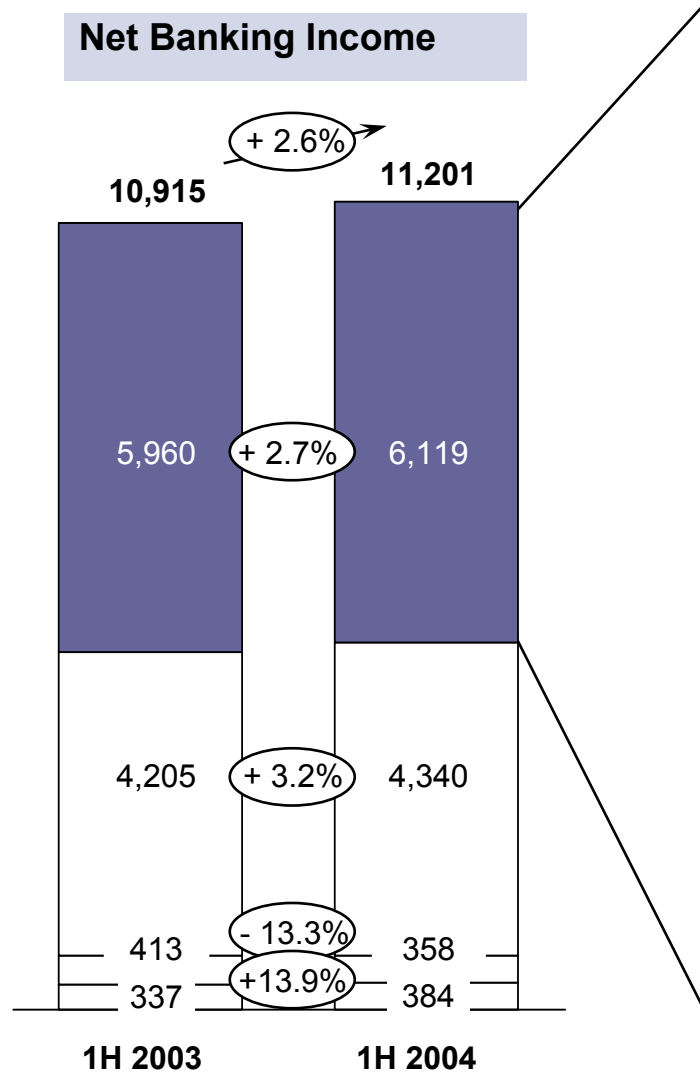
* Including employees re-integrated from ASIS in May 2003



NET INTEREST INCOME

Increasing NII from loans driven by the volumes' growth

CZK million, unconsolidated

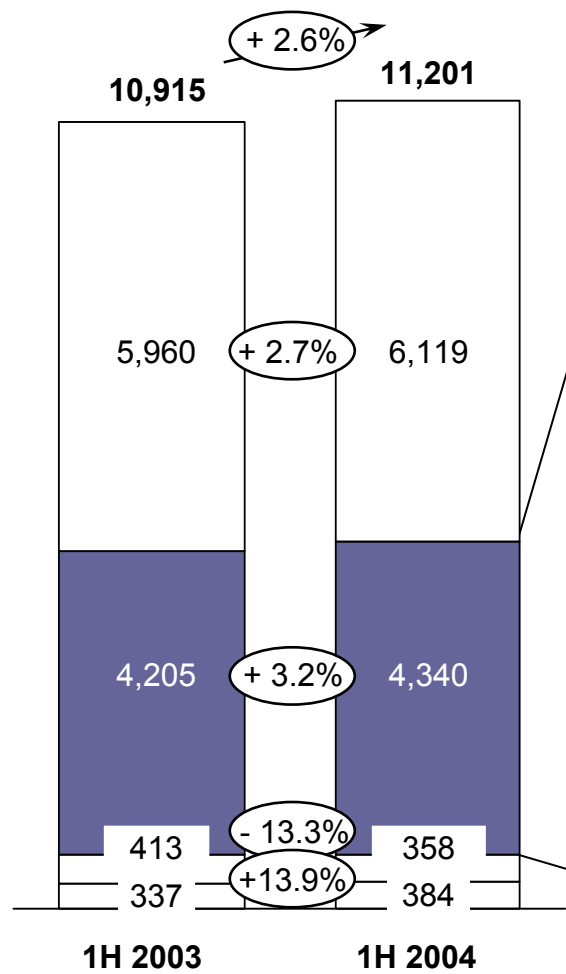


NET FEES AND COMMISSIONS

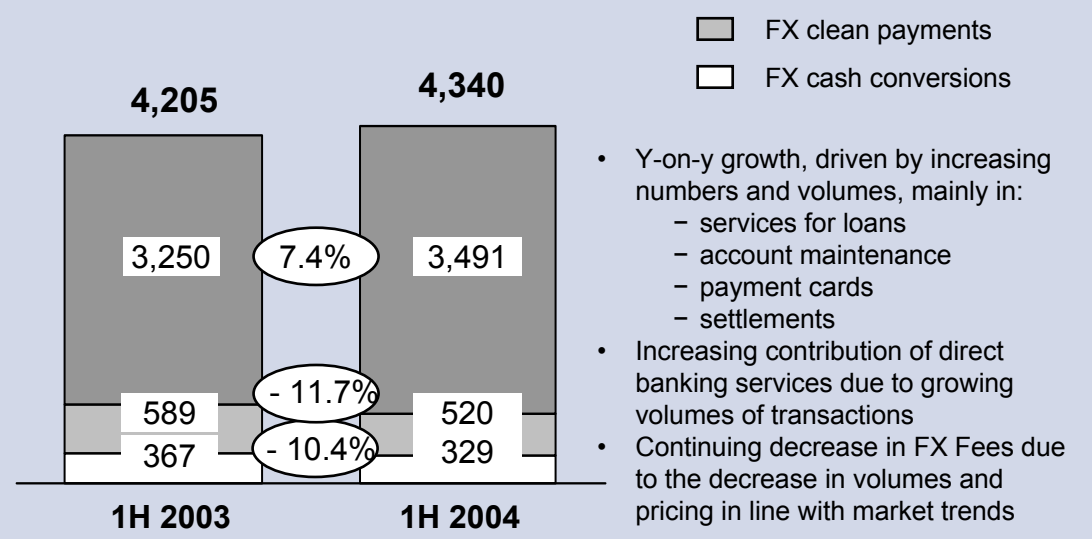
Non-FX F&C grow with the volumes of business

CZK million, unconsolidated

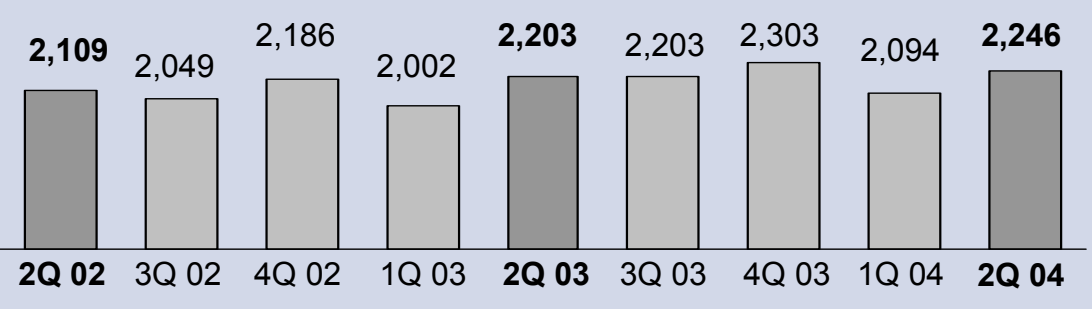
Net Banking Income



Net Fees and Commissions



Q-on-Q Net Fees and Commissions

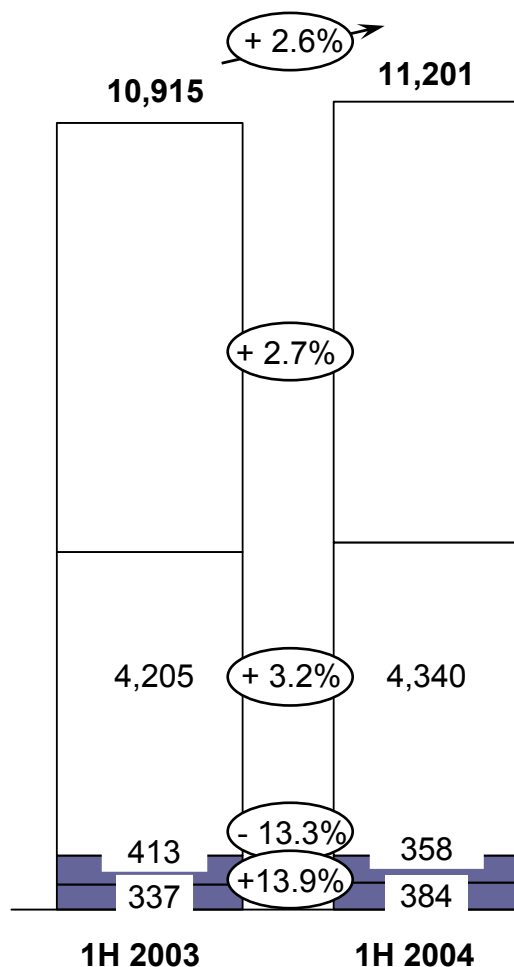


TRADING PROFITS AND OTHER INCOME

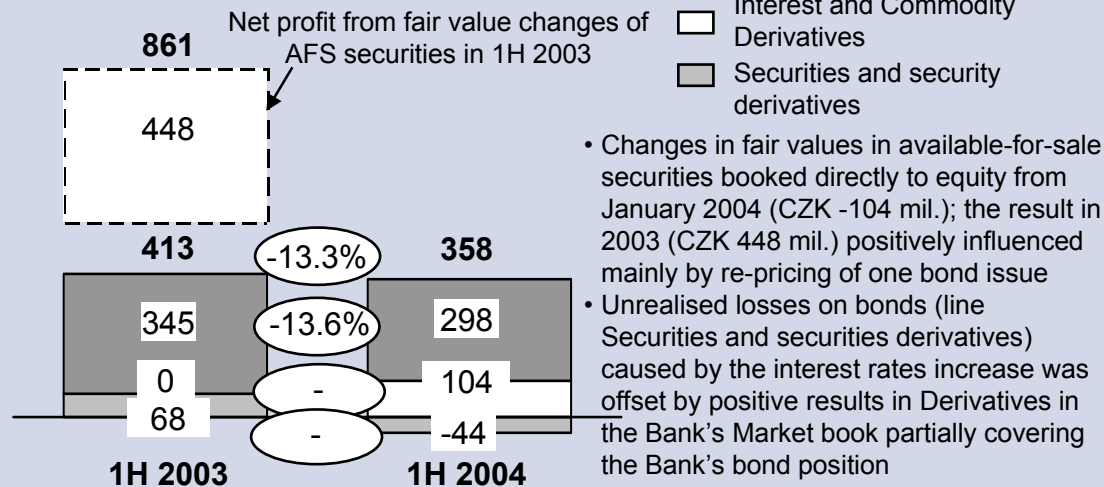
Dividends from subsidiaries received in the second quarter

CZK million, unconsolidated

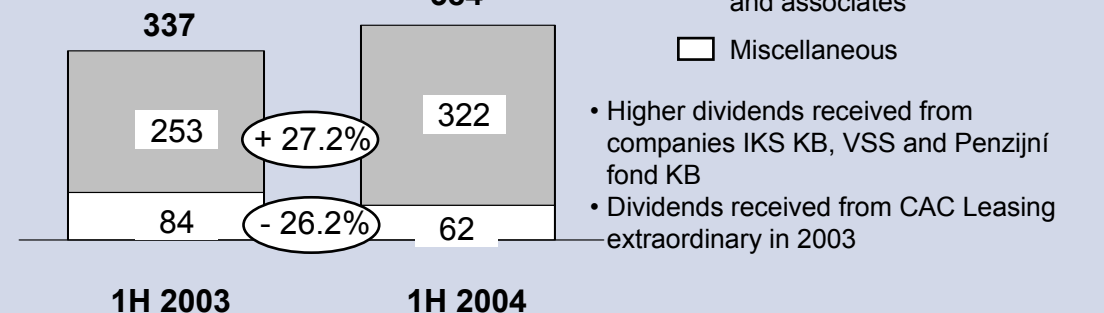
Net Banking Income



Net profit from financial operations



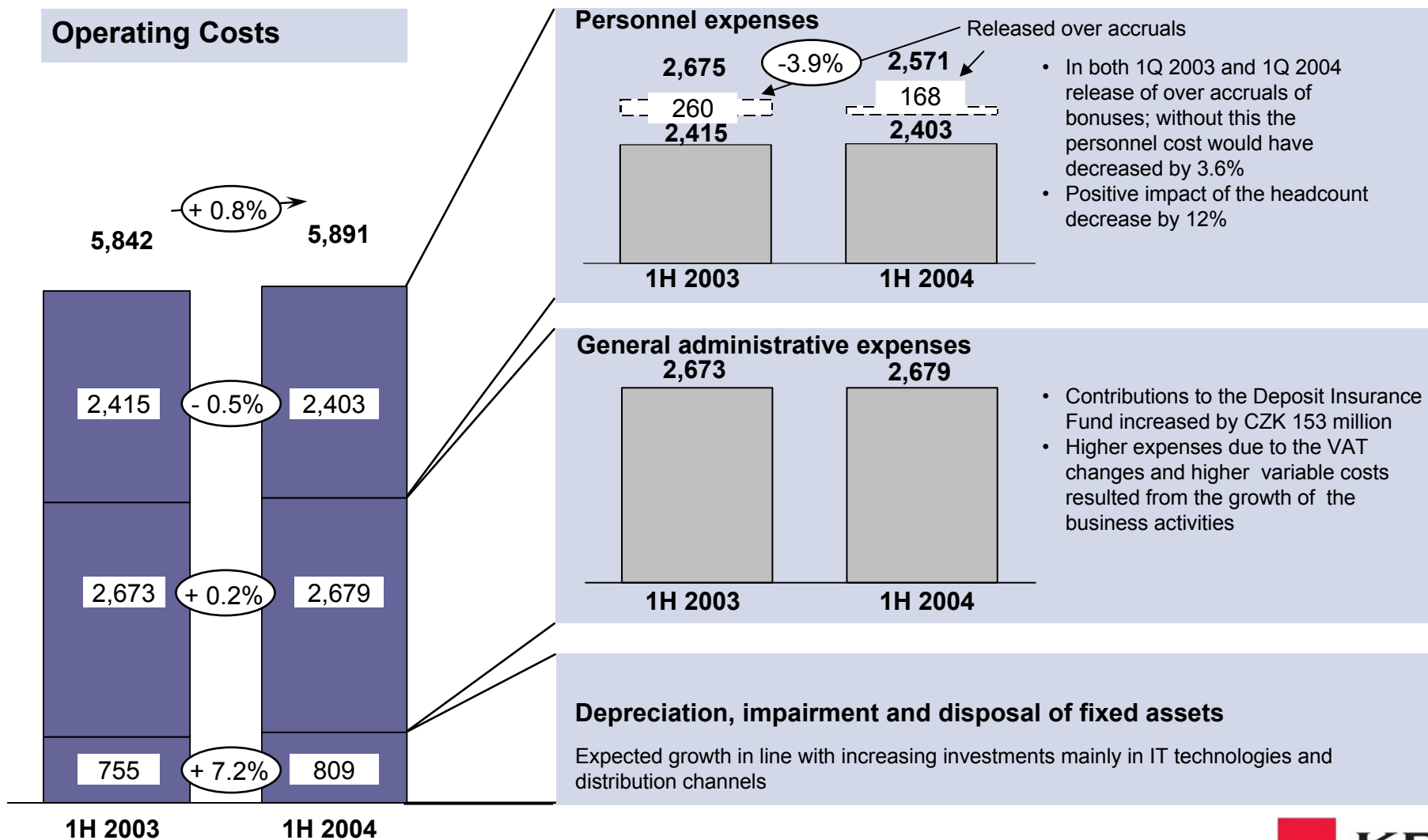
Other Income



OPERATING COSTS

Cost/Income Ratio under 53%

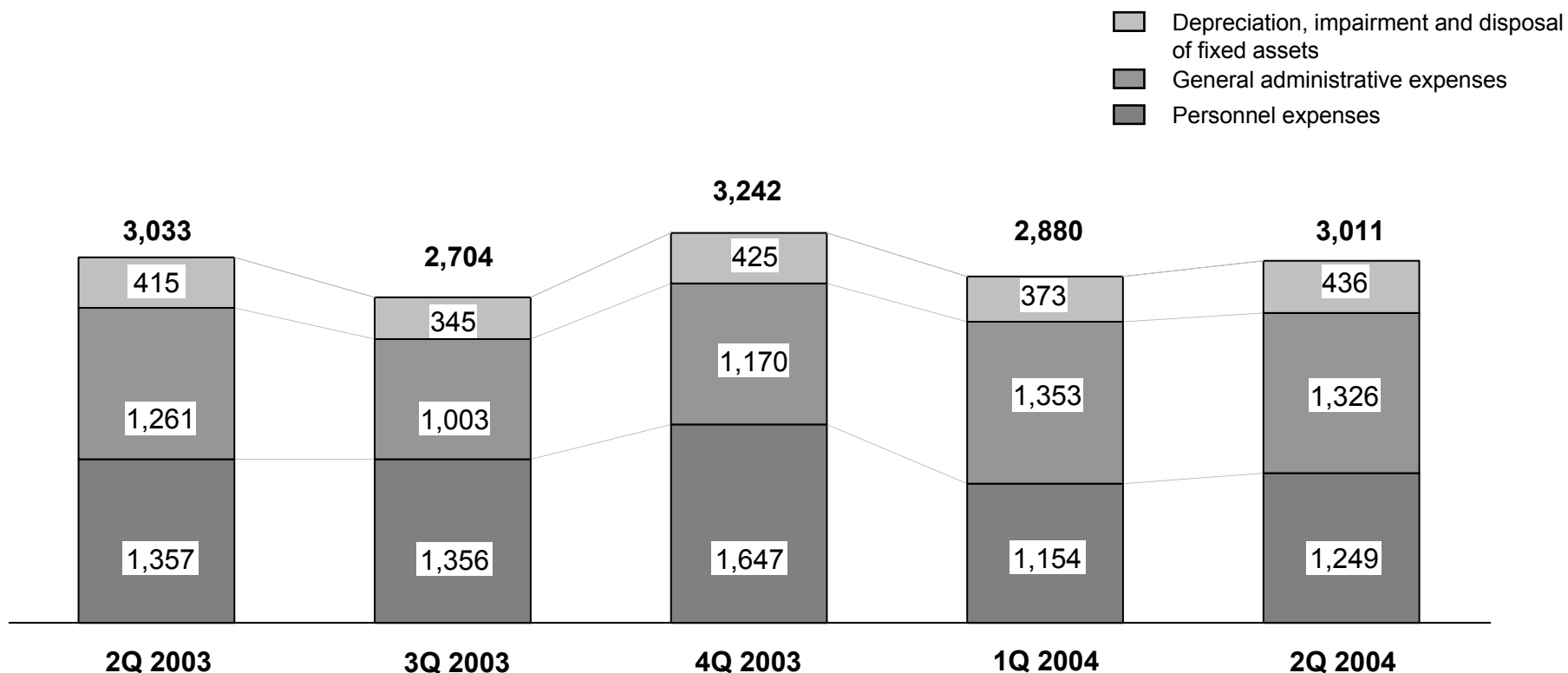
CZK million, unconsolidated



OPERATING COSTS

Operating costs Q-on-Q

CZK million, unconsolidated



2Q 2004/1Q 2004 comparison:

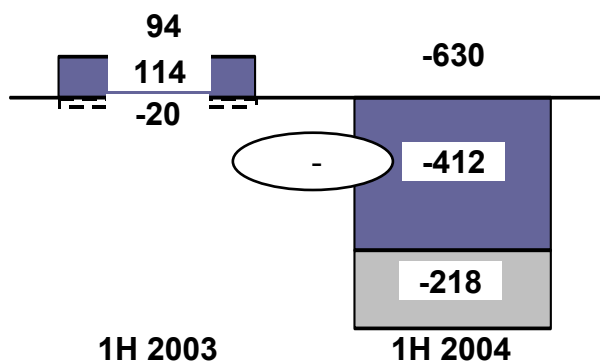
- Costs related to SG share programme accrued mostly in the 1Q in the personnel expenses;
- Lower general administrative expenses influenced by continuing successful cost control

PROVISIONS FOR LOAN LOSSES AND IMPAIRMENT OF SECURITIES, NET PROFIT FROM SALE OF SUBSIDIARIES AND ASSOCIATES

CZK million, unconsolidated

Total loan loss provisions and impairment of securities

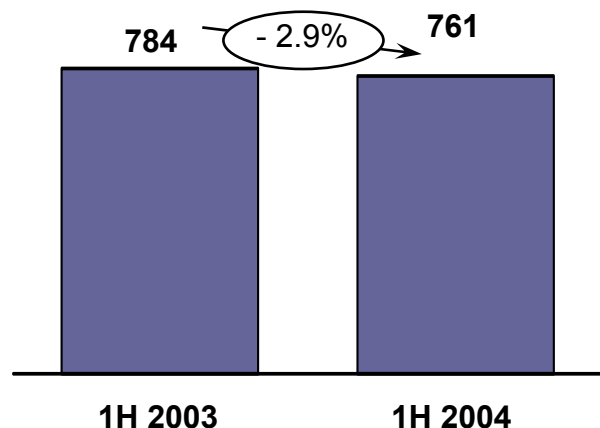
- Provisions for loan losses
- Changes in values of securities (booked directly to equity in 2004)
- Impairment of securities



Comments

- Cost of risk of 45 bp (2003: 41 bp) , resulted from a very good quality of the loan portfolio; 2003 result influenced by the sale of non-performing assets in 1H 2003
- Starting 2004, in line with IFRS, only an impairment occurred in the AFS portfolio is accounted through P/L. Based on the reassessment of ratings of CDO portfolio's underlying assets, the impairment of CZK 218 mil. was identified. Marked-to-model changes in values of CDOs, driven mainly by the increase in the U.S. interest rates, booked directly to equity (1H 2004: CZK - 124 mil.)

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)
- Provisions in the amount of CZK 43 mil. created for restructuring charges in Komerční pojišťovna and initial investments in FranFinance Consumer Credit
- In 2003 stakes in CAC Leasing and Reflexim were sold



BALANCE SHEET

CZK million, unconsolidated

Assets

	447,565	459,482	Change
Cash and balances with central bank	12,340	12,607	+ 2.2%
Amounts due from banks	201,638	233,020	+ 15.6%
Due from Česká konsolidační agentura	24,303	13,178	- 45.8%
Loans and advances to customers (net)	131,042	136,195	+ 3.9%
Securities	48,444	41,931	- 13.4%
Other assets	29,798	22,551	- 24.3%
	31.12.2003	30.6.2004	

Liabilities and shareholders' equity

	447,565	459,482	Change
Amounts due to banks	18,959	14,730	- 22.3%
Amounts due to customers	349,505	372,401	+ 6.6%
Certificated debt	21,348	19,979	- 6.4%
Other liabilities	17,354	17,372	+ 0.1%
Shareholders' equity	40,399	35,000	- 13.4%
	31.12.2003	30.6.2004	



SHAREHOLDERS' EQUITY

Development since the end of 2003

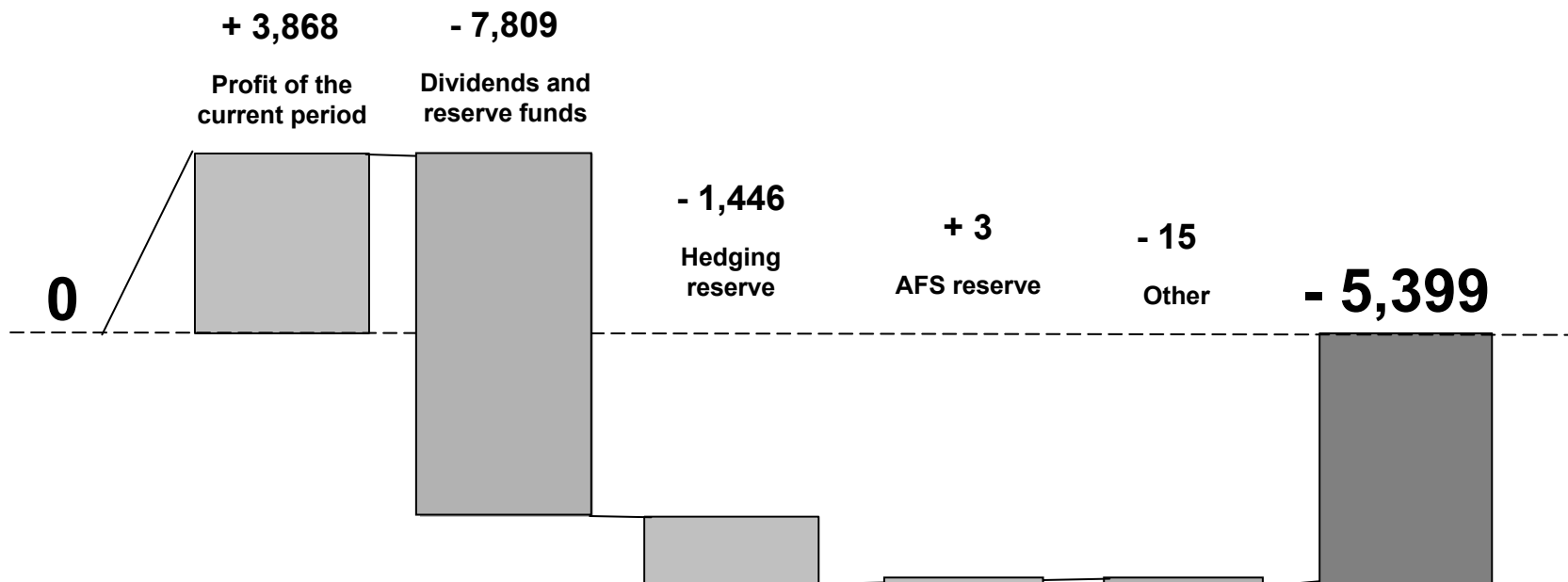
Total shareholder's equity
as at 31 December 2003:

CZK 40,399 million

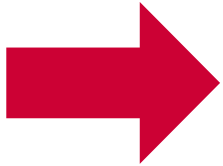
- 5,399

Total shareholder's equity
as at 30 June 2004:

CZK 35,000 million



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



GROSS LOANS TO CUSTOMERS

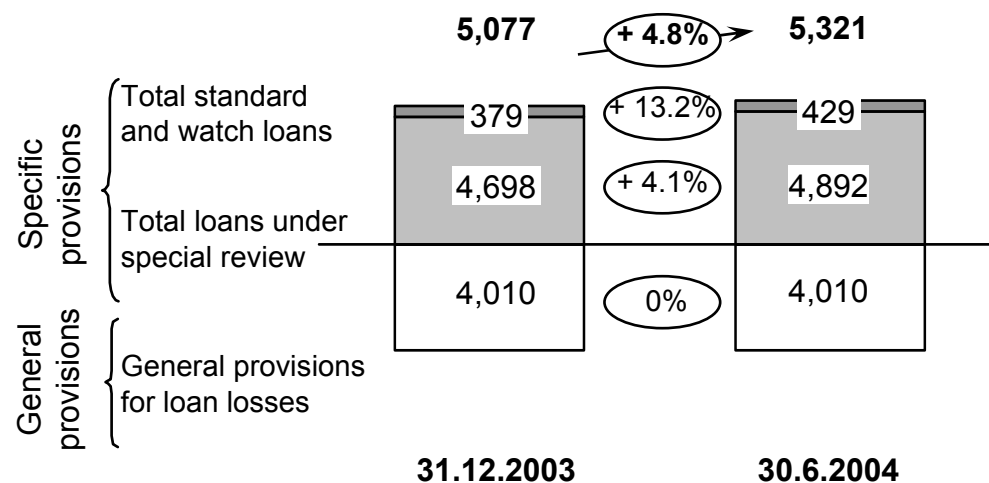
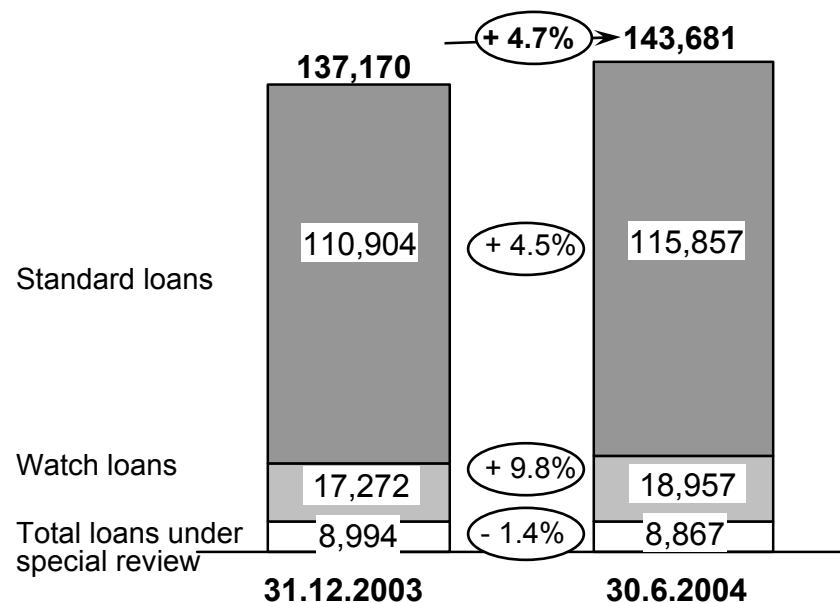
5% growth and stable quality of the portfolio

CZK million

Client loans On-balance sheet

Specific and general provisions for loan losses On-balance sheet

Excluding loans of CZK 1,290 mil. transferred to ČKA in June 2004



- Standard loans make up 81% of the total portfolio
- LUSR* decreased to a 6% share in the total portfolio

- Specific provisions to LUSR cover 55% of LUSR
- Used value of collateral covers 43% of the client loans
- Cost of risk on the Premier bank amounted to 45 bp

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

Note: The loan portfolio is shown without the debt securities acquired under initial offering not designated for trading



CDO PORTFOLIO

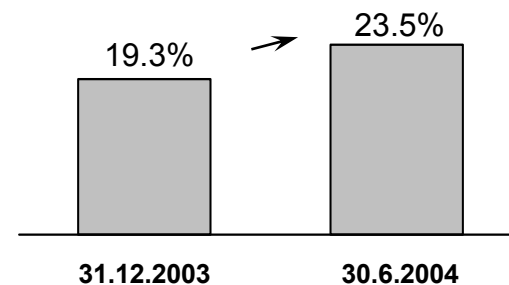
Further increase of the coverage

As of 30 June 2004

Date of acquisition: September 2000 - April 2001
 Initial invested amount: USD 426 mil.
 Invested amount as at 30. 6. 2004: USD 388 mil.
 Total coverage (as at 30. 6. 2004): USD 91 mil.

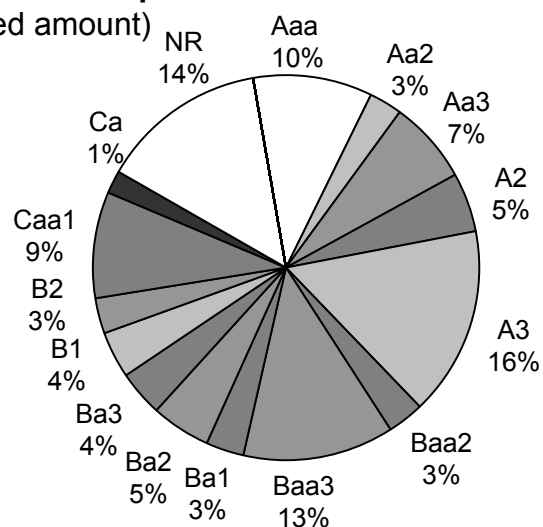
Provisions based on a mark-to-model approach.

Specific provisions / Invested amount

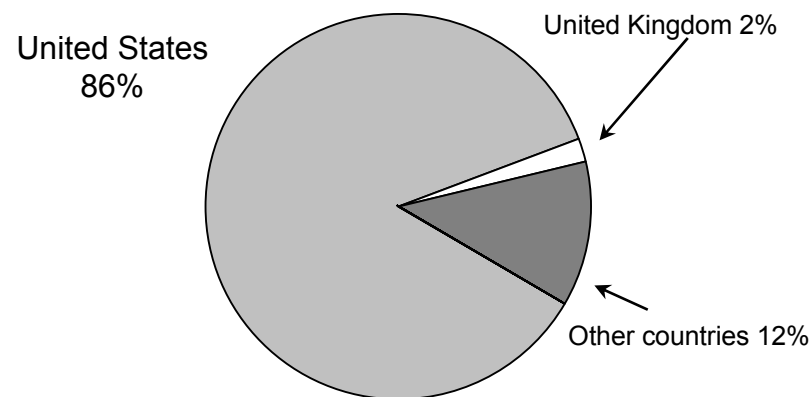


Rating of the CDO portfolio

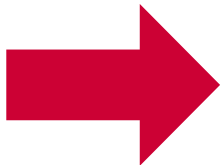
(by invested amount)



CDO collateral by country



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



- **Appendix**

FINANCIAL RESULTS AND RATIOS – CONSOLIDATED

CZK million

Profit and Loss Statement	1H 2003	1H 2003 restated	1H 2004	Change 04/03
Net banking income	11,602	11,092	11,377	- 1.9%
Operating costs	- 6,175	- 6,175	- 6,166	- 0.0%
Income from not fully consolidated companies and exclusion of subsidiaries from consolidation	369	369	652	+76.7%
Cost of risk	93	113	-601	N.A.
Profit before income taxes	5,889	5,399	5,262	- 10.6%
Income taxes	-2,039	-2,039	- 1,608	- 21.1%
Net profit	3,850	3,360	3,654	- 5.1%

Balance Sheet	30.6.2003	30.6. 2003 restated	30.6. 2004	Change 04/03
Total assets	440,410	440,410	470,565	+ 6.8%
Shareholders' equity	38,309	38,799	35,663	- 6.9%

Key ratios	1H 2003	1H 2003 restated	1H 2004	Change 04/03
Cost / Income Ratio	53.2%	55.7%	54.2%	→
Return on Average Equity (ROAE)	20.9%	18.1%	19.0%	→
Return on Average Assets (ROAA)	1.7%	1.5%	1.6%	→
Number of Employees (FTE) incl. associated companies	10,051*	10,051*	8,727	- 13.2%

* including 236 employees of MUZO sold in February 2004



SUBSIDIARY AND ASSOCIATED UNDERTAKINGS RESULTS

As at 30 June 2004, CZK mil., CAS/SAS

	Share of KB	Profit after tax	Equity	Assets
ASIS, a.s.*	100%	NA	NA	NA
Factoring KB, a.s.	100%	18	140	3,125
FranFinance Consumer Credit, s.r.o.	51%	-31	177	195
Investiční kapitálová společnost, a.s.	100%	63	195	236
Komerční Finance, B.V.	100%	NA	NA	NA
Komerční banka Bratislava, a.s. (SAS)	100%	22	599	11,689
Komerční pojišťovna, a.s.	100%	41	441	7,040
Total subsidiary undertakings		113	1,552	22,285
Modrá pyramida SS, a.s.	40%	119	1,427	46,467
Czech Banking Credit Bureau	20%	0	1	8
Total subsidiary and associated undertakings		232	3,422	68,760
KB direct share		176	2,036	40,776
ALL IN REAL ESTATE LEASING, s.r.o. *	100%	0	39	NA
ALL IN, a.s.*	100%	0	35	24
Penzijní fond Komerční banky, a.s.	100%	183	353	11,689

*Companies in process of disposal or liquidation



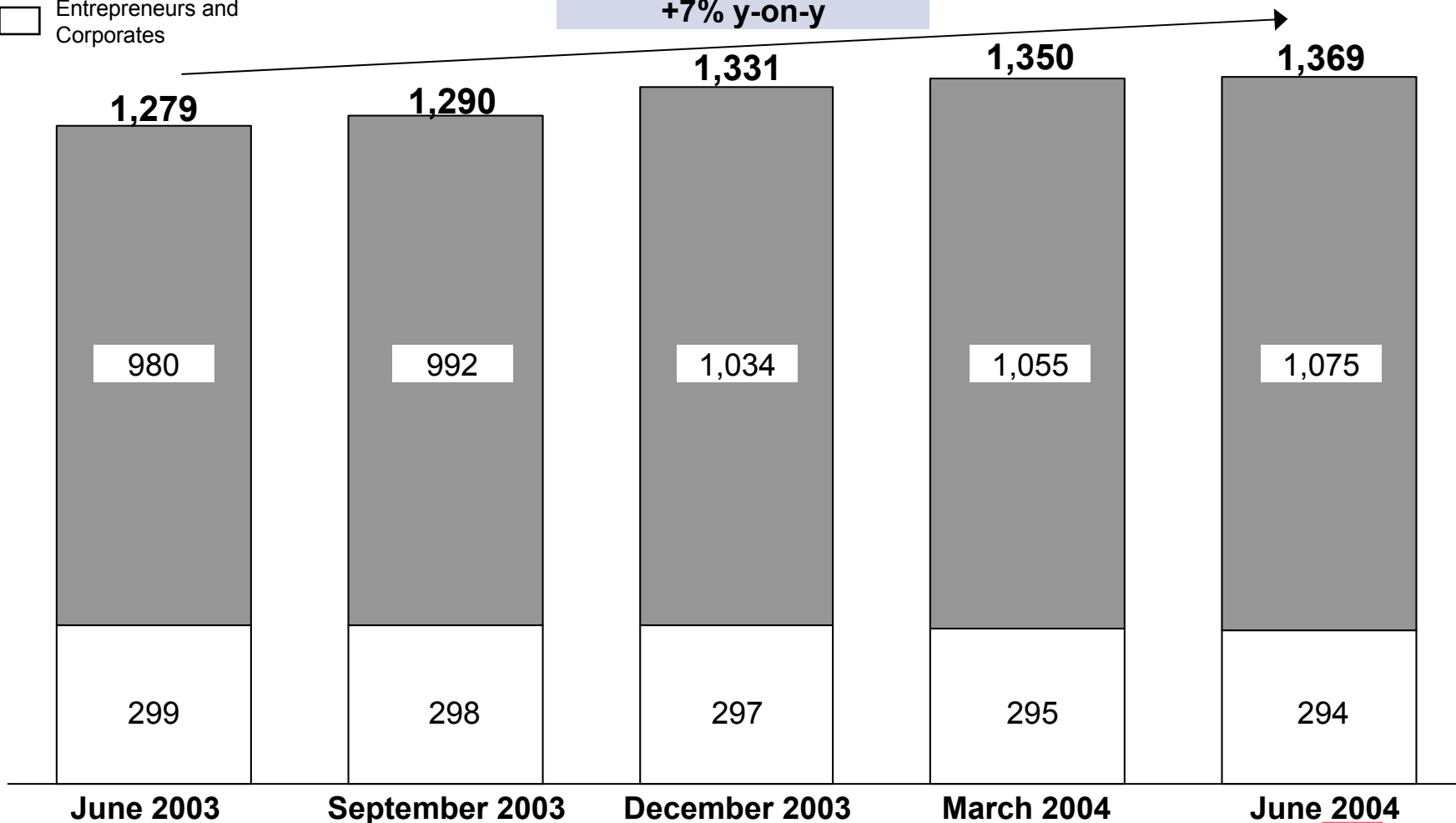
NUMBER OF CLIENTS

Thousands

■ Individuals

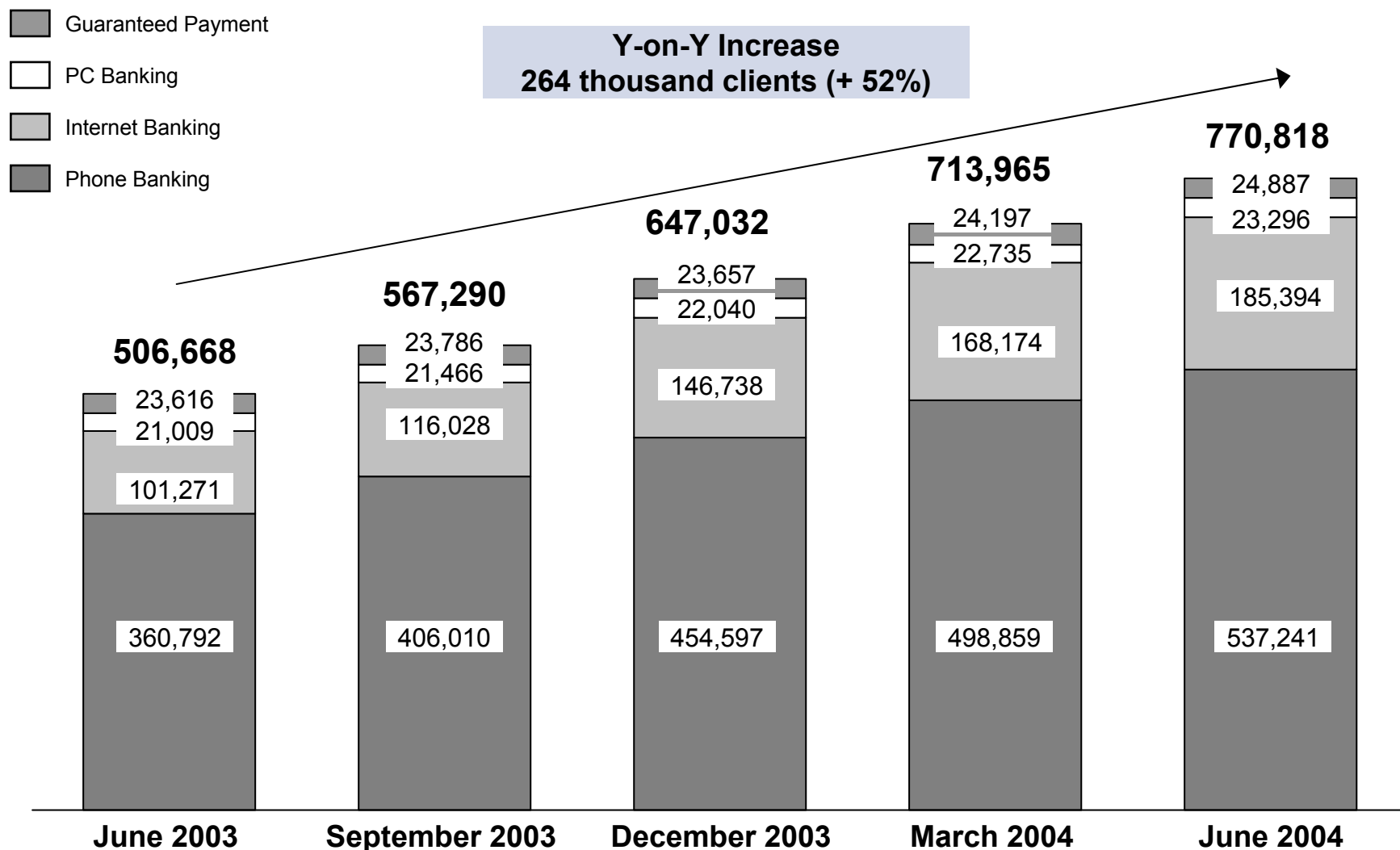
□ Entrepreneurs and Corporates

+ 90 thousands clients
+7% y-on-y

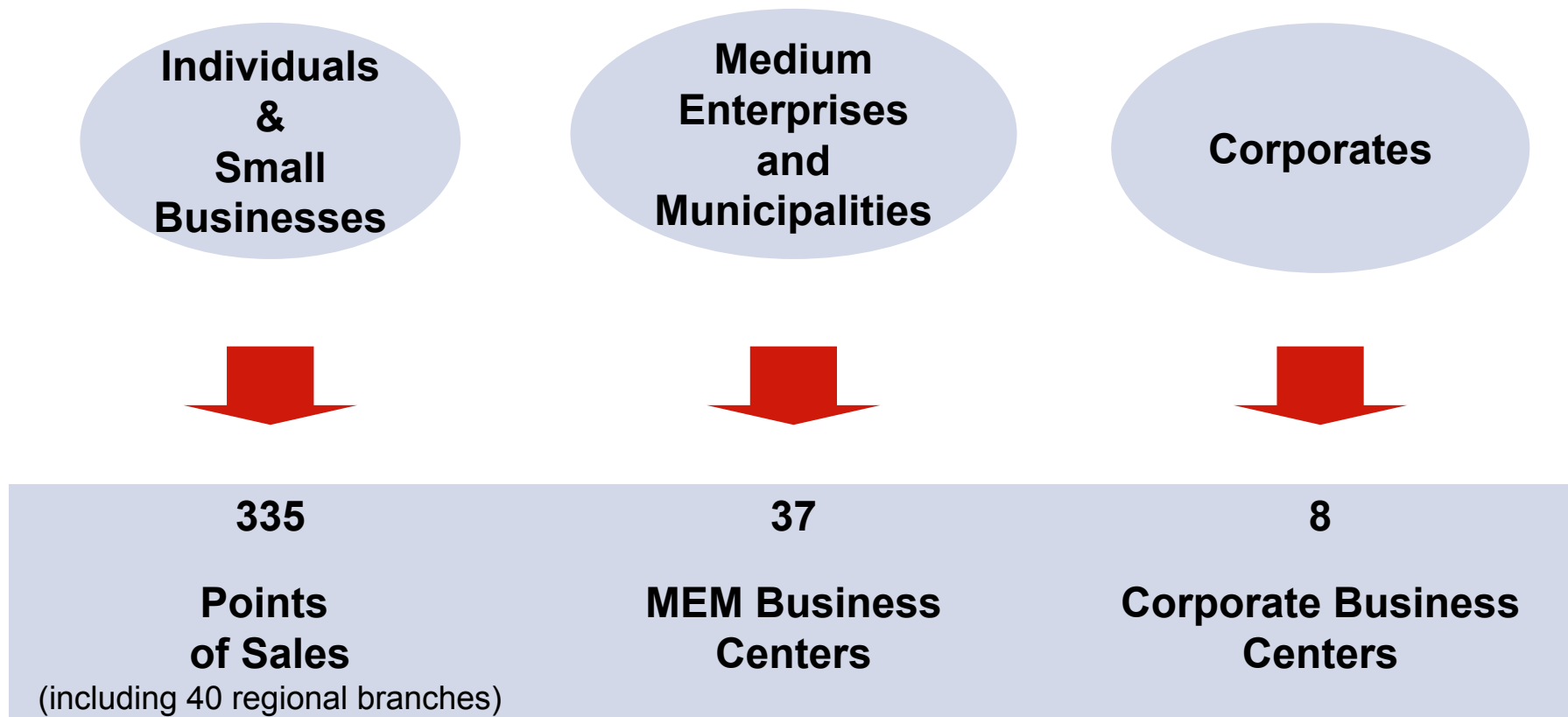


DIRECT BANKING

59% of KB clients use direct banking








SALES NETWORK FOR ALL SEGMENTS



Number of ATMs grew year on year by 63 to the total of 536









KEY PRODUCTS FOR INDIVIDUALS

	30. 6. 2003	30. 6. 2004	YoNY Change
IDEAL	148,620 packages	199,935 packages	+ 34.5% 
PERFEKT KONTO	96,624 packages	250,584 packages	+ 159.3% 
EXPRESS KONTO	53,054 packages	70,101 packages	+ 32.1% 
A-KONTO	23,776 packages	24,338 packages	+ 2.4% 
GAUDEAMUS	68,087 packages	87,696 packages	+ 28.8% 
CHILD ACCOUNT	Launched in September 2003	67,786 accounts	N.A.
MERLIN payment cards' insurance	Launched in April 2004	33,370 accounts	N.A.



KEY PRODUCTS FOR SMALL BUSINESSES

	30. 6. 2003	30. 6. 2004	YTD Change
EFEKT	8,592 packages	63,185 packages	635.4% 
KOMFORT	2,585 packages	17,561 packages	579.3% 
EXCELENT	278 packages	1,268 packages	356.1% 
OPTIMUM MEDICUM	0	4,838 packages	N.A. 
Business loans	4,213 total loans	8,993 total loans	113.5% 
Authorised overdrafts	30,639 active authorised overdrafts	44,633 active authorised overdrafts	45.7% 








LOAN PRODUCTS DEVELOPMENT



Strong growth in Small businesses and MEM segment

CZK million

SMALL BUSINESSES

	30. 6. 2003	30. 6. 2004	YonY Change
Number of granted loans in the period	1,576	4,373	177.5% 
Volume of granted loans in the period	1,759	4,114	133.9% 
Number of total loans	4,213	8,993	113.5% 
Number of authorised overdrafts	30,639	44,633	45.7% 
Volume of total loans incl. overdrafts	5,734	8,405	47.0% 

MEDIUM ENTERPRISES AND MUNICIPALITIES

Volume of loans granted in the period	16,800	26,100	+ 55.4% 
Volume of total loans incl. overdrafts, credit lines	29,200	35,700	+22.2% 

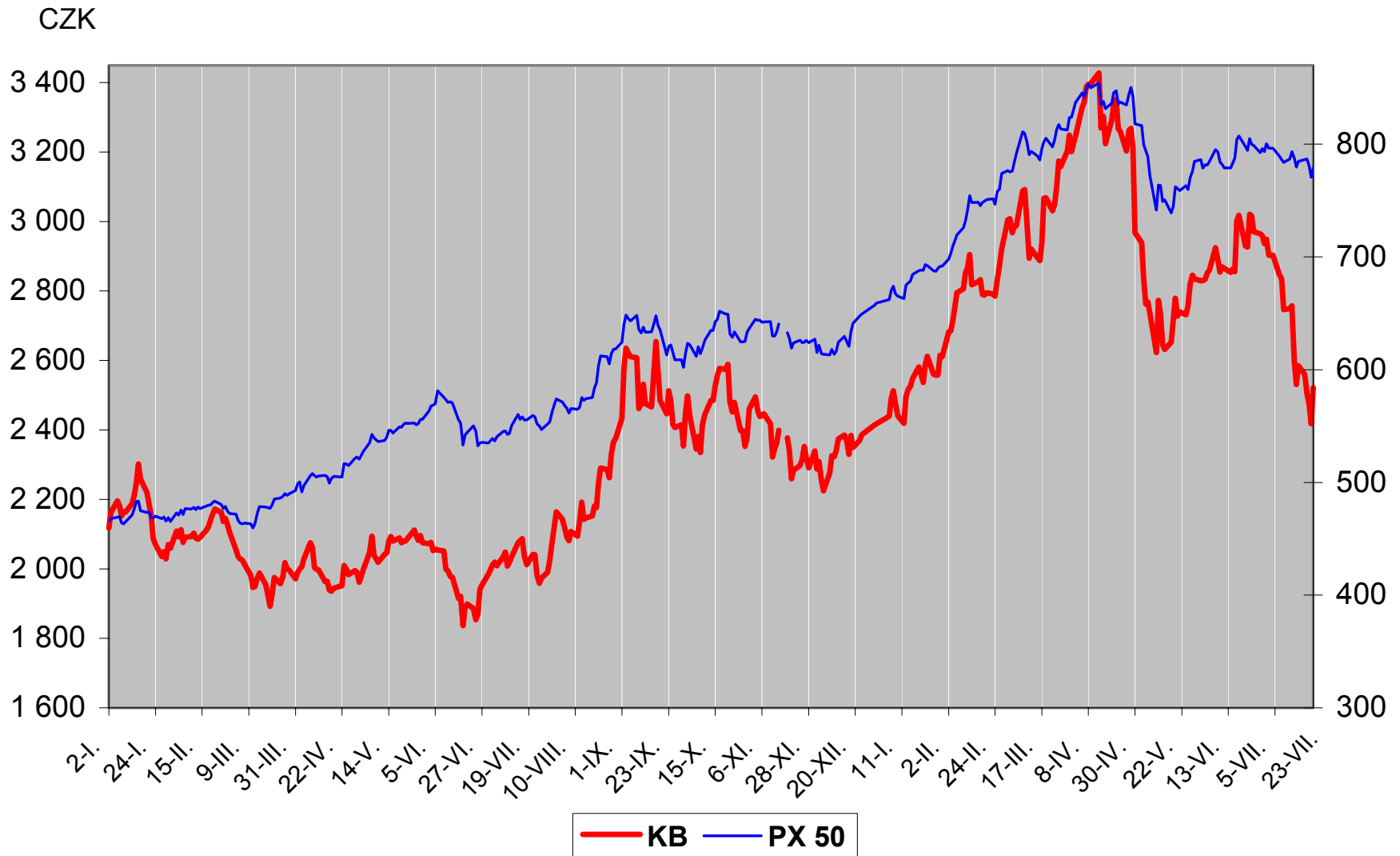


CROSS-SELLING ACTIVITIES WITHIN THE KB GROUP

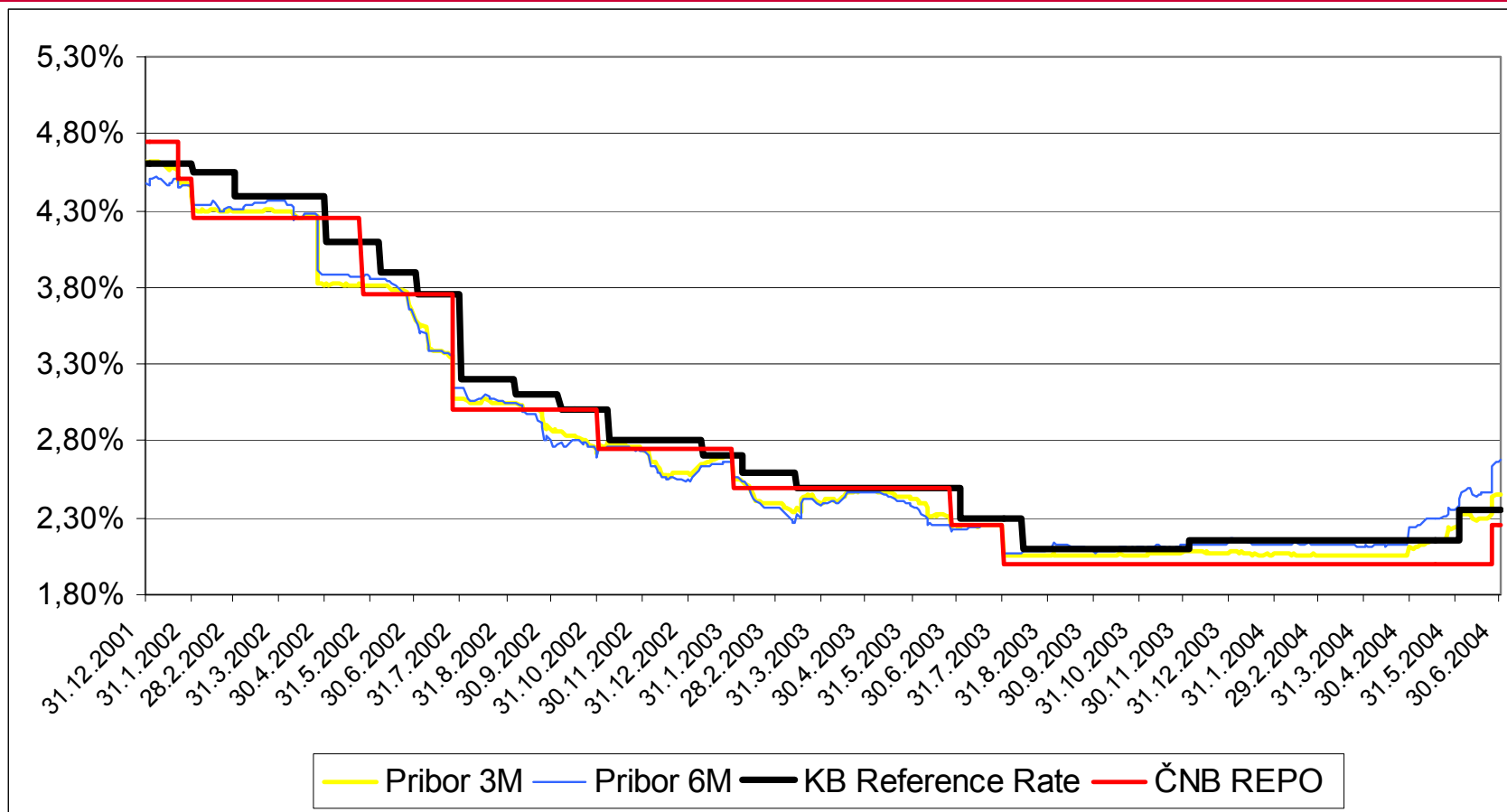
Products sold through KB network	30.6. 2003	30.6. 2004	Change 04/03
Life insurance Vital (premium written in CZK bil.)	1.55	1.40	-10%
Mutual funds (sales in CZK bil.)	5.6	3.1	-45%
Pension insurance (inflows in CZK bil.)	0.65	0.81	+25%
Factoring (turnover in CZK bil.)	1.00	2.94	+194%
Building saving (number of contracts)	17,300	3,900	-77%
KB FleetLease (cars) (cars managed)	45	525	-
KB Leasing (big tickets) (turnover in CZK bil.)	0.12	0.54	-



DEVELOPMENT OF KB'S SHARE PRICE AND INDEX PX50



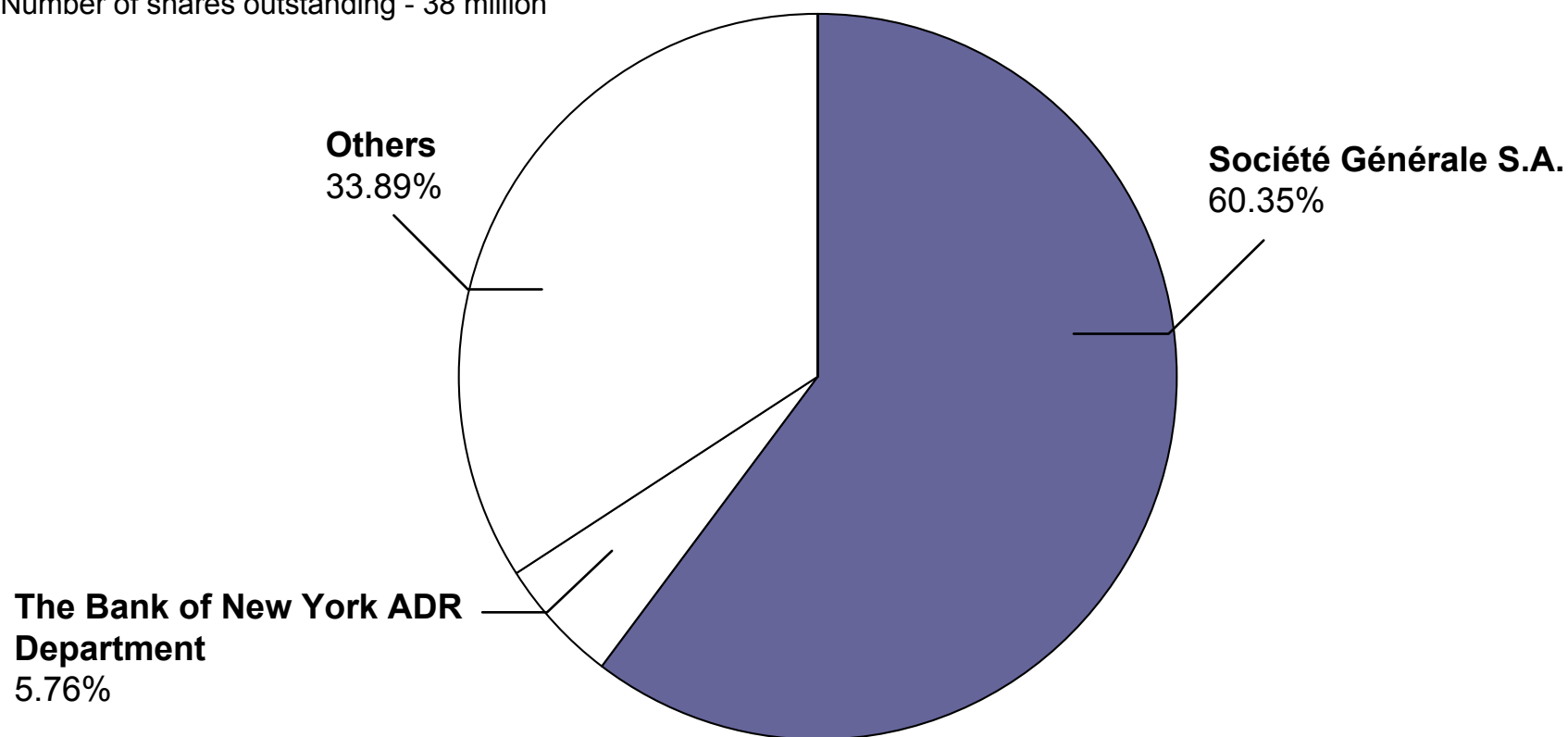
INTEREST RATES EVOLUTION



STRUCTURE OF SHAREHOLDERS

Major shareholders of Komerční banka, a. s. with over 5% of the share capital as at 17 July 2004

Number of shares outstanding - 38 million



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