Československá obchodní banka, a. s.
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PRESS RELEASE

ČSOB Bank posted CZK 4.27 bn in Net Profit for 1Q 2005 (unconsolidated, unaudited)

For the 1Q 2005 the **ČSOB Bank posted unconsolidated, after-tax Profit of CZK 4.27 bn**, which represents an increase of + 169 % y/y (compared to 1Q 2004).

This was to a large extent caused by recognition of the Slovenská Inkasná ("SI") loan repayment with an after tax effect of CZK 2.3 bn for ČSOB[1]. **Excluding the influence of SI, the unconsolidated, after-tax Profit for ČSOB Bank reached CZK 2.0 bn. The Bank´s Net Profit before extra-ordinary items thus rose by + 26 % y/y**.

The main contributor to the earnings growth (excluding the influence of SI) was an **increase in Operating Profit (+ 20 % y/y)** driven by **business growth** across most customer segments, by **continued tight expense management** and the release of credit provisions amounting to CZK 404 m. The quality of the loan portfolio remains very good which is evidenced by the fact that non-performing loans make up only 1.9 % of total loans at Quarter-end.

The Cost / Income Ratio for ČSOB Bank considerably **improved from 62.6 % to 56.0 %** (excluding the influence of SI) due to an increase in Operating Income and good cost management.

Unconsolidated Assets amounted to CZK 564 bn, which represents an increase of + 11 % compared to 31.12.2004.

All figures in this press release are based on **unaudited** financial statements as of 31 March 2005 **according to IFRS**. Commentary to 1Q 2005 unconsolidated results in details follows with the Balance Sheet and the Statement of Income attached in the Annex to this Press Release.

[1] *Note: The appeal period of the ICSID Award for the Slovakia´s FinMin has already expired in this year 2005; first tranche of repayment received, the other is scheduled for January 2006.*

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Commentary of 1st quarter 2005 results

Unconsolidated ČSOB Bank

Statement of Income[2]

Excluding influence of SI, the **Operating Profit before Provisions and Taxation grew by + 20 % y/y**. The growth in Operating Income supported the results by 2 % y/y and a decrease in Operating Costs by another 9 % y/y. Operating Profit before Provisions and Taxation, including the effect of SI, is above the 1Q 2004 results by CZK 3.4 bn.

Business segments of the Bank performed well. Their Operating Income for the 1Q 2005 **increased + 6 % y/y,** i.e. CZK 215 m. The main drivers appeared to be the sale of mutual funds (CZK 6.6 bn) and healthy loan production, bringing an increase in Fee and Commission Income of CZK 35m and NII of CZK 175 m. These good business results were partially compensated by less income from the Financial Markets Operations and decreased income from other parts of the Bank.

Year on year comparison of individual components of **Operating Income** within the Statement of Income is partially affected by the holdings of different financial instruments in the Financial Market's portfolio this year compared to 1Q 2004; income of those appears in combination of NII and Net Trading Income lines.

Other Income reflects a success fee for the Bank recognised as a result of the final settlement of the SI loan.

Operating Expenses decreased by 9 % y/y to CZK 2.9 bn. Tight expense management resulted in a positive effect in most of the large expense categories.

Unconsolidated Balance Sheet[3]

Trading Assets increased by CZK 59.3 bn due to increased trading activity (reverse repo transactions).

[2] *Note: For comparability purposes the items of 1Q 2004 P&L have been restated to reflect the fact that revised IAS 27 no longer allows investments in Group companies to be measured by equity method.*

[3] *Note: For comparability purposes balances as of 31 December 2004 have been restated to reflect the fact that revised IAS 27 no longer allows investments in Group companies to be measured by equity method. Affected items of balance sheet are Share in Group Companies and Shareholders' equity.*

The Bank is also applying several new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS) commencing from 1 January 2005. Especially, because of the first prospective application of revised IAS 39, some reclassifications and restatements were made on the Bank's balance sheet.

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Financial Assets at Fair Value booked through P&L represent a new portfolio defined by revised IAS 39. Certain debt securities were reclassified (i.e. shifted) into this portfolio, mainly from Investment securities and Loans and leases.

Investment Securities increased by CZK 24.6 bn. It has been caused by the reclassification of debt securities purchased on primary markets, registered before as "Due from banks" and "Loans and leases" (CZK 32.6 bn). At the same time, certain debt securities were reclassified into "Financial assets at FV booked through P&L" (CZK 8.5 bn).

Loans and Leases decreased by CZK 36.0 bn. Debt securities purchased on primary markets amounting to CZK 27.8 bn were reclassified into "Investment securities" and "Financial assets at FV booked through PL". Loans and leases further decreased also due to partial payment of the ICSID Award on SI loan amounting to SKK 16 bn (the first repayment was made by the Slovakia´s Ministry of Finance in February 2005, the other is scheduled for January 2006). On the contrary, there was an increase of consortium loans by CZK 6 bn, which were provided for acquisitions in the local mining and coal industry.

Share in Group companies (Consolidated Subsidiary Companies) increased by CZK 2.7 bn mainly due to the increase of the Bank's investment in ČSOB Leasing ČR which further supports the business growth of this No. 1 local leasing player.

Due from Banks decreased by CZK 4.7 bn mainly due to the reclassification of debt securities purchased on primary markets to Investment securities (impact of revised IAS 39).

Due to Customers decreased by CZK 6.6 bn mainly due to decrease of current accounts balances. This development is linked to continuing decrease of the interest rates (the central bank set its repo rate at 2 % p.a.). As the consequence clients across the segments kept seeking alternatives to its deposits, which the Bank continued supporting by the wide offer of the mutual, mainly capital guaranteed funds. The effect is evident in continuing fast growth in assets under management. This general trend in the current low interest rates environment (Czech Republic) has been witnessed for several months.

Trading Liabilities increased by CZK 45.0 bn due to increased trading activity (repo transactions).

Debt Securities in Issue increased by CZK 7.9 bn due to increase of the depository Bills of Exchange issued as an alternative for deposits to the Bank´s corporate customers.

Total **Shareholders' Equity** increased by CZK 6.2 bn. Except for the Net Profit of the current period and the current movements of "Cumulative Gains and Losses not Recognized in Income Statement" it was caused by the first application of the new or revised IAS/IFRS Standards. The total impact of such application on the Equity as at 1 January 2005 reflects the increase of Gains/Losses not Recognized within Income Statement by CZK 476m and the increase of Retained Earnings by CZK 306 m.

Highlights of the Consolidated ČSOB Group

For the 1Q 2005 the **ČSOB Group posted consolidated, after-tax Profit** of **CZK 4.5 bn**, which represents an increase of + 131 % y/y (compared to 1Q 2004).

This was to a large extent caused by recognition of the Slovenská Inkasná ("SI") loan repayment with an after tax effect of CZK 2.3 bn for ČSOB. **Excluding that, the consolidated, after-tax Profit for the ČSOB Group reached CZK 2.26 bn, which represents an increase of + 16 % y/y.**

The Cost/Income Ratio for the ČSOB Group considerably **improved y/y from 59.1 % to 56.9 %** (excluding the influence of SI) due to an increase in Operating Income and to good cost management.

Consolidated Assets amounted to CZK 677 bn, which represents an increase of CZK 64 bn (+ 11 %) compared to 31.12.2004.

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Československá obchodní banka, a.s.

UNCONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2005
(ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS)

(CZKm)	31.3.2005	31.12.2004
ASSETS		
Cash and balances with central banks	16,117	16,309
Due from banks	108,983	113,711
Trading assets	133,329	73,988
Financial assets at fair value x)	10,553	0
Investment securities	124,956	100,363
Loans and leases	131,485	167,529
Consolidated subsidiary companies	13,991	11,317
Property and equipment	8,870	9,019
Goodwill	2,752	2,752
Other assets, including tax assets	9,237	8,047
Prepayments and accrued income	4,209	5,179
Total assets	**564,482**	**508,214**
LIABILITIES		
Due to banks	10,522	12,411
Trading liabilities	111,862	66,847
Due to customers	350,004	356,647
Debt securities in issue	21,086	13,190
Other liabilities, including tax liabilities	26,554	20,762
Accruals and deferred income	431	496
Other provisions	961	1,007
Total liabilities	**521,420**	**471,360**
SHAREHOLDERS' EQUITY		
Share capital	5,105	5,105
Share premium account	1,423	1,423
Statutory reserve	18,687	18,687
Cumulative gains/losses not recognized in income statement	1,864	233
Treasury shares	0	0
Retained earnings	15,983	11,406
Total shareholders' equity	**43,062**	**36,854**
Total liabilities and shareholders' equity	**564,482**	**508,214**

x) changes in fair value booked through P&L

Československá obchodní banka, a.s.

UNCONSOLIDATED STATEMENT OF INCOME FOR THE FIRST QUARTER OF 2005
(ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS)

(CZKm)	1-3/2005	1-3/2004
Interest income	4,784	4,663
Interest expense	(1,873)	(1,493)
Net interest income	**2,911**	**3,170**
Net fee and commission income	1,438	1,338
Net trading income	478	271
Net income on financial assets at fair value [x)]	91	0
Other income	3,317	307
Non-interest income	**5,324**	**1,916**
General administrative expenses	(2,751)	(2,879)
Other expenses	(151)	(307)
Operating profit before provisions	**5,333**	**1,900**
Impairment losses on loans and advances	404	239
Other provisions	0	(1)
Operating profit	**5,737**	**2,139**
Income tax expense	(1,466)	(553)
Net profit	**4,271**	**1,586**

[x)] changes in fair value booked through P&L