



Financial Results

as at 31 December 2003

(International Financial Reporting Standards)

Prague - 31 March 2004

ECONOMIC ENVIRONMENT IN 2003

Increasing competition in the banking sector

Macroeconomic environment

- ➔ Increase of real **GDP** by **2.9%**
- ➔ Total **inflation** stood at **1%**
- ➔ Market interest rates continued to fall; **average 3M PRIBOR** dropped from **3.5% to 2.3%** and **2W REPO** rate from **2.75% to 2.0%** at the end of 2003
- ➔ **Czech crown depreciated against Euro** by **3%**; on the contrary **appreciated against US dollar** by **14%**

Czech banking sector

- ➔ **35 banks** operating in the market mainly in hands of foreign investors
- ➔ **Total banking assets** were **CZK 2,574 bil.** at the end of 2003
- ➔ **Rapidly growing competition** boosted by maturing market and aggressive strategies of the main banks



HIGHLIGHTS OF THE YEAR 2003

- Increasing number of customers
- Successful implementation of new products and services
- Increasing cross-sale of products
- Leading position in investment banking activities
- Increasing efficiency, centralisation of processes and staff reduction
- Structural changes in KB Group
- Restructuring of the loan portfolio
- Low cost of risk

Successful Business Results

Increasing Efficiency

Efficient Risk Management

Very strong financial performance of KB in 2003.

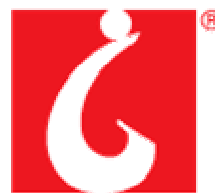


**The trustworthiest and the most dynamic bank
on the Czech market for the year 2003**



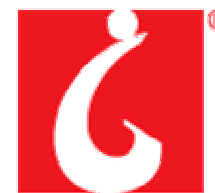
KB

Banka roku



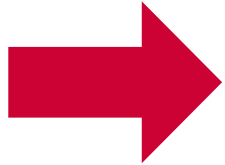
**Nejdůvěryhodnější
banka roku
2003**

Banka roku



**Nejdynamičtější
banka roku
2003**





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

NUMBER OF CLIENTS

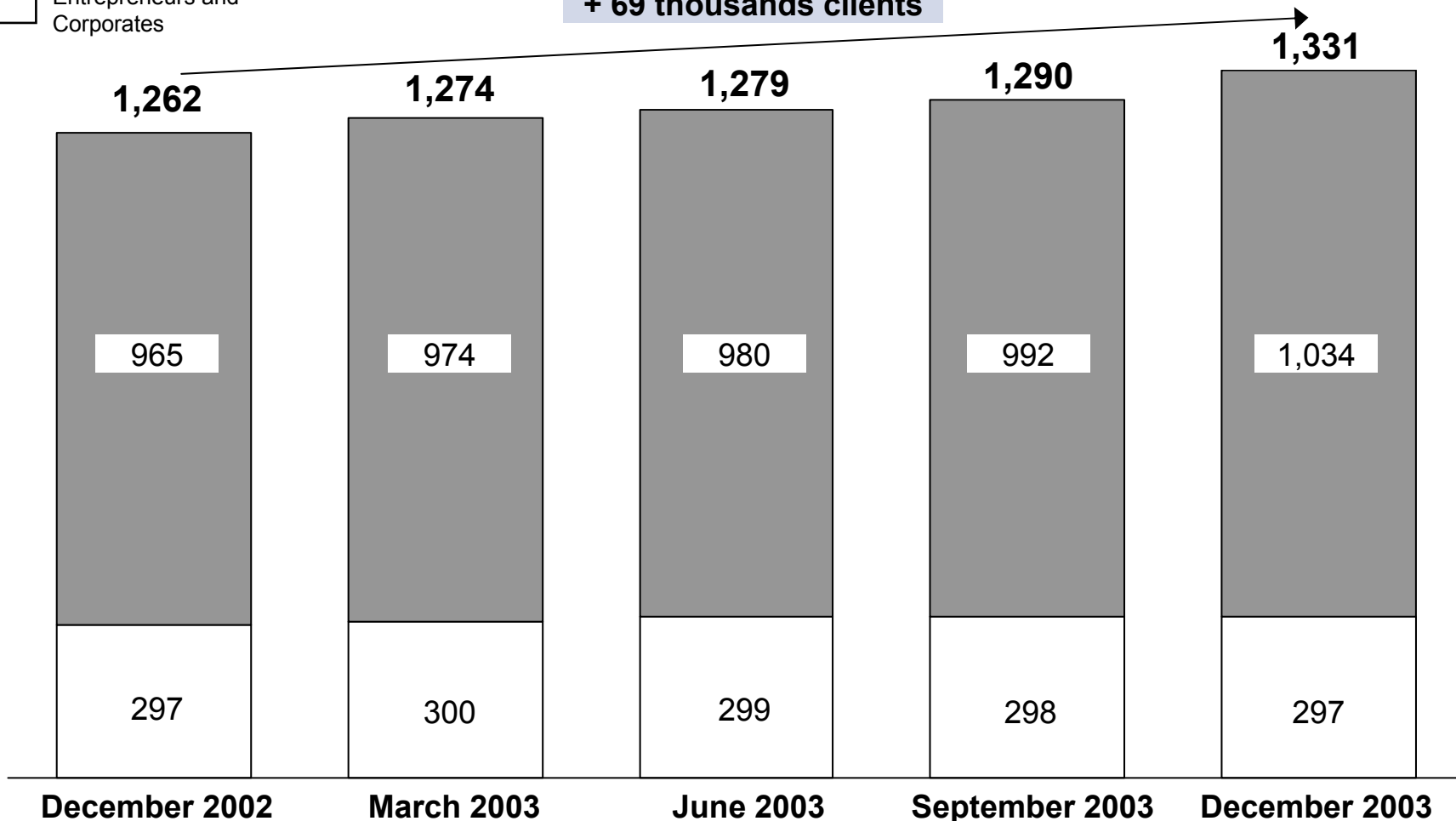
7% increase in retail customers

Thousands

■ Individuals

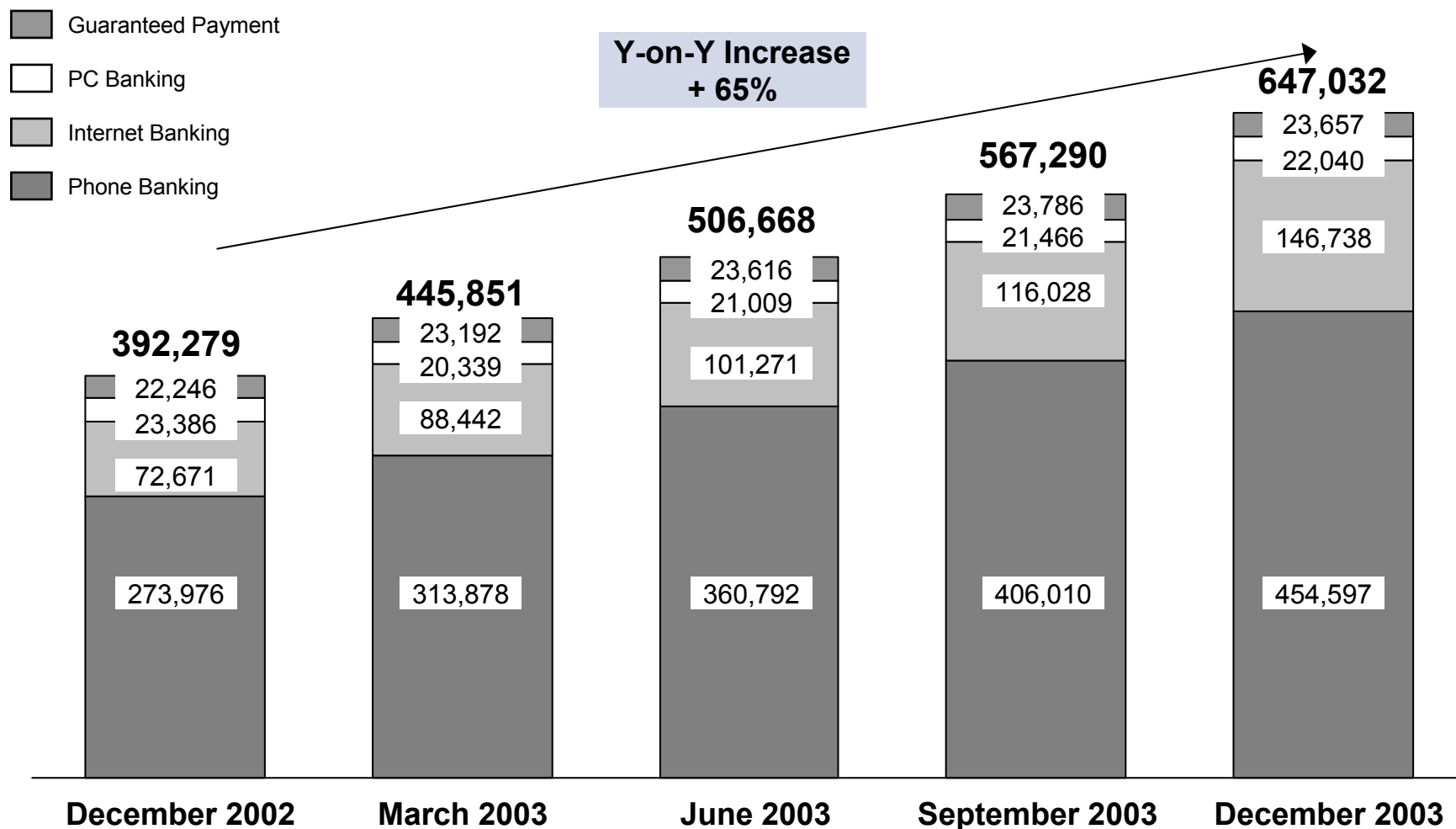
□ Entrepreneurs and Corporates

Y-on-Y Increase
+ 69 thousands clients



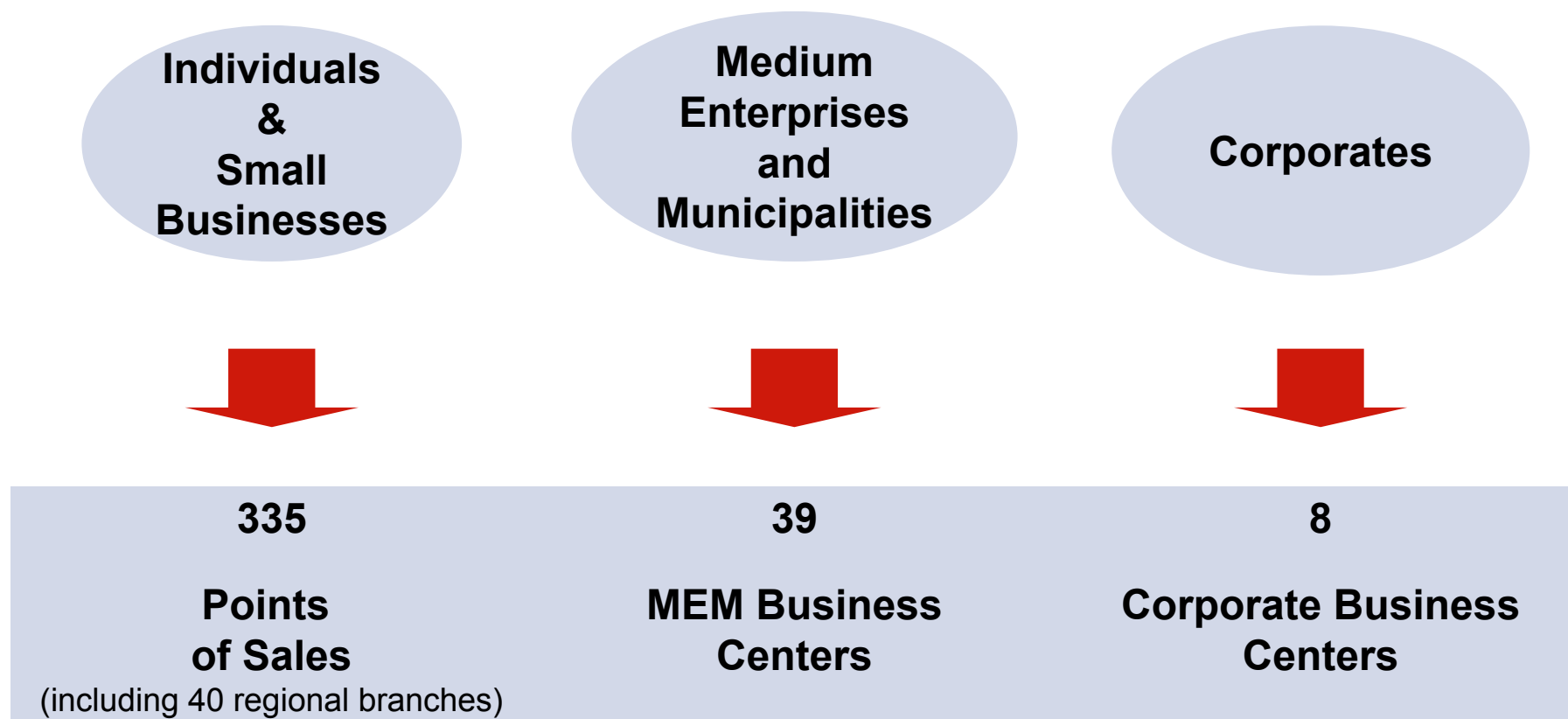
DIRECT BANKING

One half of KB clients use direct banking



SALES NETWORK FOR ALL SEGMENTS

KB further redesigned the network to be closer to its clients

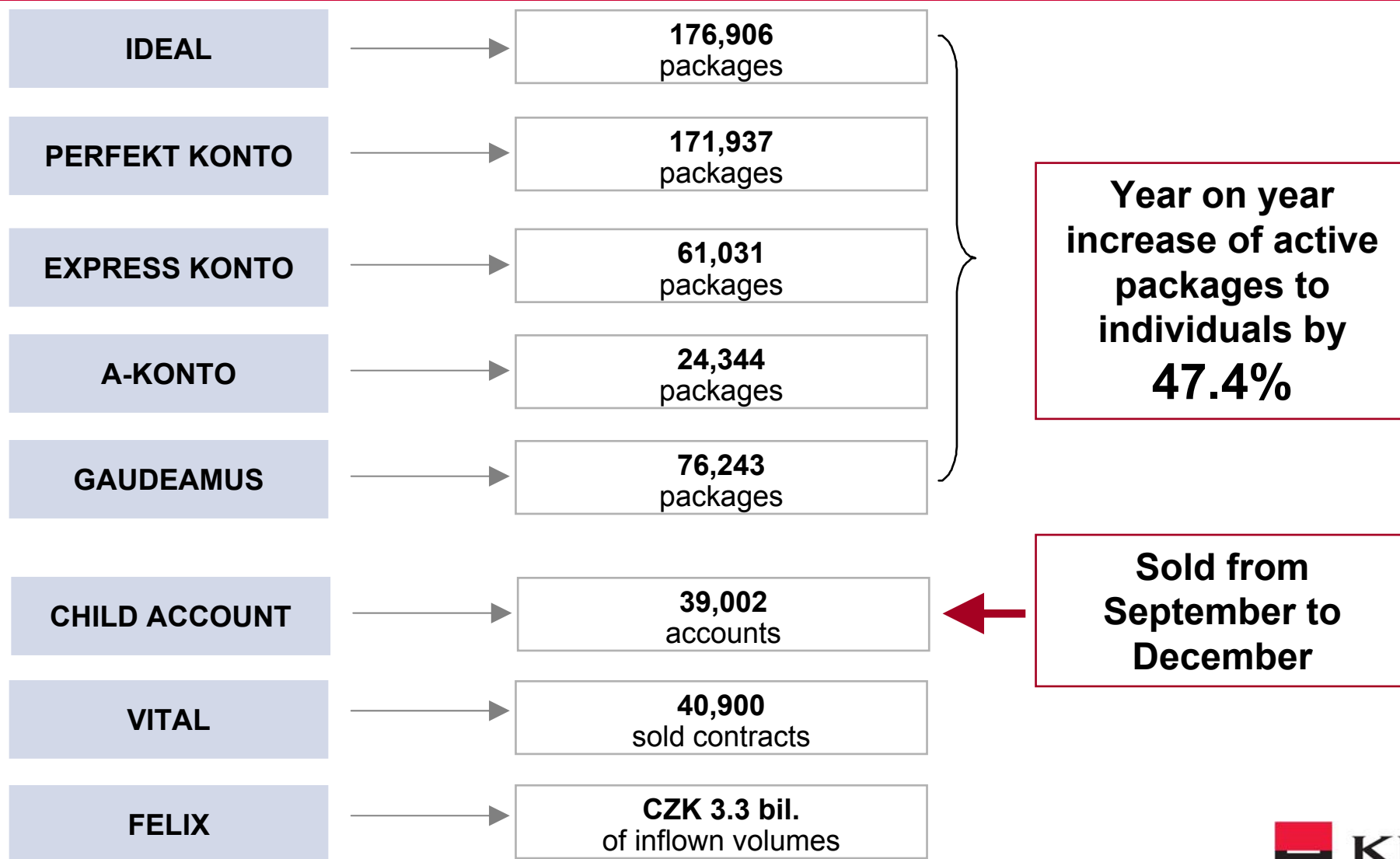


Number of ATMs grew year on year by 79 to the total of 519



KEY PRODUCTS FOR INDIVIDUALS

Customised product offer sharply increases the sales

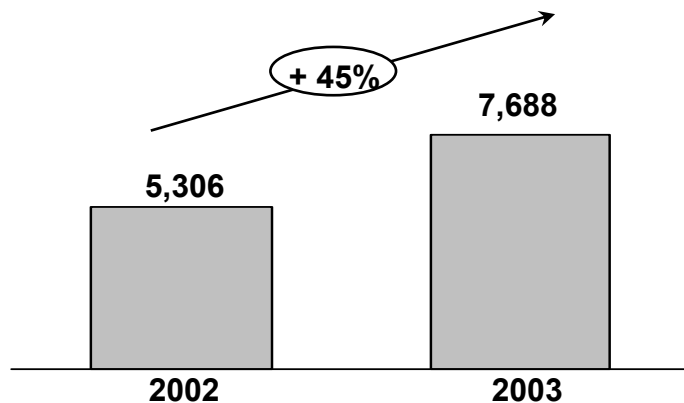


RETAIL LENDING

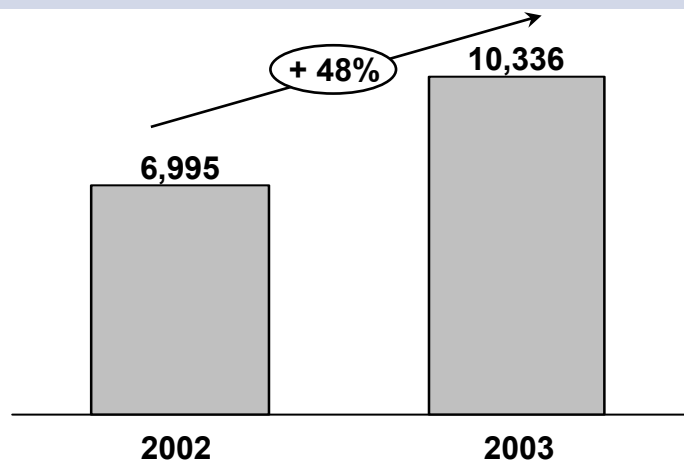
New retail loans continued to increase significantly

Mortgages

Number of mortgages granted in 2003

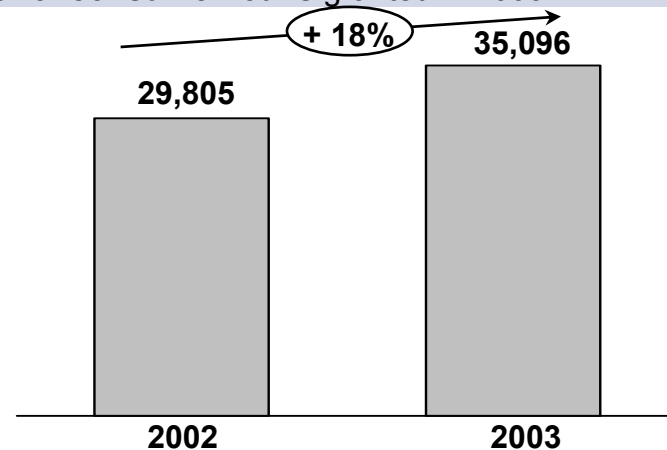


Volume of mortgages granted in 2003
CZK million

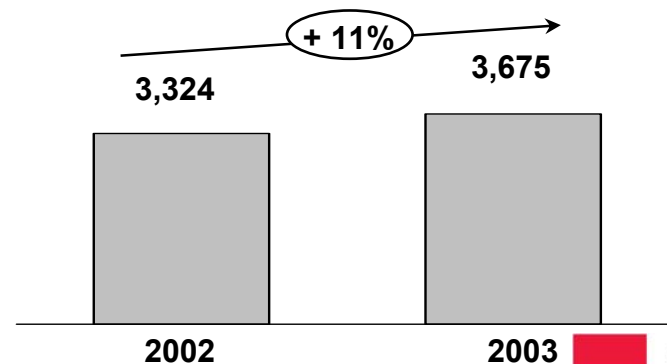


Consumer loans

Number of consumer loans granted in 2003

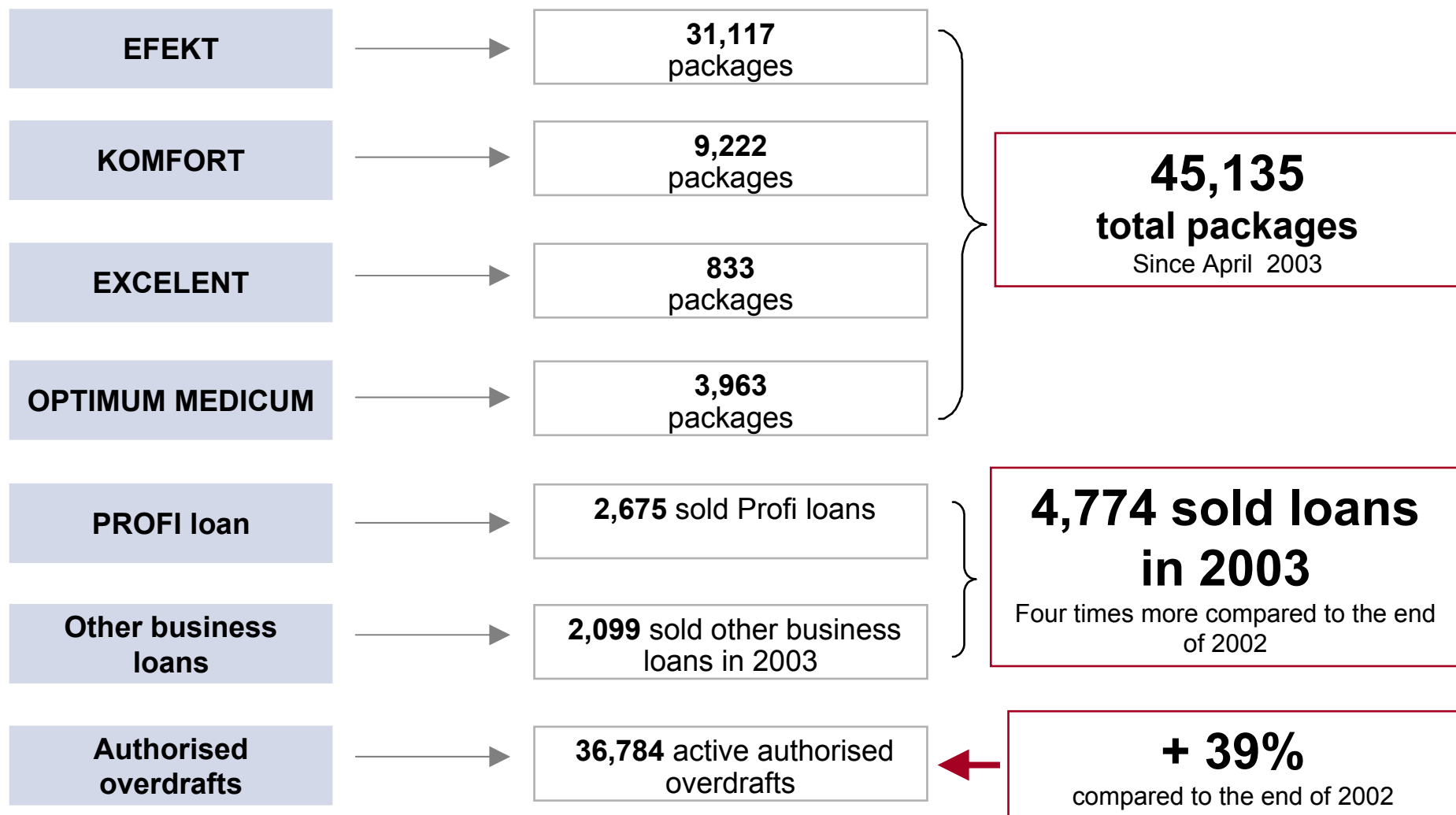


Volume of consumer loans granted in 2003
CZK million



KEY PRODUCTS FOR SMALL BUSINESSES

New differentiated products attract clients

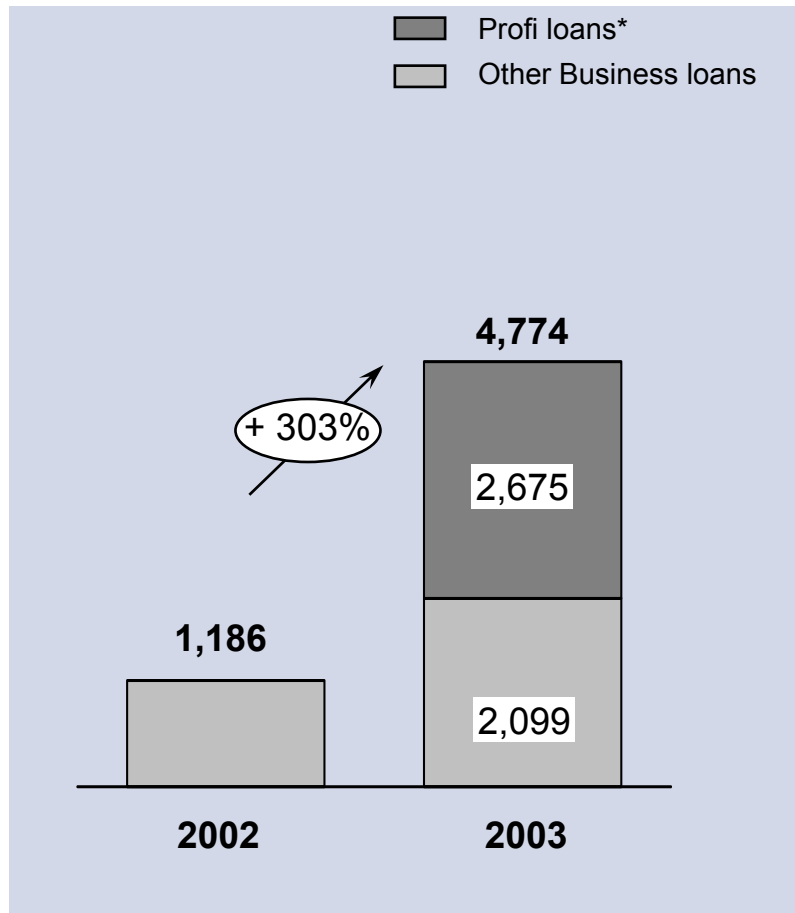


LOANS TO SMALL BUSINESSES

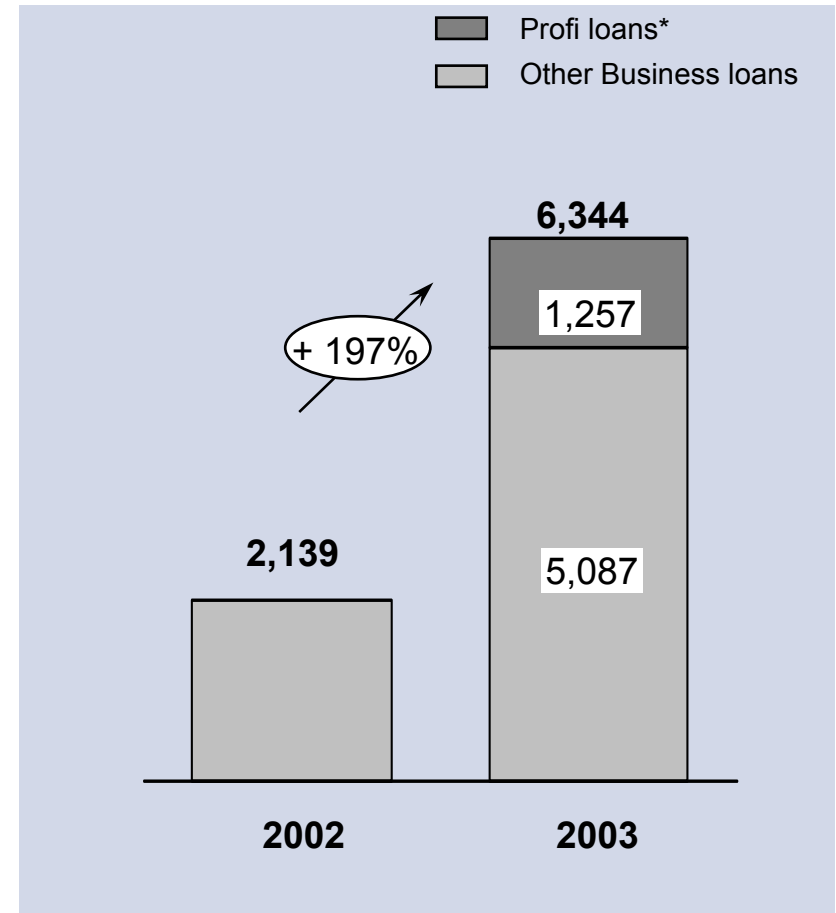
Redesigned product offer boosts granted loans

CZK million

Number of granted loans to small businesses



Volume of granted loans to small businesses



* Profi loan launched in March 2003



INDIVIDUALS AND SMALL BUSINESSES - PENETRATION

Further space for expansion

Penetration ratio*	31.12. 2002	31.12. 2003	Change 03/02
Individuals			
PACKAGES	27.7	49.0	+ 76.9%
MORTGAGES	1.6	2.1	+ 31.3%
CONSUMER LOANS	7.5	8.4	+ 12.0%
PAYMENT CARDS	54.5	63.0	+ 15.6%
Small businesses			
PACKAGES	0.5	16.3	-
BUSINESS LOANS	1.6	2.3	+ 43.8%
PAYMENT CARDS	40.9	57.2	+ 39.9%

* Number of clients with a product / 100 clients

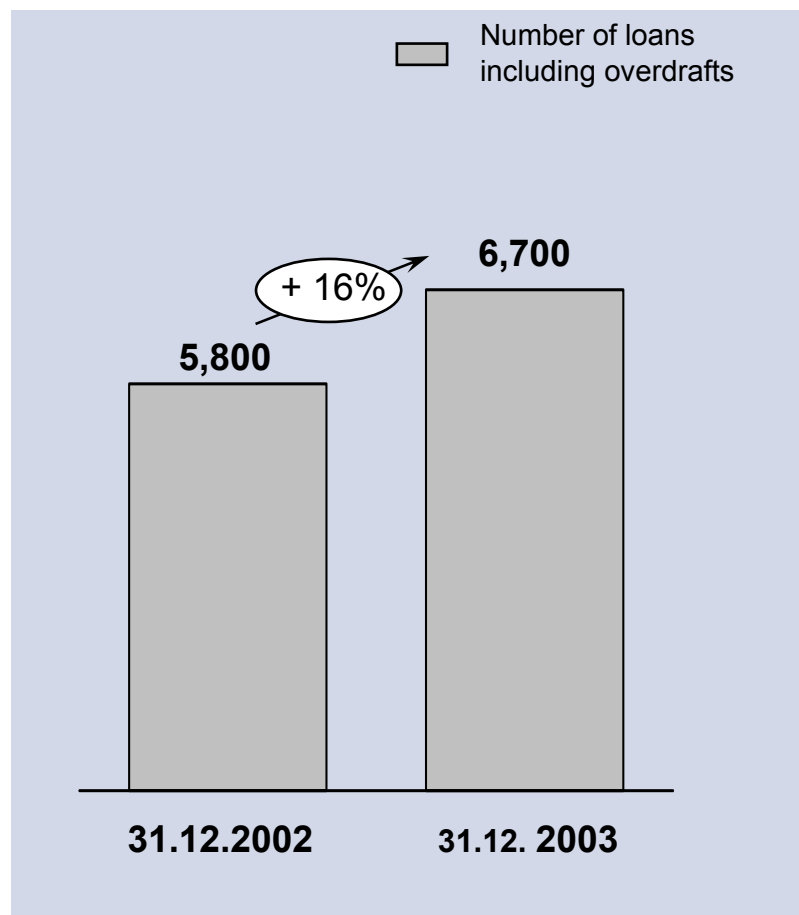


LOANS TO MEDIUM ENTERPRISES AND MUNICIPALITIES

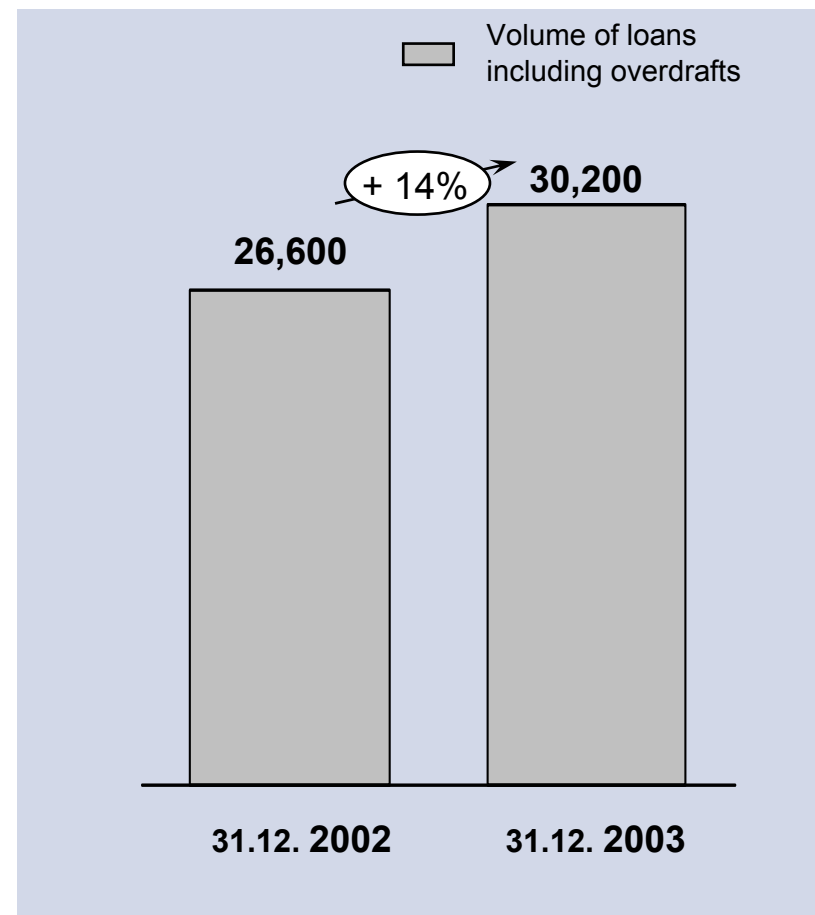
Year-on-Year increase in volumes by 14%

CZK million

Number of loans to MEM



Volume of loans to MEM



CROSS-SELLING ACTIVITIES WITHIN THE KB GROUP

Increasing exploitation of cross-selling potential

Number of sold contracts through KB network	31.12. 2002	31.12. 2003	Change 03/02
Life insurance Vital	7,500	40,900	+445%
Mutual funds investments (sales in CZK bil.)	12.3	16.5	+34%
Pension insurance	11,000	18,300	+66%
Factoring	25	155	+520%
Building saving	28,300	52,900	+87%
KB FleetLease (car leasing)	N.A.	235	-
KB Leasing (big ticket leasing)	N.A.	284	-



PAYMENT CARDS

Utilisation of cards keeps increasing

	NUMBER OF ISSUED CARDS	NUMBER OF MERCHANTS	NUMBER OF POS
By date	Issued cards (th.)	Merchants	POS
December 2001	972	17,098	6,019
December 2002	1,244	18,099	8,480
December 2003	1,688	19,210	10,104

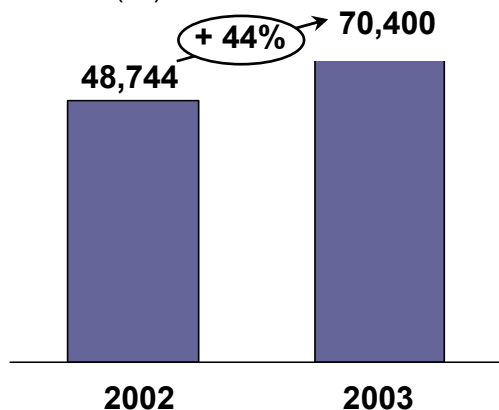
+ 36%

+ 6%

+ 19%

Payment cards

of transactions (th.)



Number of issued credit cards increased from the end of 2002 by 59% to

43,254



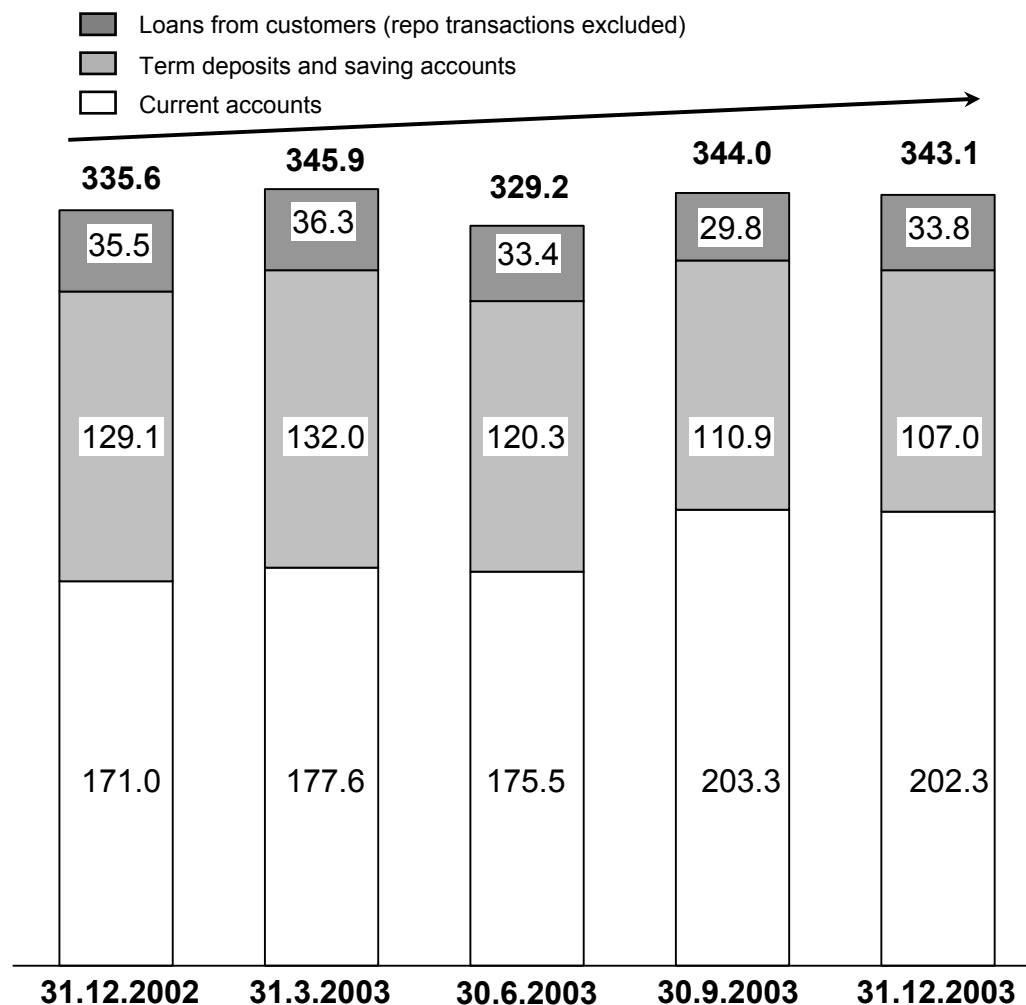
DEPOSITS

Falling interest rates brought increase in current accounts

Volume of deposits

CZK billion

- Year-on-year increase by 2%
- Current accounts make up 59% of total primary deposits
- Deposits influenced by decreasing interest rates environment
 - CNB cut the limit repo rate by 0.75 p.p. to 2.0% in 2003, placing it on the same level as the refi rate of ECB
- Inflow of deposits in 2003
 - KP life insurance products (+CZK 3.0 bil.)
 - Investment product Felix (+CZK 3.3 bil.)



LOAN PORTFOLIO DEVELOPMENT – PREMIER BANK

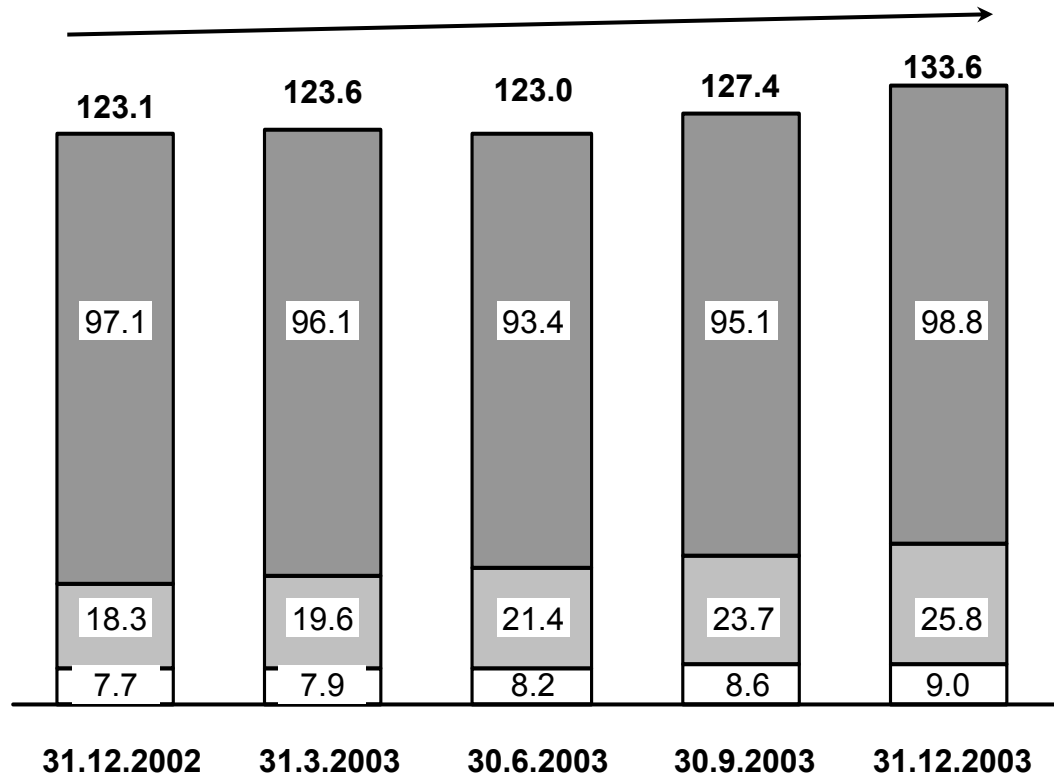
Year-on-year increase by 9%

Volume of loans (Premier bank)
gross amount, CZK billion

■ Business loans
■ Mortgage loans
□ Consumer loans

**Y-on-Y increase
+ 9%**

- Year-on-year increase of the Premier Bank portfolio by 9%
- Retail loans represent 26% of the Premier Bank portfolio
 - Volume of mortgages increased year on year by 41%
 - Volume of consumer loans increased year on year by 17%
- Business loans increased by 2%
- Off-balance sheet receivables to clients amounted to CZK 84.7 bil.

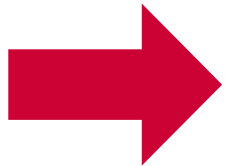


NEW STRATEGIC PROGRAMME

Focus on processes and technologies

The Bank launched a three-year strategic programme

- Focus on the reorganization of internal processes and technologies**
- The project will bring new competitive advantages and an improvement in sales processes and in efficiency of the processing**
- Main objectives of the programme:**
 - reshaping of the sale and after-sale processes
 - increase productivity of middle and back offices
 - change of Front Office teller system
 - client and product data-model and central Data-base



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

FINANCIAL RESULTS AND RATIOS

Lower costs, bigger release of provisions

CZK million, unconsolidated

Profit and Loss Statement	FY 2002	FY 2003	Change 03/02
Net banking income	22,597	21,889	- 3.1%
Operating costs	-12,760	-11,728	- 8.1%
Net operating income	9,837	10,161	+ 3.3%
Provisions for loan and investment losses and net profit from sale of subsidiaries and associates	1,434	3,122	+ 117.7%
Profit before income taxes	11,271	13,283	+ 17.9%
Income taxes	-2,508	-4,021	+ 60.3%
Net profit	8,763	9,262	+ 5.7%

Key ratios and indicators

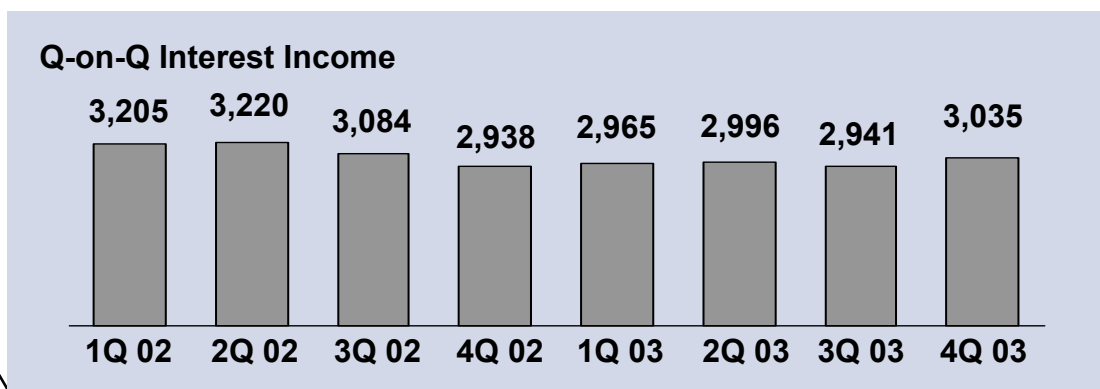
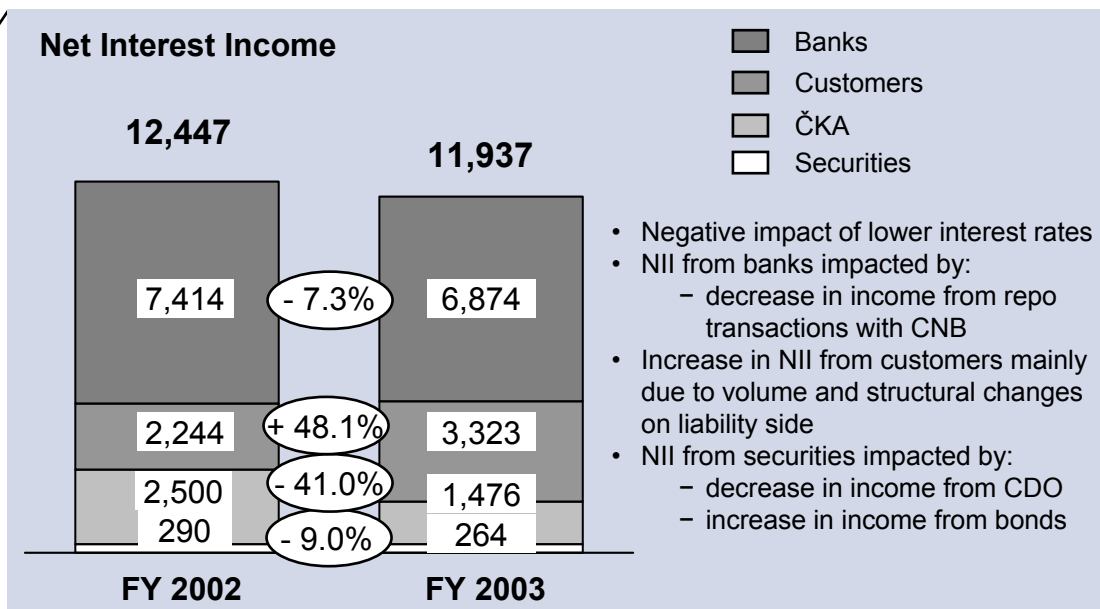
	FY 2002	FY 2003	Change 03/02
Capital Adequacy – CNB	13.4%	15.4%	→
Tier 1 Ratio	11.5%	14.8%	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.3%	3.0%	→
Cost / Income ratio - including restructuring costs	56.5%	53.6%	→
Return on Average Equity (ROAE)	30.6%	25.0%	→
Return on Average Assets (ROAA)	2.0%	2.1%	→
Earnings per Share (CZK)	231	244	→
Number of Employees (FTE)	9,034	8,258	- 8.6%
Net Banking Income per Employee (CZK mil.)	2.5	2.7	→



NET INTEREST INCOME

Net interest income stabilised on quarterly basis

CZK million, unconsolidated

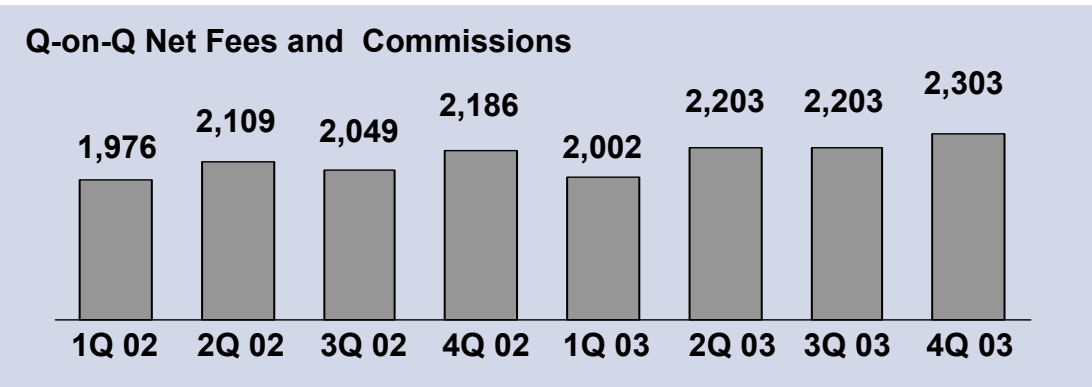
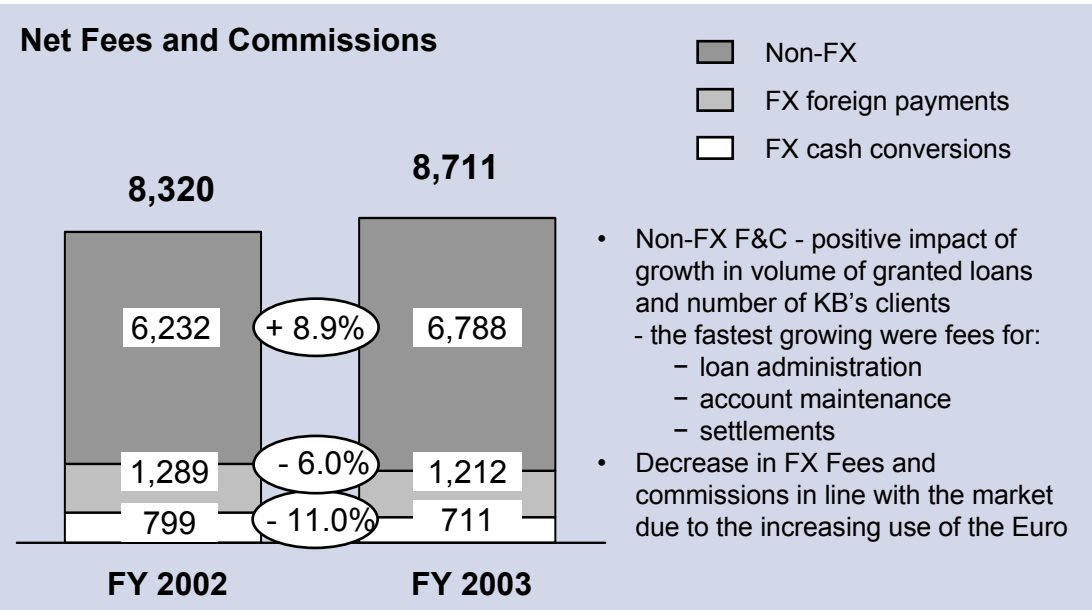
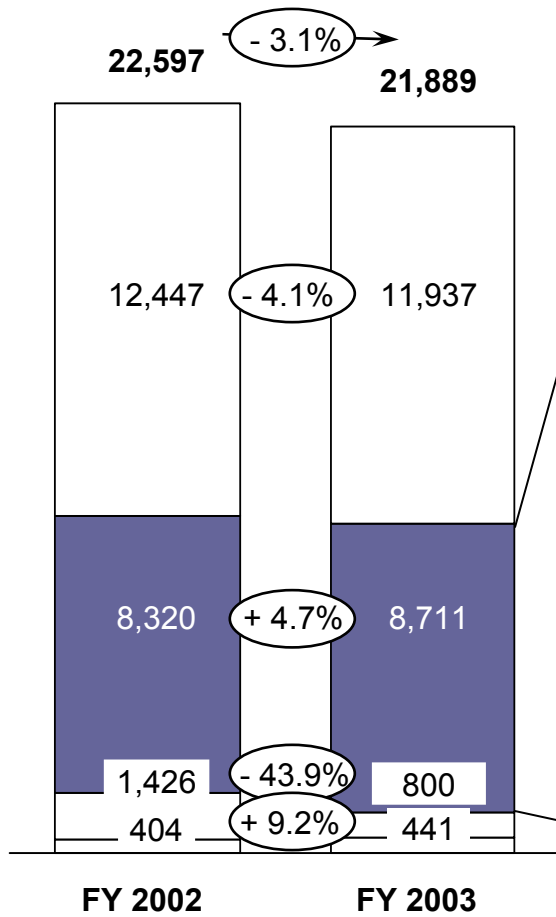


NET FEES AND COMMISSIONS

Increase in Net fees and commissions

CZK million, unconsolidated

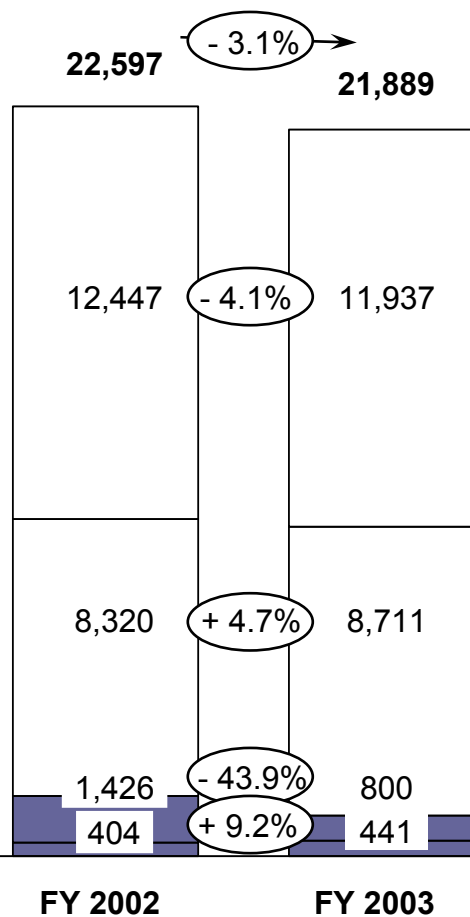
Net Banking Income



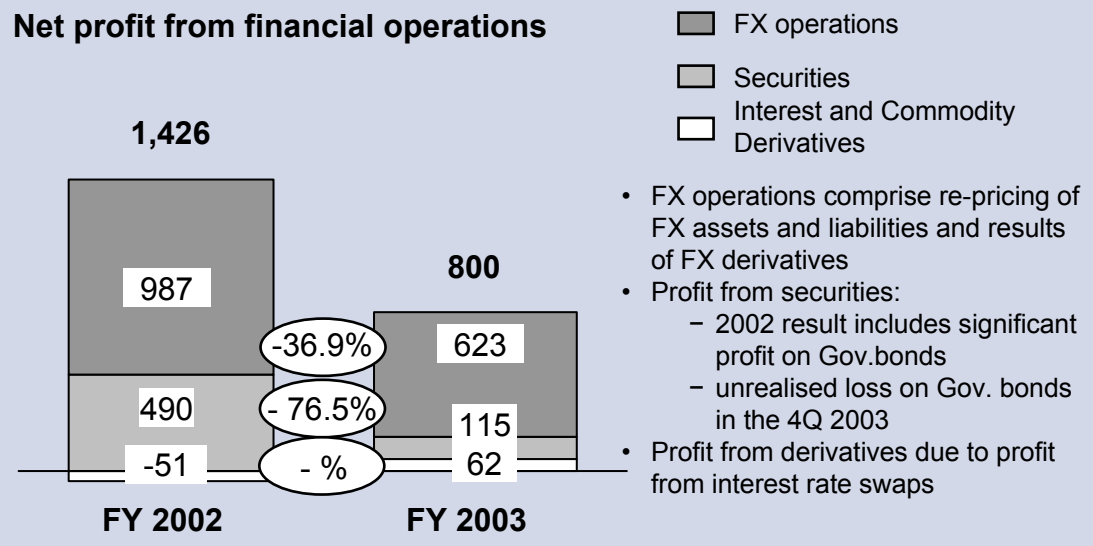
TRADING PROFITS AND OTHER INCOME

CZK million, unconsolidated

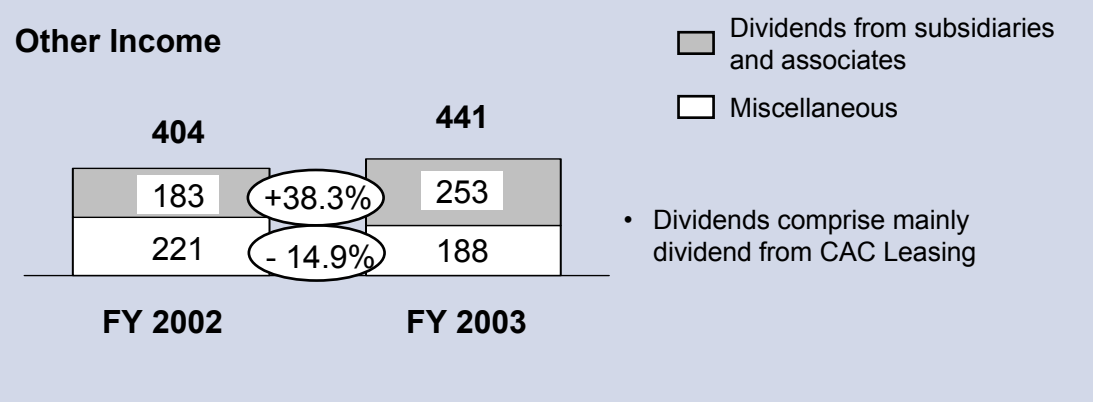
Net Banking Income



Net profit from financial operations



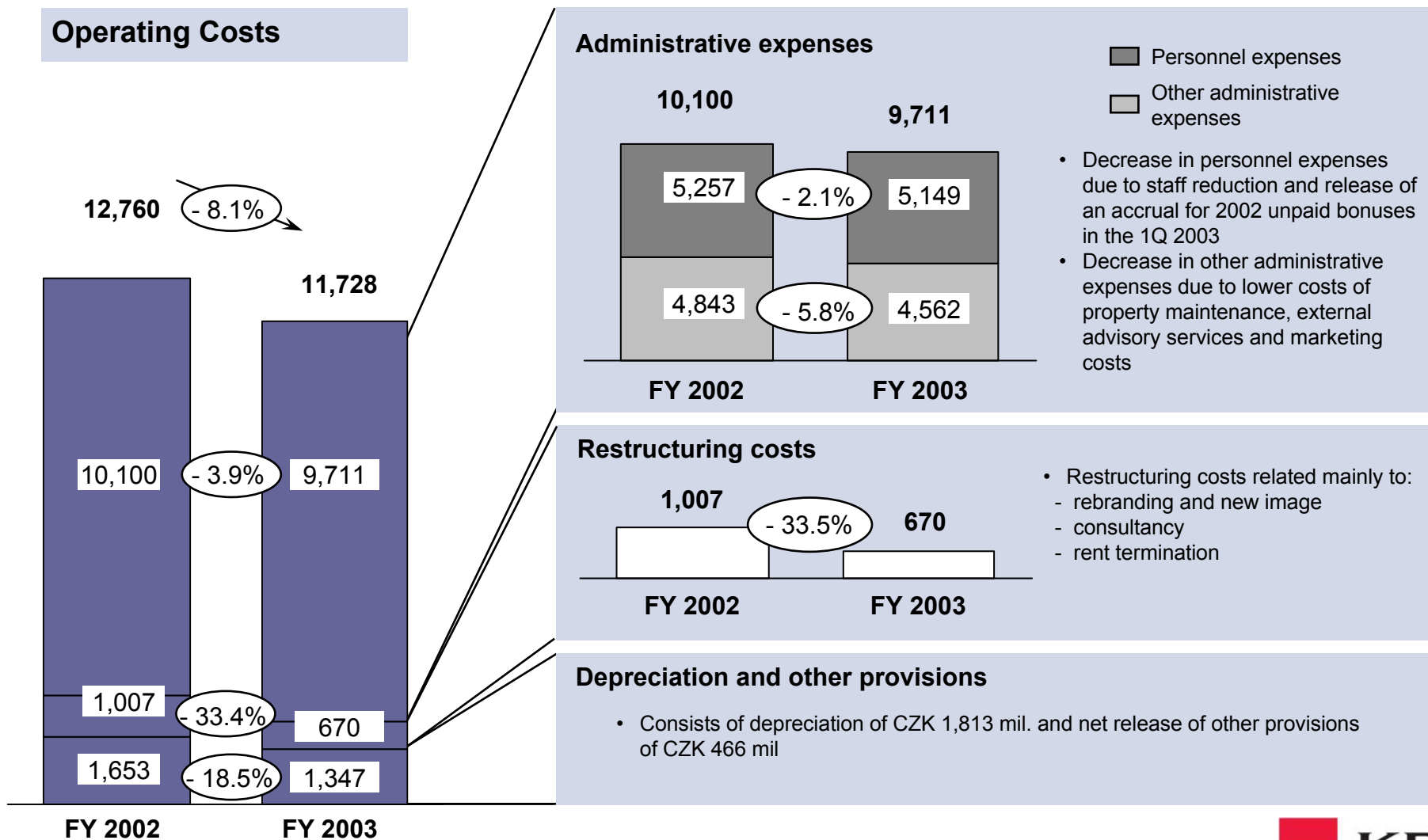
Other Income



OPERATING COSTS

Significant reduction of total costs

CZK million, unconsolidated

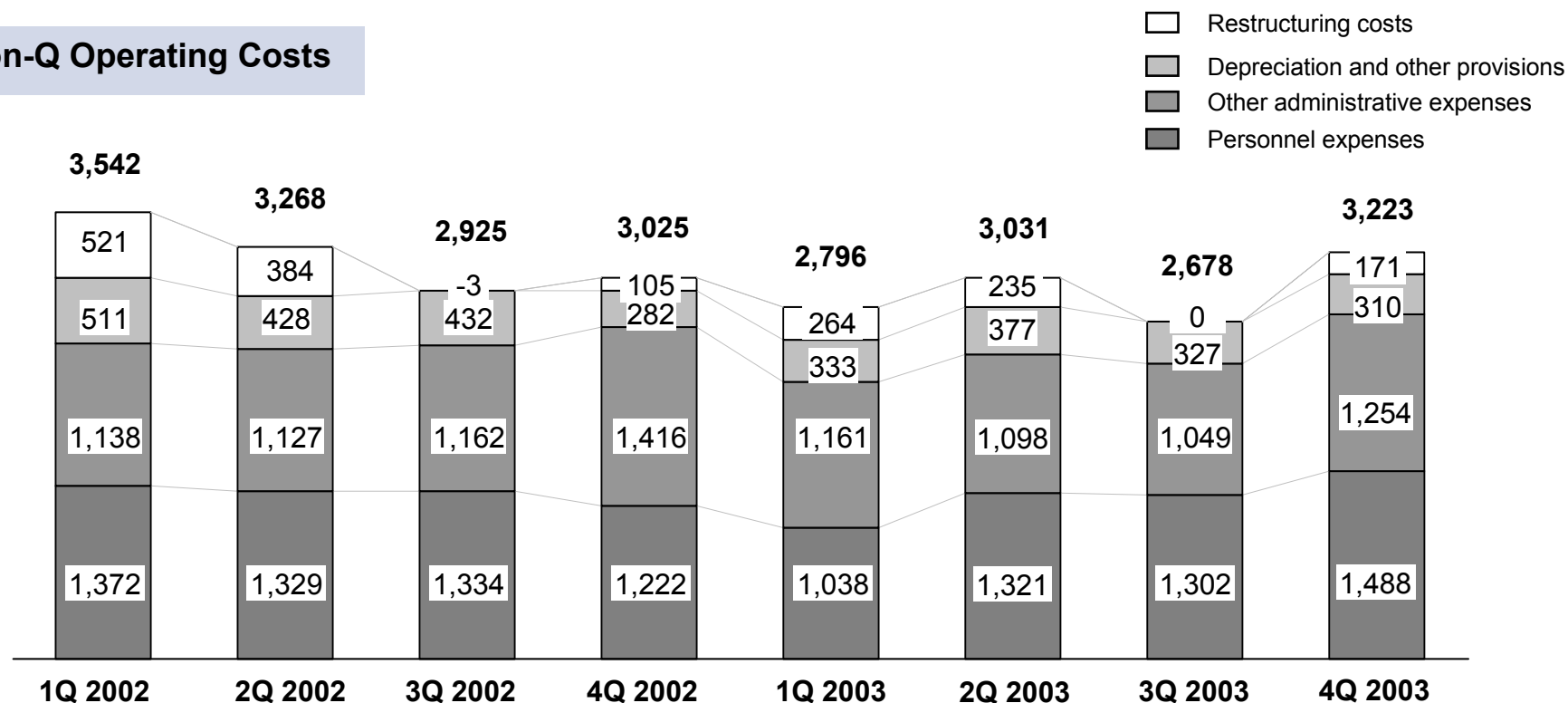


OPERATING COSTS

Operating costs Q-on-Q

CZK million, unconsolidated

Q-on-Q Operating Costs



4Q 2003/3Q 2003 comparison:

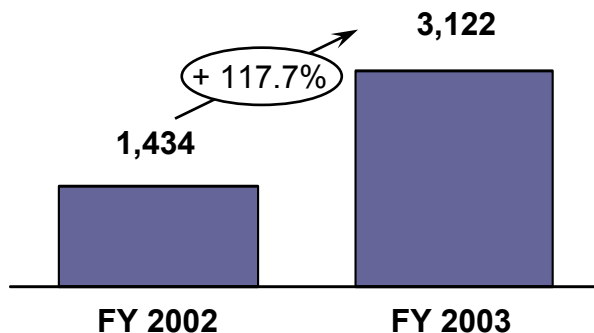
- Increase in personnel expenses due to creation of a reserve for loyalty, jubilee and retirement bonuses
- Increase in other administrative expenses due to marketing campaigns in the 4Q 2003 and seasonal effects - costs of property maintenance, costs of IT support services and costs of employees' training
- Restructuring costs in the 4Q 2003 related to rent termination and reserve for severance payments



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

CZK million, unconsolidated

Total provisions

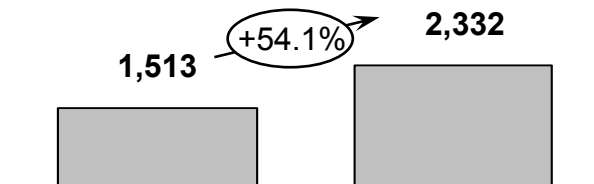


Comments

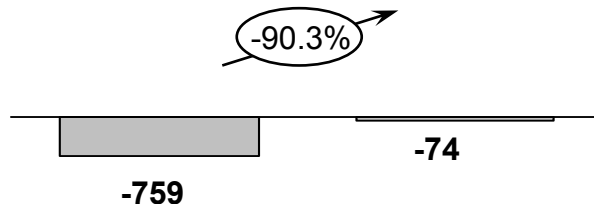
- Positive impact of profits from sales of CAC Leasing and Reflexim in the 2Q 2003
- Low cost of risk on credit portfolio
- Release of general provisions of CZK 2,830 mil. in the 4Q 2003
- Provisioning of the investment into Komerční pojišťovna (CZK 92 mil.) in the 4Q 2003

Detailed breakdown

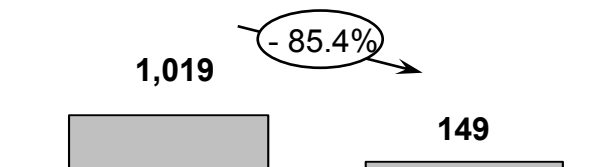
Provisions for loan losses



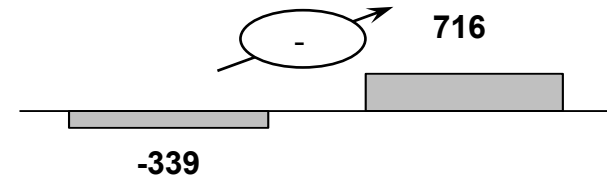
Provisions for impairment of securities



Income from fully written-off loans



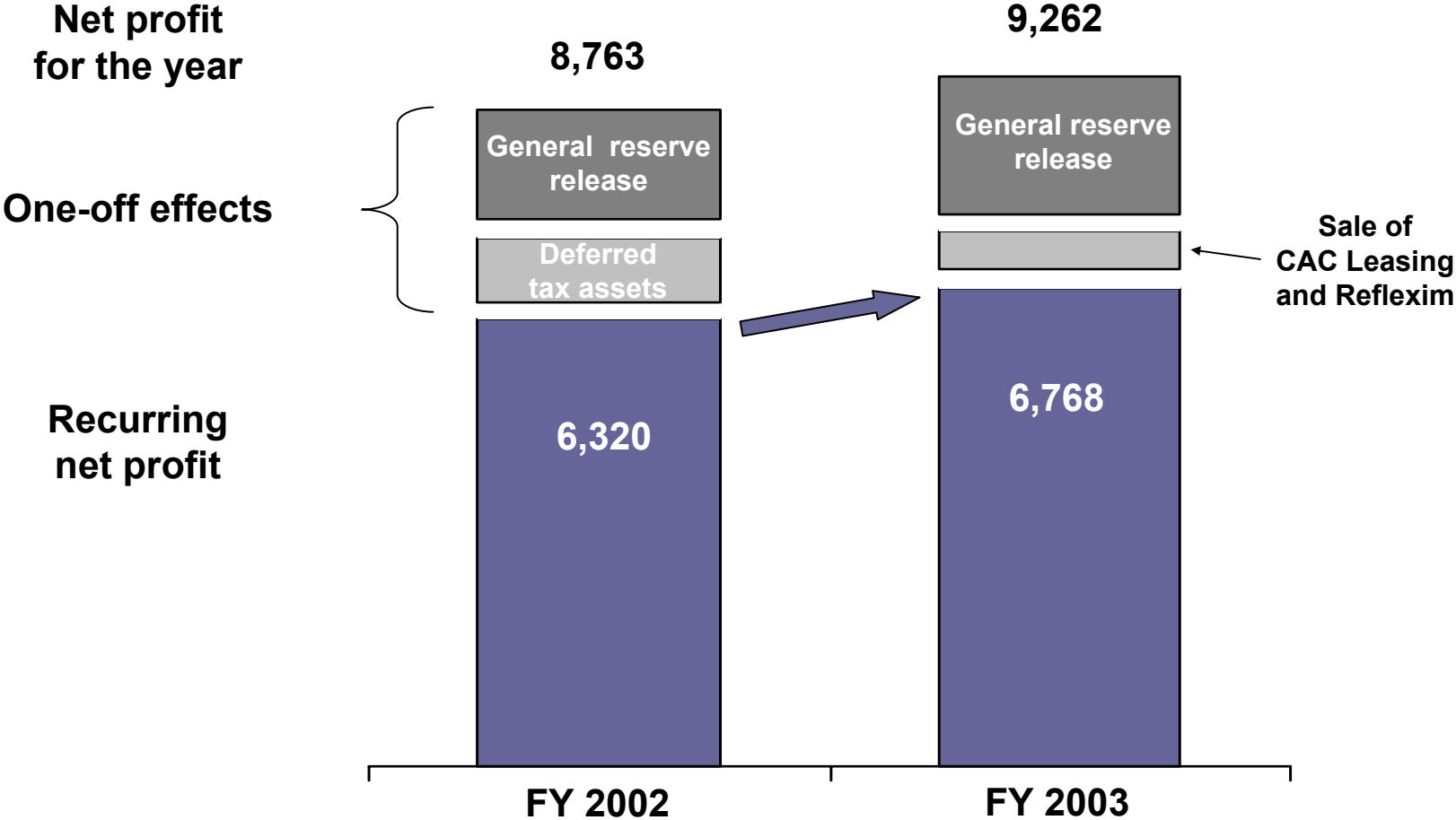
Provisions and net profit from sale of subsidiaries and associates



RECURRING PROFIT

Increase of sustainable profitability

CZK million, unconsolidated



BALANCE SHEET

CZK million, unconsolidated

Assets

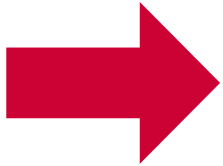
	439,753	447,565	Change
	31.12.2002	31.12.2003	
Cash and balances with central bank	14,377	12,340	- 14.2%
Amounts due from banks	199,729	201,638	+ 1.0%
Due from Česká konsolidační agentura	35,440	24,303	- 31.4%
Loans and advances to customers (net)	121,154	130,900	+ 8.0%
Securities	36,143	48,444	+ 34.0%
Other assets	32,910	29,940	- 9.0%

Liabilities and shareholders' equity

	439,753	447,565	Change
	31.12.2002	31.12.2003	
Amounts due to banks	22,549	18,959	- 15.9%
Amounts due to customers	341,114	349,505	+ 2.5%
Subordinated debt	6,100	0	-
Certificated debt	18,267	21,348	+ 16.9%
Other liabilities	17,965	17,354	- 3.4%
Shareholders' equity	33,758	40,399	+ 19.7%



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

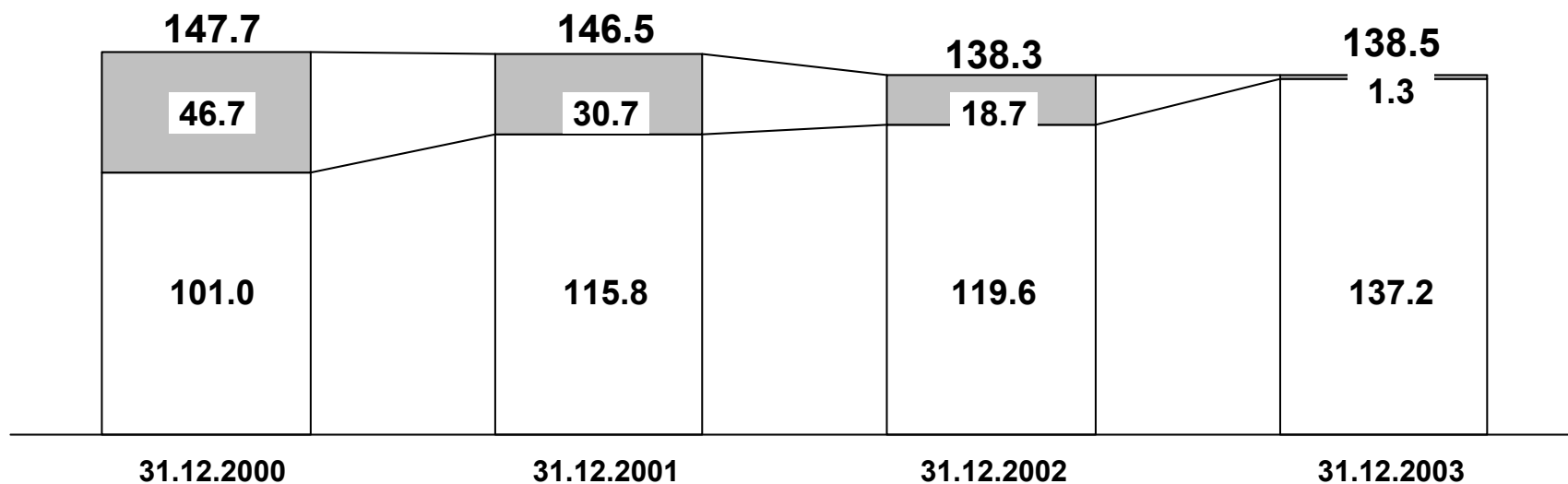


CLIENT PORTFOLIO EVOLUTION

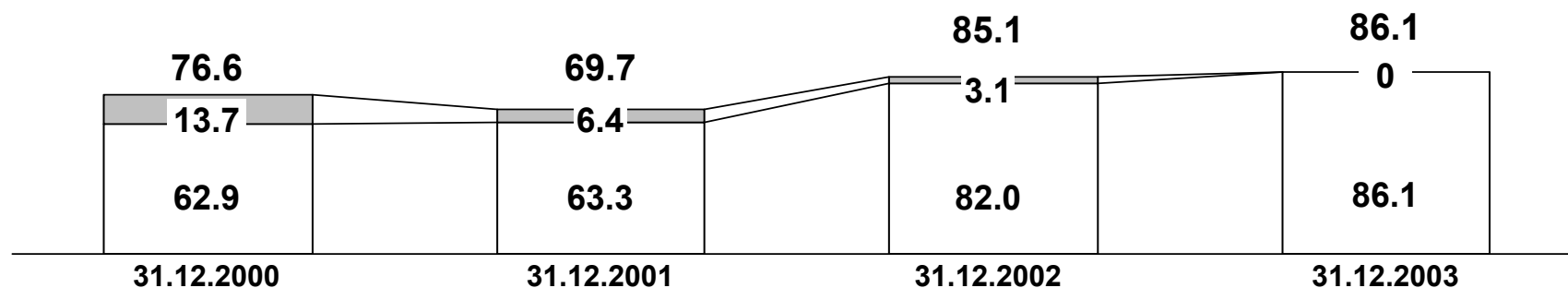
CZK billion

On-balance Sheet

Guaranteed portfolio
 Non-guaranteed portfolio



Off-balance Sheet

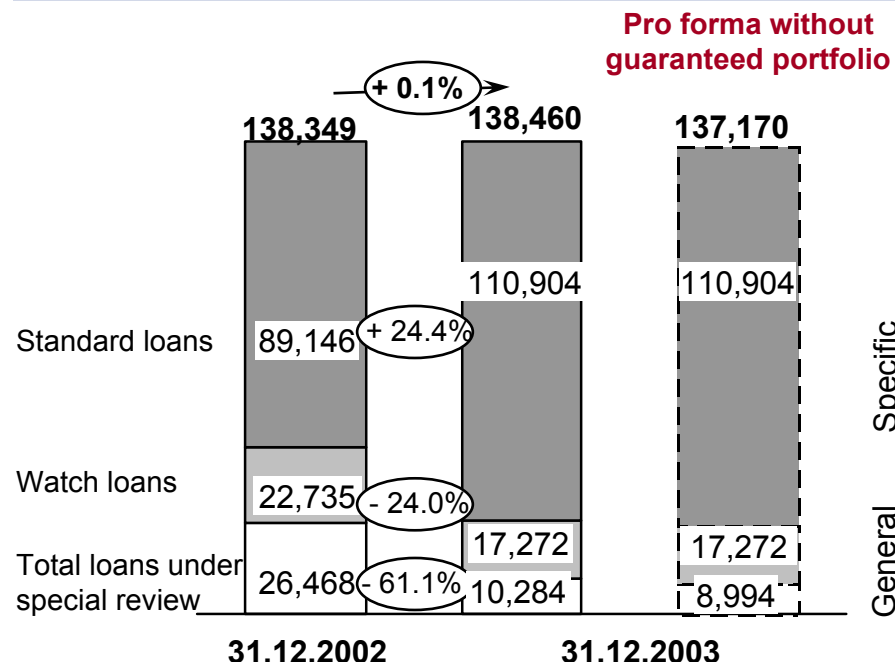


LOANS AND ADVANCES TO CUSTOMERS

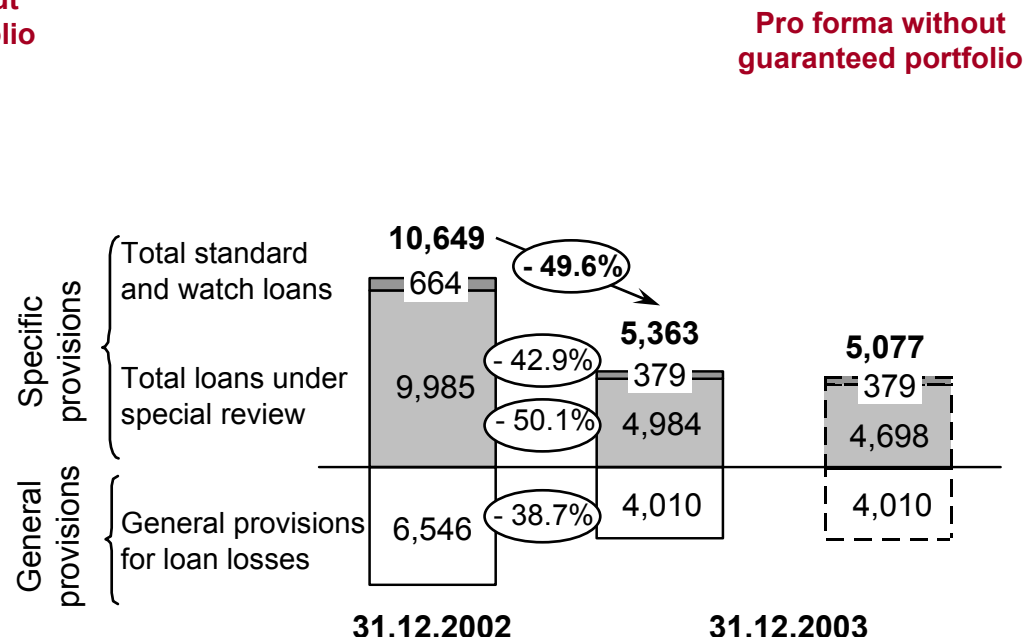
Further quality improvement in the client loan portfolio

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
- Standard loans make up 80% of the total portfolio
- LUSR* decreased to a 7% share in the total portfolio
- Loss loans represent 3% of the total portfolio
- Without guaranteed loans the Work out bank comprise CZK 4.6 bil. as at the end of 2003

- Specific provisions to LUSR cover 48% of LUSR
- Cost of risk on the Premier bank amounted to 37 bp

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



RESULTS AND SETTLEMENT OF THE STATE GUARANTEE

KB used only 25% of the State Guarantee

CZK billion

Changes in the guaranteed portfolio (nominal values)

60.9



Total guaranteed portfolio
as at 31 December 2000

- **CZK 41.5 bil.** State Guarantee not utilised
(repayments, non-fulfilment of the State Guarantee conditions)
- **CZK 18.1 bil.** sales / write offs

1.3



Remaining guaranteed portfolio
as at 31 December 2003

- Final loss as at 31 December 2003 amounted to CZK 5.37 bil.
- KB received an advanced payment of CZK 5.86 bil.

- The State Guarantee should be settled in the first half of 2004 with no material impact on the Bank's financial performance.



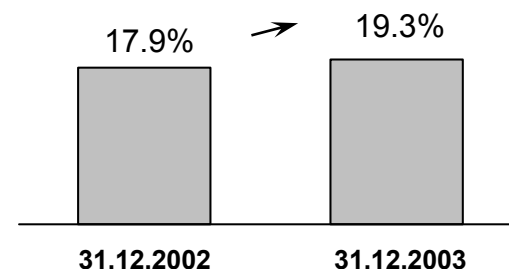
CDO PORTFOLIO

Sound coverage of the portfolio

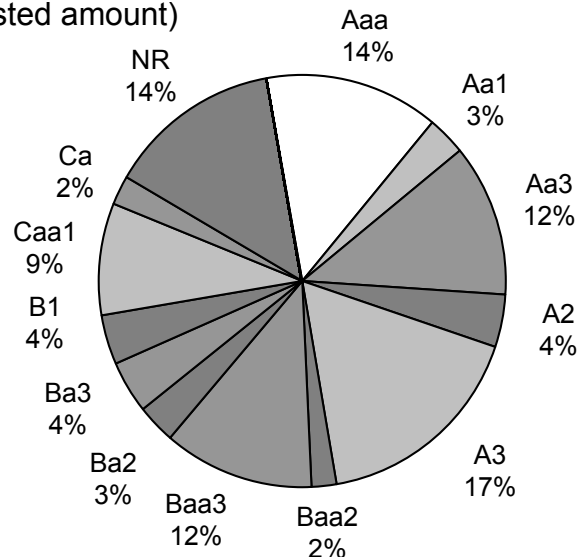
Date of acquisition: September 2000 - April 2001
Initial invested amount: USD 426 mil.
Year-end invested amount: USD 404 mil.
Total coverage (as at 31.12.2003): USD 78 mil.

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

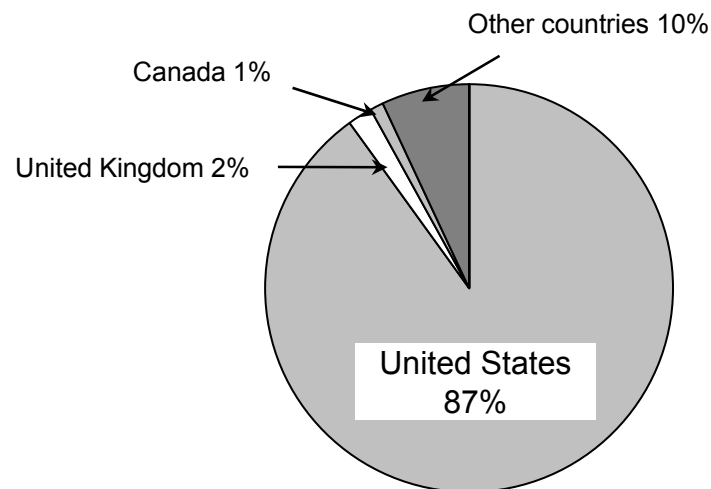
Specific provisions / Invested amount



Rating of the CDO portfolio (by invested amount)



CDO collateral by country



FINANCIAL RESULTS AND RATIOS – CONSOLIDATED

Increase in profit before income taxes by 10%

CZK million

Profit and Loss Statement	FY 2002	FY 2003	Change 03/02
Net banking income	25,359	22,537	- 11.1%
Operating costs	- 15,356	- 12,513	- 18.5%
Income from not fully consolidated companies	- 74	384	-
Provisions for loan and investment losses	1,758	2,427	+ 38.1%
Profit before income taxes	11,687	12,835	+ 9.8%
Income taxes	- 2,661	- 4,166	+ 56.6%
Net profit	9,026	8,669	- 4.0%

Balance Sheet	31.12. 2002	31.12. 2003	Change 03/02
Total assets	446,092	456,663	+ 2.4%
Shareholders' equity	35,366	41,401	+ 17.1%

Key ratios	FY 2002	FY 2003	Change 03/02
Cost / Income Ratio	60.6%	55.5%	↘
Return on Average Equity (ROAE)	29.9%	22.6%	↘
Return on Average Assets (ROAA)	2.1%	1.9%	↘
Number of Employees (FTE) incl. associated companies	11,055	9,287	- 16.0%



SUBSIDIARY AND ASSOCIATED UNDERTAKINGS RESULTS

As at 31 December 2003, CZK mil., CAS/SAS

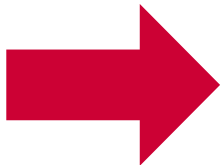
	Share of KB	Profit after tax	Equity	Assets
ASIS, a.s.*	100%	NA	NA	NA
Factoring KB, a.s.	100%	9	127	2,882
Investiční kapitálová společnost, a.s.	100%	74	319	377
Komerční Finance, B.V.	100%	- 1	7	8
Komerční banka Bratislava, a.s. (SAS)	100%	94	552	2,917
Komerční pojišťovna, a.s.	100%	- 110	326	5,791
MUZO, a.s.**	49.9%	134	507	933
Total subsidiary undertakings		200	1,838	12,908
Všeobecná stavební spořitelna KB, a.s.	40%	214	1,522	43,449
Czech Banking Credit Bureau	20%	3	1	12
Total subsidiary and associated undertakings		417	3,361	56,369
KB direct share		220	2,193	29,823
ALL IN REAL ESTATE LEASING, s.r.o. *	100%	NA	NA	NA
ALL IN, a.s.*	100%	- 1	35	24
Penzijní fond Komerční banky, a.s.	100%	365	743	11,067

*Companies in process of disposal or liquidation

**Company sold in the 1Q 2004

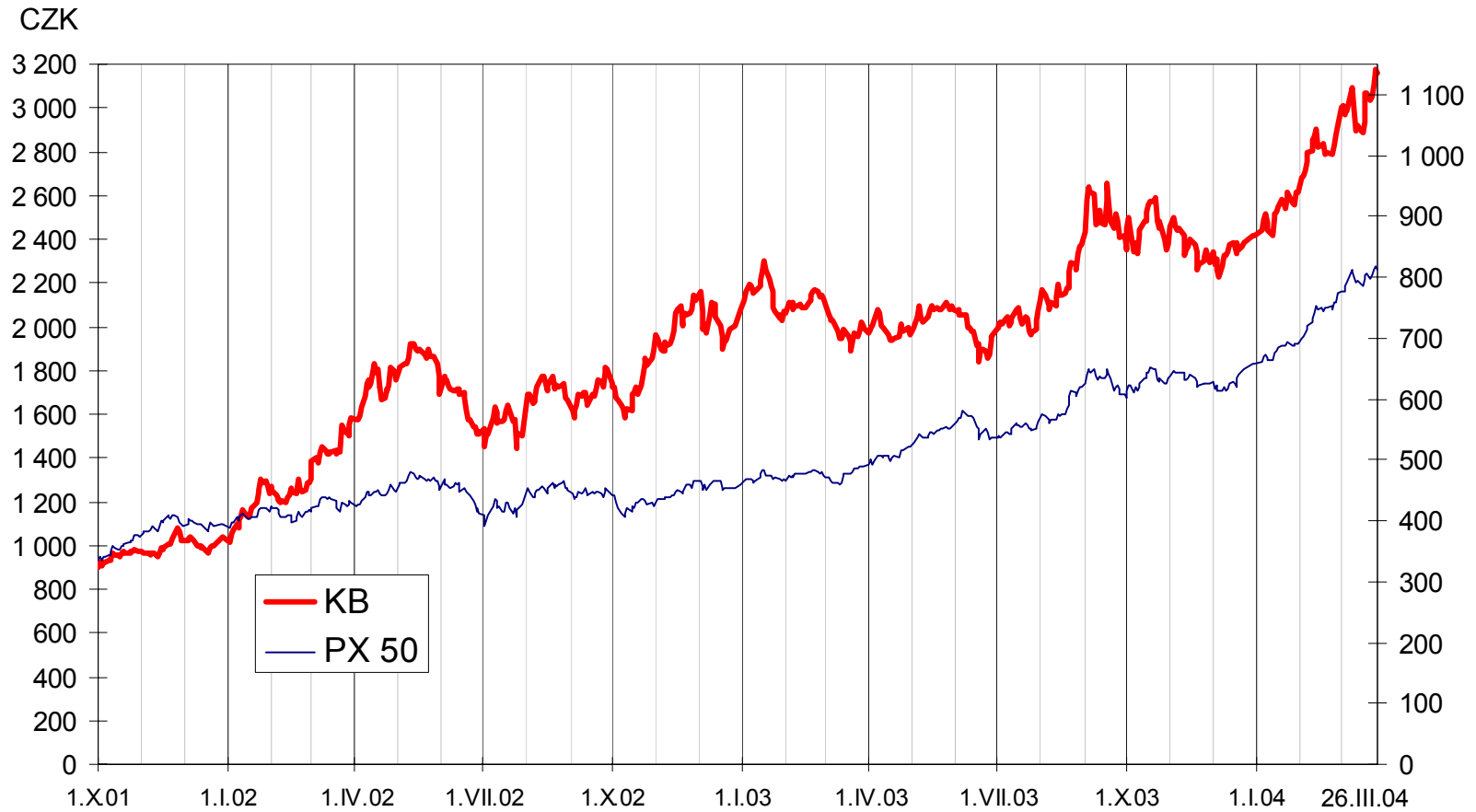


- **Business Performance**
- **Financial Performance**
- **Loan Portfolio Development**

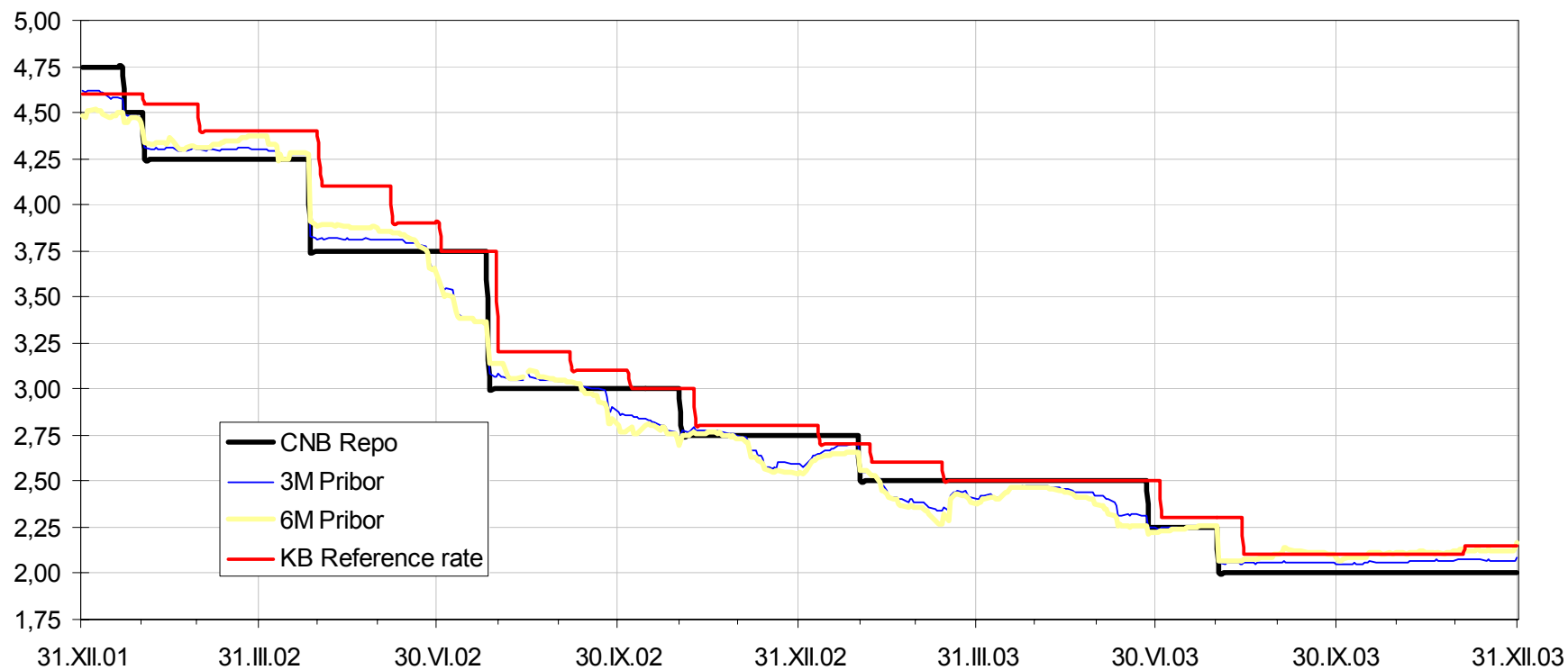


- **Appendix**

DEVELOPMENT OF KB's SHARE PRICE AND INDEX PX50



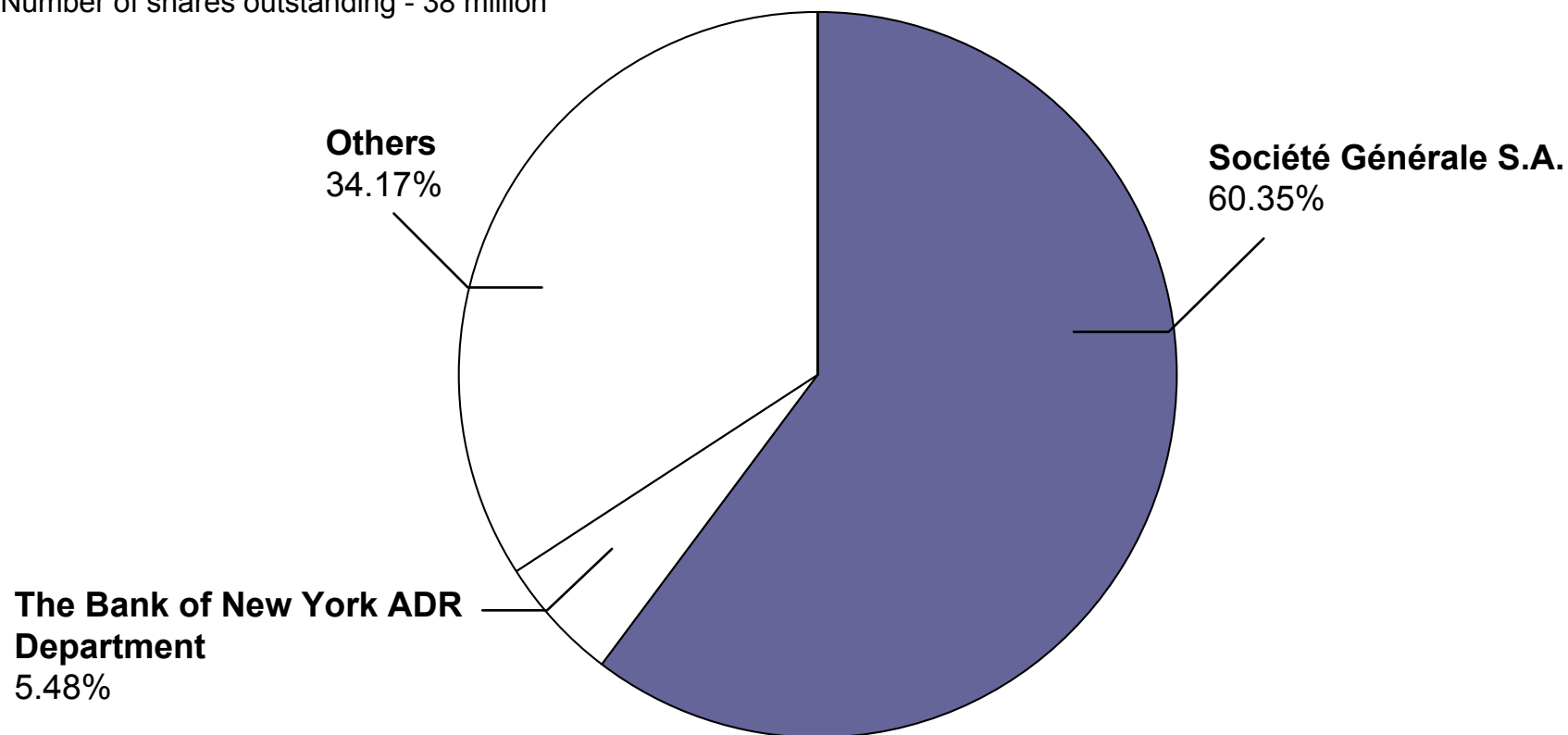
INTEREST RATES TREND



STRUCTURE OF SHAREHOLDERS

Major shareholders of Komerční banka, a. s. with over 5% of the share capital as at 31 December 2003

Number of shares outstanding - 38 million



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