

Prague, July 29, 2005

PRESS RELEASE

ČSOB Bank posted profit of CZK 6.2 billion in 1H 2005

ČSOB Bank closed the first half of 2005 with the **Net after-tax Profit of CZK 6.2 billion¹**, (unconsolidated, unaudited) according to IFRS, which is 78 % above the same period of 2004.

Excluding the impact of the extraordinary Net Income of CZK 2.3 billion after taxation - caused by recognition of the arbitration proceedings regarding Slovenská inkasná's loan (further referred to as "SI"), the Bank posted a **Profit of CZK 3.96 billion** (after-tax, IFRS) from current business in 1H 2005. It is **13.8 %** (CZK +0.48 billion) **above** the same period of 2004. The results reflect (i) the good results of business segments, (ii) higher number of payment card transactions and higher demand for package accounts as well as (iii) benefits from cost reduction initiatives. Despite an unfavourable interest environment, a significant decrease in interest margins and loan-related fees, **Operating Profit** rose **4.1 % y/y** supported by substantial **reduction in costs** - **3.6 % y/y** (CZK -0.24 billion). The **Cost/Income Ratio** improved to **58.3 %** (from 59.1 % in 2004). **Capital adequacy** reached **12.8 %**.

¹ *All data given herein refer to **unaudited, unconsolidated** financial statements at June 30, 2005 prepared in accordance with IFRS, which include ČSOB operations both in the Czech and Slovak Republics. The financial results of the ČSOB Group (consolidated statements) will be disclosed and presented on August 18, 2005.*

ČSOB operates in two national markets in the Czech and Slovak Republics. In terms of assets, it is the largest bank registered in the Czech Republic. ČSOB provides its services to individuals, entrepreneurs, small and medium sized enterprises, municipalities, non-banking financial institutions and corporates. In addition, it is a leading local bank operating in financial markets and in the field of private banking. In accordance with the KBC Group strategy, ČSOB is developing a bankassurance concept. As of December 31, 2004, ČSOB in the Czech and Slovak Republics had **3.2 million** clients who were served at **210** branches in the Czech Republic (excluding Postal Savings Bank outlets) and **78** branches in the Slovak Republic.

Key consolidated data as at December 31, 2004, in accordance with IFRS:

Equity:	CZK 44.8 bn
Total assets:	CZK 613.3 bn
Operational profit:	CZK 9.6 bn
Income tax:	CZK 2.7 bn
Net profit:	CZK 6.8 bn

Business Highlights

The Business segments' **good performance** continued in the second quarter of 2005. ČSOB remains the market leader in advisory for personal financial planning which provided for a rapid growth in sales of mutual and pensions funds. During the first half of 2005, **Gross Sales of KBC/ČSOB funds** to individuals **accelerated at a growth rate of 58 % y/y** (CZK + 13.8 billion), thus generating a growth in fees from sales and administration (CZK + 56 million). The total assets of retail clients in KBC/ČSOB funds have already amounted to CZK 47.7 billion, of which CZK 10.2 billion has been invested in ČSOB *Guaranteed funds*.

The total volume of **outstanding loans to individuals** decreased by 1.6 % y/y to CZK 3.57 billion. ČSOB mortgage loans to individuals are booked with the Hypoteční banka's loan book and will be reported within the ČSOB Group financial results at 18 August 2005.

The potential in **SME lending** remained high during the first half of 2005. Continuing interest in ČSOB loan products amongst entrepreneurs, housing cooperatives and small and medium sized companies boosted the volume of **outstanding loans to this segment by 25.3 % y/y to CZK 23.99 billion**. Loans newly provided to SMEs registered a continuing growth over last three quarters, amounted in 1H 2005 to CZK 12.21 billion (+ 55 % y/y). ČSOB continues increasingly engaging itself within this market segment; it manages assets (deposits and investments in funds combined) of SME clients amounting to CZK 83.9 billion (+ 3.3 % y/y increase).

Total Loans to large corporations recorded a significant growth of 18.7 % y/y (i.e. CZK 12.90 billion) reached CZK 81.89 billion outstanding.

Financial Highlights (excluding influence of "SI")

Good business development resulted in higher, **+ 7% y/y, revenues of business segments**.

Non-interest income recorded an **accelerated** growth of 5.3 % y/y (CZK + 244 million) thus amounting to CZK 4.84 billion; particularly thanks to increased number of transactions in the retail and SME segments (CZK + 91million), higher income from payment card transactions (CZK + 72 million) and fees from the sale and administration of funds (CZK + 56 million).

Press Release

strana 2 z celkem 2

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Other income in financial statements includes a success fee of CZK 3 billion as a result of the favourable conclusion of the “SI” (Slovenská inkasní) case.

Operating income was influenced, in comparison to the same period of 2004, mainly by extraordinary dividend income from ČSOB’s subsidiaries.

Operating expenses. ČSOB continued to improve its effectiveness by strict cost management while a number of initiatives to increase cost effectiveness generated results. Personnel costs stood at CZK 2.48 billion (8,277 employees). Depreciation fell by 12.8 % to CZK 0.69 billion and administrative costs remained stable at CZK 2.79 billion. Other expenses saw a year-on-year decrease of 45 % to CZK 0.29 billion. In total, operating expenses reflect the positive effect of lower transfers to the Deposit Insurance Fund and zero depreciation of goodwill (unlike 2004) on the one hand but on the other hand reflect growth generated by business development. Total operating expenses fell by 3.6 % in terms of a year-on-year comparison (CZK - 235 million) reaching CZK 6.24 billion, thus pushing the Cost/Income Ratio to 58.3 %.

Although the clients loan portfolio exhibited growth, its quality further improved. Loan/Loss Ratio further decreased from 1.8 % as at 31. 12. 2004 to 1.6. % as at 30. 6. 2005 which resulted in a **release of provisions** of CZK 0.28 billion.

Total assets of the Bank rose by 23 % (in comparison to December 31, 2004) thus amounting to CZK 627 billion. Total **client deposits increased by 5 %** to CZK 374 billion (in comparison to December 31, 2004) while total loans outstanding stood at CZK 135 billion (- 19 % against year-end 2004). The decrease was both a result of the reclassification of debt instruments of CZK 27.8 billion purchased on the primary market ² and the partial payed-off instalment of the “SI” loan as a consequence of ICSID arbitration.

Awards received in the first half of 2005

ČSOB became the first ever winner of the **MasterCard Corporate Bank of the Year 2005 in the Czech republic**. At the same time it won a special prize by the *Czech Top 100* as the **Best Bank Serving Corporate Clients**.

In the *Gold Crown* contest, the general public elected the *ČSOB Key Plan*, the product of personal financial planning, as the **third most favoured financial product of the**

² See „Investment Securities“ and “Financial Assets“ in the Balance Sheet

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year. The jury of the Cold Crown contest consisting of more than one hundred financial experts awarded the chip card *ČSOB VISA Electron* as ***the third best electronic product.***

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strana 4 z celkem 4

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Československá obchodní banka, a.s.

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2005 (ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS)

(CZKm)	30.6.2005	31.12.2004
ASSETS		
Cash and balances with central banks	14,012	16,309
Due from banks	129,052	113,711
Trading assets	163,982	73,988
Financial assets at FV through PL	17,019	0
Investment securities	128,145	100,363
Loans and leases	135,329	167,529
Consolidated subsidiary companies	14,384	11,317
Property and equipment	8,695	9,019
Goodwill	2,752	2,752
Other assets, including tax assets	9,528	8,047
Prepayments and accrued income	3,611	5,179
Total assets	626,509	508,214
LIABILITIES		
Due to banks	14,046	12,411
Trading liabilities	140,459	66,847
Due to customers	374,193	356,647
Debt securities in issue	25,166	13,190
Other liabilities, including tax liabilities	28,781	20,762
Accruals and deferred income	598	496
Other provisions	1,191	1,007
Total liabilities	584,434	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 stmt	2,789	233
Treasury shares	0	0
Retained earnings	14,071	11,406
Total shareholders' equity	42,075	36,854
Total liabilities and shareholders' equity	626,509	508,214



Československá obchodní banka, a.s.

UNCONSOLIDATED STATEMENT OF INCOME FOR THE FIRST HALF OF 2005 (ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS)

(CZKm)	1-6/2005	1-6/2004
Interest income	9,673	9,055
Interest expense	(3,796)	(2,887)
Net interest income	5,877	6,168
Net fee and commission income	2,848	2,683
Net trading income	892	874
Net income on fin. assets at FV through PL	485	0
Other income	3,644	1,047
Non-interest income	7,869	4,604
Operating income	13,746	10,772
General administrative expenses	(5,956)	(5,957)
Other expenses	(285)	(519)
Operating profit before provisions and taxation	7,505	4,296
Impairment losses on loans and advances	545	299
Other provisions	(266)	(1)
Operating profit before taxation	7,784	4,594
Income tax expense	(1,582)	(1,118)
Net profit	6,202	3,476