Contents

Address by the Chairman of the VÚB Supervisory Board

Dear shareholders, clients, business partners, employees,

With high expectations but aware of the challenges, Banca Intesa acquired a majority stake in VÚB in 2001. In 2002, VÚB has initiated a deep internal transformation into a modern client-oriented bank, has navigated successfully through initial phases of this transformation and delivered positive financial results. The last year was equally challenging but also exciting for VÚB. Though the external environment has not always been favorable, the bank has coped with it, as well as with increasing competition in the banking market while continuing its internal transformation. I am very proud of the impressive and client-oriented transformation of all aspects of VÚB's operations and strong financial results the bank achieved last year. On behalf of the Supervisory Board, I would like to thank the management and staff for their hard work and dedication with which they mastered the challenges.

It is a strategic objective of Banca Intesa to build a strong presence on the fast-growing markets of Central Europe. Banca Intesa's investment in VÚB is an integral part of our commitment to this promising region. I believe that the region is predestined for a fast convergence to Western Europe, which will create strong demand for financial services. It is with excitement and admiration that I watch economic reforms taking place in Slovakia more than in any other country of the region. Provided reforms are sustained and further deepened, I think Slovakia will soon see a take-off along many dimensions. Our Group through VÚB is fully committed to helping Slovakia advance to the standards of the developed world.

One of the manifestations of this commitment is the strong support that Banca Intesa extends to VÚB. With the help of Banca Intesa, the bank's management and staff have been able to transform fundamentally the bank into a modern, dynamic and client-oriented financial institution. The bank is now able to offer products and services at par with its competition and after two years of focused restructuring effort is poised for growth. VÚB has changed its logo last year to communicate effectively its core corporate values - client focus being the most prominent one. As a result of the bank's concerted effort to improve its products and services, to resolve its legacy issues and to reduce its cost base, the bank generated a net profit growth of more than 47 % in 2003 (according to IFRS figures). VÚB has thus become the most profitable bank in Slovakia last year. Even more importantly, strong foundations for a future profitable and balanced growth were created last year.
In order to build on these foundations, the bank has clearly formulated its strategic priorities, which it will pursue vigorously during 2004 and

beyond. Expanding market shares of deposits in retail and SME segments, building a wider presence in credit markets and stimulating payment flows are the three key priorities. In pursuit of these priorities, the bank will continue to focus on attracting, retaining and developing its greatest asset, its people. We believe that great things get accomplished when people cooperate across functional and other boundaries and the bank will take measures to foster cooperation and client focus as the key attributes of its corporate culture. Special attention has been placed on creating and implementing well-functioning systems of target setting, measuring and rewarding individual and collective performance to support a high-performance culture. VÚB will further intensify its efforts to convince its clients and stakeholders of its strong commitment to its corporate values. Last but not least, deployment of mechanisms and processes aimed at quality control, cross-divisional cooperation of projects and the creation of a system of innovations linked with client and employee feedback will commence.

There is no doubt in my mind that with the support of Banca Intesa, the trust of its clients and business partners, and the talent and dedication of its people, VÚB will accomplish its goals. With great confidence, I am looking forward to reporting to you next year how VÚB progresses on its ambitious journey to become the best bank in Slovakia.

György Surányi
Chairman of the Supervisory Board

Address by the Chairman of the VÚB Management Board

In the year 2003 we have faced many challenges brought about by a competitive situation on the banking market, other external developments and completion of post privatisation restructuring process. I am proud to say that we have successfully addressed the majority of those during 2003. In 2003 VÚB became the most profitable bank in Slovakia, namely due to successful completion of individual components of restructuring effort. However, even though our commercial results were not as strong as our ambitious plan envisaged, I have no doubt that foundations for strong growth in the years ahead were laid out last year. This is why I look into the future with a healthy dose of optimism, as the bank turns its attention to accelerate growth related initiatives.

Our positive expectations are also based on a strong outlook for the Slovak economy. In 2003, the Slovak economy continued to expand at the fastest rate in the region (4.2 %), FDI continued flowing into the country and export boom spurred by FDI-driven corporate restructuring saw no slow-down. Despite a significant decline in unemployment, true inflationary pressures remained weak, even if the headline inflation rose due to government-induced administrative measures. Those are part of a broader reform agenda on which the government embarked in 2003. Simplified tax code with flat income tax, market-based pension reform and deep labor market reforms earned Slovakia the reputation of one of the most radically reforming countries worldwide. Although in the short-term the reforms affected adversely certain groups in the Slovak society – including the Bank's customers – longer-term the reforms should generate stronger economic growth and prosperity to most Slovak citizens. These developments have potential to accelerate convergence to EU economic standards in medium to long term.

The convergence will also affect Slovakia's banking sector, which offers substantial growth potential. Last year, the banking market saw uneven developments across various indicators due to reasons idiosyncratic to 2003. Total assets declined by almost 2 % as banks reduced non-performing loans on their balance sheets. Total bank deposits grew by only 3 %, however retail bank deposits actually decreased by almost 3 % because savings of households were impacted by the government's austerity measures and depositors were shifting their savings into asset management funds (which grew by 140 %). A strong growth of corporate deposits (22 %) driven namely by the improved corporate profitability only partially compensated for the decline in retail deposits. Total gross loans increased by significant 14.4 % fuelled by a strong growth of retail loans (38 %) while the growth of corporate loans was disappointing (5.6 %). Under the pressure of capital inflows, convergence of interest rates to Euro area levels continued. As a result, the average spread between the lending and deposit rates compressed by almost 40 bps negatively impacting net interest revenues of banks operating on the Slovak market. Intensifying competition also contributed to margin erosion and this trend is likely to continue.

In an environment of strongly eroding margins and aggressive competition, only banks providing high quality products and services and those delivering operational excellence can truly prosper. This is why further improvements in the quality of products and services, enhancing VÚB brand image and focus on cost efficiency were the main strategic objectives of the Bank in 2003. I think we were successful in these efforts. With total assets of Sk 193,936 billion the Bank has defended its position as the second largest bank in Slovakia with a market share of 18.7 %. The Bank's market share in deposits reached 20.4 % while its share of loans market was 14.5 %.

One of the main initiatives launched in 2003 was a set of measures aiming at a change of corporate identity. The Bank has changed its logo and started a program of branch network redesign in order to communicate to its clients and public at large that the Bank is a modern, dynamic and client-oriented financial institution. Last year, VÚB modernized and opened 52 new branches significantly improving and enhancing quality of services in major metropolitan areas of Slovakia. It is important to say that the change in physical appearance of the Bank is just a part of a broader project of creating customer value proposition that will conduce to long-term commercial success of the Bank. In addition, the corporate culture we aspire to build derives from values that we consider key to navigate us through the marketplace: client focus, cooperation, honesty and transparency, integrity, mutual respect, prudence and risk consciousness and openness. We do our best to adhere to these values when taking care of our clients' needs.

Last year was challenging for our retail operations. We had to cope with adverse events in the external environment, however the bank managed to withstand them. Although our retail deposits declined, this has been to a large extent compensated by a sharp increase of funds under management as depositors shifted some of their saving into higher yielding investment funds. We have been successful in generating a strong increase in retail loans, which grew by 49 % for the Bank. Selling its share in VÚB Wüstenrot influenced the Group, and therefore the total increase of retail loans of the Group was only 2.5 %. The growth was fuelled mostly by the mortgage business (up 65 %); the Bank continues to be a market leader on the mortgage market with almost 28 % market share. The Bank continues to hold a strong position on the ATM and POS market where it controls about one third of the market, being the market leader in the latter. The Bank has issued 684,000 bank cards and thus kept about 23 % market share. Strong growth in the use of electronic distribution channels continued unabated as the total number of clients using EDCs doubled to 470,000. The Bank considers electronic distribution channels to be of strategic importance and will keep investing in its EDC facilities to keep at the forefront of the market.

In corporate banking we have clearly defined and pursued our strategy of focusing on SME and municipal segments. Although we have products and services for all segments of clients, we are uniquely positioned to bring value especially to SME and municipal segments. Last year we have been able to grow our gross corporate loan book by almost 20 % as total loans in corporate banking grew to Sk 57.4 billion. We recorded a particularly strong growth of loans to SMEs in the last quarter of 2003 and expect this dynamics to continue. We have been also very successful in reducing our non-performing loan portfolio as we have disposed of Sk 7 billion of non-performing loans. Last but not least, we saw another year of strong performance in domestic payment business and improvement in the area of foreign payments.

The Bank has recorded satisfactory financial results mainly due to a stringent cost control, improved fee generation and successful resolution of legacy pre-privatisation issues. Consolidated operating income has declined by 13 %, due to reduction of net interest and trading income, both related to unfavourable developments in interest rate environment. A decline of net interest income by 12 % to Sk 6.0 billion was primarily caused by margin compression driven by the market developments. Due to adverse events on the markets and unwinding of previous hedging commitments, our net trading income registered a loss of Sk 228 million. In line with much emphasized focus on complex satisfaction of clients' needs via cross-selling, our net fee and commission income grew by 7 % to Sk 2.6 billion.

Lower operating income was partially compensated by lower operating costs achieved due to relentless cost control. Notably, a substantial decline in headcount led to a decrease of personnel costs by 6 %. Total operating expenses decreased by 8 % leading to operating profit

before provisions of Sk 2.0 billion. As the Bank has successfully disposed of a large amount of non-
-performing loans it was able to release provisions of Sk 780 million, strongly contributing to improved net profit. Due to changes in tax legislation, and related to the disposal of non performing loan portfolio, the Bank has also recorded a large deferred asset leading to total net profit of Sk 3.2 billion, up by 47 % compared to 2002. Return on assets thus reached a respectable 1.6 % while return on equity grew to 15.7 %.

Last year we focused primarily on the completion of internal restructuring in order to design and implement efficient internal processes and reduce our cost base. In 2004, our focus will shift to growth generation with respect to core revenues and key balance sheet items. Therefore, we plan to achieve further improvements in the quality of our products and customer services, enhancing motivation of sales staff and innovating our products, services and processes. Since VÚB aspires to become a universal financial institution we will consider entry into all market segments in which we are not present yet, but in which we can create value for our shareholders. In 2004 we shall strive to significantly improve core operating revenues and operating profit through growth initiatives focused on further strengthening of retail and SME franchise.

The Bank has aspirational targets for 2004, however, we are optimistic that we will be able to deliver further improvements in overall performance through utilizing the talent, devotion and hard work of VÚB staff. I am proud of the team that I am privileged to lead and would like to thank them for their efforts in 2003. I am also grateful to our clients and business partners for the trust they have been placing with the Bank and our shareholders for the support they have been providing us with vis-a-vis strategy development and implementation. In conclusion, let me thank all that contributed to the 2003, efforts and wish them all the best in their endeavours in 2004.

Tomas Spurny
Chairman of the Management Board and CEO

Development of External Environment

The year 2003 was marked by structural reforms and preparations for Slovakia's accession to the European Union. Last year, the government succeeded in adopting crucial reforms in the labour market, tax and pension systems. These further enhanced the entrepreneurial environment and nurtured the interest of foreign investors. Slovakia thus became one of the most sought after destinations for foreign direct investments. Besides the intensified interest of foreign investors, benefits of the executed reforms were mirrored also in the country's improved credit rating. As early as March, Fitch Ratings increased the long-term ratings of the Slovak Republic by one grade. The beginning of 2004 saw further upgrades in the rating of SR by Fitch and S&P, owing to the implementation of structural reforms, fiscal deficit reduction as well as the ongoing international political and economic integration of Slovakia in 2003. The long-term rating of foreign currency liabilities was raised by both agencies to the BBB+ level.

Although the economic situation was often accompanied by political tension, the economy continued its strong growth. In 2003, real GDP growth climbed to 4.2 % and Slovakia has once again become the fastest growing economy in the region. The key driver of economic growth was external demand, boosting real exports by a robust 22.6 % versus only a 13.8 % growth in imports. In contrast to 2002, when economic expansion was driven mainly by consumer demand, in 2003 household consumption dropped by 0.6 %. The reason was a low purchasing power of the population brought about by decreasing real wages (for all of 2003 by 2 %) as a result of the government's austerity measures. Government consumption went up by 2.9 % chiefly due to the steep growth in the last quarter. Investment demand was astoundingly low in 2003, declining year-on-year by 1.2 %.

Industrial production enjoyed a swift continuing growth as well. In 2003 it picked up by 5.7 %, the major driver from industrial sectors being mainly vehicles manufacturing, which grew approximately by one third. A speedy growth was recorded likewise by the last year's leading sector, manufacturing of electrical and optical equipment. Other fast growing sectors were manufacturing of rubber and plastic products and manufacturing of machines and equipment. Following its acceleration towards the end of the past year, the construction sector continued expanding, recording a 5.9 % growth.

Despite strong economic growth, the economy did not show significant demand-driven inflation pressures. It is true that at year-end the total inflation crept up to 9.3 %, as compared to 3.4 % inflation in 2002. The increase was, however, instigated entirely by administrative measures. The most significant rise in regulated prices, which occurred already at the year's outset, was attributable to a necessary adjustment in the distorted prices of public services and elimination of subsidies in the utilities sector. An increase in the lower VAT rate from 10 % to 14 % in January and the August increase in excise taxes on tobacco, beer and fuel also contributed substantially. Core inflation, which excludes regulated prices and indirect tax adjustments, did not see any significant rise in 2003 and stabilized at the level of 3.0 %.

The long-time weakest spot of the Slovak economy, the labour market, likewise posted gradual improvement. A five-year low in the unemployment rate of 13.8 % was recorded in October. Due to seasonal factors, the unemployment rate rose to 15.6 % at year end, but this was still 1.9 % lower than the 2002 year-end rate. What is more important is that new jobs were finally being created in the economy. In reality, after the 2002 stagnation, in 2003 the employment increased 1.8 % meaning that nearly 40 thousand new jobs were created.

In 2003, the government's fiscal performance was influenced by a consolidation of public finances. The government not only managed to reach its ambitious objective of trimming the public sector deficit from 7.2 % of GDP in the previous year to 4.9 % of GDP, but the actual reported deficit was even lower, only 3.6 % of GDP. The goal was exceeded mostly because some public sector entities did not spend all their budgeted funds, which points to the strength of fiscal restraint in the past year. The government's goal is to reduce the public deficit to less than 3 % of GDP by the end of its term of office in 2006.

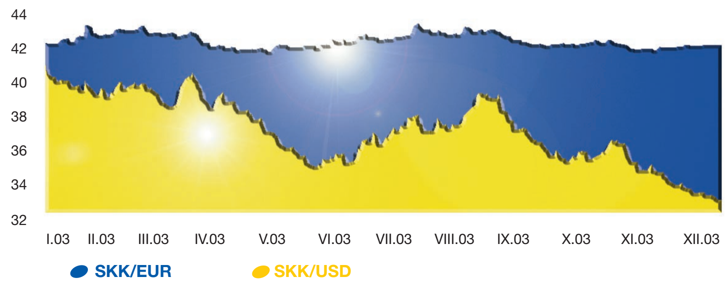
Perhaps the most positive macroeconomic development in 2003 was in the foreign trade trend. Despite only a slow economic recovery of Slovakia's main trading partners, merchandise export growth, supported by industrial restructuring in connection with foreign direct investments, reached a strong 23.5 %. During all of 2003, the exports of goods outpaced the brisk growth of imports by 13 % points, resulting in a dramatic reduction in the foreign trade deficit, namely from 8.8 % of GDP in 2002 to 2.0 % of GDP. In absolute figures, the trade balance deficit declined by more than 75 %, i.e. to Sk 23.6 billion. Narrowing in the current account deficit was even more substantial, from 8.0 % of GDP to 0.9 % of GDP (or Sk 10.2 billion), and supported by a surplus in the services sector and a lower income balance deficit.

Favourable developments in the economy, characterized by strong growth, rapid narrowing in the external trade deficit and improved public sector performance, progress in structural reforms and an inflow of foreign investments, not surprisingly exerted pressure on the Slovak currency to appreciate. In 2003, the koruna nominally appreciated by 2.9 % vis-a-vis the euro as a reference currency, while versus dollar it appreciated by 18 % over the course of the year. An even stronger appreciation of koruna was nevertheless prevented by tension on the domestic political scene in the second half of the year as well as by the change in investors' sentiments on financial convergence of EU accession countries. Germany and France breaching the Stability and Growth Pact and mounting fiscal problems in neighbouring Hungary and Poland were the reasons for this change in sentiments.

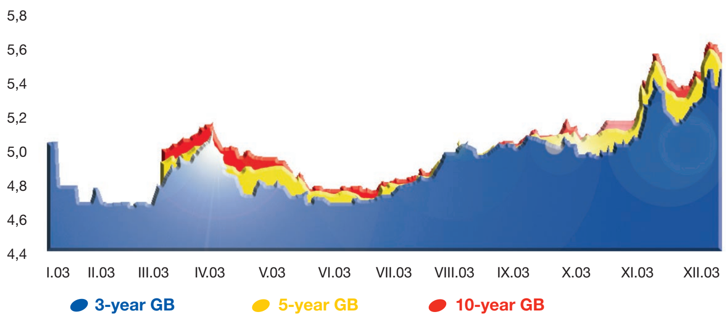
In the second half of the year the combination of relatively low domestic demand, a sharply improved external trade balance and absence of inherent inflation pressures lead the National Bank of Slovakia (NBS) to gradually cut the key rates in September and December by 50 bps in total. As at the end of year, the NBS 2-week base rate stood thus at 6.0 % in comparison to 2.0 % in the EMU. The rate cut translated especially into a reduction in money market rates, whereas the capital markets responded more to the temporarily critical political situation and a deteriorated regional sentiment. Hence, at year-end Slovak government bonds with the longest maturity traded about 100 bps over German bunds, reaching levels comparable to those seen one year ago, although higher by roughly 50 basis points than in the first half of 2003.
All in all, the Slovak economy continues leading the pack of neighbouring countries both in terms of economic growth and reformatory effort. Provided further progress in law enforcement, education, public health and reforms in municipal governments are achieved, Slovakia could become one of the structurally healthiest European Union countries in the near future. The country would thus attain a favourable position for global fight for capital and its convergence to West European economic standards would accelerate.

Indicator (year-on-year changes)	In	2001	2002	2003	VÚB's 2004 forecast
Real GDP	%	3.8	4.4	4.2	4.4
Inflation rate (at period end)	%	6.5	3.4	9.3	7.0
Unemployment rate (at period end)	%	18.6	17.5	15.6	14.5
Fiscal deficit	% GDP	5.5	7.2	3.6	3.9
Foreign trade balance	% GDP	-10.2	-8.8	-2.0	-2.1
Current account balance	% GDP	-8.4	-8.0	-0.9	-1.0
Total foreign exchange reserves	USD bn	5.4	10.5	13.4	16.3

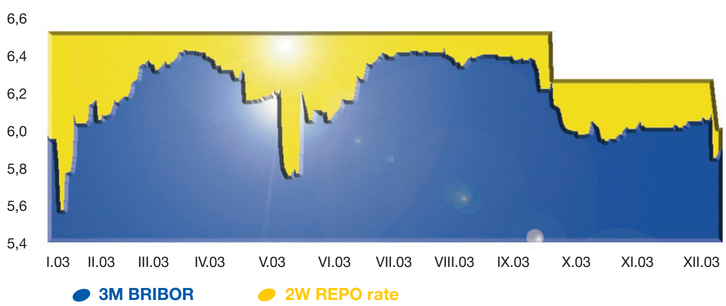
SKK / EUR and USD exchange rate



Yields on bonds



Interest rates development



VÚB's 2003 Commercial Performance

In 2003 the Bank, as well as its subsidiaries, witnessed an internal restructuring aimed at their financial stabilization and achievement of synergies at the group level. The key project was the change of corporate identity. Its essential element, a change of corporate culture, was focused on the perception of VÚB as a modern and dynamic bank concentrating first and foremost on the client. The ongoing renovation of the branch network is a part of the Bank's image change. During 2003, the Bank overhauled about 40 points of sale in order to enhance the quality of services rendered in modern and client-driven premises. Reforms in internal processes intended to increase the Bank's efficiency also entered their next stage.
The upgrading of VÚB's ratings by the main rating agencies was further evidence that the Bank is heading in the right direction.

Deposits

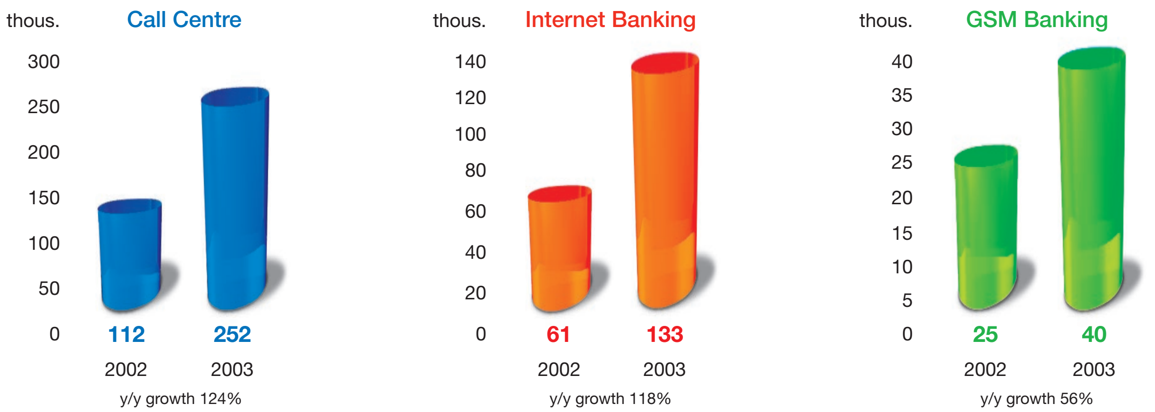
Developments in customer deposits in the last year were influenced mostly by low interest rates. As at the end of 2003, the volume of bank deposits with VÚB amounted to Sk 147 billion. While corporate deposits have maintained their positive growth both for term and non-term deposits, the retail term deposits have been gradually dropping due to lower interest rates. Deposits are in large measure being transferred to the funds of the asset management company. Growth in individuals' non-term deposits is supported by the implementation of new products and packages of services (e.g. VÚBasic, VÚBasic Plus).

Electronic banking

In the era of wide utilization of modern information technologies, it is inevitable and necessary for VÚB to offer and continuously enhance electronic banking opportunities as a part of its services. The Bank offers its clients Service Kontakt via a toll free number with the option of operator or automated voice mail. The customers can manage funds on their accounts via GSM Banking and Internet Banking. The New Home Banking service designed primarily for corporate clientele was integrated into electronic distribution channels in 2003.

The constantly growing volume of EDC clients testifies to the popularity and steadily increasing possibilities of electronic banking. In 2003, the number of EDC clients climbed to 470,000, representing a two-fold growth in clients vis-a-vis the previous year. The Kontakt telephone service remains the most frequently utilized service among electronic banking products. The number of Call Centre customers surged last year by 125 %, exceeding 250,000. The number of Internet Banking clients saw a similarly swift growth. The number of transactions executed through individual electronic channels increased on average by 68 %. Since its launch, New Home Banking has recorded over 530,000 transactions.

EDC - cumulative number of clients for the year monitored



Bank cards

VÚB has sustained its leading position in the Slovak market in terms of payment cards and related services. During 2003, the Bank issued 97,085 payment cards and 10,933 credit cards. Hence the total number of cards issued versus the preceding year rose by 19 %, to 683,408 cards.
With a view to improve its services primarily for retail clients, during 2003 the Bank installed 17 new ATMs. As a result, by the end of the year VÚB had 423 ATMs in its network, which represented 28 % of the total number of ATMs in Slovakia. The Bank has retained its leading position in EFT POS terminals. Compared to 2002, their number went up by 11 % to 4,897 units, accounting for a 35 % share in the Slovak market. A dramatic rise was seen likewise in the quantity and volume of transactions carried out via terminals.

Loans
Individuals – mortgage and consumer loans

Despite the ever-increasing competition in mortgage loans, VÚB has preserved its leadership in the Slovak market. In comparison with 2002, cumulative balance of mortgage loans increased by nearly two thirds and totalled Sk 7.0 billion at the end of 2003. From the point of view of mortgage finance, the most crucial period was the end of the first half-year. This was due to the change of conditions regarding the state subsidy for mortgage loans effective from July 1, 2003. The possibility to use mortgage financing for any unspecified real estate along with a massive and well-timed campaign contributed to the fact that in 2003 VÚB extended 27.7 % of last year's total mortgage loan volume. The consumer loan portfolio stood at Sk 2.8 billion at year-end. New types of consumer loans introduced in late 2003 facilitated the overall expansion of consumer lending. (e.g. express loan).

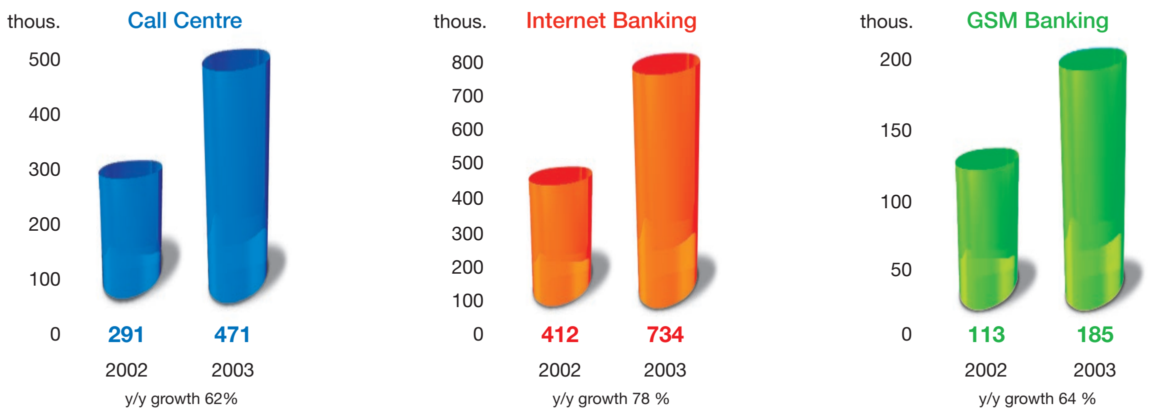
Financing of corporate clientele

From the perspective of corporate banking, 2003 was a year of defining a clear orientation and market strategy, modernizing the SME product portfolio and optimizing internal processes. Gradual enlargement of the branch network and intensive training of relationship managers create preconditions for favourable development of VÚB's corporate banking business. In 2003, gross loan exposure under corporate banking management amounted to Sk 57.4 billion, representing an increase of 19.5 %. In 2003, the Bank considerably reduced the total volume of classified loans, most of which belonged under the Corporate Banking Division. The step contributed to a noteworthy improvement in the quality of the loan portfolio.

Domestic and international payments

The number and volume of domestic as well as international payments processed in VÚB over the course of the year grew substantially. The Bank intermediated roughly one quarter of all domestic payments, Sk 11,360 billion in total, corresponding to 18 % of the Slovak banking sector. The total volume of international payments grew by 11 %, reaching Sk 156,400 billion, which increased VÚB's share in Slovakia's total international payments of the banking sector to 6.5 %.

EDC - number of transactions for the year monitored



Basic Indicators

Basic indicators	Individual SAS			Consolidated IFRS		
Data in Sk million	**2003**	**2002**	**2001**	**2003**	**2002**	**2001**
Balance Sheet						
Total assets	193,936	195,247	175,120	191,338	194,716	174,162
Loans to customers, net	59,807	46,489	41,649	60,401	47,381	41,561
Client deposits	145,442	145,488	138,857	147,069	150,701	144,312
Securities	72,544	98,047	96,758	72,843	99,276	96,607
Shareholders' equity	20,032	16,679	15,895	20,149	17,759	15,618
Income Statement						
Operating income	8,759	8,229	7,433	8,481	9,741	7,912
Operating expenses	(5,860)	(6,173)	(6,162)	(6,466)	(7,000)	(6,286)
Operating profit before provisions	2,899	2,056	1,272	2,015	2,741	1,626
Provisions for loan and investment losses	1,108	(369)	171	780	227	565
Operating profit before taxation	4,007	1,687	1,443	2,795	2,968	2,191
Net profit for the year	4,519	1,686	1,429	3,157	2,145	1,346

Commercial indicators (Bank only)	2001	2002	2003
ATMs	347	406	423
EFT POS terminals	2,510	4,403	4,897
Payment cards	473,875	539,236	636,321
Credit cards	6,241	36,154	47,087
EDC clients	89,100	227,800	470,171
Mortgage loans (Sk billion)	2.8	4.4	7.0
Consumer loans (Sk billion)	1.4	2.5	2.8
Number of staff	5,393	4,493	4,004
Number of points of sale	233	244	230

Rating (status as at 15.3.2004)

Moody's		Standard & Poor's		Fitch Ratings	
Long-term deposits	A3	Long-term rating	BB+	Individual rating	C/D
Short-term deposits	P-2	Short-term rating	B	Support rating	2
Financial strength	D-			Long-term rating	BBB+
				Short-term rating	F2

Consolidated Financial Statements

for the year ended 31 December 2003

prepared in accordance with International Financial Reporting Standards

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Independent Auditors' Report
to the Shareholders and Board of Directors of Všeobecná úverová banka, a.s.

We have audited the accompanying consolidated balance sheet of Všeobecná úverová banka, a.s. and its subsidiaries ('the Group'), as at 31 December 2003 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements of the Group for the year ended 31 December 2002, were audited by another auditor whose report dated 4 March 2003 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2003 and the results of its operations, changes in shareholders' equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Bratislava,
2 March 2004

Ernst & Young

Ernst & Young Slovakia, spol. s r.o.

Consolidated Balance Sheet

at 31 December 2003

(In millions of Slovak crowns)

	Notes	2003	2002
Assets			
Cash and balances with central banks	7	3,078	10,375
Treasury bills and other eligible bills	8	-	22,006
Amounts due from banks	9	44,370	28,430
Financial assets held for trading	10	3,001	3,868
Derivative financial instruments	11	2,310	2,362
Available-for-sale financial assets	12	1,359	6,298
Originated loans and advances to customers	13	60,401	47,381
Held-to-maturity investments	15	68,483	67,104
Other financial investments	16	35	36
Intangible assets	17	776	611
Property and equipment	18	5,660	5,545
Tax assets	19	514	5
Other assets	20	1,351	695
		191,338	194,716
Liabilities			
Amounts due to central banks	21	1,605	1,983
Amounts due to other banks	22	11,640	15,154
Derivative financial instruments	11	2,245	2,815
Customer deposits	23	147,069	150,701
Debt securities in issue	24	4,805	2,702
Tax liabilities	19	71	207
Provisions	25	2,548	2,098
Other liabilities	26	1,204	1,295
		171,187	176,955
Minority interest		2	2
Shareholders' equity			
Share capital	27	12,978	12,978
Share premium		403	408
Reserves		1,779	1,610
Retained earnings		4,989	2,763
		20,149	17,759
		191,338	194,716
Financial commitments and contingencies	28	20,172	13,750

The accompanying notes on pages 19 to 53 form an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors on 2 March 2004.

Tomas Spurny
Chairman of the Board
of Directors

Domenico Cristarella
Member of the Board
of Directors

Consolidated Income Statement

for the year ended 31 December 2003

(In millions of Slovak crowns)

	Notes	2003	2002
Interest and similar income		12,464	13,498
Interest expense and similar charges		(6,510)	(6,770)
Net interest income	29	5,954	6,728
Fee and commission income		3,089	3,355
Fee and commission expense		(511)	(942)
Net fee and commission income	30	2,578	2,413
Net profit/(loss) from financial operations	31	(228)	343
Other operating income	32	142	252
Gain from disposal of investments	33	19	-
Dividend income		16	5
Operating income		8,481	9,741
Salaries and employment benefits	34	(2,223)	(2,368)
Other operating expenses	35	(3,190)	(3,481)
Restructuring costs	36	(108)	(41)
Amortisation	17	(213)	(355)
Depreciation	18	(732)	(755)
Operating expenses		(6,466)	(7,000)
Operating profit before provisions		2,015	2,741
Provisions for impairment losses and off balance sheet risks	37	780	227
Operating profit before tax		2,795	2,968
Tax benefit/(expense)	38	362	(828)
Profit after tax		3,157	2,140
Minority interest		-	5
Net profit for the year		3,157	2,145
Basic earnings per share in Slovak crowns	27	243	165

The accompanying notes on pages 19 to 53 form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2003

(In millions of Slovak crowns)

	Share capital	Share premium	Reserves	Retained earnings	Total
At 1 January 2002	12,978	408	5,346	(3,114)	15,618
Settlement of accumulated deficit	-	-	(3,736)	3,736	-
Currency translation differences	-	-	-	(4)	(4)
Net profit for the year	-	-	-	2,145	2,145
At 31 December 2002	12,978	408	1,610	2,763	17,759
Contribution to legal reserve fund	-	-	169	(169)	-
Dividends to shareholders	-	-	-	(748)	(748)
Loss from disposal of own shares	-	(5)	-	-	(5)
Currency translation differences	-	-	-	(14)	(14)
Net profit for the year	-	-	-	3,157	3,157
At 31 December 2003	12,978	403	1,779	4,989	20,149

The accompanying notes on pages 19 to 53 form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2003

(In millions of Slovak crowns)

	Notes	2003	2002
Cash flows from operating activities			
Profit before changes in operating assets/liabilities	39	3,118	5,707
Decrease in treasury bills and other eligible bills		6,249	5,957
Increase in amounts due from banks		(1,747)	(914)
Increase in financial assets held for trading		(69)	(1,345)
(Increase)/decrease in derivative financial instruments (positive)		52	(2,362)
(Increase)/decrease in available-for-sale financial assets		1,201	(270)
Increase in originated loans and advances to customers		(15,465)	(5,607)
Decrease in other assets		206	323
Decrease in amounts due to central banks		(378)	(1,349)
Increase/(decrease) in amounts due to other banks		(3,599)	10,240
(Increase)/decrease in derivative financial instruments (negative)		(570)	2,502
Increase in customer deposits		532	6,304
(Decrease)/increase in other liabilities		(66)	279
Net cash from/(used in) operating activities		(10,536)	19,465
Cash flows from investing activities			
Decrease in held-to-maturity investments		2,164	6,009
Decrease in other financial investments		-	129
Purchase of intangible assets and property and equipment		(1,138)	(993)
Cash used in consolidated companies		(111)	(7)
Net cash from investing activities		915	5,138
Cash flows from financing activities			
Debt securities in issue		1,800	249
Purchase of treasury shares		(144)	-
Sale of treasury shares		139	-
Dividends paid		(748)	-
Net cash from financing activities		1,047	249
Net change in cash and cash equivalents		(8,574)	24,852
Cash and cash equivalents at beginning of the year		46,603	21,751
Cash and cash equivalents at end of the year	6	38,029	46,603

The accompanying notes on pages 19 to 53 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. General information on the Bank

Všeobecná úverová banka, a.s. ('the Bank') is a bank established on 1 April 1992 as a joint stock company under the laws of the Slovak Republic. On 23 March 1992, the Bank was granted a general banking license by the National Bank of Slovakia and, on 11 April 1995, a license for foreign currency operations.

The principal activities of the Bank are:
(a) provide loans and guarantees in Slovak crowns ('Sk') and foreign currencies,
(b) collect and provide deposits in Sk and foreign currencies,
(c) provide retail banking services,
(d) provide capital market services,
(e) provide interbank money market services,
(f) provide investment banking services.

The Bank is domiciled in the Slovak Republic with its registered office at Mlynské Nivy 1, 829 90 Bratislava 25.

At 31 December 2003 the Bank had a network of 138 branches and 88 sub-branches located throughout Slovakia. The Bank also owns 3 fully operational branches in the Czech Republic. The total number of employees of the Bank at the end of 2003 was 4,004 (2002: 4,493).

The structure of shareholders was as follows:

	2003	2002
Intesa Holding International S.A.	96.49 %	94.47 %
Penta Investments Limited	-	1.15 %
Other shareholders	3.51 %	4.38 %
	100 %	100 %

In May 2003 the Bank purchased 103,248 ordinary shares from Penta Investments Limited for an amount of Sk 144 million. The shares were sold to Intesa Holding International S.A. in November 2003 for an amount of Sk 139 million, equal to the purchase price of shares less dividends accrued.

2. The Group and significant changes in 2003

The consolidated financial statements for the year ended 31 December 2003 comprise the Bank and its subsidiaries (together referred to as 'the Group'), the Group's interest in associates and jointly controlled entities as follows:

	Principal business activities	Proportion of ownership interestl
Subsidiaries		
VÚB Asset Management, správ. spol. a.s.	Asset management	100 %
VÚB Factoring, a.s.	Factoring of receivables	97.37 %
VÚB Leasingová, a.s.	Financial leasing	100 %
Leasreal, a.s.	Financial leasing	100 %
Realitná spoločnosť VÚB, s.r.o.	Real estate services	100 %
Spoločnosť pre bankovú ochranu, a.s.	Security services	100 %
Associates		
Burza cenných papierov Bratislava, a.s.	Stock exchange	20.20 %
Jointly controlled entities(1)		
Stavebná sporiteľňa VÚB Wüstenrot, a.s.	Consumer construction savings	50 %

(1) *Deconsolidated in December 2003*.

All entities were incorporated in the Slovak Republic.

Since 1 January 2004 Realitná spoločnosť VÚB, s.r.o. has entered into liquidation. The intention of the Bank is to discontinue any direct transactions in the area of real estate and realize all assets of the company. The Bank is of opinion that the net assets of the company as of 31 December 2003 of Sk 31 million represent the net realizable value. The liquidation is not expected to be completed before 31 December 2004.

At 31 December 2003, the company reported the following balances in its financial statements prepared under IFRS:

	2003
Total assets	33
Shareholder's equity	31

On 9 December 2003, the Bank signed an agreement on the sale of its 50 % share in Stavebná sporiteľňa VÚB Wüstenrot, a.s. ('VÚB Wüstenrot'), a bank engaged in the provision of housing loans (see also note 20).

From 9 December 2003, the Bank lost joint management and operational control over VÚB Wüstenrot and discontinued the use of proportionate consolidation.

3. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The reporting currency used in the financial statements is the Slovak crown ('Sk') and balances are presented in millions of Slovak crowns unless indicated otherwise.

As the Group's operations do not have significantly different risks and returns, and the regulatory environment, the nature of its services, business processes and types of customers for its products and services are homogenous for all its activities, the Group operates as a single business segment unit.

The Group maintains its books and prepares financial statements for regulatory purposes in accordance with Slovak accounting and banking legislation and instructions. The accompanying financial statements are based on the Group's accounting records, which were appropriately adjusted and reclassified for fair presentation in accordance with the standards issued by the International Accounting Standards Board.

The preparation of financial statements in conformity with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of financial statements and the amounts of revenues and expenses for the reporting period.

These financial statements have been prepared on an accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and they are reported in the financial statements of the period to which they relate, and on the going concern assumption.

Certain balances for the year ended 31 December 2002 have been reclassified for comparison purposes.

Reconciliation of the 2003 profit and shareholders' equity reported under Slovak accounting principles to those reported under IFRS is shown in note 47.

4. Basis of consolidation

The consolidated financial statements include the individual financial statements of the Bank and of the companies listed in note 2.

The consolidated financial statements were prepared using uniform accounting policies for like transactions taking into account the following principles:

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date the effective control commences until the date that control ceases.

The financial statements of the Bank and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, equity, income and expenses. In order that the consolidated financial statements present financial information about the Group as that of a single enterprise, the following steps are taken:

- The carrying amount of the Bank's investment in each subsidiary and the Bank's portion of equity of each subsidiary are eliminated;
- Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the net income of the Group in order to arrive at the net income attributable to the shareholders of the Bank;
- Minority interests in the net assets of consolidated subsidiaries are identified and presented in the consolidated balance sheet separately from liabilities and the Group's shareholders' equity;
- Intragroup balances, transactions and resulting profits are eliminated in full.

(ii) Jointly controlled entities

Jointly controlled entities have been consolidated by the proportionate method until the date on which the Bank as a venturer ceases to have joint control. Proportionate consolidation is a method of accounting and reporting whereby a venturer's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is combined on a line-by-line basis with similar items in the venturer's financial statements.

(iii) Associates

Investments in associates are accounted for by using the equity method. An associate is an enterprise in which the Group has significant influence and which is neither a subsidiary nor a jointly controlled entity. Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the Group's share of the profits or losses of the associates after the date of acquisition.

5. Significant accounting policies

The significant accounting policies adopted by the Group are as follows:

(a) Cash and balances with central banks

Cash and balances with central bank comprise cash in hand and current accounts with the National Bank of Slovakia ('NBS'), including the compulsory minimum reserves.

Compulsory minimum reserves with the National Bank of Slovakia represent reserves to be held by all commercial banks licensed in the Slovak Republic.

(b) Treasury bills and other eligible bills

Treasury bills and other eligible bills represent highly liquid securities that could be used for refinancing in the National Bank of Slovakia without any time or other constraints.

Balance comprises treasury bills issued by the Ministry of Finance and bills of the National Bank of Slovakia.

(c) Securities

Securities held by the Group are categorised into portfolios in accordance with the Group's intent on the acquisition of securities and pursuant to the Group's investment strategy. On the adoption of IAS 39, the Group developed security investment strategies and, reflecting the intent on acquisition, allocated securities into the following portfolios:

- Held for trading
- Available-for-sale
- Held-to-maturity

The principal differences among the portfolios relate to the measurement approach and recognition of fair values in the financial statements.

All securities held by the Group are recognised using settlement date accounting and are initially measured at their cost including transaction costs.

(d) Financial assets held for trading

Financial assets held for trading are financial assets acquired by the Group for the purpose of generating profits from short-term fluctuations in prices. Subsequent to their initial recognition these assets are accounted for and measured at fair value, which approximates the price quoted on recognised stock exchanges. The Group monitors changes in fair values on a daily basis and recognises unrealised gains and losses in the income statement caption 'Net profit/(loss) from financial operations'.

Interest earned on securities held for trading is accrued on a daily basis and reported as 'Interest and similar income' in the income statement. Dividends on trading assets are recorded when declared and included as a receivable in the balance sheet and in the income statement caption 'Net profit/(loss) from financial operations'.

All purchases and sales of securities held for trading that require delivery within a time frame established by regulation or market convention ('regular way') are recognised as spot transactions. Transactions that do not meet the 'regular way' settlement criteria are treated as financial derivatives.

(e) Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and maturities that the Group has the positive intent and ability to hold to maturity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less any provision for impairment. Amortised cost is the amount at which the asset was initially measured minus principal repayment plus accrued interest income plus/minus the cumulative amortisation of discount/premium and minus any write-down for impairment or uncollectability. The amortisation of premium/discount is recorded through the income statement and stated in the balance sheet in the same caption 'Held-to-maturity investments'.

The Group assesses on a regular basis whether there is any objective evidence that an investment held-to-maturity may be impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount, which is equal to the present value of the expected future cash flows discounted at the financial instrument's original effective interest rate. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of the expected future cash flows discounted at the financial instrument's original effective interest rate. When an impairment of assets is identified, the Group recognises provisions through the income statement line 'Provisions for impairment losses'.

(f) Available-for-sale financial assets

Available-for-sale financial assets are those financial assets that are not classified as trading or held-to-maturity. This portfolio of assets comprises the following types of securities: bonds of the Slovak Republic, corporate and bank bonds, equity shares and investment funds. Subsequent to initial recognition, these assets are accounted for and remeasured to fair value.

The fair value of assets, for which an active market exists, and a market value can be estimated reliably, is measured at quoted market prices. In circumstances where the quoted market prices are not readily available, the fair value is estimated using the present value of future cash flows. The fair value of unquoted equity instruments is estimated using applicable price/earnings or price/cash flows ratios refined to reflect the specific circumstances of the issuer.

Interest earned whilst holding available-for-sale assets is accrued on a daily basis and reported as 'Interest and similar income' in the income statement. Dividends from assets available-for-sale are recorded as declared.

Unrealised gains and losses arising from changes in fair value of securities available-for-sale are recorded in the income statement of the period as 'Net profit/(loss) from financial operations' as they arise.

(g) Originated loans and advances to customers and provisions for impairment losses

Loans originated by the Group by providing money directly to a borrower are categorised as loans originated by the Group and are stated at the amortised cost less any provisions for impairment losses. All loans and advances are recognised on the balance sheet when cash is advanced to borrowers.

A credit risk provision for impairment loss is established, if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collaterals, discounted based on the interest rate of the loan at inception. Specific provisions are assessed with the reference to the credit standing and performance of the borrower and take into account the value of any collateral or third party guarantee.

The Group writes off loss loans and advances when borrowers are unable to fulfil their obligations to the Group and when relevant evidence has been obtained from the appropriate court. Loans and advances are written off against the release of the related provision for impairment losses. Subsequent recoveries are credited to the income statement on receipt.

The Group ceases accruing any interest overdue more than 90 days and keeps accruing the interest in its memorandum accounts.

(h) Guarantees issued

The Group records obligations arising from guarantees issued in the off balance sheet. The provision covering the future outflow from guarantees is recorded in liabilities and the income statement at the moment when these future outflows arising from these obligations become probable. The Group's estimate of the obligation is performed through assessing the credit risk of the customer on behalf of which the guarantee was issued. The assessment of the credit risk is performed similarly as an assessment of the credit risk resulting in the provision for off balance sheet risks.

(i) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase agreements ('repo transactions') are recorded as assets in the balance sheet line 'Financial assets held for trading', 'Available-for-sale financial assets' or 'Held-to-maturity investments' and the liability is included in 'Amounts due to banks' or 'Customer deposits'. Securities purchased under agreements to purchase and resell ('reverse repo transactions') are recorded as assets in the balance sheet line 'Amounts due from other banks' or 'Originated loans and advances to customers', as appropriate, with the corresponding decrease in cash included in 'Cash and balances with central banks'. The price differential is treated as interest and accrued evenly over the life of the agreement using the effective interest rate.

(j) Derivative financial instruments and hedging

In the normal course of business the Group is a party to contracts with derivative financial instruments, which represent a very low initial investment compared to the notional value of the contract. The derivative financial instruments used include foreign exchange forwards, interest rate/foreign exchange swaps and options, forward rate agreements and cross currency swaps. These financial instruments are used by the Group to hedge interest rate risk and currency exposures associated with its transactions in the financial markets. The Group also acts as an intermediary provider of these instruments to certain customers.

Derivative financial instruments are initially recognised in the balance sheet at cost including transaction costs and subsequently are remeasured at their fair values. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in fair value of derivatives held for trading are included in the line 'Net profit/(loss) from financial operations'.

On the date a hedging derivative contract is entered into, the Group designates a derivative either as a hedge of the fair value of a recognised asset or liability ('fair value hedge') or as a hedge of a future cash flow attributable to a recognised asset or liability, a forecasted transaction or a firm commitment ('cash flow hedge'). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group's criteria for a derivative instrument to be accounted for as a hedge include:

(a) a formal documentation of a hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
(b) a hedge is documented showing that is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and
(c) a hedge is effective on an ongoing basis.

Changes in fair values of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to the hedged risk are recorded in the income statement along with the corresponding change in fair value of the hedged asset or liability that is attributable to the specific hedged risk. The ineffective element of the hedge is charged directly to the income statement line 'Net profit/(loss) from financial operations'.

If the hedge no longer meets the criteria for hedge accounting, an adjustment to the carrying value of the hedge interest-bearing financial instrument is amortised to the income statement over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting under the specific rules of IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in the income statement line 'Net profit/(loss) from financial operations'.

Fair values of derivative positions were computed using standard formula and prevailing interest rates applicable for respective currencies available on the market at reporting dates.

(k) Intangible assets

Intangible assets are recorded at historical cost less accumulated amortisation. Amortisation is provided to write off the cost on a straight-line basis over the estimated useful economic life of the asset.

The estimated useful economic lives are as follows:

	Years
Software	4
Other intangible assets	1. 4

(l) Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation. Acquisition cost includes the purchase price plus other costs related to acquisition such as freight, duties or commissions. The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency are capitalised. Repairs and renovations are charged to the income statement as the expenditure is incurred.

Depreciation is calculated on a straight-line basis in order to write off the cost of each asset to its residual value over its estimated useful economic life.

The estimated useful economic lives are as follows:

	Years
Buildings	30
Equipment	4, 6, 12
Other tangibles	4, 6

Assets in progress, land and art collections are not depreciated. Depreciation of assets in progress begins when the related assets are placed in use.

The Group periodically tests its assets for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to this recoverable amount. Where assets are identified as being surplus to the Group's requirements, management assess the recoverable value by reference to a net selling price based on third party valuation reports, adjusted downwards for an estimate of associated sale costs.

(m) Leases

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable in 'Originated loans and advances to customers'. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

(n) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Slovak crowns at official National Bank of Slovakia rates of exchange as at the balance sheet date. Income and expenses denominated in foreign currencies are reported at the National Bank of Slovakia rates of exchange prevailing as at the date of the transaction.

Difference between the contractual exchange rate of a transaction and the National Bank of Slovakia exchange rate on the date of the transaction is included in line 'Net profit/(loss) from financial operations', as well as gains and losses arising from movements in exchange rates after the date of the transaction.

(o) Recognition of income and expenses

Income and expenses are recognised in the income statement on an accrual basis. Interest and similar income is recognised using the effective interest rate and includes coupons earned from fixed income securities, accrued discount and premium from treasury bills and other discounted securities.

Fee, commission and other income are credited to income on an accrual basis as they are earned. Non-interest expenses are recognised at the time the transaction occurs.

(p) Tax

Tax is calculated in accordance with the regulations of the Slovak Republic and other jurisdictions, in which the Group operates, based on the results reported in the income statements of the consolidated companies prepared under Slovak accounting legislation or accounting standards of the other jurisdictions, in which the Group operates.

Deferred tax assets and liabilities are provided, using the balance sheet method, for all temporary differences arising between tax bases of assets or liabilities and their carrying values for financial reporting purposes. Expected tax rates, applicable for the periods when assets and liabilities are realised, are used to determine deferred tax. The Group is subject to various indirect operating taxes. These taxes are included in 'Other operating expenses'.

(q) Regulatory requirements

The Group is subject to the regulatory requirements issued by the National Bank of Slovakia. These regulations include limits and other restrictions pertaining to minimum capital adequacy, classification of loans and off balance sheet commitments and provisioning for coverage of credit, liquidity, interest rate and foreign currency risk.

(r) Reclassifications

Reclassifications or regroupings, where necessary, were made to 2002 comparatives on a basis consistent with the new format selected for the year ended 31 December 2003.

6. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with an original maturity of less than 90 days:

	Note	2003	2002
Cash and balances with central banks	7	3,078	10,375
NBS bills	8	-	15,757
Current accounts in other banks	9	480	594
Term deposits at NBS and other banks	9	8,626	14,930
Loans to NBS	9	25,845	4,947
		38,029	46,603

7. Cash and balances with central banks

	2003	2002
Balances with the National Bank of Slovakia:		
Compulsory minimum reserve	96	3,127
Current accounts	446	3,740
	542	6,867
Cash in hand	2,536	3,508
	3,078	10,375

The compulsory minimum reserve is maintained as an interest bearing deposit under the regulations of the National Bank of Slovakia. The amount of the compulsory minimum reserve depends on the level of customer deposits accepted by the Group and is calculated as 3 % of the monthly average balance of selected customer deposits. The daily balance of the compulsory minimum reserve can vary significantly based on the amount of incoming and outgoing payments. The Group's ability to withdraw the compulsory minimum reserve is restricted by statutory legislation.

Current accounts with the National Bank of Slovakia also include Sk 70 million of restricted cash (2002: Sk 70 million). The remaining balances represent cash in hand and amounts with the National Bank of Slovakia related to daily settlements and other activities, which were available for withdrawal at the period end.

8. Treasury bills and other eligible bills

	2003	2002
Treasury bills held at fair value	-	6,249
NBS bills held at fair value (note 6)	-	15,757
	-	22,006

9. Amounts due from banks

	2003	2002
Current accounts in other banks (note 6)	480	594
Loans to:		
NBS	25,845	4,947
Other banks	2,816	443
Term deposits at:		
NBS	4,201	-
Other banks	11,330	22,618
	44,672	28,602
Impairment losses (note 14)	(302)	(172)
	44,370	28,430

10. Financial assets held for trading

	2003	2002
State bonds	2,039	3,055
Bank bonds	303	249
Corporate bonds	659	564
	3,001	3,868

All trading securities are listed. At 31 December 2003 and 2002, the Group did not pledge any bonds to secure transactions with counterparties.

11. Derivative financial instruments

In the normal course of business the Group enters into derivative financial instrument transactions to hedge its liquidity, foreign exchange and interest rate risks. The Group also enters into proprietary derivative financial transactions for the purpose of generating profits from short-term fluctuations in market prices. The Group operates a system of market risk and counterparty limits, which are designed to restrict exposure to movements in market prices and counterparty concentrations. The Group also monitors adherence to these limits on a regular basis.

Credit risk of financial derivatives

Credit exposure or replacement cost of derivative financial instruments represent the Group's credit exposure from contracts with a positive fair value, that is, it indicates the estimated maximum potential losses of the Group in the event that counterparties fail to perform their obligations. It is usually a small fraction of the notional amounts of the contracts. The credit exposure of each contract is indicated by the credit equivalent calculated pursuant to generally applicable methodology using the current exposure method and involves the fair market value of the contract (only if positive, otherwise a zero value is taken into account) and a portion of nominal value, which indicates the potential change in fair market value over the term of the contract. The credit equivalent is established depending on the type of contract and its maturity. The Group assesses credit risk of all financial instruments on a daily basis.

At 31 December 2003, the Group had a potential credit exposure of Sk 2,310 million (2002: Sk 2,362 million) in the event of non-performance by counterparties to its financial derivative instruments. This represents the gross replacement cost at market rates at 31 December 2003 and 2002 of all outstanding agreements in the event of all counterparties defaulting and not allowing for netting arrangements. The Group is selective in its choice of counterparties and sets limits for transactions with customers. As such, the Group considers that the actual credit risk associated with financial derivatives is substantially lower than the exposure calculated pursuant to credit equivalents.

Fair values and notional values of derivative financial instruments were:

	2003 Positive	2002 Positive	2003 Negative	2002 Negative
Fair values				
Interest rate instruments				
Swaps	373	81	703	435
Forward rate agreements	3	230	4	211
Other	3	-	-	-
	379	311	707	646
Foreign currency instruments				
Cross currency swaps	288	-	288	588
Forwards and swaps	1,610	2,051	1,215	1,581
Options	33	-	35	-
	1,931	2,051	1,538	2,169
	2,310	2,362	2,245	2,815

	2003 Assets	2002 Assets	2003 Liabilities	2002 Liabilities
Notional values				
Interest rate instruments				
Swaps	68,717	16,398	68,717	16,398
Forward rate agreements	11,000	66,700	11,000	66,700
Other	115	-	115	-
	79,832	83,098	79,832	83,098
Foreign currency instruments				
Cross currency swaps	4,950	4,967	4,950	5,000
Forwards and swaps	56,958	74,767	56,631	74,233
Options	25,388	-	25,388	-
	87,296	79,734	86,969	79,233
	167,128	162,832	166,801	162,331

12. Available-for-sale financial assets

	2003	2002
State bonds	535	5,683
Bank bonds	-	16
Corporate bonds	526	335
Equity shares	147	214
Investment funds	151	50
	1,359	6,298

At 31 December 2002, the state bonds of Sk 5,683 million represented solely state restructuring bonds measured at fair value (see also note 15).

In 2003, the Group revisited its strategy in respect of these bonds and sold approximately 30 % of its available-for-sale portfolio.
In November 2003, the remaining portion of restructuring bonds with a fair value of Sk 3,835 million were transferred to the held-to-maturity investments portfolio at the market price at that date. The premium from these bonds will be amortised up to their maturity in January 2006.

13. Originated loans and advances to customers

	2003	2002
Standard		
Corporate entities	30,550	18,614
Private individuals	10,246	9,926
Government and municipalities	7,142	672
	47,938	29,212
Watch	11,526	18,503
Non-standard	2,640	1,804
Doubtful	178	884
Loss	2,546	7,886
Non-performing loans subject to sale agreement (see below)	3,100	-
	67,928	58,289
Impairment losses for non-performing loans subject to sale agreement (see below)	(2,604)	-
Other impairment losses	(4,923)	(10,908)
Impairment losses (note 14)	(7,527)	(10,908)
	60,401	47,381

The Group entered into a portfolio transfer agreement with GE Corporate Financial Services, Inc. ('GE') on 3 November 2003. In accordance with this agreement the Group agreed to transfer to GE a portfolio of non-performing loans with a nominal value of Sk 7 billion, of which Sk 3.1 billion was represented by on balance sheet assets, for an agreed consideration.

At 31 December 2003, the loans remained on the Group's balance sheet but with a carrying value equivalent to the price agreed with GE. The resulting adjustments to the prior book value have been created to the income statement as a partial release of the specific provisions for impairment losses previously established by the Group against these assets. The formal legal assignment of the non-performing loans took place on 12 January 2004. The Group received funds in final settlement of this transaction on 15 January 2004.

During 2003, the Group wrote-off loans and advances to customers amounting to Sk 2,407 million (2002: Sk 2,114 million) against already existing provisions for impairment losses (note 37).

The Group has a substantial portion of credit exposures extended to a limited number of customers.
At 31 December 2003, top 20 largest customers accounted for 29 % (2002: 34 %) of the gross loan portfolio, which represented the amount of Sk 19,496 million (2002: Sk 19,934 million).

Fair value of collaterals received used in the calculation of impairment losses for loans was at 31 December 2003 Sk 19,737 million (2002: Sk 13,971 million).

The total volume of gross loans at 31 December 2003 with zero interest rate was Sk 43 million (2002: Sk 118 million) and the total volume of loans with interest rate decreased to 0.5 % is Sk 379 million (2002: Sk 940 million). All exposures are fully provided for.

Maturities of gross finance lease receivables are as follows:

	2003	2002
Up to 1 year	160	80
1 to 5 years	58	164
Over 5 years	-	23
	218	267
Unearned future finance income on finance leases	(33)	(47)
	185	220

Maturities of net finance lease receivables are as follows:

	2003	2002
Up to 1 year	89	63
1 to 5 years	42	101
Over 5 years	-	23
	131	187

Analysis of gross exposure by type of borrower is as follows:

	2003	2002
Private individuals		
Overdrafts	359	97
Loans with agreed maturity	3,066	5,775
Mortgages and housing loans	6,821	4,054
Other than standard loans	289	351
	10,535	10,277
Corporate clients		
Overdrafts	3,108	1,864
Finance lease receivables	185	220
Factored receivables	679	368
Loans with agreed maturity	26,433	15,984
Mortgages and housing loans	145	178
Other than standard loans	19,556	28,625
	50,106	47,239
Government and municipalities		
Overdrafts	3	1
Loans with agreed maturity	7,139	671
Other than standard loans	145	101
	7,287	773
	67,928	58,289
Impairment losses (note 14)	(7,527)	(10,908)
	60,401	47,381

At 31 December 2003, loans with agreed maturity to government and municipalities included three issues of government bonds of Sk 6,478 million purchased as primary issues (2002: nil).

14. Impairment losses

	1 Jan 2003	Net creation/ (release) (note 37)	FX gain/ (loss)	Decon- solidation	31 Dec 2003
Amounts due from banks (note 9)	172	169	(39)	-	302
Originated loans and advances to customers (note 13)	10,908	(3,216)	(35)	(130)	7,527
Held-to-maturity investments (note 15)	46	1	-	-	47
Other financial investments (note 16)	1	(1)	-	-	-
Intangible assets (note 17)	36	(36)	-	-	-
Property and equipment (note 18)	871	(217)	-	-	654
Other assets (note 20)	126	(34)	17	-	109
	12,160	(3,334)	(57)	(130)	8,639

	1 Jan 2002	Net creation/ (release) (note 37)	FX gain/ (loss)	Initial con- solidation	31 Dec 2002
Amounts due from banks	179	24	(31)	-	172
Originated loans and advances to customers	12,456	(2,342)	(12)	806	10,908
Held-to-maturity investments	98	(52)	-	-	46
Other financial investments	379	(55)	-	(323)	1
Intangible assets	6	30	-	-	36
Property and equipment	841	30	-	-	871
Other assets	513	(396)	1	8	126
	14,472	(2,761)	(42)	491	12,160

15. Held-to-maturity investments

	2003	2002
State restructuring bonds	57,303	53,646
State bonds	7,805	9,236
Bank bonds and other bonds issued by financial sector	2,556	3,453
Corporate bonds	766	695
Other investments	100	120
	68,530	67,150
Impairment losses (note 14)	(47)	(46)
	68,483	67,104

State restructuring bonds

Within pre-privatisation restructuring process of the Bank, the Slovak government decided to transfer the receivables of the Bank arising from non-performing loans to the state agencies. These special purpose agencies were created and are under full control of the state.

In December 1999 and June 2000 the Slovak government recapitalised the Bank by transferring the non-performing loans including principal and interest to Konsolidačná banka Bratislava ('KBB') with a gross value of Sk 58.6 billion, and Slovenská konsolidačná ('SKO') with a gross value of Sk 7.6 billion, which gave rise to the Bank's receivables from KBB and SKO in the total amount of Sk 66.2 billion. These receivables were in January and March 2001 swapped at par for state restructuring bonds in total nominal value of Sk 66.2 billion.

Restructuring bonds are issued by the Ministry of Finance of the Slovak Republic, which acts on behalf of the Slovak government as the financial intermediary. The bonds are legally considered to represent sovereign and unconditioned direct obligations of the Slovak Republic and therefore there is no need for additional state guarantees. The bond conditions are the same as for any other similar type of securities issued by the Slovak Republic, i.e. are fully redeemable by the Slovak Republic, there is no clause regarding rollover, early or late extinguishments and do not allow for conversion into any other type of financial instruments.

At 31 December 2003, the Group kept in its portfolio the following state restructuring bonds:

(a) 5-year state bonds with a nominal value of Sk 21,125 million, due on 31 January 2006, bearing fixed interest rate of 8 % per annum;
(b) 7-year state bonds with a nominal value of Sk 11,300 million, due on 31 January 2008, bearing variable interest rate of 6M BRIBOR;
(c) 10-year state bonds with a nominal value of Sk 11,044 million, due on 31 January 2011, bearing variable interest rate of 6M BRIBOR;
(d) 7-year state bonds with a nominal value of Sk 4,700 million, due on 29 March 2008, bearing variable interest rate of 6M BRIBOR;
(e) 10-year state bonds with a nominal value of Sk 7,497 million, due on 29 March 2011, bearing variable interest rate of 6M BRIBOR.

In 2003, the Group revisited its strategy in respect of keeping the state restructuring bonds and transferred all bonds held in available-for-sale portfolio into held-to-maturity investments (see also note 12).

16. Other financial investments

	Share in %	Cost	Impairment losses (note 14)	Revaluation	Net book value	Share on net asset value
Burza cenných papierov Bratislava	20.2	23	-	5	28	28
Technický servis	100	7	-	-	7	7
Slovak Banking Credit Bureau	33.3	-	-	-	-	-
At 31 December 2003		30	-	5	35	35
Burza cenných papierov Bratislava	20.2	23	-	6	29	29
Technický servis	100	7	-	-	7	13
Rekreačné stredisko	100	1	(1)	-	-	-
At 31 December 2002		31	(1)	6	36	42

In January 2004, the Bank sold Technicky servis for Sk 7 million.

In November 2003, the Bank sold its stake in Rekreacne stredisko for Sk 1.

In October 2003, the Bank established, in cooperation with two other major Slovak banks, Slovak Banking Credit Bureau, a limited partnership company to be engaged in the provision of automated data management in the area of credit bureau. The Bank's initial investment amounted to Sk 100 thousand.

17. Intangible assets

	Software	Other intangible assets	Assets in progress (note 14)	Impairment losses	Total
Cost					
At 1 January 2003	2,624	156	349	-	3,129
Additions	14	-	372	-	387
Disposals	(200)	(1)	(25)	-	(226)
Transfers	209	73	(281)	-	-
Deconsolidation	(25)	-	-	-	(25)
At 31 December 2003	2,622	228	415	-	3,265
Amortisation					
At 1 January 2003	(2,353)	(129)	-	(36)	(2,518)
Additions	(185)	(28)	-	-	(213)
Disposals/reversals	190	-	-	36	226
Deconsolidation	16	-	-	-	16
At 31 December 2003	(2,332)	(157)	-	-	(2,489)
Net book value					
At 31 December 2003	290	71	415	-	776
At 31 December 2002	271	27	349	(36)	611

18. Property and equipment

	Buildings and land	Equipment	Other tangibles	Assets in progress	Impairment losses (note 14)	Total
Cost						
At 1 January 2003	6,287	3,470	1,432	306	-	11,495
Additions	1	8	17	876	-	902
Disposals	(139)	(161)	(488)	(19)	-	(807)
Transfers	305	281	173	(759)	-	-
Deconsolidation	(151)	(28)	(36)	-	-	(215)
At 31 December 2003	6,303	3,570	1,098	404	-	11,375
Depreciation						
At 1 January 2003	(1,128)	(2,810)	(1,141)	-	(871)	(5,950)
Additions	(189)	(403)	(140)	-	-	(732)
Disposals/reversals	42	157	494	-	217	910
Transfers	26	3	(29)	-	-	-
Deconsolidation	15	22	20	-	-	57
At 31 December 2003	(1,234)	(3,031)	(796)	-	(654)	(5,715)
Net book value						
At 31 December 2003	5,069	539	302	404	(654)	5,660
At 31 December 2002	5,159	660	291	306	(871)	5,545

Pursuant to the implementation of its restructuring program, the Group identified certain buildings and land, which the Group does not intend to use for its operating activities. Such buildings and land reported above are held at their net realisable values.
Impairment losses represent the difference between the net realisable value and original cost reduced by accumulated depreciation.

19. Tax assets and liabilities

Tax assets were as follows:

	2003	2002
Current tax assets	-	5
Deferred tax assets	514	-
	514	5

At 31 December 2002 the Group did not recognize any deferred tax assets because it considered that there would not be any sufficient profits to corporate income tax in the foreseeable future.
Due to significant changes in the tax legislation applicable from 1 January 2004, the Group expects to have positive tax base for the following years. The accounting profit before tax of the Group will approximate the tax base.

Recognised deferred tax assets originated from the following temporary differences:

	2003	2002
Impairment losses for loans	919	833
Impairment losses for fixed assets	264	141
Other temporary differences	(118)	73
	1,065	1,047
Allowance for uncertainties of future utilisation	(551)	(1,047)
	514	-

Deductible and taxable differences are assumed to be utilized in the same periods and therefore were netted.

Tax liabilities were as follows:

	2003	2002
Current tax liabilities	71	-
Deferred tax liabilities	-	207
	71	207

Current tax liabilities include withholding tax of 15 % applicable for dividend receivable from VÚB Wüstenrot (see note 20).
Deferred tax liabilities of 2002 relate to withholding tax of 15 % applicable for accrued coupons from bonds. Deferred tax liabilities were fully utilized in 2003.

20. Other assets

	2003	2002
Receivables from sale of VÚB Wüstenrot	565	-
Dividend receivable from VÚB Wüstenrot	450	-
Inventories	39	71
Operating receivables	99	105
Advances granted	100	153
Prepayments	93	107
Other	114	385
	1,460	821
Impairment losses (note 14)	(109)	(126)
	1,351	695

On 9 December 2003, the Bank signed an agreement on the sale of its 50 % share in VÚB Wüstenrot, a bank engaged in the provision of housing loans.
The sales price for shares was Sk 565 million and was fully paid on 26 February 2004. The impact of deconsolidation of VÚB Wüstenrot is explained in note 33.
On 11 December 2003, the shareholders of VÚB Wüstenrot held the extraordinary shareholders' meeting and declared dividends totalling Sk 900 million, of which the Group's share of 50 % was fully paid on 26 February 2004.

21. Amounts due to central banks

	2003	2002
Current accounts	1,529	1,860
Loans received	76	123
	1,605	1,983

All amounts are due to the National Bank of Slovakia.

22. Amounts due to other banks

	2003	2002
Current accounts	1,054	1,865
Term deposits	9,236	12,100
Loans received	1,350	1,189
	11,640	15,154

23. Customer deposits

	2003	2002
Current accounts	39,497	38,678
Term deposits	64,821	65,626
Savings accounts	14,653	20,951
State and municipal deposits	25,165	21,953
Loans received	1,090	1,210
Certificates of deposit	969	1,405
Restricted deposits	64	177
Other	810	701
	147,069	150,701

24. Debt securities in issue

	2003	2002
Bonds	355	1,341
Mortgage bonds	4,450	1,361
	4,805	2,702

25. Provisions

	2003	2002
Provisions for off balance sheet risks	1,318	1,178
Litigations	1,174	857
Restructuring costs	56	63
	2,548	2,098

The movement in provisions was as follows:

	1 Jan 2003	Net creation/ (release)	Other [1]	31 Dec 2003
Off balance sheet risks (note 37)	1,178	147	(7)	1,318
Litigations (note 35)	857	317	-	1,174
Restructuring costs (note 36)	63	(7)	-	56
	2,098	457	(7)	2,548

(1) Other represents balances from deconsolidated companies

	1 Jan 2002	Net creation/ (release)	31 Dec 2002
Off balance sheet risks (note 37)	556	622	1,178
Technical reserve for housing loans (note 37)	226	(226)	-
	782	396	1,178
Litigations (note 35)	309	548	857
Restructuring costs (note 36)	200	(137)	63
	1,291	807	2,098

26. Other liabilities

	2003	2002
Estimated payables	729	740
Settlement with employees	189	128
Various creditors	68	80
Other	218	347
	1,204	1,295

27. Share capital

	2003	2002
Authorised, issued and fully paid:		
89 shares of Sk 100,000,000 each, not traded	8,900	8,900
4,078,108 shares of Sk 1,000 each, publicly traded	4,078	4,078
	12,978	12,978
Net profit for the year attributable to shareholders	3,157	2,145
Divided by 12,978,108 shares of Sk 1,000 each		
Basic earnings per share in Sk	243	165

28. Financial commitments and contingencies

	2003	2002
Issued guarantees	3,694	2,565
Commitments and undrawn credit facilities	16,478	11,185
	20,172	13,750

(a) Issued guarantees
Commitments from guarantees represent irrevocable assurances that the Group will make payments in the event that a borrower cannot meet its obligations to third parties. These assurances carry the same credit risk as loans and therefore the Group makes provisions against these instruments on the same basis as is applicable to loans.

(b) Commitments and undrawn credit facilities
The primary purpose of commitments to extend credit is to ensure that funds are available to the customer as required. Commitments to extend credit represent the unused portion of authorisations to extend credits in the form of loans. Commitments to extend credit issued by the Group represent issued loan commitment, undrawn portions of and approved overdraft loans.

(c) Lease obligations
In the normal course of business, the Group enters into operating lease agreements for branch facilities. The rental contracts are cancellable under normal business conditions.

(d) Legal
In the ordinary course of business the Group is subject to a variety of legal actions. The Group conducted a review of legal proceedings outstanding against it as of 31 December 2003. Pursuant to this review, management has recorded the provision of Sk 1,174 million (2002: Sk 857 million) in respect of such legal proceedings (see also note 25 and 35). The Group will continue to defend its position in respect of each of these legal proceedings.

(e) Insurance
The Group has obtained insurance for its fixed assets up to the net book value. The Group does not currently have insurance coverage related to liabilities arising from errors or omissions.

29. Net interest income

	2003	2002
Interest and similar income		
Amounts due from banks	1,439	2,032
Originated loans and advances to customers	4,150	4,597
Bonds, treasury bills and other fixed income securities	6,875	6,869
	12,464	13,498
Interest expense and similar charges		
Amounts due to banks	(488)	(539)
Customer accounts	(5,656)	(5,991)
Debt securities in issue	(366)	(240)
	(6,510)	(6,770)
	5,954	6,728

30. Net fee and commission income

	2003	2002
Fee and commission income		
Services and transactions	2,424	2,576
Foreign payments	341	389
Foreign exchange conversions	324	390
	3,089	3,355
Fee and commission expense		
Services and transactions	(494)	(921)
Foreign payments	(5)	(11)
Foreign exchange conversions	(12)	(10)
	(511)	(942)
	2,578	2,413

31. Net profit / (loss) from financial operations

	2003	2002
FX derivatives and revaluation of FX positions	381	555
Cross currency swaps	(325)	(501)
Interest rate derivatives	(135)	(241)
Securities	(149)	530
	(228)	343

32. Other operating income

	2003	2002
Rental income	40	37
Other operating revenues	102	215
	142	252

33. Gain from disposal of investments

On 9 December 2003, the Bank signed an agreement on the sale of its 50 % share in VÚB Wüstenrot and lost joint control of the company from that date (see also notes 2 and 20). The net gain from the sale of shares was Sk 19 million.

Net profit of the Group and total assets include the following balances from VÚB Wüstenrot deconsolidated at 9 December 2003:

	2003	2002
Net interest income	158	213
Other operating income	43	73
Operating expense	(139)	(208)
Provisions for impairment losses	23	201
Tax	(3)	(13)
Net profit for the year	82	266
Cash and balances with central banks	-	111
Amounts due from banks	-	450
Financial assets held for trading	-	544
Loans to customers	-	3,013
Other assets	-	362
Total assets	-	4,480
Total liabilities	-	3,831

34. Salaries and employment benefits

	2003	2002
Salaries	(1,664)	(1,784)
Social security costs	(559)	(584)
	(2,223)	(2,368)

In 2003, the average number of employees of the Group were 4,662 (2002: 5,606). The total number of employees of the Group at 31 December 2003 was 4,292 (2002: 5,051).

The aggregate remuneration and other benefits to members of the Supervisory Board and the Board of Directors for the year ended 31 December 2003 was Sk 79 million (2002: Sk 69 million). At 31 December 2003 and 2002 there were no loans outstanding provided to members of the Supervisory Board and the Board of Directors.

The Group does not have pension arrangements separate from the state minimal pension system of the Slovak Republic. The Slovak Republic system requires current contributions by the employer calculated as a percentage of current gross salary payments; these expenses are charged to the profit and loss statement in the period the related compensation is earned by the employee. The Group contributes to a defined additional contribution plan administered by a private pension fund. No further liabilities are arising to the Bank from the payment of pensions to employees in the future.

35. Other operating expenses

	2003	2002
Contribution to the Deposit Protection Fund	(620)	(647)
Provision for litigations (note 25)	(317)	(548)
IT systems maintenance	(315)	(315)
Advertising	(269)	(290)
Other services	(866)	(603)
Professional services	(179)	(49)
Consumption of material	(161)	(157)
Rent	(109)	(105)
VAT not claimed	(151)	(295)
Other taxes except income tax	(64)	(28)
Repairs and maintenance	(83)	(128)
Other operating expense	(56)	(316)
	(3,190)	(3,481)

36. Restructuring costs

	2003	2002
Restructuring costs	(115)	(178)
Provisions to restructuring costs (note 25)	7	137
	(108)	(41)

37. Provisions for impairment losses and off balance sheet risks

	2003	2002
Reversal of impairment losses (note 14)	3,334	2,761
Creation of provisions for off balance sheet risks (note 25)	(147)	(622)
Release of technical reserve for housing loans	-	226
	3,187	2,365
Nominal value of loans written-off	(2,407)	(2,114)
Loss on sale of fixed assets	-	(24)
	780	227

38. Tax

	2003	2002
Current tax charge	(359)	(1,353)
Deferred tax	721	525
	362	(828)

Slovak legal entities must individually report taxable income and remit corporate income taxes thereon to the appropriate authorities. The income tax rate for entities excluding state treasury bills, bond coupons and dividends received in 2003 and 2002 was 25 %. The tax rate for income from treasury bills, bond coupons and dividends denominated in Sk was 15 % in both reporting periods. The current tax charge represents withholding tax.

The effective profit tax rate differs from the statutory profit tax rates in 2003 and in 2002. Reconciliation of the profit of the Group with the actual corporate income tax at 31 December 2003 is as follows:

Profit before tax		2,795	
Applicable tax rate	25 %		15 %
(Loss)/income before income taxes	(3,645)		6,440
Theoretical tax recoveries/(charge)	911		(966)
Reversal of taxable temporary difference from prior years	-		(207)
Release of deferred tax liabilities	-		207
Impact of change in the tax rate applicable for deferred tax	(162)		-
Change in deductible temporary differences	354		-
Change in allowance for deferred tax assets	322		-
Permanent differences	(911)		814
Tax benefit		362	
Effective tax rate		13 %	

Reconciliation of the profit of the Group with the actual corporate income tax at 31 December 2002 is as follows:

Profit before tax		2,968	
Applicable tax rate	25 %		15 %
(Loss)/income before income taxes	(2,549)		5,517
Theoretical tax recoveries/(charge)	637		(828)
Reversal of taxable temporary difference from prior years	-		(732)
Taxable temporary differences 2002	-		207
Change in deferred taxes	-		525
Permanent differences	(637)		-
Tax expense		(828)	
Effective tax rate		28 %	

39. Profit before changes in operating assets / liabilites

	2003	2002
Operating profit before tax	2,795	2,968
Adjustment for:		
Amortisation	213	355
Depreciation	732	755
Unrealised profit from trading and AFS securities	(136)	(172)
Interest revenue	(12,464)	(13,498)
Interest expense	6,510	6,770
Dividend revenue	(16)	-
Gain from disposal of investments	(18)	-
Interest received	13,081	16,462
Interest paid	(6,840)	(6,736)
Dividends received	16	-
Tax paid	(286)	(1,352)
Provisions	(469)	155
	3,118	5,707

40. Capital adequacy

The National Bank of Slovakia requires that licensed institutions maintain a capital adequacy ratio of 8 % of the risk-weighted assets, computed in accordance with valid Slovak accounting legislation. Capital is calculated as the total of restricted and unrestricted components of equity, plus the part of the Group's reserves for loan losses up to the adjusted value of equity.

As at 31 December 2003 and 2002, the Group's capital adequacy ratio on this basis exceeded the statutory minimum requirements.

41. Estimated fair value of certain assets and liabilites

Fair value of financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, fair value estimates are made based on quoted market prices. However, no readily available market prices exist for a significant portion of the Group's financial instruments. In circumstances where the quoted market prices are not readily available, the fair value is estimated using discounted cash flow models or other pricing models as appropriate. Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly affect the estimates. Therefore, the calculated fair market estimates might not be realised in a current sale of the financial instrument.

In estimating the fair value of the Group's financial instruments, the following methods and assumptions were used:

(a) Cash and balances with central banks

The carrying values of cash and cash equivalents are generally deemed to approximate their fair value.

(b) Amounts due from banks

The estimated fair value of amounts due from banks that mature in 180 days or less approximates their carrying amounts. The fair value of other amounts is estimated based upon discounted cash flow analyses using interest rates currently offered for investments with similar terms (market rates adjusted to reflect credit risk). The fair value of non-performing amounts due from banks is estimated using a discounted cash flow analysis or the appraised value of the underlying collateral. Provisions are not taken into consideration when calculating fair values. The fair value of amounts due from banks is not significantly different from its carrying value.

(c) Originated loans and advances to customers

The fair value of variable yield loans that regularly reprice, with no significant change in credit risk, generally approximates their carrying value. The fair value of loans at fixed interest rates is estimated using discounted cash flow analyses, based upon interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of non-performing loans to customers is estimated using a discounted cash flow analysis or the appraised value of the underlying collateral, where available. Loans at fixed interest rates represent only a fraction of the total carrying value and hence the fair value of total loans and advances to customers approximates the carrying values as of the balance sheet date. Provisions are not taken into consideration when calculating fair values. The fair value of originated loans and advances to customers is not significantly different from its carrying value.

(d) Held-to-maturity investments

Fair values of securities carried in the 'Held-to-maturity investments' portfolio was at 31 December 2003 Sk 69,551 million (2002: Sk 68,797 million) and were calculated by discounting future cash flows using prevailing market rates.

(e) Amounts due to banks and customer deposits

The fair value of term deposits payable on demand represents the carrying value of amounts payable on demand as of the balance sheet date. The fair value of term deposits at variable interest rates approximates their carrying values as of the balance sheet date. The fair value of deposits at fixed interest rates is estimated by discounting their future cash flows using rates currently offered for deposits of similar remaining maturities. The fair value of amounts due to banks and customers is not significantly different from its carrying value.

(f) Debt securities in issue

The fair value of debt securities issued by the Group is based upon quoted market prices. Where no market prices are available, the fair value is equal to an estimate made by the Group. The fair value of debt securities in issue is not significantly different from its carrying value.

42. Assets and liabilities maturity / liquidity risk

Liquidity risk is a measure of the extent to which the Group may be required to raise funds to meet its commitments associated with financial instruments. The Group maintains its liquidity profiles in accordance with regulations laid down by the National bank of Slovakia. The table below provides an analysis of assets and liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates where options or repayment schedules allow for early repayment possibilities. Those assets and liabilities that do not have a contractual maturity date are grouped together under 'Not specified' category.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. The Group sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The remaining maturities of assets and liabilities at 31 December 2003 and 2002 were as follows:

	Up to 1 month	1 to 3 months	3 months to 1 year	1to 5 years	Over 5 years	Not specified	Total
31 December 2003							
Assets							
Cash and balances with central banks	3,078	-	-	-	-	-	3,078
Amounts due from banks	40,542	276	247	1,848	1,446	11	44,370
Financial assets held for trading	25	24	1,135	852	965	-	3,001
Derivative financial instruments	392	855	506	436	115	6	2,310
Available-for-sale financial assets	-	1	1	1,059	-	298	1,359
Originated loans and advances to customers	6,249	4,641	10,903	18,957	18,562	1,089	60,401
Held-to-maturity investments	1,396	982	1,498	44,762	19,843	2	68,483
Other financial investments	-	-	-	-	-	35	35
Intangible assets	-	-	-	-	-	776	776
Property and equipment	-	-	-	-	-	5,660	5,660
Tax assets	-	-	-	-	-	514	514
Other assets	960	-	1	-	-	390	1,351
	52,642	6,779	14,291	67,914	40,931	8,781	191,338
Liabilities							
Amounts due to central banks	1,588	2	3	12	-	-	1,605
Amounts due to other banks	6,546	1,190	2,972	880	52	-	11,640
Derivative financial instruments	225	387	754	795	78	6	2,245
Customer deposits	122,513	10,685	6,451	814	6,601	5	147,069
Debt securities in issue	460	-	101	2,179	2,065	-	4,805
Tax liabilities	-	1	-	-	-	70	71
Provisions	-	-	-	-	-	2,548	2,548
Other liabilities	109	13	2	1	-	1,079	1,204
	131,441	12,278	10,283	4,681	8,796	3,708	171,187
Minority interest	-	-	-	-	-	2	2
On balance sheet net gap position	(78,799)	(5,499)	4,008	63,233	32,135	5,071	20,149
31 December 2002							
Total assets	34,098	27,963	25,000	54,920	45,428	7,307	194,716
Total liabilities	134,506	17,411	15,819	6,477	249	2,495	176,957
On balance sheet net gap position	(100,408)	10,552	9,181	48,443	45,179	4,812	17,759

43. Currency denominations of assets and liabilities

Foreign exchange rate risk comprises the risk that the value of financial assets and liabilities will fluctuate due to changes in market foreign exchange rates. The table below provides information on the currency denomination of the Group's assets and liabilities. It is the policy of the Group to manage its exposure to fluctuations in exchange rates through the regular monitoring and reporting of open positions and the application of a matrix of exposure and position limits.

31 December 2003	**Slovak crowns**	**EUR**	**USD**	**CZK**	**Other**	**Total**
Assets						
Cash and balances with central banks	2,336	403	116	122	101	3,078
Amounts due from banks	35,374	3,068	5,651	97	180	44,370
Financial assets held for trading	2,478	451	72	-	-	3,001
Derivative financial instruments	2,302	-	-	6	2	2,310
Available-for-sale financial assets	360	537	-	462	-	1,359
Originated loans and advances to customers	43,602	6,852	3,217	6,689	41	60,401
Held-to-maturity investments	65,315	2,277	575	109	207	68,483
Other financial investments	35	-	-	-	-	35
Intangible assets	761	-	-	15	-	776
Property and equipment	5,640	-	-	20	-	5,660
Tax assets	483	-	-	31	-	514
Other assets	1,339	3	-	9	-	1,351
	160,025	13,591	9,631	7,560	531	191,338
Liabilities						
Amounts due to central banks	1,518	31	-	56	-	1,605
Amounts due to other banks	5,327	1,512	410	4,309	82	11,640
Derivative financial instruments	2,237	-	-	6	2	2,245
Customer deposits	125,150	11,964	5,422	3,553	980	147,069
Debt securities in issue	4,805	-	-	-	-	4,805
Tax liabilities	71	-	-	-	-	71
Provisions	2,547	-	-	1	-	2,548
Other liabilities	1,136	11	45	11	1	1,204
	142,791	13,518	5,877	7,936	1,065	171,187
Minority interest	2	-	-	-	-	2
On balance sheet net position	17,232	73	3,754	(376)	(534)	20,149
Off balance sheet assets	131,066	26,465	22,554	3,483	3,227	186,795
Off balance sheet liabilities	125,916	22,197	22,905	3,388	3,247	177,653
Off balance sheet net position	5,150	4,268	(351)	95	(20)	9,142
Total net position	22,382	4,341	3,403	(281)	(554)	29,291
31 December 2002						
Total assets	168,481	9,101	5,853	7,219	4,062	194,716
Total liabilities	145,058	16,891	10,933	2,644	1,431	176,957
Total net position	23,423	(7,790)	(5,080)	4,575	2,631	17,759

44. Interest rate risk

The interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to the interest rate risk.
The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments, or in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. It is the policy of the Group to manage the exposure to fluctuations in net interest income arising from changes in interest rates by the degree of repricing mismatch in the balance sheet.
The assets and liabilities that do not have contractual maturity date or are not interest bearing are grouped in 'Not specified' category.
Current accounts, nostro and loro accounts are stated as interest rate insensitive in column 'Not specified'.

The re-pricing structure of assets and liabilities as at 31 December 2003 and 2002 was as follows:

31 December 2003	**Up to 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Not specified**	**Total**
Assets							
Cash and balances with central banks	25	-	-	-	-	3,053	3,078
Amounts due from banks	41,557	2	1,620	1,191	-	-	44,370
Financial assets held for trading	7	4	1,238	761	991	-	3,001
Derivative financial instruments	-	-	-	-	-	2,310	2,310
Available-for-sale financial assets	269	549	279	-	-	262	1,359
Originated loans and advances to customers	16,450	20,534	4,786	12,984	5,633	14	60,401
Held-to-maturity investments	23,094	13,281	5,542	25,040	1,526	-	68,483
Other financial investments	-	-	-	-	-	35	35
Intangible assets	-	-	-	-	-	776	776
Property and equipment	-	-	-	-	-	5,660	5,660
Tax assets	-	-	-	-	-	514	514
Other assets	7	-	1	-	-	1,343	1,351
	81,409	34,370	13,466	39,976	8,150	13,967	191,338
Liabilities							
Amounts due to central banks	163	-	-	-	-	1,442	1,605
Amounts due to other banks	5,613	1,181	2,820	-	-	2,026	11,640
Derivative financial instruments	-	-	-	-	-	2,245	2,245
Customer deposits	73,815	13,162	7,084	854	2	52,152	147,069
Debt securities in issue	452	-	102	2,202	2,049	-	4,805
Tax liabilities	-	1	-	-	-	70	71
Provisions	-	-	-	-	-	2,548	2,548
Other liabilities	80	10	2	-	-	1,112	1,204
	80,123	14,354	10,008	3,056	2,051	61,595	171,187
Minority interest	-	-	-	-	-	2	2
On balance sheet net position	1,286	20,016	3,458	36,920	6,099	(47,630)	20,149
Off balance sheet assets	38,893	23,638	41,906	23,094	6,611	1,798	135,940
Off balance sheet liabilities	37,308	17,149	47,655	24,907	7,029	-	134,048
Off balance sheet net position	1,585	6,489	(5,749)	(1,813)	(418)	1,798	1,892
Net position at 31 December 2003	2,871	26,505	(2,291)	35,107	5,681	(45,832)	22,041
Net position at 31 December 2002	(24,772)	28,387	6,781	43,311	2,975	(25,173)	31,509

The average interest rates for financial assets and liabilities at 31 December 2003 and 2002 were as follows:

	2003	2002
	%	%
Assets		
Cash and balances with central banks	0.75	0.99
Treasury bills and other eligible bills	6.52	6.87
Amounts due from banks	4.04	5.16
Financial assets held for trading	6.26	6.95
Available-for-sale financial assets	5.38	6.98
Originated loans and advances to customers	6.99	8.33
Held-to-maturity investments	6.55	6.73
Liabilities		
Amounts due to banks	4.13	5.15
Customer deposits	3.21	4.10
Debt securities in issue	6.80	9.04

45. Related parties

Related parties, as defined by IAS 24, are those counterparties that represent:

(a) enterprises that directly, or indirectly, through one or more intermediaries, control, or are controlled by, or are under the common control of, the reporting enterprise. (This includes holding companies, subsidiaries and fellow subsidiaries);

(b) associates - enterprises in which the Parent Company has significant influence and which are neither a subsidiary nor a joint venture of the investor;

(c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, and anyone expected to influence, or be influenced by, that person in their dealings with the Group;

(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers of the Group and close members of the families of such individuals; and

(e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Group and enterprises that have a member of key management in common with the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The majority of the stated transactions have been made under arms-length commercial and banking conditions.

At 31 December 2003 and 2002, significant transactions outstanding with related parties comprised:

	2003	2002
Originated loans and advances, gross		
Directors [3]	3	-
Affiliated companies [2]	1,557	-
	1,560	-
Customer accounts		
Statutory bodies([3]	13	12
Directors [3]	1	10
Affiliated companies [2]	344	25
	358	47
Other income		
Affiliated companies [2]	-	8
	-	8
Interest expense		
Statutory bodies [3]	-	1
Affiliated companies([2]	-	4
	-	5
Other expense		
Affiliated companies [2]	-	24
	-	24
Derivative transactions (notional amount)		
Shareholder and companies controlled by shareholder [1]	8,962	24,628
	8,962	24,628

[1] *Shareholder and companies controlled by shareholder*

[2] *Common control by the Group and its shareholders*

[3] *Other related party*

46. Events after the balance sheet date

There were no significant events noted that would require adjustment in the financial statements at 31 December 2003.

The following non-adjusting subsequent events are disclosed in these consolidated financial statements:

1. Liquidation of Realitna spolocnost VÚB from 1 January 2004 — note 2
2. Settlement of sales price and dividend payment from VÚB Wüstenrot in February 2004 — notes 2, 20 and 33
3. Legal assignment of sold non-performing loans in January 2004 — note 13

47. Reconciliation to individual Slovak statutary accounts

Profit for the year ended 31 December 2003 and shareholders' equity prepared under Slovak accounting regulations and reported in the individual statutory financial statements of the Bank can be reconciled to these consolidated financial statements as follows:

	Net profit for the year	Shareholders' equity
Reported under individual Slovak statutory accounts	4,519	20,032
Revaluation of financial investments held in available-for-sale portfolio	(45)	25
Social fund expense	(50)	(50)
Deconsolidation of VÚB Wüstenrot	(649)	-
Intragroup balances and other consolidation entries	(618)	142
Reported under IFRS	3,157	20,149

48. Approval of the financial statements

These financial statements were signed and authorised for issue on 2 March 2004.

Individual Financial Statements
for the year ended 31 December 2003
prepared in accordance with Slovak Accounting Standards

ERNST & YOUNG

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Independent Auditors' Report
to the Shareholders and Board of Directors of Všeobecná úverová banka, a.s.

We have audited the accompanying financial statements of Všeobecná úverová banka, a.s. ('the Bank') for the year ended 31 December 2003. The Bank's management is responsible for the preparation of the financial statements and for maintaining accounting, which is complete, supportable and correct, in accordance with relevant laws and regulations. Our responsibility is to express our opinion on these financial statements based on our audit.

The financial statements of the Bank for the year ended 31 December 2002 were audited by another auditor whose report dated 31 January 2003 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with Standards on Auditing issued by the Slovak Chamber of Auditors ('SKAU'). These standards require that we plan and perform our audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts included in the financial statements. An audit also includes assessing the accounting principles used in preparing the financial statements and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides us with a reasonable basis for our opinion.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Bank at 31 December 2003 and of the results of its operations for the year then ended in accordance with Act No. 431/2002 Coll. on Accounting and relevant legislation issued by the Ministry of Finance of the Slovak Republic.

Bratislava,
2 March 2004

Ernst & Young

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Vladimír Zima
SKAU Decree No. 280

Translation of the original Slovak report

Ernst & Young Slovakia, spol. s r.o., IČO: 35 840 463, zapísaná v Obchodnom registri Okresného súdu Bratislava I, oddiel: Sro, vložka číslo: 27004/B a v zozname audítorov vedenom Slovenskou komorou audítorov pod č. 257.

Financial statements for the year ended
31 December 2003

Aggregated

Financial statements for the period

From 1 January 2003

To 31 December 2003

Balance sheet date as at

31 December 2003

Identification number
3132 0155

Legal name of the accounting entity
Všeobecná úverová banka, a.s.

Legal form
Joint stock company

Registered office
Mlynské Nivy 1
829 90 Bratislava

Phone area code	Telephone number	Fax number
02	5055 1111	5441 0568

Date of preparation of the financial statements	Signature of statutory representative of the accounting entity	Signature of the person responsible for preparation of the financial statements	Signature of the person responsible for accounting
2 March 2004			

Translation of the original Slovak document

Balance Sheet

at 31 December 2003

(In thousands of Slovak crowns)

			2003 Gross	2003 Adjustment	2003 Net book value	2002 Net book value
a	b	c	1	2	3	4
x	**Assets**	x	x	x	x	x
1	Cash and balances with central banks	1	2,529,977	-	2,529,977	3,436,830
2	Non-coupon state bonds and other securities accepted by NBS for refinancing	2	-	-	-	5,965,200
	a) state bonds	3	-	-	-	5,965,200
	b) other securities	4	-	-	-	-
3	Amounts due from banks	5	43,583,607	302,334	43,281,273	34,514,725
	a) repayable on demand	6	742,362	-	742,362	917,641
	b) other receivables	7	42,841,245	302,334	42,538,911	33 597,084
4	Loans and advances to customers	8	67,152,732	7,345,638	59,807,094	46,488,756
	a) repayable on demand	9	-	-	-	-
	b) other receivables	10	67,152,732	7,345,638	59,807,094	46,488,756
5	Debt securities	11	72,590,902	46,981	72,543,921	92,082,082
	a) state authorities	12	67,681,913	-	67,681,913	70,959,331
	b) other entities	13	4,908,989	46,981	4,862,008	21,122,751
6	Shares, mutual fund certificates and other financial investments	14	305,958	27,561	278,397	186,629
7	Associates	15	23,280	-	23,280	288,180
	a) banks	16	100	-	100	265,000
	b) other entities	17	23,180	-	23,180	23,180
8	Subsidiaries	18	1,054,707	812,449	242,258	210,350
	a) banks	19	-	-	-	-
	b) other entities	20	1,054,707	812,449	242,258	210,350
9	Intangible assets	21	3,307,315	2,458,897	848,418	712,649
	a) incorporation expenses	22	-	-	-	-
	b) goodwill	23	-	-	-	-
	c) other intangible assets	24	3,307,315	2,458,897	848,418	712,649
10	Property and equipment	25	11,136,387	5,568,857	5,567,530	6,148,044
	a) operational buildings and land	26	6,087,064	1,775,923	4,311,141	4,766,201
	b) other tangibles	27	5,049,323	3,792,934	1,256,389	1,381,843
11	Other assets	28	8,792,260	65,282	8,726,978	5,130,048
12	Receivables from shareholders and partners	29	-	-	-	-
13	Prepayments and accrued income	30	87,329	-	87,329	83,929
14	Receivables from IMF	31	-	-	-	
15	Receivables from banks of the ECBS	32	-	-	-	-
16	Receivables from other foreign entities	33	-	-	-	-
17	Loans provided to domestic banks	34	-	-	-	-
18	Other receivables from domestic entities	35	-	-	-	-
	Total assets	36	210,564,454	16,627,999	193,936,455	195,247,422
	thereof: Special transactions of NBS	37	-	-	-	-
	Foreign assets of the state	38	-	-	-	-

The accompanying notes on pages 62 to 89 form an integral part of these financial statements.

a	b	c	2003 1	2002 2
x	**Liabilities**	x	x	x
1	Amounts due to banks	39	12,853,687	16,569,759
	a) repayable on demand	40	1,410,752	2,205,807
	b) other liabilities	41	11,442,935	14,363,952
2	Customer deposits	42	145,441,980	145,488,271
	a) repayable on demand	43	64,975,311	57,793,358
	thereof: savings accounts	44	2,145,099	2,865,423
	b) other deposits	45	80,466,669	87,694,913
	thereof: fixed term	46	80,466,669	87,694,913
3	Debt securities in issue	47	5,772,544	3,610,432
	a) debt securities issued	48	5,772,544	3,610,432
	b) other payables	49	-	-
4	Other liabilities	50	7,186,236	6,127,989
5	Accruals and deferred income	51	100,248	75,316
6	Provisions	52	2,549,314	6,696,848
7	Subordinated financial liabilities	53	-	-
8	Liabilities to IMF	54	-	-
9	Liabilities to banks of the European Central Bank System	55	-	-
10	Liabilities to other foreign entities	56	-	-
11	Bank monetary reserve accounts in NBS	57	-	-
12	Securities issued by NBS	58	-	-
13	Other liabilities to domestic entities	59	-	-
14	Notes and coin issues	60	-	-
15	Account of the state	61	-	-
16	State funds and other settlements with national budget	62	-	-
17	Settlement of special transactions with the SR funds	63	-	-
18	Share capital	64	12,978,108	12,978,108
	thereof: share capital paid	65	12,978,108	12,978,108
19	Own shares	66	-	-
20	Share premium	67	402,737	407,811
21	Reserves	68	1,779,308	1,629,677
	a) legal reserve fund	69	1,770,769	1 602,170
	b) other reserve funds	70	-	-
	c) other funds from profit	71	8,539	27,507
22	Other capital funds	72	-	-
23	Revaluation	73	(773)	(321,197)
	a) assets and liabilities	74	-	(326,127)
	b) hedging derivatives	75	-	-
	c) investments	76	(773)	4,930
24	Retained earnings	77	354,270	298,423
25	Net profit for the year	78	4,518,796	1,685,985
	Total liabilities	79	193,936,455	195,247,422
	thereof: Special transactions of NBS	80	-	-
	Foreign liabilities of the state	81	-	-

Income Statement
for the year ended 31 December 2003
(In thousands of Slovak crowns)

			Expense	Expense	Income	Income
			2003	2002	2003	2002
a	b	c	1	2	3	4
1	Interest and similar income	1	x	x	12,256,272	13,205,623
	thereof: interest from securities	2	x	x	6,827,711	6,884,130
2	Interest expense and similar charges	3	(6,768,202)	(8,008,763)	x	x
	thereof: debt securities in issue interest expense	4	(579,707)	(1,596,933)	x	x
3	Income from	5	x	x	398,072	30,397
	a) associates	6	x	x	382,500	-
	b) subsidiaries	7	x	x	3,421	-
	c) shares and other financial investments	8	x	x	12,151	30,397
4	Fee and commission income	9	x	x	2,165,610	1,840,374
5	Fee and commission expense	10	(363,038)	(243,524)	x	x
6	Net profit from financial operations	11	x	x	475,692	1,218,929
7	Other financial income	12	x	x	-	-
8	Other financial expense	13	x	x	x	x
9	Other operating income	14	x	x	594,317	186,257
10	General administration expenses	15	(3,948,727)	(4,059,732)	x	x
	a) personnel expenses	16	(1,888,598)	(1,967,270)	x	x
	aa) salaries	17	(1,494,401)	(1,547,850)	x	x
	ab) social and health insurance	18	(394,197)	(419,420)	x	x
	b) other general administration expenses	19	(2,060,129)	(2,092,462)	x	x
11	Other operating expense	20	(1,007,609)	(1,143,554)	x	x
12	Release of provisions and impairment losses for property, equipment and intangible assets	21	x	x	1,131,761	157,025
	a) release of provisions for property and equipment	22	x	x	1,024,668	145,971
	b) release of impairment losses to property and equipment	23	x	x	107,093	11,054
	c) release of impairment losses to intangible assets	24	x	x	-	-
13	Depreciation, creation of provisions and impairment losses to property, equipment and intangible assets	25	(1,817,177)	(1,175,347)	x	x
	a) depreciation of property and equipment	26	(695,634)	(719,808)	x	x
	b) creation of provisions to property and equipment	27	(210,095)	(204,056)	x	x
	c) creation of impairment losses to property and equipment	28	(703,605)	(1,500)	x	x
	d) amortization to intangible assets	29	(207,843)	(249,983)	x	x
	e) creation of impairment losses to intangible assets	30	-	-	x	x

The accompanying notes on pages 62 to 89 form an integral part of these financial statements.

			Expense	Expense	Income	Income
			2003	2002	2003	2002
a	b	c	1	2	3	4
14	Release of provisions and impairment losses to receivables and guarantees, income from assigned and written-off receivables	31	x	x	15,678,610	10,743,832
	a) release of provisions to receivables and guarantees	32	x	x	7,262,389	1,152,224
	b) release of impairment losses to receivables and guarantees	33	x	x	8,252,963	9,531,567
	c) income from assigned and written-off receivables	34	x	x	163,258	60,041
15	Write-offs, creation of provisions and impairment losses to receivables and guarantees	35	(14,704,505)	(11,565,199)	x	x
	a) creation of impairment losses to receivables and guarantees	36	(8,276,098)	(8,822,821)	x	x
	b) creation of provisions to receivables and guarantees	37	(3,910,133)	(1,169,263)	x	x
	c) write-off of receivables and receivables from guarantees, and losses from assigned receivables	38	(2,518,274)	(1,573,115)	x	x
16	Release of impairment losses to subsidiaries and associates	39	x	x	43,104	401,525
17	Creation of impairment losses to subsidiaries and associates	40	(10,196)	(468,449)	x	x
18	Release of other provisions	41			1,525,266	1,776,649
19	Creation of other provisions	42	(1,629,183)	(1,632,794)	x	x
20	Release of other provisions	43			53,157	660,290
21	Creation of other provisions	44	(66,525)	(236,466)	x	x
22	Operating profit before tax	45	x	x	4,006,699	1,687,073
23	Extraordinary income	46	x	x	-	-
24	Extraordinary expense	47	-	-	x	x
25	Extraordinary profit / (loss) before tax	48	-	-	x	x
26	Income tax	49	x	(1,088)	512,097	x
27	Minority interest	50	x	x	-	-
28	Net profit for the year	51	x	x	4,518,796	1,685,985

Statement of Changes in Shareholders' Equity
for the year ended 31 December 2003
(In thousands of Slovak crowns)

	Share capital	Share premium	Legal reserves
At 1 January 2002	12,978,108	407,811	2,954,927
Social fund contribution	-	-	-
Settlement of accumulated deficit	-	-	(1,352,756)
Use of social fund	-	-	-
Revaluation of investments	-	-	-
Currency translation differences	-	-	(1)
Net profit for the year	-	-	-
At 31 December 2002	12,978,108	407,811	1,602,170
Change in accounting policies:			
Transfer of social fund into liabilities	-	-	-
Revaluation differences	-	-	-
Revaluation of derivatives	-	-	-
Revaluation of securities	-	-	-
	-	-	-
At 1 January 2003	12,978,108	407,811	1,602,170
Social fund contribution	-	-	-
Contribution to legal reserve fund	-	-	168,599
Dividends to shareholders	-	-	-
Loss from disposal of own shares	-	(5,074)	-
Currency translation differences	-	-	-
Net profit for the year	-	-	-
At 31 December 2003	12,978,108	402,737	1,770,769

The accompanying notes on pages 62 to 89 form an integral part of these financial statements.

Other reserves	Other capital funds	Revaluation	Retained earnings	Total
8,675	2,382,998	5,610	(3,386,034)	15,352,095
50,000	-	-	(50,000)	-
-	(2,382,998)	-	3,735,754	-
(31,162)	-	-	-	(31,162)
-	-	(326,588)	-	(326,588)
(6)	-	(219)	(1,297)	(1,523)
-	-	-	1,685,985	1,685,985
27,507	-	(321,197)	1,984,408	16,678,807
(18,962)	-	-	-	(18,962)
-	-	326,588	(326,588)	-
-	-	-	(587,549)	(587,549)
-	-	(5,391)	252,536	247,145
(18,962)	-	321,197	(661,601)	(359,366)
8,545	-	-	1,322,807	16,319,441
-	-	-	(40,000)	(40,000)
-	-	-	(168,599)	-
-	-	-	(747,609)	(747,609)
-	-	-	-	(5,074)
(6)	-	(773)	(12,329)	(13,108)
-	-	-	4,518,796	4,518,796
8,539	-	(773)	4,873,066	20,032,446

Notes to the Individual Financial Statements

1. General information on the Bank

Všeobecná úverová banka, a.s. ('the Bank') is a bank established on 1 April 1992 as a joint stock company under the laws of the Slovak Republic. On 23 March 1992, the Bank was granted a general banking license by the National Bank of Slovakia and, on 11 April 1995, a license for foreign currency operations.

The principal activities of the Bank are:
(a) provide loans and guarantees in Slovak crowns ('Sk') and foreign currencies,
(b) collect and provide deposits in Sk and foreign currencies,
(c) provide retail banking services,
(d) provide capital market services,
(e) provide interbank money market services,
(f) provide investment banking services.

The Bank is domiciled in the Slovak Republic with its registered office at Mlynské Nivy 1, 829 90 Bratislava.

At 31 December 2003, the Bank had a network of 138 branches and 88 sub-branches located throughout Slovakia. The Bank also had 3 fully operational branches in the Czech Republic. The total number of employees of the Bank at the end of 2003 was 4,004 (2002: 4,493).

The structure of shareholders was as follows:

	2003	2002
Intesa Holding International S.A.	96.49 %	94.47 %
Penta Investments Limited	-	1.15 %
Domestic shareholders below 1 %	3.09 %	4.15 %
Foreign shareholders below 1 %	0.42 %	0.23 %
	100 %	100 %

In May 2003 the Bank purchased 103,248 ordinary shares from Penta Investments Limited for an amount of Sk 144 million. The shares were sold to Intesa Holding International S.A. in November 2003 for an amount of Sk 139 million, equal to the purchase price of shares less dividends accrued.

2. Basis of preparation

The individual financial statements of the Bank have been prepared in accordance with Slovak Accounting Standards ('SAS').

The reporting currency used in the financial statements is the Slovak crown and balances are presented in thousands of Slovak crowns unless indicated otherwise. Negative values are presented in brackets.

These financial statements have been prepared on an accrual basis of accounting whereby the effects of transactions and other events are recognized when they occur and they are reported in the financial statements of the period to which they relate, and on the going concern assumption.

The individual financial statements of the Bank have been prepared on a historical cost basis. Subsequent to initial recognition, a value of available-for-sale financial assets, financial assets held for trading and all derivatives financial instruments are remeasured to fair value.

3. Significant changes in 2003

Changes to the Act on Accounting, which were effective from 1 January 2003, resulted in significant changes in the reporting of the operating results of banks in Slovakia by introducing the fair value measurement for the major part of assets and liabilities.

Changes resulting from the remeasurement of all applicable financial assets and liabilities at that date were adjusted through retained earnings at 1 January 2003 and were reported in the statement of changes in shareholders' equity shown on pages 60 and 61.

Reclassifications or regroupings, where necessary, were made to 2002 comparatives on a basis consistent with the new format selected for the year ended 31 December 2003. Changes from remeasurement of financial assets and liabilities at 1 January 2003 are not reflected in 2002 comparatives.

The main changes in the classification and valuation rules were as follows:

a) trading derivatives and securities held in trading and available-for-sale portfolios are measured at fair values;
b) interest accrued is presented together with the appropriate financial instrument;
c) repurchase transactions are presented as a loan received and the securities pledged, which are provided as collateral, are recorded in the balance sheet;
d) reverse repurchase transactions are presented as a loan provided and the securities received as collateral, are recorded in the off balance sheet;
e) provisions are recorded only if there is a probable obligation, which will cause future outflow of economic resources and a reliable estimate can be made;
f) deferred taxes are calculated for all temporary differences between net book and tax written-down values of assets and liabilities;
g) interest overdue for more than 90 days is recorded only in the off balance sheet;
h) effective interest rate method is used for calculation of interest income and expense from financial instruments with maturity over one year;
i) extraordinary expenses and income represent only extraordinary non-recurring incidental operations not relating with the normal course of the business of the Bank.

4. Significant accounting policies

The significant accounting policies adopted by the Bank are as follows:

(a) Cash and balances with central banks

Cash and balances with central banks comprise cash in hand and current accounts with the National Bank of Slovakia ('NBS') and with the National Bank of the Czech Republic ('CNB').

(b) Amounts due from banks

Amounts due from banks represent receivables from deposits and direct loans to commercial banks, including term deposits and loans with NBS and compulsory minimum reserves. Compulsory minimum reserves with the NBS and CNB represent reserves to be held by all commercial banks licensed in the Slovak and Czech Republic.
The balances are presented including interest accruals less provisions for impairment losses. A provision for impairment loss is established, if there is objective evidence that the Bank will not be able to collect all amounts due.

(c) Securities

Securities held by the Bank are categorized into portfolios in accordance with the Bank's intent on the acquisition of securities and pursuant to the Bank's investment strategy. The Bank developed security investment strategies and, reflecting the intent on acquisition, allocated securities into the following portfolios:

- Held for trading
- Available-for-sale
- Held-to-maturity

The principal differences among the portfolios relate to the measurement approach and recognition of fair values in the financial statements.

All securities held by the Bank are recognized using settlement date accounting and are initially measured at their cost including transaction costs. Securities purchased, but not settled, are recorded in the off balance sheet and changes of their values, in case of purchases into trading and available-for-sale portfolios, are recorded in the income statement.

(d) Securities held for trading

Securities held for trading are financial assets acquired by the Bank for the purpose of generating profits from short-term fluctuations in prices. Subsequent to their initial recognition these assets are accounted for and measured at fair value, which approximates the price quoted on recognized stock exchanges. The Bank monitors changes in fair values on a daily basis and recognizes unrealized gains and losses in the income statement caption 'Net profit from financial operations'.

Interest earned on securities held for trading is accrued on a daily basis and reported as 'Interest and similar income' in the income statement.

(e) Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and maturities that the Bank has the positive intent and ability to hold to maturity. They are presented in line 'Debt securities' of the balance sheet.

Held-to-maturity investments are carried at amortized cost less any provision for impairment. Amortized cost is the amount at which the asset was initially measured minus principal repayment plus accrued interest income plus/minus the cumulative amortization of discount/premium and minus any write-down for impairment or uncollectability. The amortization of premium/discount is recorded through the income statement line 'Interest and similar income'.

The Bank assesses on a regular basis whether there is any objective evidence that an investment held-to-maturity may be impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

(f) Available-for-sale securities

Available-for-sale securities are those financial assets that are not classified as trading or held-to-maturity. This portfolio of assets comprises the bonds of the Slovak Republic and corporate bonds. Subsequent to initial recognition, these assets are accounted for and remeasured to fair value.

The fair value of assets, for which an active market exists, and a market value can be estimated reliably, is measured at quoted market prices. In circumstances where the quoted market prices are not readily available, the fair value is estimated using the present value of future cash flows.

Interest earned whilst holding available-for-sale assets is accrued on a daily basis and reported as 'Interest and similar income' in the income statement.

Unrealized gains and losses arising from changes in fair value of securities available-for-sale are recorded in the income statement of the period as 'Net profit from financial operations' as they arise.

(g) Securities acquired in primary issues not intended for trading

Securities obtained on primary markets and not intended for trading are carried at amortized cost less any provision for impairment losses in 'Amounts due from banks' or 'Loans and advances to customers'.

(h) Originated loans and advances to customers and impairment losses

Loans originated by the Bank by providing money directly to a borrower are categorized as loans originated by the Bank and are stated at the amortized cost less any provisions for impairment losses.
All loans and advances are recognized on the balance sheet when cash is advanced to borrowers.
A credit risk provision for impairment loss is established, if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount. Provisions are assessed with the reference to the credit standing and performance of the borrower and take into account the value of any collateral or third party guarantee.
The Bank writes off loss loans and advances when borrowers are unable to fulfill their obligations to the Bank and when relevant evidence has been obtained from the appropriate court. Loans and advances are written off against the release of the related provision for impairment losses. Subsequent recoveries are credited to the income statement on receipt.

The categories and percentages applied for impairment losses provisions are as follows:

Category	Percentage of provisions
Pass	-
Watch	5 % to 20 % of a gross exposure
Non-standard	20 % from the unsecured part of a receivable value
Doubtful	50 % to 95 % from the unsecured part of a receivable value
Loss	100 % of a gross exposure

The Bank records provisions for coverage of expected losses for unsecured part of off balance sheet credit commitments for the whole outstanding balance of non-standard, doubtful and loss categories as follows:

Non-standard	20 %
Doubtful	95 %
Loss	100 %

(i) Guarantees issued

The Bank records the obligations arising from guarantees issued in the off balance sheet. The provision covering the future outflow from guarantees is recorded in liabilities and the income statement at the moment when these future outflows arising from these obligations become probable. The Bank's estimate of the obligation is performed through assessing the credit risk of the customer on behalf of which the guarantee was issued. The assessment of the credit risk is performed similarly as an assessment of the credit risk resulting in the provision for off balance sheet risks.

(j) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase agreements ('repo transactions') remain as assets in the balance sheet line 'Debt securities' and the liability from received loan is included in 'Amounts due to banks' or 'Customer deposits'.

Securities purchased under agreements to purchase and resell ('reverse repo transactions') are recorded only in off-balance sheet and loan provided is reported in the balance sheet line 'Amounts due from banks' or 'Loans and advances to customers', as appropriate, with the corresponding decrease in cash included in 'Cash and balances with central banks'. The price differential between purchase and sale price of securities under reverse repo transaction is treated as interest and accrued evenly over the life of the agreement using the effective interest rate.

(k) Derivative financial instruments and hedging

In the normal course of business the Bank is a party to contracts with derivative financial instruments, which represent a very low initial investment compared to the notional value of the contract.

The derivative financial instruments used include foreign exchange forwards, interest rate/foreign exchange swaps and options, forward rate agreements and cross currency swaps. These financial instruments are used by the Bank to hedge interest rate risk and currency exposures associated with its transactions in the financial markets. The Bank also acts as an intermediary provider of these instruments to certain customers.

Derivative financial instruments are initially recognized in the balance sheet at cost including transaction costs and subsequently are remeasured at their fair values. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in fair value of derivatives held for trading are included in the line 'Net profit from financial operations'.

(l) Intangible assets

Intangible assets are recorded at historical cost less accumulated amortization. Amortization is provided to write off the cost on a straight-line basis over the estimated useful economic life of the asset.

The estimated useful economic lives are as follows:

	Years
Software	4
Other intangible assets	1, 4

(m) Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation. Acquisition cost includes the purchase price plus other costs related to acquisition such as freight, duties or commissions. The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency are capitalized. Repairs and renovations are charged to the income statement as the expenditure is incurred.
Depreciation is calculated on a straight-line basis in order to write off the cost of each asset to its residual value over its estimated useful economic life.

The estimated useful economic lives are as follows:

	Years
Buildings	30
Equipment	4, 6, 12
Other tangibles	4, 6

Assets in progress, land and art collections are not depreciated. Depreciation of assets in progress begins when the related assets are placed in use.

The Bank periodically tests its assets for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to this recoverable amount. Where assets are identified as being surplus to the Bank's requirements, management assess the recoverable value by reference to a net selling price based on third party valuation reports, adjusted downwards for an estimate of associated sale costs.

(n) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Slovak crowns at official National Bank of Slovakia rates of exchange as at the balance sheet date. Income and expenses denominated in foreign currencies are reported at the National Bank of Slovakia rates of exchange prevailing as at the date of the transaction.

Difference between the contractual exchange rate of a transaction and the National Bank of Slovakia exchange rate on the date of the transaction is included in line 'Net profit from financial operations', as well as gains and losses arising from movements in exchange rates after the date of the transaction.

(o) Recognition of income and expenses

Income and expenses are recognized in the income statement on an accrual basis. Interest and similar income includes coupons earned from fixed income securities, accrued discount and premium from treasury bills and other discounted securities. Fee, commission and other income are credited to income on an accrual basis as they are earned. Non-interest expenses are recognized at the time the transaction occurs.

(p) Tax

Tax is calculated in accordance with the regulations of the Slovak Republic and other jurisdictions, in which the Bank operates.

Deferred tax assets and liabilities are provided, using the balance sheet method, for all temporary differences arising between tax bases of assets or liabilities and their carrying values for financial reporting purposes. Expected tax rates, applicable for the periods when assets and liabilities are realized, are used to determine deferred tax. The Bank is subject to various indirect operating taxes. These taxes are included in 'Other operating expenses'.

(q) Regulatory requirements

The Bank is subject to the regulatory requirements issued by the National Bank of Slovakia. These regulations include limits and other restrictions pertaining to minimum capital adequacy, classification of loans and off balance sheet commitments and provisioning for coverage of credit, liquidity, interest rate and foreign currency risk.

5. Amounts due from banks

	2003	2002
Due from NBS and CNB		
Current accounts	47,387	119,327
Compulsory minimum reserves	25,208	2,984,091
Term deposits	4,270,867	3,174,811
Loans and advances	25,845,068	4,947,300
	30,188,530	11,225,529
Due from other banks		
Current accounts	694,975	798,314
Term deposits	11,354,081	22,165,312
Loans and advances	1,346,021	497,225
	13,395,077	23,460,851
Impairment losses	(302,334)	(171,655)
	13,092,743	23,289,196
	43,281,273	34,514,725

At 31 December 2003, term deposits from NBS and CNB included restricted cash of Sk 70,342 thousand (2002: Sk 70,342 thousand).

At 31 December 2003, loans and advances from other banks included bank bonds of Sk 510,861 thousand maturing in July 2008 (2002: zero).

Amounts due from banks are categorized as follows:

	2003	2002
Standard	43,271,934	34,458,675
Watch	-	-
Non-standard	-	70,824
Doubtful	186,784	-
Loss	124,889	156,881
	43,583,607	34,686,380
Impairment losses	(302,334)	(171,655)
	43,281,273	34,514,725

6. Loans and advances to customers

	2003	2002
Private individuals	10,457,388	7,012,082
Corporate clients	46,308,278	46,126,723
Government and municipalities	7,287,106	772,520
Non-performing loans subject to sale agreement	3,099,960	-
	67,152,732	53,911,325
Impairment losses relating to non-performing loans subject to sale agreement	(2,603,910)	-
Other impairment losses	(4,741,728)	(7,422 569)
	59,807,094	46,488,756

Non-performing loans subject to sale agreement

The Bank entered into a portfolio transfer agreement with GE Corporate Financial Services, Inc. ('GE') on 3 November 2003. In accordance with this agreement the Bank agreed to transfer to GE a portfolio of non-performing loans with a nominal value of Sk 7 billion, of which Sk 3.1 billion was represented by on balance sheet assets for an agreed consideration.
At 31 December 2003 the loans remained on the Bank's balance sheet but with a carrying value equivalent to the price agreed with GE. The resulting adjustments to the prior book value have been created to the income statement as a partial release of the specific provisions for impairment losses previously established by the Bank against these assets. The formal legal assignment of the non-performing loans took place on 12 January 2004. The Bank received funds in final settlement of this transaction on 15 January 2004.

	2003	2002
Private individuals		
Overdrafts	354,332	96,729
Loans with agreed maturity	2,993,057	2,676,063
Mortgage loans	6,820,921	4,053,955
Other than standard loans	289,078	185,335
	10,457,388	7,012,082
Corporate clients		
Overdrafts	2,883,088	1,693,570
Loans with agreed maturity	26,507,470	16,405,078
Mortgage loans	145,046	177,986
Other than standard loans	16,772,674	27,850,089
Non-performing loans subject to sale agreement	3,099,960	-
	49,408,238	46,126,723
Government and municipalities		
Overdrafts	3,150	862
Loans with agreed maturity	7,138,811	670,736
Other than standard loans	145,145	100,922
	7,287,106	772,520
Impairment losses	(7,345,638)	(7,422,569)
	59,807,094	46,488,756

At 31 December 2003, loans with agreed maturity provided to government included three issues of state bonds of Sk 6,477,940 thousand (2002: zero).

Categorization is as follows:

	2003	2002
Private individuals		
Standard	10,168,310	6,826,747
Watch	170,874	130,828
Non-standard	41,582	34,221
Doubtful	46,848	9,791
Loss	29,774	10,495
	10,457,388	7,012,082
Corporate clients		
Standard	29,535,604	18,276,634
Watch	11,455,050	17,822,688
Non-standard	2,598,669	1,677,860
Doubtful	130,848	831,054
Loss	2,588,107	7,518,487
Non-performing loans subject to sale agreement	3,099,960	-
	49,408,238	46,126,723
Government and municipalities		
Standard	7,141,961	671,598
Watch	143,943	-
Doubtful	-	1
Loss	1,202	100,921
	7,287,106	772,520
Impairment losses	(7,345,638)	(7,422,569)
	59,807,094	46,488,756

7. Debt securities

	2003	2002
Held for trading	3,000,688	19,102,404
Available-for-sale	1,060,613	5,908,630
	4,061,301	25,011,034
Held-to-maturity	68,482,620	67,071,048
	72,543,921	92,082,082

Held for trading

	2003	2002
NBS bills	-	15,742,809
State bonds	2,039,324	2,492,785
Bank bonds	303,190	241,887
Corporate bonds	658,174	624,923
	3,000,688	19,102,404

Available-for-sale

	2003	2002
State restructuring bonds	-	5,573,830
State bonds	534,832	-
Corporate bonds	525,781	334,800
	1,060,613	5,908,630

In 2003, the Bank revisited its strategy in respect of state restructuring bonds and sold approximately 30 % of its available-for-sale portfolio. In November 2003, the remaining portion of restructuring bonds categorized as available-for-sale with a fair value of Sk 3,835 million were transferred to the held-to-maturity investments portfolio at the market price at that date. The premium from these bonds will be amortized up to their maturity in January 2006.

Held-to-maturity

	2003	2002
State restructuring bonds	57,302,543	53,645,711
State bonds	7,805,214	9,252,206
Bank bonds	2,555,631	3,432,182
Corporate and other bonds	866,213	814,922
	68,529,601	67,145,021
Impairment losses	(46,981)	(73,973)
	68,482,620	67,071,048

State restructuring bonds

Within pre-privatization restructuring process of the Bank, the Slovak government decided to transfer the receivables of the Bank arising from non-performing loans to the state agencies. These special purpose agencies were created and are under full control of the state.

In December 1999 and June 2000, the Slovak government recapitalized the Bank by transferring the non-performing loans including principal and interest to Konsolidačná banka Bratislava ('KBB') with a gross value of Sk 58.6 billion, and Slovenská konsolidačná ('SKO') with a gross value of Sk 7.6 billion, which gave rise to the Bank's receivables from KBB and SKO in the total amount of Sk 66.2 billion. These receivables were in January and March 2001 swapped at par for state restructuring bonds in total nominal value of Sk 66.2 billion.

Restructuring bonds are issued by the Ministry of Finance of the Slovak Republic, which acts on behalf of the Slovak government as the financial intermediary. The bonds are legally considered to represent sovereign and unconditioned direct obligations of the Slovak Republic and therefore there is no need for additional state guarantees. The bond conditions are the same as for any other similar type of securities issued by the Slovak Republic, i.e. are fully redeemable by the Slovak Republic, there is no clause regarding rollover, early or late extinguishments and do not allow for conversion into any other type of financial instruments.

At 31 December 2003, the Bank kept in its portfolio the following state restructuring bonds:

(a) 5-year state bonds with a nominal value of Sk 21,125 million, due on 31 January 2006, bearing fixed interest rate of 8 % per annum;
(b) 7-year state bonds with a nominal value of Sk 11,300 million, due on 31 January 2008, bearing variable interest rate of 6M BRIBOR;
(c) 10-year state bonds with a nominal value of Sk 11,044 million, due on 31 January 2011, bearing variable interest rate of 6M BRIBOR;
(d) 7-year state bonds with a nominal value of Sk 4,700 million, due on 29 March 2008, bearing variable interest rate of 6M BRIBOR;
(e) 10-year state bonds with a nominal value of Sk 7,497 million, due on 29 March 2011, bearing variable interest rate of 6M BRIBOR.

8. Shares, mutual fund certificates and other financial investments

	2003	2002
Shares held in available-for-sale portfolio	21,636	323,047
Mutual fund certificates held in available-for-sale portfolio	150,790	63,740
Other financial investments	133,532	169,341
	305,958	556,128
Impairment losses	(27,561)	(369,499)
	278,397	186,629

9. Associates

	Share	Cost 2003	Net book value 2003	Share holders' equity 2003	Net book value 2002
Stavebná sporiteľňa VÚB Wüstenrot, a.s.	50 %	-	-	-	265,000
Slovak Banking Credit Bureau, s.r.o.	33.3 %	100	100	181	-
Burza cenných papierov Bratislava, a.s.	20.2 %	23,180	23,180	134,725	23,180
		23,280	23,280	134,906	288,180

On 9 December 2003, the Bank signed an agreement on the sale of its 50 % share in Stavebna sporitelna VÚB Wüstenrot, a.s. ('VÚB Wüstenrot'), a bank engaged in the provision of housing loans. From this date the Bank lost joint management and operational control over VÚB Wüstenrot.

The sales price for shares was Sk 565 million, which is shown in note 13, and was fully paid on 26 February 2004. Net income from the sale of shares of Sk 300 million is reported in the income statement in line 'Other operating income'.
On 11 December 2003, the shareholders of VÚB Wüstenrot held an extraordinary shareholders' meeting and declared dividends totaling Sk 900 million, of which the Bank's share of 50 % was fully paid on 26 February 2004. The net dividend income of Sk 382,500 thousand is reported in the income statement in line 'Income from associates' and in 'Other assets' shown in note 13.

In October 2003, the Bank established, in cooperation with two other major Slovak banks, Slovak Banking Credit Bureau, a limited partnership company to be engaged in the provision of automated data management in the area of credit bureau. The Bank's initial investment amounted to Sk 100 thousand.

10. Subsidiaries

At 31 December 2003, the Bank had the following subsidiaries:

	Share	Principal business activities
VÚB Asset Management, správ. spol. a.s.	100 %	Asset management
VÚB Factoring, a.s.	97.37 %	Factoring of receivables
VÚB Leasingová, a.s.	100 %	Financial leasing
Leasreal, a.s.	100 %	Financial leasing
Realitná spoločnosť VÚB, spol. s r.o.	100 %	Real estate services
Spoločnosť pre bankovú ochranu, a.s.	100 %	Security services
Technický servis, a.s.	100 %	Facility maintenance

	Cost 2003	Impairment loss 2003	Net book value 2003	Share holders' equity 2003	Net book value 2002
VÚB Asset Management	85,000	(35,000)	50,000	56,825	48,450
VÚB Factoring	495,707	(408,541)	87,166	93,020	61,161
VÚB Leasingová	234,000	(224,959)	9,041	11,793	11,226
Leasreal	110,000	(90,542)	19,458	18,199	14,043
Realitná spoločnosť VÚB	83,000	(52,180)	30,820	31,122	30,271
Spoločnosť pre bankovú ochranu	40,000	(1,005)	38,995	38,088	38,163
Technický servis	7,000	(222)	6,778	6,718	7,000
Rekreačné stredisko	-	-	-	-	36
	1,054,707	(812,449)	242,258	255,765	210,350

In January 2004, the Bank sold Technicky servis for Sk 7 million.

In November 2003, the Bank sold its stake in Rekreacne stredisko for Sk 1.

Since 1 January 2004 Realitná spoločnosť VÚB, s.r.o. has entered into liquidation. The intention of the Bank is to discontinue any direct transactions in the area of real estate and realize all assets of the company. The Bank is of opinion that the net assets of the company as of 31 December 2003 of Sk 31 million represent the net realizable value. The liquidation is not expected to be completed before 31 December 2004.

11. Intangible assets

	Software	Other intangible assets	Low value intangible assets	Assets in progress	Advances	Total
Cost						
At 1 January 2003	2,419,374	154,630	152,677	350,654	81,087	3,158,422
Additions	13,954	888	-	379,840	15,636	410,318
Transfers	206,169	67,249	658	(274,076)	-	-
Disposals	(45,511)	(1,341)	(153,335)	(41,286)	(19,952)	(261,425)
At 31 December 2003	2,593 986	221,426	-	415,132	76,771	3,307,315
Amortization						
At 1 January 2003	(2,165,100)	(127,996)	(152,677)	-	-	(2,445,773)
Additions	(179,849)	(27,994)	-	-	-	(207,843)
Disposals	39,743	2,299	152,677	-	-	194,719
At 31 December 2003	(2,305,206)	(153,691)	-	-	-	(2,458,897)
Net book value						
At 31 December 2003	288,780	67,735	-	415,132	76,771	848,418
At 31 December 2002	254,274	26,634	-	350,654	81,087	712,649

12. Property and equipment

	Operational land and buildings	Equipment	Other tangible assets	Assets in progress	Advances	Total
Cost						
At 1 January 2003	5,841,054	3,762,698	1,180,152	278,911	34,095	11,096,910
Additions	-	7,552	491	868,785	1,056	877,884
Transfers	386,748	223,603	121,205	(731,556)	-	-
Disposals	(140,738)	(166,028)	(479,836)	(18,180)	(33,625)	(838,407)
At 31 December 2003	6,087,064	3,827,825	822,012	397,960	1,526	11,136,387
Depreciation						
At 1 January 2003	(1,074,853)	(2,905,273)	(967,240)	-	(1,500)	(4,948,866)
Additions	(768,494)	(444,931)	(74,500)	(15,031)	-	(1,302,956)
Disposals	67,424	164,725	450,816	-	-	682,965
At 31 December 2003	(1,775,923)	(3,185,479)	(590,924)	(15,031)	(1,500)	(5,568,857)
Net book value						
At 31 December 2003	4,311,141	642,346	231,088	382,929	26	5,567,530
At 31 December 2002	4,766,201	857,425	212,912	278,911	32,595	6,148,044

Pursuant to the implementation of its restructuring program, the Bank identified certain buildings and land, which the Bank does not intend to use for its operating activities. Such buildings and land reported above are held at their net realizable values.
Impairment losses represent the difference between the net realizable value and original cost reduced by accumulated depreciation.

13. Other assets

	2003	2002
Positive fair value of derivative financial instruments (see below)	2,372,011	-
Deposits with branch Prague	2,428,535	3,836,036
Subordinated loan	1,446,239	-
Dividends from VÚB Wüstenrot (note 9)	382,500	-
Receivables from the sale of VÚB Wüstenrot (note 9)	565,000	-
Long-term receivables from Prague branch	513,627	540,425
Deferred income tax (note 26)	512,097	-
Other receivables from customers	231,612	159,593
Various debtors	74,868	85,950
Advances to various debtors	21,181	35,847
Tax due	3,107	2,036
Inventories	37,835	47,629
Estimated receivables	52,864	19,055
Other	150,784	470,706
	8,792,260	5,197,277
Impairment losses	(65,282)	(67,229)
	8,726,978	5,130,048

Derivative financial instruments

In the normal course of business the Bank enters into derivative financial instrument transactions to hedge its liquidity, foreign exchange and interest rate risks. The Bank also enters into proprietary derivative financial transactions for the purpose of generating profits from short-term fluctuations in market prices. The Bank operates a system of market risk and counterparty limits, which are designed to restrict exposure to movements in market prices and counterparty concentrations. The Bank also monitors adherence to these limits on a regular basis.

Credit risk of financial derivatives

Credit exposure or replacement cost of derivative financial instruments represent the Bank's credit exposure from contracts with a positive fair value, that is, it indicates the estimated maximum potential losses of the Bank in the event that counterparties fail to perform their obligations. It is usually a small fraction of the notional amounts of the contracts. The credit exposure of each contract is indicated by the credit equivalent calculated pursuant to generally applicable methodology using the current exposure method and involves the fair market value of the contract (only if positive, otherwise a zero value is taken into account) and a portion of nominal value, which indicates the potential change in fair market value over the term of the contract. The credit equivalent is established depending on the type of contract and its maturity. The Bank assesses credit risk of all financial instruments on a daily basis.

At 31 December 2003, the Bank had a potential credit exposure of Sk 2,372,011 thousand (2002: Sk 2,362,000 thousand) in the event of non-performance by counterparties to its financial derivative instruments. This represents the gross replacement cost at market rates at 31 December 2003 and 2002 of all outstanding agreements in the event of all counterparties defaulting and not allowing for netting arrangements.

The Bank is selective in its choice of counterparties and sets limits for transactions with customers. As such, the Bank considers that the actual credit risk associated with financial derivatives is substantially lower than the exposure calculated pursuant to credit equivalents.

Fair value and notional value of derivative financial instruments were:

Fair value	2003 Positive	2003 Negative	2002 (1) Positive	2002 (1) Negative
Interest rate instruments				
Swaps and other	375,653	(703,502)	81,000	(435,000)
Forward rate agreements	3,367	(3,868)	230,000	(211,000)
	379,020	(707,370)	311,000	(646,000)
Foreign exchange instruments				
Cross currency swaps	288,008	(288,008)	-	(588,000)
Forwards and swaps	1,671,602	(1,277,039)	2 051 000	(1,581,000)
Options	33,381	(35,074)	-	-
	1,992,991	(1,600,121)	2,051,000	(2,169,000)
	2,372,011	(2,307,491)	2,362,000	(2,815,000)
Notional value	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments				
Swaps and other	68,831,877	68,831,877	16,398,000	16,398,000
Forward rate agreements	11,000,000	11,000,000	66,700,000	66,700,000
	79,831,877	79,831,877	83,098,000	83,098,000
Foreign exchange instruments				
Cross currency swaps	4,950,060	4,950,060	4,967,000	5,000,000
Forwards and swaps	58,167,409	57,840,348	74,766,807	74,233,301
Options	25,387,751	25,387,751	-	-
	88,505,220	88,178,159	79,733,807	79,233,301
	168,337,097	168,010,036	162,831,807	162,331,301

(1) Fair values of 2002 are not included in the accompanying financial statements as the Bank did not report fair values of derivatives in the 2002 balance sheet.

14. Amounts due to banks

	2003	2002
Current accounts	1,410,752	2,205,807
Term deposits	10,334,217	13,611,052
Loans received	1,108,718	752,900
	12,853,687	16,569,759

15. Customer deposits

	2003	2002
Current accounts	39,561,422	38,742,319
Savings deposits payable on demand	2,145,099	2,865,423
Term deposits	65,000,685	65,746,813
Government and municipalities	25,134,943	22,023,713
Savings deposits with agreed maturity	12,508,079	14,332,596
Loans received	1,090,308	1,003,659
Certificates of deposits	963	766,552
Other	481	7,196
	145,441,980	145,488,271

16. Debt securities in issue

	2003	2002
Bonds	1,322,397	2,041,305
Mortgage bonds	4,450,147	1,569,127
	5,772,544	3,610,432

17. Other liabilities

	2003	2002
Negative fair value of derivative financial instruments (note 13)	2,307,491	-
Deposits from branch Prague	2,423,435	3,834,092
Other liabilities to customers	817,915	666,012
Employees	96,933	72,565
Social security bodies	37,057	36,345
Operating advances	2,948	3,755
Other operating payables	55,596	79,829
Estimated payables	597,156	575,477
Other	847,705	859,914
	7,186,236	6,127,989

18. Provisions

	At 1 Jan 2003	Net creation / (reversal)	31 Dec 2003
Loans and off balance sheet exposures	4,710,134	(3,419,549)	1,290,585
Litigations	828,127	344,191	1,172,318
Severance	63,235	(6,824)	56,411
Other	-	30,000	30,000
Withholding tax	200,662	(200,662)	-
Property, equipment and intangible assets	847,359	(847,359)	-
Inventories	47,331	(47,331)	-
	6,696,848	(4,147,534)	2,549,314

19. Share capital

	2003	2002
Authorized, issued and fully paid:		
89 shares of Sk 100,000,000 each, not traded	8,900,000	8,900,000
4,078,108 shares of Sk 1,000 each, publicly traded	4,078,108	4,078,108
	12,978,108	12,978,108

20. Off balance sheet items

Assets	**2003**	**2002**
Commitments and guarantees issued		
Commitments and undrawn credit facilities	16,478,567	7,618,524
Guarantees issued	3,692,878	3,264,618
	20,171,445	10,883,142
Spot transactions		
Interest rate contracts	1,239,604	8,295
Foreign exchange contracts	743,534	1,136,089
	1,983,138	1,144,384
Forward transactions		
Interest rate contracts	79,831,877	83,098,000
Foreign exchange contracts	63,117,469	79,733,807
	142,949,346	162,831,807
Foreign exchange options	25,387,751	-
	25,387,751	-
Receivables written off	5,692,169	4,302,268
Custody	260,722	124,159
Other	79,961,671	59,733,322
	276,406,242	239,019,082

Liabilities	2003	2002
Commitments and guarantees received		
Commitments and undrawn credit facilities	11,148,399	12,737,423
Guarantees received		
Real estate	36,823,912	33,506,819
Cash	868,692	785,134
Securities	1,673,944	1,835,530
Other	12,464,405	17,244,036
Securities as collaterals	25,832,824	-
	77,663,777	53,371,519
Spot transactions		
Interest rate contracts	1,239,604	106,480
Foreign exchange contracts	743,748	1,154,953
	1,983,352	1,261,433
Forward transactions		
Interest rate contracts	79,831,877	83,098,000
Foreign exchange contracts	62,790,408	79,233,301
	142,622,285	162,331,301
Foreign exchange options	25,387,751	-
	25,387,751	-
Custody	6,092,184	4,394,657
Other	11,508,494	4,922,749
	276,406,242	239,019,082

21. Net interest income

	2003	2002
Interest and similar income		
Amounts due from banks	1,520,779	2,019,295
Loans and advances to customers	3,907,782	4,302,198
Debt securities	6,827,711	6,884,130
	12,256,272	13,205,623
Interest expense and similar charges		
Amounts due to banks	(642,607)	(517,803)
Customer deposits	(5,545,888)	(5,894,027)
Debt securities	(304,172)	(258,126)
Withholding taxes paid	(275,535)	(1,338,807)
	(6,768,202)	(8,008,763)
	5,763,605	6,535,667

22. Income from associates, subsidiaries, shares and other financial investments

On 11 December 2003, the shareholders of VÚB Wüstenrot held an extraordinary shareholders' meeting and declared dividends totaling Sk 900 million, of which the Bank's share of 50 % was fully paid on 26 February 2004.

Dividends are shown in the income statement in line 'Income from associates'.

On 9 December 2003, the Bank signed an agreement on the sale of its 50 % share in VÚB Wüstenrot, a bank engaged in the provision of housing loans. The net income from the sale of shares was Sk 300 million and is reported in line 'Other operating income'. The sales price for the shares was fully paid to the Bank on 26 February 2004.

23. Net fee and commission income

	2003	2002
Fee and commission income		
Banks	266,884	320,765
Customers	1,898,726	1,519,609
	2,165,610	1,840,374
Fee and commission expense		
Banks	(344,116)	(225,244)
Customers	(18,922)	(18,280)
	(363,038)	(243,524)
	1,802,572	1,596,850

24. Net profit from financial operations

	2003	2002
Foreign exchange derivatives and revaluation	1,033,923	1,248,645
Cross currency swaps	(325,911)	(382,321)
Interest rate derivatives	(134,854)	12,270
Securities	(109,857)	340,335
Other	12,391	-
	475,692	1,218,929

25. General administrative expenses

	2003	2002
Salaries and employment benefits		
Salaries	(1,494,401)	(1,547,850)
Social security costs	(394,197)	(419,420)
	(1,888,598)	(1,967,270)
Other administrative expenses		
IT system maintenance	(302,123)	(270,189)
Advertising	(244,185)	(241,469)
Professional services	(188,496)	(184,085)
Material consumption	(153,817)	(136,468)
Insurance cost	(128,119)	(143,631)
Rent	(103,554)	(91,524)
Repairs and maintenance	(77,245)	(118,684)
Various services	(343,840)	(450,227)
Other taxes except income tax	(30,804)	(23,657)
Other	(487,946)	(432,528)
	(2,060,129)	(2,092,462)
	(3,948,727)	(4,059,732)

26. Income tax

	2003	2002
Deferred tax	512,097	-
Current tax charge	-	(1,088)
	512,097	(1,088)

At 31 December 2002, the Bank did not recognize any deferred tax assets because it considered that there would not be any sufficient profits to corporate income tax in the foreseeable future.
Due to significant changes in the tax legislation applicable from 1 January 2004, the Bank expects to have positive tax base for the following years. The accounting profit before tax of the Bank will approximate the tax base.

Deductible and taxable differences are assumed to be utilized in the same periods and therefore were netted.

Recognized deferred tax assets originated from the following temporary differences:

	2003	2002
Impairment losses for loans	917,972	833,145
Impairment losses for fixed assets	264,287	141,284
Other temporary differences	(118,543)	73,004
	1,063,716	1,047,433
Allowance for uncertainties of future utilization	(551,619)	(1,047,433)
	512,097	-

27. Capital adequacy

The National Bank of Slovakia requires that licensed institutions maintain a capital adequacy ratio of 8 % of the risk-weighted assets, computed in accordance with valid Slovak accounting legislation. Capital is calculated as the total of restricted and unrestricted components of equity, plus the part of the Bank's reserves for loan losses up to the adjusted value of equity.

As at 31 December 2003 and 2002, the Bank's capital adequacy ratio on this basis exceeded the statutory minimum requirements.

28. Assets and liabilities maturity / liquidity risk

Liquidity risk is a measure of the extent to which the Bank may be required to raise funds to meet its commitments associated with financial instruments. The Bank maintains its liquidity profiles in accordance with regulations laid down by the National Bank of Slovakia. The table below provides an analysis of assets and liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates where options or repayment schedules allow for early repayment possibilities. Those assets and liabilities that do not have a contractual maturity date are grouped together under 'Not specified' category.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The remaining maturities of assets and liabilities at 31 December 2003 were as follows:

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not specified	Total
Assets							
Cash and balances with central banks	2,529,977	-	-	-	-	-	2,529,977
Amounts due from banks	40,903,922	271,037	258,067	1,836,969	-	11,278	43,281,273
Loans and advances to customers	5,775,694	4,611,476	11,062,967	18,932,955	18,562,351	861,651	59 807,094
Debt securities	1,421,160	1,006,926	2,632,761	46,672,905	20,807,995	2,174	72 543,921
Shares, mutual funds and other financial investments	-	-	-	-	-	278,397	278,397
Subsidiaries	-	-	-	-	-	23,280	23,280
Associates	-	-	-	-	-	242,258	242,258
Intangible assets	-	-	-	-	-	848,418	848,418
Property and equipment	-	-	-	-	-	5,567,530	5,567,530
Other assets	2,489,091	1,674,717	984,867	443,546	1,561,246	1,573,511	8,726,978
Prepayments and accrued income	-	-	-	-	-	87,329	87,329
	53,119,844	7,564,156	14,938,662	67,886,375	40,931,592	9,495,826	193,936,455
Liabilities and shareholders' equity							
Amounts due to banks	7,954,794	1,191,707	2,763,122	891,952	52,112	-	12,853,687
Customer deposits	120,868,926	10,702,038	6,450,976	813,837	6,600,938	5,265	145,441,980
Debt securities in issue	1,427,063	-	101,333	2,178,743	2,065,405	-	5,772,544
Other liabilities	2,290,458	1,201,545	1,233,580	801,908	78,264	1,580,481	7,186,236
Accruals and deferred income	-	-	-	-	-	100,248	100,248
Provisions	-	-	-	-	-	2,549,314	2,549,314
Share capital	-	-	-	-	-	12,978,108	12,978,108
Share premium	-	-	-	-	-	402,737	402,737
Reserves	-	-	-	-	-	1,779,308	1,779,308
Revaluation	-	-	-	-	-	(773)	(773)
Retained earnings	-	-	-	-	-	354,270	354,270
Net profit for the year	-	-	4,445,040	-	-	73,756	4,518,796
	132,541,241	13,095,290	14,994,051	4,686,440	8,796,719	19,822,714	193,936,455

29. Currency denominations of assets and liabilities

Foreign exchange rate risk comprises the risk that the value of financial assets and liabilities will fluctuate due to changes in market foreign exchange rates. The table below provides information on the currency denomination of the Bank's assets and liabilities. It is the policy of the Bank to manage its exposure to fluctuations in exchange rates through the regular monitoring and reporting of open positions and the application of a matrix of exposure and position limits.

At 31 December 2003, the Bank's assets and liabilities were denominated in the following currencies:

	Sk	EUR	USD	CZK	Other	Total
Assets						
Cash and balances with central banks	1,792,880	402,446	114,576	122,100	97,975	2,529,977
Amounts due from banks	35,531,105	1,725,795	5,655,886	173,437	195,050	43,281,273
Loans and advances to customers	43,266,078	6,722,776	3,117,059	6,690,085	11,096	59,807,094
Debt securities	67,883,540	3,262,657	647,079	544,094	206,551	72,543,921
Shares, mutual funds and other financial investments	258,726	2,207	-	17,464	-	278,397
Subsidiaries	23,280	-	-	-	-	23,280
Associates	242,258	-	-	-	-	242,258
Intangible assets	833,025	-	-	15,393	-	848,418
Property and equipment	5,551,731	-	-	15,799	-	5,567,530
Other assets	4,002,032	2,057,225	385,420	2,246,246	36,055	8,726,978
Prepayments and accrued income	85,784	-	-	1,545	-	87,329
	159,470,439	14,173,106	9,920,020	9,826,163	546,727	193,936,455
Liabilities and shareholders' equity						
Amounts due to banks	5,412,491	1,497,599	408,260	5,438,261	97,076	12,853,687
Customer deposits	124,832,660	11,722,791	5,382,284	2,535,164	969,081	145,441,980
Debt securities in issue	4,805,009	-	12,982	954,553	-	5,772,544
Other liabilities	3,653,840	901,453	336,570	2,269,545	24,828	7,186,236
Accruals and deferred income	71,652	1,818	24,593	2,175	10	100,248
Provisions	2,546,000	-	-	3,314	-	2,549,314
Share capital	12,978,108	-	-	-	-	12,978,108
Share premium	402,737	-	-	-	-	402,737
Reserves	1,779,308	-	-	-	-	1,779,308
Revaluation	-	(20)	-	(753)	-	(773)
Retained earnings	117,965	-	-	236,305	-	354,270
Net profit for the year	4,445,040	-	-	73,756	-	4,518,796
	161,044,810	14,123,641	6,164,689	11,512,320	1,090,995	193,936,455

30. Interest rate risk

The interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to the interest rate risk.

The table on the following page provides information on the extent of the Bank's interest rate exposure based either on the contractual maturity date of its financial instruments, or in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date.

It is the policy of the Bank to manage the exposure to fluctuations in net interest income arising from changes in interest rates by the degree of repricing mismatch in the balance sheet.

The assets and liabilities that do not have contractual maturity date or are not interest bearing are grouped in 'Not specified' category.

Current accounts, nostro and loro accounts are stated as interest rate insensitive in the column 'Not specified'.

The re-pricing structure of assets and liabilities at 31 December 2003 was as follows:

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not specified	Total
Assets							
Cash and balances with central banks	24,230	-	-	-	-	2,505,747	2,529,977
Amounts due from banks	40,682,490	791,390	1,801,576	5,817	-	-	43,281,273
Loans and advances to customers	15,738,961	20,401,832	3,829,227	13,239,383	6,580,721	16,970	59,807,094
Debt securities	24,389,949	13,883,036	5,980,499	26,695,182	1,595,255	-	72,543,921
Shares, mutual funds and other financial investments	-	-	-	-	-	278,397	278,397
Subsidiaries	-	-	-	-	-	23,280	23,280
Associates	-	-	-	-	-	242,258	242,258
Intangible assets	-	-	-	-	-	848,418	848,418
Property and equipment	-	-	-	-	-	5,567,530	5,567,530
Other assets	996,930	-	-	-	-	7,730,048	8,726,978
Prepayments and accrued income	-	-	-	-	-	87,329	87,329
	81,832,560	35,076,258	11,611,302	39,940,382	8,175,976	17,299,977	193,936,455
Liabilities and shareholders' equity							
Amounts due to banks	7,002,881	1,185,964	2,623,677	-	-	2,041,165	12,853,687
Customer deposits	72,526,229	13,097,518	4,568,286	848,558	2,027	54,399,362	145,441,980
Debt securities in issue	1,419,160	-	102,433	2,202,300	2,048,651	-	5,772,544
Other liabilities	194,611	812,539	475,449	7,140	-	5,696,497	7,186,236
Accruals and deferred income	-	-	-	-	-	100,248	100,248
Provisions	-	-	-	-	-	2,549,314	2,549,314
Share capital	-	-	-	-	-	12,978,108	12,978,108
Share premium	-	-	-	-	-	402,737	402,737
Reserves	-	-	-	-	-	1,779,308	1,779,308
Revaluation	-	-	-	-	-	(773)	(773)
Retained earnings	-	-	-	-	-	354,270	354,270
Net profit for the year	-	-	-	-	-	4,518,796	4,518,796
	81,142,881	15,096,021	7,769,845	3,057,998	2,050,678	84,819,032	193,936,455

31. Related parties

	2003	2002
Loans provided		
Subsidiaries	319,900	194,979
Private individuals	6,549	-
Other	1,557,353	5,000
	1,883,802	199,979
Loans and deposits received		
Subsidiaries	217,652	118,232
Associates	53,208	101,327
Private individuals	27,197	5,200
Other	343,998	203,100
	642,055	427,859
Securities		
Subsidiaries	728,119	728,119
Associates	2,001,580	711,821
	2,729,699	1,439,940
Interest and similar income		
Subsidiaries	18,891	45,758
Interest expense and similar charges		
Subsidiaries	5,900	5,804
Associates	3,077	4,585
	8,977	10,389
Guarantees issued		
Subsidiaries	-	700,000
Associates	45,709	-

32. Profit distribution

On 22 May 2003, the general meeting of shareholders approved the following 2002 profit distribution:

	2002
Social fund contribution	40,000
Legal reserve fund contribution	168,599
Dividends	752,730
Retained earnings	724,656
	1,685,985

The Board of Directors will propose the following 2003 profit distribution:

	2003
Social fund contribution	50,000
Legal reserve fund contribution	451,880
Dividends	3,244,527
Retained earnings	772,389
	4,518,796

33. Events after the balance sheet date

There were no significant events noted that would require adjustment in the financial statements at 31 December 2003.

The following non-adjusting subsequent events are disclosed in these financial statements:

1. Liquidation of Realitna spolocnost VÚB from 1 January 2004	note 10
2. Settlement of sales price and dividend payment from VÚB Wüstenrot in February 2004	note 13
3. Legal assignment of sold non-performing loans in January 2004	note 6

On behalf of the Bank:

Tomas Spurny
Chairman of the Management Board

Domenico Cristarella
Member of the Management Board

Matej Augustín
Chief Accountant

Eva Rozsívalová
Head of Reporting

Information on Securities Issued by the Bank

Securities, which VÚB, a. s. has issued until now, include besides shares also bonds, certificates of deposit, mortgage bonds and passbooks.

In 2003, VÚB issued 3 mortgage bond issues as follows:

VÚB mortgage bonds VII.

Name of security:	VÚB mortgage bonds VII.
ISIN:	SK4120003724 series 01
Type and form:	Bearer bond, book-entry
Total issue amount:	Sk 1,000,000 000
Number and nominal value:	
Issue method:	10,000 pcs per Sk 100,000
Public offering	
Issue date:	15/04/2003
Maturity:	15/04/2013
Coupon:	5.1 % p.a.
Coupon payment:	Annually, on 15/04, commencing on 15/04/2004

VÚB mortgage bonds VIII.

Name of security:	VÚB mortgage bonds VIII.
ISIN:	SK4120003914 series 01
Type and form:	Bearer bond, book-entry
Total issue amount:	Sk 1,000,000 000
Number and nominal value:	
Issue method:	1,000 pcs per Sk 1,000,000
Non - public offering	
Issue date:	29/05/2003
Maturity:	29/05/2013
Coupon:	5.1 % p.a.
Coupon payment:	Annually, on 29/05, commencing on 29/05/2004

VÚB mortgage bonds IX.

Name of security:	VÚB mortgage bonds IX.
ISIN:	SK4120004011 series 01
Type and form:	Bearer bond, book-entry
Total issue amount:	Sk 800,000,000
Number and nominal value:	
Issue method:	800 pcs per Sk 1,000,000
Non - public offering	
Issue date:	07/08/2003
Maturity:	07/08/2008
Coupon:	4.6 % p.a.
Coupon payment:	Annually, on 07/08, commencing on 07/08/2004

Rights along with VÚB bonds issued until now are specified in the 'Terms and Conditions of Issue'.

Review of Economic and Financial Situation

In 2003, VÚB continued its vigorous restructuring efforts initiated in 2002. These efforts were focused on revenue generation, cost reduction and the on-going improvement in the Bank's internal processes and procedures designed to achieve the two former objectives.

Total consolidated assets decreased by 2 %, Sk 3.4 billion, when compared with the previous year-end. A significant proportion of the Bank's assets is represented by investment securities, primarily restructuring bonds issued by the Government of Slovakia prior to the Bank's privatization in 2001. Net customer loans increased by Sk 13.0 billion reflecting increased loan volumes in both the corporate and retail segment.

Consolidated net profit for the year ended 31 December 2003 increased by Sk 1 billion to Sk 3.2 billion compared to 2002. Lower operating income was offset by operating cost reductions and the impact of a combination of non-recurring transactions including the sale of the Bank's shareholding in VÚB Wüstenrot, the release of provisions relating to the sale of a portfolio of non-performing loans and the first-time recognition of a deferred tax asset.

Management of the Bank has paid significant attention to credit portfolio quality through improved credit processes and active management of non-performing portfolio. As a result, proportion of non-performing loans on total client portfolio decreased from 18.1 % in 2002 to 8.3 % in 2003 (including sale of portfolio agreed at the year end but finalized on February 2004).

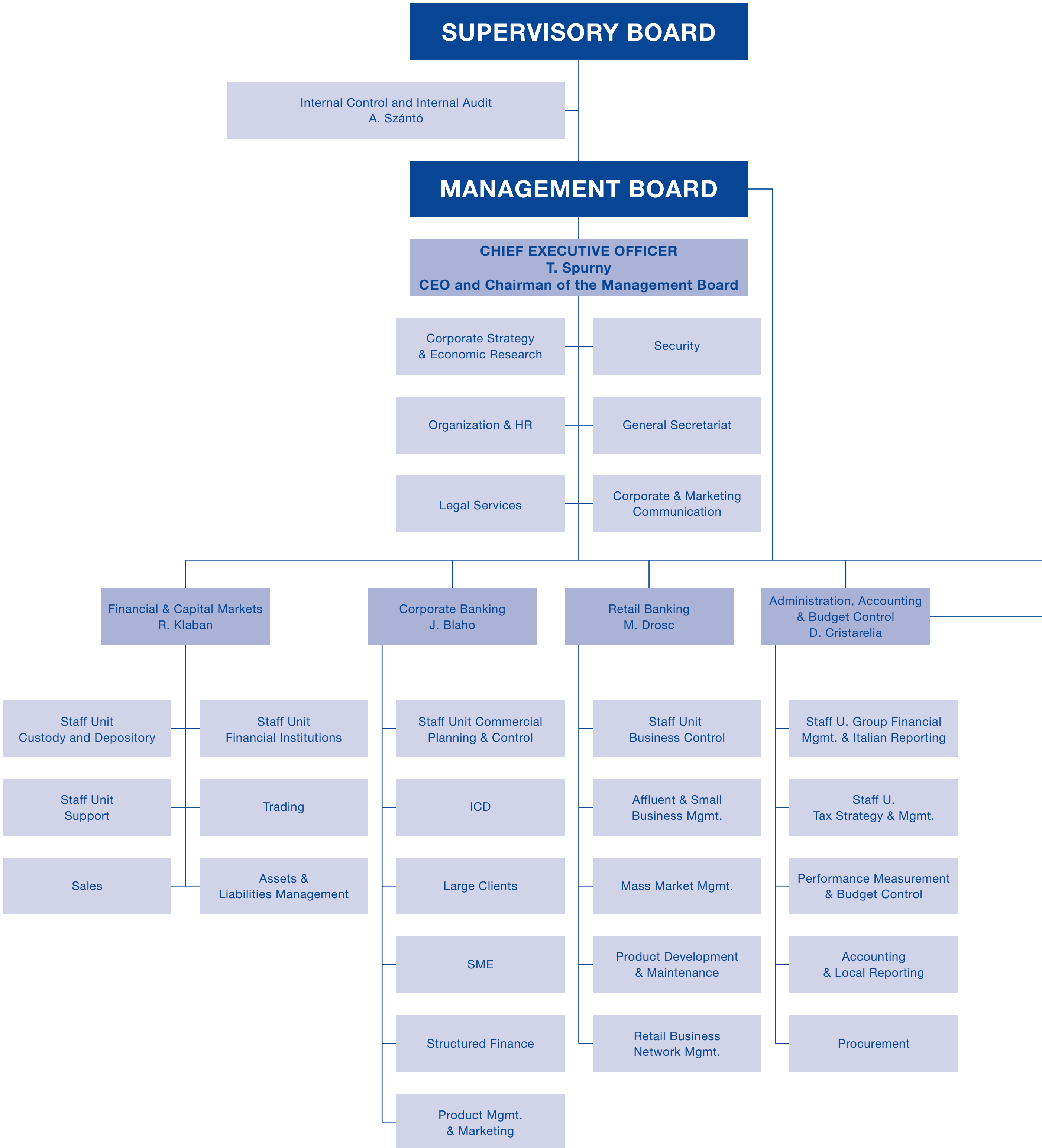
Information about Expected Economic and Financial Situation for the Next Year

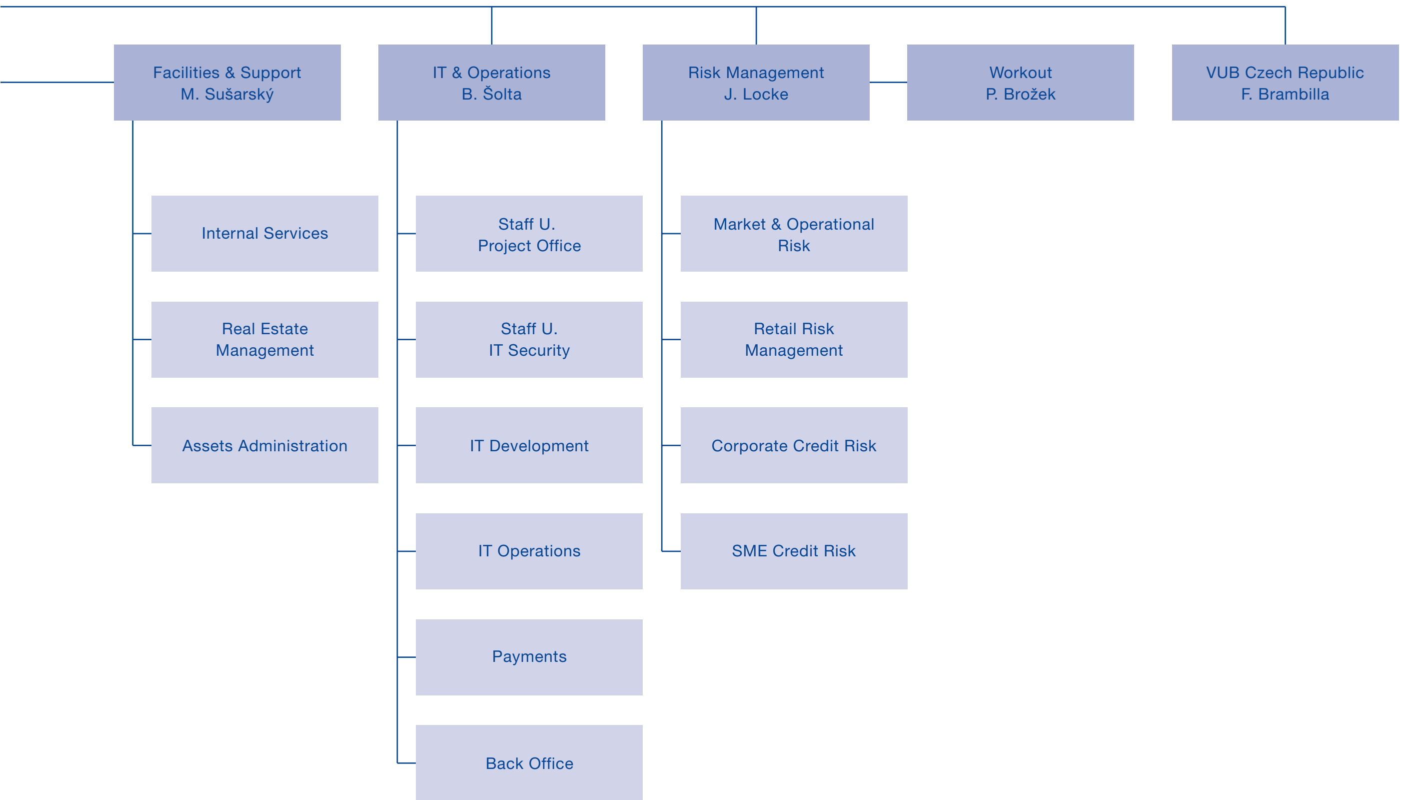
In 2004, the Bank intends to build upon the results of the restructuring program implemented over the past two years. The key focus will be on generating revenue growth and new customers across both the corporate and retail segments whilst maintaining a stable cost base. This will require:

- Growing of the customer business through product and service innovation and better sales capabilities;
- Further strengthening of more stable source of income, mainly fee generating business;
- Continuous effort in cost reduction aimed especially at internal services and support functions to offset expected price increases and enable better staff motivation

Through these initiatives, the management targets 9% growth of operating income. With declining interest rates, the fee income is projected to be the main driver of this growth. Operating expenses should go up by less than 1% fully driven by increase of personnel expenses while other expenses should slightly decline.
On the basis set out above, the Bank plans an operating profit of Sk 3.8 billion, an increase of 22% over 2003 and a net profit of Sk 2.8 billion.

Organization Chart of VÚB




Facilities & Support
M. Sušarský
IT & Operations
B. Šolta
Risk Management
J. Locke
Workout
P. Brožek
VUB Czech Republic
F. Brambilla
Internal Services
Real Estate Management
Assets Administration
Staff U.
Project Office
Staff U.
IT Security
IT Development
IT Operations
Payments
Back Office
Market & Operational Risk
Retail Risk Management
Corporate Credit Risk
SME Credit Risk

List of VÚB Branches

I. Retail business network of VÚB, a.s.

	Address	ZIP Code	Tel. No	Fax
Regional retail business network Bratislava – west				
Full retail branches				
Bratislava	Gorkého 7	813 20	02/59 55 11 11	54 13 10 28
	Poštová 1	811 01	02/59 55 85 32	54 41 79 26
	Schneidera Trnavského 6/A	841 01	02/64 28 60 05	64 28 62 05
	Dunajská 24	815 79	02/50 55 71 65	52 96 71 36
Malacky	Záhorácka 15	901 01	034/772 38 47	772 38 48
Retail branches				
Bratislava	Malokarpatské nám. 9	841 03	02/64 78 07 22	64 78 07 26
	Eisnerova 48	841 07	02/64 77 64 85	64 77 65 50
	Šintavská 24	851 01	02/6383 7160	63 83 70 97
	Špitálska 10	811 01	02/52 92 30 16	52 96 54 22
	Rovniankova 3/A	851 02	02/6382 1627	63 82 16 08
	Vlastenecké námestie 6	851 01	02/62 24 80 40	62 24 81 38
	Kamenné námestie 1	811 08	02/5296 2303	
Light retail branches				
Bratislava	Borská 3	841 04	02/65 42 58 40	65 42 58 25
	Ľ. Fullu 5	841 05	02/65 31 66 06	65 31 66 02
	Limbová 1	833 40	02/54 77 28 46	54 78 80 84
	Obchodná 74	811 04	02/52 73 38 98	52 73 38 97
	Nobelovo námestie 5	851 01	02/63 45 42 33	63 45 42 32
	Ovsištské námestie 1	851 04	02/62 41 42 80	62 41 42 78
	Zámocká ulica 38	811 01	02/54 41 18 11	54 41 18 35
	Mostová 8	811 02	02/54 43 44 21	54 43 44 19
	Einsteinova 18, č. obj. 235, 2. nadzemné podl.	851 01	02/63 45 43 10	63 45 43 08
Stupava	Mlynská 1	900 31	02/65 93 67 34	65 93 67 35
Lozorno	Autopriemyselný park	900 55	02/6596 8006	
Regional retail business network Bratislava – east				
Full retail branches				
Bratislava	Jašíkova 8	827 61	02/48 56 86 02	48 56 88 05
	Páričkova 2	821 08	02/5055 26 08	55 56 66 36
	Kazanská 41	821 06	02/45 52 28 59	45 25 83 00
Pezinok	Štefánikova 14	902 01	033/641 30 73	641 30 77
Retail branches				
Bratislava	Dulovo nám. 1	821 08	02/55 96 97 35	64 78 07 26
	Miletičova 21	821 09	02/55 56 58 02	55 56 72 01
	Vlčie hrdlo 1	821 10	02/45 52 47 16	45 24 77 29
	Detvianska 3	831 06	02/44 87 10 28	44 87 10 25
	Krížna 54	821 08	02/50 22 33 00	55 42 59 41
	Vajnorská 100	831 04	02/44 44 11 84	44 44 11 85
Senec	Námestie 1. mája 25	903 01	02/4592 6167	45 92 42 48

Light retail branches

	Šíravská 7	822 02	02/45 52 20 06	45 52 21 38
	Račianska 54	831 03	02/44 45 38 90	44 45 38 88
	Mierová 66	821 05	02/43 42 68 38	43 42 96 39
	Bajkalská 4	821 08	02/55 42 34 21	55 42 34 23
	Račianske Mýto 3	831 02	02/44 44 21 30	44 44 21 31
Dunajská Lužná	Nové Košariská	900 42	02/45 98 12 38	45 98 12 39
Ivanka pri Dunaji	Štefánikova 25/A	900 28	02/45 94 50 42	45 94 50 42
Modra	Štúrova 68	900 01	033/647 55 80	647 55 35

Regional retail business network Trnava

Full retail branches

Trnava	Dolné bašty 2	917 68	033/556 98 11	556 99 20
	Hlavná 31	917 68	033/556 98 02	556 79 06
Dunajská Streda	Alžbetínske nám. 328	929 35	031/557 01 42	551 62 05
Galanta	Mierové námestie 2	924 41	031/783 83 55	780 60 29
Hlohovec	Podzámska 37	920 01	033/742 55 71	742 4329
Myjava	Nám. M.R.Štefánika 525/21	907 01	034/621 25 85	621 25 95
Piešťany	Námestie slobody 11	921 01	033/772 10 80	772 35 34
Senica	Nám. oslobodenia 8	905 01	034/651 45 51	694 39 84
Sereď	Cukrovarská 3013/1	926 00	031/789 33 22	789 46 50
Šaľa	Hlavná 5	927 00	031/770 71 22	770 45 76
Šamorín	Hlavná 64	932 01	031/562 43 01	562 43 05

Retail branches

Holíč	Bratislavská 1518/7	908 51	034/668 23 89	668 44 73
Skalica	Mallého 53	909 01	034/664 45 07	664 67 78

Light retail branches

Cífer	Námestie A. Hlinku 31	919 43	033/559 92 72	559 91 11
Gabčíkovo	Športová 583	930 05	031/559 48 45	559 48 44
Kúty	Nám. Radlinského 981	908 01	034/659 77 87	659 77 90
Leopoldov	Hlohovecká 104/2	920 41	033/734 20 42	734 22 90
Smolenice	SNP 12	919 04	033/558 62 52	558 66 10
Sládkovičovo	Fučíkova 698	925 21	031/784 19 97	784 18 35
Šaštín – Stráže	Námestie slobody 648	908 41	034/659 23 50	658 05 91
Veľký Meder	Železničná 63	932 01	031/555 39 00	555 33 00
Vrbové	Nám. Slobody /9	922 03	033/779 26 95	779 26 96
Zlaté Klasy	Hlavná 830/28	930 39	031/569 20 72	569 20 73

Regional retail business network Trenčín

Full retail branches

Trenčín	Mierové námestie 37	911 62	032/741 71 11	743 14 50
Dubnica nad Váhom	Nám. Matice slov. 1293	018 41	042/442 50 37	442 50 27
Nové Mesto nad Váhom	Čsl. armády 74/12	915 01	032/771 14 41	771 50 70
Považská Bystrica	Nám. A. Hlinku 23/28	017 21	042/430 98 00	432 73 66
Prievidza	Námestie slobody 10	971 01	046/51557 67	542 67 85
Púchov	Námestie slobody 1657	020 01	042/464 20 61	464 23 68

Retail branches				
Ilava	Mierové námestie 92/24	019 01	042/446 58 01	446 59 02
Nová Dubnica	Trenčianska 764/42	018 51	042/443 40 32	443 40 32
Handlová	SNP 1	972 51	046/547 66 40	547 64 18
Light retail branches				
Bojnice	Hurbanovo námestie 10	972 01	046/543 05 70	543 05 71
Dolné Vestenice	M. R. Štefánika 300	972 23	046/549 87 08	549 83 08
Lednické Rovne	Námestie slobody 32	020 61	042/469 32 15	469 32 17
Nitrianske Pravno	SNP 389	972 13	046/544 64 37	544 64 39
Nováky	Andreja Hlinku 457	972 71	046/546 14 29	546 14 26
Stará Turá	SNP 275/67	916 01	032/776 35 80	776 34 45
Trenčín	Námestie sv. Anny 353/11	911 62	032/640 16 47	640 16 49
	Zlatovská 2610	911 05	032/652 33 21	
Trenčianske Teplice	T. G. Masaryka 3	914 51	032/655 34 44	655 34 44

Regional retail business network Nitra

Full retail branches				
Nitra	Štefánikova 44	949 31	037/690 43 21	652 87 54
Bánovce nad Bebravou	Námestie Ľ. Štúra 5/5	957 01	038/760 41 47	760 29 93
Komárno	Tržničné námestie 1	945 23	035/790 45 11	773 06 52
Levice	Štúrova 21	934 01	036/631 27 23	631 26 00
Nové Zámky	Hlavné námestie 5	940 33	035/690 45 55	640 08 41
Partizánske	L. Svobodu 4	958 01	038/749 58 22	749 72 47
Topoľčany	Moyzesova 585/2	955 19	038/532 62 53	532 52 06
Zlaté Moravce	Župná 2	953 00	037/632 12 09	632 12 66
Retail branches				
Nitra	Štefánikova 7	949 31	037/651 20 58	741 20 57
Hurbanovo	Komárňanská 98	947 01	035/770 26 44	760 22 16
Šahy	Hlavné námestie 27	936 01	036/741 12 86	741 17 23
Štúrovo	Hlavná 2	943 01	036/751 13 06	751 13 08
Šurany	SNP 25	942 01	035/650 00 42	650 00 44
Vráble	Hlavná 14	952 01	037/783 38 36	783 30 23
Light retail branches				
Nitra - Plastika	Novozámocká 216	949 01	087/741 14 54	741 14 28
Dvory nad Žitavou	Veľká komárňanská 5	941 31	035/648 40 52	648 40 53
Kolárovo	Palkovichova 34	946 03	035/777 13 23	777 25 50
Marcelová	Nám. Slobody 1199	946 32	035/779 84 05	779 84 05
Nitrianska Blatnica	Obecný úrad	956 04	038/539 41 94	539 41 94
Tlmače	Námestie odborárov 7	935 21	036/634 15 36	634 11 95
Tvrdošovce	Bratislavská cesta 3	941 10	035/649 27 00	649 22 01
Zemianska Oľča	Kultúrny dom, námestie Hrdinov 12	946 14	035/779 64 08	779 64 08
Želiezovce	Komenského 8	937 01	036/771 13 32	771 10 88

Regional retail business network Žilina

Full retail branches				
Žilina	Na bráne 1	010 43	041/724 61 26	724 71 36
				567 81 53
Bytča	Sidónie Sakalovej 138/1	014 01	041/553 35 58	553 35 79

Čadca	Fraňa Kráľa 1504	022 24	041/432 28 11	432 40 79
Dolný Kubín	Radlinského 1712/34	026 12	043/586 46 91	586 49 22
Martin	Osloboditeľov 2	036 53	043/ 413 29 47	413 18 91
				424 73 69
Námestovo	Hviezdoslavovo nám. 200	029 01	043/552 31 83	552 31 75
Retail branches				
Žilina	Nám. A. Hlinku 1	010 43	041/562 61 91	562 61 94
Kysucké Nové Mesto	Čsl. armády 1305	024 01	041/421 29 39	421 36 87
Rajec	Hollého 25	015 01	041/542 32 32	542 28 77
Trstená	Štefánika 15	028 01	043/539 24 78	539 25 30
Turčianske Teplice	Hájska 3	039 01	043/492 40 17	492 40 18
Turzovka	Krátka 210	023 54	041/435 22 06	435 25 79
Tvrdošín	Vojtaššákova 640	027 44	043/532 20 54	532 20 52
Vrútky	1. čsl. brigády 12	038 61	043/428 43 29	428 41 33
Light retail branches				
Žilina	Vysokoškolákov 52	010 08	041/500 03 05	500 03 16
Krásno nad Kysucou	1. mája 1255	023 02	041/438 52 85	438 53 94
Martin - ZŤS	Čs. armády 3	036 01	043/413 27 53	413 47 13
Nižná	Závodná 459	027 43	043/538 21 62	538 21 63
Skalité	Obv. zdrav. stred. 1149	023 14	041/437 63 67	437 63 66
Turany	Obchodná 13	038 53	043/429 22 65	429 25 29
Zákamenné	Zákamenné 18	029 56	043/559 22 93	559 22 95

Regional retail business network Banská Bystrica

Full retail branches				
Banská Bystrica	Námestie slobody 1	975 55	048/450 11 11	414 42 85
Lučenec	T. G. Masaryka 24	984 35	047/432 52 41	433 15 01
Rimavská Sobota	Francisciho 1	979 13	047/575 5303	563 12 13
Veľký Krtíš	Novohradská 7	990 20	047/483 14 92	483 10 66
Zvolen	Námestie SNP 2093/13	960 94	045/530 79 82	533 35 32
Žiar nad Hronom	Námestie Matice slov. 21	965 01	045/670 78 23	670 78 40
Retail branches				
Banská Bystrica	Dolná 17	975 55	048/4503453-2	412 39 08
Banská Štiavnica	Radničné námestie 15	969 01	045/692 11 07	692 10 47
Brezno	Nám. M.R. Štefánika 27/22	977 01	048/6112829	611 55 95
Detva	M. R. Štefánika 65	962 11	045/545 58 71	545 54 61
Fiľakovo	Biskupická 1	986 01	047/438 18 02	438 22 27
Hnúšťa	Hlavná 377	981 01	047/542 32 37	542 22 41
Krupina	Svätotrojičné námestie 8	963 01	045/551 10 93	551 14 31
Nová Baňa	Námestie slobody 11	968 01	045/685 04 16	685 51 15
Light retail branches				
Banská Bystrica	Rudohorská 33	974 11	048/417 69 92	417 69 92
Dudince	Dudince 212	962 71	045/558 34 32	558 34 32
Hajnáčka	Hajnáčka 105	980 33	047/569 22 95	569 22 95
Hriňová	Hriňová 1612	962 05	045/549 72 21	549 72 21
Kremnica	Medzibránie 11	967 01	045/674 30 67	674 38 61
Modrý Kameň	Jarmočná 307	992 01	047/487 00 53	487 02 33
Poltár	Železničná 289/05	987 01	047/422 35 27	422 33 70

Slovenská Ľupča	Námestie SNP 12	976 13	048/418 72 29	418 72 29
Tornaľa	Hurbanova 19	982 01	047/552 26 46	552 26 76
Vinica	Cesta slobody 466/41	991 28	047/489 15 01	489 15 02
Žarnovica	Námestie SNP 26	966 81	045/681 21 05	681 23 80

Regional retail business network Poprad

Full retail branches

Poprad	Mnoheľova 2832/9	058 17	052/7723 774	772 11 82
Liptovský Mikuláš	Štúrova 19	031 31	044/562 43 41	552 51 49
Rožňava	Šafárikova 21	048 73	058/734 52 59	732 64 21
Ružomberok	Dončova 2	034 01	044/432 29 80	432 35 21
Spišská Nová Ves	Letná 33	052 14	053/4184 150	441 04 22
Stará Ľubovňa	Obchodná 2	064 01	052/432 21 26	432 34 91

Retail branches

Kežmarok	Hviezdoslavova 5	060 01	052/452 48 00	452 48 06
Levoča	Nám. Majstra Pavla 38	054 01	053/451 47 37	451 43 16
Liptovský Hrádok	J. Martinku 740/56	033 01	044/522 16 39	522 13 97
Revúca	Námestie slobody 3	050 01	058/442 25 71	442 15 15
Svit	Štefánikova 7	059 21	052/775 51 52	775 51 54

Light retail branches

Poprad	Námestie sv. Egídia 23	058 01	052/772 29 78	772 31 92
Dobšiná	Zimná 126	049 25	058/794 16 40	794 16 40
Gelnica	Banícke nám. 52	056 01	053/482 14 81	482 11 04
Krompachy	Lorencova 1	053 42	053/447 27 57	447 22 51
Spišská Belá	Zimná 3	059 01	052/4591 031	458 10 22
Spišské Podhradie	Mariánske nám. 34	053 04	053/454 11 49	454 12 57
Spišská Stará Ves	SNP 57	061 01	052/482 25 51	482 26 92
Starý Smokovec	OD Mladosť	062 01	052/442 50 89	442 34 16

Regional retail business network Prešov

Full retail branches

Prešov	Masarykova 13	081 86	051/773 33 61-5	735 63 62 735 64 24
Bardejov	Kellerova 1	085 61	054/472 26 71-3	474 63 89
Humenné	Námestie slobody 26/10	066 80	057/770 51 11	770 51 41
Snina	Strojárska 2524	069 01	057/762 36 09	762 23 28
Svidník	Centrálna 584/5	089 27	054/752 28 62	752 16 91
Vranov nad Topľou	Námestie slobody 6	093 01	057/442 17 41-4	440 64 39, 440 64 25

Retail branches

Prešov	Hlavná 133	080 01	051/772 24 76	772 36 17
Sabinov	Námestie slobody 623	083 01	051/452 40 81	452 34 92
Stropkov	Mlynská 692/1	091 01	054/742 37 21-2	742 37 14

Light retail branches

Giraltovce	Dukelská 70	087 01	054/732 26 81	732 26 25
Hanušovce nad Topľou	Komenského 52	094 31	057/445 26 20	445 28 05
Humenné	Chemlonská 1	066 01	057/776 47 59	776 35 95

Lipany	Nám. sv. Martina 8	082 71	051/457 48 48	457 27 77
Medzilaborce	Mierová 289/1	068 10	057/732 15 48	732 15 46

Regional retail business network Košice

Full retail branches				
Košice	Bačíkova 2	042 81	055/6818 111	678 6083
	Strojárenská 11	042 31	055/6818 111	6818 364
				622 93 39
	Hlavná 8	042 31	055/6818 111	622 62 03
	Československej armády 18	042 31	055/6818 111	6259979
Michalovce	Námestie slobody 3	071 80	056/644 10 76-7	643 29 22
642 09 35				
Trebišov	M.R. Štefánika 3197/32	075 17	056/672 23 41-3	672 68 13
Retail branches				
Košice	Spišské námestie 1	040 12	055/674 52 48	674 62 53
Moldava nad Bodvou	Hviezdoslavova 13	045 01	055/460 26 91	460 29 92
Light retail branches				
Košice	Americká trieda 15	040 13	055/636 60 62	636 60 63
	Cottbuská 36	040 23	055/642 96 74	642 96 73
	Trieda L. Svobodu 12	040 22	055/671 81 59	671 81 60
	Vstupný areál U.S.Steel, s.r.o.	044 54	055/673 03 29	673 04 23
Michalovce	Nám. Osloboditeľov 18	071 01	056/644 21 55	642 42 81
Sobrance	Štefánikova 9	073 01	056/652 40 47	652 40 48
Strážske	Okružná 441	072 22	056/649 16 33	649 16 86
Kráľovský Chlmec	Hlavná 172	077 01	056/632 10 46	632 10 45
Veľké Kapušany	Sídlisko P.O. Hviezdoslava 79	079 01	056/638 30 43	638 21 59
Sečovce	Obchodná 9/17	078 01	056/678 22 77	678 30 33

II. Retail business network in Czech Republic

	ZIP Code	Address	Tel. No.	Fax
Praha (retail branch)	111 21	Celetná 31	420/221 865 111	420/22186 5555
Brno (light retail branch)	602 00	Dvořákova 1	420/542 215 833	420/54221 5835
Plzeň (light retail branch)	301 36	Kopeckého sady 12	420/377 236 032	420/37723 5127

Corporate Branches

Corporate branches	Address	Tel. No.	Fax
BRATISLAVA	Jašíková 8, 827 61 Bratislava	02/4856 8625	02/4329 6250
BRATISLAVA - Mlynské nivy	Mlynské nivy 1, 829 90 Bratislava	02/5055 2770	02/5556 7813
TRNAVA	Dolné bašty 2, 917 68 Trnava	033/556 9834	033/556 9895
detaš.prac. Piešťany	Námestie Slobody 11, 921 01 Piešťany	033/772 2075	
SENICA	Námestie oslobodenia 8, 905 33 Senica	034/694 3950	034/694 3988
		034/694 3010	
GALANTA	Mierové námestie 2, 924 41 Galanta	031/783 8351	031/780 4682
detaš.prac. Dunajská Streda	Alžbetínske námestie 328,		
	929 35 Dunajská Streda	031/557 0178	031/557 0168
TRENČÍN	Mierové námestie 37, 911 62 Trenčín	032/741 7687	032/743 3859
TOPOĽČANY	Moyzesova 585/2, 955 19 Topoľčany	038/536 4700	038/532 5206
POVAŽSKÁ BYSTRICA	Námestie A. Hlinku 23/28,		
	017 21 Považská Bystrica	042/430 9755	042/ 430 9837
PRIEVIDZA	Námestie slobody 6, 971 11 Prievidza	046/515 5764	046/542 6785
NITRA	Štefánikova 44, 949 31 Nitra	037/690 4324	037/658 4512
NOVÉ ZÁMKY	Hlavné námestie 5, 940 33 Nové Zámky	035/690 4501	035/640 0477
detaš.prac.Komárno	Tržničné námestie 1, 945 01 Komárno	035/790 4670	
LEVICE	Štúrova 21, 934 01 Levice	036/637 4377	036/631 2806
ŽILINA	Na bráne 1, 010 43 Žilina	041/567 8052	041/567 8096
detaš.prac. Čadca	ul. Fraňa Kráľa 1504, 022 24 Čadca	041/430 3530	041/432 5569
MARTIN	Osloboditeľov 2, 036 53 Martin	043/424 7330	043/424 7369
detaš. prac. Dolný Kubín	Radlinského 1712/34, 02601 Dolný Kubín	043/581 3890	
BANSKÁ BYSTRICA	Námestie slobody 1,		
	975 55 Banská Bystrica	048/450 5506	048/450 5523
ŽIAR NAD HRONOM	Nám. Matice Slovenskej 21,		
	965 56 Žiar nad Hronom	045/670 7848	045/672 4311
ZVOLEN	Námestie SNP 2093/13, 960 94 Zvolen	045/530 7932	045/530 7936
LUČENEC	T.G.Masaryka 24, 984 35 Lučenec	047/469 5472	047/432 4149
detaš. prac. Rimavská Sobota	Francisciho 1, 979 13 Rimavská Sobota	047/575 5312	047/563 1213
POPRAD	Mnoheľova 2832/9, 058 17 Poprad	052/713 5045	052/713 5092
SPIŠSKÁ NOVÁ VES	Letná 33, 042 14 Spišská Nová Ves	053/418 4180	053/441 0422
LIPTOVSKÝ MIKULÁŠ	Štúrova 19, 031 31 Liptovský Mikuláš	044/550 3211	044/552 5149
PREŠOV	Masarykova 13, 080 70 Prešov	051/735 6386	051/735 6443
VRANOV NAD TOPĽOU	Námestie slobody 6,		
detaš.prac. Humenné	Námestie slobody 26/10, 066 80 Humenné	057/770 5167	
BARDEJOV	Kellerova 1, 085 74 Bardejov	054/471 1613	054/471 1619
KOŠICE	Strojárenská 11, 042 31 Košice	055/681 8344	055/681 8367
MICHALOVCE	Námestie slobody 3, 071 80 Michalovce	056/640 6006	056/642 2346

Major Subsidiaries

VÚB Asset Management, správ.spol., a.s.
Mlynské nivy 1, 820 04 Bratislava

Shareholders:	VÚB
Share of VÚB:	100 %
Line of business:	Asset management
Telephone:	+421 2 5055 2292
Fax:	+421 2 5441 0583
General Manager:	Marián Matušovič

VÚB Leasingová, a.s.
Mlynské nivy 1, 829 90 Bratislava

Shareholders:	VÚB
Share of VÚB:	100 %
Line of business:	Financial leasing
Telephone:	+421 2 5055 2848
Fax:	+421 2 5556 7824
General Manager:	Rastislav Noskovič

VÚB Factoring, a.s.
Mlynské nivy 1, 829 90 Bratislava

Shareholders:	VÚB, Slovenská konsolidačná, a.s., Slovenská záručná a rozvojová banka, š.p.ú.
Share of VÚB:	97.38 %
Line of business:	Factoring or receivables
Telephone:	+421 2 5055 2858
Fax:	+421 2 5556 5551
General Manager:	Miroslav Bernát

Leasreal, a.s.
Mlynské nivy 1, 829 90 Bratislava

Shareholders:	VÚB
Share of VÚB:	100 %
Line of business:	Financial leasing
Telephone:	+421 2 5055 2848
Fax:	+421 2 5556 7824
General Manager:	Rastislav Noskovič

Spoločnosť pre bankovú ochranu, a.s.
ul. Na bráne 1, 010 01 Žilina

Shareholders:	VÚB
Share of VÚB:	100 %
Line of business:	Security services
Telephone:	+421 41 564 0969
Fax:	+421 41 564 0970
General Manager:	Karol Šefčík

Realitná spoločnosť VÚB, spol. s.r.o. **(in liquidation since 1/1/2004)**

Záhradnícka 27, 811 07 Bratislava

Shareholders:	VÚB
Share of VÚB:	100 %
Line of business:	Real Estate services
Telephone:	+421 2 5557 7447
Fax:	+421 2 5542 2766
General Manager:	Terézia Straková

Structure of VÚB Shareholders
as at 31 December 2003

Shareholders	Share in the registered capital	
	in Sk ’000	in %
Intesa Holding International S.A.	12,523,169	96.4946
Other legal entities	172,685	1.3306
Individuals	282,254	2.1748
Total	12,978,108	100

Statements on Compliance with Corporate Governance Code

The governing bodies of Všeobecná úverová banka, a.s. committed to generally enhance the level of corporate governance and, upon recommendations by the Financial Market Authority and Bratislava Stock Exchange, have adopted the Corporate Governance Code (hereinafter 'Code') in the below scope. The Management and Supervisory Boards undertook to adopt measures as to achieve full implementation of the Code principles.

A. Company Organization

Management Board

1. Management Board Members

Tomas Spurny	Chairman of Management Board
Jan Blaho	Member of Management Board
Franco Brambilla	Member of Management Board
Domenico Cristarella	Member of Management Board
Mário Drosc	Member of Management Board
Roman Klaban	Member of Management Board
Jon Locke	Member of Management Board

Tomas Spurny
Chairman of VÚB Management Board and CEO
Tomas Spurny was appointed Chairman of the Management Board and CEO of Všeobecná úverová banka in May 2002. He has acquired his managing experience during the restructuring and privatization process in Komerční banka, Prague, where he held the position of member of the Board of Directors since May 2000 and was also in charge of the finance and risk management areas. Earlier, he worked as CEO and Chairman of the Board of Directors of the largest non-banking issuer of CCS credit cards – Česká společnost pro platební karty (The Czech Credit Card Company). Mr. Spurny obtained his experience and skills in finance also due to his long-term engagement with the consulting company McKinsey & Company (1994 – 1999).

Jan Blaho
Member of VÚB Management Board and Head of Corporate Banking Division
Mr. Jan Blaho was elected to the VÚB Management Board in December 2001. Mr. Blaho joined the Bank from CSOB Headquarters in Prague, where he headed the Structured Finance Division. Starting his banking career with Lloyds Bank (New York, Chicago and Pittsburgh), later he worked 11 years for Westpac Banking Corporation, Chicago. Before his return to Europe, Mr. Blaho worked in the position of Group Account Executive at the State Head Office, Melbourne.

Franco Brambilla
Member of VÚB Management Board and Manager of Prague Branch
Mr. Brambilla came from Bank Austria Creditanstalt, Czech Republic (later transformed into HVB Bank Czech Republic), where he was the Chief Executive Officer and a Member of the Board. From 1993, he worked for Bank Austria ČR, a.s., and later for Bank Austria Creditanstalt, Czech Republic, both based in Prague. He was in charge of treasury, regional branches, correspondent banking, and many other areas of banking business.
In 1991-1993, Mr. Brambilla participated in establishment of the joint-venture of Banca Intesa and Bank Austria – Europai Kereskedelmi Bank RT, Budapest.

Domenico Cristarella
Member of VÚB Management Board and Head of Administration, Accounting and Budget Control Division
Since 1998, Mr. Cristarella worked with Banca Commerciale Italiana (BCI), Headquarters Milan, in the position of Senior Manager responsible for budgeting and performance measurement for the entire foreign network of

BCI – subsidiaries, branches and representative offices.
During his professional life, Mr. Cristarella worked in a number of overseas branches within the Group, including BCI Singapore, BCI in Abu Dhabi, Tokyo and New York, where he was appointed Chief Financial Officer.

Mário Drosc
Member of VÚB Management Board and Head of Retail Banking Division
Before joining VÚB, Mr. Drosc worked for Komerční banka a.s. as the Head of Division, Management of Financial Group of Komerční banka, and participated in the bank's restructuring. Prior to that, he worked for seven years with McKinsey International Consulting; in the period 1994-1997 as a consultant, and from 1998 to 2001 as a project manager.

Roman Klaban
Member of VÚB Management Board and Head of Financial and Capital Markets Division
Mr. Klaban joined VÚB after four years working with the Prague branch of Deutsche Bank AG. At Deutsche Bank AG, he worked as Head of Corporate Finance Department. In 1999, he was appointed a Vice President and then Head of IR and FX Risk Management Department.
Previously, Mr. Klaban worked for four years with Bayerische Vereinsbank AG in Prague and Munich as a Senior foreign exchange and money market Dealer, and afterwards three years at the Vereinsbank CZ, a.s., Prague, simultaneously in the positions of Deputy Treasurer and Head of Sales Department.

Jon Locke
Member of VÚB Management Board and Head of Risk Management Division
Mr. Locke was appointed member of the VÚB Management Board and Head of Bank's Risk Management division in August 2003. Mr Locke was previously a partner with Deloitte & Touche in the Czech Republic. He has 15 years experience working with financial institutions, the last 10 in Central and Eastern Europe and Russia, specifically in the areas of finance and risk.

2. The Management Board is authorized to manage the activities of VÚB, a.s. and to take decisions over any matters related to VÚB, which, under the legal regulations or Articles of Association have not been reserved for authority of other VÚB bodies. The Management Board is primarily responsible for the following matters:

a) implementing decisions taken by the General Meeting and the Supervisory Board;
b) ensuring the book-keeping and other records, commercial books and other documentation of VÚB, a.s., as mandated;
c) managing of the issuer's securities registry;
d) after prior approval by and upon a proposal of the Supervisory Board, submitting the following matters to the General Meeting for approval:
   - amendments to the Articles of Association;
   - proposals for increasing / decreasing the registered capital and bond issues;
   - ordinary, extraordinary or consolidated financial statements
   - proposals for distribution of current or retained profits and/or proposals for settlement of outstanding losses from the current and/or previous years;
   - annual report.

Supervisory Board

1. By virtue of the Corporate Governance Code the Company is recommended to have a certain number of independent members on its Supervisory Board.

The VÚB Supervisory Board consists of the representatives of Banca Intesa and those of the Bank's Trade Union. Current composition of the Supervisory Board reflects the post-privatization restructuring of VÚB. In view of significant changes made in the organization of the Bank and with respect to its integration into the financial group Gruppo Banca Intesa, it was a requisite for the Bank to establish close relations with its majority shareholder and thus allow a direct involvement of the shareholder in the restructuring process (as specified in the Privatization Agreement).

The restructuring process is currently in its final stage. Therefore, pursuant to the Code, independent individuals are likely to be appointed members of the Supervisory Board in the upcoming election periods.

2. Supervisory Board Members

Györgyi Surányi
Chairman of Supervisory Board
- currently – Head of Central and Eastern Europe Region within Foreign Banks Division, Banca Intesa, Italy
- former President of the National Bank of Hungary

Gianfranco Mandelli
Vice Chairman of Supervisory Board
- until 2001 – Head of Foreign Subsidiaries Department within Multinational Banking Unit, Banca Intesa, Italy

Giovani Boccolini
Member of Supervisory Board
- Head of Italian and Foreign Banks Divisions within Banca Intesa, Italy

Adriano Arietti
Member of Supervisory Board
- Executive Director – M&A and Corporate Development within Foreign Banks Division, Head Office Banca Intesa, Italy

Massimo Pierdicchi
Member of Supervisory Board
- Head of Subsidiaries Portfolio Management – Europe within Foreign Banks Division, Banca Intesa, Italy

Carlo Alberto Vodret
Member of Supervisory Board
- Participations Department, supervision of subsidiaries in Eastern Europe, Head Office Banca Intesa, Italy

RNDr. Pavel Kárász CSc.
Member of Supervisory Board
- Trade Union Representative

Ján Mikušinec
Member of Supervisory Board
- Trade Union Representative

Ing. Milan Sedláček
Member of Supervisory Board
- Trade Union Representative

3. The Supervisory Board is authorized to assess mainly the following issues:

a) Management Board proposal regarding termination of trading with the Company securities on stock-exchange, and the decision on whether the Company should cease to operate as a public joint-stock company;
b) information by the Management Board on the major objectives related to the Company business management for the upcoming period, and expected development in VÚB assets, liabilities and revenues;
c) report by the Management Board on business activities and assets of the Company, with related projected developments.

Upon Management Board's proposal, the Supervisory Board approves the following documents:
a) the Statutes of the Management Board, mainly specifying the distribution of powers and responsibilities amongst the Management Board members, defining important financial and business transactions of VÚB, important transfers of the VÚB real estates, key acquisition and disposal of equity interests including those in commercial companies, co-operatives and other enterprises that shall be subject to approval by the Supervisory Board, as well as delegating powers to the

lower management levels and assigning proxies;
b) any increase or decrease in the registered capital of VÚB, a.s.;
c) any substantial change in the nature of VÚB business or in the way this business is executed, if not previously approved in the business and financial forecasts for the relevant year;
d) compensation policy applied to the managing staff directly reporting to the Management Board and the Supervisory Board, members of the Management Board and members of the Supervisory Board;
e) material benefits for the Management Board members and parties related to them;
f) service agreements with the Management Board members.

General

1. Supervisory Board members are elected by the General Meeting. The VÚB Management Board is elected by the Supervisory Board.

2. The above mentioned curricula vitae contain information on professional qualification of Supervisory Board members and Management Board members in the area of finance and banking, as well as information on their practical experience serving as assurance for the efficient management of the company.

3. All relevant information is available to all members of the Management Board and Supervisory Board in time. Over the last financial year, the VÚB Management Board held 38 meetings (thereof 33 regular and 5 extraordinary). The VÚB Supervisory Board held 6 meetings during the previous financial year. Documents with detailed information are distributed sufficiently in advance – in case of the Management Board usually 3 working days, in case of the Supervisory Board 2 weeks prior to the meeting, ensuring the ability of members of the Supervisory and Management Boards to decide in individual matters competently. If necessary, presentations are delivered in support of individual documents.

4. The Bank amended its rules applicable to appointment or cessation of the position of Supervisory Board members and Management Board members in its Articles of Association. In 2003, one Management Board member resigned – Mr. Bohuslav Šolta.

5. Currently, not a single Supervisory Board member is either a member of the VÚB Management Board or holds any other top managerial position in the Bank. Save for members of Supervisory Board elected by the VÚB employees, a Supervisory Board member may not be an employee of VÚB.

6. The Bank has a secretary who participates in all meetings of the Management Board, Supervisory Board and bank committees being responsible for preparing and circulating the minutes from these meetings.

B. Relations between the Company and its Shareholders

1. The Bank observes the provisions of the Commercial Code applicable to protection of shareholders' rights, in particular the provisions on timely provision of all relevant information on the company and provisions on convening and conducting its Annual General Meetings.

2. The company applies the principle of equal access to information for all the shareholders pursuant to the Code. From the minutes of General Meeting:
   - it was submitted one decision of shareholders;
   - Management Board/Supervisory Board accepted and answered 4 questions;
   - two new members of the Supervisory Board were proposed and elected after their curricula vitae had been made available to the General Meeting;

C. Disclosure of Information and Transparency

1. The company applies strict rules in the area of insider dealing and has been currently preparing a list of Management Board members, Supervisory Board members and senior managers, who might be considered insiders. The list is to be filed with the Financial Market Authority and Bratislava Stock Exchange.

2. Members of the Management Board and Supervisory Board do not have any personal interest in business activities of the Bank. The Bank observes the provisions of the Banking Act No. 483/2001 Coll. (hereinafter 'Banking Act') as amended, applicable to the provision of deals to Bank's related parties. Under the Banking Act, closing of such a deal requires the unanimous consent of all the Management Board members based on a written analysis of the respective deal.

3. The Bank abides by both the Code and the rules of the Bratislava Stock Exchange governing disclosure of all substantial information. The fact that the company observes the mentioned regulations ensures that all the shareholders and potential shareholders have access to information on financial standing, performance, ownership and management of the company.

4. The company actively supports constructive dialogue with institutional investors and promptly informs all shareholders of General Meetings and notices via its web page. In this way it enables both foreign and local investors to actively participate in the meetings.

D. Audit Committee, Nomination Committee and Compensation Committee

The Code requires the establishment of an Audit Committee, Nomination Committee and a Compensation Committee in order to ensure efficient internal control and accountability within the company.

In September 2002 the Supervisory Board approved the establishment of the Audit Committee. The Audit Committee currently has five appointed members, including the committee chair, who is the Vice Chairman of the Supervisory Board. The Audit Committee meets at least quarterly. The topics discussed relate mainly to financial statements, the internal control system, external audit, compliance, and reporting responsibilities. The Audit Committee invites from time to time to its meetings the external auditor of the Bank.
The bank did not establish Nomination Committee and Compensation Committee, because their functionality is performed by other Bank bodies or units within the organizational structure.
The control function is carried out by the Internal Audit and Control Department while its rights and duties are determined by the Supervisory Board. The Supervisory Board also elects the Management Board members. Its recommendation and prior consent is required for the appointment or removal of the Head of Internal Audit and Control Department, as well as for determination of the remuneration applicable to these positions

E. Company's Approach to Shareholders

1. Presently, the company accepts all its duties and obligations towards shareholders, employees, creditors and suppliers arising from the applicable laws.