



Financial Results

as at 30 September 2004

(International Financial Reporting Standards)

Prague - 27 October 2004

HIGHLIGHTS OF THE FIRST NINE MONTHS OF 2004

Retail business keeps performing

Year-on-year comparison

- Number of **customers increased by 8% to 1,395 thousand** mainly due to individual clients
- **827 thousand** users of KB **direct banking** channels, i.e. +46% more than last year, out of which more than 200 thousand use Internet banking services
- Launch of **E-trading** giving clients access to the electronic FX market
- Outstanding **mortgages to individuals: + 41%** to CZK 28 billion;
- Outstanding **consumer loans: + 17%** to CZK 10 billion
- **Volume of loans to SMEs: + 26%** to CZK 44 billion
- **Lending to big corporations: + 6%** to CZK 67 billion



HIGHLIGHTS OF THE FIRST NINE MONTHS OF 2004

Net Banking Income went up by 4%

Year-on-year comparison

- **Net interest income** grew by **5%**
- **Non-FX fees and commissions** increased by **5%**
- Successful **cost management**; total costs' increase below 3%
- **Cost of risk** at a stable level of **42 bp**
- **Net profit** amounted to **CZK 5,641 mil.**
- **FranFinance Consumer Credit merged with Essox**, local company focused on consumer financing and leasing
- Finalisation of **centralisation of domestic payments**



**Prestigious prize for KB awarded by experts' jury
in the 3rd year "MasterCard Bank of the Year Competition"**



KB

MasterCard



**Banka roku[®]
2004**

- **Appreciation of the Bank's services and performance**
- **Commitment of all employees of KB for the future**



HIGHLIGHTS OF THE FIRST NINE MONTHS OF 2004

New and innovated products

In July KB launched **Max - Global Guaranteed Fund** that enables clients to profit from the growth on world equity markets, while providing a 100% guarantee of return of investment by the fund's maturity.

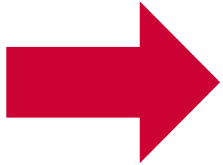


KB started to offer selected **non-life insurance products** of Allianz in order to expand further its product offer



Innovated student account **Gaudeamus²**, launched in August, offers wide range of banking services and attractive benefits for travelling and study.





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

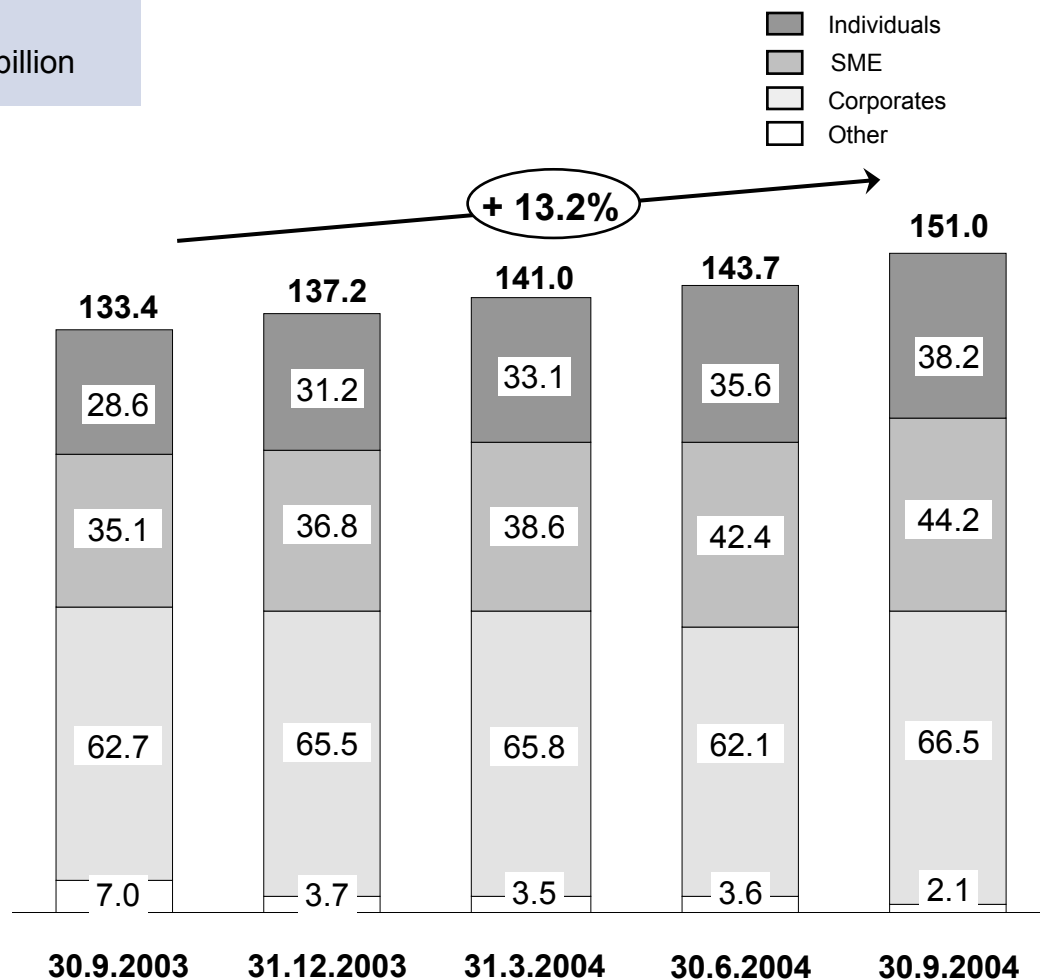
LOAN PORTFOLIO DEVELOPMENT

13% - solid growth of the loan portfolio

Volume of loans

gross amount, without loans transferred to ČKA, CZK billion

- **Year-on-year increase of the loan portfolio by 13.2%**
- **Business loans increased by 8%**
- Total **mortgage loans** amounted to CZK 31.9 billion and total **consumer loans** to CZK 10.0 billion
- **Share of retail loans in total portfolio** has increased by 4 p.p. to **28%** year on year
- **Total off-balance sheet receivables to clients** amounted to **CZK 102.4 bil.** (+18%)

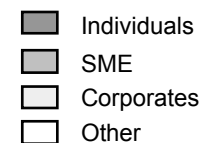


DEPOSITS

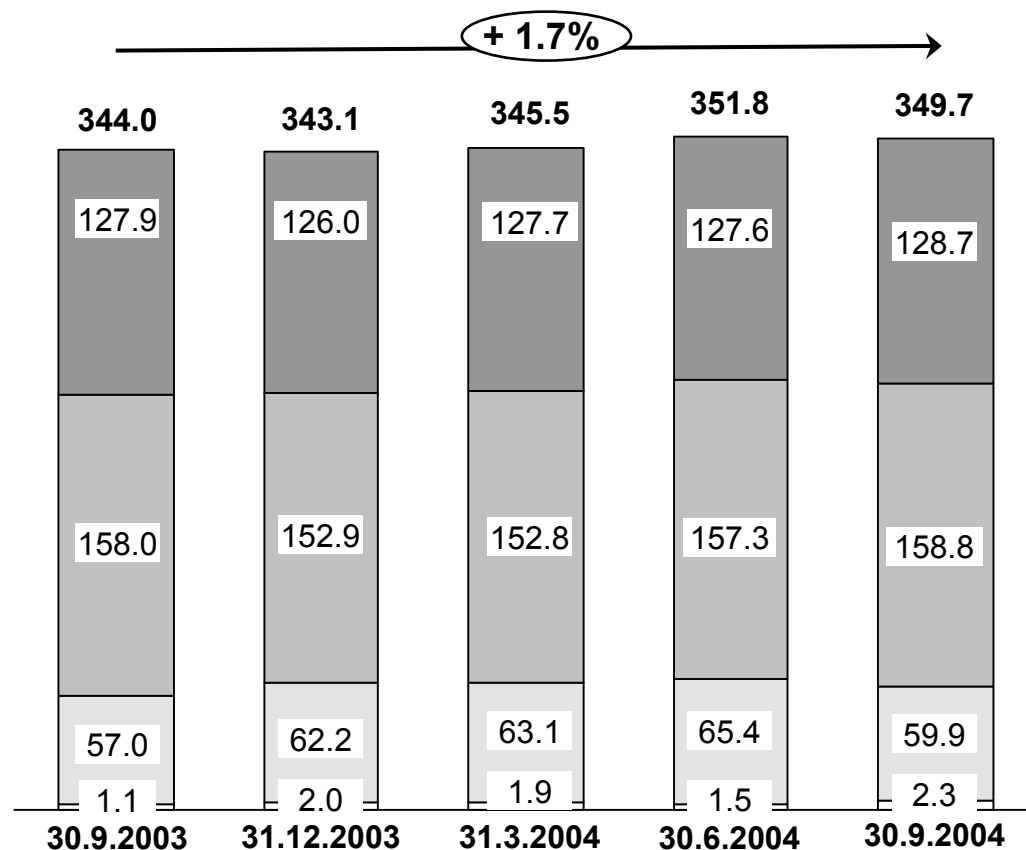
Solid deposit base

Volume of primary client deposits*

CZK billion



- **Year-on-year stable** clients' deposits
- **Current accounts** of CZK 210.4 billion make up **59%** of total primary deposits; **term deposits** stood at CZK 101.3 billion
- **Migration of deposits** from KB to its subsidiaries during 2004
 - KP Vital insurance product premium written (CZK +1.9 bil.)
 - Increase of PF client contributions (CZK +1.1 bil.)
 - IKS sales (CZK +4.5 bil.)



* Excluding other payables to customers

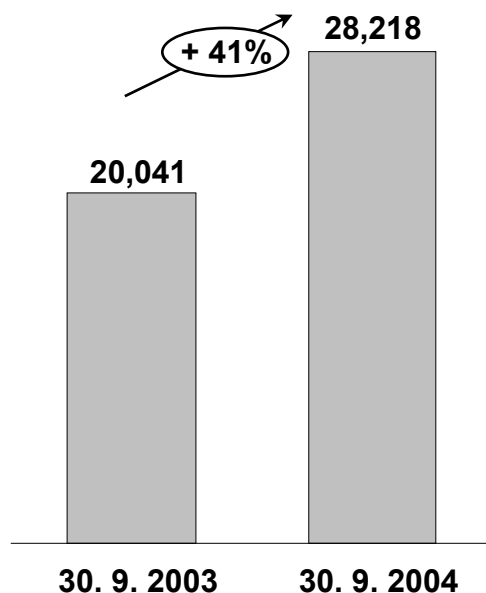


RETAIL LOANS

Loans to individuals and SB on rise

Mortgages

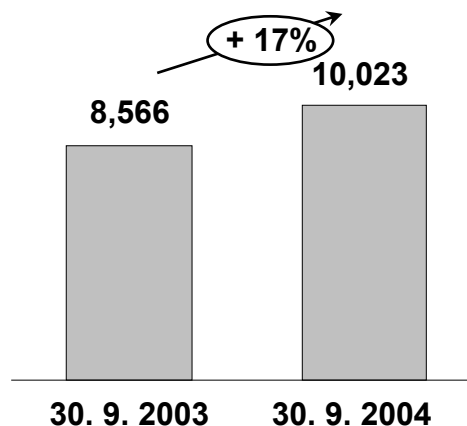
Total volume outstanding in CZK mil.



- Year-on-year increase in volumes of mortgages granted during 1-3Q of **16%**
- Year-on-year increase in numbers of mortgages granted during 1-3Q of **10%**

Consumer loans

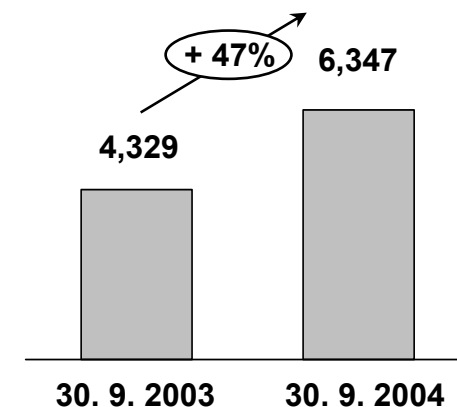
Total volume outstanding in CZK mil.



- Year-on-year increase in volume of consumer loans granted during 1-3Q of **8%**
- Year-on-year increase in numbers of consumer loans granted during 1-3Q of **38%**

Loans to Small Businesses

Total volume outstanding in CZK mil.



- Year-on-year increase in volume of *Profi* loans granted during 1-3Q of **202%**
- Year-on-year increase in numbers of *Profi* loans granted during 1-3Q of **240%**

INDIVIDUALS AND SMALL BUSINESSES - PENETRATION

Penetration ratios expand significantly





Penetration ratio*	30. 9. 2003	31.12.2003	30. 9. 2004	Change 3Q 04/ 3Q 03
Individuals				
PACKAGES	45.4	49.0	59.9	+ 31.9%
MORTGAGES	2.0	2.1	2.4	+ 20.0%
CONSUMER LOANS	8.2	8.4	9.5	+ 15.9%
PAYMENT CARDS	62.5	63.0	65.8	+ 5.3%
Small businesses				
PACKAGES	9.1	16.3	36.9	+ 305.5%
BUSINESS LOANS	1.7	2.3	3.5	+ 105.9%
PAYMENT CARDS	53.4	57.2	69.0	+ 29.2%

* Number of clients with a product / 100 clients



PAYMENT CARDS

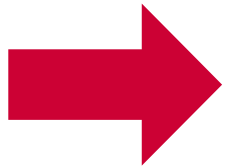
Utilisation of cards keeps increasing

	30. 9. 2003	30. 9. 2004	YoNY Change
Payment cards - active	960 thousand	1,179 thousand	+22.8% 
Credit cards - active	30,827	52,641	+70.8% 
Number of POS (points of sales using electronic device)	9,577	12,049	+25.8% 
	1-3Q 2003	1-3Q 2004	
Number of transactions via payment cards	50,102 thousand	62,273 thousand	+24.3% 

KB – leader in the market

- KB leader in the domestic **syndicated loan market**: 7 transactions with total volume of CZK 26 billion
- **M&A advisory** (valuations, buy and sell side) : 9 mandates in 2004
- Implementing **complex cash management** for clients managing large volume of domestic payments
- Individualised offer of **packages of products and services** to staff of large corporates
- Success of **KB Leasing** product – 53 new contracts
- Co-operation with sister company ALD Automotive for signing one of the largest full service **leasing** contract in Czech Republic for large corporate **fleet of 560 vehicles**





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

FINANCIAL RESULTS AND RATIOS

Growth in the core banking revenues by 4%

CZK million, unconsolidated

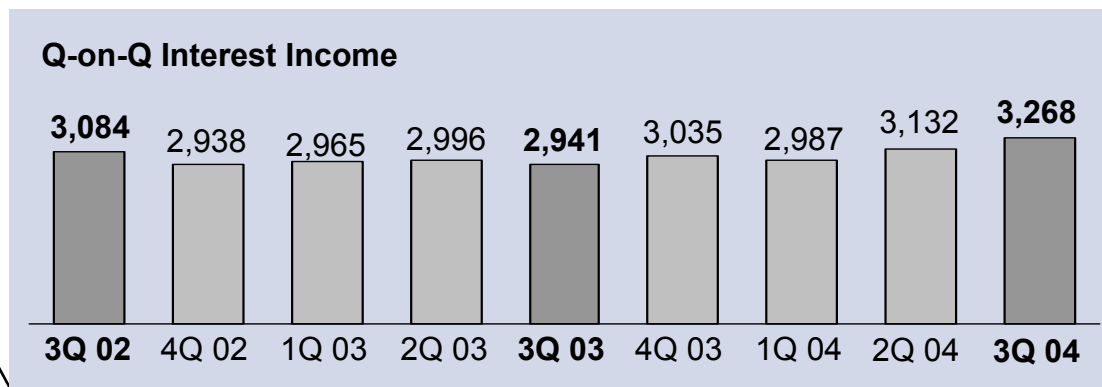
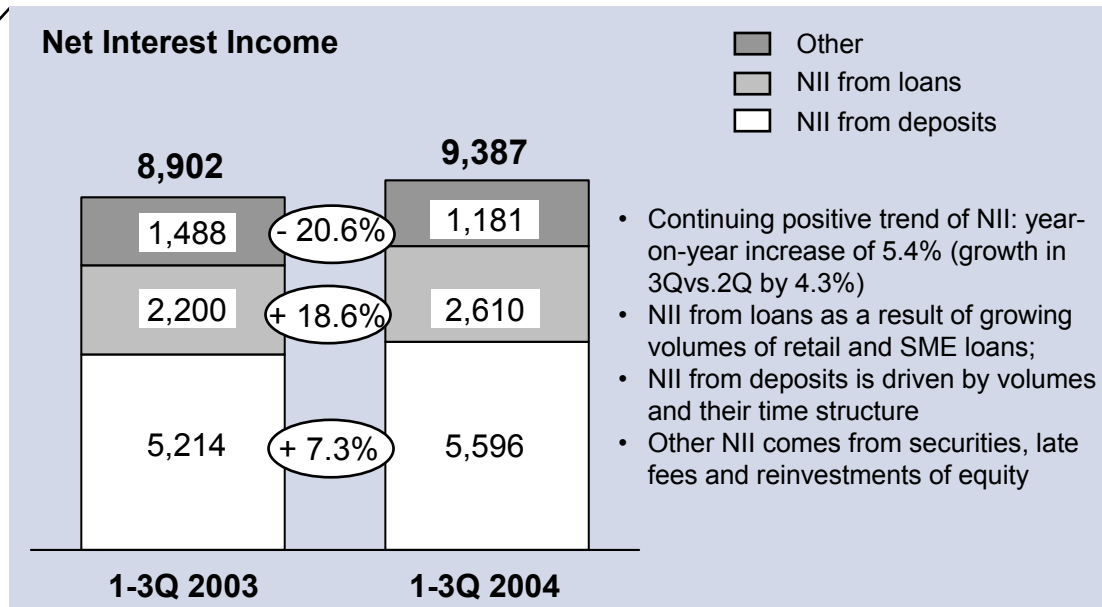
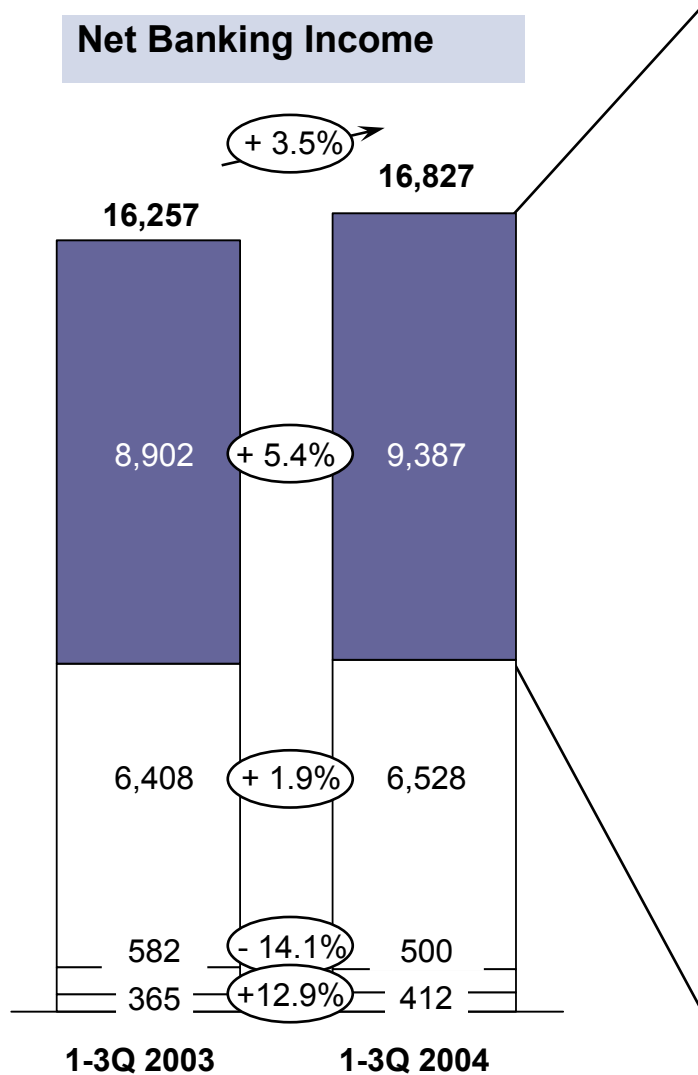
Profit and Loss Statement	1-3Q 2003	1-3Q 2003 pro forma	1-3Q 2004	Change 04/03
Net banking income	16,535	16,257	16,827	+ 3.5%
Operating costs	-8,546	-8,546	-8,767	+ 2.6%
Net operating income	7,989	7,711	8,060	+ 4.5%
Provisions for loan and investment losses	22	143	-807	N.A.
Profit on subsidiaries and associates	784	784	752	- 4.1%
Profit before income taxes	8,796	8,638	8,005	- 7.3%
Income taxes	-2,635	-2,635	-2,364	- 10.3%
Net profit	6,160	6,003	5,641	- 6.0%
Key ratios and indicators	30.9.2003	30.9.2003 pro forma	30.9.2004	Change 04/03
Capital Adequacy – CNB	15.6%	15.6%	14.5%	→
Tier 1 Ratio (IFRS)	15.3%	15.3%	14.0%	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.0%	3.0%	3.2%	→
Cost / Income ratio - including restructuring costs	51.7%	52.7%	52.1%	→
Return on Average Equity annualised (ROAE)	22.7%	22.1%	19.3%	→
Return on Average Assets (ROAA)	1.9%	1.8%	1.7%	→
Earnings per Share (CZK)	216	211	198	→
Number of Employees (FTE)	8,603	8,603	7,692	- 10.6%
Net Banking Income per Employee annualised (CZK mil.)	2.6	2.5	2.9	→



NET INTEREST INCOME

Increasing NII driven by lending volumes and deposits

CZK million, unconsolidated

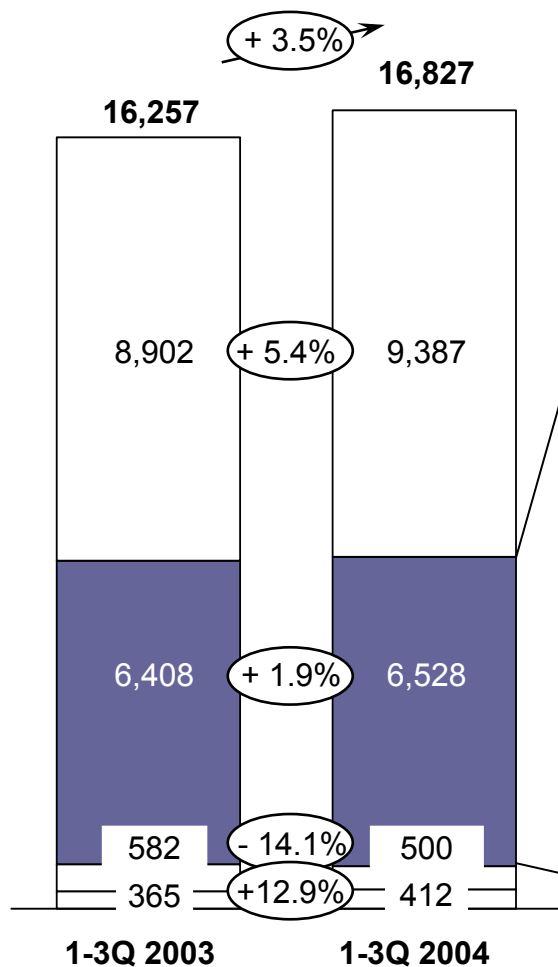


NET FEES AND COMMISSIONS

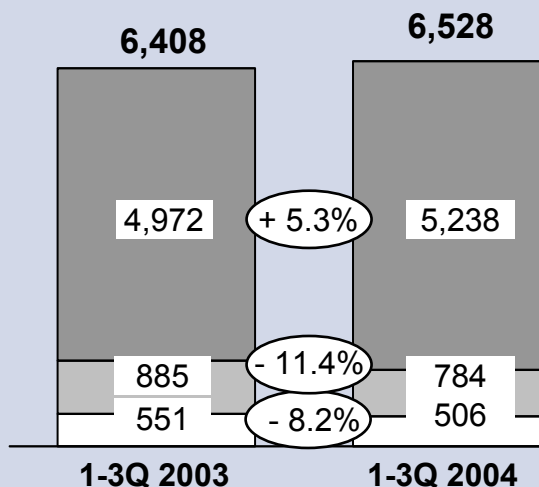
Non-FX F&C growth driven by lending and banking services

CZK million, unconsolidated

Net Banking Income



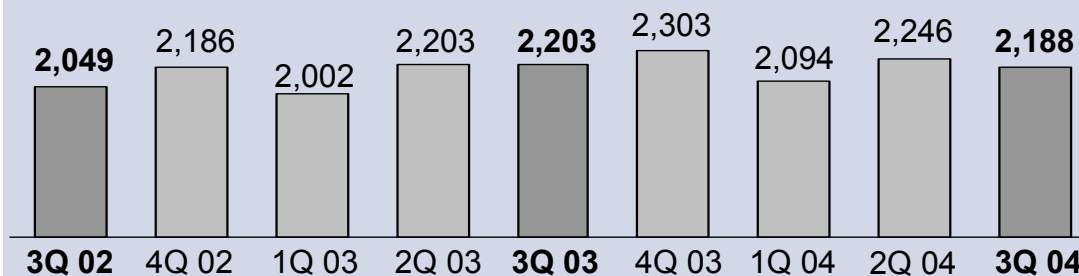
Net Fees and Commissions



- Non-FX
- FX clean payments
- FX cash conversions

- Growth in Non-FX F&C driven by increasing numbers and volumes mainly in:
 - services for loans
 - direct banking
 - payment cards
- F&C for account maintenance affected by bundling of products
- Lower fees received from subsidiaries
- Continuing decrease in FX Fees due to the decrease of numbers and volumes of transactions

Q-on-Q Net Fees and Commissions

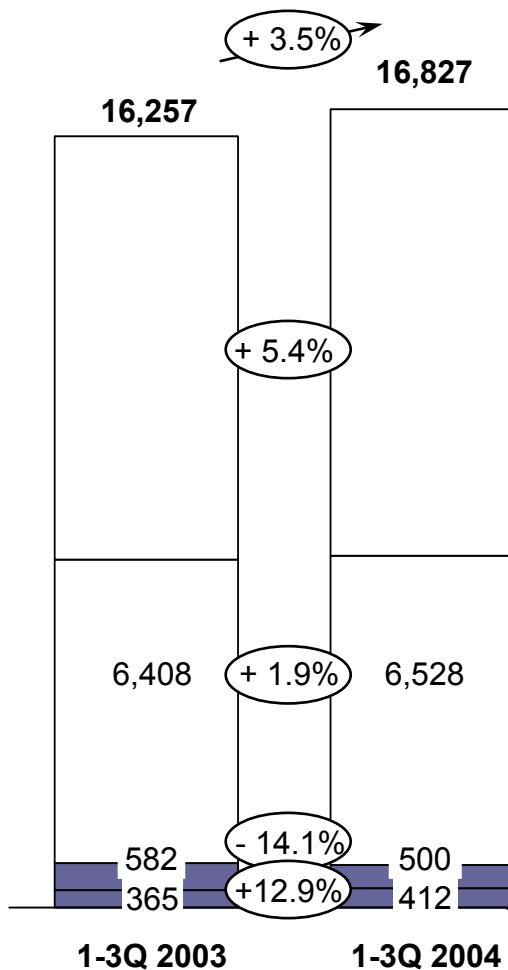


TRADING PROFITS AND OTHER INCOME

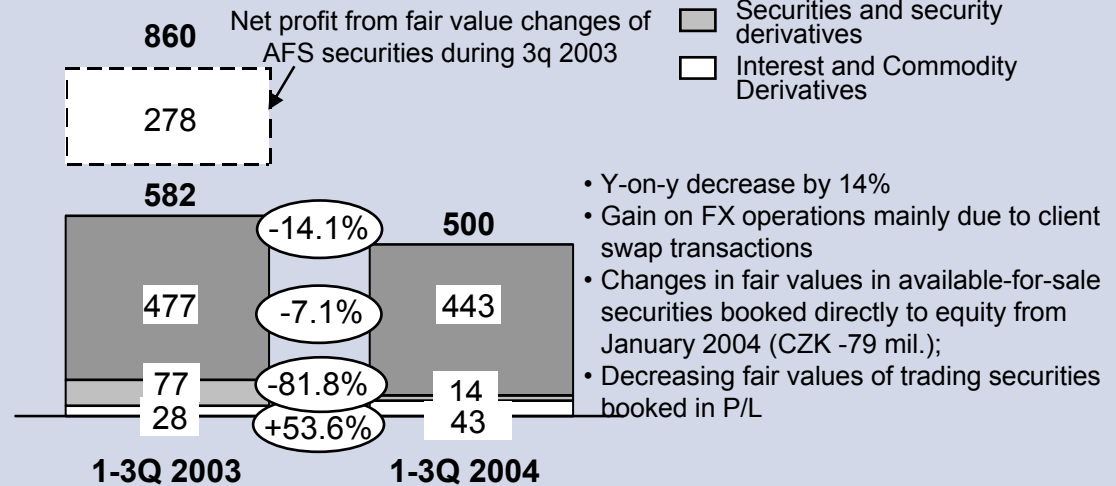
Trading profits driven by client operations

CZK million, unconsolidated

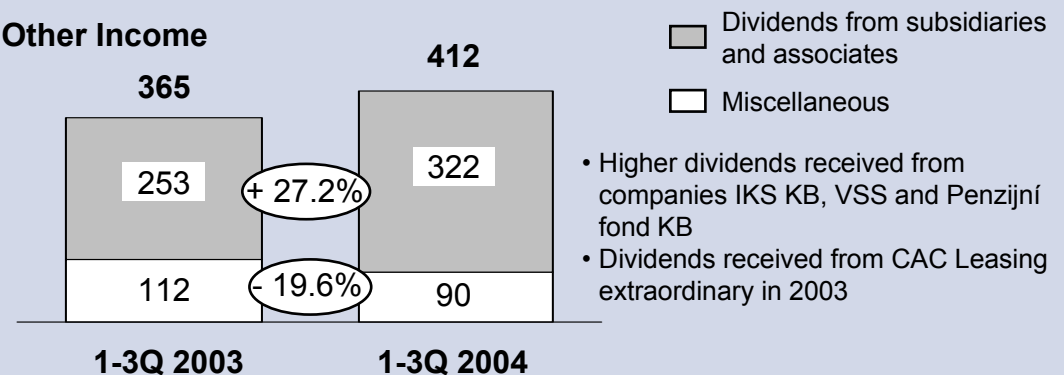
Net Banking Income



Net profit from financial operations



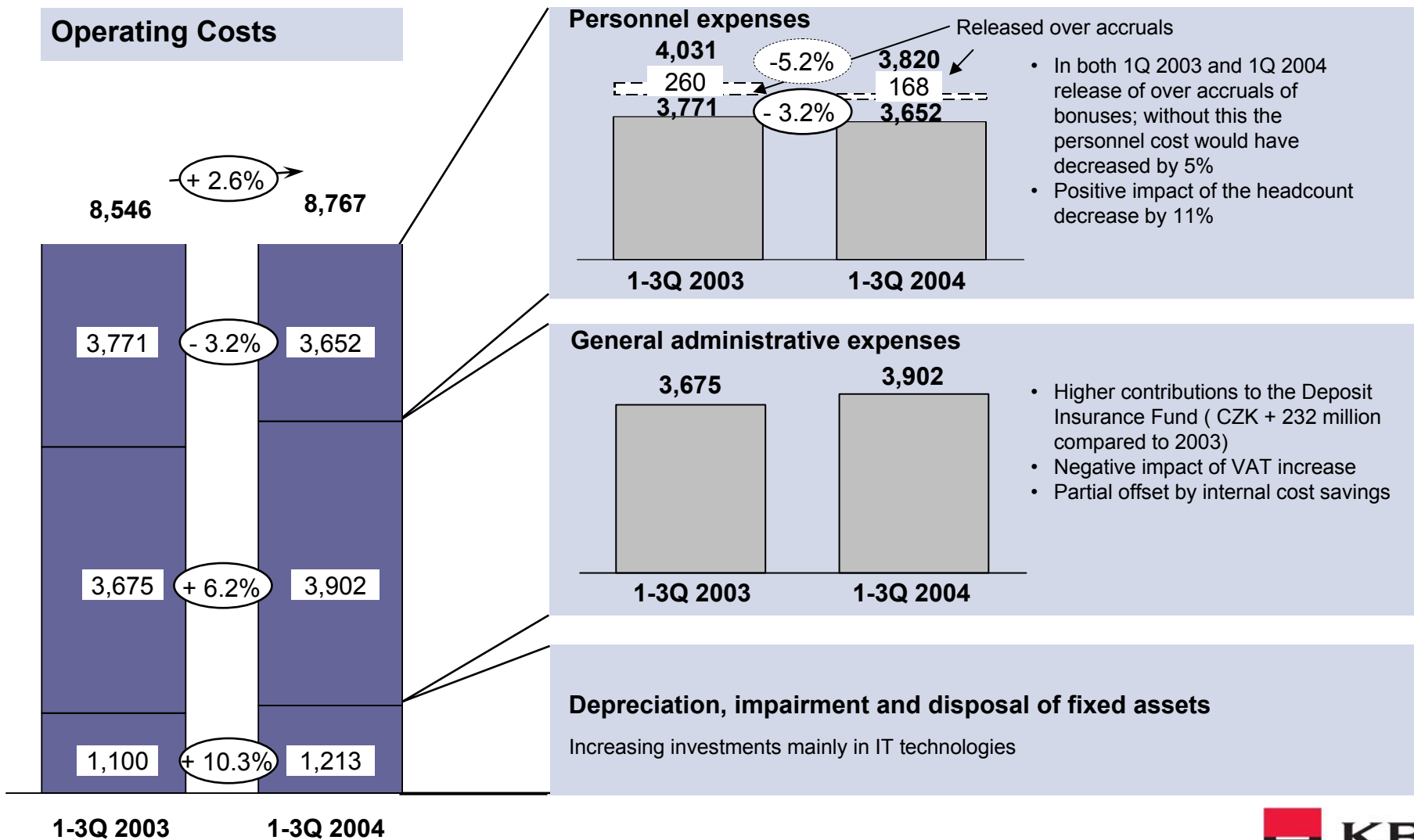
Other Income



OPERATING COSTS

Cost/Income Ratio under 53%

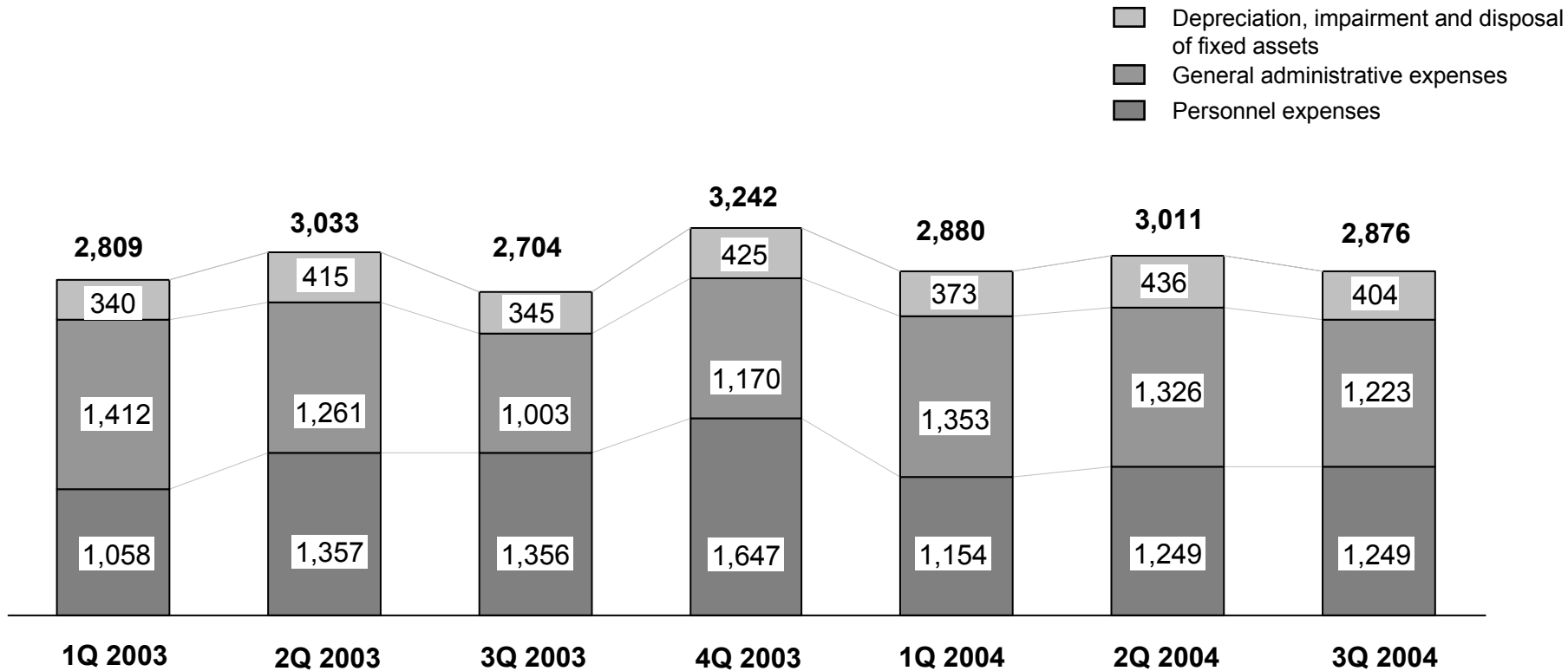
CZK million, unconsolidated



OPERATING COSTS Q-on-Q

Operating costs under control

CZK million, unconsolidated



3Q 2004/2Q 2004 comparison:

- Lower general administrative expenses influenced by seasonally lower marketing and training expenses
- Personnel expenses were positively impacted by the headcount reduction

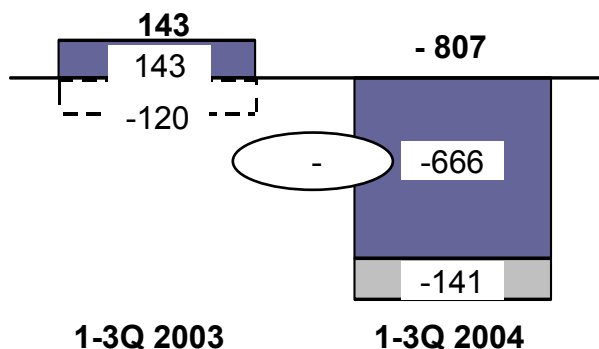


PROVISIONS FOR LOAN LOSSES AND IMPAIRMENT OF SECURITIES, NET PROFIT FROM SALE OF SUBSIDIARIES AND ASSOCIATES

CZK million, unconsolidated

Total loan loss provisions and impairment of securities

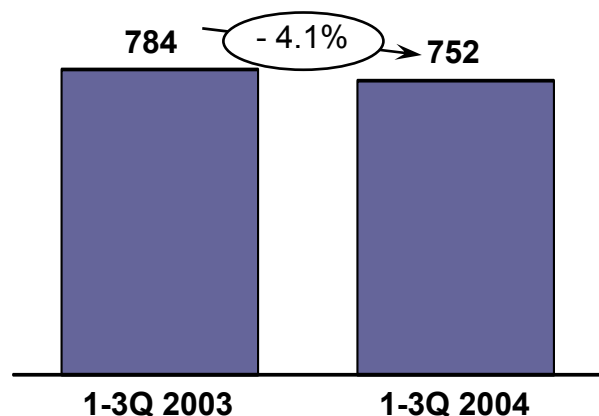
- Provisions for loan losses
- Changes in values of securities (booked directly to equity in 2004)
- Impairment of securities



Comments

- Cost of risk of 42 bp, resulted from a very good quality of the loan portfolio; 2003 result influenced by the sale of non-performing assets in 1H 2003 and continuously decreasing income from fully written off loans
- In August KB sold part of the CDO portfolio in the nominal amount of USD 22 million with a positive impact of CZK 100 million in Cost of risk

Net profit on subsidiaries and associates before tax



Comments

- Consisting 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 52 mil. created for restructuring charges in Komerční pojišťovna and initial investments in Essox (merger of FranFinance Consumer Credit and Essox)
- In 2003 stakes in CAC Leasing and Reflexim were sold



BALANCE SHEET

CZK million, unconsolidated

Assets

	447,565	432,823	Change
	31.12.2003	30.9.2004	
Cash and balances with central bank	12,340	19,001	+ 54.0%
Amounts due from banks	201,638	215,720	+ 7.0%
Due from Česká konsolidační agentura	24,303	4,276	- 82.4%
Loans and advances to customers (net)	131,042	143,194	+ 9.3%
Securities	48,444	26,579	- 45.1%
Other assets	29,798	24,053	- 19.3%

Liabilities and shareholders' equity

	447,565	432,823	Change
	31.12.2003	30.9.2004	
Amounts due to banks	18,959	16,605	- 12.4%
Amounts due to customers	349,505	359,338	+ 2.8%
Certificated debt	21,348	8,292	- 61.2%
Other liabilities	17,354	11,097	- 36.1%
Shareholders' equity	40,399	37,491	- 7.2%



SHAREHOLDERS' EQUITY

Development since the end of 2003

CZK million

Total shareholder's equity
as at 31 December 2003:

40,399

- 2,908

Total shareholder's equity
as at 30 September 2004:

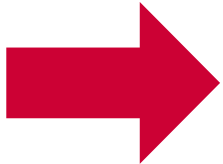
37,491

Shareholders' equity	31.12.2003	1.1.2004 pro forma*	Increase	Decrease	30.9.2004
Share capital	19,005	19,005	-	-	19,005
Capital and reserve funds	10,702	19,735	-	-	12,186
- Retained earnings	10,755	19,788	-	-7,602	12,186
- Own shares	-53	-53	+53	-	0
Net profit	9,262	0	+5,641	-	5,641
Hedging revaluation reserve	1,328	1,328	-	-933	395
AFS securities' fair value changes*	N/A	229	-	-79	150
CDOs' fair value changes *	N/A	0	+6	-	6
Others	102	102	+6	-	108
Total Shareholders' equity	40,399	40,399	+5,706	-8,614	37,491

*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



- **Business Performance**
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- **Appendix**



GROSS LOANS TO CUSTOMERS

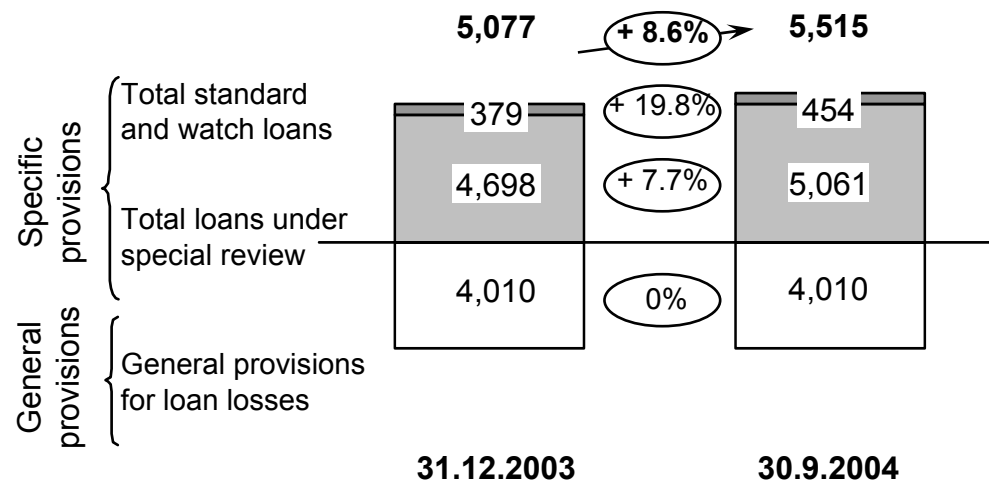
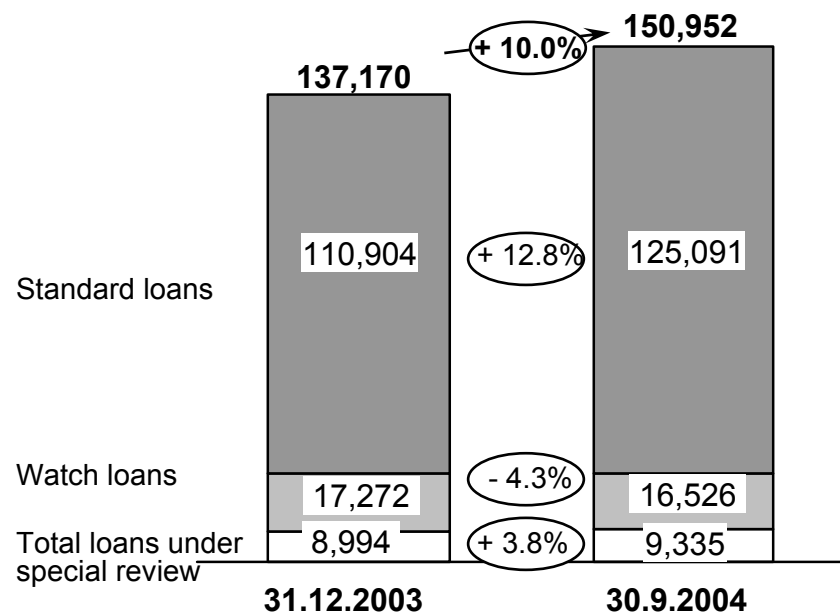
10% growth of the portfolio and low cost of risk

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 83% of the total portfolio
- LUSR* represent 6% of the total portfolio

- Specific provisions to LUSR cover 54% of LUSR
- Used value of collateral covers 42% of total client loans
- Cost of risk on the Premier bank amounted to 42 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

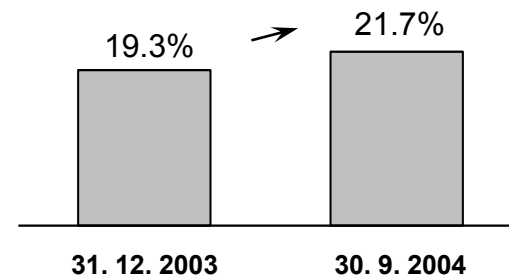
Further increase of the coverage

As of 30 September 2004

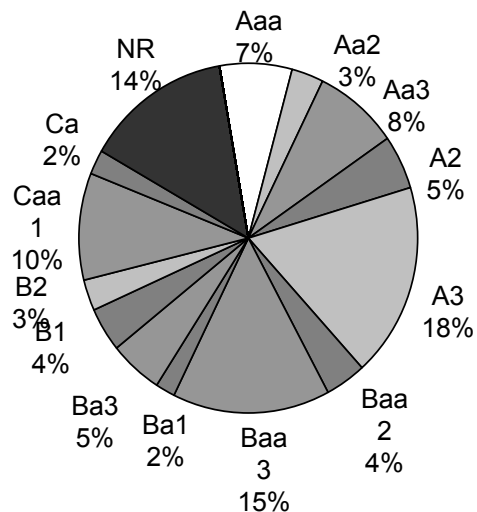
Date of acquisition: September 2000 - April 2001
 Initial invested amount: USD 426 mil.
 Invested amount as at 30. 9. 2004: USD 345 mil.
 Total coverage (as at 30. 9. 2004): USD 75 mil.

Provisions based on a mark-to-model approach.

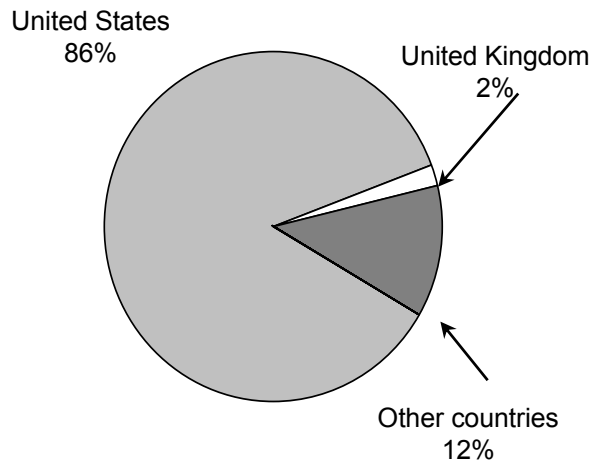
Specific provisions / Invested amount



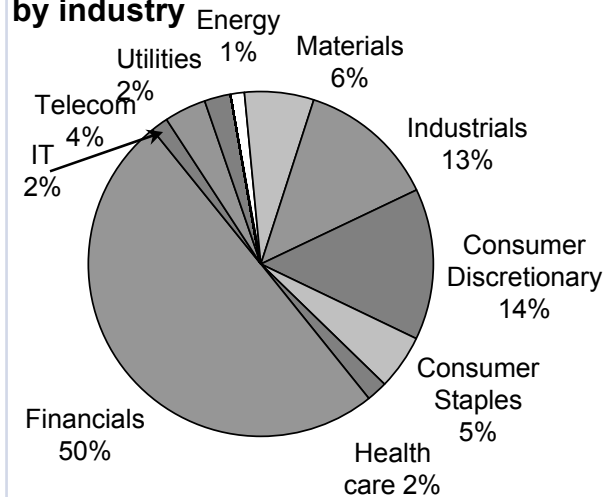
Rating of the CDO portfolio (by invested amount)



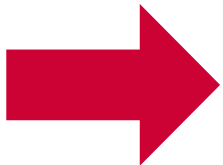
CDO collateral by country



Underlying assets by industry



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



- **Appendix**

FINANCIAL RESULTS AND RATIOS – CONSOLIDATED

CZK million

Profit and Loss Statement	1-3Q 2003	1-3Q 2003 pro forma	1-3Q 2004	Change 04/03
Net banking income	17,401	17,128	17,191	+ 0.4%
Operating costs	- 9,525	- 9,525	- 9,132	- 4.1%
Income from not fully consolidated companies and exclusion of subsidiaries from consolidation	385	385	670	+74.0%
Cost of risk	26	146	-800	N.A.
Profit before income taxes	8,287	8,134	7,929	- 2.5%
Income taxes	-2,760	-2,760	- 2,428	- 12.0%
Net profit	5,527	5,374	5,501	+ 2.4%
Balance Sheet	30.9.2003	30.9.2003 pro forma	30.9.2004	Change 04/03
Total assets	452,418	452,571	444,431	- 1.8%
Shareholders' equity	39,430	39,583	38,270	- 3.3%
Key ratios	30.9.2003	30.9.2003 pro forma	30.9.2004	Change 04/03
Cost / Income Ratio	54.7%	55.6%	53.1%	→
Return on Average Equity (ROAE)	19.7%	19.1%	18.4%	→
Return on Average Assets (ROAA)	1.6%	1.6%	1.6%	→
Number of employees (FTE) inc. associates	9,662	9,662*	8,552	-11.5%

* including 236 employees of MUZO sold in February 2004



SUBSIDIARY AND ASSOCIATED UNDERTAKINGS RESULTS

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

	Share of KB	Profit after tax	Equity	Assets
ASIS, a.s.*	100%	NA	NA	NA
ESSOX, s.r.o.	51%	-34	177	1,004
Factoring KB, a.s.	100%	19	146	3,212
Investiční kapitálová společnost, a.s.	100%	111	242	298
Komerční Finance, B.V.	100%	NA	NA	NA
Komerční banka Bratislava, a.s. (SAS)	100%	13	586	3,860
Komerční pojišťovna, a.s.	100%	60	508	7,387
Total subsidiary undertakings		169	1,659	15,761
Modrá pyramida SS, a.s.	40%	147	1,455	49,244
Czech Banking Credit Bureau	20%	0	1	8
Total subsidiary and associated undertakings		316	3,115	65,013
KB direct share		245	2,331	35,973
ALL IN REAL ESTATE LEASING, s.r.o. *	100%	-1	39	39
ALL IN, a.s.*	100%	0	35	24
Penzijní fond Komerční banky, a.s.	100%	268	639	12,439

*Companies in process of disposal or liquidation



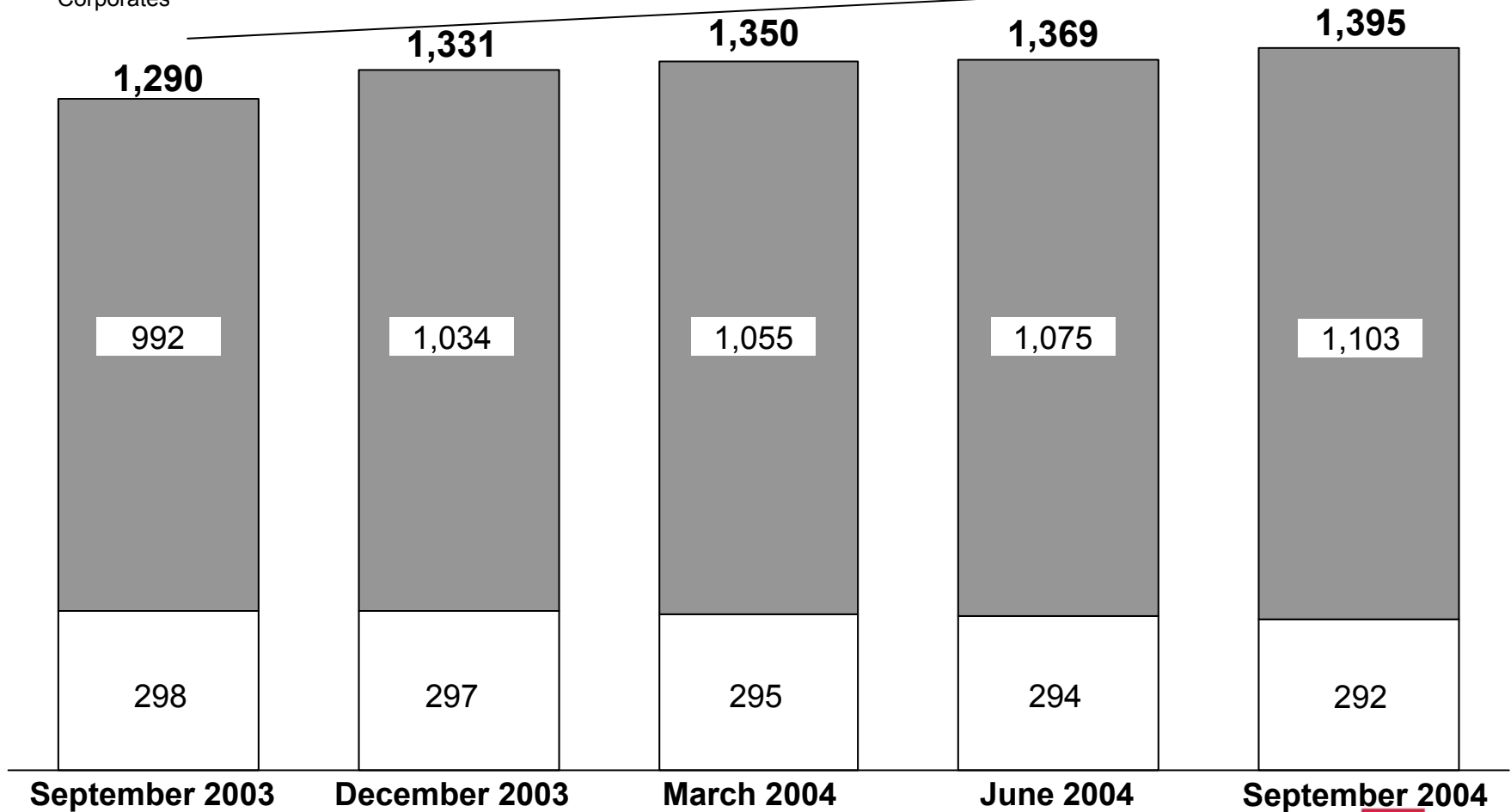
NUMBER OF CLIENTS

Thousands

■ Individuals

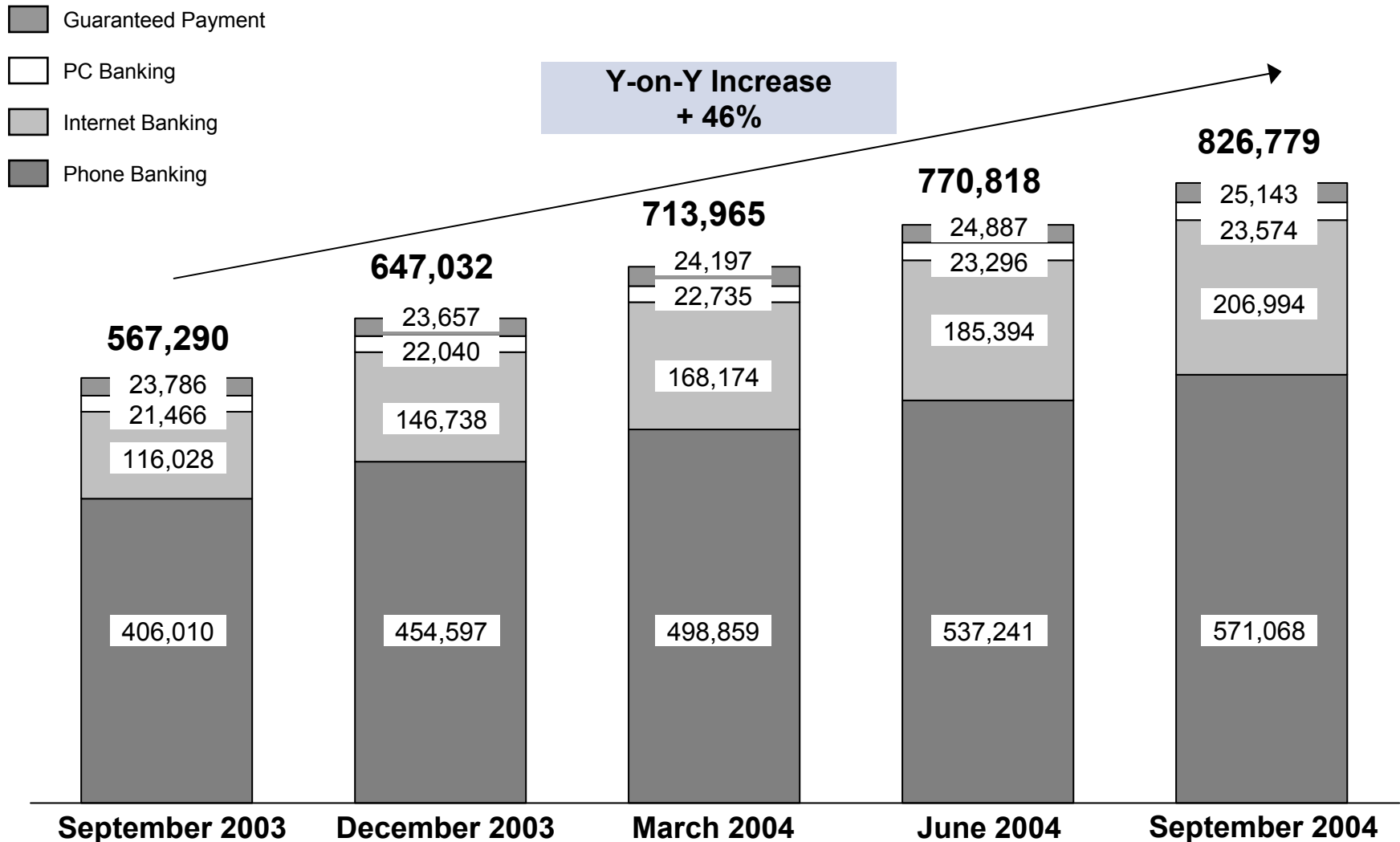
□ Entrepreneurs and Corporates

+ 105 thousands clients
+8% y-on-y

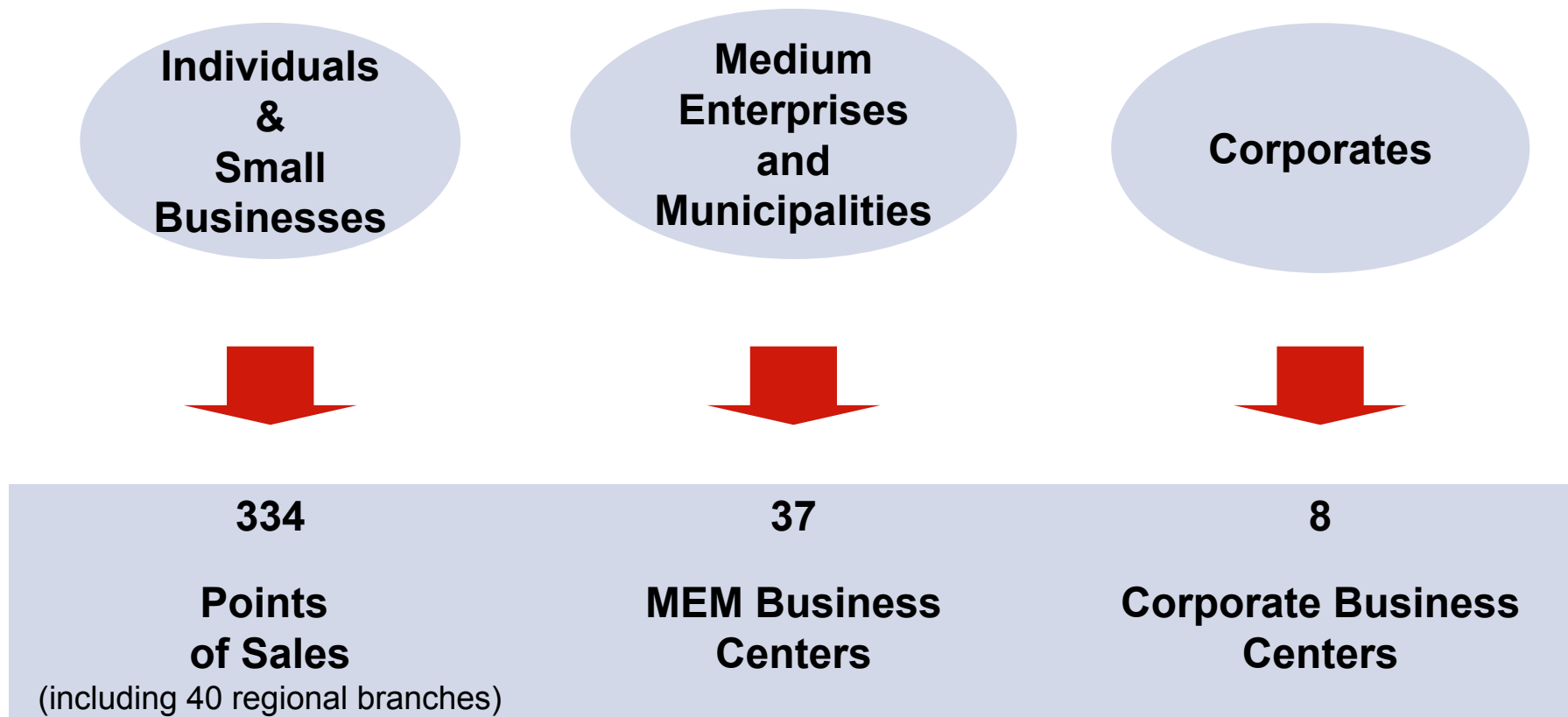


DIRECT BANKING

Number of users of KB direct banking services keep growing








SALES NETWORK FOR ALL SEGMENTS



Number of ATMs grew year on year by 43 to the total of 541









KEY PRODUCTS FOR INDIVIDUALS

Financial Packages		30. 9. 2003	30. 9. 2004	YoNY Change
IDEAL	→	163,442 packages	208,100 packages	+ 27.3% 
PERFEKT KONTO	→	132,131 packages	275,789 packages	+ 108.7% 
EXPRESS KONTO	→	56,888 packages	73,780 packages	+ 29.7% 
A-KONTO	→	24,188 packages	24,231 packages	+ 0.2% 
GAUDEAMUS	→	77,669 packages	97,660 packages	+ 25.7% 
CHILD ACCOUNT	→	newly launched 4,238 accounts	79,208 accounts	N.A.
MERLIN payment cards' insurance	→	Launched in April 2004	68,164 accounts	N.A.



KEY PRODUCTS FOR SMALL BUSINESSES

Financial Packages	30. 9. 2003	30. 9. 2004	YonY Change
EFEKT	19,422 packages	73,293 packages	277.4% 
KOMFORT	5,442 packages	20,014 packages	267.8% 
EXCELENT	514 packages	1,371 packages	166.7% 
OPTIMUM MEDICUM	0	5,121 packages	N.A. 
Business loans	4,617 total loans	9,670 total loans	109.4% 
Authorised overdrafts	33,070 active authorised overdrafts	46,741 active authorised overdrafts	41.3% 

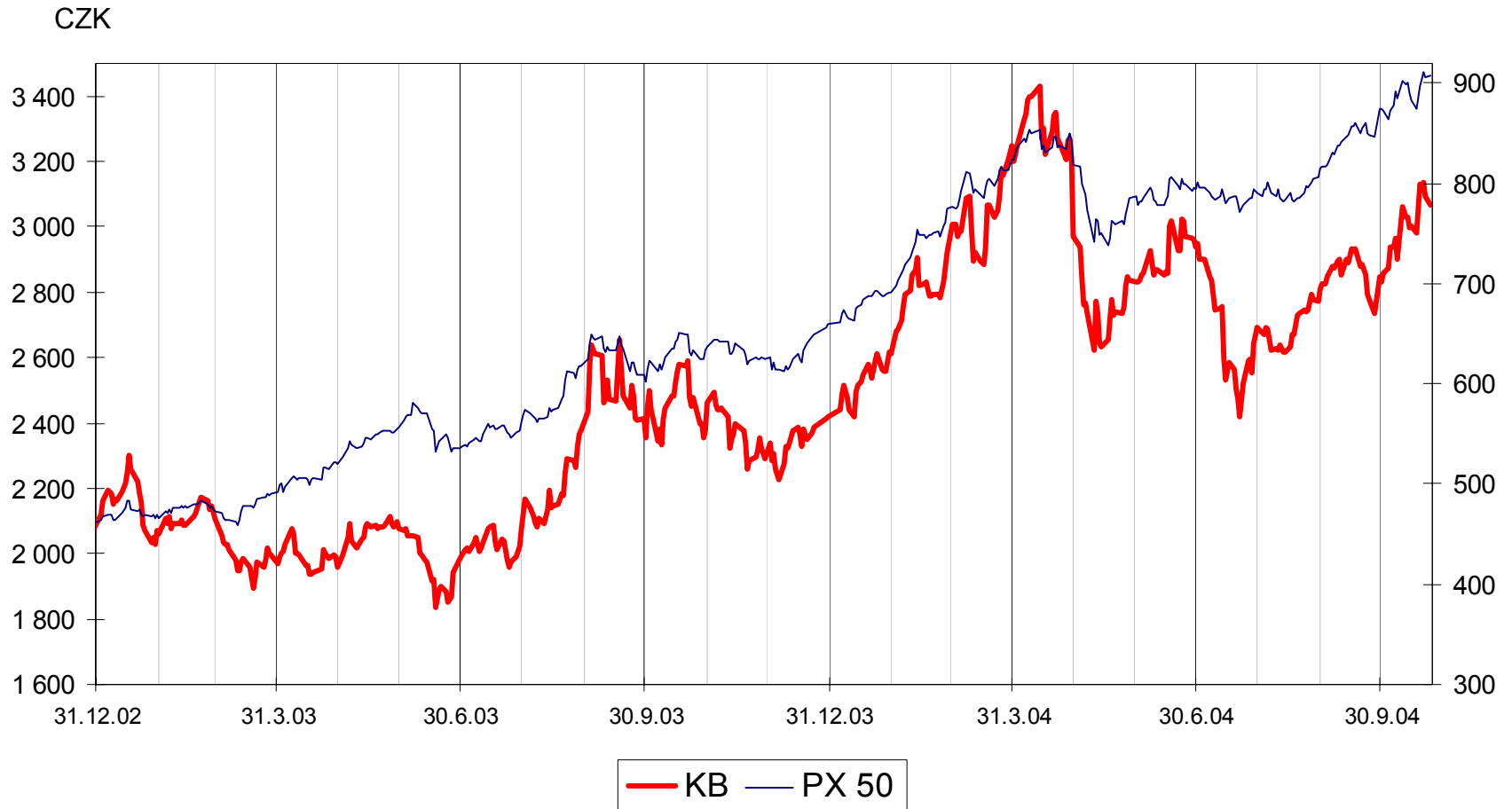


CROSS-SELLING ACTIVITIES WITHIN THE KB GROUP

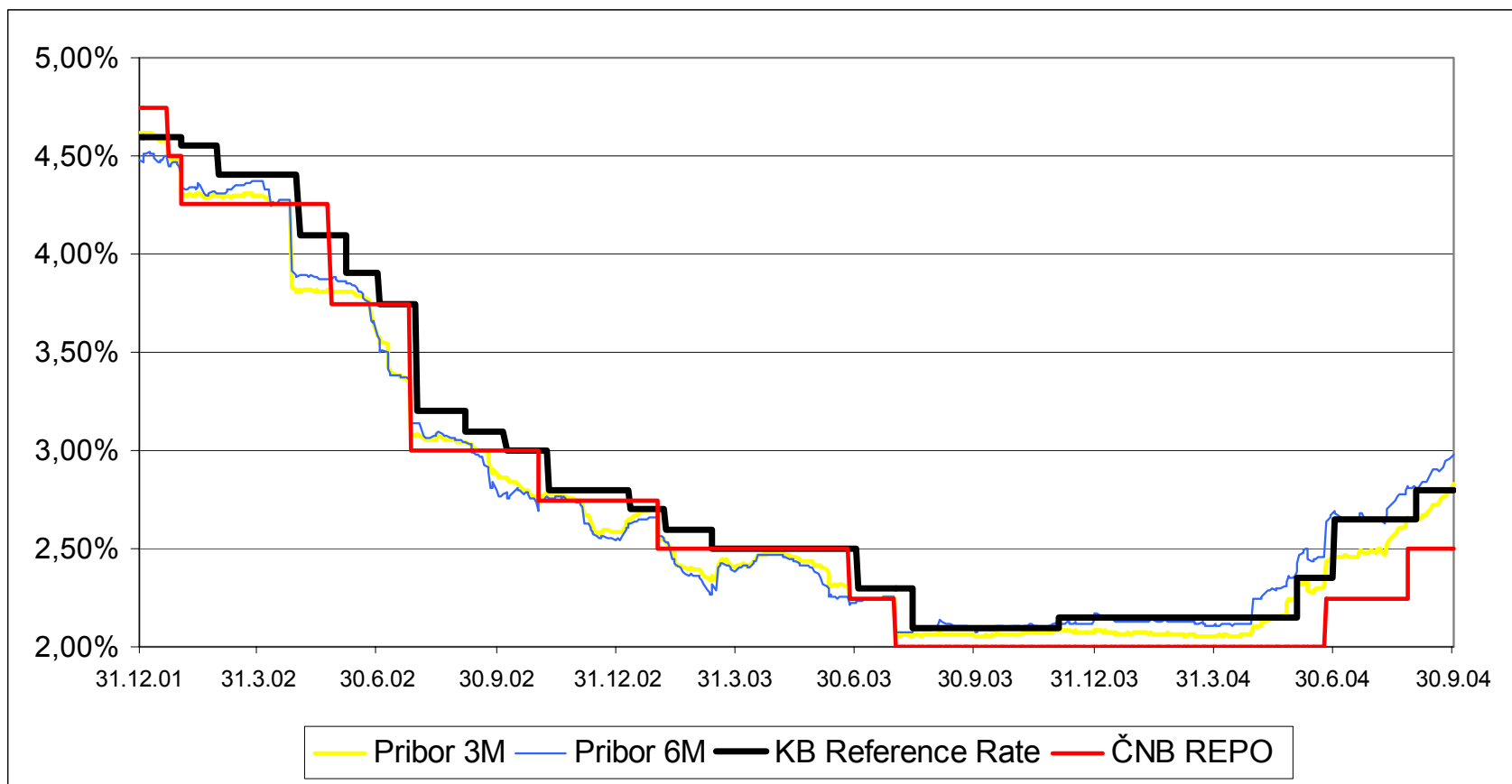
Products sold through KB network	1-3Q 2003	1-3Q 2004	Change 04/03
Life insurance Vital (premium written in CZK bil.)	1.96	1.87	-6%
Mutual funds (sales in CZK bil.)	7.7	4.5	-42%
Pension insurance (inflows in CZK bil.)	0.8	1.1	+38%
Building saving (number of contracts)	30,180	4,497	-85%
Factoring (turnover in CZK bil.)	1.93	4.8	+149%
KB FleetLease (cars) (cars managed)	113	986	+773%
KB Leasing (big tickets) (turnover in CZK bil.)	0.316	0.826	+161%



DEVELOPMENT OF KB'S SHARE PRICE AND INDEX PX50



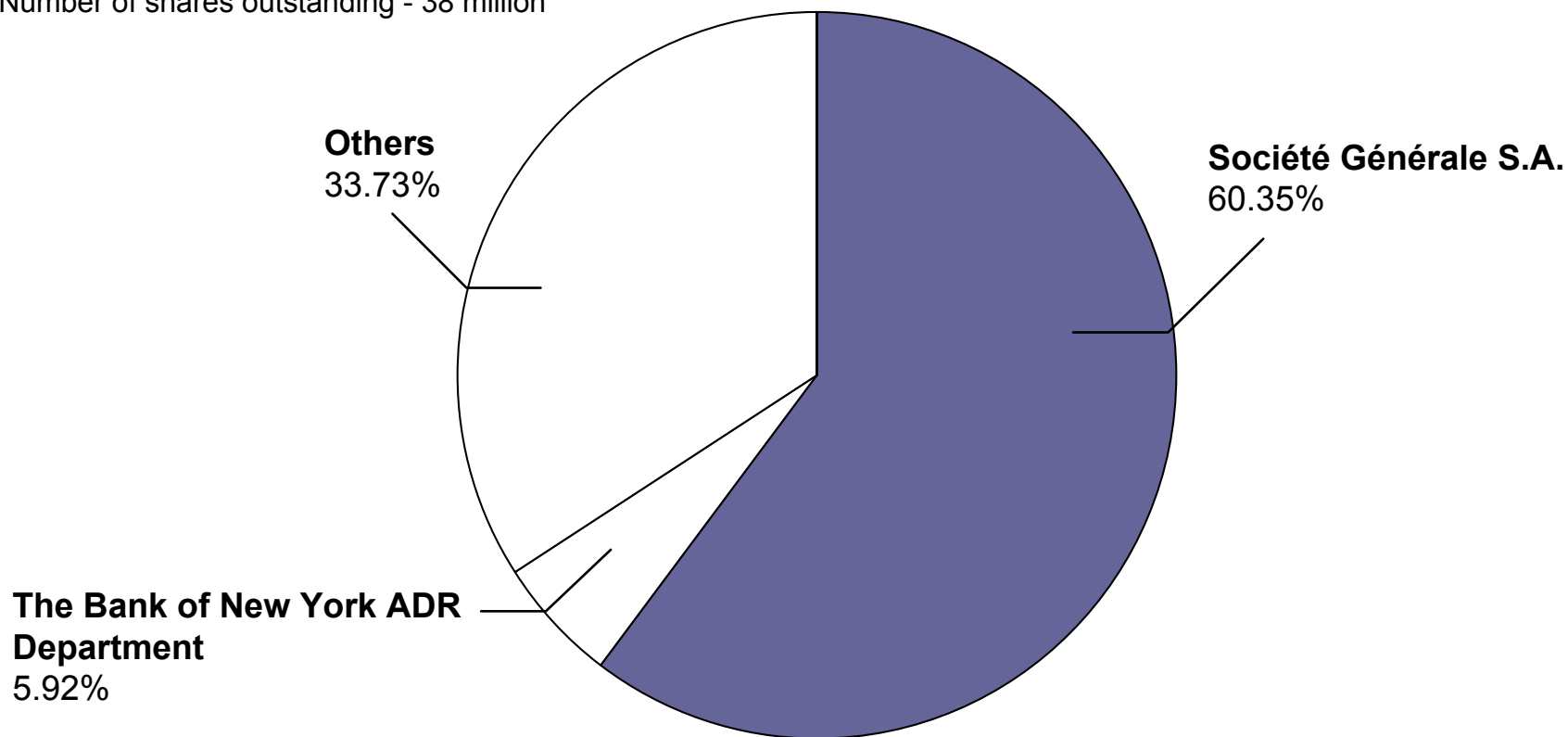
INTEREST RATES EVOLUTION



STRUCTURE OF SHAREHOLDERS

Major shareholders of Komerční banka, a. s. with over 5% of the share capital as at 30 September 2004

Number of shares outstanding - 38 million



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