



Audited Financial Results

as at 31 December 2005

(International Financial Reporting Standards)

Prague - 28 February 2006

SOCIETE
GENERALE
GROUP





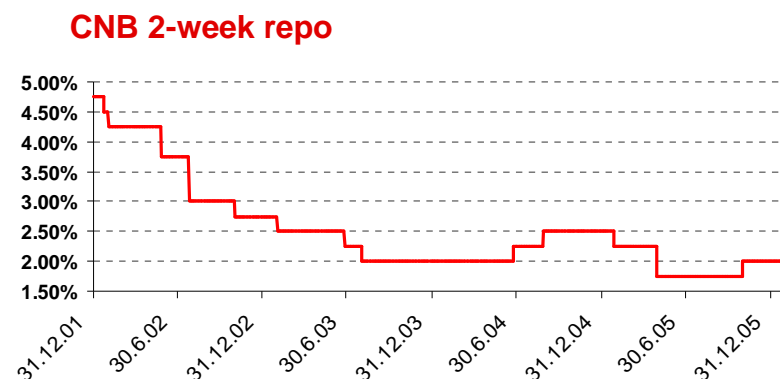
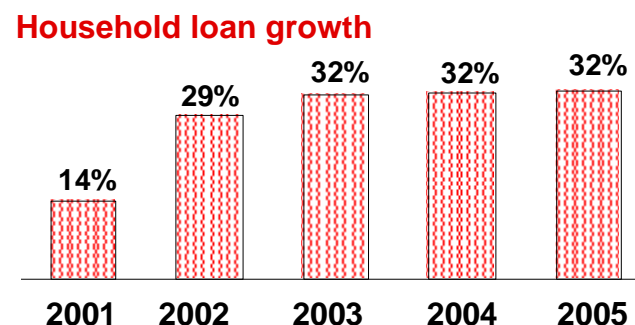
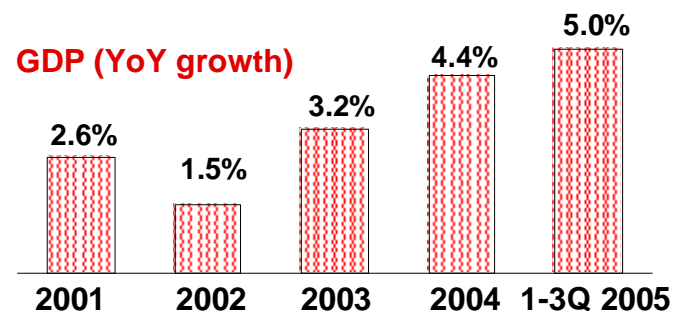
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- n Financial Performance
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Growing economy and under-penetration of the retail market

- **GDP growth** is accelerating: on average the economy grew by 5% in the 1-3Q 2005
- **Household loan growth** remains high at 32% in December 2005 while the household loan/GDP ratio still low at about 12%
- **Inflation** remains low (1.9% on average in 2005) but started to increase in the 2H 2005 above 2%
- **2W repo rate** still at very low at 2.00%, limiting KB growth of net interest income in the long-run





Successful implementation of the strategy

- **Strategy set in 2001 confirmed** by KB's business and financial performance
- **First part completed successfully:**
 - 4 Implementation of new business model
 - 4 New approach to clients, development of the multichannel approach
 - 4 Focus on the efficiency of the Bank
 - 4 Optimization of the back-office activities
 - 4 Significant decrease of the cost of risk
- **Present challenges for the Bank:**
 - 4 Expand its business activities
 - 4 Enhance its revenue generation potential
 - 4 Keep the cost/income in the low fifties
 - 4 Keep the cost of risk under control and in line with the Bank's business model



Business organisation within KB – multichannel approach

- **360 branches across the country; KB keeps expanding its network (25 new branches in 2005 and more than 20 planned in 2006)**
- KB is continuously focusing on **direct banking channels**. 793,000 clients (i.e. 54% of clients) actively use one or more direct banking products.
 - ▶ During the second quarter, KB introduced GSM Banking *Mobilní banka*.
 - ▶ More than 80% of all payment orders are processed through direct banking channels.
- **Multichannel business model** integrating branches, call centre, ATMs and direct banking services
- To be one-stop shop for all clients, KB enhances co-operation with both KB/SG Group's and external **providers of financial services**.

Main growth areas for coming years

- **Increase of the client base**
 - ▶ Ongoing extending clients base. In 2005 the number of KB clients raised by 60,000 (i.e. 4%)
 - ▶ Enlarging the distribution network and KB sales force
 - ▶ Focusing on youngsters
- **Increase of the cross-selling ratio by**
 - ▶ Expanding further the Bank's loan portfolio in all segments
 - ▶ Emphasis on the front office staff's training
 - ▶ Further improvement in the co-operation with all business partners
- **Increase of the clients' loyalty**
 - ▶ Improving transparency in the Bank's relations to clients
 - ▶ Continuous focus on product and service quality

Strong KB's performance: 8% growth in operating profit

As of 31 December 2005, year-on-year comparison

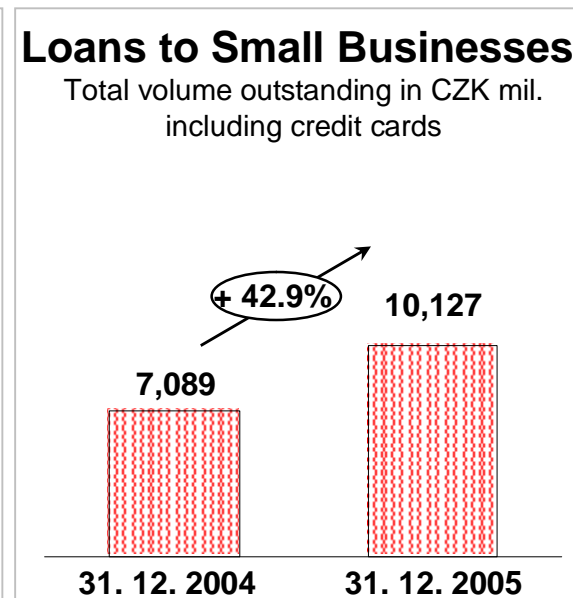
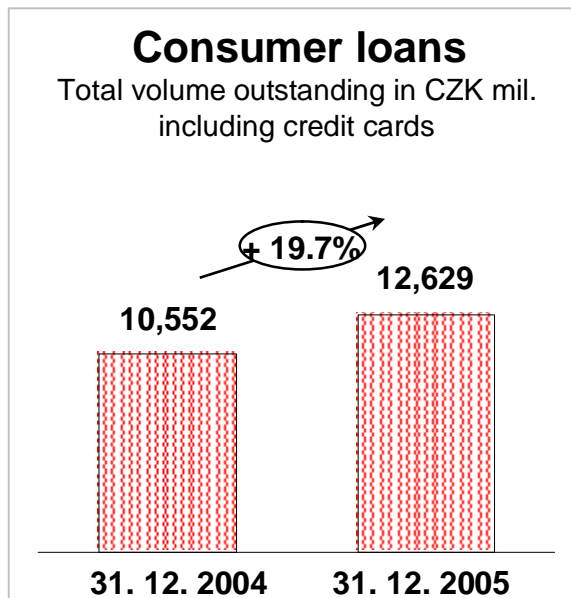
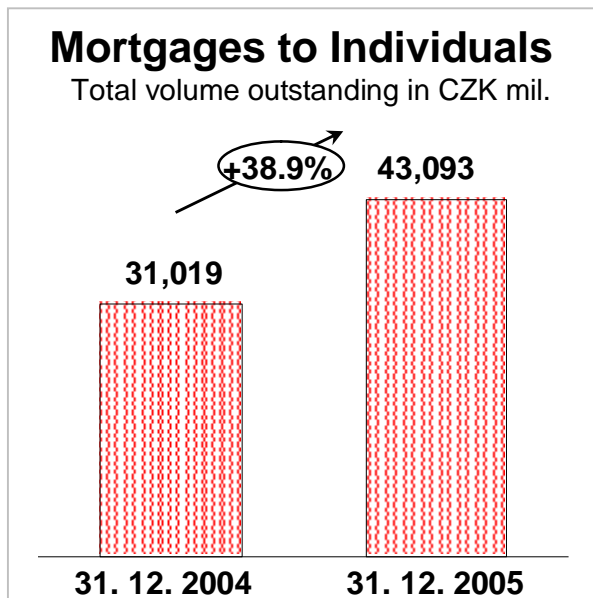
- **Total revenues increased by 3%** driven by NII
- **Total costs** kept under tight control **declined by 1.5%**, supported by exceptional cost savings
- **Operating profit up 8%** thanks to rising core banking revenues and effective cost management
- The **cost/income** ratio decreased further to **49.6%**
- **Cost of risk remained low at 24 bp.** The cost without impact of non-recurring items stood at **47 bp**
- **Net unconsolidated profit** decreased 1.6% to **CZK 9,148 million** due to lower one-off gains in 2005



KB's strategic focus - strong growth in loan portfolio

As of 31 December 2005, year-on-year comparison

- Outstanding **mortgages to individuals**: + 39% to CZK 43.1 billion
- Outstanding **consumer loans**: + 20% to CZK 12.6 billion
- Outstanding **loans on credit cards**: +119% to CZK 1.91 billion, of which CZK 1.3 billion individuals. Number of total active credit cards increased by 89% to 125,000.
- Outstanding **loans to SMEs**: + 20% to CZK 55.1 billion, out of which small businesses +43%
- Outstanding **corporate loans**: +14% to CZK 76.6 billion





Successful sales of alternative saving products

As of 31 December 2005, year-on-year comparison

- n Strong dynamics in sale of **mutual funds: new sales** volumes of **CZK 18.9 billion (+ 189%)** positively impacting the overall fee income of the Bank
- n Growth in sales of **pension insurance: 49,000 of new contracts** sold through KB **(+46% year-on-year)**
- n Intensified **cooperation with Allianz:** more than 17,000 non-life insurance policies sold through KB
- n Large increase in **building saving** accounts: 11,000 new contracts sold through KB **(+63% year-on-year)**



Penetration of products

Ongoing growth of penetration ratios

	31. 12. 2004	31. 12. 2005	YoY Change
Cross-selling ratio*			
Individuals	4.49	4.94	+10%
Penetration ratio – Individuals**			
Packages	60.8	67.7	+11%
Mortgages	2.6	3.0	+15%
Consumer loans	9.8	11.3	+15%
Payment cards	66.5	67.2	+1%
Penetration ratio - Small businesses**			
Packages	42.6	54.6	+28%
Business loans	3.9	5.4	+38%
Payment cards	57.6	63.0	+9%

* Number of products sold / Number of current accounts

** Number of clients with a product / 100 clients



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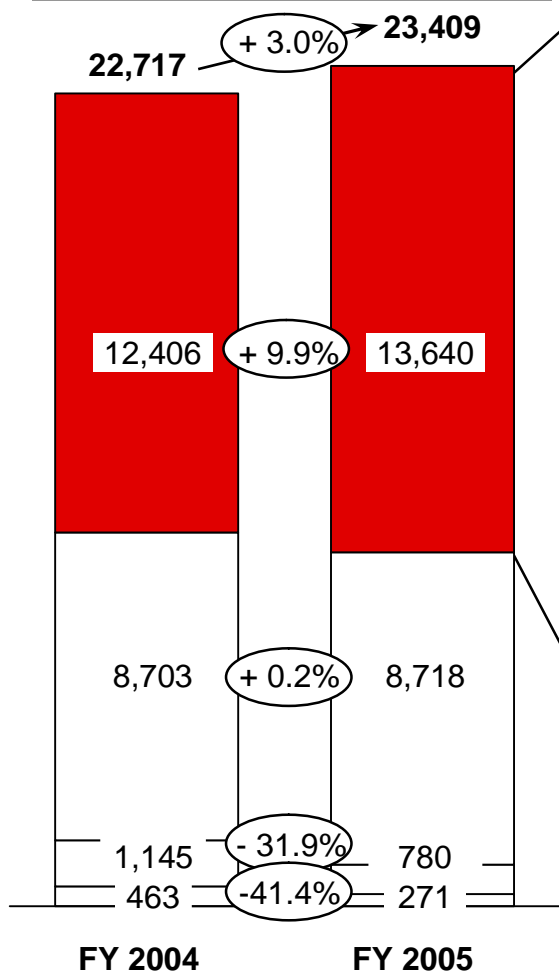
Unconsolidated 2005 Financial Results

Unconsolidated Profit and Loss Statement CZK million, audited	FY 2004	FY 2005	Change 05/04
Net banking income	22,717	23,409	+3.0%
Operating costs	-11,788	-11,611	-1.5%
Net operating income	10,929	11,798	+8.0%
Provisions for loan and investment losses	1,338	-349	-/+
Profit on subsidiaries and associates	889	341	-61.6%
Profit before income taxes	13,156	11,790	-10.4%
Income taxes	-3,857	-2,642	-31.5%
Net profit	9,299	9,148	-1.6%
Key ratios and indicators	31. 12. 2004	31. 12. 2005	Change 05/04
Capital Adequacy	12.8%	13.6%	→
Tier 1 Ratio	13.3%	13.9%	→
Risk weighted assets (CZK billion)	208.5	238.5	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.0%	3.1%	→
Cost / Income ratio	51.9%	49.6%	→
Return on Average Equity (ROAE)	22.1%	19.5%	→
Return on Average Assets (ROAA)	2.1%	1.9%	→
Earnings per Share (CZK)	245	241	→
Average number of employees during the period	7,855	7,388	-5.9%
Physical headcount at the year-end	7,276	7,390	+1.6%

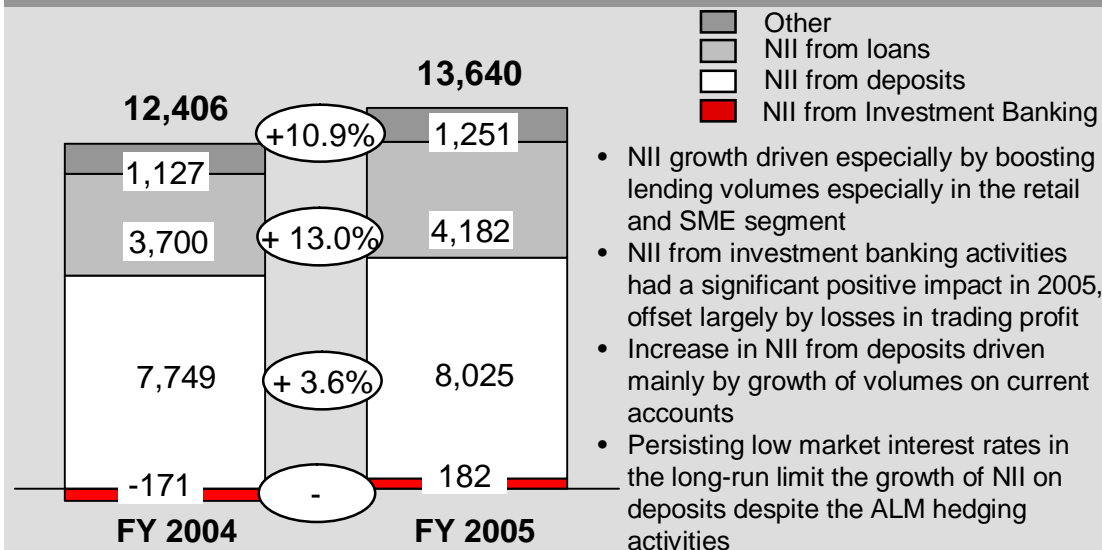
NII driven by growing volumes

CZK million, unconsolidated

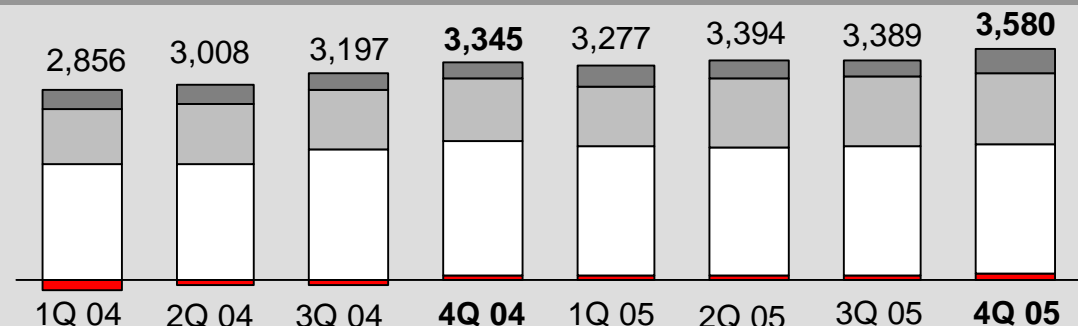
Net Banking Income



Net Interest Income



QxQ development of Net Interest Income

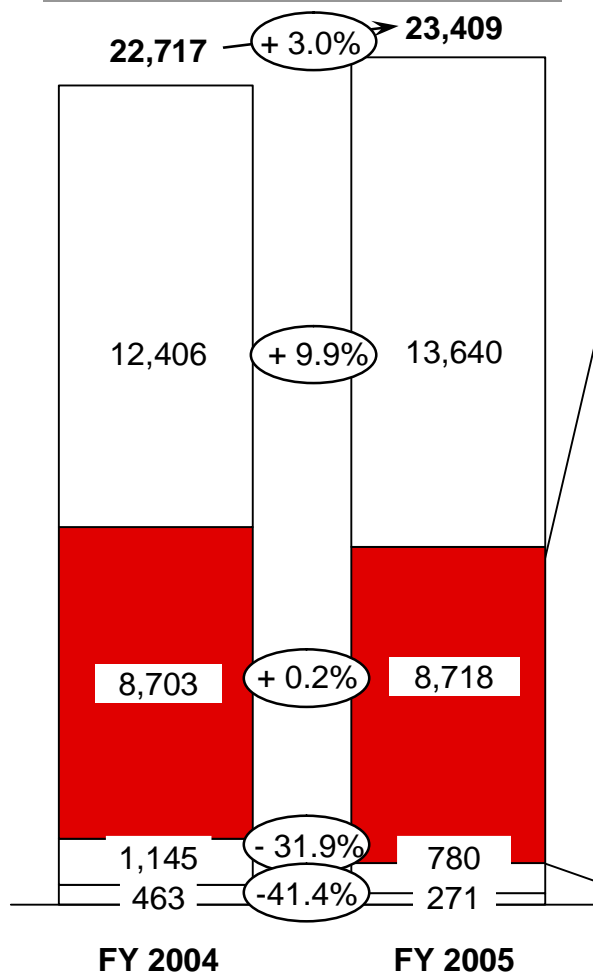




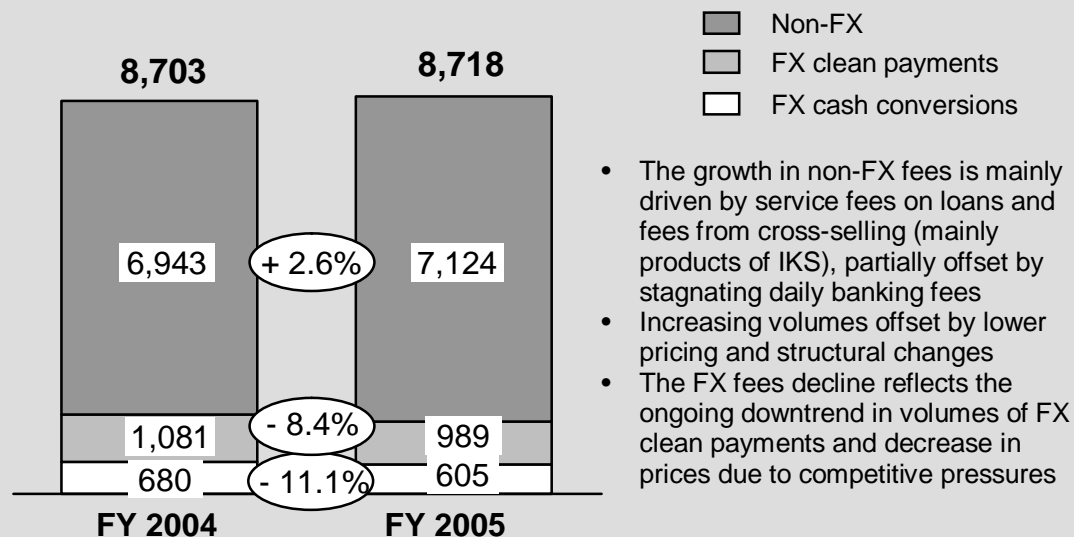
Growth limited by declining FX-fees and flat fees from daily banking

CZK million, unconsolidated

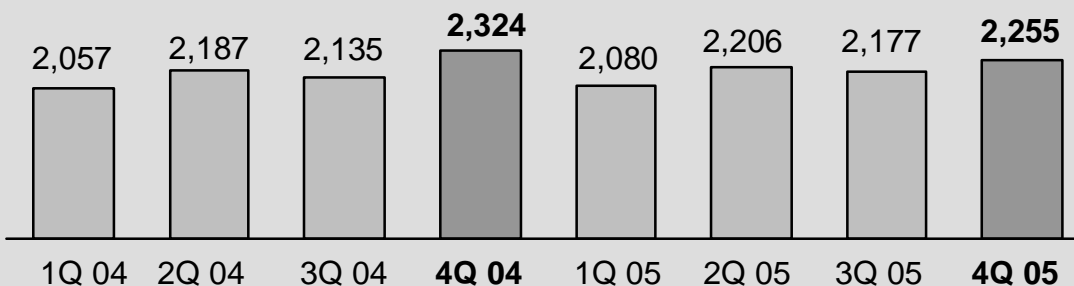
Net Banking Income



Net Fees and Commissions



QxQ development of Net Fees and Commissions

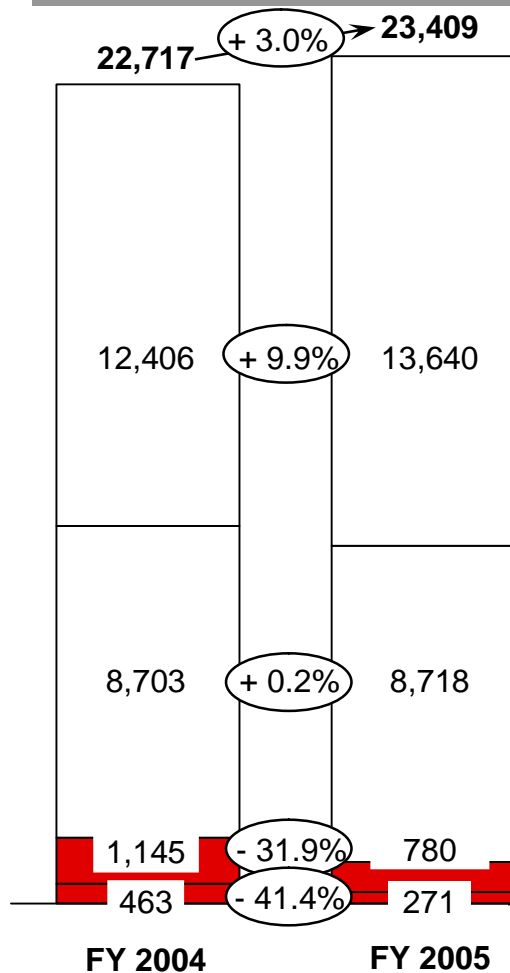




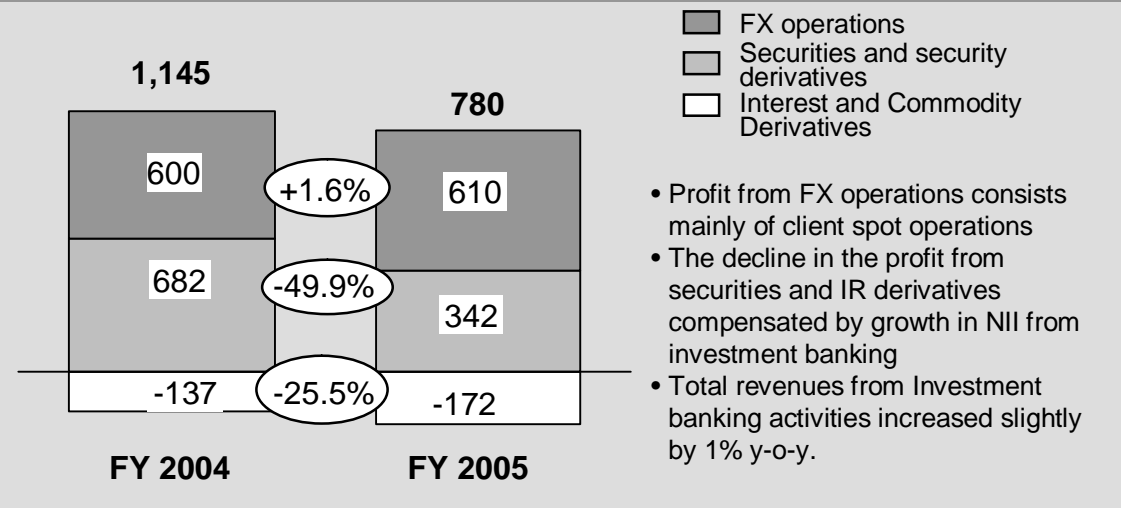
KB trading profit sustained by clients' FX operations

CZK million, unconsolidated

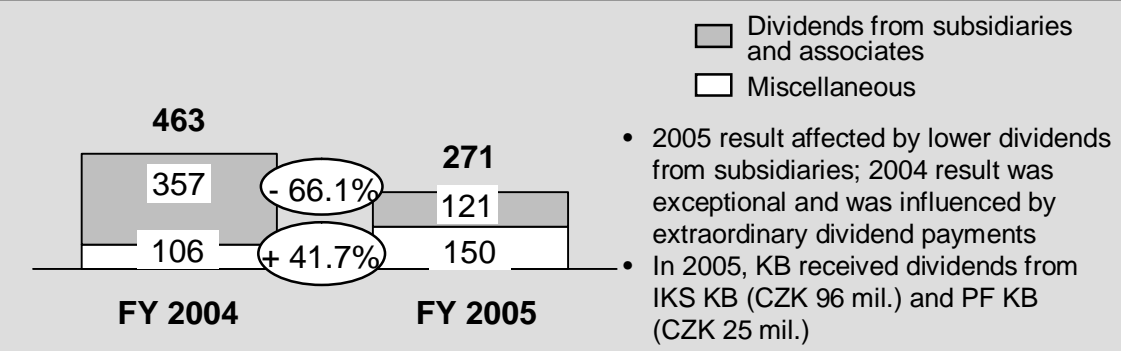
Net Banking Income



Net Profit from Financial Operations



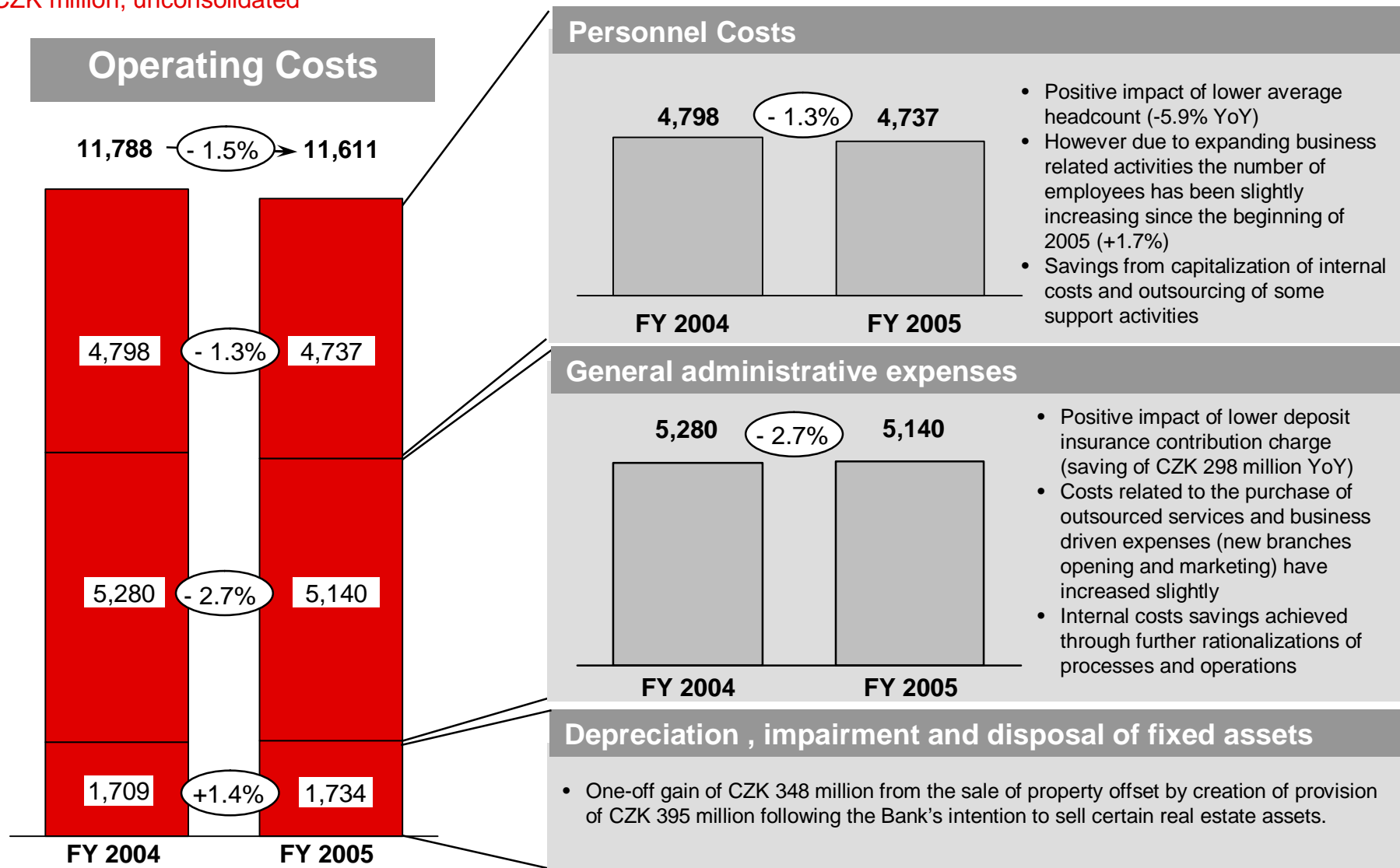
Other Income





Total expenses down by 1.5%

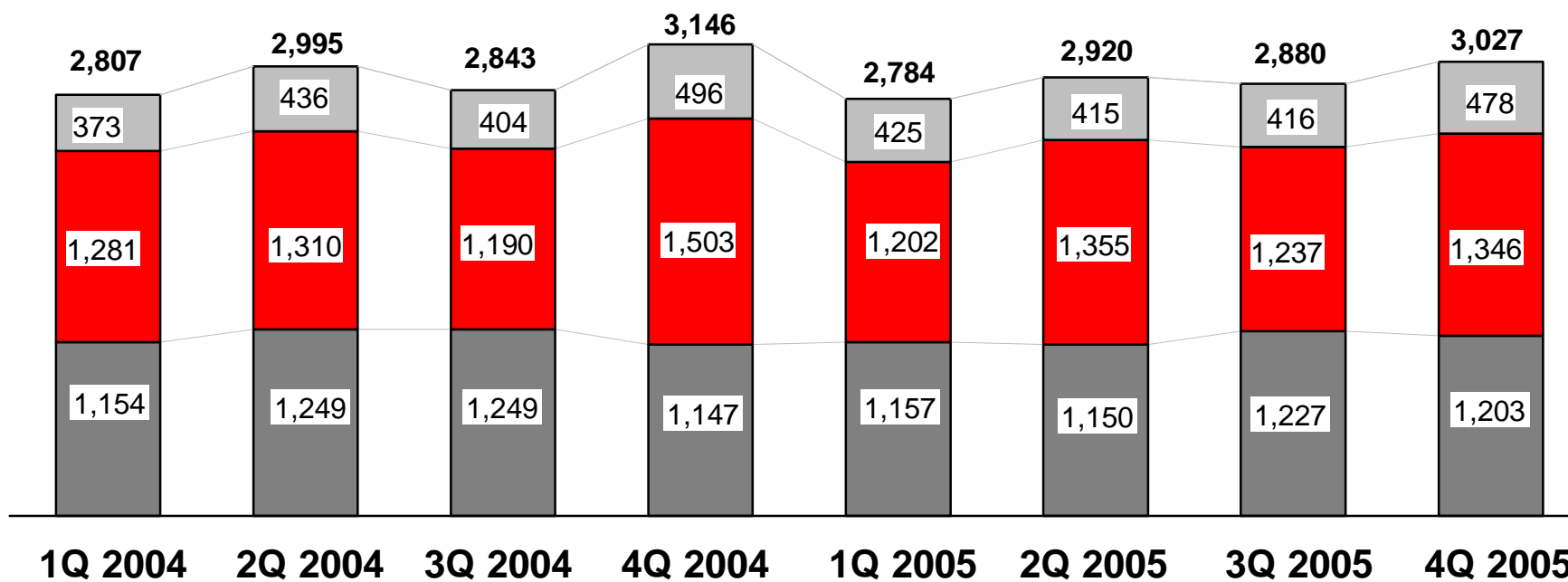
CZK million, unconsolidated



Operating costs Q-on-Q development





CZK million, unconsolidated

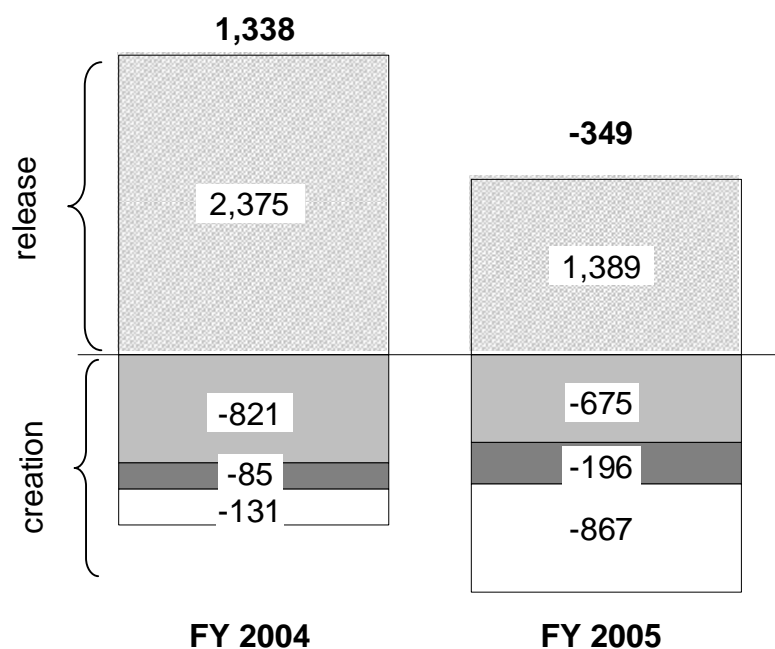
- Depreciation, impairment and disposal of fixed assets
- General administrative expenses
- Personnel expenses



Cost of risk

CZK million, unconsolidated

-  General reserve release
-  Provisions for loan losses
-  Impairment of securities
-  Provisions for other risk expenses



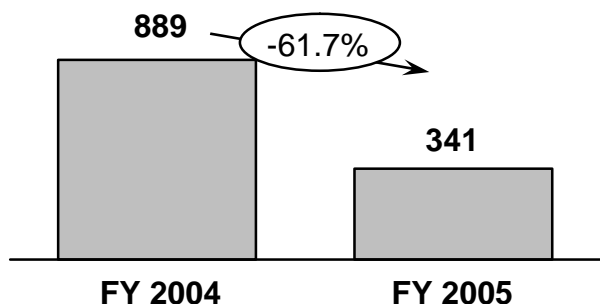
Comments

- **Net provision for loan losses** posted at CZK -675 million to be compared to CZK -821 mil. in 2004.
- **Provisions for other risk expenses** reached CZK -867 million, mainly reflecting a creation of a reserve for legal disputes.
- **Impairment of securities posted** at CZK -196 million.



Net profit on subsidiaries and associates before tax

CZK million, unconsolidated



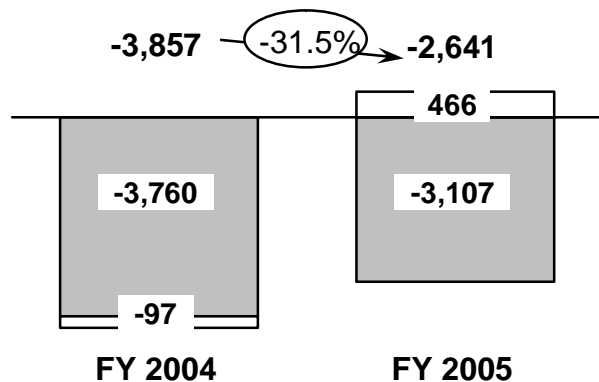
Comments

- The 2005 figure is affected by:
 - the first instalment from the IKS sale with a gain of CZK 56 million
 - the gain from the disposal of 51% stake in KP worth CZK 78 million
 - the release of provisions of CZK 185 million created for Komerční pojišťovna.
- The 2004 figure is mainly the result of the sale of the stake in MUZO, with a pre-tax gain of CZK 804 million

Income Tax

CZK million, unconsolidated

- Income tax payable
- Income tax deferred



Comments

- Income tax decreased thanks to a lower statutory corporate income tax in 2005 (26% vs. 28% in 2004) and to the booking of a deferred tax asset in the 4Q 2005
- The deferred tax was mainly the result of a one-off recognition of a tax asset worth CZK 400 million related to a legal claim
- The effective tax rate fell exceptionally to a low 22% compared to 29% in 2004 (26% excluding the one-off deferred tax asset)

Recurring profit without one-off effects continues to rise

CZK million, unconsolidated

Net profit
for the year

8,763

9,262

9,299

9,148

RECURRING
NET PROFIT

6,320

+ 7.1%

6,768

+ 3.6%

7,009

+ 5.8%

7,416

General reserve
release

Deferred
tax assets

General reserve
release

Sale of
CAC
Leasing
and
Reflexim

General reserve
release

Sale of MUZO

Reserve release

Sale of IKS
& KP

Deferred
tax assets

FY 2002

FY 2003

FY 2004

FY 2005



Balance Sheet

Assets

Liabilities

CZK million, unconsolidated

	448,294	493,738	Change		448,294	493,738	Change
	31.12.2004	31.12.2005			31.12.2004	31.12.2005	
Cash and balances with central bank	10,025	9,231	- 7.9%	Amounts due to banks	18,548	31,526	+ 70.0%
Amounts due from banks	231,361	245,953	+ 6.3%	Amounts due to customers	358,825	370,058	+ 3.1%
Loans and advances to customers (net)	155,379	185,225	+ 19.2%	Certificated debt	9,256	22,672	+ 145.0%
Securities	24,372	25,741	+ 5.6%	Other liabilities	18,087	19,168	+ 5.9%
Other assets	27,157	27,588	+ 1.6%	Shareholders' equity	43,578	50,314	+ 15.5%
	31.12.2004	31.12.2005			31.12.2004	31.12.2005	



Shareholders Equity

Development since the end of 2004

CZK million, unconsolidated

Total shareholder's equity
as at 31 December 2004:

43,578

+ 6,736

Total shareholder's equity
as at 31 December 2005:

50,314

Shareholders' equity	31. 12. 2004	1. 1. 2005	Increase	Decrease	31. 12. 2005
Share capital	19,005	19,005	-	-	19,005
Capital and reserve funds	12,095	21,394	-	-	17,590
- Retained earnings, reserve funds and dividends	12,098	21,397	-	-3,800	17,597
- Own shares	-3	-3	-	-4	-7
Net profit	9,299	0	+9,148	-	9,148
Hedging revaluation reserve	2,803	2,803	+1,349	-	4,152
AFS securities' fair value changes	201	201	+67	-	268
CDOs' fair value changes	35	35	-	-18	17
Others	140	140		-6	134
Total Shareholders' equity	43,578	43,578	+10,564	-3,828	50,314



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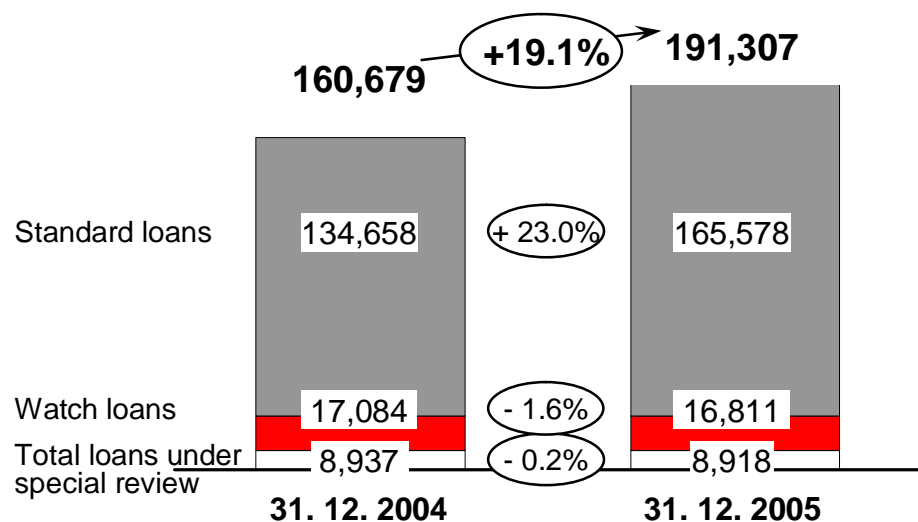
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Loan portfolio quality remains under control

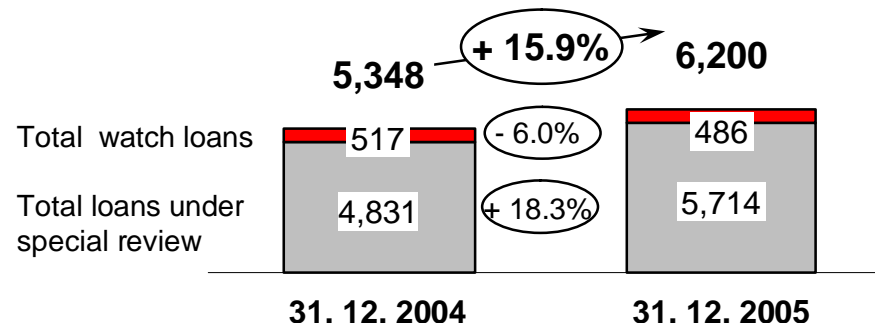
CZK million, unconsolidated

Client loans, On-balance sheet

Gross amount

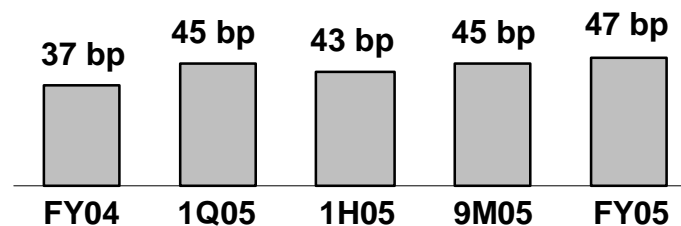


Specific provisions



- Improving quality of the loan portfolio as indicated by rising share of standard loans in total loan portfolio (87% at end of 2005 vs. 84% in 2004).
- LUSR* at less than 5% of the total portfolio (6% in 2004).
- Despite strong growth of loan portfolio, LUSR* stable on Y-o-Y basis.

- Increase in specific provisions by 15.9%, in line with growth of loan portfolio.
- Provisioning rate for LUSR at 64% (compared to 54% in 2004).
- Cost of risk (excluding one off impact of the release of general reserve) posted at 24 bp (compared to 37 bp in 2004), mainly resulting from improved quality of exposure on large corporate clients.
- Neutralizing this exceptional development, cost of risk would be around 47 bp, in line with KB's current context of fast growing retail credit portfolio.



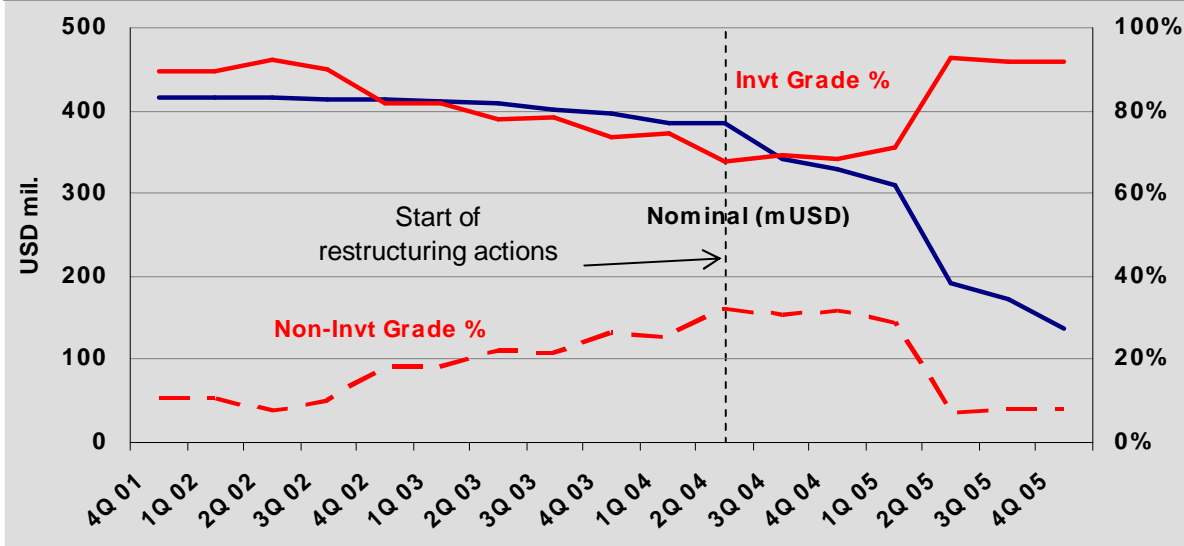
* LUSR = Loans under special review (sub-standard, doubtful and loss)

Restructuring of the portfolio finalized

As of 31 December 2005

- CDO portfolio purchased by KB in 2000 consisted of only 14% of below investment-grade assets. From 2002, with the deterioration of underlying assets, weight of these assets more than doubled to reach 32% in 2004.
- In 2004, KB decided to reduce the risk of impairment in the portfolio by decreasing its size through the sale of risky lines. From Q2 2004 to the end of 2005, the portfolio was scaled down from USD 384 to 137 million, i.e. a reduction of 64%. In terms of rating, over 95% of net book value is now rated at least A3. This 2-year reduction strategy has been achieved with a realised loss of USD 8.8 million in 2004 and 2005.
- The resulting size and risk/return profile of the CDO portfolio is now assessed as adequate. No further divestment is planned. The portfolio will continue to be closely monitored in order to ensure early detection of any potential/future deterioration and to propose corrective actions.

Size & Rating evolution since inception



Portfolio Book Values, in USD mil

At Inception		
Rated (\geq A3)	369	
Equity	58	
Total	426	
31 December 2005		
Book Value	Book Value after impairment	
Rated	95.6	95.6
Equity	41.0	4.7
Total	136.6	100.3



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Consolidated Financial Results and Ratios

Profit and Loss Statement CZK million, unaudited	FY 2004	FY 2005	Change 05/04
Net interest income	13,264	14,660	+10.5%
Net fees & commissions	8,936	8,736	-2.2%
Income from financial operations	1,414	1,238	-12.4%
Other income	138	-115	+/-
Net banking income	23,752	24,519	+3.2%
Operating costs	-12,475	-12,153	-2.6%
Net operating income	11,277	12,366	+9.7%
Income from not fully consolidated companies and exclusion of subsidiaries from consolidation	235	-331	+/-
Cost of risk	1,346	-470	+/-
Income taxes	-3,920	-2,654	-32.3%
Net profit	8,938	8,911	-0.3%
Balance Sheet CZK million	31. 12. 2004	31. 12. 2005	Change 05/04
Total assets	473,411	514,934	+8.8%
Shareholders' equity	44,814	51,327	+14.5%
Key ratios and indicators	31. 12. 2004	31. 12. 2005	Change 05/04
Cost / Income ratio	52.5%	49.6%	→
Return on Average Equity annualised (ROAE)	20.7%	18.5%	→
Return on Average Assets (ROAA)	1.9%	1.8%	→
Average Number of Employees*	8,354	7,713	-7.7%

* Including fully consolidated companies only: KB, PF, Factoring and Essox



Subsidiary and associated undertakings results

As at 31 December 2005, CZK mil., CAS/SAS/IFRS

	Share of KB	Profit after tax	Equity	Assets
ESSOX, s.r.o. (IFRS)	51%	-48	49	2,500
Factoring KB, a.s. (CAS)	100%	18	162	4,441
Komerční Finance, B.V.	100%	2	7	8
Komerční banka Bratislava, a.s. (SAS)	100%	2	581	4,820
Penzijní fond Komerční banky, a. s. ** (CAS)	100%	621	1,292	16,591
Total subsidiary undertakings		594	2,096	28,364
Komerční pojišťovna, a.s. (CAS)	49%	-50	733	9,815
Modrá pyramida SS, a.s. (CAS)	40%	271	1,605	57,650
Czech Banking Credit Bureau (CAS)	20%	3	4	14
Total subsidiary and associated undertakings		817	4,438	95,843
KB direct share		702	3,074	55,009

Companies excluded from the consolidation

ALL IN REAL ESTATE LEASING, s.r.o. * (CAS)	100%	-0.4	4	4
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*Companies in process of disposal or liquidation

**Fully consolidated since 1 January 2005, 85% of net profit redistributed to the policyholders



Large increase in the number of points of sale

As of 31 December 2005, year-on-year comparison

§ **1,467,000 clients*** - 1,186,000 individuals and 281,000 corporates

- YonY increase in number of clients by 60,000 (+4%)

§ **Network**

- 360 points of sale for retail clients

- 37 business centres for medium enterprises and municipalities

- 8 business centres for large corporates

- 607 ATMs

§ **Direct banking**

- 1,031,000 active products of direct banking (+16%)

- 668,000 clients using phone banking

- 289,000 users of internet banking

- 22,600 users of PC banking

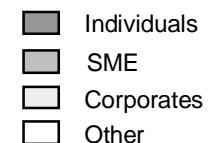
- 793,000 clients (i.e. more than 54% of the client base) actively using one or more direct banking products

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

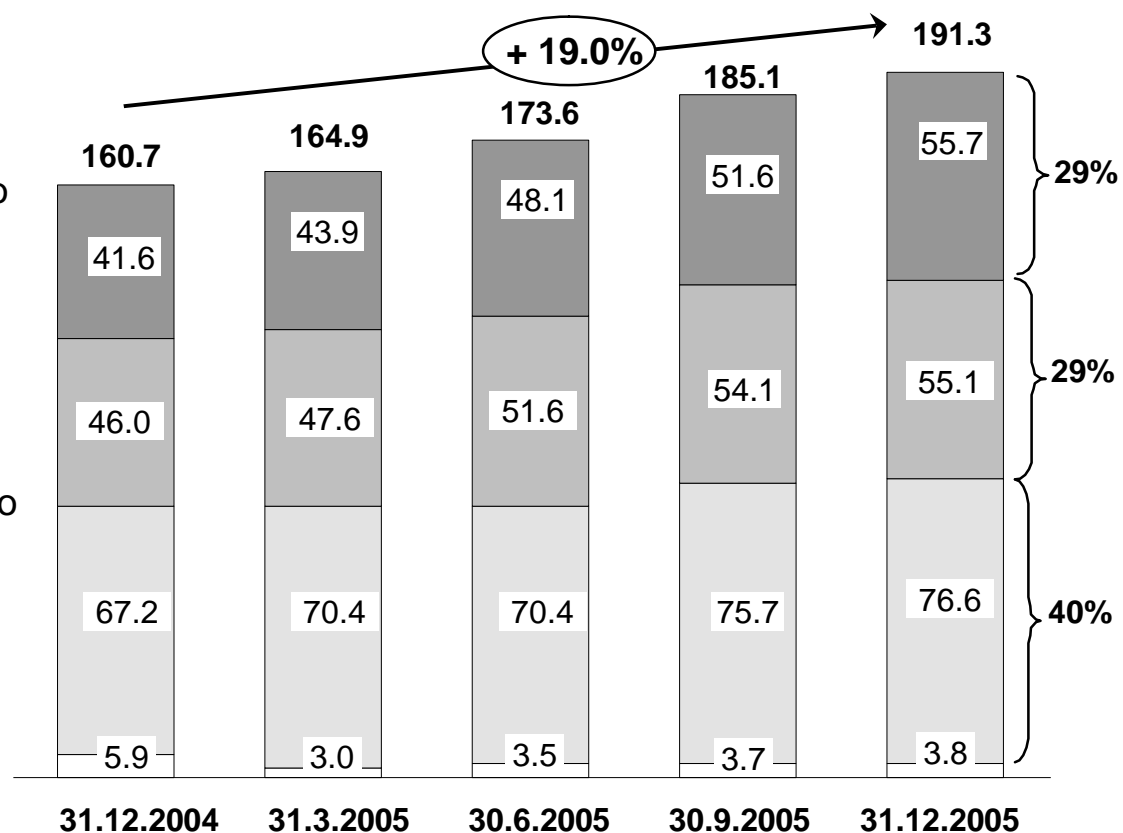
Loan portfolio growing in all client segments

Volume of loans

CZK billion, Gross amount



- **Year-on-year growth** of the loan portfolio by **19.0%**
- Total **mortgage loans** amounted to CZK 46.8 billion and **consumer loans** to CZK 12.6 billion
- Total **off-balance sheet commitments** to clients stood at **CZK 122.0 bil.** (+11%)



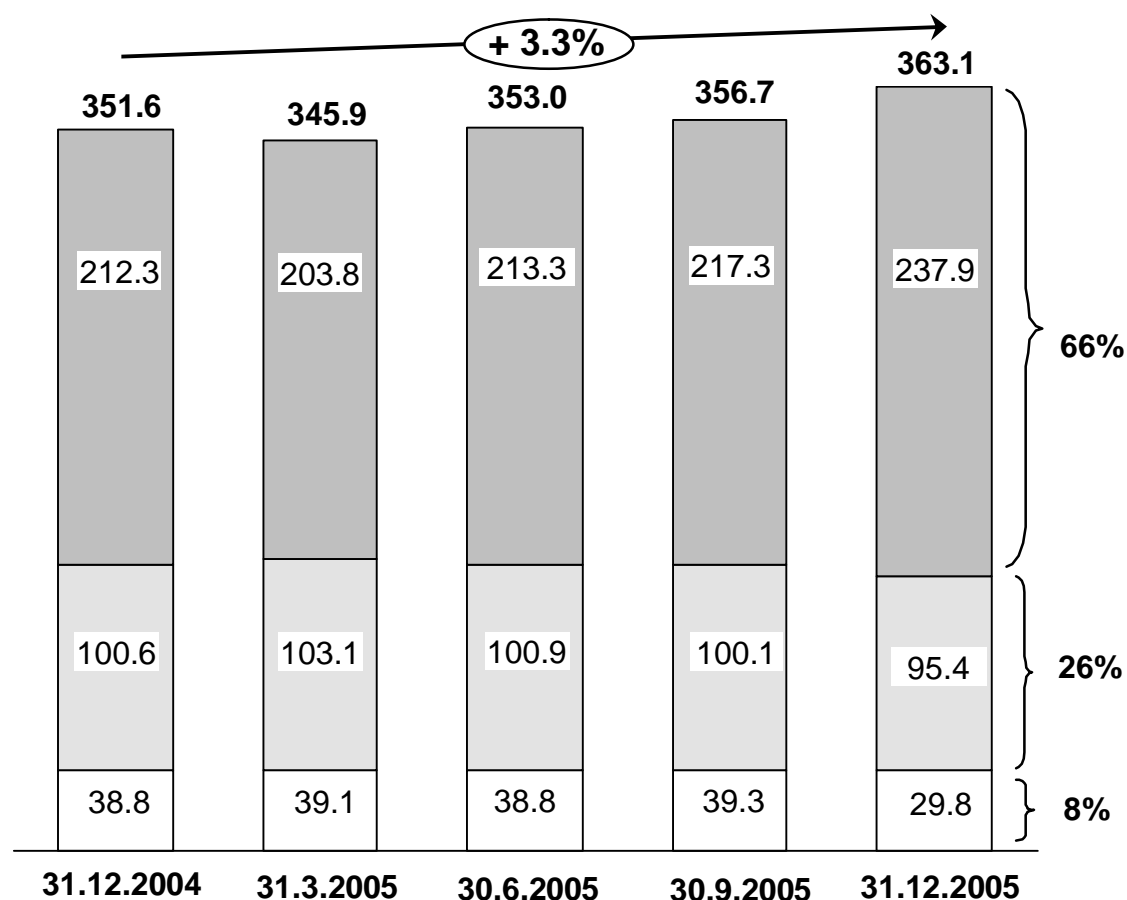
Structural changes in deposits continue

Volume of primary client deposits

CZK billion

- Current Accounts incl. O/N
- Term and Savings Accounts
- Loans from Customers (excl. repo transactions)

- Slight increase of depositary base by 3.3% year-on-year
- Rising volumes on current accounts (+12.1% YoY) and ongoing decrease of term accounts (-5.1% YoY)
- Deposits from individuals represent 34% share of total primary deposits reaching CZK 124.4 billion
- Migration of deposits from KB to its subsidiaries during 1-4Q 2005
 - IKS sales (CZK + 18.9 bil.)
 - KP Vital insurance product premium written (CZK + 2.1 bil.)
 - Increase of PF client contributions (CZK + 1.6 bil.)





Products for Individuals and Small Businesses

Sales of key products

Financial Packages	31. 12. 2004	31. 12. 2005	YoY Change
PACKAGES FOR INDIVIDUALS	614,836 packages	696,438 packages	+ 13%
GAUDEAMUS package for young clients	101,415 packages	116,324 packages	+ 15%
CHILD ACCOUNT	94,821 accounts	127,371 accounts	+ 34%
MERLIN payment cards' insurance	85,170 policies	201,126 policies	+136%
PACKAGES FOR SMALL BUSINESSES	114,484 packages	145,221 packages	+ 27%
Business loans	11,048 total loans	15,967 total loans	+ 45%
Authorised overdrafts	54,816 active authorised overdrafts	65,854 active authorised overdrafts	+ 20%



Growing card business

	31. 12. 2004	31. 12. 2005	YoY Change
Debit cards - active	1,155,342	1,244,388	+8%
Credit cards – active	66,096	124,720	+89%
o/w to entrepreneurs	-	24,541	-
Number of POS (points of sales using electronic device)	12,717	15,527	22%
	1-4Q 2004	1-4 Q 2005	
Number of transactions via payment cards	86.3 mil.	96.6 mil.	+12%



Co-operation within KB/SG Group and Strategic Partnerships

	Provided in co-operation with:	1-4Q 2004	1-4Q 2005	Change 05/04
Life insurance Vital (number of sold policies through KB)	Komerční pojišťovna	48,123	51,259	+6.5%
Non-life insurance (number of sold policies through KB)	Allianz	3,205	17,367	+442%
Mutual funds (sales in CZK bil.)	Investiční kapitálová společnost KB	6.5	18.9	+189%
Pension insurance (number of contracts through KB)	Penzijní fond KB	33,441	48,847	+46%
Building saving (number of sold contracts)	Modrá pyramida stavební spořitelna	6,713	10,915	+63%
Factoring (turnover in CZK bil.)	Factoring KB	7.1	9.5	+34%
KB FleetLease (cars) (# of cars provided through KB)	ALD Automotive	1,537	1,695	+10%
KB Leasing (big tickets) (turnover in CZK bil. through KB)	SG Equipment Finance	1.3	1.8	+38%



Czech Republic

Macroeconomic indicators	2003	2004	2005*	2006*	2007*
GDP (%)	+ 3.2	+ 4.7	+ 4.8	+ 4.4	+ 4.4
Inflation (%)	+ 0.1	+ 2.8	+ 1.9**	+ 2.5	+ 2.5
Households income (%)	+ 4.8	+ 4.9	+ 5.0	+ 5.0	+ 5.5
M2 (%)	+ 6.9	+ 4.4	+ 8.2**	+ 6.0	+ 6.5
3M PRIBOR (%)	2.3	2.4	2.0**	2.4	2.8

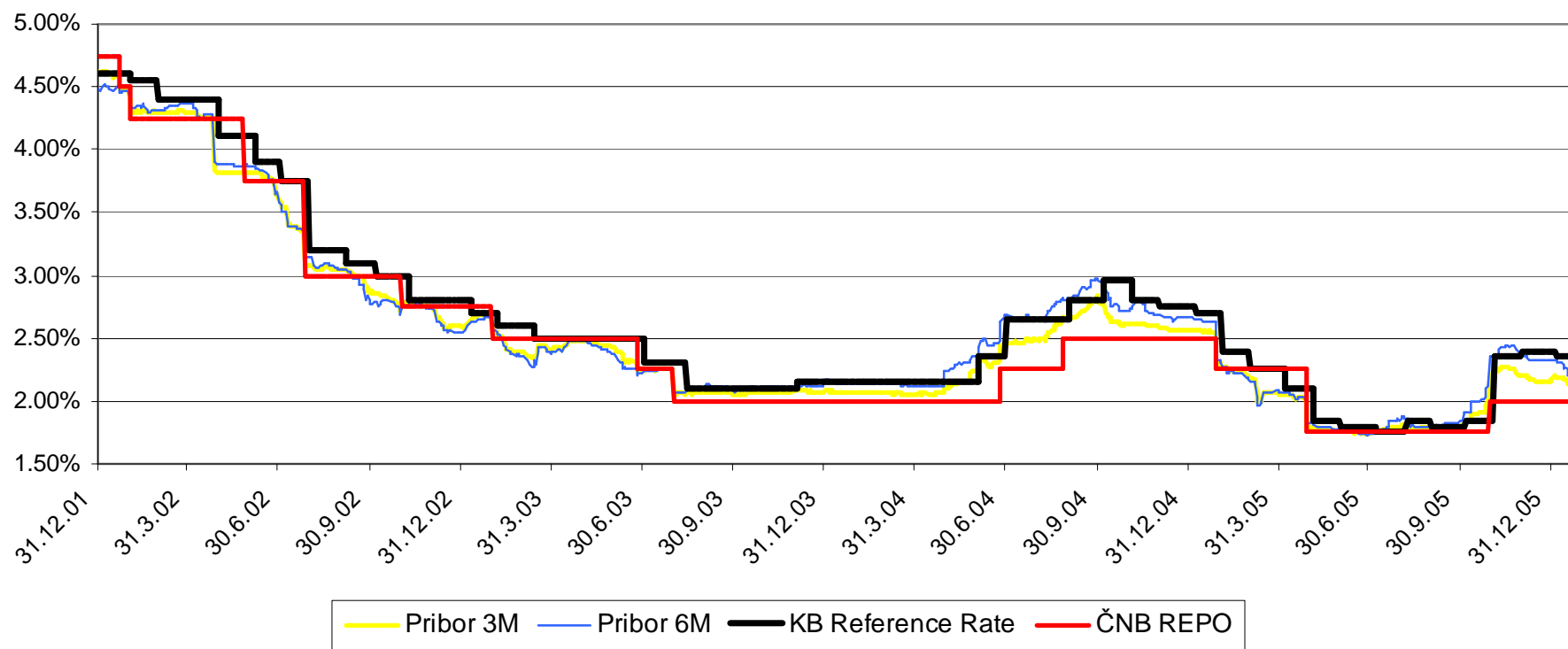
Potential of the market	2003	2004	2005*	2006*
Loans/GDP (year-end)	39.0	38.3	41.5	43.0
Mortgages/GDP (year-end)	4.3	6.0	8.1	10.0
Deposits/GDP (year-end)	65.4	64.1	69.8	72.5

* KB estimates

** Final data

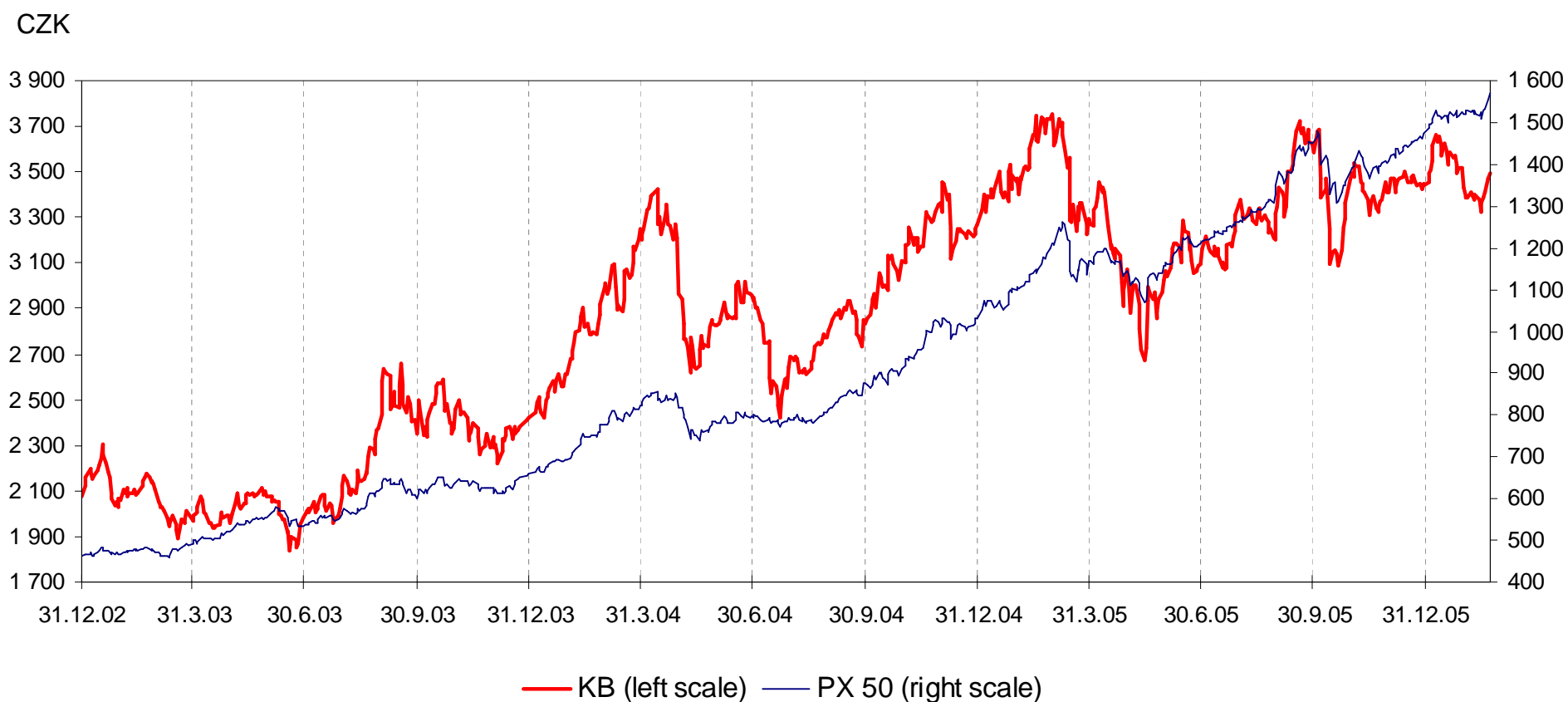


Interest Rates Evolution





Development of KB's share price and Index PX50

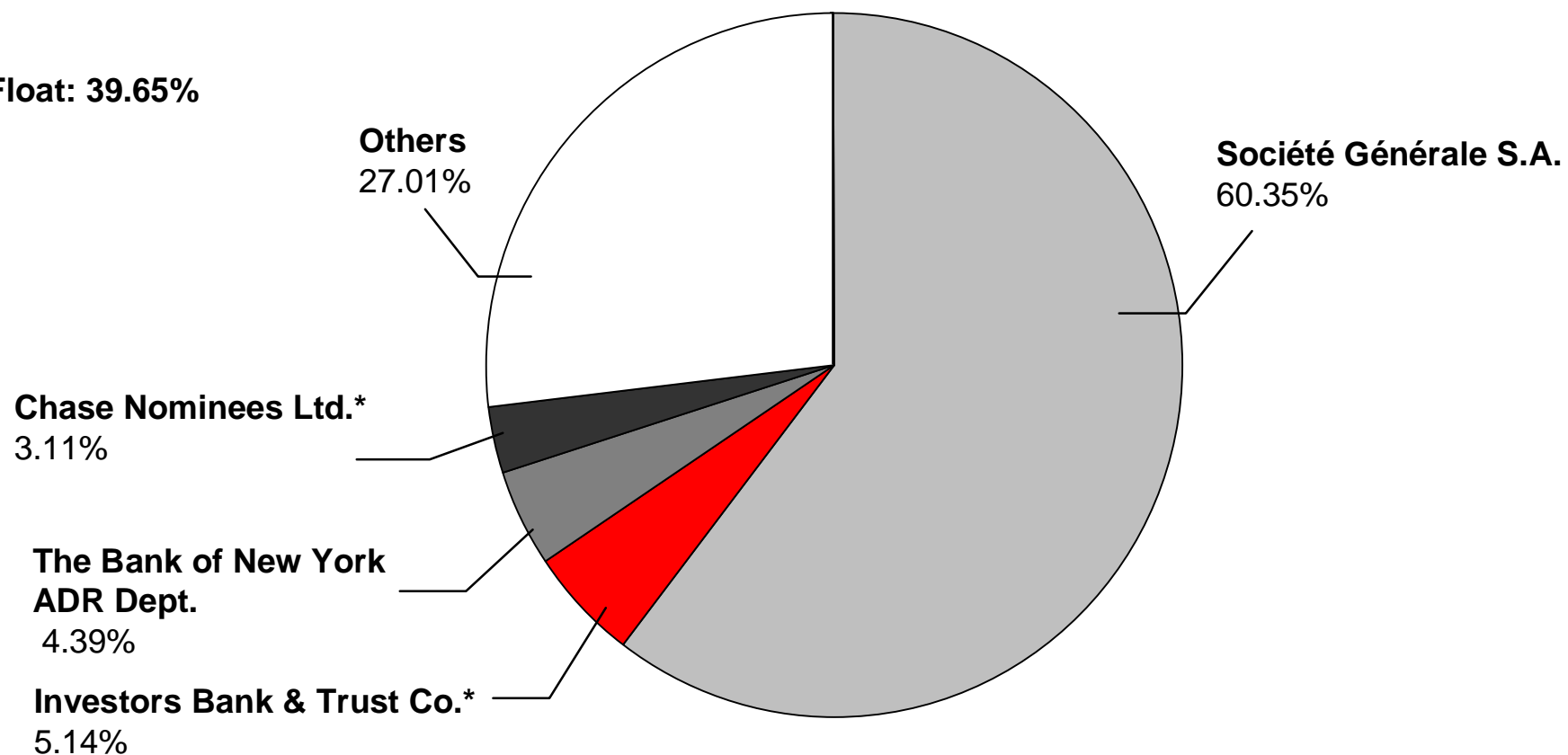


Structure of Shareholders

Major shareholders of Komerční banka, a. s.
as at 31 December 2005

Number of shares outstanding - 38 million

Free Float: 39.65%



* Shares held on behalf of third parties

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