



Financial Results as at 30 June 2005

(International Financial Reporting Standards)

Prague - 29 July 2005

SOCIETE
GENERALE
GROUP





The most successful quarter in all respects confirming KB business strategy

As of 30 June 2005, year-on-year comparison

- Success in sales of **mortgages to individuals** during 1H: **+49% in volume of new sales; +54% in number of new sales**, in 2Q sales increased by **60% Y-on-Y**
- Outstanding **mortgages to individuals**: **+ 40%** to CZK 37 billion
- Outstanding **consumer loans**: **+ 21%** to CZK 12 billion of which CZK 1.27 billion (+90%) comprise loans on credit cards (number of active credit cards increased by 90% to 93,000)
- Outstanding **loans to SMEs**: **+ 22%** to CZK 52 billion; outstanding **loans to big corporations**: **+ 14%** to CZK 71 billion
- Strong growth in sales of **pension insurance**: **25,000 of new contracts** sold through KB (**+85%**)
- Dynamics in sale of **mutual funds**: **new sales** volumes of **CZK 9.7 billion (+288%)**
- Growth in number of **KB clients** by **82,000 (i.e. 6%) to 1,436,000**, of which 1,154,000 are individual clients



Growth of net profit by 10%

As of 30 June 2005, year-on-year comparison

- **Net interest income** increased by **14%** driven by lending activities
- **Non-FX fees and commissions** rose by **4%**, total fees and commissions increased slightly by 1% limited by FX fees income
- **Total costs** kept under tight control **declined by nearly 2%**
- **Cost/income** ratio further decreased **slightly below 50%**
- **Cost of risk** at 24 bp resulting mainly from increasing quality of large corporate clients. Neutralizing this development, cost of risk would be approx. **42 bp** (37 bp in 2004)
- **Release of provisions of CZK 185 million** anticipating the **disposal** of **51% stake in Komerční pojišťovna (insurance company)**
- **Net unconsolidated profit** stood at **CZK 4,184 million (+10%)**; recurring activities more than off set significantly higher one-off gains in 2004



Expanding offer in second quarter

New offer in mobile banking

Komerční banka as the first bank in the Czech Republic, and one of the first in the world, is bringing its clients a new service - **Mobile banking**, which works on the basis of the **Java technology**. It enables the clients to communicate with the Bank in on-line mode, ensuring a fast response and accuracy of the information displayed.



Max 4



In June 2005 KB launched **MAX IV. - Global Guaranteed Fund** that enables clients to profit from the growth on world equity markets, while providing a guarantee of return of investment by the fund's maturity.

KB has introduced new series of the **Fénix** mutual funds, which allow the clients to spread their investment over multiple IKS funds and Société Générale Asset Management's foreign funds.

KB offers a **new life insurance policy** covering the risk of death or a complete and permanent loss of self-sufficiency and consequently protects the client and his family **against financial problems with repaying a mortgage loan**.



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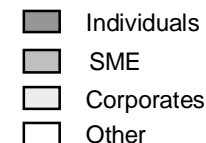
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21% year-on-year growth in volume of the loan portfolio

Volume of loans

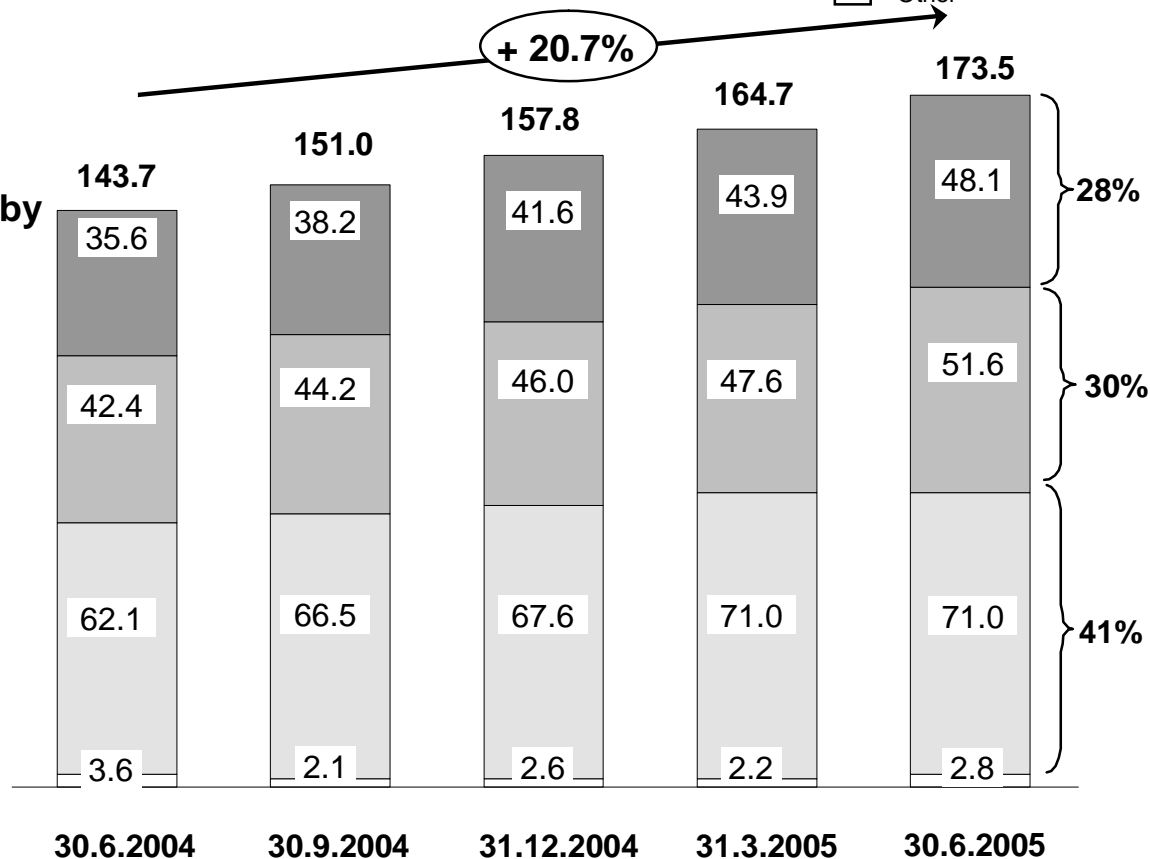
CZK billion, Gross amount, without transferred loans



■ **Year-on-year growth** of the loan portfolio by **20.7%**

■ Total **mortgage loans** amounted to CZK 40.3 billion and **consumer loans** to CZK 11.6 billion

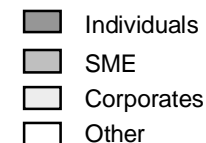
■ Total **off-balance sheet commitments** to clients stood at **CZK 114.9 bil.** (+16%)



Long term stability of client deposits

Volume of primary client deposits

CZK billion

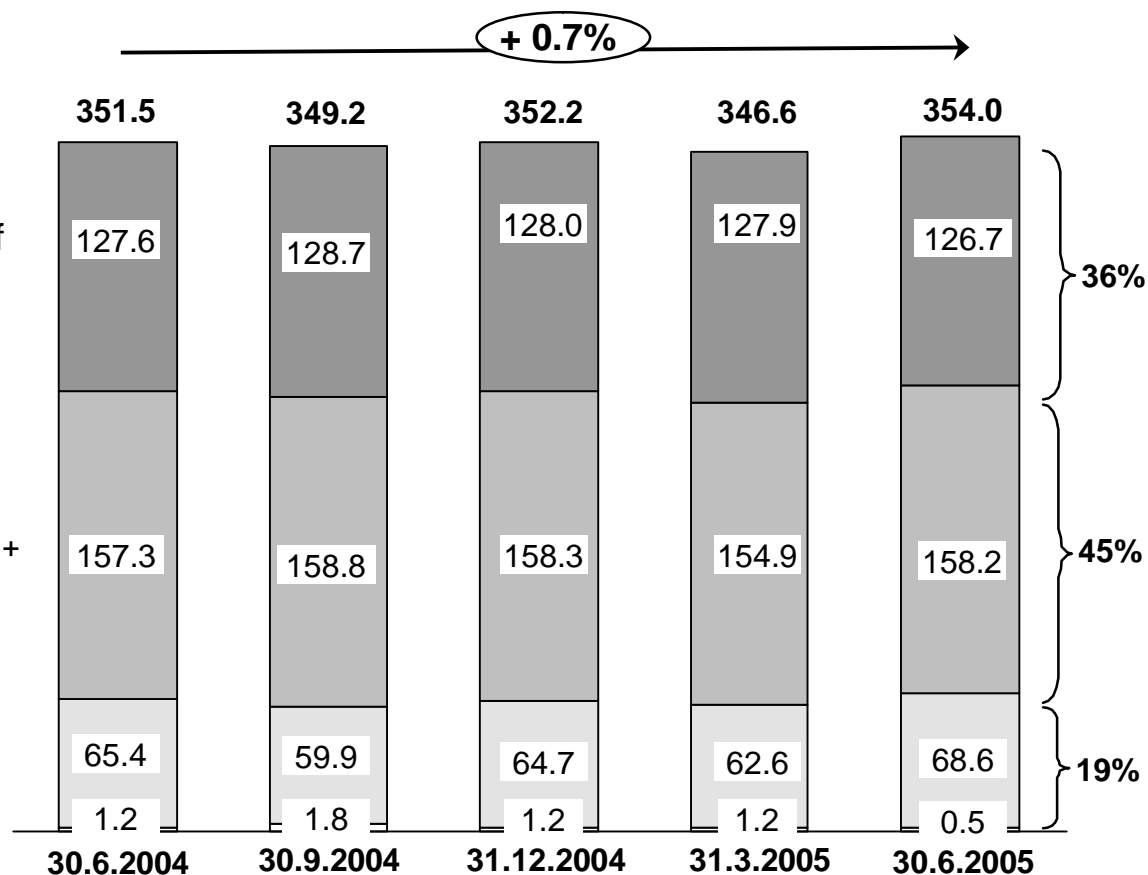


■ Year-on-year stable depositary base

■ **Current accounts** represent **60%** share of total primary deposits reaching CZK 213.3 billion; **term deposits** amounting to CZK 101.9 billion

■ Migration of deposits from KB to its subsidiaries during 1H 2005

- KP Vital insurance product premium written (CZK + 0.9 bil.)
- Increase of PF client contributions (CZK + 0.4 bil.)
- IKS sales (CZK + 9.7 bil.)

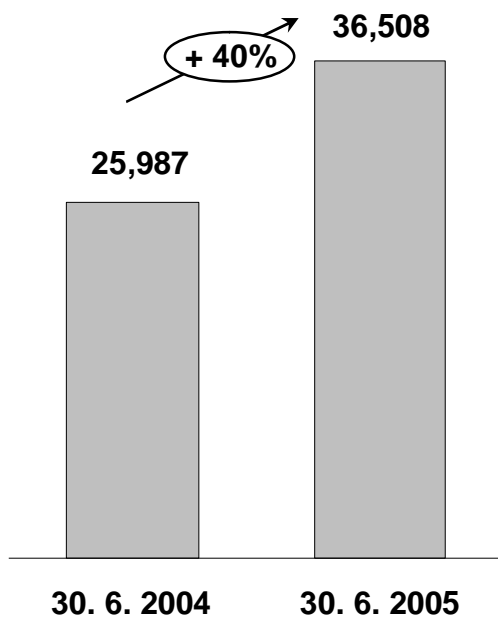




Continuous boost in retail lending

Mortgages to Individuals

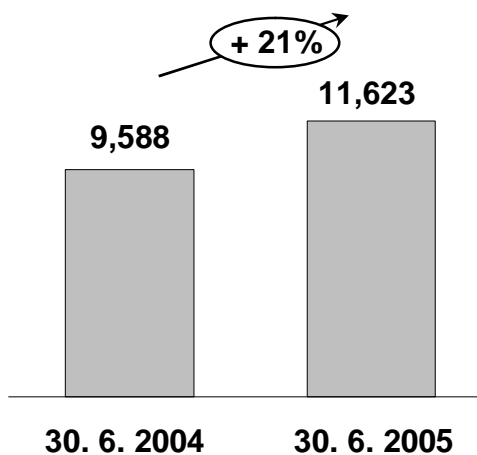
Total volume outstanding in CZK mil.



- Year-on-year increase in volumes of mortgages granted during the year of 49%
- Year-on-year increase in numbers of mortgages granted during the year of 54%

Consumer loans

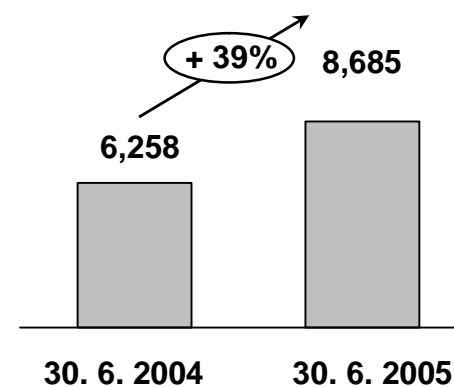
Total volume outstanding in CZK mil.



- Year-on-year increase in volume of consumer loans granted during the year of 13%
- Year-on-year increase in numbers of consumer loans granted during the year of 11%

Loans to Small Businesses

Total volume outstanding in CZK mil.



- Year-on-year increase in volume of *Profi* loans granted during the year of 70%
- Year-on-year increase in numbers of *Profi* loans granted during the year of 50%



Penetration of products

Everlasting improvement

	30. 6. 2004	30. 6. 2005	YoY Change
Cross-selling ratio* Individuals	4.27	4.77	+12%
Penetration ratio – Individuals**			
Packages	58.6	66.3	+13%
Mortgages	2.3	2.7	+17%
Consumer loans	9.3	10.5	+13%
Payment cards	65.4	67.3	+3%
Penetration ratio - Small businesses**			
Packages	32.7	51.2	+ 57%
Business loans	3.0	5.1	+ 70%
Payment cards	53.9	61.7	+ 14%

* Number of products sold / Number of current accounts

** Number of clients with a product / 100 clients



KB Group strategy within Société Générale Group

- n KB business model clearly separates production and distribution lines.
- n **KB is a distributor** of a complete range of products being also in charge of marketing, sales and strengthening the relationship with its customers.
- n Separation of distribution and production **significantly reduces operational risks** taken by Komerční banka while managing its subsidiaries.
- n Streamlining of KB's organisation relies on the **use of all synergies** and on the internationally proved **technical expertise** within Société Générale business lines.



This strategy brings higher quality of provided services and improves performance of Komerční banka.



Sale of 100% of IKS to SG Asset Management in May 2005

- n **Purpose of the sale** is to facilitate a more effective **transfer of the global SGAM expertise** to IKS. As a result **KB business and financial performance will benefit** from the enlarged and improved product offer of IKS.
- n **Price of CZK 265 million** (on top of exceptional dividends of CZK 283 million) was based on discounted cash-flows (representing 1.8x book value) as IKS is to be perceived as a company manufacturing a limited number of investment products principally distributed by KB
- n KB and IKS signed the **arm's length based Distribution Agreement**. KB will stay the principal distributor of IKS products and it will receive upfront selling fees and recurrent loyalty fees
- n The **expected increase in mutual fund business** resulting from SGAM expertise in tailoring all kinds of products should translate for KB into a material increase of fees collected from IKS



Sale of 51% of KP to SOGECAP in the third quarter 2005

- n This transaction follows KB Group's strategy and the change in ownership is **in line with the involvement of SOGECAP during more than two years** in KP. This enabled the company to overcome a very difficult business and financial situation, requiring major capital resources to be provided by KB (CZK 1.2 billion since privatisation).
- n **KB will keep 49%** expressing its level of long-term involvement in distributing KP products
- n The company was independently evaluated to CZK 928 million as at the end of 2004 and **the selling price for 51% stake is CZK 473 million and the transaction will be settled in 3Q**; anticipating the disposal, **KB released provisions of CZK 185 million** created for KP in 2Q; **the total pre-tax impact of KP in KB unconsolidated accounts:**
 - 4 release of provisions of CZK 185 million in the second quarter
 - 4 pre-tax capital gain from the sale of CZK 77 million in the third quarter
- n KB and SOGECAP sign the **arm's length based Distribution Agreement**; KB will be entitled to receive upfront selling fees and for some products recurrent loyalty fees



Further sale to be completed till the end of 2005

Sale of 17% of ESSOX to Franfinance (currently owner of 49%) to be finalised by the end of 2005

- 4 Currently KB holds 51% of ESSOX, company providing consumer financing through merchants and third parties
- 4 After the transaction the new ownership structure will reflect better the contribution of both parties:
 - KB provides only referral of merchants
 - KB is not involved in designing, marketing and distributing ESSOX products
- 4 In parallel KB will keep its own consumer financing provided through its distribution network



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Unconsolidated Financial Results of KB

Net banking income growth by 2.9%

Unconsolidated Profit and Loss Statement CZK million	1H 2004	1H 2005	Change 05/04
Net banking income	11,183	11,511	+ 2.9%
Operating costs	-5,802	-5,704	- 1.7%
Net operating income	5,381	5,807	+ 7.9%
Provisions for loan and investment losses	-702	-499	- 28.9%
Profit on subsidiaries and associates	761	262	- 65.6%
Profit before income taxes	5,440	5,570	+ 2.4%
Income taxes	-1,636	-1,387	- 15.2%
Net profit	3,804	4,184	+ 10.0%

Key ratios and indicators	30. 6. 2004	30. 6. 2005	Change 05/04
Capital Adequacy	14.8%	14.4%	→
Tier 1 Ratio	14.3%	14.9%	→
Risk weighted assets (CZK billion)	194.4	223.1	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.0%	3.2%	→
Cost / Income ratio	51.9%	49.6%	→
Return on Average Equity annualised (ROAE)	20.5%	18.3%	→
Return on Average Assets annualised (ROAA)	1.7%	1.8%	→
Earnings per Share annualised (CZK)	200	220	→
Number of Employees (FTE)*	7,926	7,384	- 6.8%

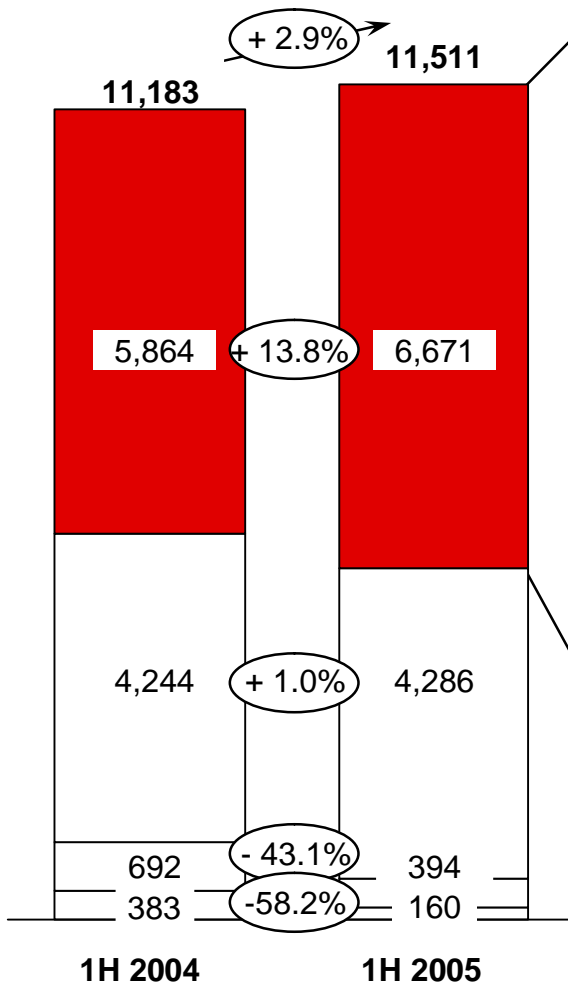
*Average number of employees in June 2005



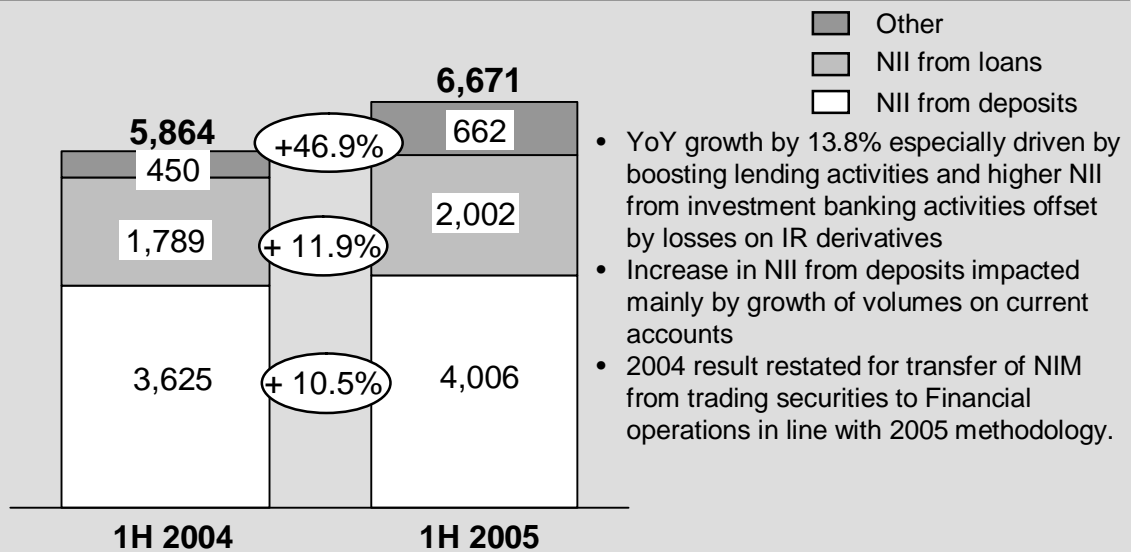
Net interest income on rise

CZK million, unconsolidated

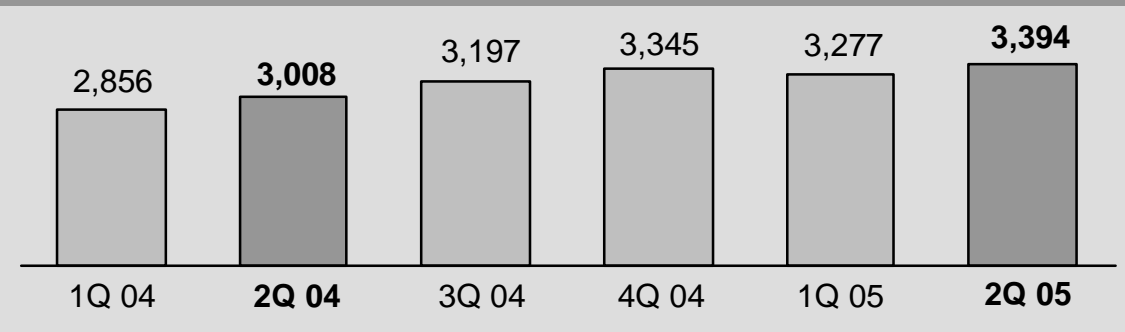
Net Banking Income



Net Interest Income



QxQ development of Net Interest Income

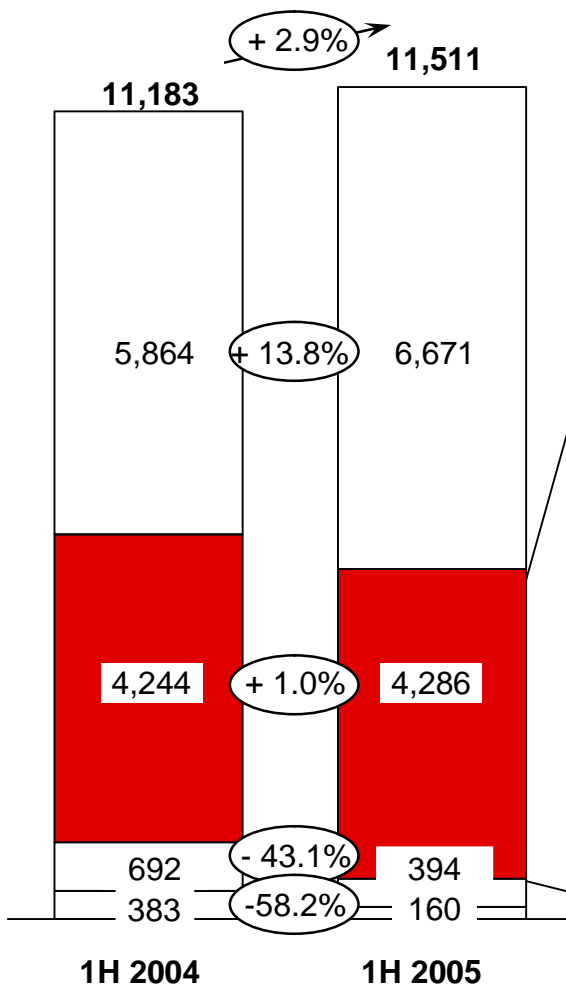




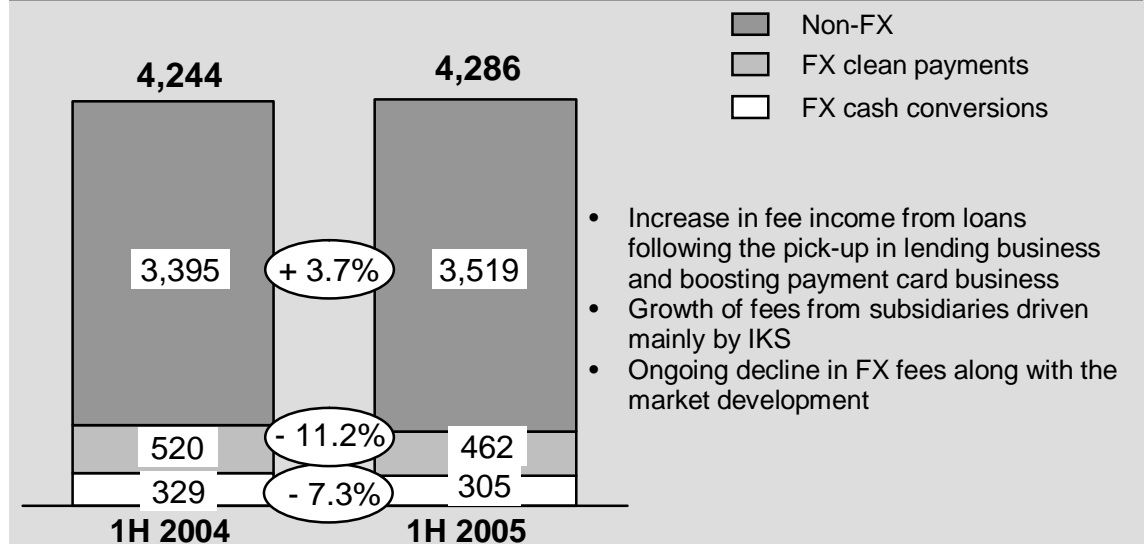
Growth in Non-FX fee income driven by lending and payment cards

CZK million, unconsolidated

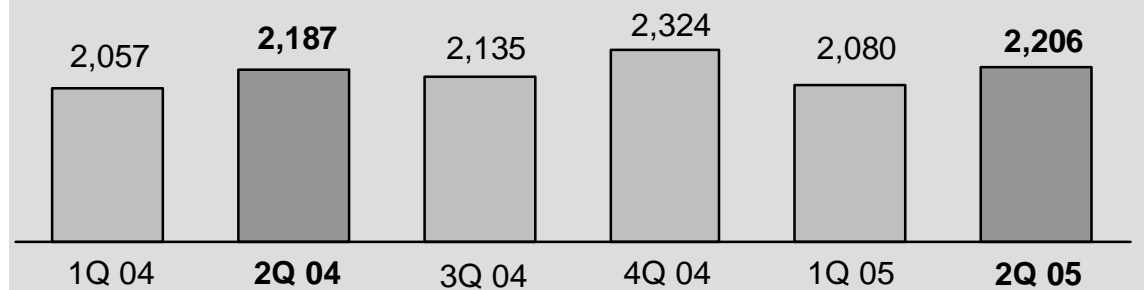
Net Banking Income



Net Fees and Commissions



QxQ development of Net Fees and Commissions

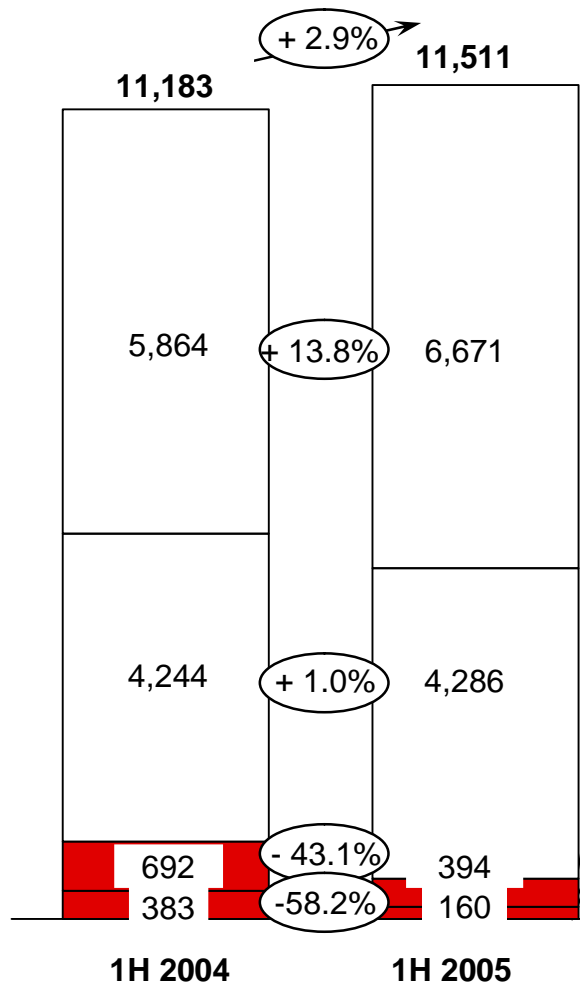




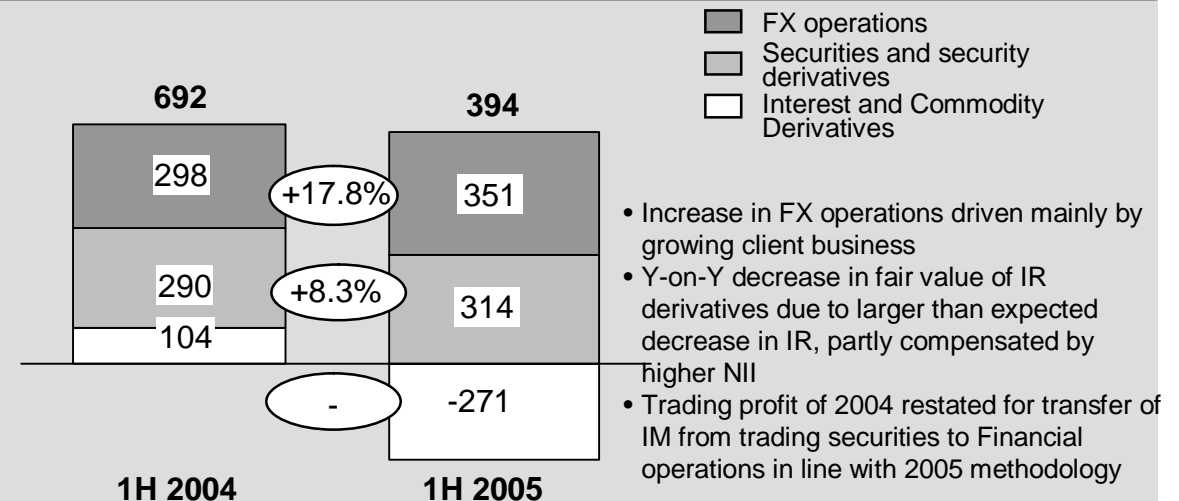
Investment activities of clients drive KB trading profits up

CZK million, unconsolidated

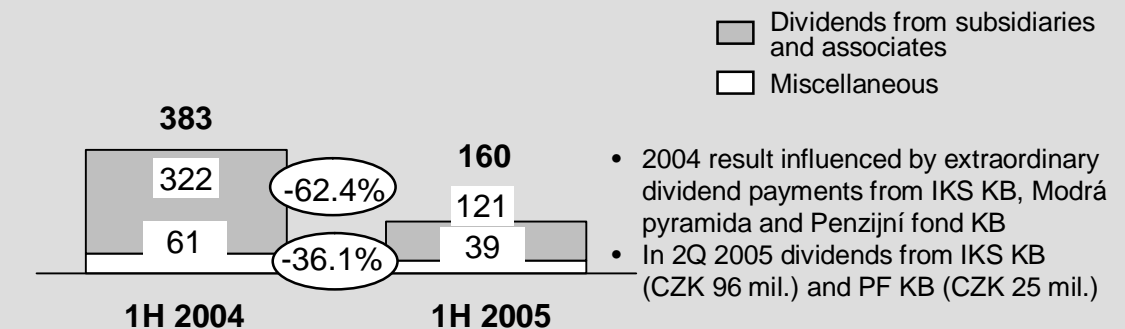
Net Banking Income



Net Profit from Financial Operations



Other Income

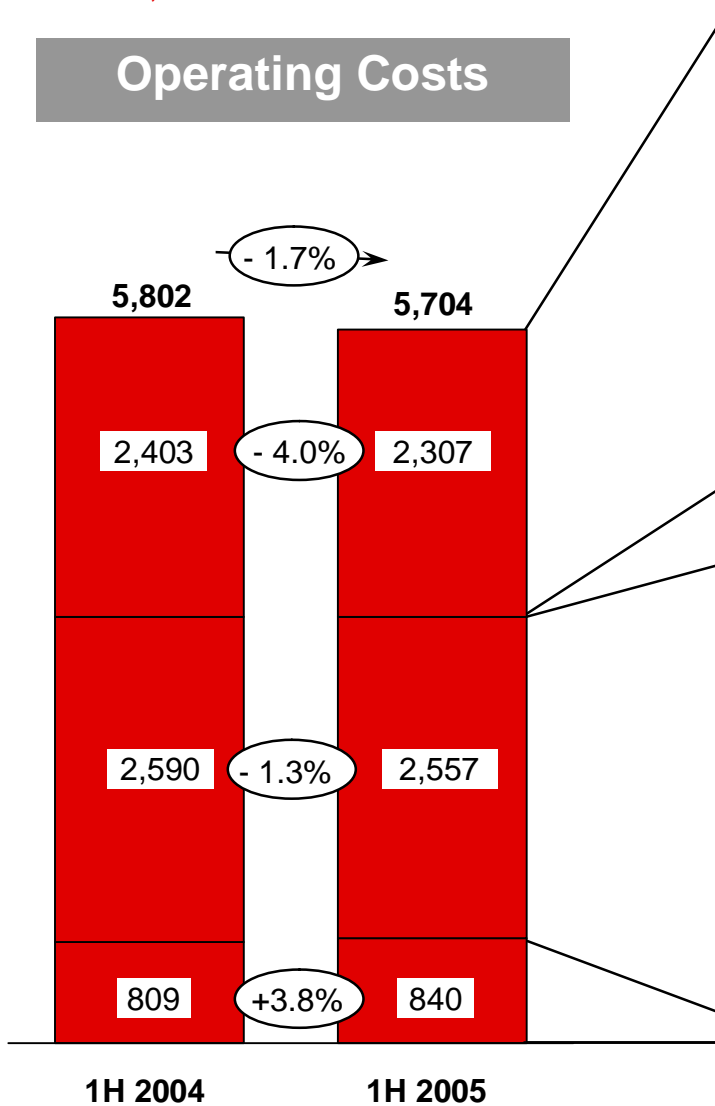




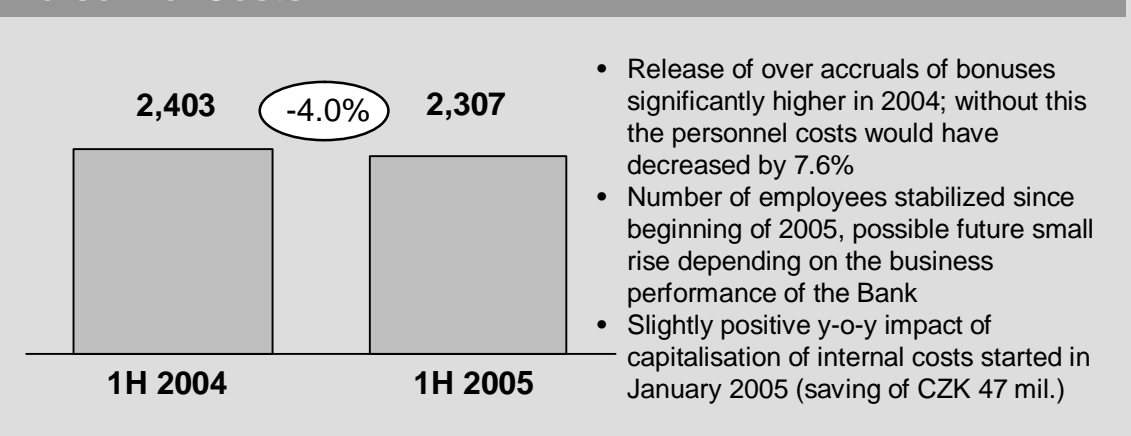
Total costs - everlasting focus on the Bank's efficiency

CZK million, unconsolidated

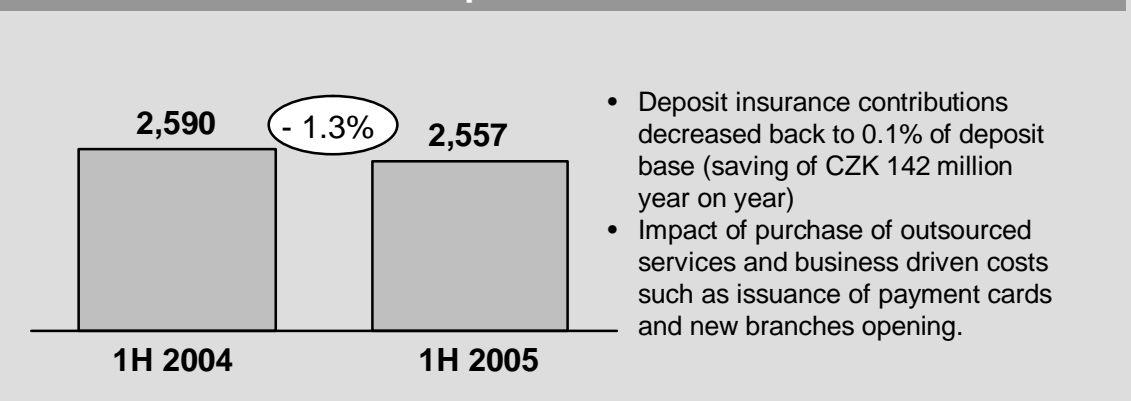
Operating Costs



Personnel Costs



General administrative expenses

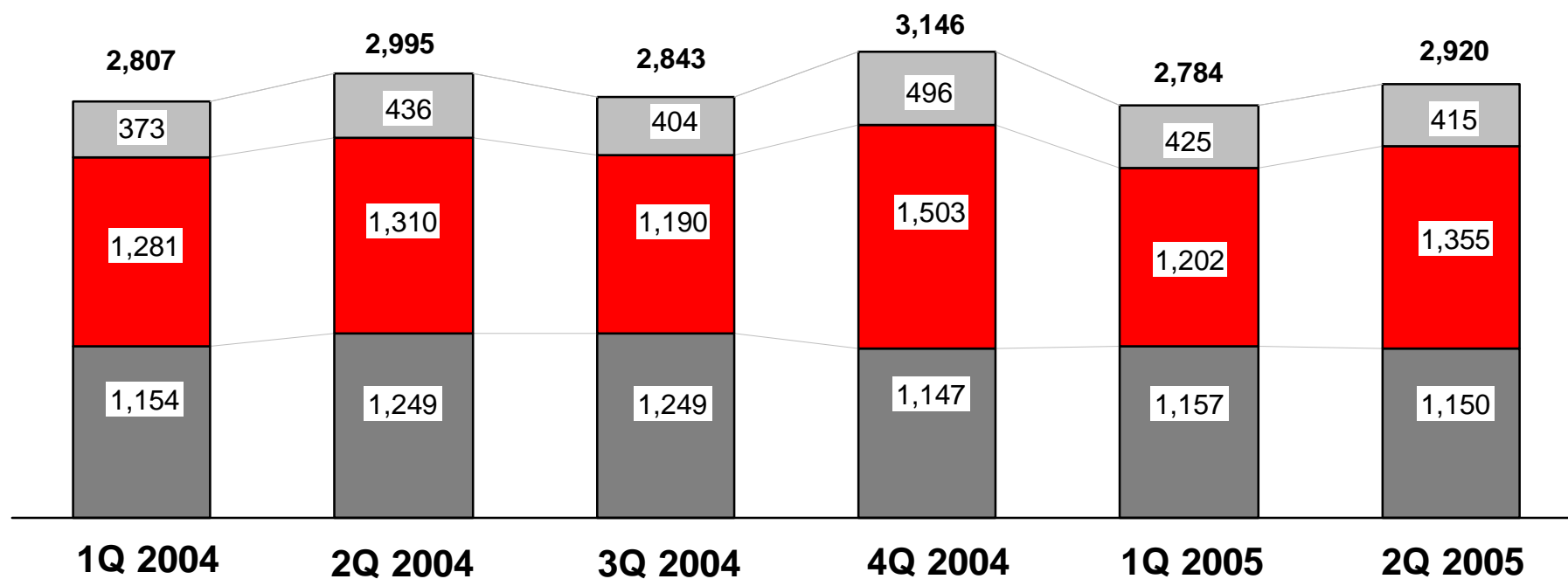




Operating costs Q-on-Q development

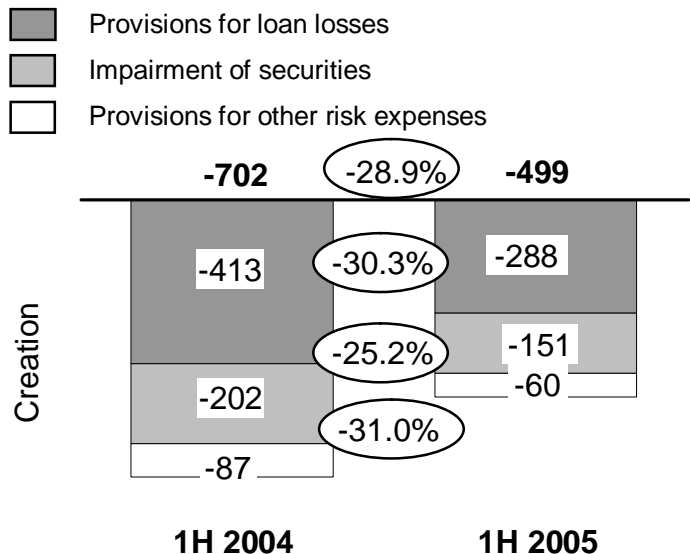
CZK million, unconsolidated

- Depreciation, impairment and disposal of fixed assets
- General administrative expenses
- Personnel expenses





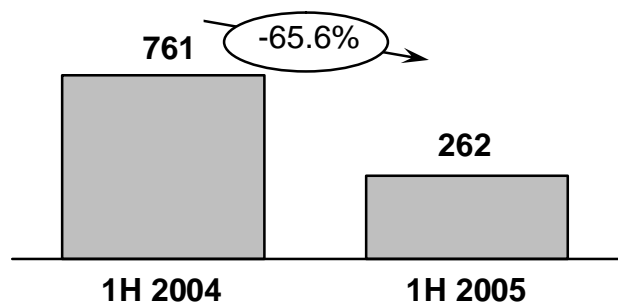
Cost of Risk



Comments

- Cost of risk at 24 bp mainly resulting from increasing quality of large corporate clients segment.
- Neutralizing this positive evolution, cost of risk for 1H 2005 would be around 42 bp, in line with current context of fast growing retail portfolio.
- Significant divestment of CDO portfolio mainly in Q2 2005, total divestment reaching USD 123 mil. in 1H 2005.

Net profit on subsidiaries and associates before tax



Comments

- 2004 result 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)
- In 2005 the first instalment from IKS sale included with the positive impact of CZK 56 million.
- In the second quarter KB released provisions of CZK 185 million created for Komerční pojišťovna. The release anticipates the disposal of 51% stake in KP to be completed in the third quarter 2005 with the pre-tax capital gain of CZK 77 million



Balance Sheet

Assets

Liabilities

CZK million, unconsolidated

Assets		Change	Liabilities		Change		
	31.12.2004	30.6.2005		31.12.2004	30.6.2005		
Cash and balances with central bank	448,294	472,982	+ 17.5%	448,294	20,925	+ 12.8%	
	10,025	11,777		18,548			
Amounts due from banks	231,361	235,295	+ 1.7%	Amounts due to banks			
Due from Česká konsolidační agentura	2,945	185	- 93.7%	Amounts due to customers	358,825	363,652	+ 1.3%
Loans and advances to customers (net)	152,434	167,919	+ 10.2%	Certificated debt	9,256	11,859	+ 28.1%
Securities	24,372	25,222	+ 3.5%	Other liabilities	18,087	28,908	+ 59.8%
Other assets	27,157	32,584	+ 20.0%	Shareholders' equity	43,578	47,636	+ 9.3%
	31.12.2004	30.6.2005		31.12.2004	30.6.2005		



Shareholders Equity

Development since the end of 2004

CZK million, unconsolidated

Total shareholder's equity
as at 31 December 2004:

43,578

+ 4,058

Total shareholder's equity
as at 30 June 2005:

47,636

Shareholders' equity	31. 12. 2004	1. 1. 2005	Increase	Decrease	30. 6. 2005
Share capital	19,005	19,005	-	-	19,005
Capital and reserve funds	12,095	21,394	-	-	17,596
- Retained earnings, reserve funds and dividends	12,098	21,397	-	-3,801	17,596
- Own shares	-3	-3	+3	-	-
Net profit	9,299	0	+4,184	-	4,184
Hedging revaluation reserve	2,803	2,803	+3,542	-	6,345
AFS securities' fair value changes	201	201	+120	-	321
CDOs' fair value changes	35	35	+16	-	51
Others	140	140		-7	134
Total Shareholders' equity	43,578	43,578	+7,865	-3,808	47,636



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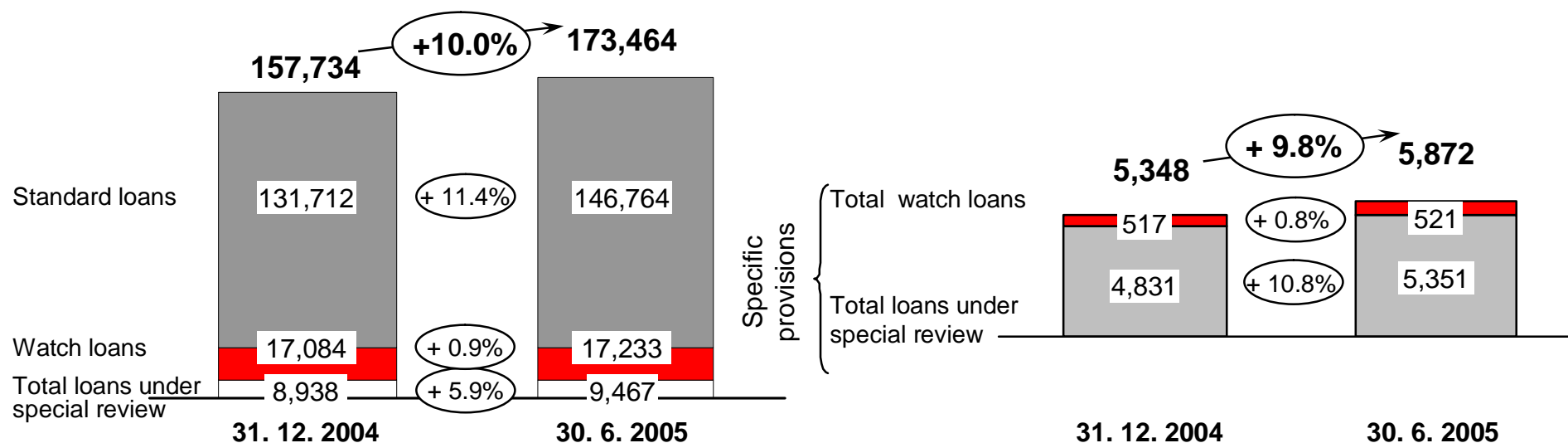
10% year-to-date growth combined with a satisfactory risk profile

CZK million, unconsolidated

Client loans, On-balance sheet

Gross amount, without transferred loans

Specific provisions



- Standard loans make up 85% of the total portfolio (84% in 2004)
- LUSR* represent 5% of the total portfolio (6% in 2004)

- Specific provisions to LUSR cover 57% of LUSR (54% in 2004)
- Used value of collateral covers 39% of total client loans (2004: 41%)
- Cost of risk amounted to 24 bp (FY 2004: 37 bp)
- Neutralizing provision reductions on large corporate clients, cost of risk would be around 42 bp

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



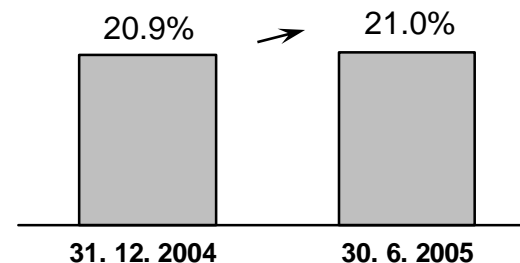
Significant divestments and improved risk profile

As of 30 June 2005

Date of acquisition: September 2000 - April 2001
 Initial invested amount: USD 426 mil.
 Invested amount as at 30. 6. 2005: USD 194 mil.
 Total coverage (as at 30. 6. 2005): USD 41 mil.

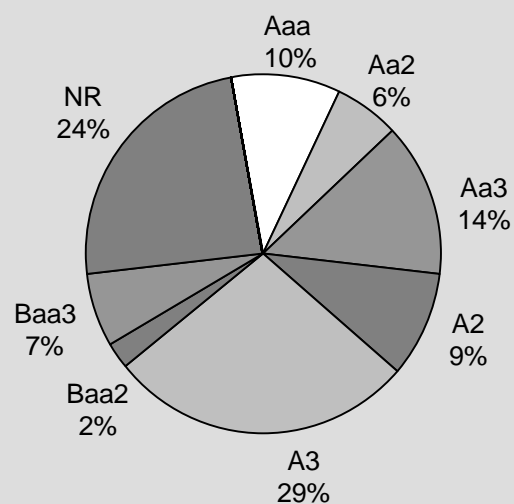
Provisions based on a mark-to-model approach.

Specific provisions / Invested amount

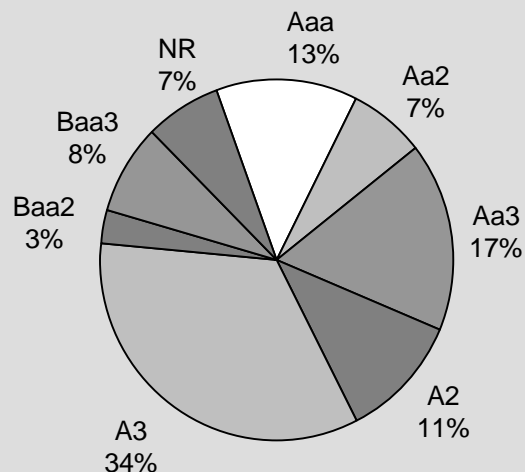


In 1H 2005 KB divested CDOs of USD 122.8 million; non-rated assets limited to 7 % out of net book value.

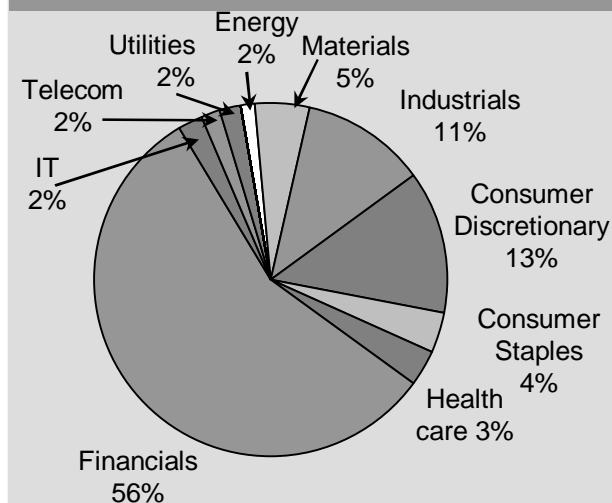
Rating of the CDO portfolio by invested amount



Rating of the CDO portfolio by net book value



Underlying assets by industry





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Financial Results and Ratios

Profit and Loss Statement CZK million	1H 2004	1H 2005	Change 05/04
Net banking income	11,528	11,969	+ 3.8%
Operating costs	-6,285	-6,195	- 1.4%
Income from not fully consolidated companies and exclusion of subsidiaries from consolidation	652	77	- 88.2%
Cost of risk	-672	-507	- 24.6%
Income taxes	-1,671	-1,394	- 16.6%
Net profit	3,552	3,950	+ 11.2%
Balance Sheet CZK million	30. 6. 2004	30. 6. 2005	Change 05/04
Total assets	481,737	499,397	+ 3.7%
Shareholders' equity	35,402	49,025	+38.5%
Key ratios and indicators	30. 6. 2004	30. 6. 2005	Change 05/04
Cost / Income ratio - including restructuring costs	54.5%	51.8%	→
Return on Average Equity annualised (ROAE)	18.5%	16.9%	→
Return on Average Assets (ROAA)	1.5%	1.6%	→
Number of Employees (FTE)	8,727	8,263	- 5.3%



Subsidiary and associated undertakings results

As at 30 June 2005, CZK mil., CAS/SAS/IFRS

	Share of KB	Profit after tax	Equity	Assets
ESSOX, s.r.o. (IFRS)	51%	-10	138	1,755
Factoring KB, a.s. (CAS)	100%	9	154	3,815
Komerční Finance, B.V.	100%	NA	NA	NA
Komerční banka Bratislava, a.s. (SAS)	100%	31	627	4,838
Komerční pojišťovna, a.s. (IFRS)	100%	28	774	9,757
Penzijní fond Komerční banky, a. s. ** (CAS)	100%	201	1,344	14,983
Total subsidiary undertakings		259	3,037	35,148
Modrá pyramida SS, a.s. (CAS)	40%	154	1,534	53,204
Czech Banking Credit Bureau (CAS)	20%	0	1	13
Total subsidiary and associated undertakings		413	4,572	88,365
KB direct share		326	3,584	55,572

Companies excluded from the consolidation

ALL IN REAL ESTATE LEASING, s.r.o. * (CAS)	100%	-0.3	4	5
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*Companies in process of disposal or liquidation

**Fully consolidated since 1 January 2005



Continuous dynamics in number of KB clients

as at 30 June 2005

§ **1,436,000 clients*** - 1,154,000 individuals and 282,000 corporates

- YonY increase in number of clients by 82,000 (+6%)

§ **Network**

- 338 points of sale for retail clients
- 37 business centres for medium enterprises and municipalities
- 8 business centres for large corporates
- 573 ATMs

§ **Direct banking**

- 967,000 active products of direct banking (+23%)
 - 639,000 clients using phone banking
 - 259,000 users of internet banking
 - 22,000 users of PC banking
- 753,000 clients actively using one or more direct banking products

* Newly applied modification in methodology slightly decreased the number of clients. The year-on-year development is on comparable basis.



Products for Individuals and Small Businesses

Sales of key products

Financial Packages	30. 6. 2004	30. 6. 2005	YoY Change
PACKAGES FOR INDIVIDUALS	544,958 packages	666,329 packages	+ 22%
GAUDEAMUS package for young clients	87,696 packages	108,503 packages	+ 24%
CHILD ACCOUNT	67,786 accounts	113,116 packages	+ 67%
MERLIN payment cards' insurance	33,368 policies	136,757 packages	+310%
PACKAGES FOR SMALL BUSINESSES	88,161 packages	136,192 packages	+ 54%
Business loans	8,430 total loans	14,365 total loans	+ 70%
Authorised overdrafts	44,794 active authorised overdrafts	63,208 active authorised overdrafts	+ 41%



Success of card business

	30. 6. 2004	30. 6. 2005	YoY Change
Debit cards - active	1,137,523	1,299,759	+14%
Credit cards - active	48,949	93,062	+90%
Number of POS (points of sales using electronic device)	11,374	14,051	+24%
	1Q 2004	1Q 2005	
Number of transactions via payment cards	39,951	45,325	+13%



Co-operation within KB/SG Group and Strategic Partnerships

	Provided in co-operation with:	1H 2004	1H 2005	Change 05/04
Life insurance Vital (number of sold policies through KB)	Komerční pojišťovna	25,069	26,648	+6%
Non-life insurance (number of sold policies through KB)	Allianz	N.A.	7,595	N.A.
Mutual funds (sales in CZK bil.)	Investiční kapitálová společnost KB	2.5	9.7	+288%
Pension insurance (number of contracts through KB)	Penzijní fond KB	13,693	25,316	+85%
Building saving (number of sold contracts)	Modrá pyramida stavební spořitelna	3,874	4,229	+9%
Factoring (turnover in CZK bil.)	Factoring KB	2.9	4.1	+41%
KB FleetLease (cars) (# of cars provided through KB)	ALD Automotive	509	890	+75%
KB Leasing (big tickets) (turnover in CZK bil. through KB)	SG Equipment Finance	0,539	0,840	+56%



Czech Republic

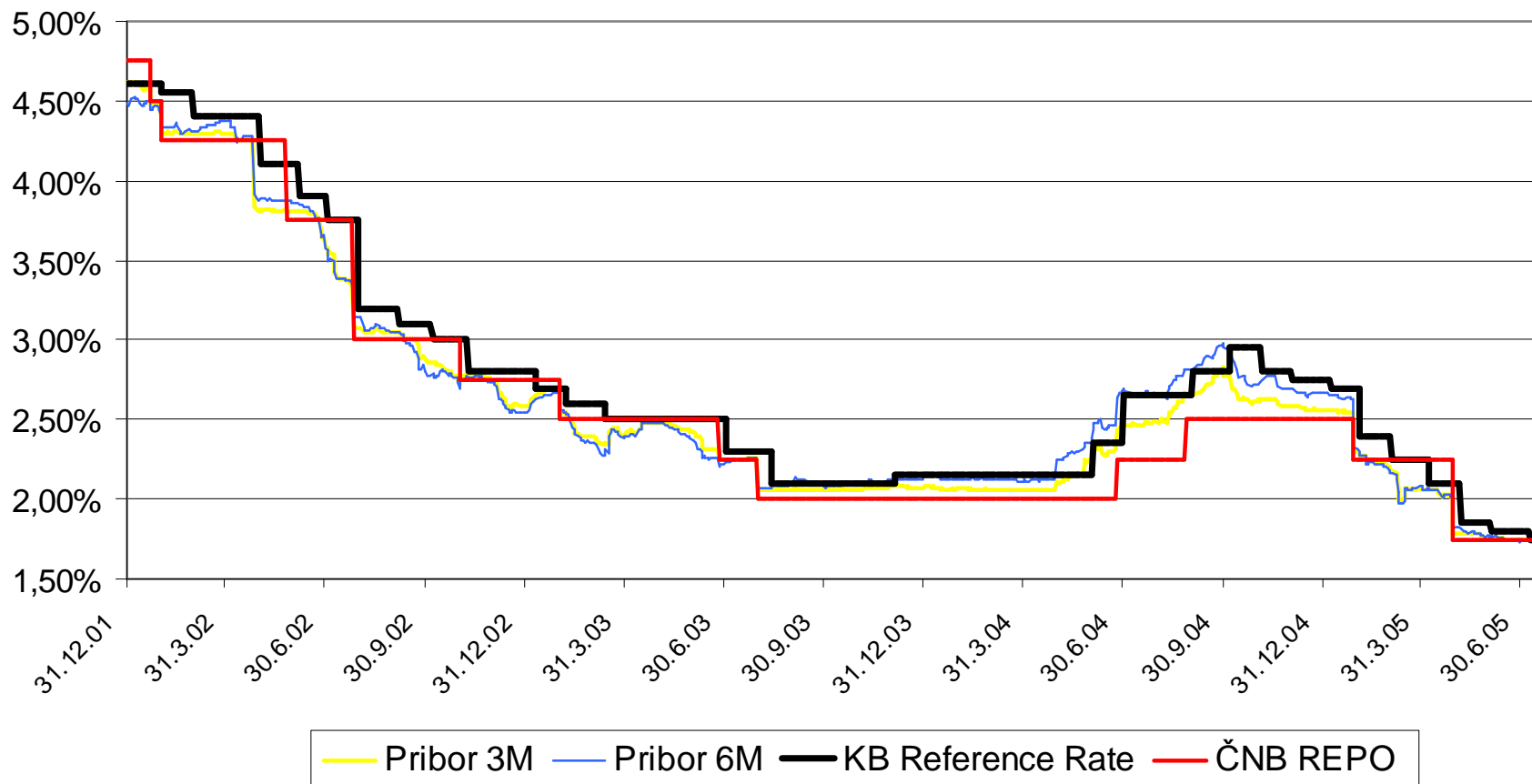
Macroeconomic indicators	2003	2004	2005*	2006*	2007*
GDP (%)	+ 3.2	+ 4.4	+ 4.0	+ 4.0	+ 4.0
Inflation (%)	+ 0.1	+ 2.8	+ 1.6	+ 2.0	+ 3.0
Households income (%)	+ 4.8	+ 4.9	+ 5.0	+ 5.0	+ 5.5
M2 (%)	+ 6.9	+ 4.4	+ 6.5	+ 6.5	+ 7.0
3M PRIBOR (%)	2.3	2.4	1.9	2.2	2.8

Potential of the market	2003	2004	2005*
Loans/GDP (year-end)	39.0	38.3	39.7
Mortgages/GDP (year-end)	4.3	6.0	6.6
Deposits/GDP (year-end)	65.4	64.1	62.5

* KB forecast

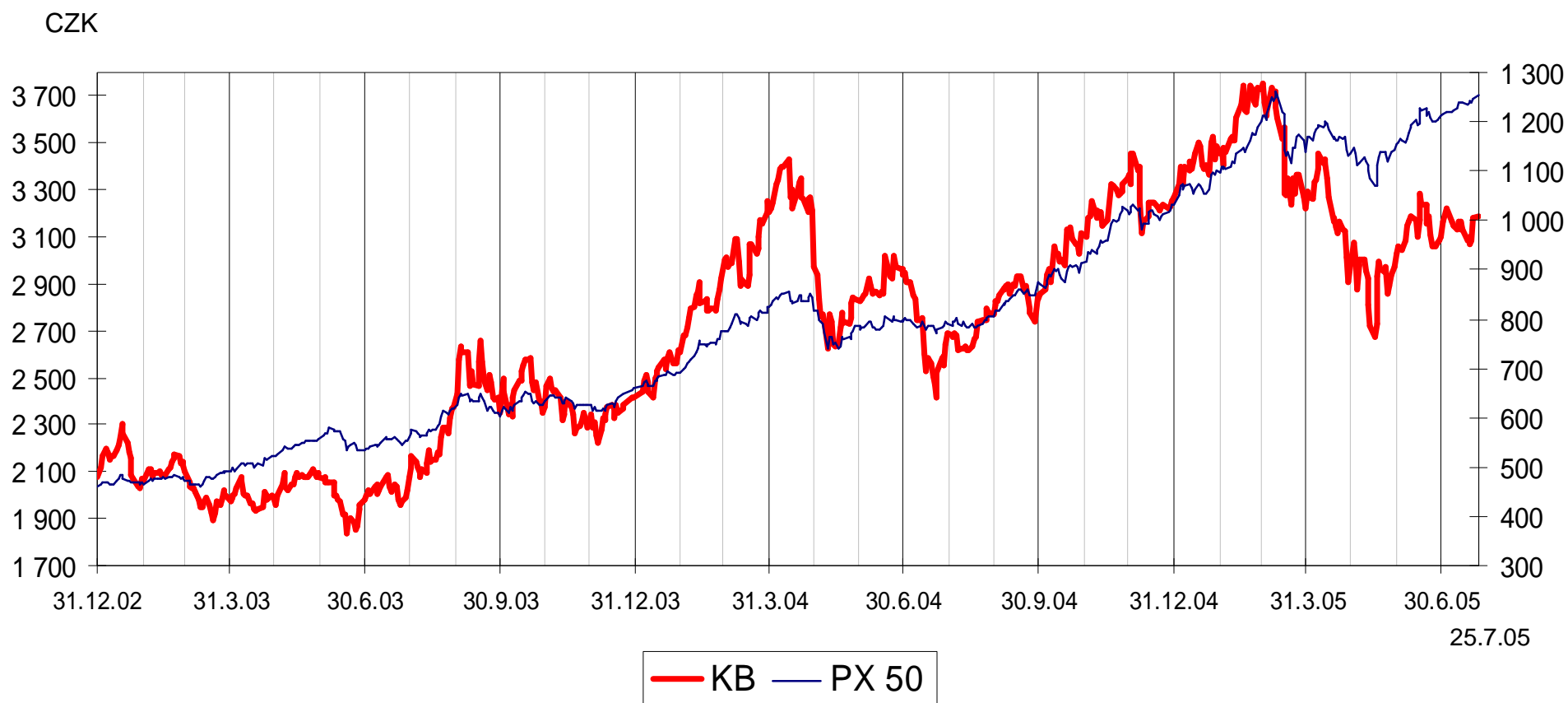


Interest Rates Evolution





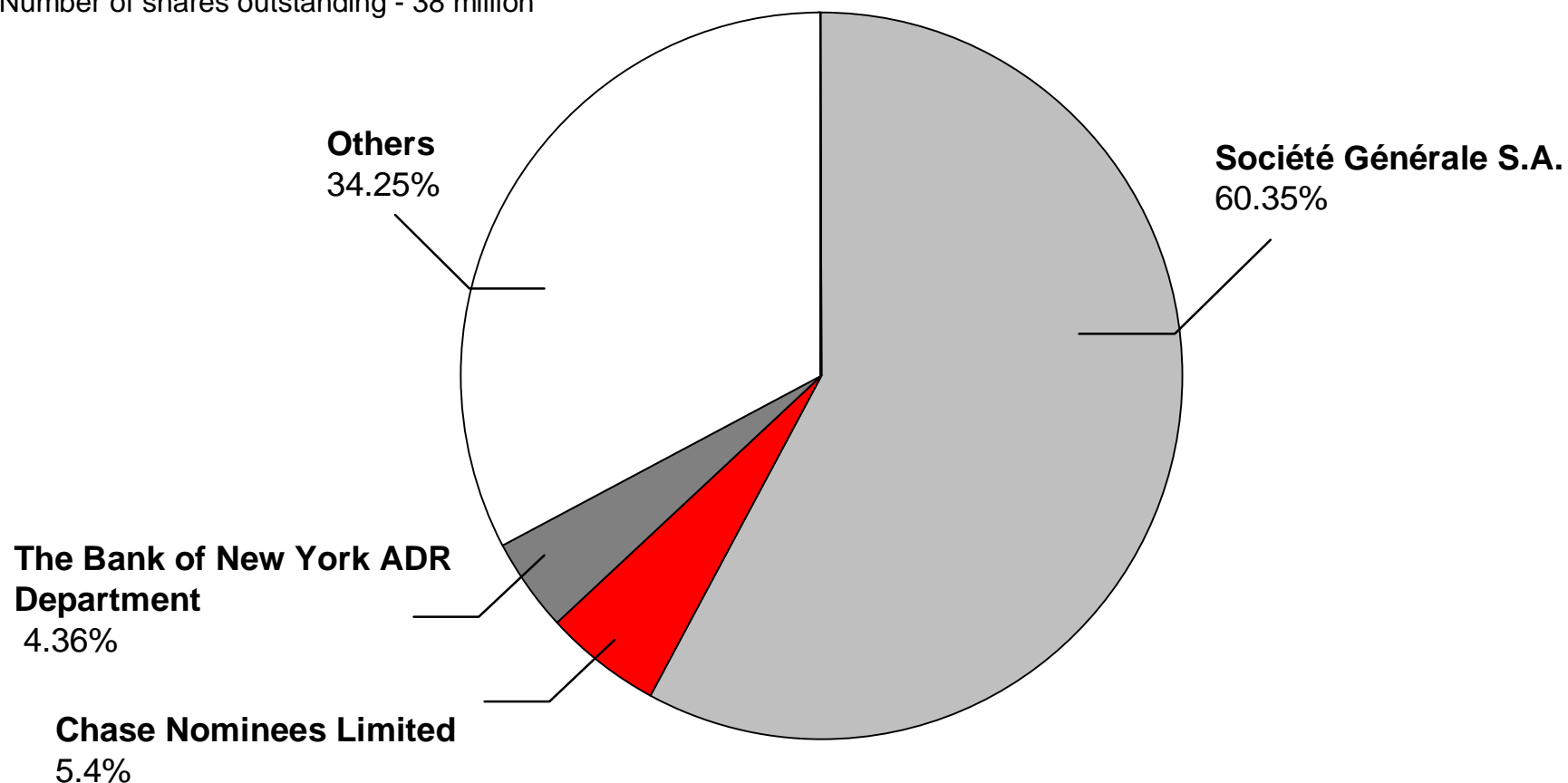
Development of KB's share price and Index PX50



Structure of Shareholders

Major shareholders of Komerční banka, a. s. with over 5% of the share capital
as at 28 May 2005

Number of shares outstanding - 38 million





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