



KB Group

1Q 2008 Financial Results (International Financial Standards)

Prague
14 May 2008



Disclaimer

This document contains a number of forward-looking statements relating to the targets and strategies of the Komerční banka Group. These statements are based on a series of assumptions, both general and specific. As a result, there is a risk that these projections will not be met. Readers are therefore advised not to rely on these figures more than is justified as the Group's future results are liable to be affected by a number of factors and may therefore differ from current estimates.

Readers are advised to take into account factors of uncertainty and risk when basing their investment decisions on information provided in this document.



Agenda

- **Business Highlights**
- Consolidated Financial Results
- Loan Portfolio Quality and Development
- Appendix



Very successful Q1 for KB Group

- Consolidated net banking income of KB Group reached CZK 7,845 million, up 12.5%
- Cost income ratio further improved to 45.5%, one of the best levels in the CEE region
- Net operating income increased by 12.7%
- Consolidated cost of risk stays low at 37bps
- Consolidated net profit of KB Group at 3,048 million CZK, up 17.1%
- Recurring net profit increased by 20.6%*

*Recurring profit as defined on slide 29
(Year on year comparisons)



Dynamic growth of KB's portfolio and networks

■ Clients

- KB bank 1,590,000 clients (+4%)
- MPSS 763,000 clients (-4%)
- PFKB 476,000 clients (+9%)
- ESSOX 174,000 active clients (+12%)

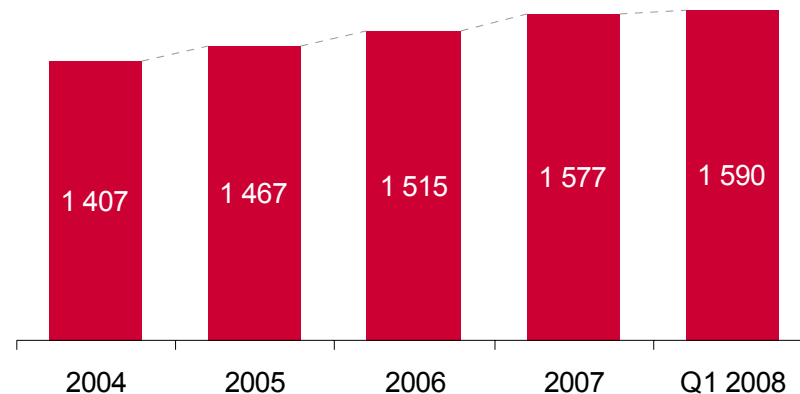
■ Network

- 389 branches for retail clients, 35 business centres for MEM, 4 corporate divisions for large corporate clients
- 663 ATMs
- MPSS: 252 points of sale; 1,505 sales agents (of which 405 full-time professionals)

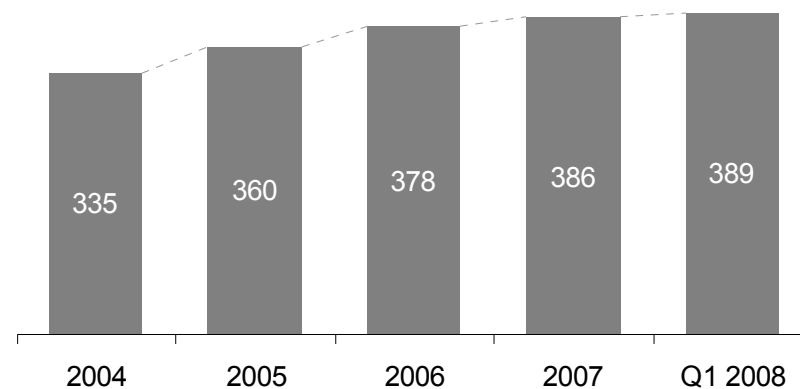
■ Direct Channels

- Second call centre opened in Zlín, internet-banking and mobile banking
- 917,000 clients (i.e. 58% of KB client base) using direct banking products

Clients of KB (bank)



Number of branches





Strong and successful development in the individuals segment

- Continuing increase in number of KB's individual customers by 5% to 1,306,000.
- Young clients acquisition brought gains of 166,000 Child accounts and 155,000 Gaudeamus packages. QoQ development of student packages affected by seasonality.
- Positive development of KB cross-selling ratio: from 5.26 to 5.58.
- Number of mortgages to individuals up 24% to more than 69,000. Over 30% growth in volume.
- Number of active KB payment cards rose by 8% to 1,635,000, of which number of credit cards increased by 20% to 213,300.
- Rapid growth in new MPSS contracts: target volume of savings contracts up 33%, volume of new standard loans higher by 69%, volume of new bridging loans grew 15%.
- 476,000 participants in Penzijní fond KB, an increase of 9%.
- Number of newly concluded insurance policies by Komerční pojišťovna rose 10% to 136,000.

(Year on year comparisons)



KB strengthen its leading position in the corporate segment

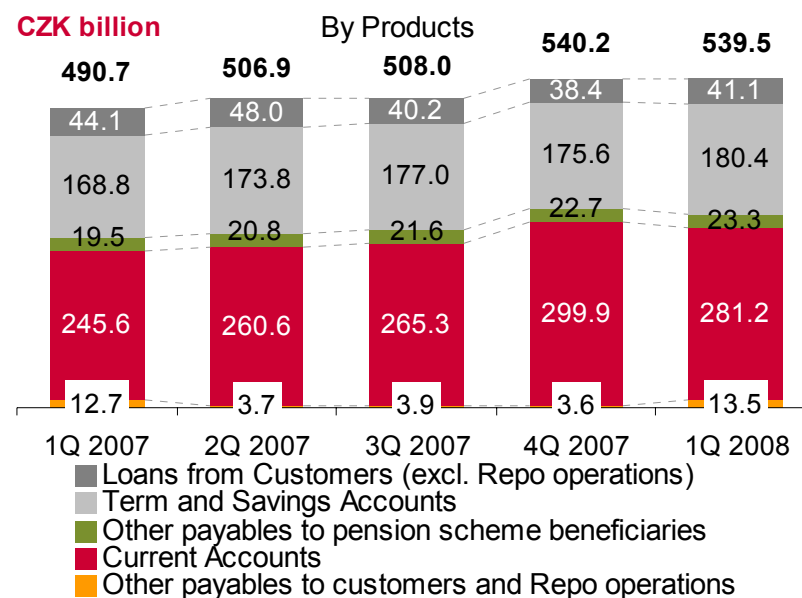
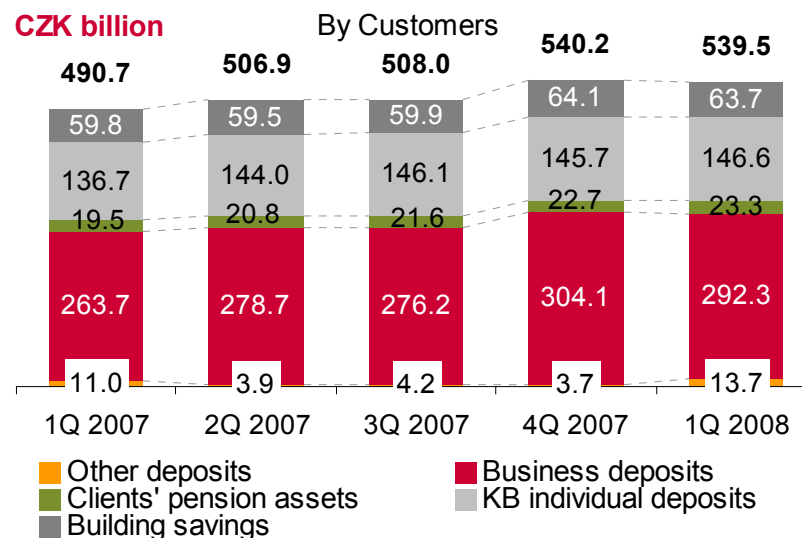
- Total Group loans to business clients grew by 20.7% and reached CZK 186.3 billion.
- Revenues of Factoring KB up 6% to CZK 32.6 million.
- KB signed Framework Credit Agreement with Dálniční stavby Praha of STRABAG Group amounting to CZK 2,300 million for providing day-to-day financing, guarantees and loans required for bidding in tenders for large construction projects.
- Investment banking performance in current market environment attests to good resilience of the business model.
- Trade finance revenues rose 20%, boosted by dynamically developing international trade.
- Preparations for launch of SEPA payments were finalized.

(Year on year comparisons)



Strong growth of deposit base

- Group deposits increased 10% YoY
- KB represents 83% of CZK 539.5 billion of total depositary base, of which:
 - KB individuals deposits rose by 7.2% to CZK 146.6 billion
 - KB corporate deposits increased by 11.3% to CZK 289.7 billion
- Clients' pension assets in PF KB grew by 19.4% year on year to CZK 23.3 billion.
- MPSS deposits up 6.5% to CZK 63.7 billion
- Sales of alternative saving products during 1Q 2008
 - IKS sales through KB and MPSS (CZK 3.2 bn)
 - KP Vital insurance written premium (CZK 314 million)

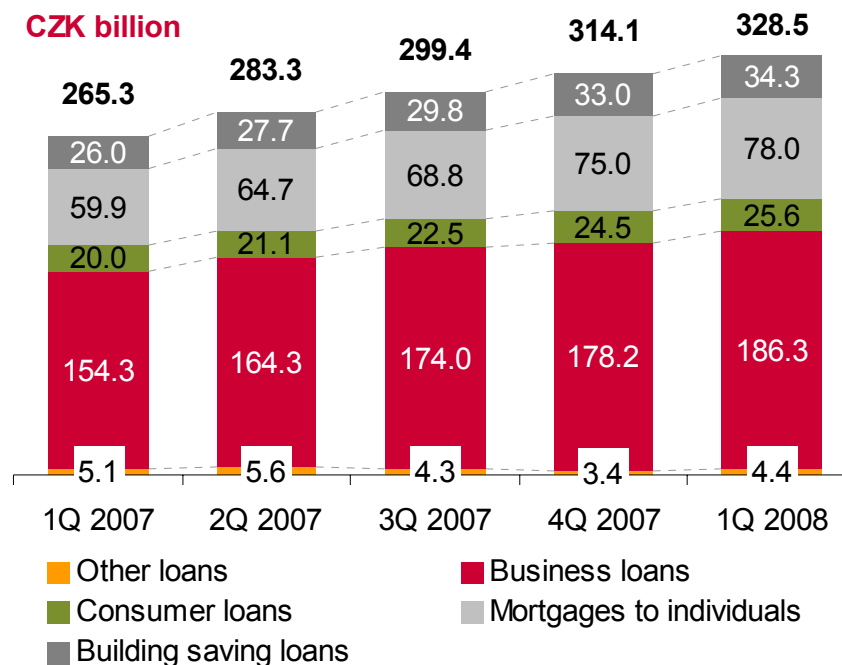




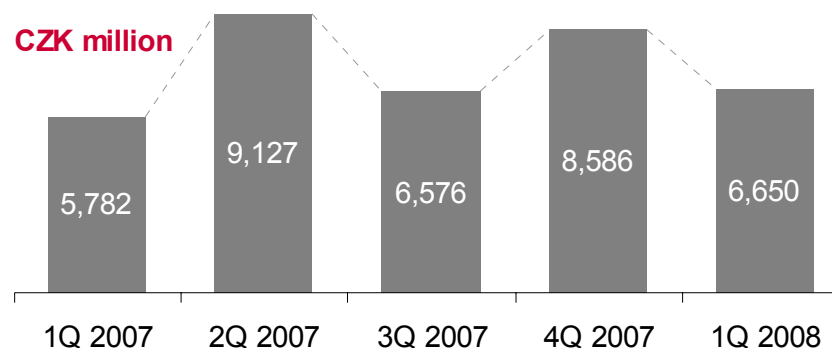
Group lending activities

Rapid growth of lending continues

- Total lending expanded by 23.8% YoY.
- Business loans grew by 20.7% YoY:
 - Small businesses (KB) +35.2% to CZK 16.5 bn.
 - Corporations (KB+KBB) +19.7% to CZK 167 bn.
 - Factoring KB +8.6% to CZK 2.8 bn.
- Consumer loans provided by KB and ESSOX rose 28% YoY to CZK 25.6 billion.
- Mortgages to individuals up 30.1% YoY to CZK 78 billion (outstanding volume).
- Building standard and bridging loans provided by MPSS stood at CZK 34.3 billion rising 31.7% YoY.
- Total off-balance sheet commitments stood at CZK 226.1 billion (+25% YoY).



Sales volume of mortgages to individuals





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Consolidated financial results

Profit and Loss Statement

(CZK million, unaudited)

	1Q 2007	1Q 2008	Change YoY
Net interest income	4,357	5,074	16.5%
Net fees & commissions	1,873	1,954	4.3%
Income from financial operations	715	766	7.1%
Other income	29	51	75.9%
Net banking income	6,974	7,845	12.5%
Personnel expenses	-1,440	-1,495	3.8%
General administrative expenses	-1,364	-1,604	17.6%
Depreciation, impairment and disposal of fixed assets	-384	-470	22.4%
Operating costs	-3,188	-3,569	12.0%
Gross operating income	3,786	4,276	12.9%
Cost of risk	-398	-458	15.1%
Net operating income	3,387	3,818	12.7%
Profit on subsidiaries and associates	10	16	60.0%
Share of profit of pension scheme beneficiaries	-77	-87	13.0%
Profit before income taxes	3,320	3,747	12.9%
Income taxes	-718	-699	-2.6%
Net profit	2,602	3,048	17.1%
Minority profit/(loss)	11	27	145.5%



Consolidated financial results

Balance Sheet

(CZK million, unaudited)

	31 March 2007	31 March 2008	Change YoY
Assets	614,438	679,101	10.5%
Cash and balances with central bank	17,039	13,918	-18.3%
Amounts due from banks	207,962	202,250	-2.7%
Loans and advances to customers (<i>net</i>)	256,588	318,780	24.2%
Securities	100,670	119,150	18.4%
Other assets	32,179	25,003	-22.3%
Liabilities	614,438	679,101	10.5%
Amounts due to banks	16,113	18,321	13.7%
Amounts due to customers	490,670	539,533	10.0%
Securities issued	24,891	27,946	12.3%
Other liabilities	24,784	32,952	33.0%
Subordinated debt	6,002	6,004	0.0%
Shareholders' equity	51,978	54,345	4.6%



Key ratios and indicators	31 March 2007	31 March 2008	Change YoY
Capital Adequacy (Basel II)	n.a.	11.65%	n.a.
Capital Adequacy (Basel I)	11.20%	9.79%	▼
Tier 1 Ratio (Basel II)	n.a.	10.67%	n.a.
Tier 1 Ratio (Basel I)	9.80%	8.60%	▼
Risk weighted assets for credit risk (CZK billion) *	313	266	-15.2%
Net Interest Margin (NII/Av. Interest Bearing Assets)	3.1%	3.2%	▲
Loans (net) / Deposits ratio	52.3%	59.1%	▲
Cost / Income ratio	45.7%	45.5%	▼
Return on Average Equity (ROAE), annualized	20.4%	23.2%	▲
Return on Average Assets (ROAA), annualized	1.7%	1.8%	▲
Earnings per Share (CZK), annualized	274	321	▲
Average number of employees during the period	8,388	8,679	3.5%

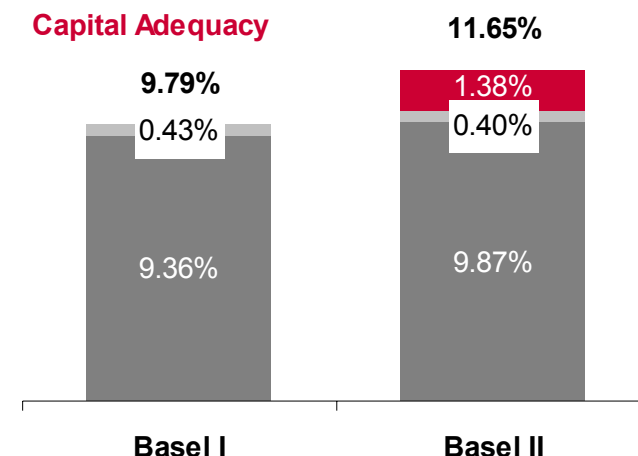
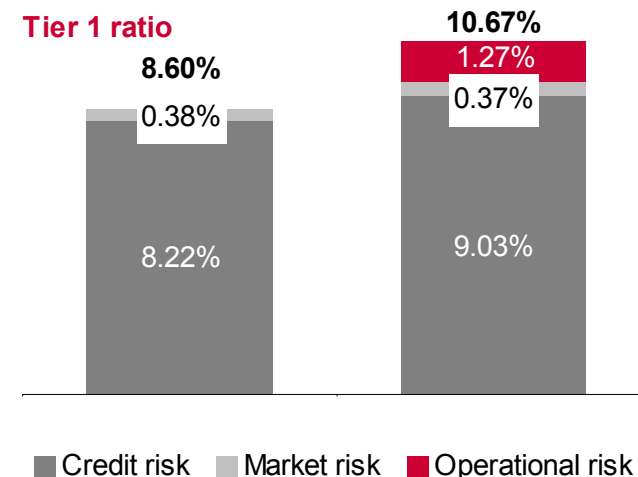
* RWA as of 31 March 2007 based on Basel I



Benefiting from Basel II advanced approach under Pillar I

CZK billion	Basel II	Basel I
Tier I	33.44	33.80
Tier I + II	36.52	38.48
Capital requirement	25.08	31.43
Tier 1 ratio	10.67%	8.60%
CAD	11.65%	9.79%

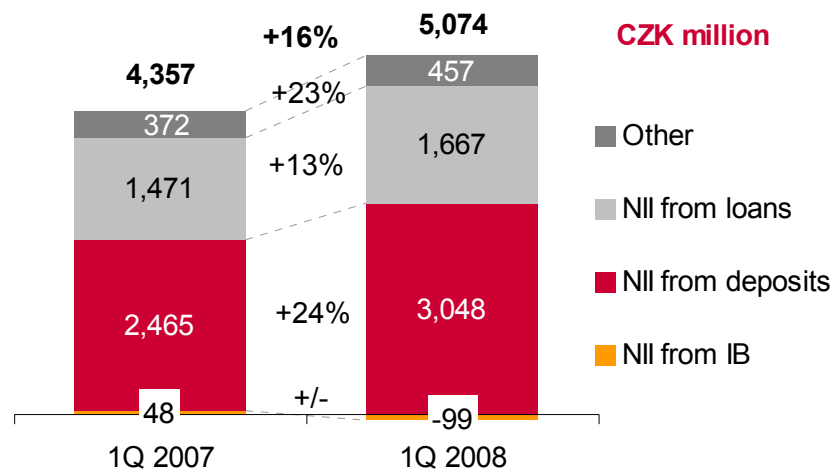
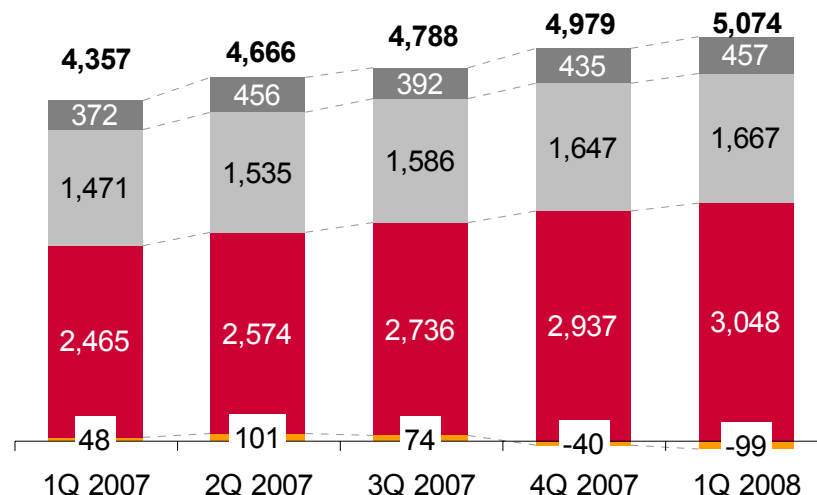
- KB validated under Basel II advanced approach by Czech National Bank and Commission Bancaire (SG Group level).
- Basel II capital adequacy subject to Pillar II.
- Reporting under Basel II standards since January 2008
 - Reduced level of credit risk for retail activities (in particular for mortgage loan exposure).
 - Operational risk based on floor defined by CNB (i.e. at 75% of standard method).
- Basel II benefits
 - Extended use of behavioural rating models for retail business.
 - Implementation of Loss Given Default assessment.
 - Overall upgrade of risk management framework.





Strong growth underpinned by volumes and widening deposit spreads

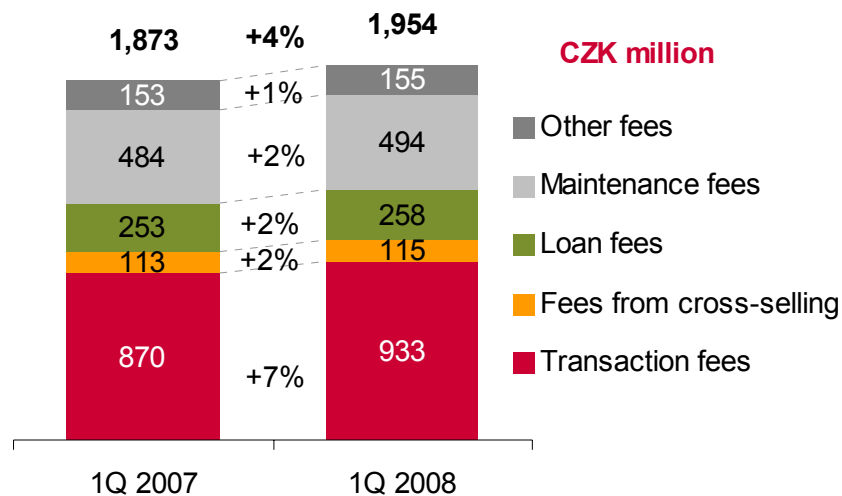
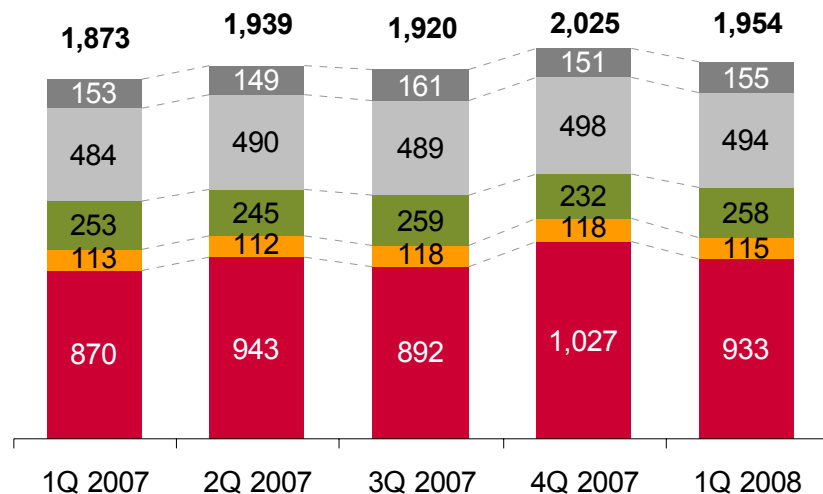
- YoY increase in NII of 16.5%. QoQ NII rose 1.9%
- MPSS NII (before adjustments) up 38%. ESSOX NII up 29%. Standalone KB NII rose 12% YoY.
- NII from loans – benefiting from rising volumes. Trend of narrowing spreads continued.
- NII from deposits - short-term peak of average spreads reached in December 07. YoY higher both volumes and spreads. Significant contribution to the increase from current accounts.
- NII from Investment Banking turned to negative, partially offset by gains in Net Profit from Financial Operations.
- NII from Other benefited from higher yield on reinvestment of capital.
- Consolidated NII in 1Q 2008 impacted by CZK 87 million from acquisition revaluation of MPSS (v. CZK 98 million in 1Q 2007)





Fees growing with strong economic activity and enlarged client base

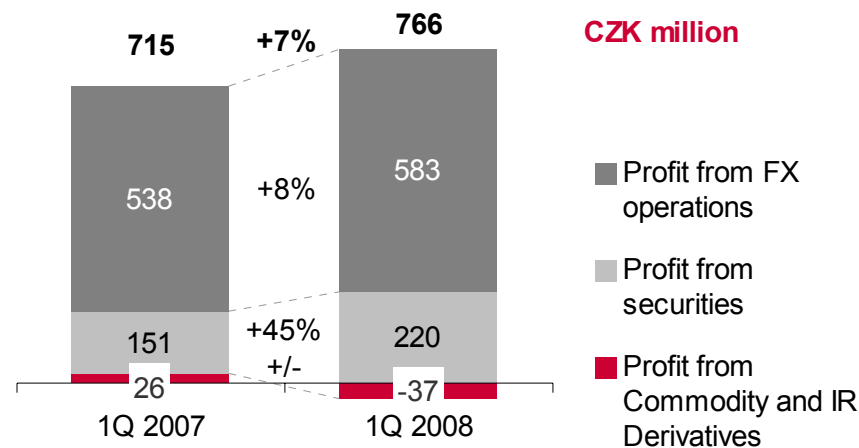
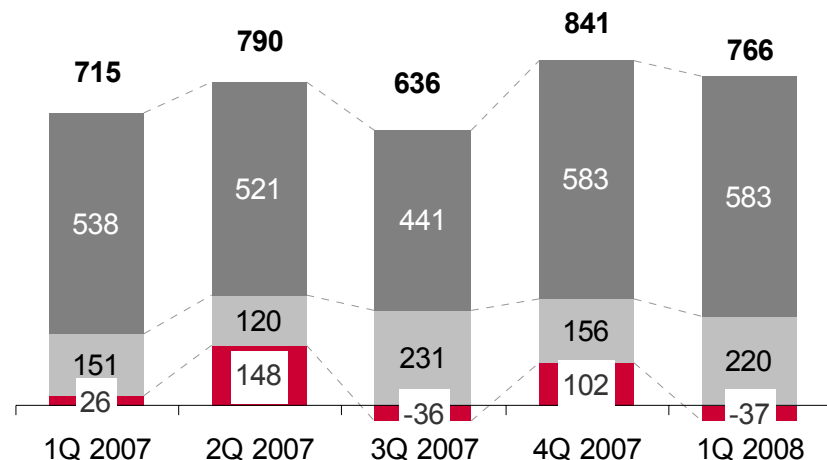
- YoY growth of 4.3%, QoQ seasonal decline of 3.5%.
- Dynamic fee income from business clients, fees from individuals growing in line with expansion of client base.
- Transaction fees – strong payment cards and direct banking transactions.
- Fees from cross-selling - Fees from asset management products (from IKS) affected by negative developments on the markets.
- Maintenance fees - continued switch from non-package products to packages
- Loan fees – positive development of fees from business loans, mortgage fees affected by higher commissions paid to intermediaries (+54%)
- Other fees - driven by very good development of trade finance.





Trading income supported by clients' transactions

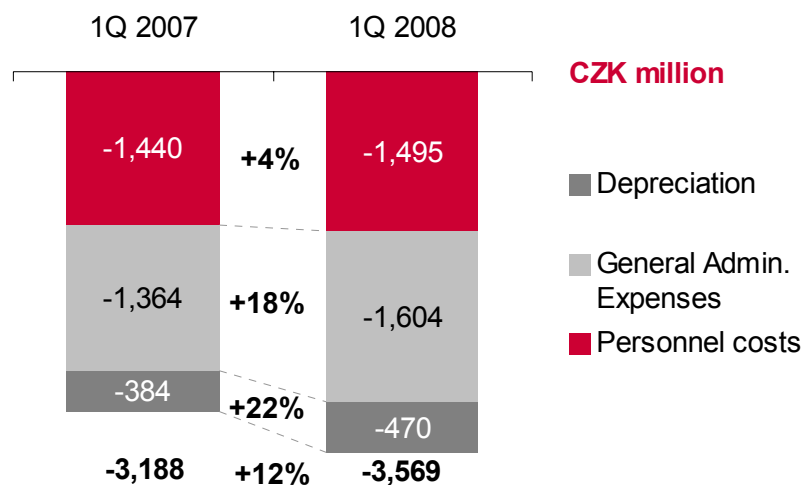
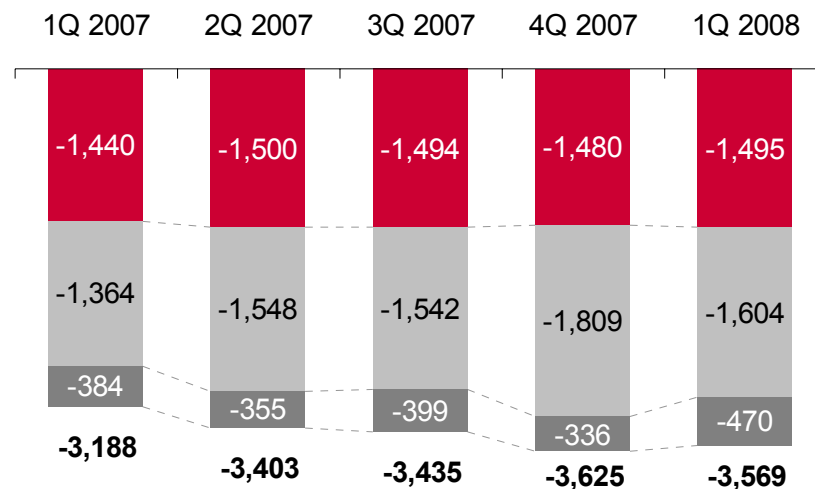
- Net profit from financial operations increased by 7.0% YoY, declined by 8.9% QoQ.
- Profit from FX operations generated mainly by client spot operations. Contribution of income from FX payments and conversions to YoY growth negative (-2.6%) in line with long term trend.
- Strong increase in profit from securities, but compensated by loss in IR derivatives.
- Profit from IR and commodity derivatives turned to loss due to changes in fair value of interest rate derivatives.





Increase in operating expenses from inflation and one-offs

- Operating expenses grew 12% comparing 1Q 2008 and 1Q 2007, and declined 1.5% between 1Q 2008 and 4Q 2007.
- Personnel costs rising with increase in average headcount (+3.5%), benefiting from cap on social and health insurance and higher release of overaccrual for bonuses.
- General Administrative Expenses rising with increased activities in Marketing but also higher inflation (maintenance, property costs, energy)
- YoY increase in Depreciation & Impairment impacted by extraordinary income from sale of unused buildings (CZK 27 million in 1Q 2007) and one-off impairment of a building in PF KB investment portfolio (CZK -57 million in 1Q 2008).





Shareholders' Equity

Total shareholders' equity
as at 31 December 2007

+ 3,692

Total shareholders' equity
as at 31 March 2008

Shareholders' equity	31/12/2007	1/1/2008	Increase	Decrease	31/3/2008
Share capital	19,005	19,005			19,005
Capital and reserve funds	20,802	31,990	8		31,998
- <i>Retained earnings, reserve funds and div</i>	20,952	32,140	8		32,148
- <i>Treasury shares</i>	-150	-150			-150
Attributable net profit	11,188	0	3,021		3,021
Hedging revaluation reserve	-791	-791	529		-262
AFS securities' fair value changes	-727	-727	114		-613
Others	116	116		-6	110
Minorities	1,060	1,060	27		1,087
Total Shareholders' equity	50,654	50,654	3,698	-6	54,346



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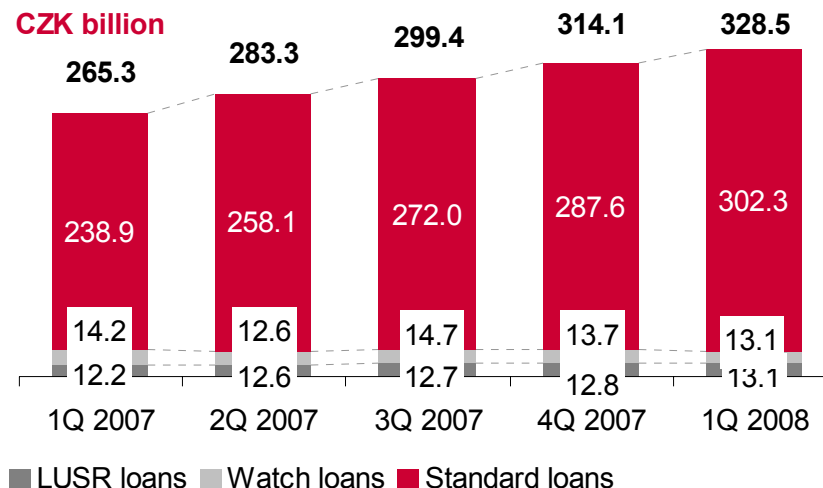
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Robust and healthy growth of loan exposure and adequate provisions

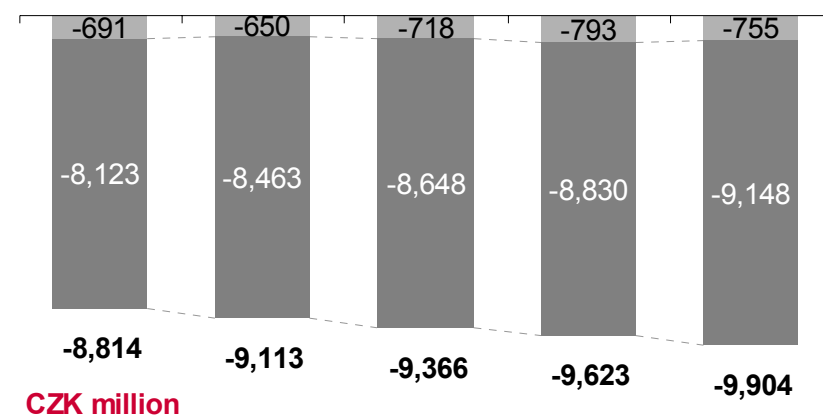
Gross exposure

- Healthy QoQ growth of KB group loan exposure. Total loan portfolio up by CZK 14.4 billion.
- Standard loan portfolio up by CZK +14.7 billion.
- Share of standard exposure stable at 92% of total exposure
- Increase of defaulted exposure (LUSR) limited at 2%, well below the 5% portfolio growth



Specific provisions

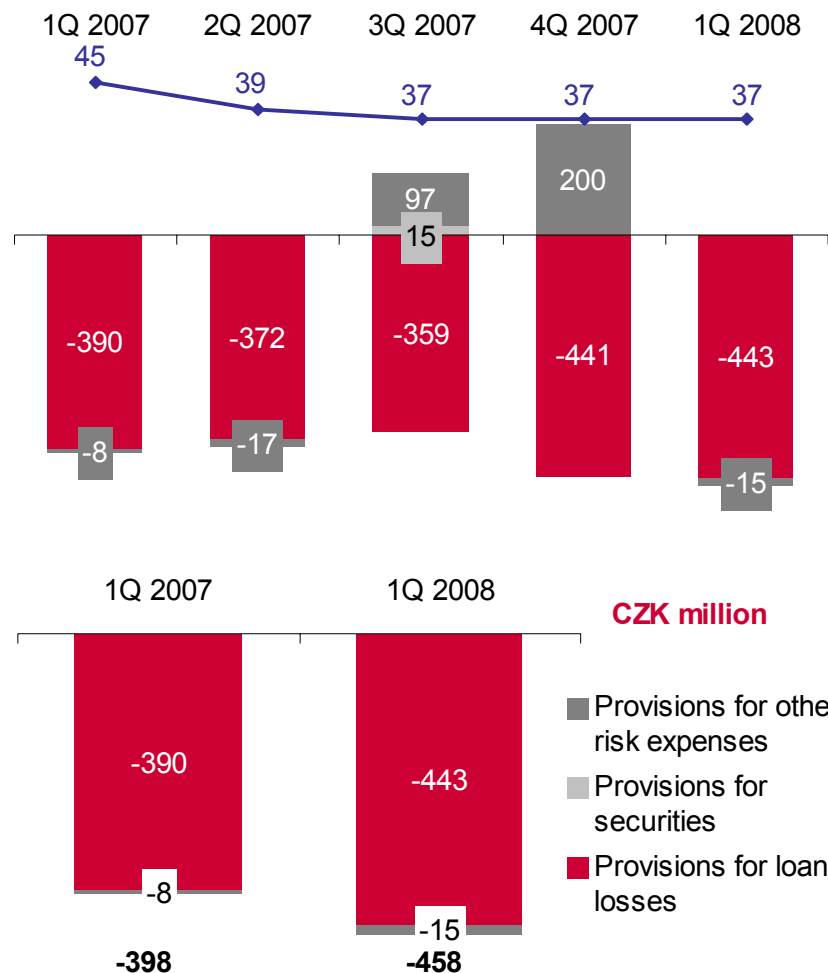
- Stable and adequate provision coverage ratios
- 5.8% for Watch exposure
- 70% for defaulted exposure (LURS)





Stabilized cost of risk level confirming good quality of risk management

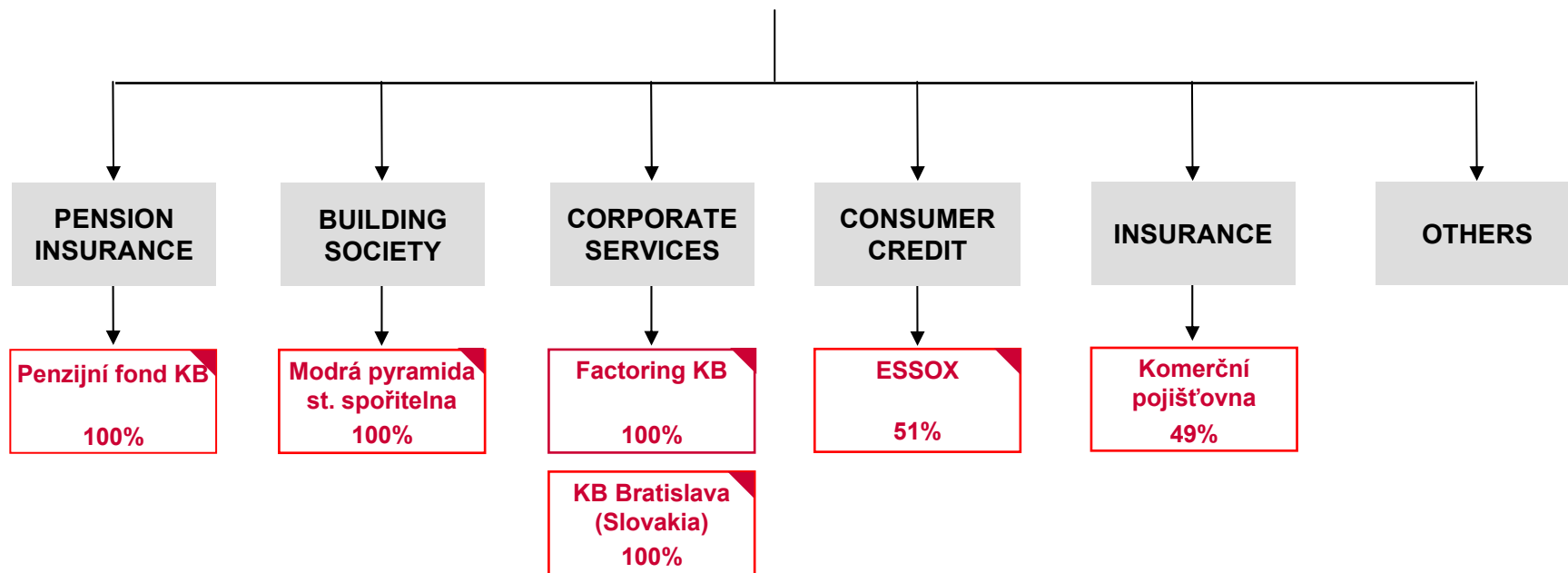
- Stabilization of KB consolidated cost of risk at 37 bp
- Decreasing share of retail activities in net creation of provision posted at CZK -443 mil.
- Limited creation of provisions for other risk expenses (in contrast with successful closure of legal dispute in Q4 2007 for CZK +215 mil.)
- Favourable 15 % year-on-year increase in cost of commercial risk (well below the 24% growth in loan portfolio for KB Group)





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MPSS:

- Until 3Q 2006 equity method
- Since 4Q 2006 full consolidation

PFKB:

- Full consolidation method
- 85% of net profit redistributed to pensioners (Share of profit of pension scheme beneficiaries)

Note: Red marked companies are fully consolidated



Business performance of subsidiaries 1/2

		1Q 2007	1Q 2008	Change YoY
MPSS	Volume of new loans (CZK million)	2,439	2,855	17%
	Volume of total loans (gross, CZK million)	26,031	34,292	32%
	Target volume of new contracts (CZK million)	7,500	9,996	33%
	Volume of deposits (CZK million)	59,820	63,687	6%
	Number of FTEs	362	362	0%
	Number of points of sale	257	252	-2%
PF KB	Number of new contracts	29,667	19,885	-33%
	Number of contracts (stock)	436,091	475,569	9%
	Assets under management (CZK million)	23,083	23,556	2%
	Number of FTEs	56	57	2%
ESSOX	Volume of new contracts (CZK million)	858	1,029	20%
	Volume of total loans (gross, CZK million)	4,333	6,084	40%
	Number of FTEs	225	263	17%



Business performance of subsidiaries 2/2

		1Q 2007	1Q 2008	Change YoY
Factoring KB	Factoring turnover (CZK million)	3,942	3,836	-3%
	New contracts (number)	58	58	0%
	Number of FTEs	39	41	4%
KBB	Total client loans (gross, CZK milion)	3,257	3,855	18%
	Total client deposits (CZK milion)	2,871	2,123	-26%
	Number of clients	1,369	1,338	-2%
	Number of FTEs	75	76	1%
KP	Newly concluded policies (number)	123,376	135,719	10%
	of which in life insurance	35,510	37,284	5%
	of which in non-life insurance	87,866	98,435	12%
	Premium written (CZK milion)	637	593	-7%
	of which in life insurance	455	389	-15%
	of which in non-life insurance	182	205	12%
	Number of FTEs	145	145	0%



Standalone results of KB Group companies and associated undertakings

	Account. standards	Share of KB	Net Profit	YoY	Equity	YoY	Assets	YoY
CZK million								
KB	IFRS	n.a.	2,625	14%	52,893	6%	595,760	13%
ESSOX, s.r.o. (IFRS)	IFRS	51%	55	150%	2,216	84%	7,701	46%
Factoring KB, a.s.	CAS	100%	7	0%	1,390	609%	4,148	58%
Komerční banka Bratislava, a.s. (IFRS)	IFRS	100%	26	63%	712	1%	6,734	46%
Penzijní fond Komerční banky, a. s.*	CAS	100%	103	13%	183	-83%	23,552	14%
Bastion European Investments S.A. (IFRS)	IFRS	99.98%	37	6%	3,564	-7%	6,877	-9%
Komerční pojišťovna, a.s.	IFRS	49%	33	65%	1,041	16%	12,212	2%
Modrá pyramida SS, a.s.	IFRS	100%	147	25%	2,375	-7%	67,756	4%
Protos (IFRS)	IFRS	90%	117	n.a.	13,182	n.a.	13,196	n.a.
Czech Banking Credit Bureau (CAS)	CAS	20%	3	-25%	7	0%	18	13%

* 85% of net profit must be distributed to pension scheme beneficiaries

Note: Fully consolidated companies are: Essox, Factoring, KBB, PFKB, Bastion, Modra pyramida and Protos. CBCB is not consolidated.



Background

- ▶ Preliminary goodwill on acquisition of Modrá pyramida at CZK 2,741 mil.
- ▶ In accordance with IFRS 3 A&L valuation to be completed within 12 months after acquisition
- ▶ Valuation based on detailed data on the contracts of Modrá Pyramida

Adjustments to provisional goodwill

- ▶ The fair value adjustments of MPSS balance sheet relating to acquired 60% stake amount to CZK 647 mil.
- ▶ Recognized goodwill on acquisition stands at CZK 3,389 mil.

Main sources of adjustments

- ▶ Valuation of client's deposits, buildings and securities

P/L impact

- ▶ Impact from revaluation on consolidated P/L:

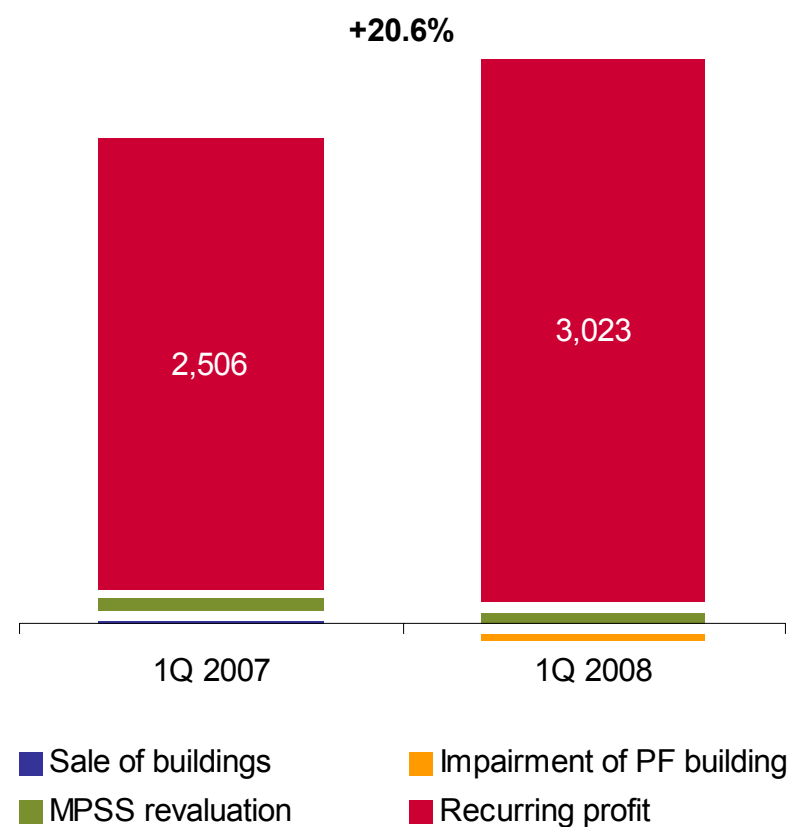
CZK millions	2006	2007	1Q 2008	2008	2009	2010	2011	2012
NII	94	387	87	267	149	102	45	20
NPFO	0	-19	-2	-2	0	0	0	0
Depreciation	1	5	1	5	5	5	5	5
Tax	-23	-117	-18	-57	-31	-20	-9	-4
Net profit	73	255	68	213	124	87	41	21

- ▶ Presented figures differ from those in 4Q 2007 results presentation due to sale of a part of the revalued AFS portfolio of MPSS in 1Q 2008.



Pro-forma Profit and Loss without one-offs

	1Q 2007	1Q 2008	Change YoY
Net banking income	6,875	7,760	12.9%
Net interest income	4,258	4,987	17.1%
Non-interest income	2,617	2,773	6.0%
Operating costs	-3,216	-3,513	9.2%
Personnel expenses	-1,440	-1,495	3.8%
Other costs	-1,776	-2,018	13.6%
Gross operating income	3,659	4,247	16.1%
Cost of risk	-398	-458	15.1%
Profit on subsidiaries	10	16	60.0%
Profit before income taxes	3,194	3,718	16.4%
Income tax	-688	-695	1.0%
Net recurring profit	2,506	3,023	20.6%
Reported net profit	2,602	3,048	17.1%





- Several changes in accounting methodology have been implemented as of 1 January 2008 so that the accounting treatment better reflects the economic nature of the underlying events. These changes do not affect overall KB Group's result.
- Below is the overview of restatements for the individual quarters of 2007. The respective amounts were transferred from lines with – (minus) sign to lines with + (plus) sign.

(CZK million)	1Q 2007	2Q 2007	3Q 2007	4Q 2007
Net interest income	1	100	7	7
+ <i>Dividends from trading and AFS securities</i>	0	99	6	6
Net fees and commission	-369	-381	-375	-402
- <i>FX fees</i>	-369	-381	-375	-402
Income from financial operations	369	282	369	396
- <i>Dividends from trading and AFS securities</i>	0	-99	-6	-6
+ <i>FX fees</i>	369	381	375	402
General administrative expenses	-11	-18	-19	-40
+ <i>Cost of recovery</i>	-11	-18	-19	-40
Provisions for loan losses	11	18	19	40
- <i>Cost of recovery</i>	11	18	19	40



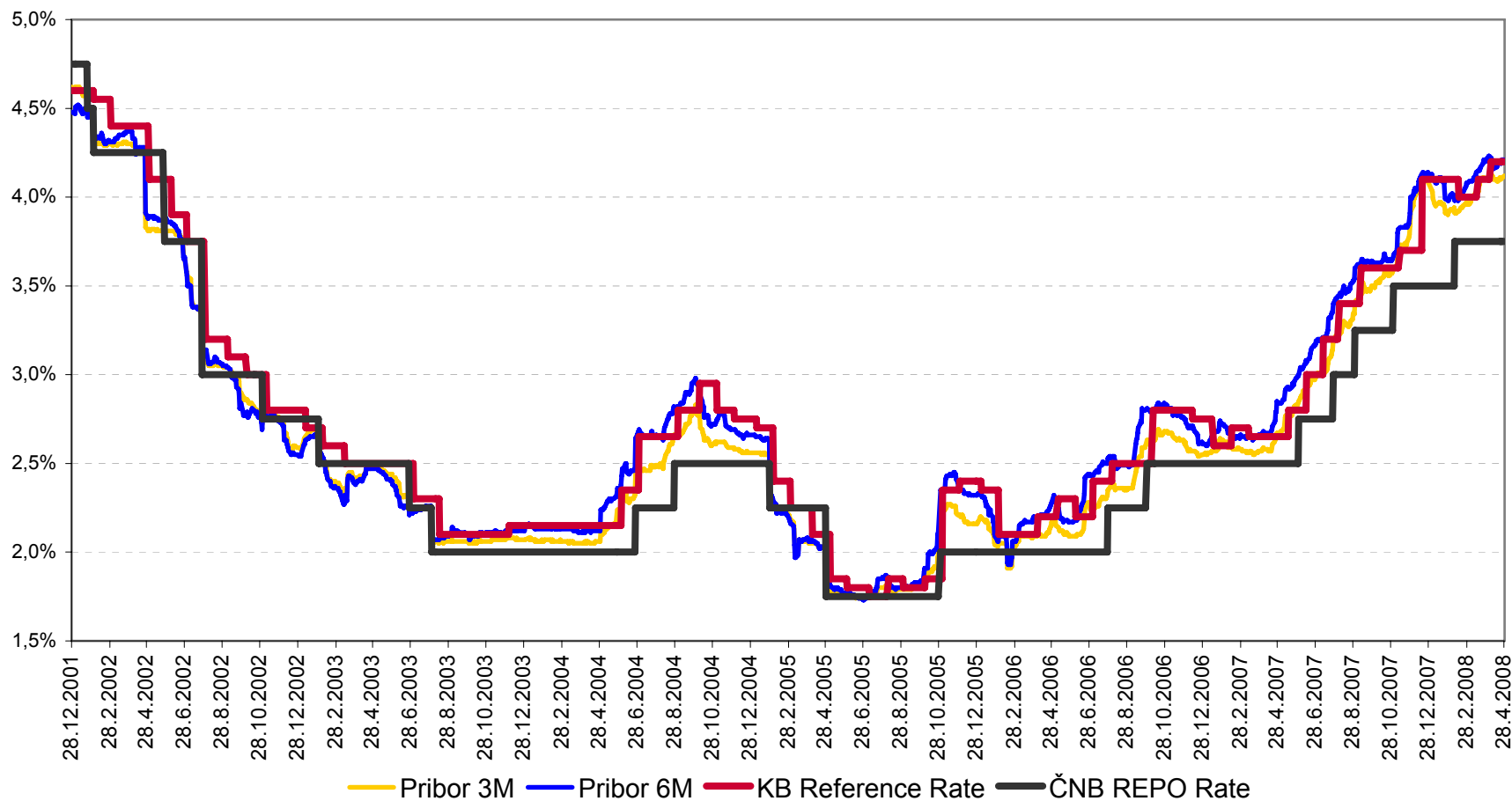
Czech Republic

Macroeconomic Indicators	2004	2005	2006	2007	2008*
Real GDP (%)	4.5	6.4	6.4	6.5	4.8
Inflation (%)	2.8	1.9	2.5	2.8	5.5
Household income (%)	3.7	4.2	6.7	7.9	5.9
M2 (%)	4.4	8.0	9.9	13.2	11.0
3M PRIBOR (% , average)	2.4	2.0	2.3	3.1	4.2
Potential of the market	2003	2004	2005	2006	2007
Loans / GDP (year-end)	39.4	36.3	38.7	41.9	47.4
Mortgages / GDP (year-end)	4.2	5.8	9.5	11.6	14.5
Deposits / GDP (year-end)	67.7	65.0	69.2	68.5	71.7
Household debt / GDP (year-end)	n/a	n/a	17.5	20.3	24.5

* KB estimate

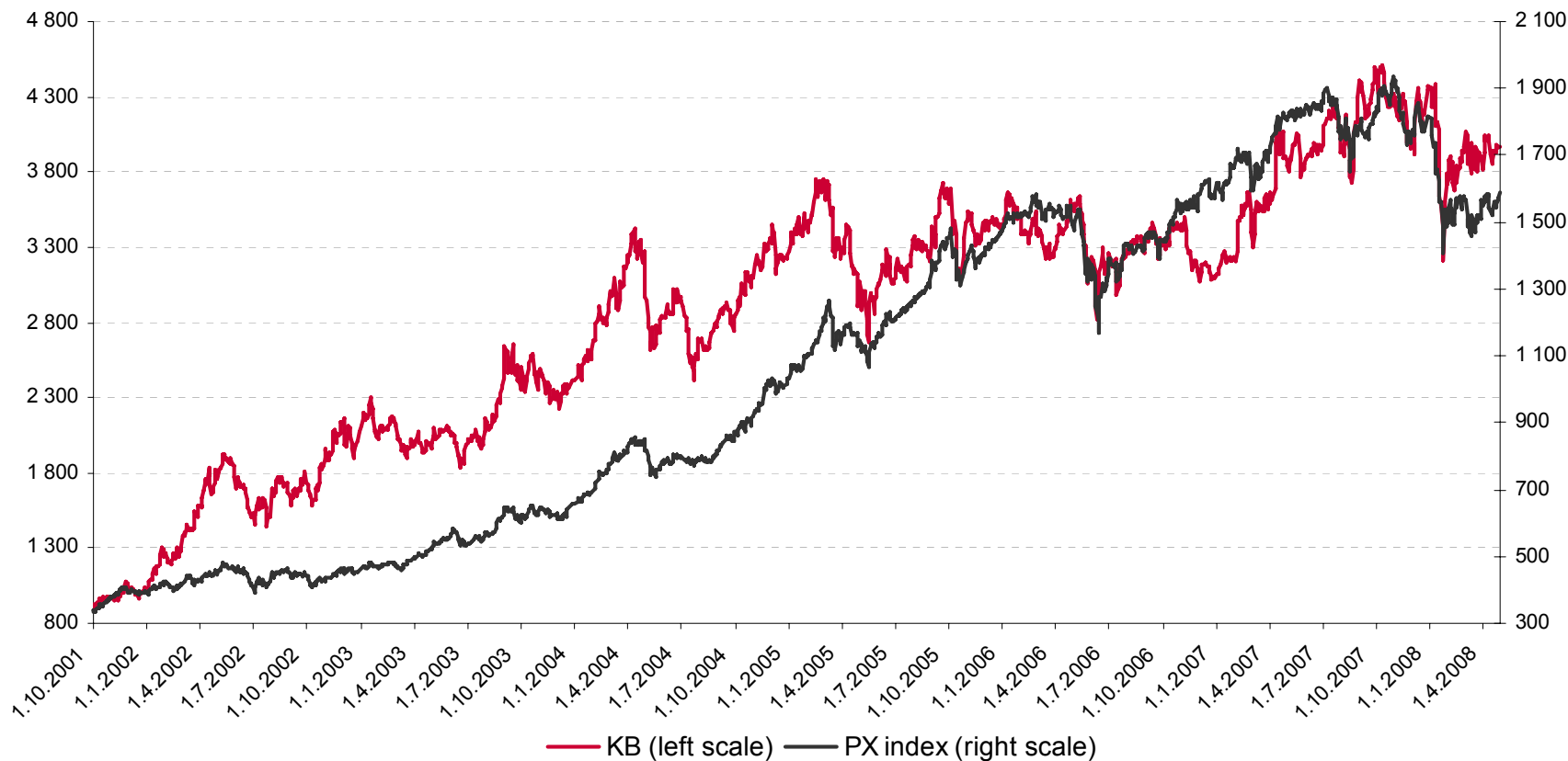


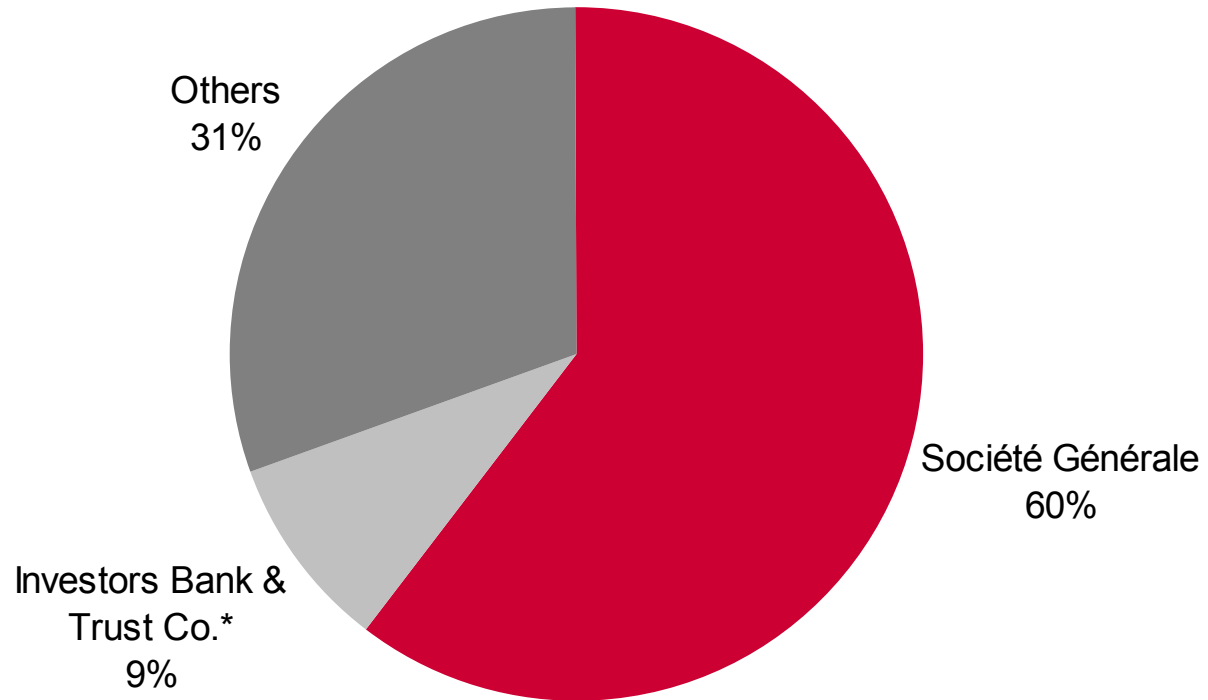
Interest Rates Evolution





Development of KB's share price and PX Index





*Shares held on behalf of third parties



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