

**KOMERČNÍ BANKA**

**THIRD QUARTER 2001**

**FINANCIAL RESULTS**

**(UNCONSOLIDATED, IAS)**



October 31, 2001

# Content

- Main events page 3 - 4
- Komerční banka - financial results page 5 - 24
- Komerční banka Group - financial results page 25 - 27
- Appendix page 28 - 38



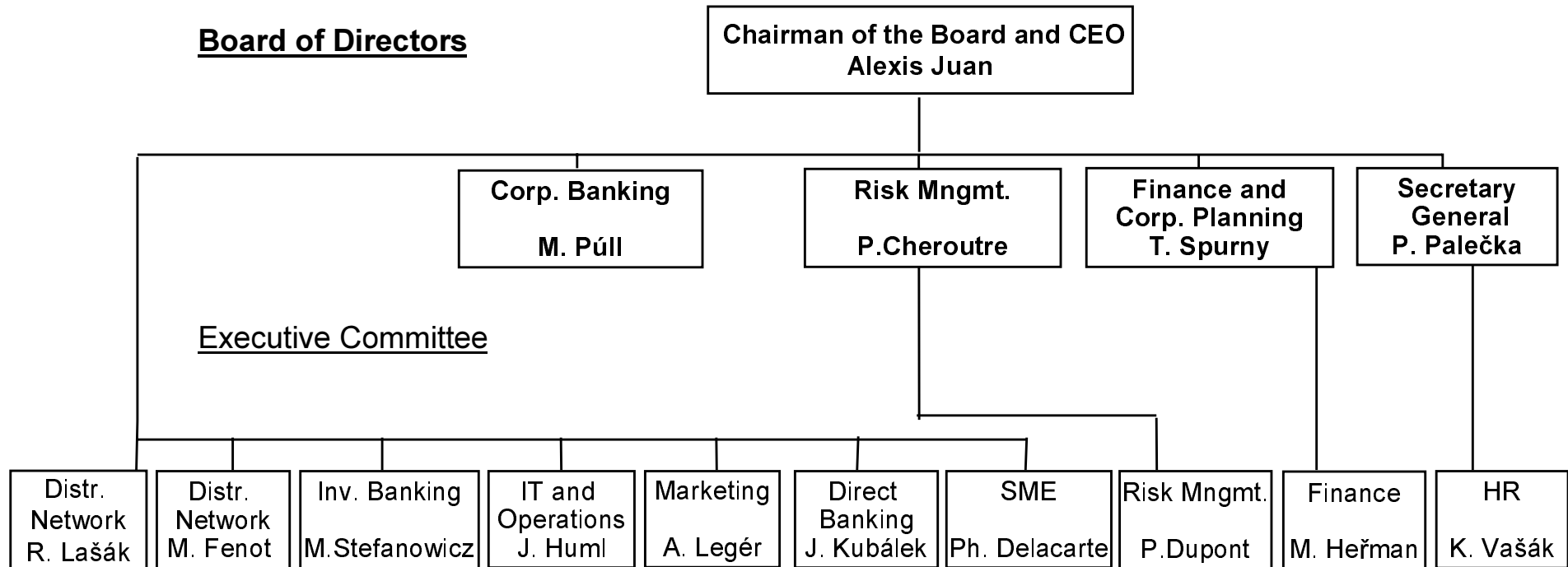
# SUCCESSFUL PRIVATISATION

## Société Générale holds 60% of Komerční banka

- **Share Purchase Agreement** between Société Générale and the Fund of National Property **signed** (July 12, 2001)
- **Société Générale transferred 1.186 billion EUR** to the Fund of National Property (October 4, 2001)
- **New members of the Board of Directors** appointed (October 5, 2001)
- Extraordinary General Meeting **elected the Supervisory Board** and **changed Articles of Association** (October 8, 2001)
- **New organisational chart introduced** (October 9, 2001)
- **Local integration process** underway
- **Executive Committee** to be established (November 1, 2001)



# ORGANISATIONAL CHART



Valid from October 17<sup>th</sup> 2001



**KOMERČNÍ BANKA -  
FINANCIAL RESULTS  
(UNCONSOLIDATED, IAS)**



# PROFIT AND LOSS STATEMENT

## Net profit reached CZK 2.5 billion

CZK million	30.9.2000	30.9.2001	change
Net interest income	9,176	9,434	2.8%
Net fees and commissions	5,051	6,127	21.3%
Net profit / (loss) on financial operations	624	(122)	-119.6%
Net income from subsidiaries and associates	156	222	42.3%
Income from fully written-off loans	804	659	-18.0%
Miscellaneous	114	84	-26.3%
Exceptional net income	148	331	123.6%
<b>Total revenues</b>	<b>16,073</b>	<b>16,735</b>	<b>4.1%</b>
Administrative expenses	(7,905) *	(8,303)	5.0%
Depreciation and other provisions	(1,931)	(1,602)	-17.0%
Restructuring costs and reserves	(408)	(675)	65.4%
<b>Profit / (loss) before provisions for loan and investment losses</b>	<b>5,829</b>	<b>6,155</b>	<b>5.6%</b>
Provision for loan losses	(6,814)	(2,152)	-68.4%
Provision for investment losses	0	(436)	-
Provision for losses from invest. in subsid. and assoc.	0	(296) **)	-
<b>Profit / (loss) before income tax</b>	<b>(985)</b>	<b>3,271</b>	<b>-</b>
Income tax	(1,350)	(739)	-45.3%
<b>Net profit / (loss)</b>	<b>(2,335)</b>	<b>2,532</b>	<b>-</b>

\*) restated (see page 10)

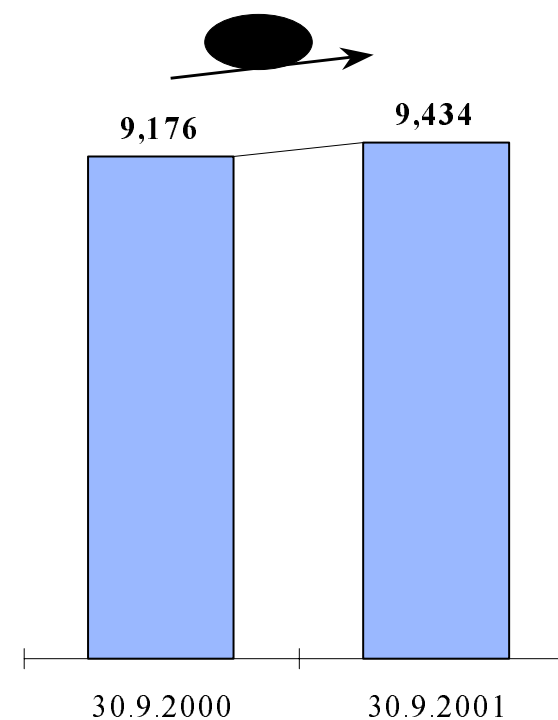
\*\*\*) includes provisions to original investment in Komerční pojišťovna



# NET INTEREST INCOME

## Slight increase in net interest income

CZK million	30.9.2000	30.9.2001	change
<b>Interest income</b>	<b>21,699</b>	<b>20,668</b>	<b>-4.8%</b>
- securities	1,066	1,919	80.0%
- financial institutions	9,157	9,390	2.5%
- customers	11,476	9,359	-18.4%
<b>Interest expenses</b>	<b>(12,523)</b>	<b>(11,234)</b>	<b>-10.3%</b>
- securities	(1,557)	(1,511)	-3.0%
- financial institutions	(3,182)	(2,652)	-16.7%
- customers	(7,784)	(7,071)	-9.2%
<b>Net interest income</b>	<b>9,176</b>	<b>9,434</b>	<b>2.8%</b>



# NON-INTEREST INCOME

## Continuing growth of net fees and commissions

CZK million	30.9.2000	30.9.2001	change
Fees and commission income	3,815	4,740	24.2%
Fees and commission expense	(824) *)	(325)	-60.6%
<b>Fees and commissions</b>	<b>2,991</b>	<b>4,415</b>	<b>47.6%</b>
FX clean payments	1,124	1,048	-6.8%
FX documentary payments	35	14	-60.0%
FX cash conversions	901	650	-27.9%
<b>Net fees and commissions</b>	<b>5,051</b>	<b>6,127</b>	<b>21.3%</b>
Securities	774 **)	(337)	-143.5%
Foreign exchange gains	63	223	254.0%
Interest rate derivatives	(213)	(8)	-96.2%
<b>Net profit / (loss) on financial operations</b>	<b>624</b>	<b>(122)</b>	<b>-119.6%</b>
<b>Net income from subsidiaries and associates</b>	<b>156</b>	<b>222</b>	<b>42.3%</b>
<b>Income from fully written-off loans</b>	<b>804</b>	<b>659</b>	<b>-18.0%</b>
<b>Miscellaneous</b>	<b>114</b>	<b>84</b>	<b>-26.3%</b>
<b>Exceptional net income</b>	<b>148</b>	<b>331</b>	<b>123.6%</b>

\*) includes CZK 523 mil. costs from securitisation

\*\*\*) includes CZK 273 mil. of gain from Konsolidační banka transaction (March 2000)



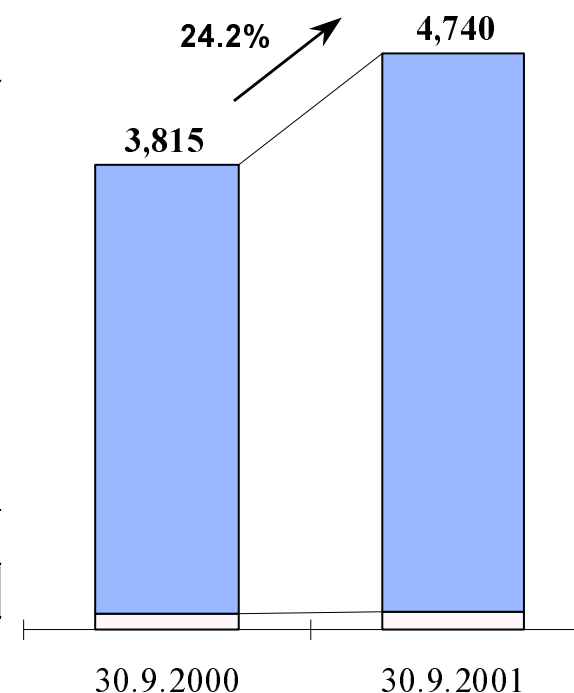


# FEES AND COMMISSION INCOME

## Strong growth in credit and payment related fees

CZK million	30.9.2000	30.9.2001	change
Fees and commission income from clients	3,680	4,591	24.8%
consisting of:			
payments	1,477	1,734	17.4%
account maintenance	723	932	28.9%
administration of loans	452	774	71.2%
payment cards	167	259	55.1%
exchange offices	191	190	-0.5%
cheques	24	25	4.2%
other	646	677	4.8%
Other fees and commission income	135	149	10.4%
<b>Fees and commission income</b>	<b>3,815</b>	<b>4,740</b>	<b>24.2%</b>

- Fees and commission income from clients
- Other fees and commission income



# TOTAL COSTS

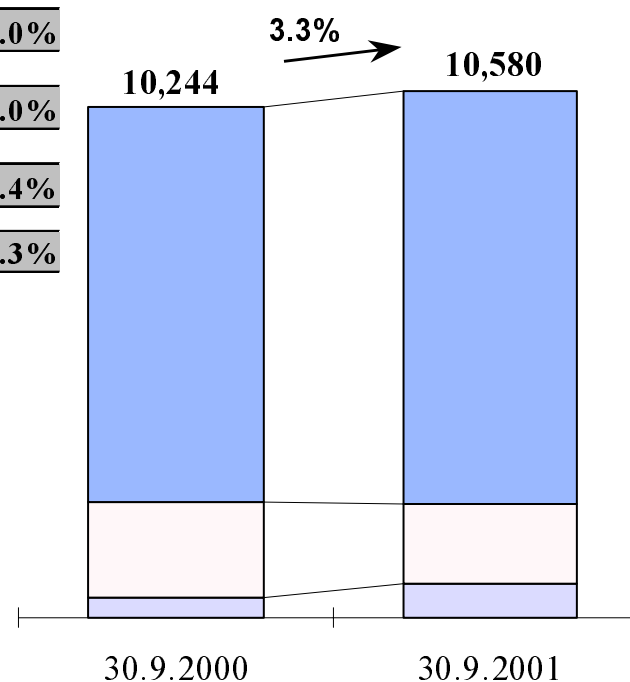
## Cost base impacted by Work out bank and restructuring charges

CZK million	30.9.2000	30.9.2000 restated	30.9.2001	change
Salaries and social costs	3,451 *)	3,943	4,301	9.1%
Other administrative expenses	3,470 *)	3,962	4,002	1.0%
<b>Administrative expenses</b>	<b>6,921</b>	<b>7,905</b>	<b>8,303</b>	<b>5.0%</b>
<b>Depreciation and other provisions</b>	<b>1,931</b>	<b>1,931</b>	<b>1,602</b>	<b>-17.0%</b>
<b>Restructuring costs and reserves</b>	<b>408</b>	<b>408</b>	<b>675</b>	<b>65.4%</b>
<b>Total costs</b>	<b>9,260</b>	<b>10,244</b>	<b>10,580</b>	<b>3.3%</b>

\*) Does not include accruals, restated due to change of accounting policy in 2001

- Other administrative expenses (3Q2001) contain CZK 180 mil. related to Reflexim charges (cost dedicated to transferred employees)
- Restructuring costs 3Q2001 comprise costs relating to restructuring of management and equipment infrastructure, costs relating to continuing staff reduction and office space vacation
- The number of employees fell by 1,315 to 9,388 against the end of 2000 (including 700 employees transferred to Reflexim and ASIS)

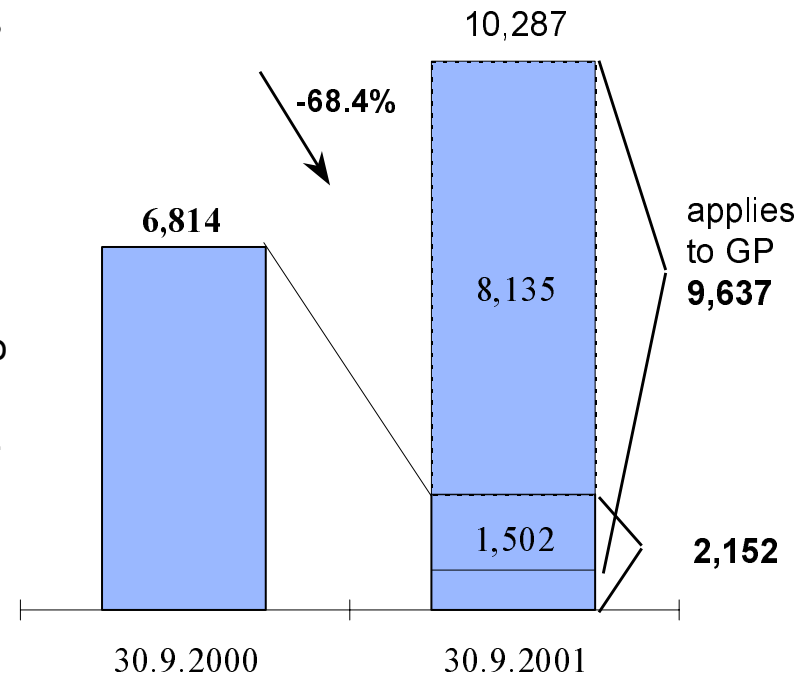
- Administrative expenses
- Depreciation and other provisions
- Restructuring costs and reserves



# PROVISIONS FOR LOAN LOSSES

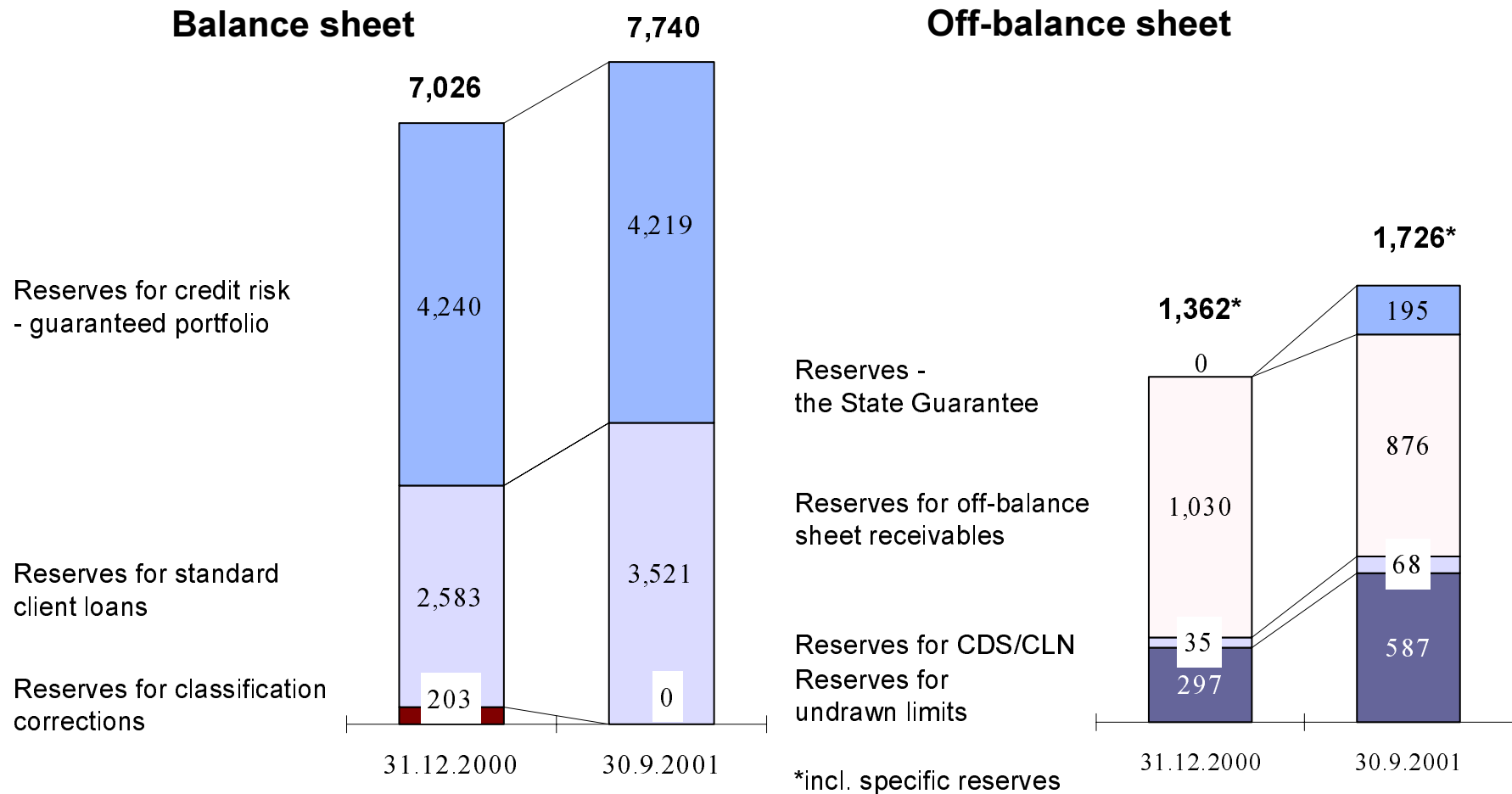
## Significant positive impact of the State Guarantee

- KB created provisions for loan losses in amount of CZK 2,152 mil. in total, of which CZK 1,502 mil. (incl. KB participation and time discount) was created against the guaranteed portfolio
- In addition, KB keeps CZK 4,130 mil. of general reserves covering the guaranteed portfolio general risk and CZK 284 mil. of reserves to the State Guarantee
- Without the State Guarantee, KB would have to create additional CZK 8,135 mil. of specific provisions and reserves
- Realized loss on the decrease of the guaranteed portfolio (by CZK 19,500 mil.) is CZK 208 mil., of which KB 5% participation is CZK 10 mil and time discount CZK 22 mil.
- Expected unrealized guarantee application on the guaranteed portfolio (CZK 41,400 mil.) is CZK 9,429 mil., of which:
  - CZK 7,959 mil. additional provisioning (i.e. collateral)
  - CZK 472 mil. KB 5% participation
  - CZK 998 mil. time discount



# GENERAL RESERVES DEVELOPMENT

Continuing prudence in coverage of potential risks



# KEY RATIOS

## Positive development of key ratios

Ratios	30.9.2000	30.9.2001	change
CNB - Capital Adequacy	15.70%	13.61%	→
Net Interest Margin	3.58%	3.56%	→
Cost / Income ratio *)	61.20%	59.19%	→
Return on Average Equity (ROAE)	-9.84%	15.50%	↗
Return on Average Assets (ROAA)	-0.46%	0.83%	↗
Non-interest Income / Total Revenues	42.91%	43.63%	→

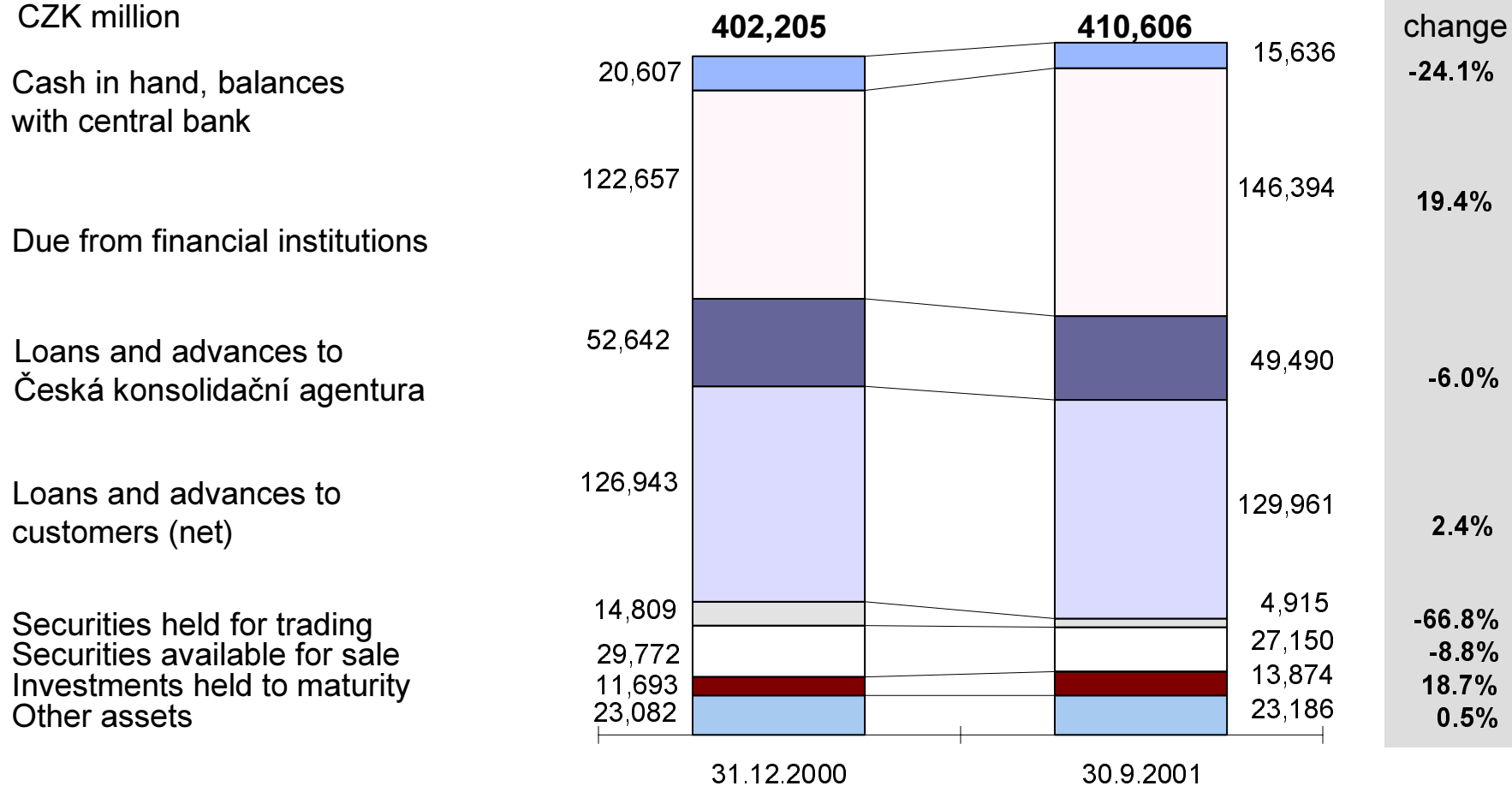
\*) excluding restructuring costs



# ASSETS

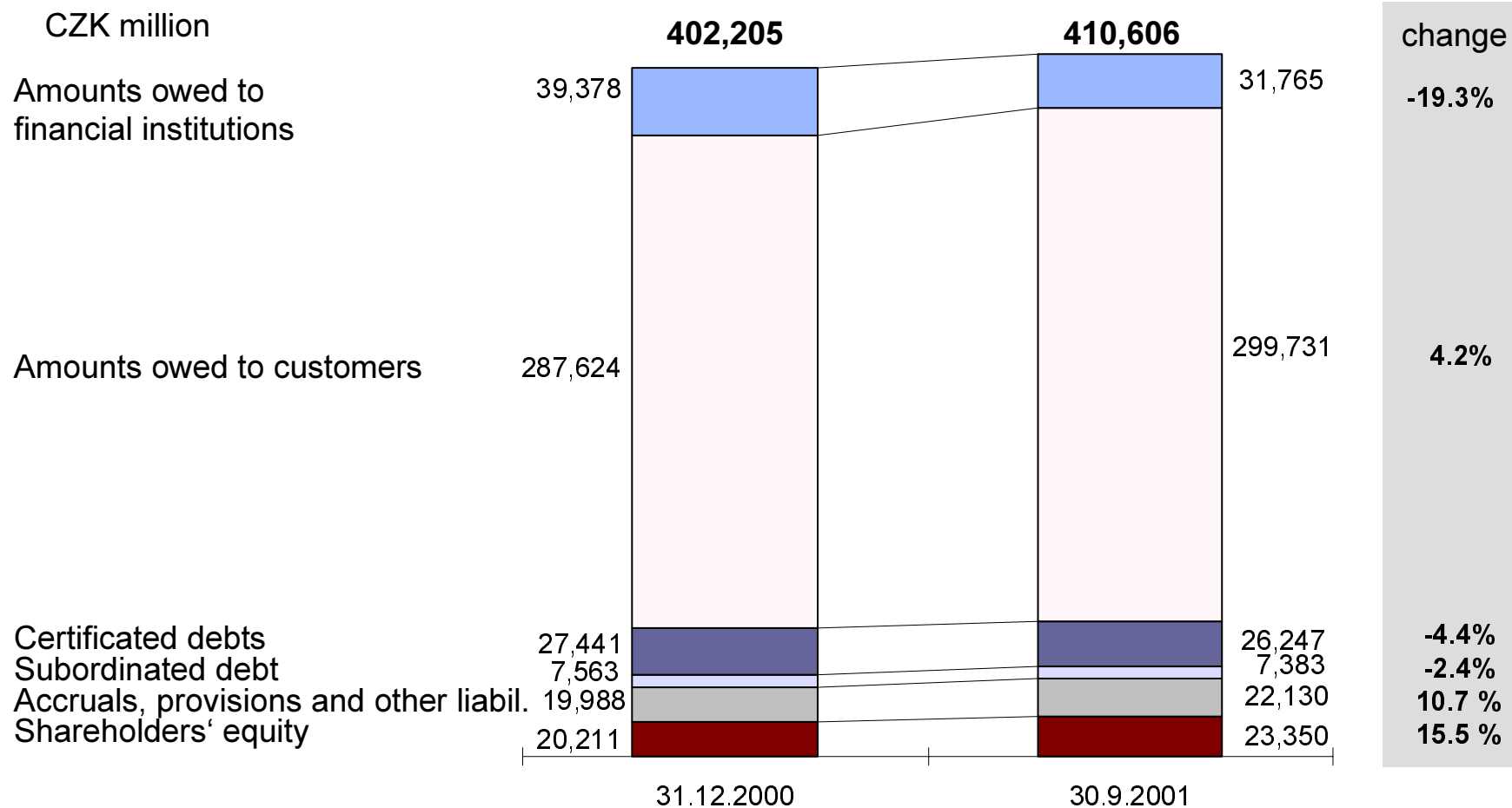
## Incremental increase of Total Assets

CZK million



# LIABILITIES

Client deposits reached CZK 300 bil.

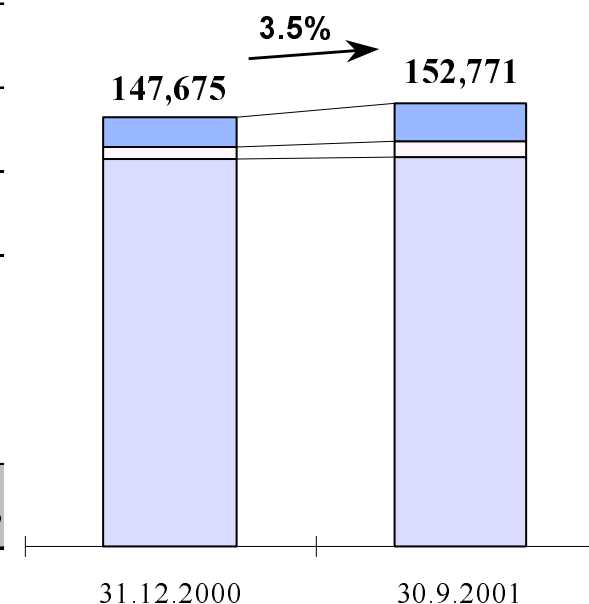


# STRUCTURE OF KB's LOAN PORTFOLIO BY TYPES

## Continuing strong growth of mortgages and consumer loans

CZK million	31.12.2000	30.9.2001	change
Mortgages	10,234	13,262	29.6%
Consumer loans	4,185	5,562	32.9%
Business loans	133,256	133,947	0.5%
Loans to clients less than CZK 50 mil. *)	58,891	57,518	-2.3%
Loans to clients from CZK 50 to 500 mil. *)	51,419	49,846	-3.1%
Loans to clients above CZK 500 mil. *)	22,946	26,583	15.9%
<b>Total customer loans</b>	<b>147,675</b>	<b>152,771</b>	<b>3.5%</b>

■ Mortgages  
■ Consumer loans  
■ Business loans



\*) per transaction amount





# STRUCTURE OF KB's LOAN PORTFOLIO BY CLASSIFICATION

## Significant improvement in asset structure

On Balance Sheet	31. 12. 2000		30.9.2001		
CZK million	amount	provisions	amount	provisions	amount change
Standard	68,127	0	88,035	0	29.2%
Watch	29,782	396	24,460	457	-17.9%
<b>Total standard and watch loans</b>	<b>97,909</b>	<b>396</b>	<b>112,495</b>	<b>457</b>	<b>14.9%</b>
Sub-standard	24,625	1,250	13,298	849	-46.0%
Doubtful	6,323	1,106	10,128	1,640	60.2%
Loss	18,818	10,954	16,850	12,124	-10.5%
<b>Total loans under special review</b>	<b>49,766</b>	<b>13,310</b>	<b>40,276</b>	<b>14,613</b>	<b>-19.1%</b>
General reserves		7,026		7,740	
<b>Total customer loans</b>	<b>147,675</b>	<b>20,732</b>	<b>152,771</b>	<b>22,810</b>	<b>3.5%</b>
LUSR *) / total customer loans	33.7%		26.4%		
Loss loans / total customer loans	12.7%		11.0%		
(Provisions for LUSR + general reserves for LUSR) / LUSR		35.7%		46.8%	
(Provisions for LUSR + general reserves for LUSR + impact of the State Guarantee) / LUSR		35.7%		63.8%	

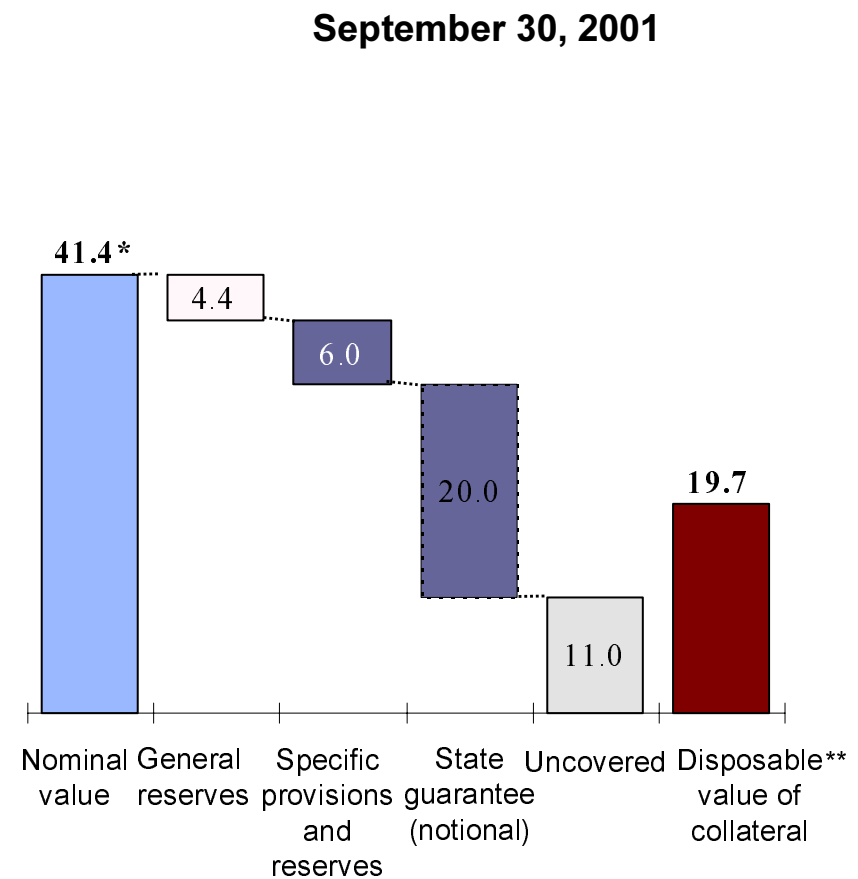
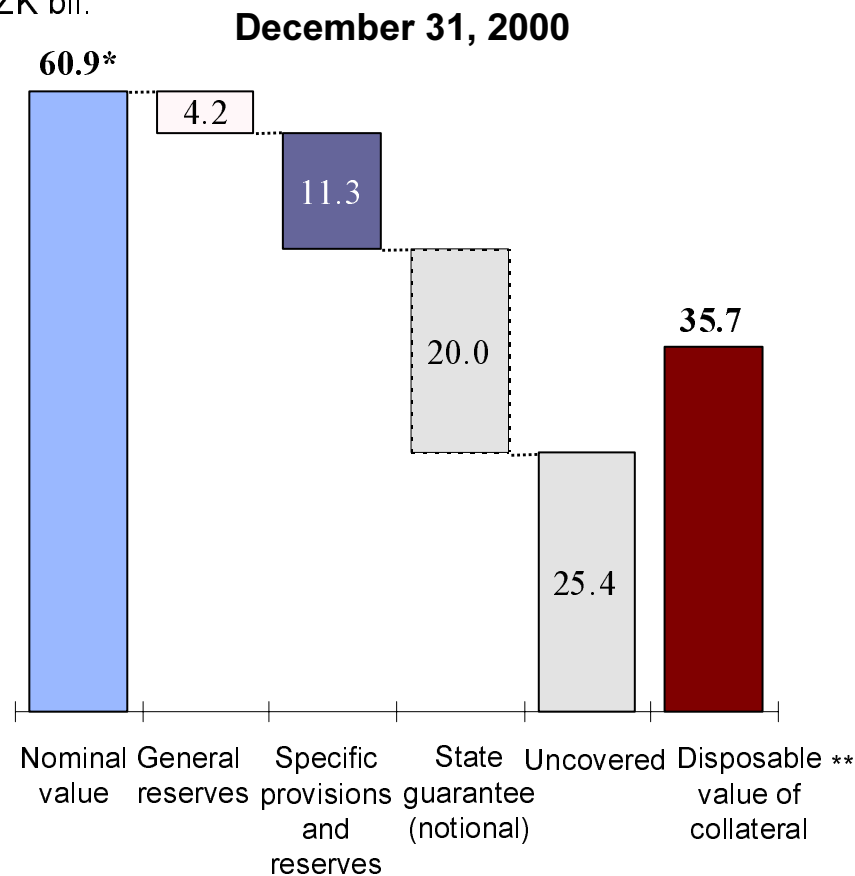
\*) LUSR = loans under special review (sub-standard, doubtful, loss)



# GUARANTEED PORTFOLIO

## Significant improvement in NPL's coverage through provisions and reserves

CZK bil.



\* includes balance and off-balance sheet assets

\*\* disposable value of collateral decreased in accordance with more conservative KB valuation of collateral



# GUARANTEED PORTFOLIO DEVELOPMENT

## Almost one third of NPL's liquidated without significant losses

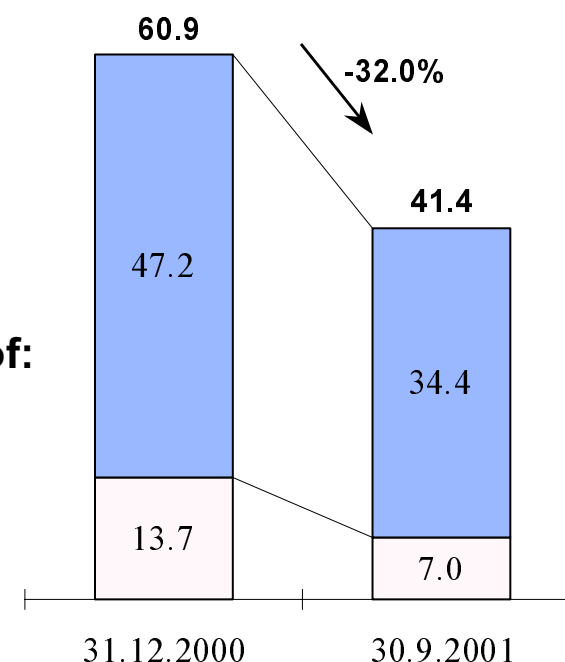
### ■ Balance sheet decrease of CZK 12.8 billion consists of:

Off-balance facilities drawn	(2.7)
Repayment	10.5
Sale	1.7
Decrease of undrawn limits	2.0
Excluded *)	4.4
Change in undrawn limits	(3.1)
<b>Total</b>	<b>12.8</b>

### ■ Off-balance sheet decrease of CZK 6.7 billion consists of:

Drawn downs of off B/S facilities (off B/S to B/S)	2.7
Expired or withdrawn commitments	0.8
Excluded *)	0.1
Change in undrawn limits	3.1
<b>Total</b>	<b>6.7</b>

■ Balance sheet  
□ Off-balance sheet

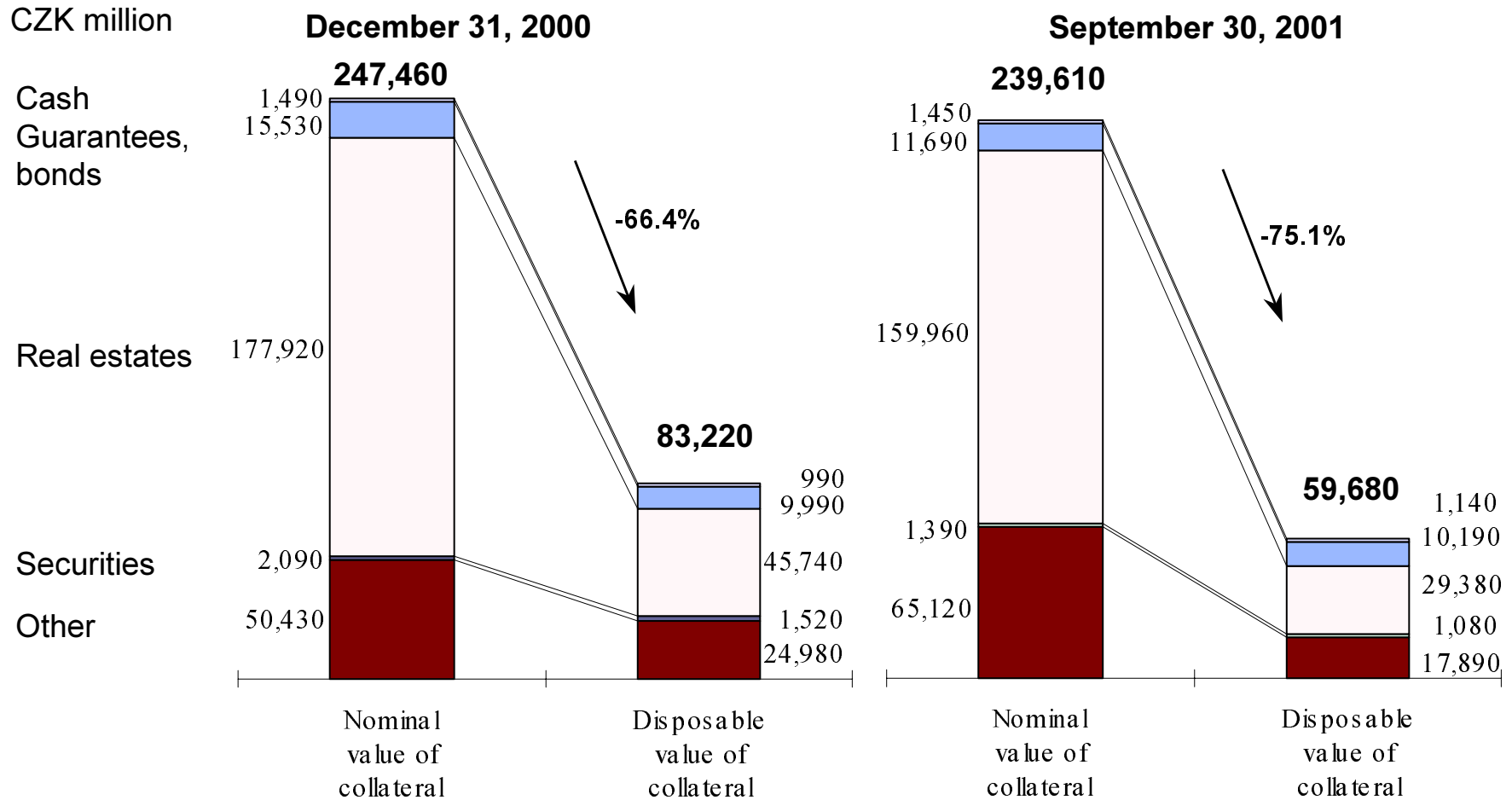


\*) KB has taken out CZK 4.5 billion of fully provisioned cases where NBV = 0 as of December 31, 2000 due to the structure of the contract (i.e. call option of KoB)



# STRUCTURE OF COLLATERAL

## Prudent collateral valuation policy implemented during 2001



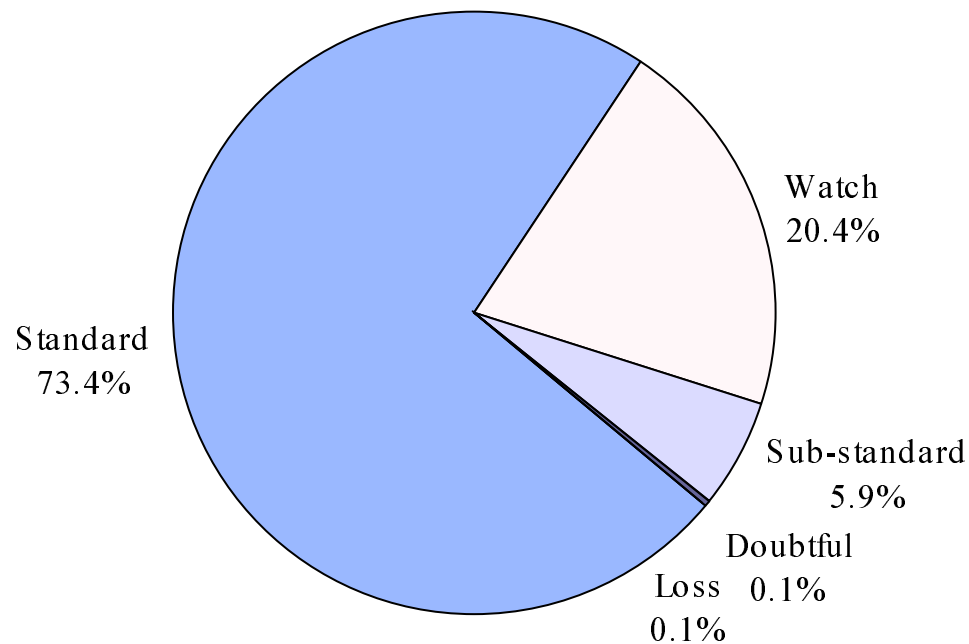
# PREMIER AND WORK OUT BANK

## Majority of NPL's already transferred into Work out bank

Total value of customer loans CZK 152,771 million

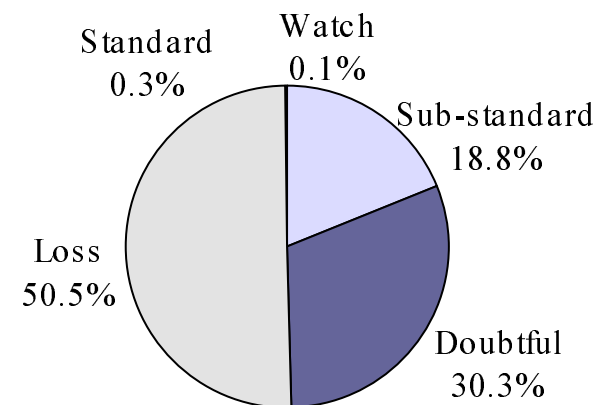
### PREMIER BANK

31.12.2000	30.9.2001	change
113,907	119,736	5.1%



### WORK OUT BANK

31.12.2000	30.9.2001	change
33,768	33,035 *)	-2.2%



\*) part of the guaranteed portfolio is included in Premier bank



# PREMIER BANK - LOANS GRANTED FROM 1. 1. 2001 TO 30. 9. 2001

## New lending indicates improvement signs

Total value of customer loans CZK 42,115 million (Premier bank + Work out bank)

CZK mil.	New loans	Revolving loans	Forced loans	Total loans
Standard	25,472	8,724	8	34,204
Watch	2,765	2,988	182	5,935
Sub-standard	177	748	263	1,188
Doubtful	1	0	4	5
Loss	0	0	0	0
<b>Total</b>	<b>28,415</b>	<b>12,460</b>	<b>457</b>	<b>41,332</b>



# WORK OUT BANK - LOANS GRANTED FROM 1. 1. 2001 TO 30. 9. 2001

**Work out bank focuses on recovery of existing assets**

**Total value of customer loans CZK 42,115 million (Premier bank + Work out bank)**

CZK mil.	New loans	Revolving loans	Forced loans	<b>Total</b>
Standard	0	0	0	<b>0</b>
Watch	0	0	0	<b>0</b>
Sub-standard	182	56	23	<b>261</b>
Doubtful	5	380	131	<b>516</b>
Loss	6	0	0	<b>6</b>
<b>Total</b>	<b>193</b>	<b>436</b>	<b>154</b>	<b>783</b>



# PREMIER AND WORK OUT BANK

## Profit and loss statement

Based on internal management accounting system and reconciled to IAS pro-forma statement

in CZK million	Premier bank *		Work out bank		KB Total	
	30.6.2001**)	30.9.2001	30.6.2001**)	30.9.2001	30.6.2001	30.9.2001
Net interest income	5,380	8,179	742	1,255	6,122	9,434
Net fees and commissions	3,780	5,862	247	265	4,027	6,127
Other income *)	788	476	20	39	808	515
Income from fully written-off loans	0	0	499	659	499	659
<b>Total revenues</b>	<b>9,948</b>	<b>14,517</b>	<b>1,508</b>	<b>2,218</b>	<b>11,456</b>	<b>16,735</b>
Administrative expenses	(5,523)	(7,698)	(467)	(588)	(5,990)	(8,286)
Depreciation and other provisions	(636)	(2,294)	0	0	(636)	(2,294)
<b>Profit/loss before provisions for loan and investment losses</b>	<b>3,789</b>	<b>4,525</b>	<b>1,041</b>	<b>1,630</b>	<b>4,830</b>	<b>6,155</b>
Provision for loan and investment losses	(63)	(1,449)	(1,535)	(1,435)	(1,598)	(2,884)
<b>Profit / (loss) before income tax</b>	<b>3,726</b>	<b>3,076</b>	<b>(494)</b>	<b>195</b>	<b>3,232</b>	<b>3,271</b>
Income tax	NA	NA	NA	NA	(517)	(739)
<b>Net profit / (loss)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>2,715</b>	<b>2,532</b>

\*) premier bank includes IAS reconciliation differences

\*\*) restated





# KOMERČNÍ BANKA GROUP - FINANCIAL RESULTS

(CAS)



# FINANCIAL GROUP - BUSINESS ACTIVITIES

- Redesign of **new form of product packages „PREMIUM“** and **„OPTIMUM“** newly including products of FG (optional offer) – mutual funds (IKS KB), insurance (KP KB), pension funds (PF KB), factoring (F KB) and leasing (CAC)
- **Introduction of asset gathering products** (life insurance of Komerční pojišťovna, mutual funds of IKS and pension funds of PF KB) into the distribution banking network of KB
- Sales of more assets gathering products of KP KB, IKS KB and PF KB **through Express line** (telephone banking)
- **Selling of banking products** (KB products) by distribution network of subsidiaries and associated companies - credit cards through Všeobecná stavební spořitelna (VSS KB) and Komerční pojišťovna (pilot program)

# SUBSIDIARY AND ASSOCIATED UNDERTAKINGS RESULTS (CAS)

CZK thousands	Profit after tax	Equity	Assets
A-TRADE, s. r. o. *)	(12,378)	20,328	50,133
ASIS, a. s.	NA	NA	NA
Factoring KB, a. s.	11,944	110,469	2,149,210
Investiční kapitálová společnost, a. s.	23,140	191,242	223,657
Komerční Finance, B. V.	546	4,914	7,685,930
Komerční banka Bratislava, a. s.	20,012	424,282	4,288,095
Komerční pojišťovna, a. s.	(276,739) **)	2,414	2,570,151
Reflexim, a. s.	NA	NA	NA
<b>Total subsidiary undertakings</b>	<b>(233,475)</b>	<b>753,649</b>	<b>16,967,176</b>
CAC LEASING, a. s. (50% holding)	52,592	536,027	19,438,041
MUZO, a. s. (49.9% holding)	78,613	360,762	1,025,444
Všeobecná stavební spořitelna KB, a. s. (40% holding)	196,257	1,301,647	25,704,486
<b>Total associated undertakings</b>	<b>327,462</b>	<b>2,198,436</b>	<b>46,167,971</b>
<b>Total subsidiary and associated undertakings</b>	<b>93,987</b>	<b>2,952,085</b>	<b>63,135,147</b>
From it KB share	(89,448)	1,722,342	37,479,685
ALL IN REAL ESTATE LEASING, s. r. o. *)	5,188	33,433	82,073
ALL IN, a. s. *)	620	81,534	82,268
Penzijní fond Komerční banky, a. s. companies are not included in the consolidated statement	170,454	7,427,469	7,596,963

\*) companies in process of disposal or liquidation \*\*\*) provisioned in KB P&L



# KOMERČNÍ BANKA - APPENDIX



# KEY DATA - CDO AND CDS PORTFOLIO

<b>ON BALANCE SHEET in CZK mil.</b>	<b>Purchased</b>	<b>Purchase price</b>	<b>Share in CDO portfolio</b>	<b>Specific provisions as at 30.9.2001</b>	<b>Specific provisions / Purchase price</b>
CDO: Portfolio held to maturity	September 2000 - June 2001	14,360	85%	436	3%
CDO: Portfolio available for sale		2,590	15%	126	5%
<b>CDO: Total</b>		<b>16,950</b>	<b>100%</b>	<b>562</b>	<b>3%</b>

CDO weighted expected life: 9.87 years

<b>OFF BALANCE SHEET in CZK mil.</b>	<b>Purchased</b>	<b>Nominal value</b>	<b>General reserves as at 30.9.2001</b>	<b>General reserves / Nominal value</b>
<b>CDS</b>	<b>December 2000</b>	<b>3,510</b>	<b>68</b>	<b>2%</b>

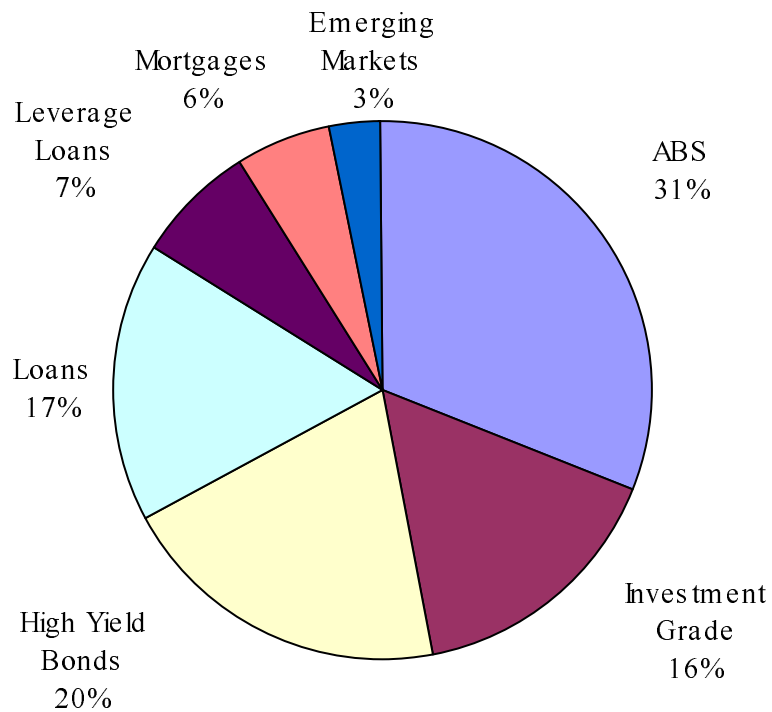
CDS maturity: 2010

Rating of CDS collateral: AAA+

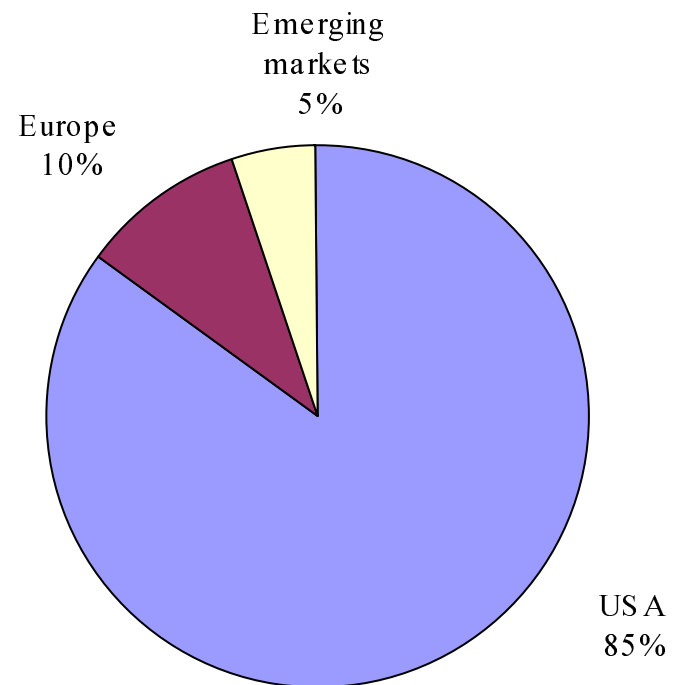


# COMPOSITION OF CDO's PORTFOLIO

## Collateral Composition of Portfolio

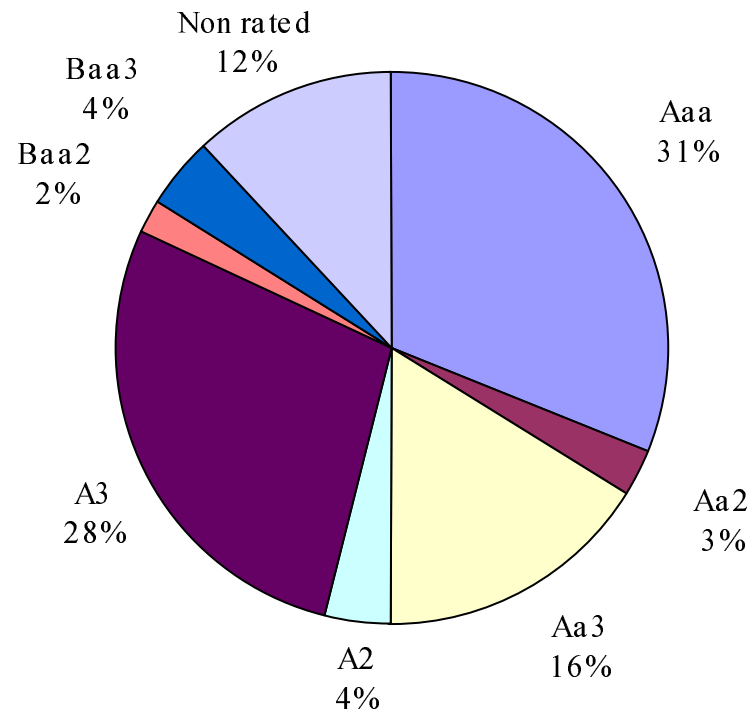


## Geographical composition of Portfolio



# RATING COMPOSITION OF CDO's PORTFOLIO

Weighted rating of the CDO portfolio is A2/A



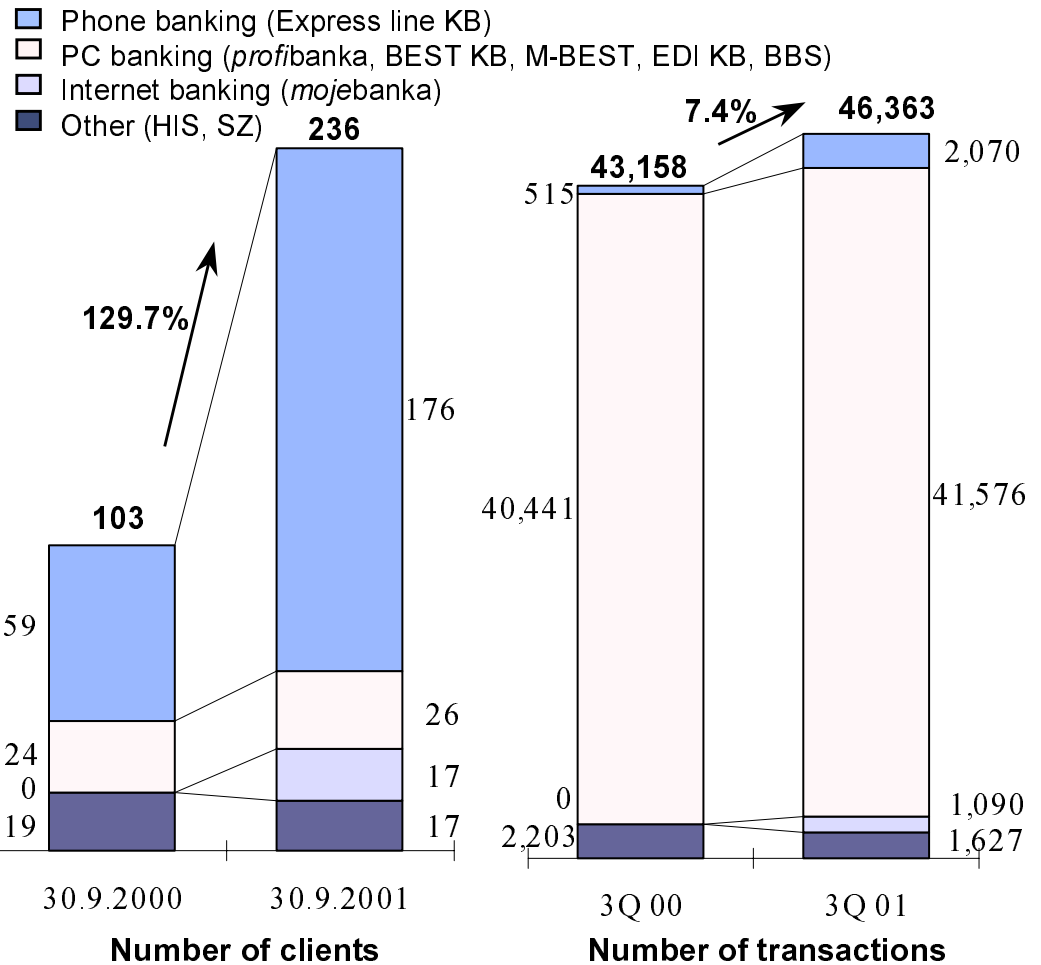
Rated by Moody's



# BUSINESS ACTIVITIES

in thousand

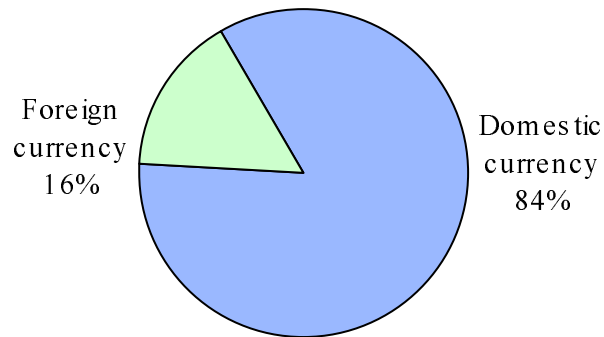
- The number of KB clients using Direct banking more than doubled compared to last year
- New modern PC banking service - *profibanka* - finished its pilot run. Standard operation started in October 2001
- Expreskonto KB offers communication with KB specialized subsidiaries through Express line KB
- Internet banking launched in April reaching by now 17 thousand clients



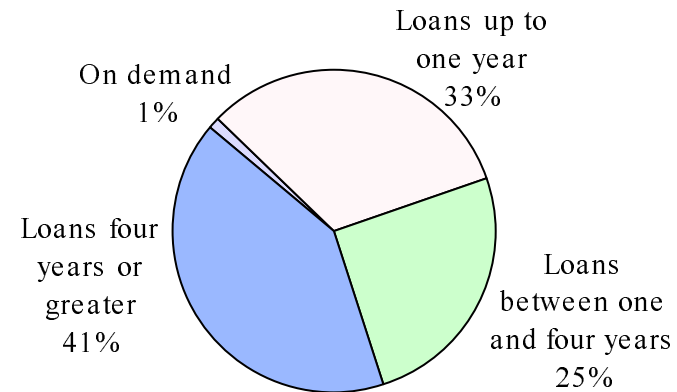


# STRUCTURE OF KB's LOAN PORTFOLIO

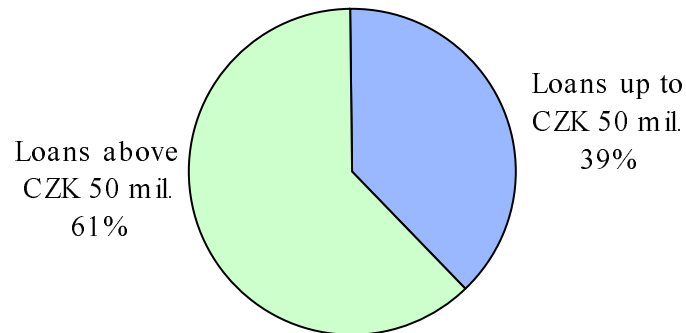
**Structure by currency**



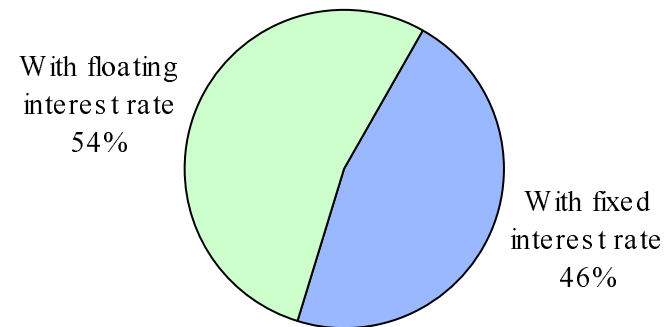
**Structure by maturity**



**Structure by amount**



**Structure by interest rate**



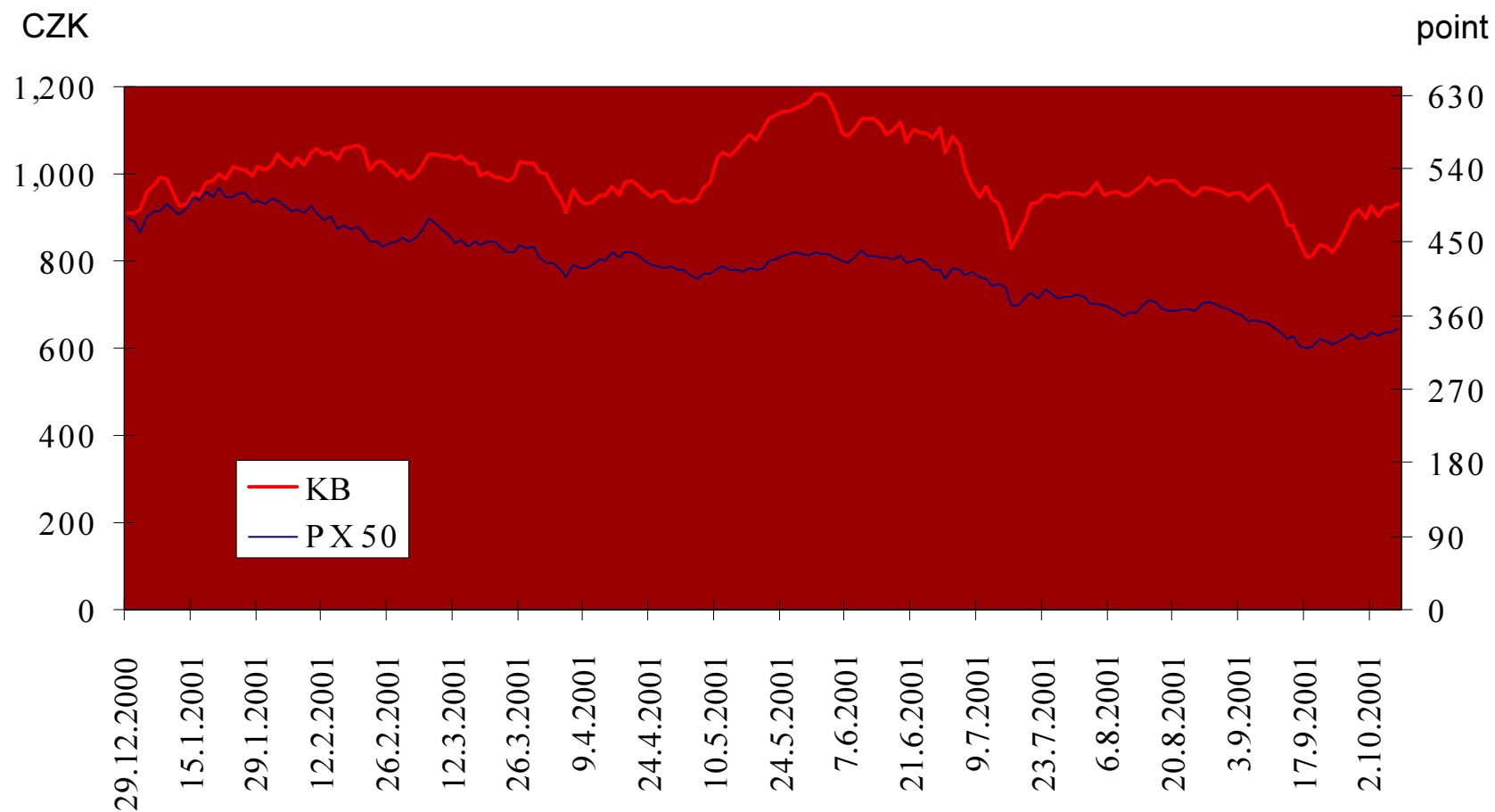
# STRUCTURE OF LOANS BY INDUSTRY

<b>Industry *)</b> CZK million	<b>amount</b>	<b>share</b>
Other industries	33,655	22%
Trade and accommodation	26,415	17%
Finance and insurance	12,633	8%
Other manufacturing industries	10,503	7%
Transport, tourism and communications	9,788	6%
Food	9,667	6%
Manufacture of basic metals	9,123	6%
Agriculture	7,023	5%
Machinery	6,942	5%
Production and distribution of electricity, gas, and water	6,508	4%
Chemical and pharmaceutical	5,970	4%
Construction	5,480	4%
Textile and leather	4,807	3%
Electrotechnical and electronic	2,449	2%
Natural resources and mining	1,352	1%
Forestry	456	0%
<b>Total customer loans</b>	<b>152,771</b>	<b>100%</b>

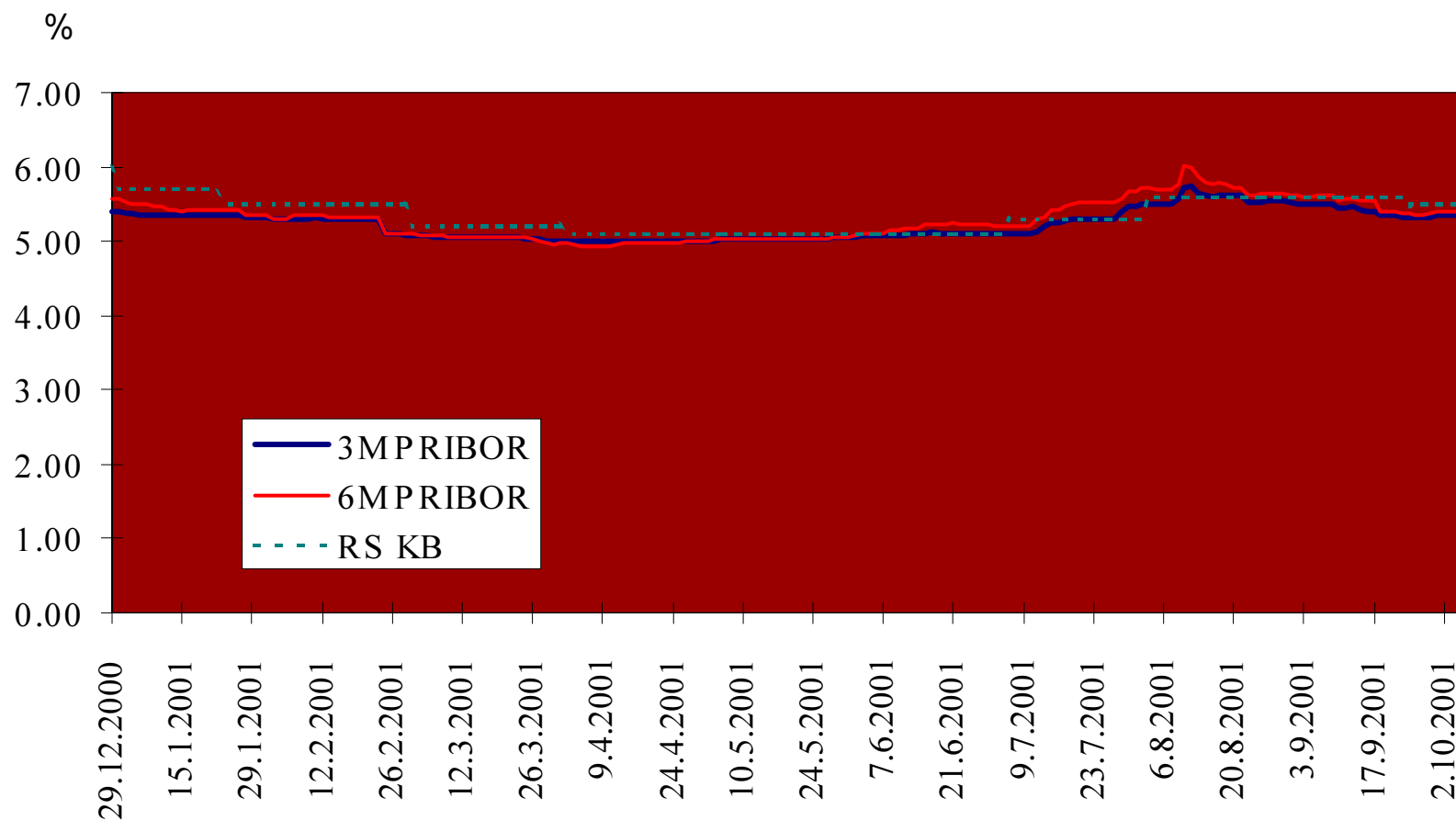
\*) structure reported by OKEČ (i.e. Statistical Office codes)



# DEVELOPMENT OF PRICE OF KB'S SHARE AND INDEX PX50

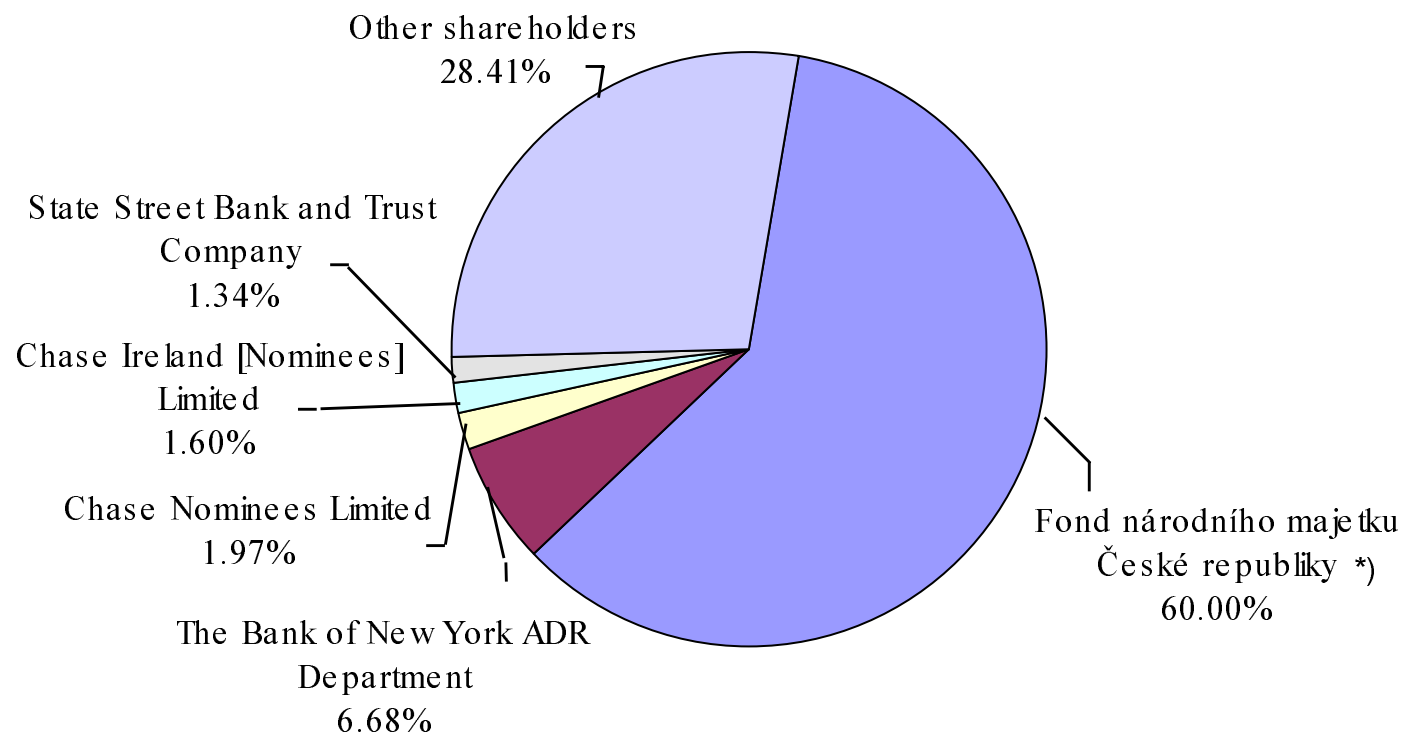


# DEVELOPMENT OF 3M, 6M PRIBOR AND THE RS KB



# STRUCTURE OF SHAREHOLDERS

October 1, 2001



\*) Soci t  G n rale S. A. acquired a share of 60.001% on the share capital of Komer n  banka, a. s. on October 4, 2001



# CONTACTS

## Strategy and Investor Relations Division

**Dana Casimaty, MBA**

Director of Division

tel: +420 2 224 32093

fax: +420 2 2422 9482

E-mail: [dana\\_casimaty@kb.cz](mailto:dana_casimaty@kb.cz)

**Ladislav Šilha**

Head of IR Department

tel: +420 2 224 32155

E-mail: [ladislav\\_silha@kb.cz](mailto:ladislav_silha@kb.cz)

**Ilona Katzová**

IR Officer

tel: +420 2 224 32156

E-mail: [ilona\\_katzova@kb.cz](mailto:ilona_katzova@kb.cz)

**Pavla Adamová**

IR Officer

tel: +420 2 224 32734

E-mail: [pavla\\_adamova@kb.cz](mailto:pavla_adamova@kb.cz)

**Jarmila Vaňková**

IR Assistant

tel: +420 2 224 32760

E-mail: [jarmila\\_vankova@kb.cz](mailto:jarmila_vankova@kb.cz)

