



# Financial Results as at 31 March 2006

(International Financial Reporting Standards)

Prague - 28 April 2006

SOCIETE  
GENERALE  
GROUP





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## Strong growth of sustainable earnings

As of 31 March 2006, year-on-year comparison

- **Total revenues increased by 8%** driven mainly by NII, including impact of one-off gains.
- **Total costs**, including one-off effects, **declined by 4%**.
- **Operating profit up 20%** thanks to rising core banking revenues, helped by extraordinary income, and exceptionally lower costs. **Recurring operating profit up 9%**.
- In line with the fast growing retail portfolio **the cost of risk increased to 37 bp** (24bp in 2005).
- **Net unconsolidated profit** increased 19.6% to **CZK 2,314 million** thanks to rising revenues and exceptionally low costs
- On 26 April 2006, the AGM decided to pay out **dividends in total amount of CZK 9.5 bil.** (or CZK 250 / share) representing 104% of 2005 net profit

## New and innovated products of Komerční banka

Komerční banka has introduced **advantageous Authorized Overdraft for doctors and pharmacists** helping them to overcome periods of e.g. late payments from insurance companies with credit limit up to CZK 3,000,000 and favourable interest rate at 8% / 10% p.a.

KB has **increased the limit for KB EuroPayment from EUR 12,500 to EUR 50,000**, enabling the clients to benefit from advantageous KB EuroPayment conditions also for higher volumes of transactions within the Eurozone.

Since April, Komerční banka launched a new **Residential Housing Programme, which makes cooperatives' and condominiums' access to loans significantly easier**. A loan can be obtained completely without the owners of the housing units providing any security or guarantees, depending on the level of debt per housing unit and the locality.

KB will subscribe to the Code of Conduct acceded by Czech Banking Association with effect from 1 June 2006.





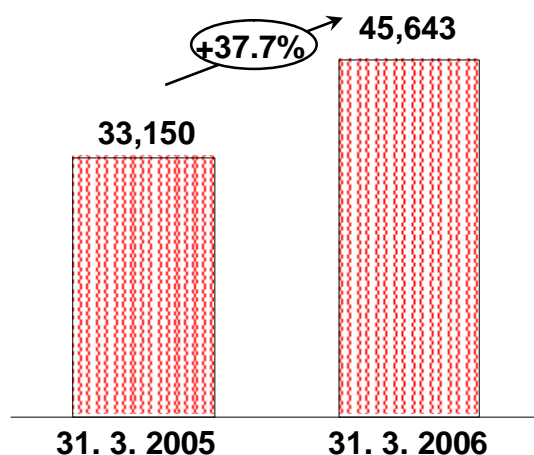
## KB's strategic focus - strong growth in loan portfolio

As of 31 March 2006, year-on-year comparison

- Outstanding **mortgages to individuals**: + 38% to CZK 45.6 billion
- Outstanding **consumer loans**: + 21% to CZK 13 billion
- Outstanding **loans on credit cards**: +128% to CZK 2.16 billion, of which CZK 1.3 billion individuals. Number of total active credit cards increased by 88% to 133,000.
- Outstanding **loans to SMEs**: + 17% to CZK 55.8 billion, out of which small businesses +32%
- Outstanding **corporate loans**: +13% to CZK 79.5 billion

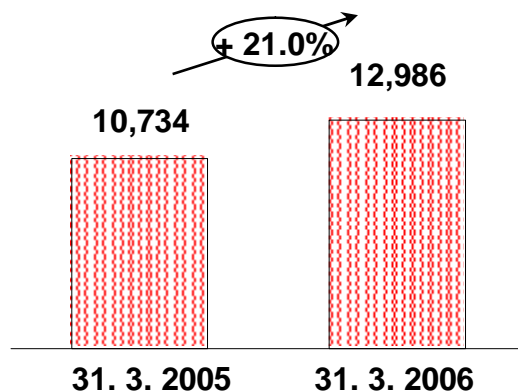
### Mortgages to Individuals

Total volume outstanding in CZK mil.



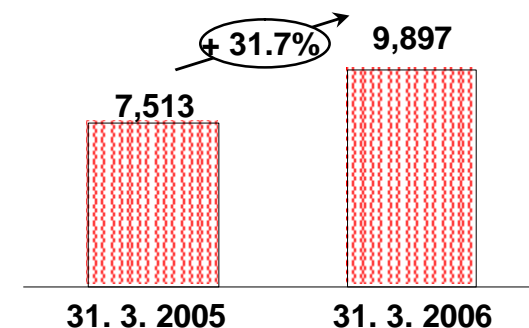
### Consumer loans

Total volume outstanding in CZK mil.  
including credit cards



### Loans to Small Businesses

Total volume outstanding in CZK mil.  
including credit cards





## Successful sales of products from affiliates and third parties

- n Dynamic growth in **sales of life insurance products**: premium written up 32% year-on-year
- n Strong sale of **mutual funds**: new sales volumes of CZK 5.1 billion (+ 11% YoY) with strong rise in fee income paid to the Bank
- n **Cooperation with Allianz** successful: 45% increase in non-life insurance policies sold through KB in 1Q 2006
- n **Building saving** accounts continue to grow: new contracts sold through KB up 85% year-on-year
- n Increase in number of **cars financed through KB FleetLease** by 6% year-on-year, as a result of successful partnership with ALD Automotive.



## Ongoing growth of penetration ratios

	31. 3. 2005	31. 3. 2006	YoY Change
<b>Cross-selling ratio*</b> Individuals	4.60	5.02	+9%
<b>Penetration ratio – Individuals**</b>			
Mortgages	2.7	3.2	+18%
Consumer loans	10.0	11.5	+15%
Credit cards	6.0	8.3	+38%
Life insurance	7.6	9.5	+25%
<b>Penetration ratio - Small businesses**</b>			
Packages	47.6	57.3	+20%
Business loans	4.4	5.6	+27%
Credit cards	0	11.1	-

\* Number of products sold / Number of current accounts

\*\* Number of clients with a product / 100 clients



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## Unconsolidated Financial Results

<b>Unconsolidated Profit and Loss Statement</b> CZK million, unaudited	1Q 2005	1Q 2006	Change 06/05
Net banking income	5,568	6,017	+8.1%
Operating costs	-2,782	-2,667	-4.1%
Net operating income	2,786	3,350	+20.3%
Cost of risk	-181	-320	+76.6%
Profit on subsidiaries and associates	0	0	-
Profit before income taxes	2,605	3,030	+16.3%
Income taxes	-671	-717	+6.8%
Net profit	1,934	2,314	+19.6%

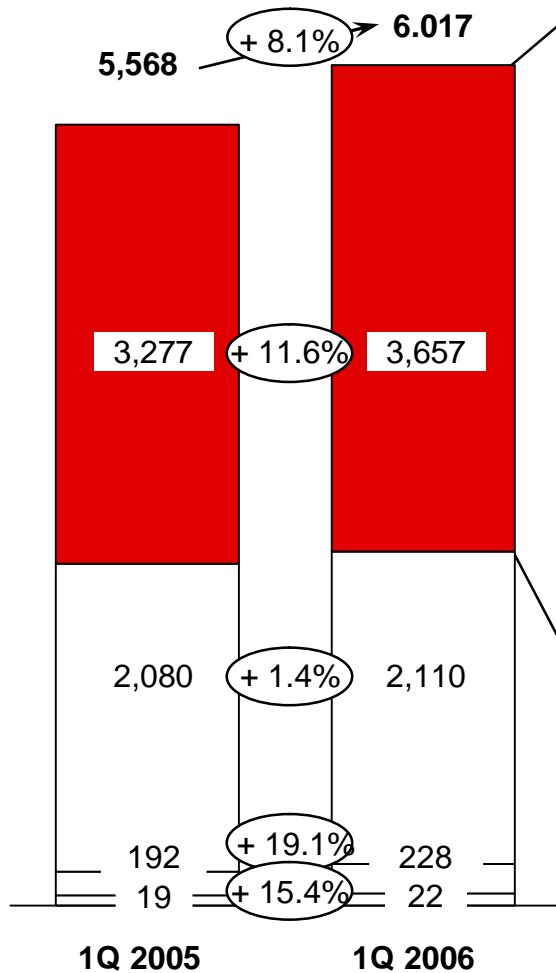
<b>Key ratios and indicators</b>	31. 3. 2005	31. 3. 2006	Change 06/05
Capital Adequacy	13.5%	13.0%	→
Tier 1 Ratio	14.1%	13.3%	→
Risk weighted assets (CZK billion)	220.2	259.5	→
Net Interest Margin - NII/Av. Interest Bearing Assets	3.2%	3.2%	→
Cost / Income ratio	50.0%	44.3%	→
Return on Average Equity (ROAE) - Annualized	17.1%	18.2%	→
Return on Average Assets (ROAA) - Annualized	1.7%	1.9%	→
Earnings per Share - Annualized (CZK)	203	243	→
Average number of employees during the period	7,286	7,439	+2.1%



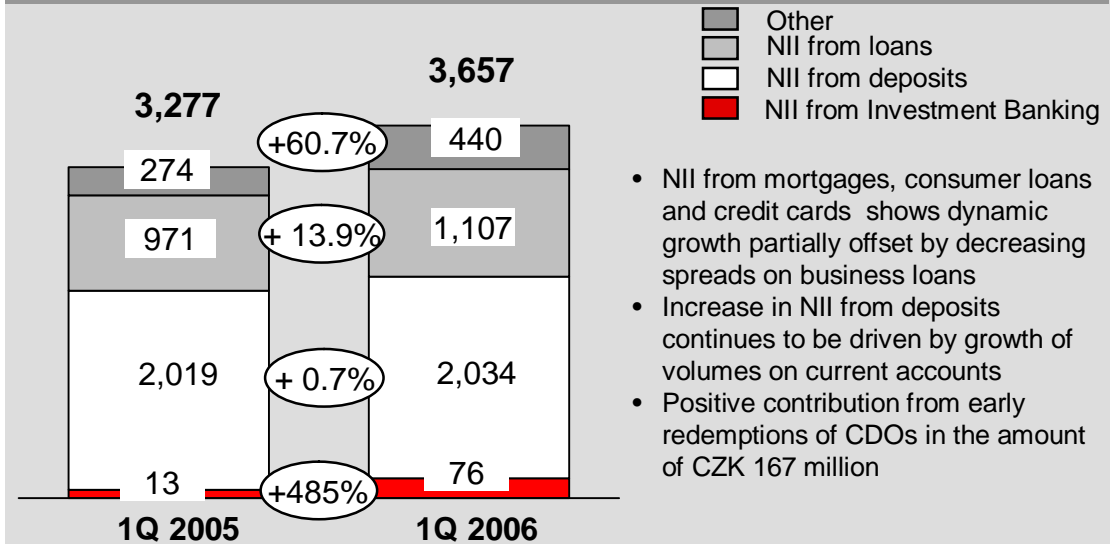
## NII dynamics mainly driven by retail loans growth

CZK million, unconsolidated

### Net Banking Income

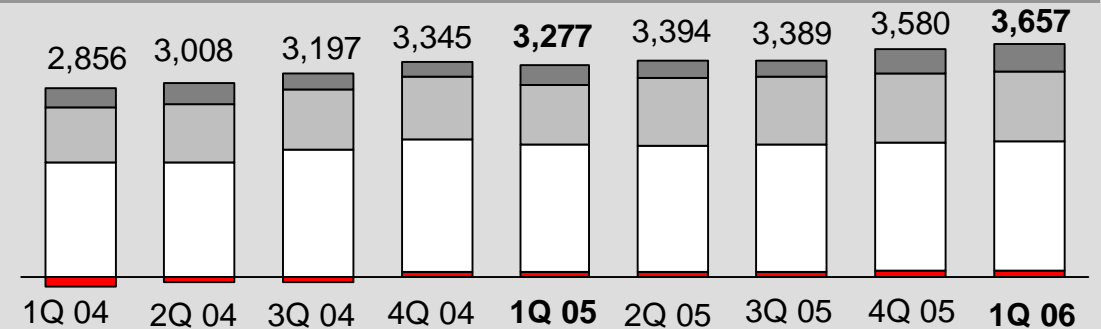


### Net Interest Income



- NII from mortgages, consumer loans and credit cards shows dynamic growth partially offset by decreasing spreads on business loans
- Increase in NII from deposits continues to be driven by growth of volumes on current accounts
- Positive contribution from early redemptions of CDOs in the amount of CZK 167 million

### QxQ development of Net Interest Income



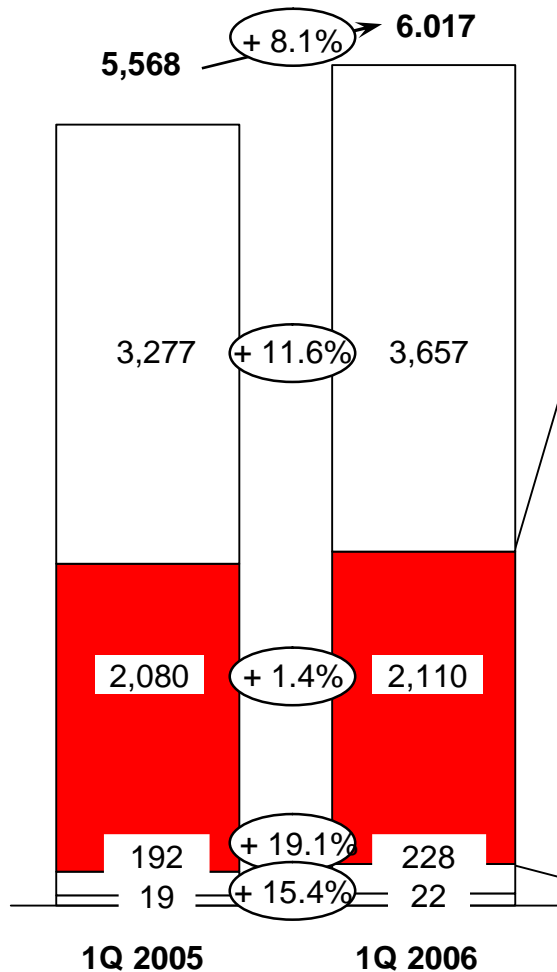


## Net Fees and Commissions

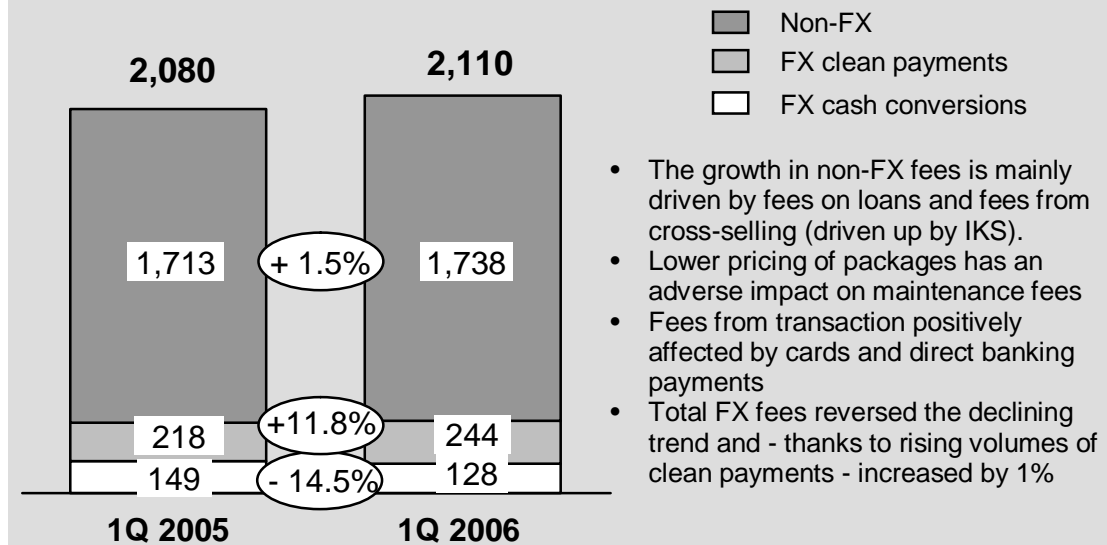
### Total fees up by 1.4%

CZK million, unconsolidated

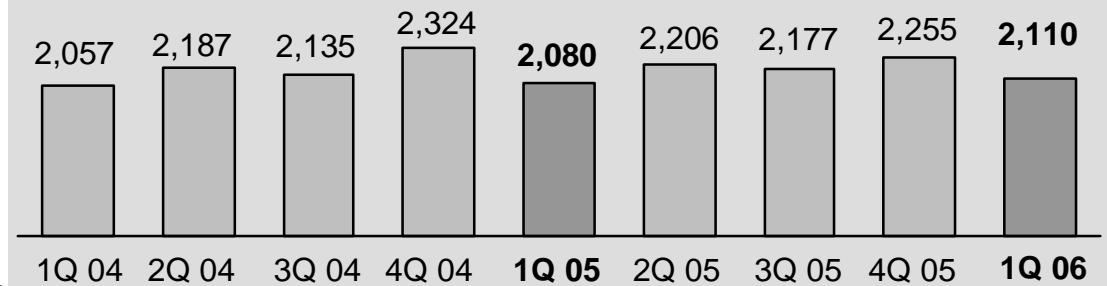
#### Net Banking Income



#### Net Fees and Commissions



#### QxQ development of Net Fees and Commissions

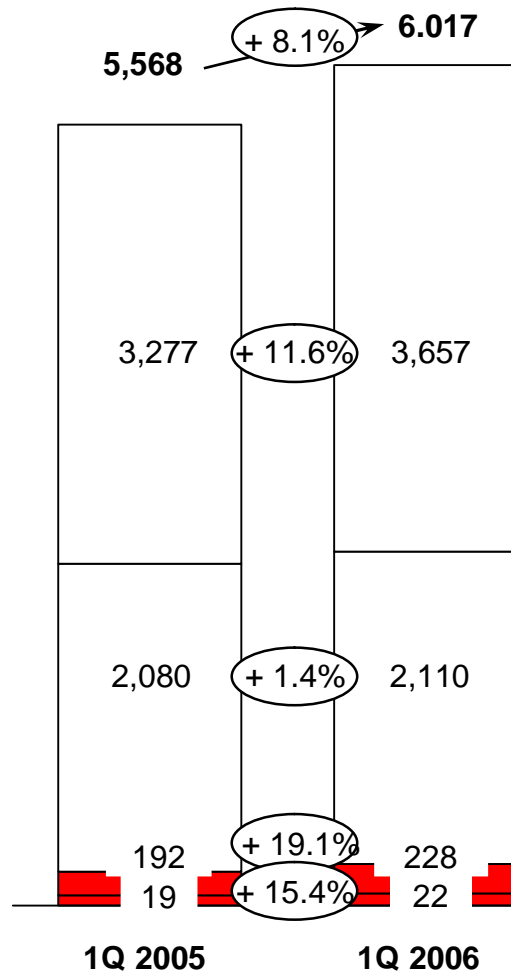




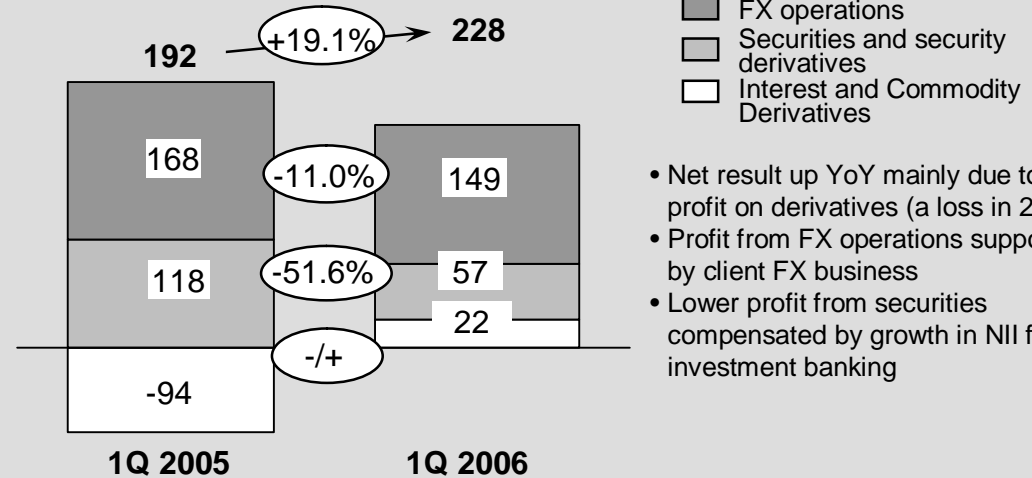
## KB trading profit mainly comprises clients' operations

CZK million, unconsolidated

### Net Banking Income

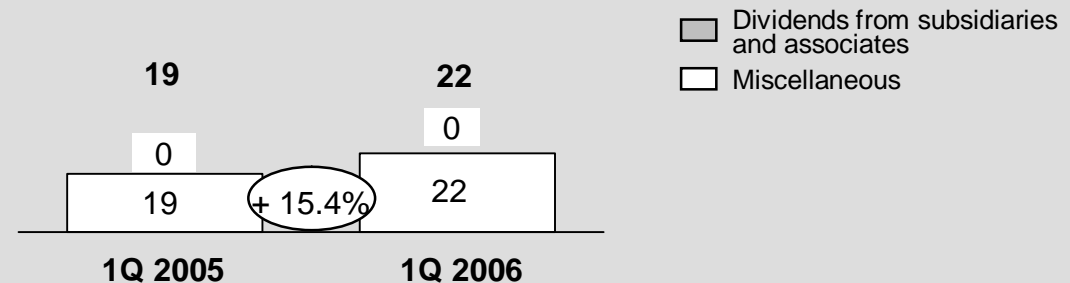


### Net Profit from Financial Operations



- Net result up YoY mainly due to profit on derivatives (a loss in 2005)
- Profit from FX operations supported by client FX business
- Lower profit from securities compensated by growth in NII from investment banking

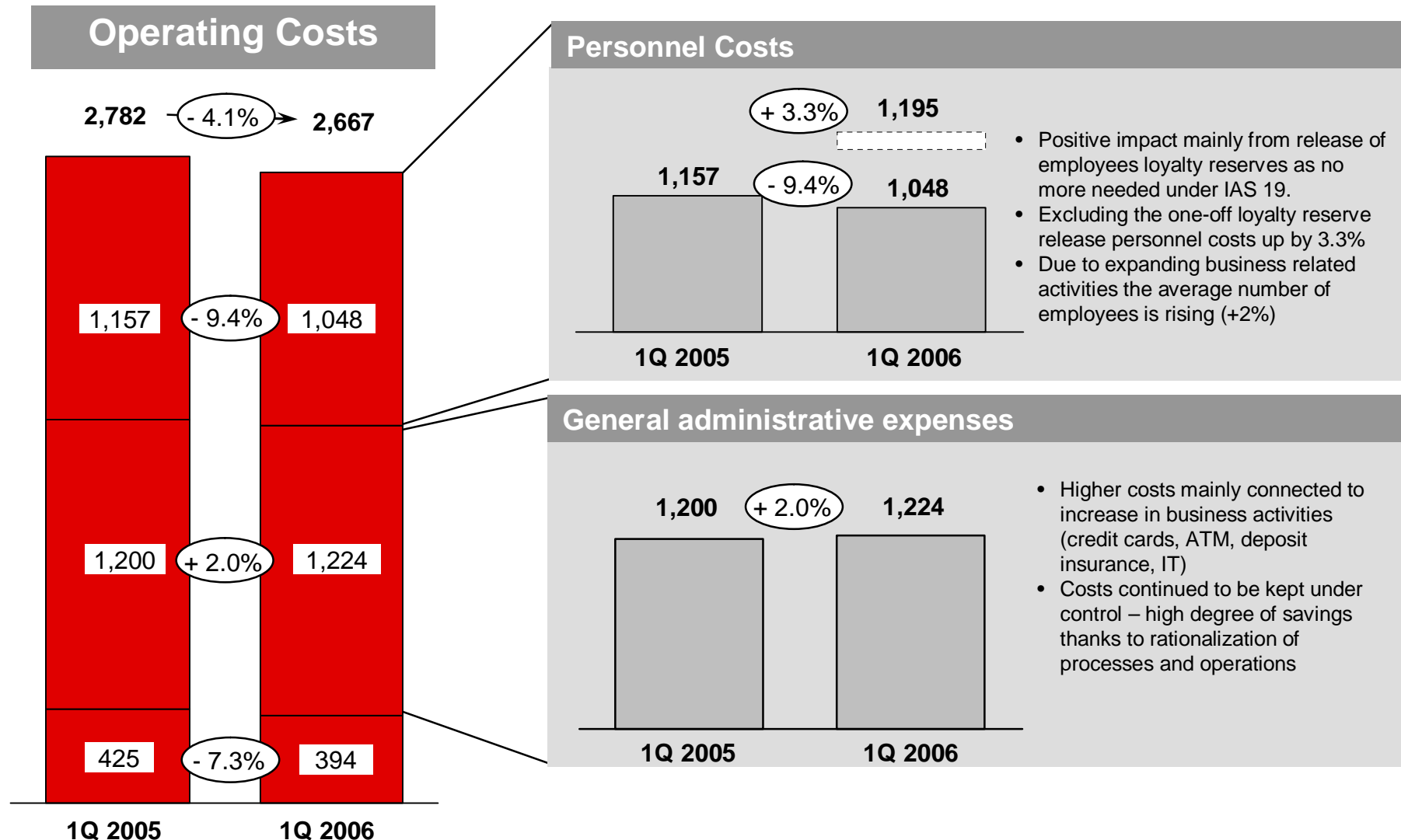
### Other Income





## Total expenses down by 4.1%, favourably impacted by exceptional effects

CZK million, unconsolidated

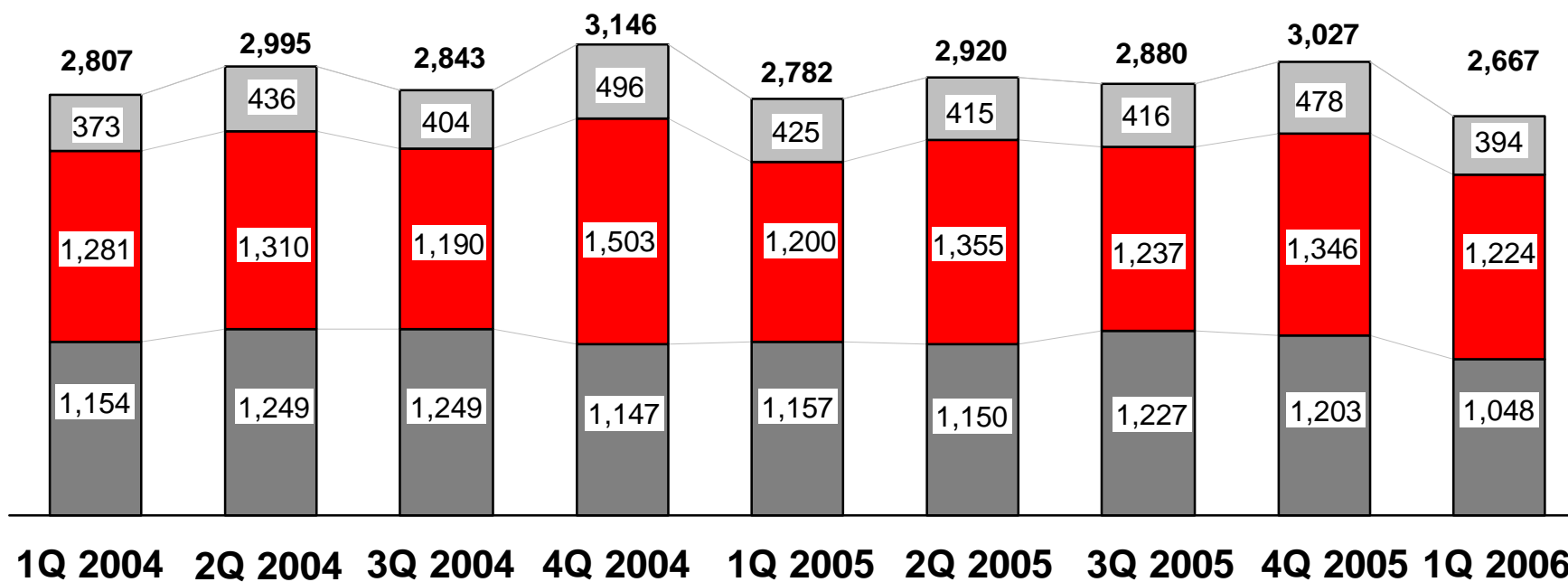




## Operating costs Q-on-Q development

CZK million, unconsolidated

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

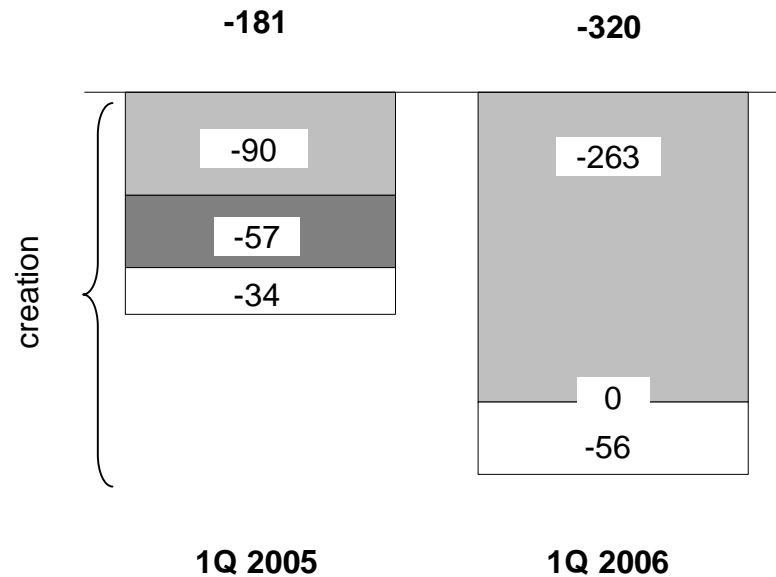




## Cost of risk

CZK million, unconsolidated

- Provisions for loan losses
- Impairment of securities
- Provisions for other risk expenses



### Comments

- **Net provision for loan losses** posted at CZK -263 million to be compared to CZK -90 million for Q1 2005, mainly reflecting growing share of mass retail activities and lower releases of provision on large corporates.
- **No impact from impairment of securities**, resulting from finalisation of CDO portfolio restructuring in 2005.
- **Provision for other risk expenses** posted at CZK 56 million.



## Balance Sheet

### Assets

### Liabilities

CZK million, unconsolidated

	493,738	484,971	Change		493,738	484,971	Change
	31.12.2005	31.3.2006			31.12.2005	31.3.2006	
Cash and balances with central bank	9,231	7,312	- 20.8%	Amounts due to banks	31,526	15,866	- 49.7%
Amounts due from banks	245,953	231,803	- 5.8%	Amounts due to customers	370,058	374,043	+ 1.1%
Loans and advances to customers (net)	185,225	194,390	+ 4.9%	Securities issued	22,672	23,549	+ 3.9%
Securities	25,741	25,268	- 1.8 %	Other liabilities	19,168	19,979	+ 4.2%
Other assets	27,588	26,198	-5.0%	Shareholders' equity	50,314	51,534	+ 2.4%
	<b>31.12.2005</b>	<b>31.3.2006</b>			<b>31.12.2005</b>	<b>31.3.2006</b>	



## Development since the end of 2005

CZK million, unconsolidated

Total shareholder's equity  
as at 31 December 2005:

**50,513**

**+ 1,220**

Total shareholder's equity  
as at 31 March 2006:

**51,534**

Shareholders' equity	31. 12. 2005	1. 1. 2006	Increase	Decrease	31. 3. 2006
Share capital	19,005	19,005	-	-	19,005
Capital and reserve funds	17,590	26,738	-	-	26,745
- Retained earnings, reserve funds and dividends	17,597	26,745	-	-	26,745
- Own shares	-7	-7	+7	-	-
Net profit	9,148	0	+2,314	-	2,314
Hedging revaluation reserve	4,152	4,152	-	-965	3,187
AFS securities' fair value changes	285	285	+42	-178	149
Others	134	134	-	-	134
<b>Total Shareholders' equity</b>	<b>50,314</b>	<b>50,314</b>	<b>+2,363</b>	<b>-1,143</b>	<b>51,534</b>

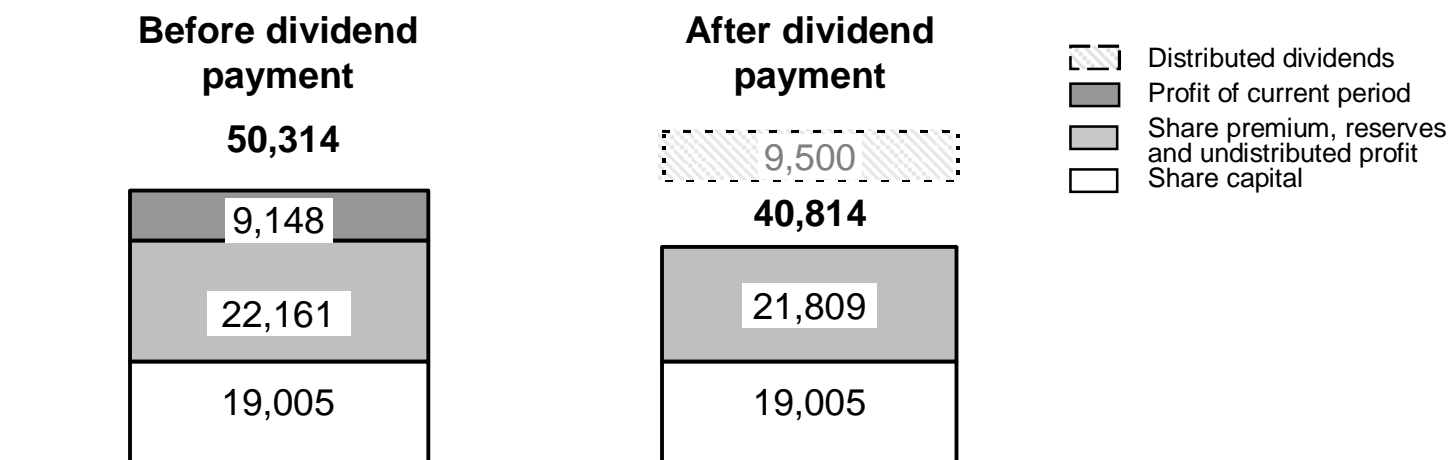


## Distribution of 2005 Profit

	2001	2002	2003	2004	2005
Dividend per share (CZK)	11.5	40	200	100	250
EPS (CZK)	66.6	230.6	243.7	244.7	240.7
Payout ratio (%)	17.3	17.3	82.1	40.9	103.9
Dividend yield* (%)	1.1	1.9	8.3	3.1	7.3
Adjusted EPS** (CZK)	66.6	166.3	178.1	184.4	195.1
Adjusted Payout ratio*** (%)	17.3	24.1	112.3	54.2	128.1

\* Calculated on the close price at the end of the respective year \*\* EPS excluding non sustainable items. \*\*\* Payout on adjusted EPS

### Total shareholder's equity and key indicators as of 31 December 2005:



CAD incl. 2005 profit	17.3%+	13.4%+
ROAE	19.5%	21.7%+

+ Pro-forma



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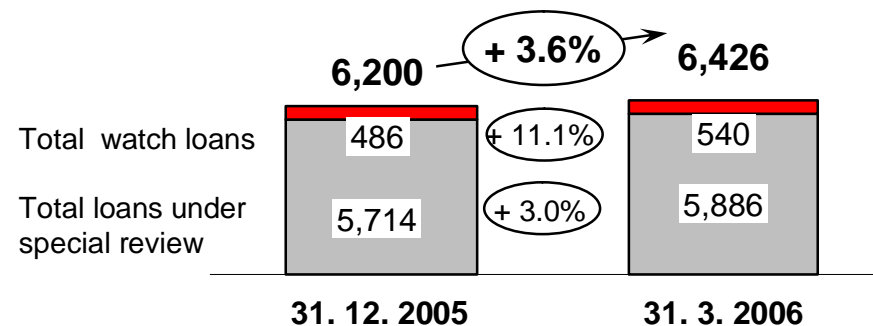
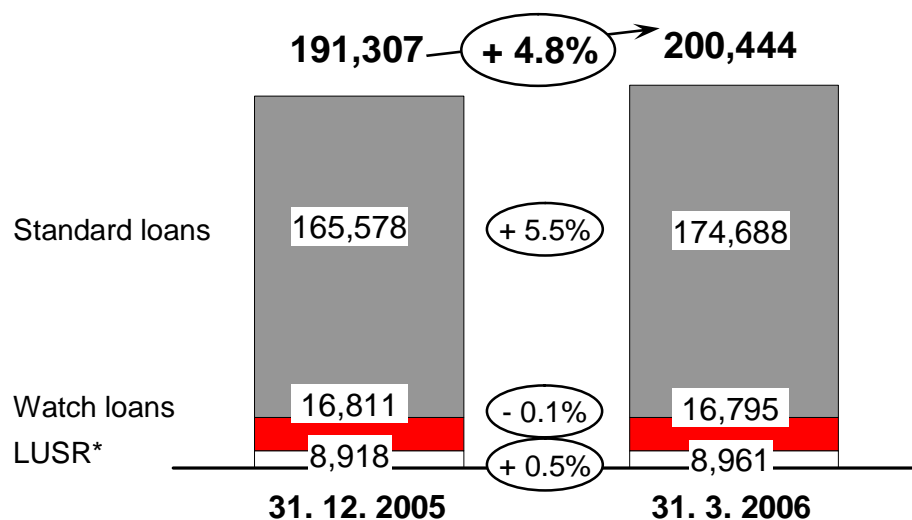
## Loan portfolio quality remains under control

CZK million, unconsolidated

### Client loans, On-balance sheet

Gross amount

### Specific provisions



- Quality of the loan portfolio remains high - share of standard loans in total loan portfolio stable at 87%
- Despite growth of loan portfolio, LUSR\* stable on YoY basis - LUSR\* at less than 5% of the total portfolio

- Increase in specific provisions in line with growth of loan portfolio.
- Provisioning rate for LUSR at 66% (compared to 64% in 1Q 2005).
- Cost of risk posted at 37 bp (compared to 24 bp in 2005), in line with context of fast growing mass retail credit portfolio.

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



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### Consolidated Financial Results and Ratios

<b>Profit and Loss Statement</b> CZK million, unaudited	1Q 2005	1Q 2006	Change 06/05
Net interest income	3,525	3,881	+10.1%
Net fees & commissions	2,129	2,110	-0.9%
Income from financial operations	245	319	+30.2%
Other income	-19	22	+/-
<b>Net banking income</b>	<b>5,880</b>	<b>6,332</b>	<b>+7.7%</b>
<b>Operating costs</b>	<b>-2,946</b>	<b>-2,799</b>	<b>-5.0%</b>
<b>Net operating income</b>	<b>2,934</b>	<b>3,533</b>	<b>+20.4%</b>
Profit on subsidiaries and associates	34	65	+91.2%
Share of profit of pension scheme beneficiaries	-89	-111	+24.7%
Cost of risk	-186	-346	+86.0%
Income taxes	-671	-726	+8.2%
<b>Net profit</b>	<b>2,022</b>	<b>2,415</b>	<b>+19.4%</b>
<b>Balance Sheet</b> CZK million	31. 3. 2005	31. 3. 2006	Change 06/05
<b>Total assets</b>	<b>473,783</b>	<b>507,492</b>	<b>7.1%</b>
<b>Shareholders' equity</b>	<b>48,428</b>	<b>52,520</b>	<b>8.4%</b>
<b>Key ratios and indicators</b>	31. 3. 2005	31. 3. 2006	Change 06/05
<b>Cost / Income ratio</b>	<b>50.1%</b>	<b>44.2%</b>	→
<b>Return on Average Equity annualised (ROAE)</b>	<b>17.4%</b>	<b>18.6%</b>	→
<b>Return on Average Assets (ROAA)</b>	<b>1.7%</b>	<b>1.9%</b>	→
<b>Average Number of Employees*</b>	<b>7,775</b>	<b>7,792</b>	0.2%

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



### Subsidiary and associated undertakings results

As at 31 March 2006, CZK mil., CAS/IFRS

	Share of KB	Profit after tax	Equity	Assets
ESSOX, s.r.o. (IFRS)	51%	-7	43	2,766
Factoring KB, a.s. (CAS)	100%	15	176	2,259
Komerční banka Bratislava, a.s. (IFRS)	100%	14	582	5,258
Penzijní fond Komerční banky, a. s. ** (CAS)	100%	130	1,311	17,163
Bastion European Investments S.A.	99.84%	-4	-2	4,015
<b>Total subsidiary undertakings</b>		<b>148</b>	<b>2,110</b>	<b>31,460</b>
Komerční pojišťovna, a.s. (CAS)	49%	90	780	11,404
Modrá pyramida SS, a.s. (CAS)	40%	101	1,682	60,743
Czech Banking Credit Bureau (CAS)	20%	0	3	17
<b>Total subsidiary and associated undertakings</b>		<b>339</b>	<b>4,575</b>	<b>103,624</b>
<b>KB direct share</b>		<b>236</b>	<b>3,145</b>	<b>59,985</b>

#### Companies excluded from the consolidation

ALL IN REAL ESTATE LEASING, s.r.o. * (CAS)	100%	-9	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



## Usage of direct banking channels growing fast

As of 31 March 2006, year-on-year comparison

- § **1,477,000 clients** - increase by 56,000 (+4%)
  - of which 1,195,000 are individual clients (+5%)
- § **Network**
  - 359 points of sale for retail clients
    - including 36 business centres for medium enterprises and municipalities
  - 8 business centres for large corporates
  - 613 ATMs
- § **Direct banking**
  - 1,064,000 active products of direct banking (+15%)
    - 677,000 clients using phone banking
    - 309,000 users of internet banking
    - 22,800 users of PC banking
    - 6,800 users of mobile banking (service launched just in April 2005)
  - 810,000 clients (i.e. 55% of the client base) using direct banking products

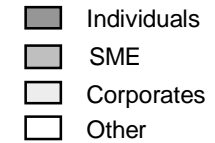




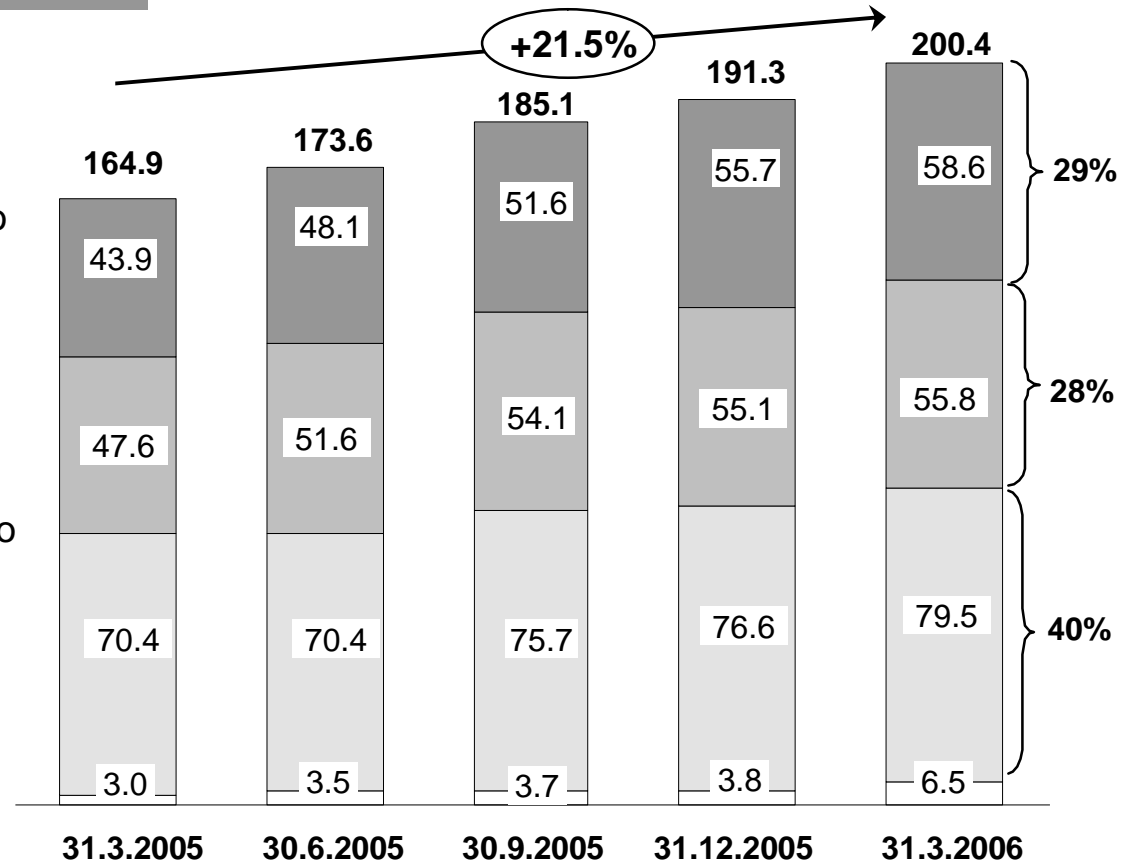
## Loan portfolio growing in all client segments

### Volume of loans

CZK billion, Gross amount



- **Year-on-year growth** of the loan portfolio by **21.5%**
- Total **mortgage loans** amounted to CZK 49.3 billion and **consumer loans** to CZK 13.0 billion
- Total **off-balance sheet commitments** to clients stood at **CZK 141.1 bil. (+24%)**



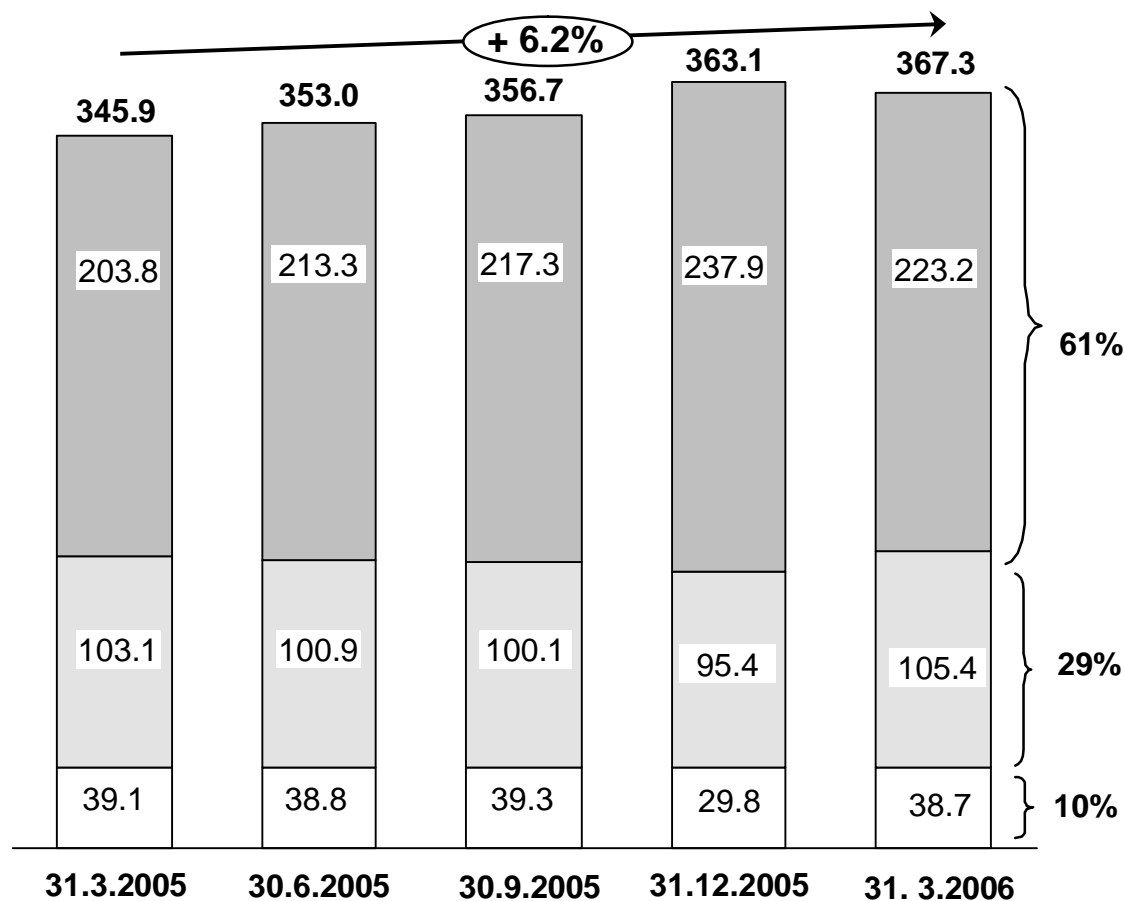
## Term deposit show again a growing trend

### Volume of primary client deposits

CZK billion

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

- Increase of depositary base by 6.2% year-on-year
- Rising volumes on current accounts (+9.5% YoY) and slight increase of term accounts (2.2% YoY)
- Deposits from individuals represent 34% share of total primary deposits reaching CZK 126.4 billion
- Sales of alternative saving products during 1Q 2006
  - IKS sales (CZK + 5.1 bil.)
  - KP Vital insurance product premium written (CZK + 0.4 bil.)
  - Increase of PF client contributions (CZK + 0.3 bil.)





## Products for Individuals and Small Businesses

### Sales of key products

Financial Packages	31. 3. 2005	31. 3. 2006	YoY Change
<b>PACKAGES FOR INDIVIDUALS</b>	<b>642,848</b> packages	<b>718,900</b> packages	<b>+ 12%</b>
<b>GAUDEAMUS</b> package for young clients	<b>104,488</b> packages	<b>108,711</b> packages	<b>+ 4%</b>
<b>CHILD ACCOUNT</b>	<b>104,819</b> accounts	<b>133,420</b> accounts	<b>+ 27%</b>
<b>MERLIN</b> payment cards' insurance	<b>112,164</b> policies	<b>195,668</b> policies	<b>+74%</b>
<b>PACKAGES FOR SMALL BUSINESSES</b>	<b>126,499</b> packages	<b>151,501</b> packages	<b>+ 20%</b>
<b>Business loans</b>	<b>15,257</b> total loans	<b>16,419</b> total loans	<b>+ 8%</b>
<b>Authorised overdrafts</b>	<b>56,872</b> active authorised overdrafts	<b>66,217</b> active authorised overdrafts	<b>+ 16%</b>



## Growing card business

	31. 3. 2005	31. 3. 2006	YoY Change
<b>Debit cards - active</b>	<b>1,178,008</b>	<b>1,247,758</b>	<b>+6%</b>
<b>Credit cards – active</b>	<b>70,652</b>	<b>132,514</b>	<b>+88%</b>
<b>o/w to entrepreneurs</b>	<b>-</b>	<b>29,834</b>	<b>-</b>
<b>Number of POS</b> (points of sales using electronic device)	<b>13,329</b>	<b>15,182</b>	<b>14%</b>
<b>Number of transactions via payment cards</b>	<b>1Q 2005</b> <b>21.2 mil.</b>	<b>1Q 2006</b> <b>22.9 mil.</b>	<b>+8%</b>



## Co-operation within KB/SG Group and Strategic Partnerships

	Provided in co-operation with:	1Q 2005	1Q 2006	Change 06/05
<b>Life insurance Vital</b> (number of sold policies through KB)	Komerční pojišťovna	<b>11,146</b>	<b>11,255</b>	<b>+1%</b>
<b>Non-life insurance</b> (number of sold policies through KB)	Allianz	<b>2,934</b>	<b>4,247</b>	<b>+45%</b>
<b>Mutual funds</b> (sales in CZK bil.)	Investiční kapitálová společnost KB	<b>4.6</b>	<b>5.1</b>	<b>+11%</b>
<b>Pension insurance</b> (number of contracts through KB)	Penzijní fond KB	<b>14,329</b>	<b>14,160</b>	<b>-1%</b>
<b>Building saving</b> (number of sold contracts)	Modrá pyramida stavební spořitelna	<b>2,040</b>	<b>3,780</b>	<b>+85%</b>
<b>Factoring</b> (turnover in CZK bil.)	Factoring KB	<b>1.9</b>	<b>2.6</b>	<b>+37%</b>
<b>KB FleetLease (cars)</b> (# of cars provided through KB)	ALD Automotive	<b>417</b>	<b>440</b>	<b>+5.5%</b>
<b>KB Leasing (big tickets)</b> (turnover in CZK bil. through KB)	SG Equipment Finance	<b>0.3</b>	<b>0.3</b>	<b>-</b>



## Czech Republic

Macroeconomic indicators	2003	2004	2005	2006*	2007*
GDP (%)	+ 3.2	+ 4.7	+ 6.0	+ 5.0	+ 4.5
Inflation (%)	+ 0.1	+ 2.8	+ 1.9	+ 2.5	+ 2.5
Households income (%)	+ 4.8	+ 4.9	+ 4.8	+ 5.0	+ 5.0
M2 (%)	+ 6.9	+ 4.4	+ 8.2	+ 8.0	+ 7.5
3M PRIBOR (%)	2.3	2.4	2.0	2.3	2.6

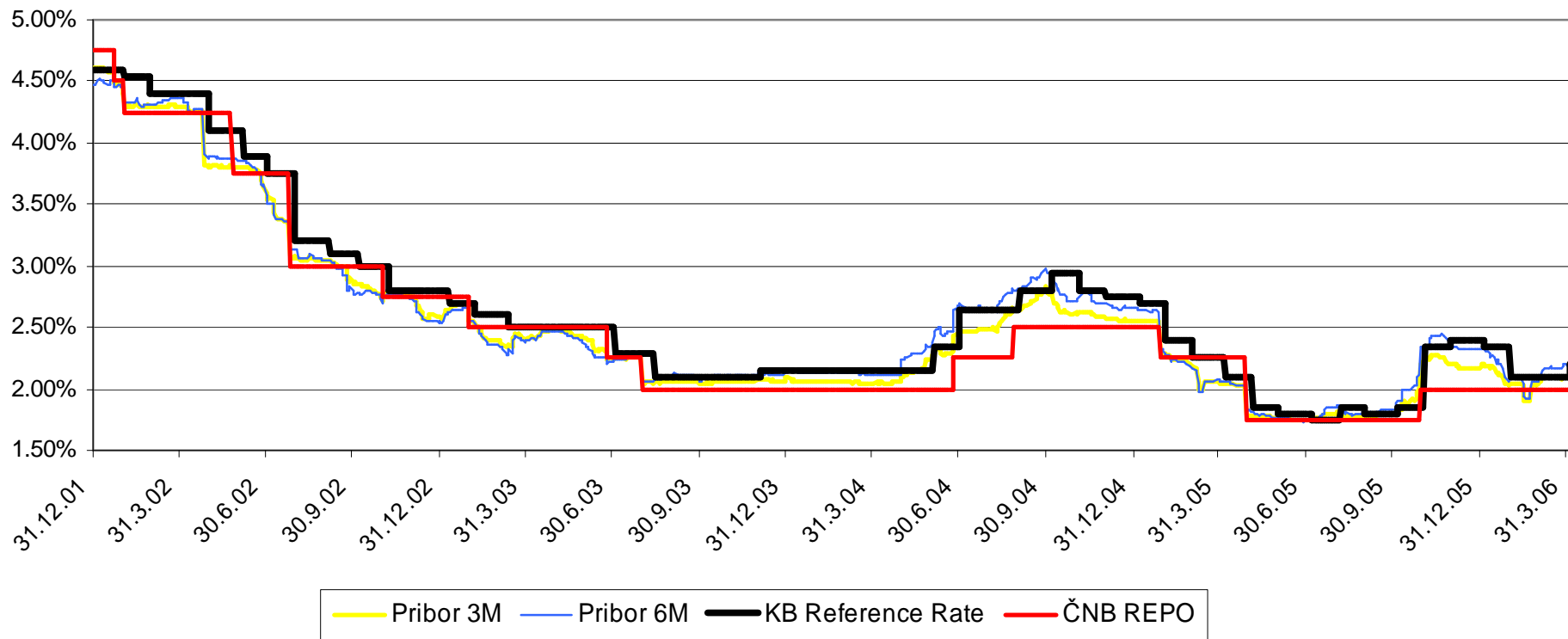
  

Potential of the market	2003	2004	2005	2006*
Loans/GDP (year-end)	39.0	38.3	41.5	44.5
Mortgages/GDP (year-end)	4.3	6.0	8.1	10.0
Deposits/GDP (year-end)	65.4	64.1	69.3	74.5

\* KB estimates

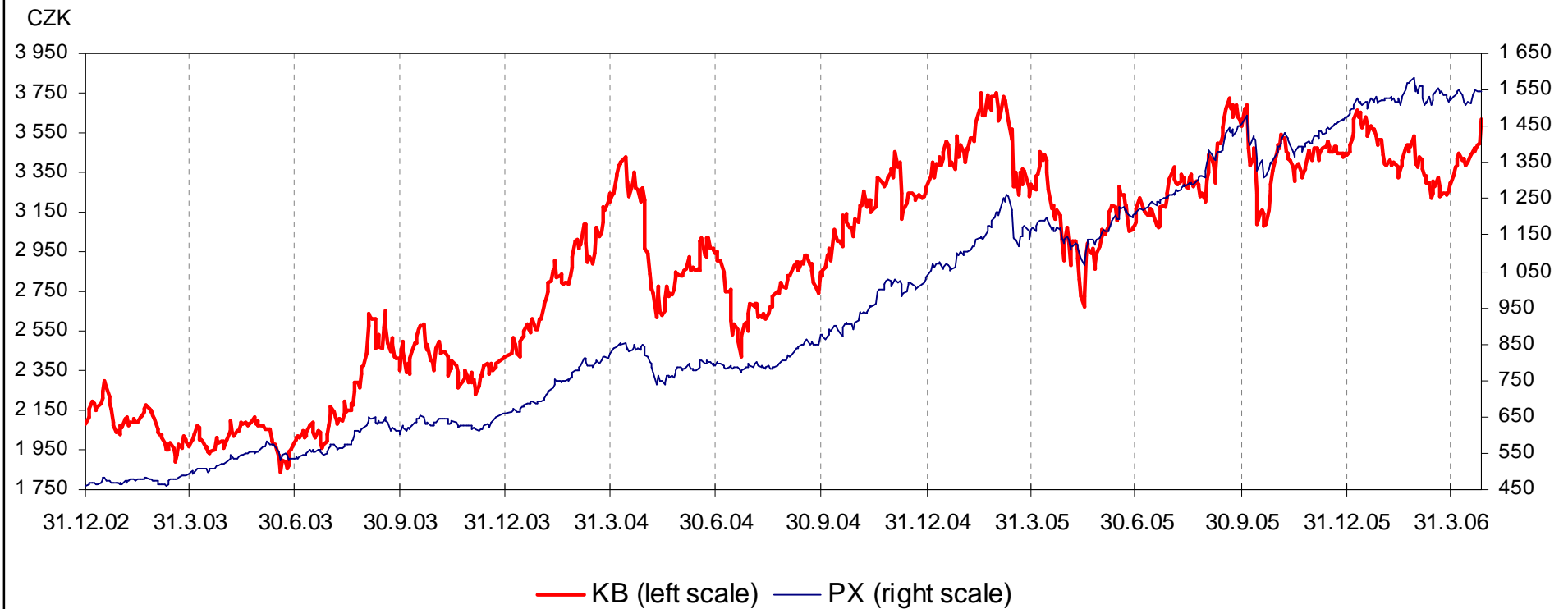


## Interest Rates Evolution





## Development of KB's share price and PX Index





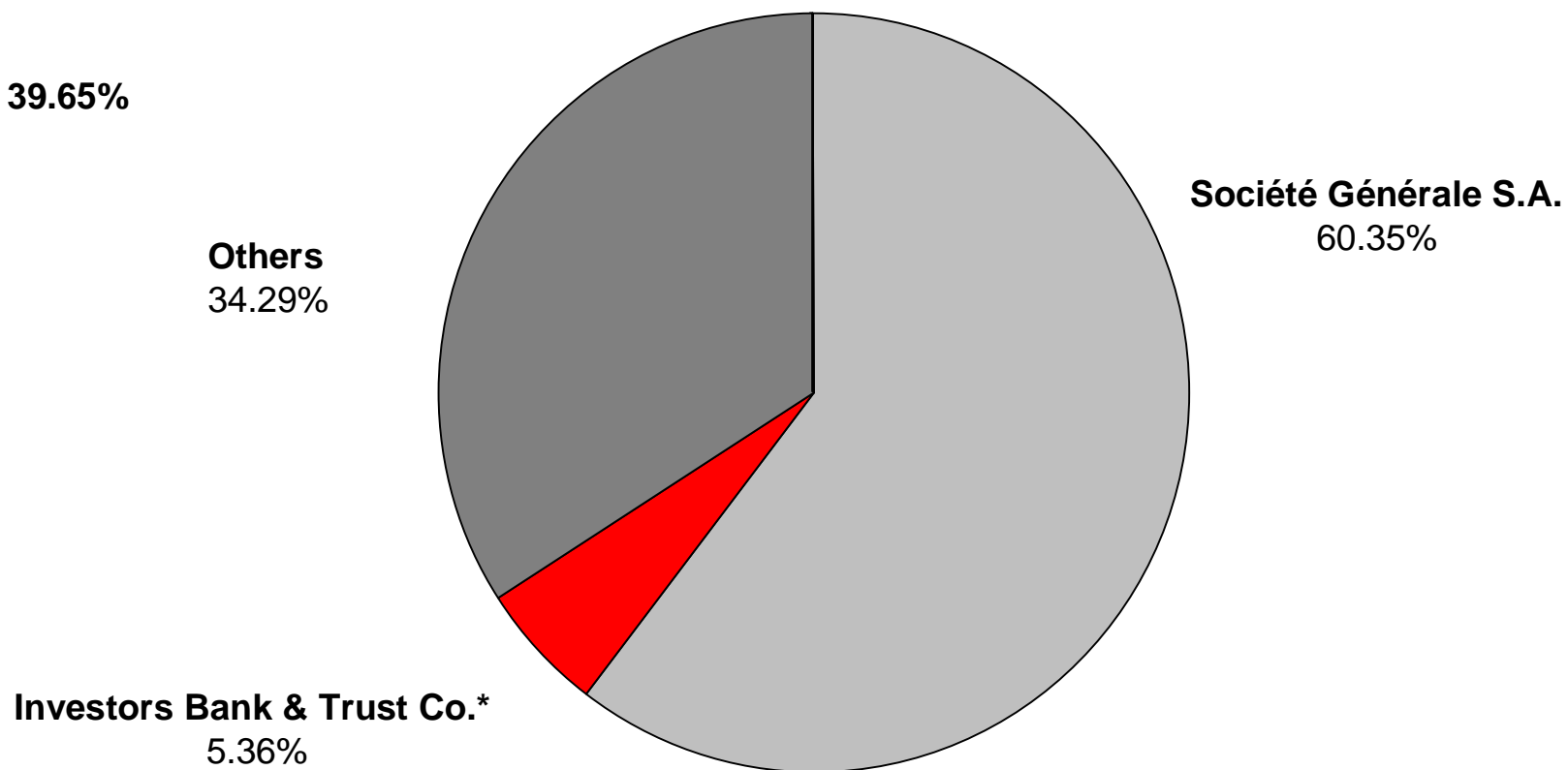


## Structure of Shareholders

**Major shareholders of Komerční banka, a. s.**  
as at 31 March 2006

**Number of shares outstanding – 38,009,852**

**Free Float: 39.65%**



\* Shares held on behalf of third parties

## Investor Relations - Contacts

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