VUB Generali pension card

VUB flexi loan

VUB profi loan

VUB flexi mortgage

VUB flexi loan

VUB, a Bank of Gruppo Banca Intesa

Contents

Address by the Chairman of the VUB Supervisory Board

Dear Shareholders, Clients and Business Partners, Employees,

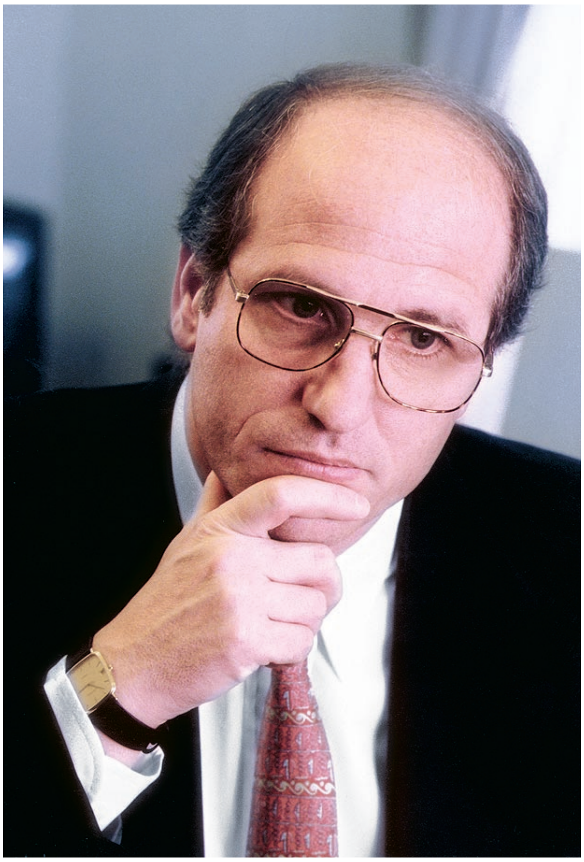
the year 2004 has been very successful for VUB. Indeed, the Bank has strengthened its commercial position and financial performance, having increased its shares of deposit and credit markets while remaining the most profitable bank in Slovakia. Also, for the first time ever, the Bank has been presented with prestigious awards of the Best Bank in Slovakia by the Euromoney and The Banker. On behalf of the Supervisory Board, I would like to thank the management and employees for these excellent achievements.

The year 2004 confirmed that the strategy the Bank has pursued from the entry of Banca Intesa to VUB in 2001 brings results and a well-deserved degree of respect. The determined restructuring and transformation efforts of the past three years have turned the Bank into a modern, dynamic, and, most importantly, client-oriented financial institution. Product portfolio has been revamped, branch network modernized, and customer care significantly improved as part of the broader change in the Bank's corporate culture.

The restructuring strategy turned to growth last year and the Bank delivered. Indeed, it proved that it was able to significantly improve core earning ability yet retain a firm control over the cost base. In line with the strategy, the Bank expanded its balance sheet, focusing on retail and SME interest-earning assets. The Bank has not only caught up with competitors on the quality of offered products and services, importantly, it went further and introduced innovative and highly successful products among clients that created new benchmarks on the market. While concentrating on growth, the Bank has not lost sight over costs but made further significant improvements in efficiency, for example via automating operations and risk management processes.

Besides adhering to corporate values and strategy I also see last year's achievements of VUB alongside the further improving outlook for the Slovak economy. Indeed, in the past few years Slovakia has made great advances in upgrading its business and investment conditions and rightly earned the reputation of one of the structurally healthiest economies in the region and the whole of Europe. The improvement in the business climate spurred FDI, boosted corporate profitability, and starts by now also to meaningfully lift income and demand for financial services of the general public, the Bank's key clients. I attest that it is a strategic objective of Banca Intesa to build a strong presence on the fast-growing market of Central Europe and VUB plays an integral part of this commitment. Indeed, through VUB, our Group aims to fully participate in the accelerated financial intermediation in Slovakia and help its people advance to the standards of living of the developed world.

After the past year's great achievements, expectations understandably run high for VUB. I would like to emphasize that Banca Intesa remains committed to continue provide VUB with support, know-how, and synergies to help it repeat and improve upon these achievements. Knowing the talent and dedication of VUB management and employees, I am confident that with the continued trust of its clients and business partners, VUB will remain firmly the best bank in Slovakia.



György Surányi
Chairman of the Supervisory Board

Address by the Chairman of the VUB Management Board

Dear Shareholders, Clients and Business Partners,

VUB set aspirational targets for 2004. I am very happy and proud to say that we have delivered on our ambitious plan. Indeed, we have fulfilled and even exceeded the planned commercial targets and retained the position of the most profitable bank in Slovakia. Even more importantly, after three years of restructuring we have finally turned the corner and started to grow. The challenge now is to repeat and improve our achievements of the past year. I am well aware that this will not be easy as the competition intensifies and the accelerated interest rate convergence erodes our margins. Still, if we are able to remain determined and focused on our clients I am confident that we will be able to sustain the turnaround and remain firmly on the path to our vision, to be the best bank in Slovakia.

Similarly to VUB, the year 2004 was successful also for the Slovak economy and society at large. Notably, Slovakia became a full member of the European Union and NATO, thus completing its integration efforts with the international community. Thanks to comprehensive structural reforms implemented in the past two years, real GDP growth has picked up to over 5 %, one of the fastest in the region and the whole Europe. At the same time, underlying inflation pressures remained measured, with core inflation below 3 %. The koruna has strengthened sharply, by about 6 % versus the euro, alongside new FDI commitments that continued to pour in, attracted by Slovakia's significantly improved business environment and strong competitive advantages in the enlarged EU. Implemented reforms, primarily of the tax system and labor market, also encouraged local entrepreneurship and helped to boost corporate profitability to double-digit growth. Importantly, besides the business and investor communities, the implemented reforms finally started to bring fruits also to the population at large. The gradually improving labor market and positive gains in real wages helped to lift consumer confidence to the highest level on record. This upturn in income and sentiment improves prospects for the accelerated financial intermediation in the retail segment, the key pillar of VUB's growth strategy.

It indeed was the previously underdeveloped retail segment that drove the overall credit market last year to expand at 14 %. While in the prior year households were borrowing funds primarily to finance their home purchases and reconstructions, in 2004 consumer loans took over, doubling their outstanding volume and contributing to retail credit growth of 38 %. Corporate lending, however, continued to suffer. This was partially due to the improved financial situation of the enterprises but, following EU accession, exacerbated by the intensified competition driving margins to unsustainably low levels. Hence, not only has growth in corporate lending slowed down, it even turned into outright contraction, with the stock of credit extended by local banks to nonfinancial enterprises down 9 % over a year ago. To be sure though, not all is dark in corporate credit market. Particularly promising are small and medium-sized enterprises (SMEs), which have great borrowing appetite and capacity.

On the deposit market, significant interest rate reductions intensified the shift of household savings away from bank deposits into alternative financial products, such as mutual funds. Indeed, to counter the appreciation pressure on the currency, the central bank reduced official interest rates by a cumulative 200 basis points last year and the market interest rates followed suit. Household bank deposits thus contracted 4 % from year earlier, while assets under management grew 84 %. The shift in the structure of personal financial assets is bound to continue and may even accelerate with the onset of the pension reform. This is why I see it of strategic importance that VUB entered the pension market, creating a joint venture pension franchise with Generali.

The Bank has rightly anticipated the (uneven) trends on the Slovak banking market and last year clearly articulated its growth strategy, focusing on three segments with great potential for core revenue growth: retail, small businesses, and small and medium-sized enterprises. In retail lending, the Bank was able to outgrow competitors more than twofold, with retail credit book growing 90 %. On the corporate front, last year the Bank's lending to SMEs increased 42 %. Overall, VUB's market share in net loans reached 13.6 %, up from 12.8 % a year ago, while its share of deposits grew to 21.3 % from 20.4 % in 2003. The total consolidated assets under the IFRS, rose in 2004 by 14 % and reached SKK 218.8 bn. With the market share of 18.5 %, the Bank retained its position as the second largest bank in Slovakia.

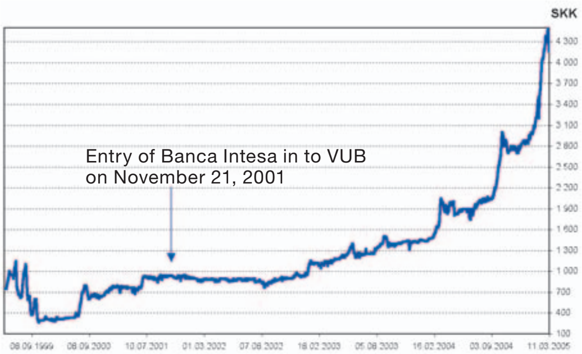
Last year's strong performance of the Banks' retail unit stems primarily from the ability of the management and staff to successfully anticipate clients' needs and exceed their expectations. In particular, the Bank introduced new products on the market, Flexiloan and Fleximortgage, which were keenly appreciated by clients. They offer comfortable, fast, and flexible access to financial means- features previously not on offer from the mainstream Slovak banks. Despite the adverse external developments on the retail deposit market, the Bank was able to successfully compete for the households' personal financial assets thanks primarily to its strongly performing asset management arm, which grew 106 % and increased its share on the relevant market from 21.6 % to 24.3 %. Besides offering new products, the Bank continued to overhaul its branch network and to significantly improve and enhance quality of services to our clients. The Bank modernized 81 branches, which come on top of 52 in 2003. As part of our effort to offer clients a wider access to our services the Bank built 8 new branches, making up the total of 234, 21 % of the market. The Bank enabled its retail clients also a broader choice to use cash machines and point-of-sale terminals, holding a significant 26 % and 35 % market shares of each, respectively. The Bank has issued 917 thousand bank cards, up 34 % over a year ago, and increased its market share from 23 % to 25 %. The use of electronic distribution channels has again been very extensive and the total number of our clients accessing EDC last year grew more than 50 % to 755 thousand.

In corporate banking, the focus on SMEs paid off and enabled the Bank to successfully withstand the competitive pressure in the large enterprise segment. Besides SMEs, the Bank has been reasonably successful in acquiring new clients from the community of international corporations active in Slovakia, increasing their number from 102 in 2003 to 155 last year. The Bank also continued to improve the quality of the corporate loan portfolio by reducing the volume of non-performing loans by half, to just over SKK 4 bn. In Treasury, we succeeded to hold market share despite the restructuring of State business, which diverted payment flows from the commercial sector to the newly established State treasury. On the Group level, I am now satisfied with the restructuring of our Czech operations. Streamlining our cost base in Prague through a workforce reduction from 78 to 27 people will enable us to better focus on offering competitive services to our core corporate clientele in the Czech Republic while providing value to our shareholders.

Delivering the strong business results would not be possible without significant improvements in IT, operations, risk and other support functions. I am particularly happy that we succeeded to automate lending processes to retail clients and, to some extent, also to sole traders and small and medium-sized enterprises. A further improvement in operations and processes will stem from the newly established retail credit register, which the Bank launched in October together with two other major banks on the Slovak market, further 12 banks have joined the register by early 2005. In risk management, the Bank has invested in new capacities and began to build a team of specialists who will be implementing Basel II.

The Bank's respectable business results have been reflected in its financial performance. Based on the IFRS, the total operating income grew 14 % and reached SKK 9.7 bn. The increase in operating income was driven primarily by net interest income, which grew 8 % to SKK 6.4 bn. Indeed, despite falling interest rates, the Bank has been able to sustain its margins, primarily focusing on core revenue growth in consumer finance, mortgages, and loans to SMEs, that is, higher-yielding interest-earning assets. Net fee and commission income grew 1 %, while trading activities also contributed positively to the operating income.

VUB Share Price Development



The continued focus on efficiency improvements positively transferred into an 8 % decrease in operating cost of the Bank. To be sure, personnel expenses rose by 4 %. The increase, however, was in large part due to the variable expense, in retail, namely commission for the planned business growth. The rise in operating revenue and the decrease in operating cost brought the net operating profit up by strong 82 %, to SKK 3.7 bn. Adjusted for provisions, reserves, and income tax, the Bank posted a net profit of SKK 2.9 bn. Return on assets thus reached 1.44 % while return on equity was 14.83 % (based on monthly averages).

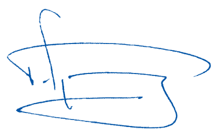
Last year, the Bank confirmed that it was able to significantly improve its core earnings while retaining firm control over its cost base. This ability will be put to an important test this year as the developments in the external environment have accelerated Slovakia's financial market convergence to such an extent that is compressing interest rates and margins to the Euro area level. To compete effectively in such an environment, we must double our efforts and accelerate our growth strategy.

In retail, we have made a significant step in this direction in late December last year when we signed a share purchase agreement with the shareholders of a financial group of five companies – TatraCredit, Quatro, Q-car, Slovenská požičovňa and Slovenské kreditné karty. These five companies will be governed by a new subsidiary of our Bank called Consumer Finance Holding. By this step we have acquired over 400 thousand new clients, extended our loan product portfolio and enhanced our strategy in provision of services to the Slovak consumer. We will also pay close attention to successfully establish ourselves on the pension market, aiming together with Generali to receive a 20 % market share of this new and long-term perspective business. Besides retail, we must accelerate growth strategy in the segments of small business and SMEs, where the focus is on providing investment and working capital facilities. In this area, the Bank will be leveraging upon a unique network of 26 corporate branches and know-how of a 188-strong team of specialist SME advisers. It also is important that the Bank remains competitive on the large enterprise front and continues to prove that Intesa and VUB are sound partners for large and international clients as well.

We keep shareholder value at the forefront of our strategy and business activities. To achieve appropriate profitability with the intended dynamic growth we will continue to invest into risk management capacities and keep a relentless control over our costs. Our aim remains to bring and maintain the cost-to-income ratio to below 55 % and become one of the most efficient banks in the region.

The intensifying competitive pressure requires that constructive solutions be brought forward. For this we must gain initiative of the middle management and indeed all VUB employees. We must encourage such initiatives, invest in human capital development and see that our talented professionals be strongly motivated to create and implement new ideas for the benefit of our clients.

In conclusion, let me thank all that contributed to the Bank's success in 2004. VUB staff for their commitment and hard work, clients and business partners for the trust they hold in the Bank, and the shareholders for their support. I wish all of us the best in 2005.



Tomas Spurny
Chairman of the Management Board and CEO

Development of External Environment

The year 2004 was very successful for the Slovak economy. Slovakia completed accession to the European Union and NATO, which signifies great benefits both for the economy and the country overall. Implemented structural reforms and entry into the EU improved the creditworthiness and the overall image of Slovakia as a place to do business. In the course of the year, the stamps of approval of the country's positive direction came, for example, from the international financial organizations, such as the International Monetary Fund and World Bank, major rating agencies and more importantly from yet more foreign investors who decided to invest in Slovakia.

Reform efforts not only continued to attract foreign investments but, thanks to accelerated economic growth and improving labor market, started to benefit the population at large. From among the economic reforms implemented in 2004 especially important was the tax reform, which introduced flat income tax for both businesses and individuals at the same 19 % rate. In addition, value added tax was changed from a two-tier system to one-tier with the same 19 % rate, making tax collection simple and transparent. Further, pension reform has been implemented, introducing a second, privately funded pillar of the pension system from 2005 onward. This reform would substantially alleviate demographic pressures on public finances and help to ensure their long-term sustainability. The government also succeeded to push forward reforms of the healthcare system and fiscal decentralization. Progress has also been made in the reform of the education system. Businesses appreciated the reform of the labor code, which from mid-2003 increased the flexibility labour force regulation. In addition, progress was made in law enforcement and the time needed to set up a firm has been significantly shortened, improving Slovak business conditions to one of the best in the world.

Implemented reforms contributed significantly to FDI inflow into the country and enhanced the competitiveness of Slovak production. Economic growth picked up from 4.5 % to 5.5 % in 2004 and the Slovak economy thus remained one of the fastest growing in the region and the EU. In the course of the year, growth drivers switched from external to domestic demand, with both investments and household consumption posting positive gains. Imports of investment units related to setting up new plants, mainly in the automotive sector, affected external balances, which as a result widened over the previous year. According to preliminary estimates, trade deficit increased from 2.0 % of GDP in 2003 to 3.5 % of GDP. Exports growth slowed down in 2004, as expected, mainly due to base effect. Import growth meanwhile accelerated due to increasing investment and consumption demand. The current account deficit increased from 0.8 % of GDP in 2003 to around 3 % of GDP in 2004, which is still acceptable and comfortably financed by FDI. Fiscal deficit last year reached 3.3 % of GDP, less than the planned 4.0 %-of-GDP gap.

The recovery of domestic consumption and consumer confidence was brought about by improvements on the labor market and wage income. The registered unemployment rate declined 2.5 % point over the previous year and reached 13.1 % at the year-end. Wages grew 2.5 % in real terms, a marked improvement compared to their 2 % contraction in 2003. As the year 2005 opened, consumer confidence rose to the highest level ever. At the same time, surveys show a notable decline in social pessimism. While two years ago, nearly half the population looked into the upcoming year with pessimism, this year only about a quarter of people think that the upcoming year will be worse for them than the preceding.

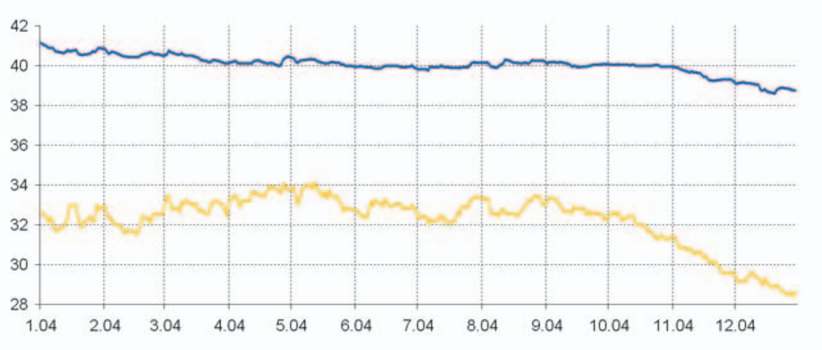
Despite growing household consumption, demand driven inflation pressures remained muted. Inflation was surprisingly at the low side of expectations in the second half of the year, with headline inflation reaching 5.9 % at the year-end versus 9.3 % at the end of 2003. The decline in the headline inflation was mainly due to smaller administrative price hikes than in 2003, as prices of electricity, heat, natural gas, healthcare and other state-regulated services were raised by 15 %, compared to above 20 % hike in 2003. It is important that decline in inflation was also driven by market factors. Indeed, core inflation was only 1.5 % was in December 2004, below the NBS target range of 1.9-3.4 %. Besides disinflation and deflation of food prices (which are included in Slovak measure of core inflation) later in the year, this decline in core inflation was driven especially by the appreciation of the Slovak koruna.

Subdued inflation pressures allowed the central bank to continue with monetary easing throughout 2004 and reduce official interest rates by 200 basis points. The key 2-week repo rate was thus brought to 4.00 % by year-end, which compares to 2.00 % in the Euro zone. Initially, rate cuts were in response to sluggish domestic demand, but later on reduction of interest rates was meant to counter the appreciation of the Slovak koruna. The koruna gained 6 % vis-à-vis its reference currency, the euro, which was more than 2-3 % preferred by the central bank. Besides macroeconomic fundamentals – strong economic and productivity growth and FDI inflow – the appreciation of the koruna reflected also the positive regional sentiment and inflow of short-term capital, especially in late 2004 and at the beginning of 2005. To counter the appreciation pressure, the NBS also conducted extensive foreign exchange market interventions, thus enlarging substantially its sterilization position towards the banking sector.

The excessive liquidity, appreciation of the koruna and lower official interest rates brought market interest rates down substantially – 3M BRIBOR decreased in 2004 by 210bps to 3.66 % and further to 2.53 % in February 2005. The yields of 10-year government bonds declined in 2004 by 20 basis points to 5 % and by the end of February by another 140 basis points to 3.6 %, even below the level of European benchmarks. Accelerated interest rate convergence to the Euro area levels and the unabated appreciation pressure on the koruna in the beginning of 2005 led the central bank on 28 February to yet another and substantial interest rate cut of 50-150bps, bringing the key repo rate to 3.0 % and the overnight interest rate corridor to 2.0-4.0 %.

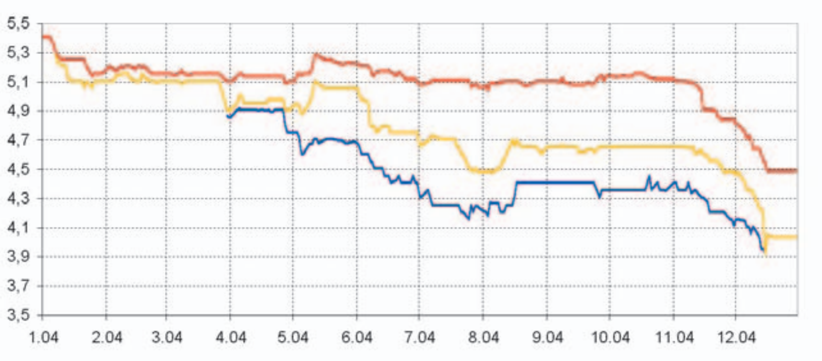
In summary, the Slovak economy maintained robust growth last year, accompanied with only subdued underlying inflation pressures and relatively low external imbalances. Yet further important structural reforms have been implemented. They should help assure sustainable productivity growth in the medium term and thus allow for a faster real economy convergence to standards of the more developed part of the European Union. Financial convergence has in the meantime already accelerated and brought Slovak currency sharply up and interest rates down to the euro area level. This accelerated financial convergence has intensified the pressure for efficiency increases not only in the real economy but also in the financial sector, including the banking business itself.

SKK / EUR and USD exchange rate



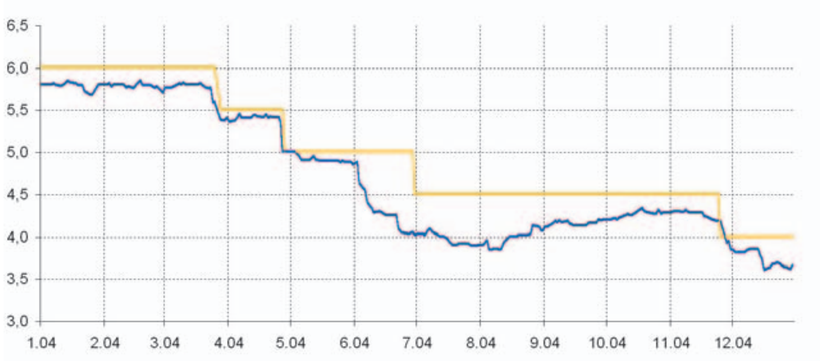
• SKK / EUR • SKK / USD

Yields on bonds



• 3-years GB • 5-years GB • 10-years GB

Interest rates development



• 3M BRIBOR • 2W REPO rate

VUB's 2004 Commercial Performance

Having completed the post-privatization restructuring and transformation, in 2004 the strategy of VUB focused on growth targets. The Bank's management identified three significant market segments – pillars, which the Bank wants to grow in and offer solutions to customers. The first pillar is financial services provided to retail customers, the second pillar covers sole traders and the third strategically important segment comprises small and medium-sized enterprises.
Along with stimulation of customer deals, one of the key targets from the previous year was to increase the Bank's efficiency and work productivity, which also had an impact on favourable performance of the Bank. VUB proved its image of a modern and dynamic bank concentrating on the customer primarily. The renovation of the branch network started in 2003 continued successfully. Last year, the Bank redesigned 81 branches with an ambition to redesign gradually all its branches to modern and customer-oriented premises. Such a plan is also associated with development of mortgage centres, premises focused exclusively on services and consulting provided in funding of customer's real estate need.

In addition to the favourable development of commercial indicators and market shares of the Bank, The Bank of the Year awards granted to the Bank by two well-known corporations – Euromoney and The Banker – and especially satisfaction of our customers with the quality of provided services have confirmed the right direction of the Bank.

Deposits

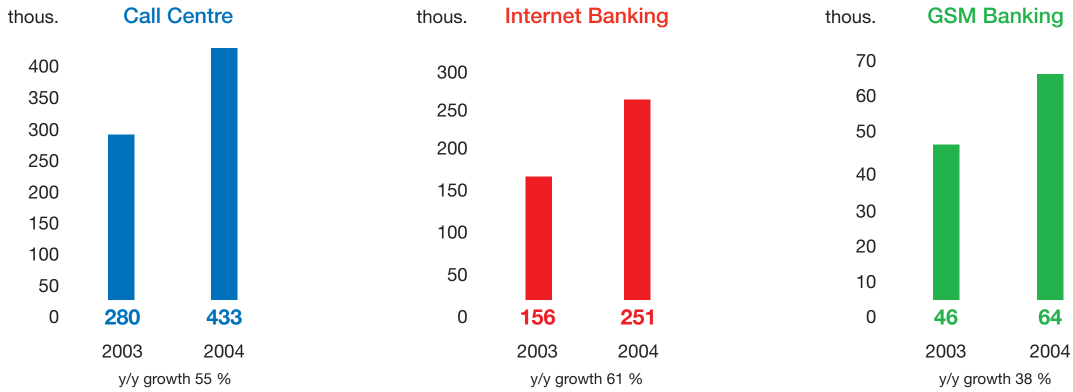
Last year, development in customer deposits was mainly affected by declining interest rates. The volume of deposits with VUB reached SKK 166 billion at the end of 2004. While corporate deposits have sustained their positive growth thanks to term deposits, non-term deposits have stagnated. Retail deposits moved in the opposite situation. Due to lower interest rates retail term deposits are falling down, and to a great extent, deposited funds are moved to the funds of VUB asset management company. As a result of improving financial position of households, non-term retail deposits are growing. They are also supported by beneficial service packages such as VUBasic, VUBasic Plus, Start Konto for young people or VUB Senior for pensioners.

Electronic banking

Electronic banking and continually enhancing options of its utilization is an inseparable part of VUB services. Besides a traditional Service Kontakt enabling to choose from operator or automated voice response, the Bank's customers can manage their funds through Internet banking, Internet banking Plus, GSM banking, New Home Banking and Multicash.

Indispensability of electronic banking has been proved by a constant growth of customers using EDC services in a greater scope. Their number reached 755 thousand in 2004, which is a growth by over 50 % on last year. Such growth was also copied by a number of call centre customers. The call centre is used by more than half of the electronic banking customers and it is the most utilised service. The Internet banking service reached the fastest growth in number of customers, which climbed to over 250 thousand. The number of transactions made

EDC - cumulative number of clients for the year monitored



via electronic distribution channels increased by 13 % on average, whereas the number of transactions doubled particularly in Internet banking as well as New Home Banking.

Bank cards

The year 2004 was successful for VUB also with respect to bank cards and related services. The Bank issued 140,930 payment cards and 93,165 credit cards. The number of credit cards increased by almost 200 %. The total number of issued bank cards grew by 34 % compared to the previous year and reached 917,606 cards.

As a part of service enhancement for primarily retail customers the Bank installed 19 new ATMs over the year. By the end of 2004 VUB network had 442 ATMs, which is 26 % of the total number of ATM in the country. The Bank has kept its unequivocally leading position in ETF POS terminals. Their number increased by 17 % compared to 2003 and reached 5,751 sets. It represents 35 % share of the Slovak market. A rapid growth was achieved in number and volume of transactions made via terminals.

Loans

Retail – mortgage and consumer loans

VUB was able to keep its leading position in the Slovak mortgage market in 2004. The cumulative outstanding balance of mortgages increased by more than half in 2004 and as at the year end it reached SKK 11.0 billion. Apart from the specialized places – mortgage centres – the favourable result was supported chiefly by a new product – flexi-mortgage. VUB, as the first one in the market, has introduced an option to refinance 100 % of value of a pledged real estate. Portfolio of consumer loans reached SKK 5.6 billion by the year end. The robust over 88% growth was supported particularly by a new specific purpose-free loan in the Slovak market (flexi loan) and lower interest rates.

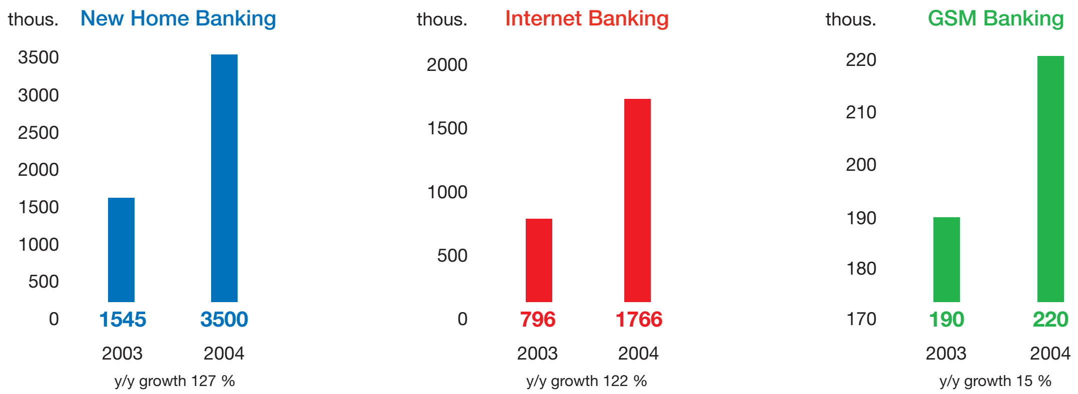
Financing of corporate clientele

In 2004, the Bank succeeded to establish itself as a market leader in the segment of small and medium enterprises. Thanks to a unique network of 26 corporate branches and motivation and engagement of SME relationship managers the volume of customer loans of the segment increased by 42 %. Revenues of the SME segment composed of more than half of the corporate banking revenues. The total gross loan exposure managed by the corporate banking reached SKK 55.6 billion, which represents an annual increase by 23 %. The Bank continued to improve loan portfolio quality. In 2004, the total volume of non-performing loans, mostly belonging to the corporate customers, was reduced considerably. Excluding sub-standard, doubtful and loss loans the volume of corporate loans provided by VUB during 2004 grew by 28 % on a yearly basis.

Domestic and international payments

The number and volume of domestic and international payments processed at VUB increased greatly over the year. The Bank handled almost one quarter of all domestic payments totalling SKK 12,650 billion, i.e. 16% of the Slovak banking sector. Foreign payments grew by 14 % and reached SKK 191,000 billion.

EDC - number of transactions for the year monitored



Basic Indicators

Basic Indicators	Individual SAS			Consolidated IFRS		
In millions of Slovak crowns	2004	2003	2002	2004	2003	2002
Balance Sheet						
Total assets	220,436	193,936	195,247	218,837	191,338	194,716
Loans and advances to customers	84,749	59,807	46,489	85,443	60,401	47,381
Customer deposits	166,168	145,442	145,488	167,182	147,069	150,701
Securities	62,846	72,544	98,047	63,110	72,843	99,276
Shareholder's equity	19,879	20,032	16,679	19,770	20,149	17,759
Income Statement						
Operating income	9,912	8,759	8,229	9,659	8,481	9,741
Operating expense	(6,107)	(5,860)	(6173)	(5,980)	(6,466)	(7000)
Operating profit before impairment and provisions	3,805	2,899	2,056	3,679	2,015	2,741
Impairment and provisions	(414)	1,108	(369)	(528)	780	227
Profit before tax	3,391	4,007	1,687	3,103	2,795	2,968
Net profit for the year	3,139	4,519	1,686	2,865	3,157	2,145

Commercial Indicators (only VUB)	2004	2003	2002
ATMs	442	423	406
EFT POS terminals	5,751	4,897	4,403
Payment cards	917,606	683,511	539,236
Credit cards	140,355	47,190	36,154
EDC clients	755,991	490,705	227,800
Mortgage loans (SKK bn)	11.0	7.0	4.4
Consumer loans (SKK bn)	5.6	3.0	2.5
Number of employees (average)	4,040	4,173	4,493
Number of branches	235	229	244

Rating (status as at 23/02/2005)

Moody's		Standard & Poor's		Fitch Ratings	
Long-term deposits	A2	Long-term rating	BB+	Individual rating	C/D
Short-term deposits	P-1	Short-term rating	B	Support rating	1
Financial strength	D			Long-term rating	A
				Short-term rating	F1

** Ministry of Finance of the Slovak Republic*

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

We have audited the accompanying consolidated financial statements of Všeobecná úverová banka, a.s. ('the Bank') and consolidated companies ('the Group') for the year ended 31 December 2004, which comprise the balance sheet, the related profit and loss account for the year then ended and the notes. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group at 31 December 2004 and of the results of its operations for the year then ended in accordance with the International Financial Reporting Standards.

Bratislava
22 February 2005

Ernst & Young

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

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

Consolidated Balance Sheet
at 31 December 2004
(In millions of Slovak crowns)

	Notes	2004	2003
Assets			
Cash and balances with central banks	7	3,641	3,078
Treasury bills and other eligible bills	8	7,131	-
Amounts due from banks	9	48,904	44,370
Financial assets held for trading	10	1,005	3,001
Derivative financial instruments	11	2,426	2,310
Available-for-sale financial assets	12	211	1,359
Originated loans and advances to customers	13	85,443	60,401
Held-to-maturity investments	15	61,894	68,483
Equity investments	16	314	35
Intangible assets	17	923	776
Property and equipment	18	5,918	5,660
Deferred tax assets	19	606	514
Other assets	20	421	1,351
		218,837	191,338
Liabilities			
Amounts due to central banks	21	530	1,605
Amounts due to other banks	22	16,567	11,640
Derivative financial instruments	11	2,972	2,245
Customer deposits	23	167,182	147,069
Debt securities in issue	24	8,048	4,805
Current tax liabilities		397	71
Provisions	25	2,074	2,548
Other liabilities	26	1,297	1,204
		199,067	171,187
Minority interest		-	2
Shareholders' equity			
Share capital	27	12,978	12,978
Share premium		403	403
Reserves		2,231	1,779
Retained earnings		4,158	4,989
		19,770	20,149
		218,837	191,338
Financial commitments and contingencies	28	28,571	20,172

The accompanying notes on pages 21 to 51 form an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 February 2005.

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 2004
(In millions of Slovak crowns)

	Notes	2004	2003
Interest and similar income		10,819	12,464
Interest expense and similar charges		(4,388)	(6,510)
Net interest income	29	6,431	5,954
Fee and commission income		3,094	3,089
Fee and commission expense		(499)	(511)
Net fee and commission income	30	2,595	2,578
Net trading income/(loss)	31	418	(227)
Other operating income	32	198	142
Net gain/(loss) on disposal of equity investments	33	(1)	19
Dividend income		18	16
Operating income		9,659	8,482
Salaries and employee benefits	34	(2,306)	(2,223)
Other operating expenses	35	(2,781)	(3,190)
Restructuring costs	36	(27)	(108)
Amortization	17	(259)	(213)
Depreciation	18	(607)	(732)
Operating expenses		(5,980)	(6,466)
Operating profit before impairment and provisions		3,679	2,016
Impairment losses and provisions for off balance sheet risks	37	(528)	780
Profit from operations		3,151	2,796
Share of profit/(loss) of associates and joint ventures		(48)	(1)
Profit before tax		3,103	2,795
Income tax benefit/(expense)	38	(240)	362
Profit after tax		2,863	3,157
Minority interest		2	-
Net profit for the year		2,865	3,157
Basic earnings per share in Slovak crowns	27	221	243

The accompanying notes on pages 21 to 51 form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity
for the year ended 31 December 2004
(In millions of Slovak crowns)

	Share capital	Share premium	Reserves	Retained earnings	Total
At 1 January 2003	12,978	408	1,610	2,763	17,759
Contribution to the legal reserve fund	-	-	169	(169)	-
Dividends to shareholders	-	-	-	(748)	(748)
Loss on sale of own shares	-	(5)	-	-	(5)
Translation of foreign operations	-	-	-	(14)	(14)
Net profit for the year	-	-	-	3,157	3,157
At 31 December 2003	12,978	403	1,779	4,989	20,149
Contribution to the legal reserve fund	-	-	452	(452)	-
Dividends to shareholders	-	-	-	(3,245)	(3,245)
Translation of foreign operations	-	-	-	1	1
Net profit for the year	-	-	-	2,865	2,865
At 31 December 2004	12,978	403	2,231	4,158	19,770

The accompanying notes on pages 21 to 51 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2004
(In millions of Slovak crowns)

	Notes	2004	2003
Cash flows from operating activities			
Profit before changes in operating assets/liabilities	39	4,266	3,118
Treasury bills and other eligible bills		-	6,249
Amounts due from banks		7,176	(1,747)
Financial assets held for trading		1,957	(69)
Derivative financial instruments (positive)		(116)	52
Available-for-sale financial assets		1,136	1,201
Originated loans and advances to customers		(28,585)	(15,465)
Other assets		(14)	206
Amounts due to central banks		(1,075)	(378)
Amounts due to other banks		4,974	(3,599)
Derivative financial instruments (negative)		727	(570)
Customer deposits		20,136	532
Other liabilities		97	(66)
Net cash from/(used in) operating activities		10,679	(10,536)
Cash flows from investing activities			
Held-to-maturity investments		6,532	2,164
Purchase of intangible assets and property and equipment		(1,279)	(1,138)
Acquisition of consolidated companies, net of cash received		(300)	-
Disposal of consolidated companies, net of cash disposed		1,049	(111)
Net cash from investing activities		6,002	915
Cash flows from financing activities			
Debt securities in issue		3,175	1,800
Purchase of treasury shares		-	(144)
Sale of treasury shares		-	139
Dividends paid		(3,245)	(748)
Net cash from financing activities		(70)	1,047
Net change in cash and cash equivalents		16,611	(8,574)
Cash and cash equivalents at beginning of the year		38,029	46,603
Cash and cash equivalents at end of the year	6	54,640	38,029

The accompanying notes on pages 21 to 51 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 ('SKK') and foreign currencies,
(b) collect and provide deposits in SKK 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 2004, the Bank had a network of 145 branches and 89 sub-branches located throughout the Slovak Republic. The Bank also had one fully operational branch in the Czech Republic. The total number of employees of the Bank at the end of 2004 was 3,935 (2003: 4,004).

The structure of shareholders is as follows:

	2004	2003
Intesa Holding International S.A.	96.49%	96.49%
Domestic shareholders below 1%	3.00%	3.09%
Foreign shareholders below 1%	0.51%	0.42%
	100.00%	100.00%

2. The VUB group and significant changes in 2004

The consolidated financial statements for the year ended 31 December 2004 comprise the Bank, its subsidiaries, interests in associates and jointly controlled entities (together referred to as 'the VUB Group') as follows:

	Share	Principal business activities
Subsidiaries		
VUB Asset Management, správ. spol. a.s.	100 %	Asset management
VUB Factoring, a.s.	100 %	Factoring of receivables
VUB Leasingová, a.s.	100 %	Financial leasing
Recovery, a.s.	100 %	Financial leasing
Spoločnosť pre bankovú ochranu, a.s. (1)	100 %	Security services
Associates		
Burza cenných papierov Bratislava, a.s.	20.2 %	Stock exchange
Jointly controlled entities		
VUB Generali D.S.S., a.s.	50 %	Pension fund administration

(1) Deconsolidated in December 2004

All entities were incorporated in the Slovak Republic.

In December 2004, the Bank sold Spoločnosť pre bankovú ochranu, a company engaged in the provision of security services, for SKK 42 million and reported a net loss of SKK 1 million (note 33).

In June 2004, the Bank and an insurance company Generali Poisťovňa, a.s., established a joint venture, VUB Generali D.S.S. Each venturer has a 50 % share in the joint venture.

The purpose of the joint venture is to sell pension savings schemes and administer the pension funds of employees participating in the 'second pillar' of the new pension system introduced by the Slovak government in 2005.

On 9 December 2003, the Bank signed an agreement on the sale of its 50 % share in Stavebná sporiteľňa VUB Wüstenrot, a.s., a bank engaged in the provision of housing loans. From this date, the Bank lost joint management and operational control and discontinued the use of proportionate consolidation. Net income from the sale, of SKK 19 million, and balances included in the 2003 net profit are shown in note 33.

3. Basis of preparation

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

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

The financial statements include foreign operations in the Czech Republic. The assets and liabilities of foreign operations are translated to SKK at the foreign exchange rate prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated to SKK at rates approximating the foreign exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on these translations are recognized directly in equity.

Negative values are presented in brackets.

As the VUB 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 VUB Group operates as a single business segment unit.

The financial statements have been prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognized when they occur and are reported in the financial statements of the periods to which they relate.

The financial statements are prepared under the assumption that the VUB Group is a going concern and will continue in operation for the foreseeable future.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets held for trading and all derivative financial instruments to fair value.

Reconciliation of the 2004 net profit and shareholders' equity reported in the statutory financial statements to those reported under IFRS is shown in note 46.

Certain balances for the year ended 31 December 2003 have been reclassified for comparison purposes.

4. Basis of consolidation

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

The consolidated financial statements have been 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 at which effective control commences until the date at which 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 VUB 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 VUB 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 VUB Group's shareholders' equity;
- Intra-group balances, transactions and resulting profits are eliminated in full.

(ii) Associates

Investments in associates are accounted for using the equity method. An associate is an enterprise in which the VUB 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 VUB Group's share of the profits or losses of the associates after the date of acquisition.

(iii) Jointly controlled entities

Jointly controlled entities have been consolidated by the equity method.

Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the VUB Group's share of the profits or losses of the joint venture after the date of acquisition.

5. Summary of significant accounting policies

The principal accounting policies applied by the VUB 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 ('the NBS') and the Czech National Bank, including compulsory minimum reserves.

Compulsory minimum reserves represent reserves to be held by all commercial banks licensed in the Slovak Republic and the Czech Republic.

(b) Treasury bills and other eligible bills

Treasury bills and other eligible bills represent highly liquid securities that could be used for rediscounting in the NBS without any time or other constraints. The balance comprises treasury bills issued by the Ministry of Finance and bills issued by the NBS.

(c) Amounts due from banks

Amounts due from banks include receivables from current accounts in other than central banks, deposits and loans provided to commercial banks and to the NBS and the Czech National Bank.

The balances are presented at cost including interest accruals less any impairment losses. An impairment loss is established if there is objective evidence that the VUB Group will not be able to collect all amounts due.

Amounts due from banks also include securities issued by banks and acquired in primary issues not intended for trading.

(d) Debt securities

Debt securities held by the VUB Group are categorized into four portfolios in accordance with the VUB Group's intent on the acquisition date and pursuant to the investment strategy. The VUB 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
- Securities acquired in primary issues not intended for trading

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

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

Securities held for trading

Securities held for trading are financial assets acquired by the VUB 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 recognized stock exchanges after taking into account the credit risk of the securities issuer.

The VUB Group monitors changes in fair values on a daily basis and recognizes unrealized gains and losses in the income statement in 'Net trading income'.

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

Available-for-sale securities

Available-for-sale securities are those financial assets that are not classified as trading or held-to-maturity. Subsequent to initial recognition, these assets are accounted for and re-measured to fair value except equity instruments that are held at cost less any impairment losses.

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 in the income statement in 'Interest and similar income'.

Unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognized on a daily basis in the income statement in 'Net trading income'.

Held-to-maturity investments

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

Held-to-maturity investments are carried at amortized cost less any impairment losses. Amortized cost is the amount at which the asset was initially measured adjusted for principal repayments, accrued interest income and the cumulative amortization of the discount/premium. The amortization of the premium/discount is recognized in the income statement in 'Interest and similar income'.

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

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 impairment losses and reported according to the final borrower in 'Amounts due from banks' or 'Originated loans and advances to customers'.

(e) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase agreements ('repo transactions') remain as assets in the balance sheet in 'Debt securities' and the liability from the 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 the off-balance sheet and the loan provided is reported in the balance sheet in 'Amounts due from banks' or 'Loans and advances to customers', as appropriate, with the corresponding decrease in cash included in 'Cash and cash equivalents'.

The price differential between the purchase and sale price of securities is treated as interest income or expense and accrued evenly over the life of the agreement.

(f) Derivative financial instruments

In the normal course of business the VUB 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. The VUB Group also uses financial instruments to hedge interest rate risk and currency exposures associated with its transactions in the financial markets. They are accounted for as trading derivatives as they do not fully comply with definition of a hedging derivative as prescribed by IFRS. The VUB 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 re-measured 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 the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives held for trading are included in 'Net trading income'.

The fair values of derivative positions are computed using standard formulas and prevailing interest rates applicable for respective currencies available on the market at reporting dates.

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

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

Originated loans and advances to customers also include securities issued by customers and acquired in primary issues not intended for trading.

Originated loans and advances to customers are subject to periodic impairment test. Impairment losses for a loan, or a group of similar loans, is established if their carrying amount is greater than their estimated recoverable amount. The recoverable amount is the present value of expected future cash flows, including amounts recoverable from guarantees and collaterals, discounted based on the loan's original effective interest rate. The amount of the impairment loss is included in net profit or loss for the period.

Impairment and uncollectability are measured and recognised individually for loans that are individually significant. Impairment and uncollectability for a group of similar loans that are not individually identified as impaired is measured and recognised on a portfolio basis.

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

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

(h) Equity investments

Equity instruments held in the available-for-sale portfolio are recognized at cost less any impairment losses.

(i) Intangible assets

Intangible assets are recorded at historical cost less accumulated amortisation and impairment losses. 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

(j) Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation and impairment losses. 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 when the expenditure incurs.

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 VUB 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 VUB 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.

(k) Provisions for off balance sheet risks

The VUB Group recognizes provisions to cover the incurred losses for off balance sheet credit commitments. The assessment of the credit risk is performed on the same basis as the assessment of balance sheet risks.

The VUB Group accounts for the obligations arising from issued guarantees 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 the future outflows arising from these obligations become probable. The VUB Group's estimate of the obligation is performed through assessing the credit risk of the customer on behalf of which the guarantee was issued.

(l) Foreign currency transactions

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

Difference between the contractual exchange rate of a transaction and the NBS exchange rate on the date of the transaction is included in 'Net trading income', as well as gains and losses arising from movements in exchange rates after the date of the transaction.

(m) Interest income

Interest income and expense is recognized in the income statement on an accrual basis. Interest income and expense includes the amortization of any discount or premium on securities.

Interest income also includes up-front and commitment fees, which are subject to the effective interest rate calculation and are amortized over the life of the loan.

(n) Fee and commission income

Fee and commission income arises on financial services provided by the VUB Group including account maintenance, cash management services, brokerage services, investment advice and financial planning, investment banking services, project finance transactions and asset management services.

Fee and commission income is recognized when the corresponding service is provided.

(o) Net trading income

Net trading income includes gains and losses arising from purchases, disposals and changes in the fair value of financial assets and liabilities including securities and derivative instruments. It also includes the result of all foreign currency transactions.

(p) Dividend income

Dividend income is recognized in the income statement on the date that the dividend is declared.

(q) Tax

Tax is calculated in accordance with the regulations of the Slovak Republic and other jurisdictions, in which the VUB 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 realized, are used to determine deferred tax.

The VUB Group is also subject to various indirect operating taxes. These taxes are included in 'Other operating expenses'.

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	2004	2003
Cash and balances with central banks	7	3,641	3,078
Treasury bills and other eligible bills	8	7,131	-
Current accounts in other banks	9	1,283	480
Term deposits with central and other banks	9	15,782	8,626
Loans and advances to central banks	9	26,803	25,845
		54,640	38,029

7. Cash and balances with central banks

	2004	2003
Balances with central banks:		
Compulsory minimum reserves	1,532	96
Current accounts	15	446
	1,547	542
Cash in hand	2,094	2,536
	3,641	3,078

The compulsory minimum reserve is maintained as an interest bearing deposit under the regulations of the NBS and Czech National Bank. The amount of the compulsory minimum reserve depends on the level of customer deposits accepted by the VUB Group and is calculated as 3 % of a 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 VUB Group's ability to withdraw the compulsory minimum reserve is restricted by statutory legislation.

8. Treasury bills and other eligible bills

	2004	2003
NBS bills held at fair value (note 6)	7,131	-
	7,131	-

9. Amounts due from banks

	2004	2003
Current accounts in other banks (note 6)	1,283	480
Loans and advances to:		
Central banks (note 6)	26,803	25,845
Other banks	1,182	2,305
Term deposits with:		
Central banks	3,400	4,201
Other banks	13,168	11,330
Securities acquired in primary issues	3,068	511
	48,904	44,672
Impairment losses (note 14)	-	(302)
	48,904	44,370

10. Financial assets held for trading

	2004	2003
State bonds	575	2,039
Bank bonds	284	303
Corporate bonds	146	659
	1,005	3,001

All trading securities are listed. At 31 December 2004 and 2003 the VUB Group did not pledge any bonds to secure transactions with counterparties.

11. Derivate financial instruments

In the normal course of business the VUB Group enters into derivative financial instrument transactions to hedge its liquidity, foreign exchange and interest rate risks. The VUB Group also enters into proprietary derivative financial transactions for the purpose of generating profits from short-term fluctuations in market prices. The VUB 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 VUB 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 VUB Group's credit exposure from contracts with a positive fair value, that is, it indicates the estimated maximum potential losses of the VUB Group in the event that counter-parties 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 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 market value over the term of the contract. The credit equivalent is established depending on the type of contract and its maturity. The VUB Group assesses credit risk of all financial instruments on a daily basis.

At 31 December 2004, the VUB Group had a potential credit exposure of SKK 2,426 million (2003: SKK 2,310 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 2004 and 2003 of all outstanding agreements in the event of all counterparties defaulting and not allowing for netting arrangements.

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

The fair values and notional values of derivative financial instruments were:

	2004	2003	2004	2003
Fair value	**Positive**	**Positive**	**Negative**	**Negative**
Interest rate instruments				
Swaps	1,239	376	1,461	703
Forward rate agreements	13	3	4	4
	1,252	379	1,465	707
Foreign currency instruments				
Cross currency swaps	400	288	400	288
Forwards and swaps	494	1,610	827	1,215
Options	280	33	280	35
	1,174	1,931	1,507	1,538
	2,426	2,310	2,972	2,245
Notional value	**Assets**	**Assets**	**Liabilities**	**Liabilities**
Interest rate instruments				
Swaps	63,364	68,832	63,364	68,832
Forward rate agreements	6,250	11,000	6,250	11,000
	69,614	79,832	69,614	79,832
Foreign currency instruments				
Cross currency swaps	4,809	4,950	4,809	4,950
Forwards and swaps	30,383	56,958	30,754	56,631
Options	17,869	25,388	17,869	25,388
	53,061	87,296	53,432	86,969
	122,675	167,128	123,046	166,801

12. Available-for-sale financial assets

	2004	2003
State bonds	-	535
Corporate bonds	-	526
Equity shares	115	147
Mutual fund certificates	96	151
	211	1,359

13. Originated loans and advances to customers

	2004	2003
Private individuals	18,970	10,417
Corporate entities	36,497	41,761
Government and municipalities	30,696	7,286
	86,163	59,464
Individually identified impaired exposures		
Loans	4,312	5,364
Loans subject to sale agreement	-	3,100
	4,312	8,464
Impairment losses (note 14)		
Loans and securities acquired in primary issues	(5,032)	(4,923)
Loans subject to sale agreement	-	(2,604)
	(5,032)	(7,527)
	85,443	60,401

Corporate entities

The change in originated loans and advances to corporate entities reflects both the transfer of certain loans to the Ministry of Finance of the Slovak Republic referred to below and the reduction in activities of foreign operations in the Czech Republic.

Government and municipalities

In accordance with an agreement on the restructuring of the Slovak railways exposures, in January 2004, loans and advances totaling SKK 6.1 billion provided to Železnice Slovenskej Republiky (Railways of the Slovak Republic) and Železničná spoločnosť (Railways company) were assumed by the Ministry of Finance of the Slovak Republic and are reported as balances from government and municipalities rather than balances from corporate entities.

At 31 December 2004, loans provided to government and municipalities include short-term loans of SKK 10,850,000 thousand provided to the Ministry of Finance of the Slovak Republic, repayable on 3 January 2005 (2003: nil).

Loans subject to sale agreement

On 3 November 2003, the Bank entered into a portfolio transfer agreement with a third party. In accordance with this agreement the Bank agreed to transfer a portfolio of non-performing loans with a nominal value of SKK 7 billion, of which SKK 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 with a carrying value equivalent to the price agreed. The resulting adjustments to the prior book value have been recorded in the income statement as a partial reversal of impairment losses previously established by the Bank on 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.

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

	2004	2003
Private individuals		
Overdrafts	1,741	359
Loans with agreed maturity	6,226	3,237
Mortgages and housing loans	11,003	6,821
Non-performing loans	389	118
	19,359	10,535
Corporate entities		
Overdrafts	6,676	4,615
Finance lease receivables	67	185
Factored receivables	1,027	679
Loans with agreed maturity	27,199	36,137
Securities acquired in primary issues	1,396	-
Mortgages and housing loans	132	145
Non-performing loans	3,923	5,245
Non-performing loans subject to sale agreement	-	3,100
	40,420	50,106
Government and municipalities		
Overdrafts	13	3
Loans with agreed maturity	17,529	805
Securities acquired in primary issues	13,154	6,478
Non-performing loans	-	1
	30,696	7,287
	90,475	67,928
Impairment losses (note 14)		
Loans	(4,767)	(4,923)
Securities acquired in primary issues	(265)	-
Loans subject to sale agreement	-	(2,604)
	(5,032)	(7,527)
	85,443	60,401

Analysis of gross exposures by the NBS categorization is as follows:

	2004	2003
Private individuals		
Standard	18,637	10,246
Watch	333	171
Non-standard	119	41
Doubtful	169	47
Loss	101	30
	19,359	10,535
Corporate entities		
Standard	21,047	30,550
Watch	15,450	11,211
Non-standard	1,797	2,598
Doubtful	425	131
Loss	1,701	5,616
	40,420	50,106
Government and municipalities		
Standard	30,481	7,142
Watch	215	144
Loss	-	1
	30,696	7,287
	90,475	67,928
Impairment losses (note 14)	(5,032)	(7,527)
	85,443	60,401

During 2004, the VUB Group wrote off loans and advances to customers amounting to SKK 3,727 million (2003: SKK 2,407 million) against already existing provisions for impairment losses (note 37).

The VUB Group has a substantial portion of credit exposures extended to a limited number of customers. At 31 December 2004, the 20 largest corporate customers accounted for 12 % (2003: 29 %) of the gross loan portfolio, which represented an amount of SKK 10,468 million (2003: SKK 19,496 million).

The total volume of gross loans at 31 December 2004 with a zero interest rate was SKK 117 million (2003: SKK 44 million) and the total volume of loans with an interest rate reduced to 0.5 % is SKK 232 million (2003: SKK 379 million). All exposures are fully provided for.

Maturities of gross finance lease receivables are as follows:

	2004	2003
Up to 1 year	86	160
1 to 5 years	-	58
	86	218
Unearned future finance income on finance leases	(19)	(33)
	67	185

Maturities of net finance lease receivables are as follows:

	2004	2003
Up to 1 year	43	89
1 to 5 years	-	42
	43	131

14. Impairment losses

	1 Jan 2004	(Reversal)/ creation (note 37)	FX (gain)/ loss	Other [1]	31 Dec 2004
Amounts due from banks (note 9)	302	(248)	(54)	-	-
Originated loans and advances to customers (note 13)	7,527	(2,447)	(48)	-	5,032
Held-to-maturity investments (note 15)	47	8	(7)	-	48
Equity investments (note 16)	-	(3)	-	52	49
Property and equipment (note 18)	654	(34)	-	-	620
Other assets (note 20)	109	(77)	(2)	-	30
	8,639	(2,801)	(111)	52	5,779

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

(1) Other represents deconsolidation entry.

15. Held-to-maturity investments

	2004	2003
State restructuring bonds	59,257	57,303
State bonds	-	7,805
Bank bonds and other bonds issued by financial sector	2,265	2,556
Corporate notes and bonds	420	866
	61,942	68,530
Impairment (note 14)	(48)	(47)
	61,894	68,483

State restructuring bonds

As part of the pre-privatisation restructuring process of the Bank, the Slovak government decided to transfer the receivables of the Bank arising from non-performing loans to state agencies. These special purpose agencies were created and are under the 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 SKK 58.6 billion, and Slovenská konsolidačná ('SKO') with a gross value of SKK 7.6 billion, which gave rise to the Bank's receivables from KBB and SKO in the total amount of SKK 66.2 billion. These receivables were in January and March 2001 swapped at par for state restructuring bonds with a total nominal value of SKK 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 2004, the VUB Group held in its portfolio the following state restructuring bonds:

(a) 5-year state bonds with a nominal value of SKK 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 SKK 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 SKK 11,044 million, due on 31 January 2011, bearing variable interest rate for 6M BRIBOR;
(d) 7-year state bonds with a nominal value of SKK 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 SKK 7,497 million, due on 29 March 2011, bearing variable interest rate of 6M BRIBOR.

16. Equity investments

	Share in %	Cost	Impairment losses (note 14)	Share of profit/ (loss)	Carrying value
Burza cenných papierov Bratislava, a.s.	20.2	23	-	3	26
Slovak Banking Credit Bureau, s.r.o.	33.3	-	-	-	-
VUB Generali DSS, a.s.	50.0	300	-	(46)	254
Realitná spoločnosť VUB, s.r.o.	100.0	83	(49)	-	34
At 31 December 2004		406	(49)	(43)	314
Burza cenných papierov Bratislava, a.s.	20.2	23	-	5	28
Slovak Banking Credit Bureau, s.r.o.	33.3	-	-	-	-
Technický servis, a.s.	100.0	7	-	-	7
At 31 December 2003		30	-	5	35

The net investment in Slovak Banking Credit Bureau represents SKK 100 thousand.

Since 1 January 2004, Realitná spoločnosť VUB has entered into liquidation. The intention of the Bank is to discontinue any direct transactions in the area of real estate and realize all the assets of the company. The Bank is of opinion that the net assets at 31 December 2004 of SKK 34 million represent their net realizable value. Total assets as at 31 December 2004 were SKK 36 million. The liquidation is expected to be completed in 2005.

In January 2004, the Bank sold Technický servis for SKK 7 million.

17. Intangible assets

	Software	Other intangible assets	Assets in progress	Total
Cost				
At 1 January 2004	2,622	228	415	3,265
Additions	4	-	406	410
Disposals	-	(1)	(2)	(3)
Transfers	644	10	(654)	-
Deconsolidation	-	(2)	-	-
At 31 December 2004	3,270	235	165	3,670
Amortization				
At 1 January 2004	(2,332)	(157)	-	(2,489)
Additions	(236)	(23)	-	(259)
Deconsolidation	-	1	-	1
At 31 December 2004	(2,568)	(179)	-	(2,747)
Net book value				
At 31 December 2004	702	56	165	923
At 31 December 2003	290	71	415	776

18. Property and equipment

	Buildings and land	Equipment	Other tangibles	Assets in progress	Total
Cost					
At 1 January 2004	6,303	3,570	1,098	404	11,375
Additions	3	4	2	1,095	1,104
Disposals	(274)	(315)	(113)	(13)	(715)
Transfers	454	357	223	(1,034)	-
Deconsolidation	(17)	(3)	(71)	(6)	(97)
At 31 December 2004	6,469	3,613	1,139	446	11,667
Depreciation					
At 1 January 2004	(1,234)	(3,031)	(796)	-	(5,061)
Additions	(205)	(310)	(92)	-	(607)
Disposals	82	293	109	-	484
Deconsolidation	4	3	48	-	55
At 31 December 2004	(1,353)	(3,045)	(731)	-	(5,129)
Impairment losses (note 14)					
At 1 January 2004	(639)	-	-	(15)	(654)
Net reversal/(creation)	64	-	-	(30)	34
At 31 December 2004	(575)	-	-	(45)	(620)
Net book value					
At 31 December 2004	4,541	568	408	401	5,918
At 31 December 2003	4,430	539	302	389	5,660

19. Deferred tax assets

	2004	2003
Temporary differences:		
Originated loans and advances to customers	1,432	1,681
Property and equipment	840	521
Provisions	582	430
Securities	333	73
	3,189	2,705
Deferred tax assets of 19 % (note 38)	606	514

20. Other assets

	2004	2003
Receivables from sale of VUB Wüstenrot	-	565
Dividend receivable from VUB Wüstenrot	-	450
Prepayments and accrued income	163	137
Operating receivables and advances	228	238
VAT receivable	36	31
Inventories	24	39
	451	1,460
Impairment losses (note 14)	(30)	(109)
	421	1,351

On 9 December 2003, the Bank signed an agreement on the sale of its 50 % share in VUB Wüstenrot, a bank engaged in the provision of housing loans. The sales price for shares was SKK 565 million and was fully paid on 26 February 2004. The impact of deconsolidation is explained in note 33.

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

21. Amounts due to central banks

	2004	2003
Current accounts	513	1,529
Loans received	17	76
	530	1,605

22. Amounts due to other banks

	2004	2003
Current accounts	4,094	1,054
Term deposits	10,661	9,236
Loans received	1,812	1,350
	16,567	11,640

23. Customer deposits

	2004	2003
Current accounts	41,014	39,497
Term deposits	64,719	64,821
Savings accounts	12,827	14,653
Government and municipal deposits	46,907	25,165
Loans received	605	1,090
Promissory notes	735	969
Other deposits	356	810
Restricted deposits	19	64
	167,182	147,069

24. Debt securities in issue

	2004	2003
Bonds	-	355
Mortgage bonds	8,048	4,450
	8,048	4,805

25. Provisions

	2004	2003
Off balance sheet risks	920	1,318
Litigations	1,126	1,174
Restructuring costs	28	56
	2,074	2,548

The movement in provisions was as follows:

	1 Jan 2003	Creation/ (reversal)	Decon- solidation	31 Dec 2003	Reversal	31 Dec 2004
Off balance sheet risks (note 37)	1,178	147	(7)	1,318	(398)	920
Litigations	857	317	-	1,174	(48)	1,126
Restructuring costs (note 36)	63	(7)	-	56	(28)	28
	2,098	457	(7)	2,548	(474)	2,074

26. Other liabilities

	2004	2003
Various creditors	820	726
Accruals and deferred income	178	135
Settlement with employees	196	189
VAT payables	83	127
Payables from trading with securities	20	27
	1,297	1,204

27. Share capital

	2004	2003
Authorised, issued and fully paid:		
89 shares of SKK 100,000,000 each, not traded	8,900	8,900
4,078,108 shares of SKK 1,000 each, publicly traded	4,078	4,078
	12,978	12,978
Net profit for the year attributable to shareholders	2,865	3,157
Divided by 12,978,108 shares of SKK 1,000 each		
Basic earnings per share in SKK	221	243

28. Financial commitments and contingencies

	2004	2003
Issued guarantees	6,276	3,694
Commitments and undrawn credit facilities	22,295	16,478
	28,571	20,172

(a) Issued guarantees
Commitments from guarantees represent irrevocable assurances that the VUB 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 VUB 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 issued by the VUB Group represent issued loan commitment, undrawn portions of and approved overdraft loans.

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

(d) Legal
In the ordinary course of business the VUB Group is subject to a variety of legal actions. The VUB Group conducted a review of legal proceedings outstanding against it as of 31 December 2004. Pursuant to this review, management has recorded a provision of SKK 1,126 million as of 31 December 2004 (2003: SKK 1,174 million) in respect of such legal proceedings (see also note 25 and 35). The VUB Group will continue to defend its position in respect of each of these legal proceedings.

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

29. Net interest income

	2004	2003
Interest and similar income		
Amounts due from banks	1,529	1,439
Originated loans and advances to customers	4,113	4,150
Bonds, treasury bills and other securities	5,177	6,875
	10,819	12,464
Interest expense and similar charges		
Amounts due to banks	(420)	(488)
Customer deposits	(3,623)	(5,656)
Debt securities in issue	(345)	(366)
	(4,388)	(6,510)
	6,431	5,954

30. Net fee and commission income

	2004	2003
Fee and commission income		
Services and transactions	2,468	2,424
Foreign payments and conversions	626	665
	3,094	3,089
Fee and commission expense		
Services and transactions	(490)	(494)
Foreign payments and conversions	(9)	(17)
	(499)	(511)
	2,595	2,578

In 2004, fee and commission income exclude the fees like up-front and commitment fee of SKK 198 million, which are subject to the effective interest rate calculation and are amortized over the life of the loan (2003: nil).

31. Net trading income

	2004	2003
Foreign currency derivatives and transactions	307	381
Cross currency swaps	-	(325)
Interest rate derivatives	(34)	(135)
Securities	145	(148)
	418	(227)

32. Other operating income

	2004	2003
Rent	39	40
Other operating income	146	102
Net profit from sale of fixed assets	13	-
	198	142

33. Net gain/(loss) on disposal of equity investments

	2004	2003
Sale of Spoločnosť pre bankovú ochranu, a.s.	(1)	-
Sale of VUB Wüstenrot, a.s.	-	19
	(1)	19

Consolidated income statement includes the following balances from VUB Wüstenrot:

	2004	2003
Operating income		
Net interest income	-	158
Net fee and commission income	-	54
Net trading income	-	(11)
	-	201
Operating expenses	-	(139)
Operating profit before impairment and provisions	-	62
Impairment losses and provisions for off balance sheet risks	-	23
Profit from operations	-	85
Income tax expense	-	(3)
Net profit for the year	-	82

34. Salaries and employee benefits

	2004	2003
Salaries	(1,757)	(1,664)
Social security costs	(549)	(559)
	(2,306)	(2,223)

The total number of employees of the VUB Group at 31 December 2004 was 4,005 (2003: 4,292).

The remuneration and other benefits to members of the Supervisory Board and the Board of Directors in 2004 was SKK 74 million (2003: SKK 96 million). At 31 December 2004 and 2003, there were no loans outstanding provided to members of the Supervisory Board and the Board of Directors.

The VUB Group does not have any pension arrangements separate from the state pension system of the Slovak Republic, which requires the VUB Group to contribute to the state pension scheme certain percentage of gross salaries paid. These expenses are recognized in the period when salaries are earned by employees. No further liabilities are arising to the VUB Group from the payment of pensions to employees in the future.

35. Other operating expenses

	2004	2003
Contribution to the Deposit protection fund	(561)	(620)
Litigations	(30)	(317)
IT systems maintenance	(330)	(315)
Advertising and marketing	(271)	(269)
Other services	(842)	(866)
Professional services	(166)	(179)
Stationery	(142)	(161)
Rent	(135)	(109)
VAT not claimed	(159)	(151)
Repairs and maintenance	(91)	(83)
Taxes except corporate income tax	(29)	(64)
Other operating expense	(25)	(56)
	(2,781)	(3,190)

36. Restructuring costs

	2004	2003
Severance payments	(55)	(115)
Restructuring provisions (note 25)	28	7
	(27)	(108)

37. Impairment losses and provisions for off balance sheet risks

	2004	2003
Reversal of impairment losses (note 14)	2,801	3,334
Reversal/(creation) of provisions for off balance sheet risks (note 25)	398	(147)
	3,199	3,187
Nominal value of loans written-off	(3,727)	(2,407)
	(528)	780

38. Income tax benefit/(expense)

	2004	2003
Current tax expense	(332)	(359)
Deferred tax income (note 19)	92	721
	(240)	362

The effective profit tax rate differs from the statutory profit tax rates in 2004 and in 2003.

Reconciliation of the 2004 VUB Group profit before tax with the actual corporate income tax is as follows:

	2004
Profit before tax	3,100
Applicable tax rate	19 %
Theoretical tax charge	(589)
Change in deductible temporary differences	92
Permanent differences	257
Tax expense	(240)
Effective tax rate	8 %

Reconciliation of the 2003 VUB Group profit before tax with the actual corporate income tax is as follows:

	2003	
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	676	-
Permanent differences	(911)	814
Tax benefit	362	
Effective tax rate	13 %	

39. Profit before changes in operating assets/liabilites

	2004	2003
Operating profit before tax	3,103	2,795
Adjustments for:		
Amortization	259	213
Depreciation	607	732
Unrealized profit from trading and AFS securities	6	(136)
Income from associates	48	-
Interest revenue	(10,819)	(12,464)
Interest expense	4,388	6,510
Dividend revenue	(18)	(16)
Disposal of equity investments	1	(18)
Interest received	10,642	13,081
Interest paid	(4,419)	(6,840)
Dividends received	18	16
Tax paid	(2)	(286)
Provisions	452	(469)
	4,266	3,118

40. Estimated fair value of certain assets and liabilites

The 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 VUB 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 realized in a current sale of the financial instrument.

In estimating the fair value of the VUB 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 re-price, 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

At 31 December 2004, the fair value of securities carried in the 'Held-to-maturity investments' portfolio was SKK 63,105 million (2003: SKK 69,551 million) and was 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 VUB Group is based upon quoted market prices. Where no market prices are available, the fair value is equal to an estimate made by the VUB Group. The fair value of debt securities in issue is not significantly different from its carrying value.

41. Assets and liabilities maturity/liquidity risk

Liquidity risk is a measure of the extent to which the VUB Group may be required to raise funds to meet its commitments associated with financial instruments. The VUB Group maintains its liquidity profiles in accordance with regulations laid down by the National bank of Slovakia. The following table provides an analysis of assets and liabilities into relevant maturity VUB 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 VUB 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 VUB 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 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
31 December 2004							
Assets							
Cash and balances with central banks	3,641	-	-	-	-	-	3,641
Treasury bills and other eligible bills	3,193	3,938	-	-	-	-	7,131
Amounts due from banks	43,712	276	354	3,062	1,500	-	48,904
Financial assets held for trading	-	17	8	708	272	-	1,005
Derivative financial instruments	134	351	505	940	496	-	2,426
Available-for-sale financial assets	-	-	-	-	-	211	211
Originated loans and advances to customers	15,473	5,017	12,822	22,706	26,379	3,046	85,443
Held-to-maturity investments	1,222	270	575	40,005	19,785	37	61,894
Equity investments	-	-	-	-	-	314	314
Intangible assets	-	-	-	-	-	923	923
Property and equipment	-	-	-	-	-	5,918	5,918
Deferred tax assets	-	-	1	-	-	605	606
Other assets	41	14	1	-	-	365	421
	67,416	9,883	14,266	67,421	48,432	11,419	218,837
Liabilities							
Amounts due to central banks	512	3	2	13	-	-	530
Amounts due to other banks	6,765	5,972	2,696	1,022	112	-	16,567
Derivative financial instruments	356	384	638	1,124	470	-	2,972
Customer deposits	151,113	10,036	5,706	327	-	-	167,182
Debt securities in issue	-	46	736	3,766	3,500	-	8,048
Current tax liabilities	-	11	-	-	-	386	397
Provisions	-	-	-	-	-	2,074	2,074
Other liabilities	731	6	3	-	-	557	1,297
	159,477	16,458	9,781	6,252	4,082	3,017	199,067
On balance sheet net gap position	(92,061)	(6,575)	4,485	61,169	44,350	8,402	19,770
31 December 2003							
Total assets	52,642	6,779	14,291	67,914	40,931	8,781	191,338
Total liabilities	131,441	12,278	10,283	4,681	8,796	3,710	171,189
On balance sheet net gap position	(78,799)	5,499	4,008	63,233	32,135	5,071	20,149

42. 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 VUB Group's assets and liabilities. It is the policy of the VUB 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 2004	Slovak crowns	EUR	USD	CZK	Other	Total
Assets						
Cash and balances with central banks	2,947	349	77	144	124	3,641
Treasury bills and other eligible bills	7,131	-	-	-	-	7,131
Amounts due from banks	44,705	2,982	629	-	588	48,904
Financial assets held for trading	916	89	-	-	-	1,005
Derivative financial instruments	2,426	-	-	-	-	2,426
Available-for-sale financial assets	183	2	-	26	-	211
Originated loans and advances to customers	68,682	11,020	1,532	4,202	7	85,443
Held-to-maturity investments	60,570	1,068	197	-	59	61,894
Equity investments	314	-	-	-	-	314
Intangible assets	912	-	-	11	-	923
Property and equipment	5,908	-	-	10	-	5,918
Deferred tax assets	591	-	-	15	-	606
Other assets	353	15	43	10	-	421
	195,638	15,525	2,478	4,418	778	218,837
Liabilities						
Amounts due to central banks	484	8	4	34	-	530
Amounts due to other banks	5,116	9,163	411	1,866	11	16,567
Derivative financial instruments	2,972	-	-	-	-	2,972
Customer deposits	149,909	10,368	3,838	2,313	754	167,182
Debt securities in issue	8,048	-	-	-	-	8,048
Current tax liabilities	397	-	-	-	-	397
Provisions	2,072	-	-	2	-	2,074
Other liabilities	1,133	43	95	26	-	1,297
	170,131	19,582	4,348	4,241	765	199,067
On balance sheet net position	25,507	(4,057)	(1,870)	177	13	19,770
Off balance sheet assets	189,500	24,956	13,748	2,293	1,862	232,359
Off balance sheet liabilities	(189,500)	(26,855)	(13,720)	(422)	(1,862)	(232,359)
Off balance sheet net position	-	(1,899)	28	1,871	-	-
Total net position	25,507	(5,956)	(1,842)	2,048	13	19,770
31 December 2003						
Total assets	160,025	13,591	9,631	7,560	531	191,338
Total liabilities	142,793	13,518	5,877	7,936	1,065	171,189
Total net position	17,232	73	3,754	(376)	(534)	20,149

43. 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 VUB Group's interest rate exposure based either on the contractual maturity date of its financial instruments, or in the case of instruments that re-price to a market rate of interest before maturity, the next re-pricing date. It is the policy of the VUB Group to manage the exposure to fluctuations in net interest income arising from changes in interest rates by the degree of re-pricing 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 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	37	-	-	-	-	3,604	3,641
Treasury bills and other eligible bills	3,194	3,937	-	-	-	-	7,131
Amounts due from banks	43,548	260	30	2,286	1,500	1,280	48,904
Financial assets held for trading	-	17	145	571	272	-	1,005
Derivative financial instruments	-	-	-	-	-	2,426	2,426
Available-for-sale financial assets	-	-	-	-	-	211	211
Originated loans and advances to customers	45,970	1,904	3,343	10,341	13,521	10,364	85,443
Held-to-maturity investments	23,567	12,511	640	23,899	1,240	37	61,894
Equity investments	-	-	-	-	-	314	314
Intangible assets	-	-	-	-	-	923	923
Property and equipment	-	-	-	-	-	5,918	5,918
Deferred tax assets	-	-	1	-	-	605	606
Other assets	8	-	1	-	-	412	421
	116,324	18,629	4,160	37,097	16,533	26,094	218,837
Liabilities							
Amounts due to central banks	-	17	-	-	-	513	530
Amounts due to other banks	2,632	6,903	2,566	207	112	4,147	16,567
Derivative financial instruments	-	-	-	-	-	2,972	2,972
Customer deposits	82,611	10,036	5,231	359	-	68,945	167,182
Debt securities in issue	-	46	736	3,766	3,500	-	8,048
Current tax liabilities	-	11	-	-	-	386	397
Provisions	-	-	-	-	-	2,074	2,074
Other liabilities	135	6	3	-	-	1,153	1,297
	85,378	17,019	8,536	4,332	3,612	80,190	199,067
On balance sheet net position	30,946	1,610	(4,376)	32,765	12,921	(54,096)	19,770
Off balance sheet assets	25,581	20,876	36,577	16,151	6,388	17,869	123,442
Off balance sheet liabilities	22,464	16,106	36,645	22,835	7,894	17,869	123,813
Off balance sheet net position	3,117	4,770	(68)	(6,684)	(1,506)	-	(371)
Net position at 31 December 2004	34,063	6,380	(4,444)	26,081	11,415	(54,096)	19,399
Net position at 31 December 2003	2,871	26,505	(2,291)	35,107	5,681	(45,832)	22,041

The average interest rates for financial assets and liabilities were as follows:

	2004 %	2003 %
Assets		
Cash and balances with central banks	0.70	0.75
Treasury bills and other eligible bills	4.63	6.52
Amounts due from banks	2.69	4.04
Financial assets held for trading	4.53	6.26
Available-for-sale financial assets	4.12	5.38
Originated loans and advances to customers	6.84	6.99
Held-to-maturity investments	5.72	6.55
Liabilities		
Amounts due to banks	2.90	4.13
Customer deposits	2.38	3.21
Debt securities in issue	5.49	6.80

44. Related parties

Related parties 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;
(b) associates - enterprises in which the parent company has significant influence and which are neither a subsidiary nor a joint venture;
(c) individuals owning, directly or indirectly, an interest in the voting power of the VUB Group that gives them significant influence over the VUB Group, and anyone expected to influence, or be influenced by, that person in their dealings with the VUB Group;
(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the VUB Group, including directors and officers of the VUB 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 VUB Group and enterprises that have a member of key management in common with the VUB 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 2004 and 2003, significant transactions outstanding with related parties comprised:

	2004	2003
Originated loans and advances		
Directors [3]	-	3
Affiliated companies [2]	87	1,557
	87	1,560
Customer accounts		
Statutory bodies [3]	15	14
Affiliated companies [2]	81	344
	97	358
Derivative transactions (notional amount)		
Shareholder and companies controlled by shareholder [1]	6,225	8,962

[1] Shareholder and companies controlled by shareholder
[2] Common control by the VUB Group and its shareholders
[3] Other related party

45. Events after the balance sheet date

There were no significant events noted that would require adjustment in the financial statements at 31 December 2004.
On 15 December 2004, the Bank signed a share purchase agreement with the shareholders of the following companies:
1. TatraCredit,
2. Quatro,
3. Q-car,
4. Slovenská požičovňa, and
5. Slovenské kreditné karty,

confirming its intention to acquire 100 % control over these companies, which are, as a group of closely interrelated business entities, engaged in the provision of short-term consumer finance loans and finance leases. The acquisition process is expected to be completed during the first quarter of 2005.

46. Reconciliation to individual Slovak statutory accounts

Profit for the year ended 31 December 2004 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 or the year	Shareholders' equity
Reported under individual Slovak statutory accounts	3,139	19,879
Revaluation of equity investments held in available-for-sale portfolio	(25)	-
Social fund expense	(35)	(35)
Amortized cost adjustment	(107)	(107)
Consolidation entries and elimination of intra-group balances	(107)	33
Reported under IFRS	2,865	19,770

47. Approval of the financial statements

The financial statements were authorized for issue by the Board of Directors on 22 February 2005.

ERNST & YOUNG

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Independent Auditors' Report
to the Shareholders 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 2004, which comprise the balance sheet, the related profit and loss account for the year then ended and the notes. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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 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 2004 and of the results of its operations for the year then ended in accordance with the Slovak Act on Accounting.

Bratislava
22 February 2005

Ernst & Young

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

Ing. Dalimil Draganovský
SKAU Licence No. 893

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Financial Statements
for the year ended 31 December 2004
Aggregate

Financial statements for the period

From 1 January 2004

To 31 December 2004

Balance sheet date as at

31 December 2004

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	Signatures of statutory representatives of the accounting entity	Signature of the person responsible for preparation of the financial statements	Signature of the person responsible for accounting
22 February 2005			

Translation of the financial statements originally issued in Slovak

Balance Sheet
at 31 December 2004
Aggregate (In thousands of Slovak crowns)

			31.12.2004	31.12.2004	31.12.2004	31.12.2003
			Gross	Adjustment	Net book value	Net book value
a	b	c	1	2	3	4
x	**Assets**	x	x	x	x	x
1	Cash and cash equivalents	1	2,089,897	-	2,089,897	2,529,977
2	Treasury bills and other eligible bills	2	7,130,951	-	7,130,951	-
	a) state bonds	3	-	-	-	-
	b) other securities	4	7,130,951	-	7,130,951	-
3	Amounts due from banks	5	51,540,006	40	51,539,966	43,281,273
	a) repayable on demand	6	2,386,776	-	2,386,776	742,362
	b) other receivables	7	49,153,230	40	49,153,190	42,538,911
4	Loans and advances to customers	8	89,575,906	4,827,081	84,748,825	59,807,094
	a) repayable on demand	9	-	-	-	-
	b) other receivables	10	89,575,906	4,827,081	84,748,825	59,807,094
5	Debt securities	11	62,894,582	48,439	62,846,143	72,543,921
	a) state authorities	12	59,777,913	-	59,777,913	67,681,913
	b) other entities	13	3,116,669	48,439	3,068,230	4,862,008
6	Shares, mutual fund certificates and other equity investments	14	230,471	19,049	211,422	278,397
7	Associates and joint ventures	15	338,280	45,500	292,780	23,280
	a) banks	16	100	-	100	100
	b) other entities	17	338,180	45,500	292,680	23,180
8	Subsidiaries	18	1,010,142	726,142	284,000	242,258
	a) banks	19	-	-	-	-
	b) other entities	20	1,010,142	726,142	284,000	242,258
9	Intangible assets	21	3,636,752	2,717,787	918,965	848,418
	a) incorporation expenses	22	-	-	-	-
	b) goodwill	23	-	-	-	-
	c) other intangible assets	24	3,636,752	2,717,787	918,965	848,418
10	Property and equipment	25	11,582,055	5,705,530	5,876,525	5,567,530
	a) operational buildings and land	26	6,387,996	1,900,147	4,487,849	4,310,828
	b) other tangibles	27	5,194,059	3,805,383	1,388,676	1,256,702
11	Other assets	28	4,392,119	30,234	4,361,885	8,726,978
12	Receivables from shareholders and partners	29	-	-	-	-
13	Prepayments and accrued income	30	135,103	-	135,103	87,329
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	234,556,264	14,119,802	220,436,462	193,936,455
	thereof: Special transactions of NBS	37	-	-	-	-
	Foreign assets of the state	38	-	-	-	-

The accompanying notes on pages 60 to 84 form an integral part of these financial statements.

a	b	c	31.12.2004 1	31.12.2003 2
x	**Liabilities**	x	x	x
1	Amounts due to banks	39	17,761,983	12,853,687
	a) payable on demand	40	6,279,937	1,410,752
	b) other liabilities	41	11,482,046	11,442,935
2	Customer deposits	42	166,168,171	145,441,980
	a) payable on demand	43	68,587,935	64,975,311
	thereof: savings accounts	44	1,923,653	2,145,099
	b) other deposits	45	97,580,236	80,466,669
	thereof: fixed term	46	97,580,236	80,466,669
3	Debt securities in issue	47	8,782,016	5,772,544
	a) debt securities issued	48	8,782,016	5,772,544
	b) other payables	49	-	-
4	Other liabilities	50	5,744,814	7,186,236
5	Accruals and deferred income	51	21,994	100,248
6	Provisions	52	2,078,207	2,549,314
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	402,737
21	Reserves	68	2,231,183	1,779,308
	a) legal reserve fund	69	2,222,649	1,770,769
	b) other reserve funds	70	-	-
	c) other funds from profit	71	8,534	8,539
22	Other capital funds	72	-	-
23	Revaluation and currency translations	73	-	(773)
	a) assets and liabilities	74	-	-
	b) hedging derivatives	75	-	-
	c) equity investments	76	-	(773)
24	Retained earnings	77	1,128,129	354,270
25	Net profit for the year	78	3,139,120	4,518,796
	Total liabilities	79	220,436,462	193,936,455
	thereof: Special transactions of NBS	80	-	-
	Foreign liabilities of the state	81	-	-

Income Statement

for the year ended 31 December 2004

Aggregate (In thousands of Slovak crowns)

			Expense	Expense	Income	Income
			2004	2003	2004	2003
a	b	c	1	2	3	4
1	Interest and similar income	1	x	x	10,750,804	12,256,272
	thereof: interest from securities	2	x	x	5,109,438	6,827,711
2	Interest expense and similar charges	3	(4,416,478)	(6,768,202)	x	x
	thereof: interest expense from debt securities	4	(345,186)	(304,172)	x	x
3	Dividend income	5	x	x	25,355	398,072
	a) associates	6	x	x	1,887	382,500
	b) subsidiaries	7	x	x	14,820	3,421
	c) other equity investments	8	x	x	8,648	12,151
4	Fee and commission income	9	x	x	2,604,316	2,165,610
5	Fee and commission expense	10	(481,861)	(363,038)	x	x
6	Net trading income	11	x	x	1,039,663	475,692
7	Other financial income	12	x	x	-	-
8	Other financial expense	13	-	-	x	x
9	Other operating income	14	x	x	390,041	594,317
10	General administrative expenses	15	(4,184,023)	(4,019,527)	x	x
	a) salaries and employee benefits	16	(2,100,517)	(1,959,398)	x	x
	aa) salaries	17	(1,681,758)	(1,565,201)	x	x
	ab) social and health insurance	18	(418,759)	(394,197)	x	x
	b) other administrative expenses	19	(2,083,506)	(2,060,129)	x	x
11	Other operating expenses	20	(1,069,850)	(936,809)	x	x
12	Reversal of provisions and impairment losses on property, equipment and intangible assets	21	x	x	601,751	1,131,761
	a) reversal of provisions for property and equipment	22	x	x	-	1,024,668
	b) reversal of impairment losses on property and equipment	23	x	x	601,751	107,093
	c) reversal of impairment losses on intangible assets	24	x	x	-	-
13	Depreciation, creation of provisions and impairment losses on property, equipment and intangible assets	25	(1,470,781)	(1,817,177)	x	x
	a) depreciation of property and equipment	26	(594,412)	(695,634)	x	x
	b) creation of provisions for property and equipment	27	-	(210,095)	x	x
	c) creation of impairment losses on property and equipment	28	(617,548)	(703,605)	x	x
	d) amortization of intangible assets	29	(258,821)	(207,843)	x	x
	e) creation of impairment losses on intangible assets	30	-	-	x	x

The accompanying notes on pages 60 to 84 form an integral part of these financial statements.

			Expense	Expense	Income	Income
			2004	2003	2004	2003
a	b	c	1	2	3	4
14	Reversal of provisions and impairment losses on receivables and guarantees, income from assigned and written-off receivables	31	x	x	15,556,749	15,678,610
	a) reversal of provisions for receivables and guarantees	32	x	x	1,262,331	7,262,389
	b) reversal of impairment losses on receivables and guarantees	33	x	x	13,517,531	8,252,963
	c) income from assigned and written-off receivables	34	x	x	776,887	163,258
15	Write-offs, creation of provisions and impairment losses on receivables and guarantees	35	(16,168,555)	(14,704,505)	x	x
	a) creation of impairment losses on receivables and guarantees	36	(10,800,373)	(8,276,098)	x	x
	b) creation of provisions for receivables and guarantees	37	(920,480)	(3,910,133)	x	x
	c) write-off of receivables and receivables from guarantees, losses from assigned receivables	38	(4,447,702)	(2,518,274)	x	x
16	Reversal of impairment losses on subsidiaries and associates	39	x	x	133,533	43,104
17	Creation of impairment losses on subsidiaries and associates	40	(92,726)	(10,196)	x	x
18	Reversal of other provisions	41	x		1,027,887	1,525,266
19	Creation of other provisions	42	(898,615)	(1,629,183)	x	x
20	Reversal of other impairment losses	43	x		61,824	53,157
21	Creation of other impairment losses	44	(18,329)	(66,525)	x	x
22	Operating profit before tax	45	x	x	3,390,705	4,006,699
23	Extraordinary income	46	x	x	-	-
24	Extraordinary expense	47	-	-	x	x
25	Extraordinary profit/(loss) before tax	48	-	-	x	x
26	Income tax benefit/(expense)	49	(251,585)	x	x	512,097
27	Minority interest	50	x	x	-	-
28	Net profit for the year	51	x	x	3,139,120	4,518,796

The accompanying notes on pages 60 to 84 form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

for the year ended 31 December 2004

Aggregate (In thousands of Slovak crowns)

	Share capital	Share premium
At 1 January 2003	12,978,108	407,811
Social fund contribution	-	-
Contribution to the legal reserve fund	-	-
Dividends to shareholders	-	-
Loss on disposal of own shares	-	(5,074)
Translation of foreign operations	-	-
Other	-	-
Net profit for the year	-	-
At 31 December 2003	12,978,108	402,737
Social fund contribution	-	-
Contribution to the legal reserve fund	-	-
Dividends to shareholders	-	-
Translation of foreign operations	-	-
Other	-	-
Net profit for the year	-	-
At 31 December 2004	12,978,108	402,737

The accompanying notes on pages 60 to 84 form an integral part of these financial statements.

	Legal reserve fund	Other funds from profit	Revaluation and currency translation	Retained earnings	Total
	1,602,170	8,545	-	1,322,807	16,319,441
	-	-	-	(40,000)	(40,000)
	168,599	-	-	(168,599)	-
	-	-	-	(747,609)	(747,609)
	-	-	-	-	(5,074)
	-	-	-	(12,329)	(12,329)
	-	(6)	(773)	-	(779)
	-	-	-	4,518,796	4,518,796
	1,770,769	8,539	(773)	4,873,066	20,032,446
	-	-	-	(50,000)	(50,000)
	451,880	-	-	(451,880)	-
	-	-	-	(3,244,527)	(3,244,527)
	-	-	-	1,470	1,470
	-	(5)	773	-	768
	-	-	-	3,139,120	3,139,120
	2,222,649	8,534	-	4,267,249	19,879,277

Notes to the Individual Financial Statements

1. General information

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 (‘SKK’) and foreign currencies,
(b) collect and provide deposits in SKK 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 2004, the Bank had a network of 145 branches and 89 sub-branches located throughout the Slovak Republic. The Bank also had one fully operational branch in the Czech Republic. The total number of employees of the Bank at the end of 2004 was 3,935 (2003: 4,004).

The structure of shareholders is as follows:

	2004	2003
Intesa Holding International S.A.	96.49 %	96.49 %
Domestic shareholders below 1 %	3.00 %	3.09 %
Foreign shareholders below 1 %	0.51 %	0.42 %
	100.00 %	100.00 %

2. Basis of preparation

The individual financial statements (‘the 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 (‘SKK’) and balances are presented in thousands of Slovak crowns unless indicated otherwise.

The financial statements include an aggregate of the Bank’s operations in the Slovak Republic and foreign operations in the Czech Republic. The assets and liabilities of foreign operations are translated to SKK at the foreign exchange rate prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated to SKK at rates approximating the foreign exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising on these translations are recognized directly in equity.

Negative values are presented in brackets.

The financial statements have been prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognized when they occur and are reported in the financial statements of the periods to which they relate.

The financial statements are prepared under the assumption that the Bank is a going concern and will continue in operation for the foreseeable future.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets held for trading and all derivative financial instruments to fair value.

Certain balances for the year ended 31 December 2003 have been reclassified for comparison purposes.

3. Summary of significant accounting policies

The principal accounting policies applied by the Bank are as follows:

(a) Amounts due from banks

Amounts due from banks represent receivables from current accounts, deposits and loans provided to commercial banks and balances with the National Bank of Slovakia and the Czech National Bank, including compulsory minimum reserves. Compulsory minimum reserves represent reserves to be held by all commercial banks licensed in the Slovak Republic and the Czech Republic.

The balances are presented at cost including interest accruals less any impairment losses. An impairment loss is established, if there is objective evidence that the Bank will not be able to collect all amounts due.

Amounts due from banks also include securities issued by banks and acquired in primary issues not intended for trading.

(b) 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 amortized cost including interest accruals less any impairment losses. All loans and advances are recognized on the balance sheet when cash is advanced to borrowers.

Loans and advances to customers also include securities issued by customers and acquired in primary issues not intended for trading.

An impairment loss is established, if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of impairment loss is the difference between the carrying amount and the recoverable amount. Impairment losses 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 and when relevant evidence has been obtained from the appropriate court. Loans and advances are written off against the reversal of the related impairment loss. Subsequent recoveries are credited to the income statement on receipt.

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

Category	Percentage of impairment losses
Standard	-
Watch	10 % - 19 % of the gross receivable
Non-standard	49 % of the unsecured portion of the receivable
Doubtful	95 % of the unsecured portion of the receivable
Loss	100 % of the gross receivable

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

(c) Debt securities

Debt securities held by the Bank are categorized into four portfolios in accordance with the Bank's intent on the acquisition date 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
- Securities acquired in primary issues not intended for trading

The principal differences among the portfolios relate to the measurement 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 cost including transaction costs. Securities purchased, but not settled, are recorded in the off balance sheet and changes in their fair values, for purchases into the trading and available-for-sale portfolios, are recognized in the income statement.

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 taking into account the credit risk of the securities issuer. The Bank monitors changes in fair values on a daily basis and recognizes unrealized gains and losses in the income statement in 'Net trading income'.

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

Available-for-sale securities

Available-for-sale securities are those financial assets that are not classified as trading or held-to-maturity. Subsequent to initial recognition, these assets are accounted for and re-measured to fair value except equity instruments that are held at cost less any impairment losses.

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 in the income statement in 'Interest and similar income'.

Unrealized gains and losses arising from changes in fair value of securities available-for-sale are recognized daily in the income statement in 'Net trading income'.

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.

Held-to-maturity investments are carried at amortized cost less any impairment losses. Amortized cost is the amount at which the asset was initially measured adjusted for principal repayments, accrued interest income and the cumulative amortization of the discount/premium. The amortization of the premium/discount is recognized in the income statement in 'Interest and similar income'.

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

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 impairment losses and reported according to the final borrower in 'Amounts due from banks' or 'Loans and advances to customers'.

(d) Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase agreements ('repo transactions') remain as assets in the balance sheet in 'Debt securities' and the liability from the 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 the off-balance sheet and the loan provided is reported in the balance sheet in 'Amounts due from banks' or 'Loans and advances to customers', as appropriate, with the corresponding decrease in cash included in 'Cash and cash equivalents'.

The price differential between the purchase and sale price of securities is treated as interest income or expense and accrued evenly over the life of the agreement.

(e) Equity instruments

Subsidiaries, joint ventures and associates are reported at cost less any impairment losses.

Other equity investments held in the available-for-sale portfolio are recognized at cost less any impairment losses in 'Shares, mutual fund certificates and other equity investments'.

(f) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses.

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

(g) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Acquisition cost includes the purchase price plus other costs related to acquisition such as freight, duties or commissions.

The cost of expansion, modernization or improvements leading to increased productivity, capacity or efficiency is 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, the recoverable value is assessed by reference to a net selling price based on third party valuation reports, adjusted downwards for an estimate of associated sale costs.

(h) 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 currency forwards, interest rate/foreign currency swaps and options, forward rate agreements and cross currency swaps. The Bank also uses financial instruments to hedge interest rate risk and currency exposures associated with its transactions in the financial markets. They are accounted for as trading derivatives as they do not fully comply with definition of a hedging derivative as prescribed by SAS. 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 re-measured 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 the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives held for trading are included in 'Net trading income'.

Positive fair values of derivative instruments are reported in the balance sheet in 'Other assets', negative fair values in 'Other liabilities'.

(i) Provisions for off balance sheet risks

The Bank recognizes provisions to cover the incurred losses for off balance sheet credit commitments as follows:

Category	Percentage of provisions
Standard	-
Watch	10 %
Non-standard	49 %
Doubtful	95 %
Loss	100 %

The Bank accounts for the obligations arising from issued guarantees in the off balance sheet.
The provision covering the future outflow from guarantees is recorded in liabilities and income statement at the moment when the future outflows

arising from these obligations become probable. The Bank's estimate of the obligation is performed by assessing the credit risk of the customer on behalf of which the guarantee was issued.

The assessment of the credit risk is performed similarly to an assessment of the credit risk of originated loans and advances to customers resulting in the provision for balance sheet risks.

(j) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated to Slovak crowns at the official exchange rates of the National Bank of Slovakia 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 at the date of the transaction.

The 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 'Net trading income', as well as gains and losses arising from movements in exchange rates after the date of the transaction.

(k) Interest income

Interest income and expense is recognized in the income statement on an accrual basis. Interest income and expense includes the amortization of any discount or premium on securities.

(l) Fee and commission income

Fee and commission income arises on financial services provided by the Bank including account maintenance, cash management services, brokerage services, investment advice and financial planning, investment banking services, project finance transactions and asset management services.

Fee and commission income is recognized when the corresponding service is provided.

(m) Net trading income

Net trading income includes gains and losses arising from purchases, disposals and changes in the fair value of financial assets and liabilities including securities and derivative instruments. It also includes the result of all foreign currency transactions.

(n) Dividend income

Dividend income is recognized in the income statement on the date that the dividend is declared.

(o) 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'.

4. Amounts due from banks

	2004	2003
Due from central banks		
Current accounts	14,652	47,387
Compulsory minimum reserves	1,532,292	25,208
Term deposits	3,400,236	4,270,867
Loans and advances	26,802,613	25,845,068
	31,749,793	30,188,530
Due from other banks		
Current accounts	2,372,124	694,975
Term deposits	13,168,229	11,354,081
Loans and advances	1,182,160	835,160
Securities acquired in primary issues	3,067,700	510,861
	19,790,213	13,395,077
Impairment losses (note 6)	(40)	(302,334)
	19,790,173	13,092,743
	51,539,966	43,281,273

Amounts due from banks are categorized as follows:

	2004	2003
Standard	51,539,966	43,271,934
Doubtful	-	186,784
Loss	40	124,889
	51,540,006	43,583,607
Impairment losses	(40)	(302,334)
	51,539,966	43,281,273

5. Loans and advances to customers

	2004	2003
Standard and watch loans		
Private individuals	18,969,710	10,339,184
Corporate entities	35,598,581	40,990,654
Government and municipalities	30,695,243	7,285,904
	85,263,534	58,615,742
Non-standard, doubtful and loss loans		
Loans	4,312,372	5,437,030
Loans subject to sale agreement	-	3,099,960
	4,312,372	8,536,990
Impairment losses (note 6)		
Loans and securities acquired in primary issues	(4,827,081)	(4,741,728)
Loans subject to sale agreement	-	(2,603,910)
	(4,827,081)	(7,345,638)
	84,748,825	59,807,094

At 31 December 2004, loans provided to government and municipalities include short-term loans of SKK 10,850,000 thousand provided to the Ministry of Finance of the Slovak Republic, repayable on 3 January 2005 (2003: nil).

In accordance with an agreement on the restructuring of the Slovak railways exposures, in January 2004, all loans and advances totaling SKK 6.1 billion provided to Železnice Slovenskej Republiky (Railways of the Slovak Republic) and Železničná spoločnosť (Railways company) were assumed by the Ministry of Finance of the Slovak Republic and were transferred from balances with corporate entities to government and municipalities.

Loans subject to sale agreement

On 3 November 2003, the Bank entered into a portfolio transfer agreement with a third party.
In accordance with this agreement the Bank agreed to transfer a portfolio of non-performing loans with a nominal value of SKK 7 billion, of which SKK 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 with a carrying value equivalent to the price agreed. The resulting adjustments to the prior book value have been recorded in the income statement as a partial reversal of impairment losses previously established by the Bank on 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.

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

	2004	2003
Private individuals		
Overdrafts	1,741,268	354,332
Loans with agreed maturity	6,225,093	3,163,931
Mortgage loans	11,003,349	6,820,921
Non-standard, doubtful and loss loans	389,256	118,204
	19,358,966	10,457,388
Corporate entities		
Overdrafts	6,518,460	4,390,280
Loans with agreed maturity	27,552,980	36,455,328
Securities acquired in primary issues	1,395,675	-
Mortgage loans	131,466	145,046
Non-standard, doubtful and loss loans	3,922,885	5,317,624
Non-performing loans subject to sale agreement	-	3,099,960
	39,521,466	49,408,238
Government and municipalities		
Overdrafts	13,143	3,150
Loans with agreed maturity	17,528,583	804,814
Securities acquired in primary issues	13,153,517	6,477,940
Non-standard, doubtful and loss loans	231	1,202
	30,695,474	7,287,106
Impairment losses (note 6)		
Loans	(4,561,886)	(4,741,728)
Securities acquired in primary issues	(265,195)	-
Non-performing loans subject to sale agreement	-	(2,603,910)
	(4,827,081)	(7,345,638)
	84,748,825	59,807,094

Categorization of exposures is as follows:

	2004	2003
Private individuals		
Standard	18,636,946	10,168,310
Watch	332,764	170,874
Non-standard	118,638	41,582
Doubtful	168,507	46,848
Loss	102,111	29,774
	19,358,966	10,457,388
Corporate entities		
Standard	19,923,256	29,535,604
Watch	15,675,325	11,455,050
Non-standard	1,796,669	2,598,669
Doubtful	425,385	130,848
Loss	1,700,831	2,588,107
Non-performing loans subject to sale agreement	-	3,099,960
	39,521,466	49,408,238
Government and municipalities		
Standard	30,480,407	7,141,961
Watch	214,836	143,943
Loss	231	1,202
	30,695,474	7,287,106
Impairment losses (note 6)	(4,827,081)	(7,345,638)
	84,748,825	59,807,094

Industry analysis of gross exposures to corporate entities is as follows:

	2004	2003
Wholesale and retail trade	8,171,434	8,247,054
Chemistry and pharmacy	4,209,285	2,724,597
Construction	2,730,139	2,676,762
Food	2,567,519	4,478,352
Transport and telecommunication	2,272,840	7,410,976
Engineering	2,111,376	2,598,859
Electricity, water and gas production	2,042,915	4,659,295
Textile	1,528,463	1,003,367
Metallurgy	853,815	1,824,498
Paper and printing	823,177	1,564,361
Other	12,210,503	12,220,117
	39,521,466	49,408,238

6. Impairment losses

	At 1 January 2004	Net creation/ (reversal)	At 31 December 2004
Amounts due from banks (note 4)	302,334	(302,294)	40
Loans and advances to customers (note 5)	7,345,638	(2,518,557)	4,827,081
Debt securities (note 7)	46,981	1,458	48,439
Shares, mutual fund certificates and other equity investments (note 8)	27,561	(8,512)	19,049
Associates and joint ventures (note 9)	-	45,500	45,500
Subsidiaries (note 10)	812,449	(86,307)	726,142
Property and equipment (note 12)	596,510	17,298	613,808
Other assets (note 13)	65,282	(35,048)	30,234
	9,169,755	(2,886,462)	6,310,293

7. Debt securities

	2004	2003
Securities held for trading		
State bonds	521,712	2,039,324
Bank bonds	284,312	303,190
Corporate bonds	146,104	658,174
	952,128	3,000,688
Available-for-sale securities		
State bonds	-	534,832
Corporate bonds	-	525,781
	-	1,060,613
Held-to-maturity investments		
State restructuring bonds	57,078,597	57,302,543
State bonds	2,177,605	7,805,214
Bank bonds	2,265,470	2,555,631
Corporate and other bonds	420,782	866,213
	61,942,454	68,529,601
Impairment losses (note 6)	(48,439)	(46,981)
	61,894,015	68,482,620
	62,846,143	72,543,921

State restructuring bonds

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

In December 1999 and June 2000, the Slovak government re-capitalized the Bank by transferring the non-performing loans including principal and interest to Konsolidačná banka Bratislava ('KBB') with a gross value of SKK 58.6 billion, and Slovenská konsolidačná ('SKO') with a gross value of SKK 7.6 billion, which gave rise to the Bank's receivables from KBB and SKO in the total amount of SKK 66.2 billion. In January and March 2001, these receivables were swapped at par for state restructuring bonds with a total nominal value of SKK 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 2004, the Bank held in its portfolio the following state restructuring bonds:

(a) 5-year state bonds with a nominal value of SKK 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 SKK 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 SKK 11,044 million, due on 31 January 2011, bearing variable interest rate for 6M BRIBOR;
(d) 7-year state bonds with a nominal value of SKK 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 SKK 7,497 million, due on 29 March 2011, bearing variable interest rate of 6M BRIBOR.

8. Shares, mutual fund certificates and other equity investments

	2004	2003
Equity instruments held in available-for-sale portfolio	133,955	155,168
Impairment losses (note 6)	(19,049)	(27,561)
	114,906	127,607
Mutual fund certificates held in available-for-sale portfolio	96,516	150,790
	211,422	278,397

9. Associates and joint ventures

	Share	Cost 2004	Impairment losses 2004 (note 6)	Carrying amount 2004	Carrying amount 2003
VUB Generali D.S.S., a.s.	50.0 %	315,000	(45,500)	269,500	-
Slovak Banking Credit Bureau, s.r.o.	33.3 %	100	-	100	100
Burza cenných papierov Bratislava, a.s.	20.2 %	23,180	-	23,180	23,180
		338,280	(45,500)	292,780	23,280

In June 2004, the Bank and an insurance company Generali Poisťovňa, a.s., established a joint venture, VUB Generali D.S.S., a.s. Each venturer has a 50 % share in the joint venture.

The purpose of the joint venture is to sell pension savings schemes and administer the pension funds of the employees participating in the 'second pillar' of the new pension system introduced by the Slovak government in 2005.

10. Subsidiaries

At 31 December 2004, the Bank had the following subsidiaries:

	Share	Principal business activities
VUB Asset Management, správ. spol. a.s.	100 %	Asset management
VUB Factoring, a.s.	100 %	Factoring of receivables
VUB Leasingová, a.s.	100 %	Financial leasing
Recovery, a.s.	100 %	Financial leasing
Realitná spoločnosť VUB, spol. s r.o.	100 %	Real estate services

	Cost 2004	Impairment losses 2004 (note 6)	Carrying amount 2004	Carrying amount 2003
VUB Asset Management	85,000	(21,000)	64,000	50,000
VUB Factoring	498,142	(378,142)	120,000	87,166
VUB Leasingová	234,000	(207,000)	27,000	9,041
Recovery	110,000	(71,000)	39,000	19,458
Realitná spoločnosť VUB	83,000	(49,000)	34,000	30,820
Spoločnosť pre bankovú ochranu	-	-	-	38,995
Technický servis	-	-	-	6,778
	1,010,142	(726,142)	284,000	242,258

In January 2004, the Bank sold Technický servis for SKK 7 million.

In December 2004, the Bank sold Spoločnosť pre bankovú ochranu for SKK 42 million.

Since 1 January 2004, Realitná spoločnosť VUB has entered into liquidation. The intention of the Bank is to discontinue any direct transactions in the area of real estate and realize all the assets of the company. The Bank is of opinion that the net assets of the company as of 31 December 2004 of SKK 34 million represent the net realizable value. The liquidation is expected to be completed in 2005.

11. Intangible assets

	Software	Other intangible assets	Assets in progress	Advances	Total
Cost					
At 1 January 2004	2,593,986	221,426	415,132	76,771	3,307,315
Additions	2,261	33	407,793	28,176	438,263
Transfers	643,255	11,228	(654,483)	-	-
Disposals	(37)	-	(4,242)	(104,547)	(108,826)
At 31 December 2004	3,239,465	232,687	164,200	400	3,636,752
Amortization					
At 1 January 2004	(2,305,206)	(153,691)	-	-	(2,458,897)
Additions	(234,948)	(23,979)	-	-	(258,927)
Disposals	37	-	-	-	37
At 31 December 2004	(2,540,117)	(177,670)	-	-	(2,717,787)
Net book value					
At 31 December 2004	699,348	55,017	164,200	400	918,965
At 31 December 2003	288,780	67,735	415,132	76,771	848,418

12. Property and equipment

	Operational land and buildings	Equipment	Other tangible assets	Assets in progress	Advances	Total
Cost						
At 1 January 2004	6,087,064	3,826,869	822,968	397,960	1,526	11,136,387
Additions	2,830	2,092	2,106	1,093,232	5,149	1,105,409
Transfers	475,923	364,244	191,384	(1,031,551)	-	-
Disposals	(177,821)	(321,242)	(140,503)	(13,499)	(6,675)	(659,740)
At 31 December 2004	6,387,996	3,871,963	875,955	446,142	-	11,582,056
Depreciation						
At 1 January 2004	(1,194,756)	(3,259,852)	(516,239)	-	(1,500)	(4,972,347)
Additions	(198,341)	(323,222)	(72,849)	-	-	(594,412)
Disposals	61,666	315,887	95,983	-	1,500	475,036
At 31 December 2004	(1,331,431)	(3,267,187)	(493,105)	-	-	(5,091,723)
Impairment losses (note 6)						
At 1 January 2004	(581,480)	-	-	(15,030)	-	(596,510)
Net reversal/(creation)	12,764	-	-	(30,062)	-	(17,298)
At 31 December 2004	(568,716)	-	-	(45,092)	-	(613,808)
Net book value						
At 31 December 2004	4,487,849	604,776	382,850	401,050	-	5,876,525
At 31 December 2003	4,310,828	567,017	306,730	382,929	26	5,567,530

13. Other assets

	2004	2003
Positive fair value of derivative financial instruments	2,425,672	2,372,011
Deferred tax assets (note 27)	578,812	512,097
Long-term receivables from Prague branch	516,063	513,627
Term deposits in Prague branch	368,659	2,423,435
Dividends from VUB Wüstenrot	-	382,500
Receivables from the sale of VUB Wüstenrot	-	565,000
Subordinated loan	-	1,446,239
Other receivables from customers	194,585	231,612
Various debtors	147,744	130,839
Advances to various debtors	35,962	21,181
Inventories	24,437	37,835
Clearing accounts	100,185	155,884
	4,392,119	8,792,260
Impairment losses (note 6)	(30,234)	(65,282)
	4,361,885	8,726,978

Sale of VUB Wüstenrot
On 9 December 2003, the Bank signed an agreement on the sale of its 50 % share in Stavebná sporiteľňa VUB Wüstenrot, a.s. ('VUB Wüstenrot'), a bank engaged in the provision of housing loans. From this date the Bank lost joint management and operational control over VUB Wüstenrot.
The sales price for shares of SKK 565 million was fully paid on 26 February 2004. Net income from the sale of shares of SKK 300 million was, in 2003, reported in the income statement under 'Other operating income'.
On 11 December 2003, the shareholders of VUB Wüstenrot held an extraordinary shareholders' meeting and declared dividends totaling SKK 900 million, of which the Bank's share of 50 % was fully paid on 26 February 2004.

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 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 2004, the Bank had a potential credit exposure of SKK 2,425,672 thousand (2003: SKK 2,372,011 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 2004 and 2003 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.

The fair value and notional value of derivative financial instruments were:

Fair value	2004 Positive	2004 Negative	2003 Positive	2003 Negative
Interest rate instruments				
Swaps	1,239,431	(1,461,742)	375,653	(703,502)
Forward rate agreements	12,796	(3,653)	3,367	(3,868)
	1,252,227	(1,465,395)	379,020	(707,370)
Foreign currency instruments				
Cross currency swaps	400,472	(400,472)	288,008	(288,008)
Forwards and swaps	493,484	(826,609)	1,671,602	(1,277,039)
Options	279,489	(279,818)	33,381	(35,074)
	1,173,445	(1,506,899)	1,992,991	(1,600,121)
	2,425,672	(2,972,294)	2,372,011	(2,307,491)
Notional value	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments				
Swaps	63,363,727	63,363,714	68,831,877	68,831,877
Forward rate agreements	6,250,000	6,250,000	11,000,000	11,000,000
	69,613,727	69,613,714	79,831,877	79,831,877
Foreign currency instruments				
Cross currency swaps	4,809,286	4,809,286	4,950,060	4,950,060
Forwards and swaps	30,383,653	30,750,085	58,167,409	57,840,348
Options	17,868,928	17,868,928	25,387,751	25,387,751
	53,061,867	53,428,299	88,505,220	88,178,159
	122,675,594	123,042,013	168,337,097	168,010,036

14. Amounts due to banks

	2004	2003
Current accounts	6,279,937	1,410,752
Term deposits	10,087,016	10,334,217
Loans received	1,395,030	1,108,718
	17,761,983	12,853,687

15. Customer deposits

	2004	2003
Current accounts	41,048,559	39,561,422
Savings deposits payable on demand	1,923,653	2,145,099
Term deposits	64,760,480	65,000,685
Government and municipalities	46,907,474	25,134,943
Savings deposits with agreed maturity	10,903,187	12,508,079
Loans received	605,045	1,090,308
Certificates of deposits	773	963
Other	19,000	481
	166,168,171	145,441,980

16. Debt securities in issue

	2004	2003
Bonds	-	354,862
Promissory notes	733,955	967,535
Mortgage bonds	8,048,061	4,450,147
	8,782,016	5,772,544

17. Other liabilities

	2004	2003
Negative fair value of derivative financial instruments (note 13)	2,972,294	2,307,491
Current income tax liabilities	385,800	-
Other liabilities to customers	460,295	817,915
Long-term receivables from Prague branch	516,063	513,627
Term deposits in Prague branch	368,659	2,423,435
Employees	120,849	96,933
Social security bodies	41,764	37,057
Other operating payables	731,993	655,700
Clearing accounts	147,097	334,078
	5,744,814	7,186,236

18. Provisions

	At 1 January 2004	Net reversal	At 31 December 2004
Off balance sheet risks	1,290,585	(364,180)	926,405
Litigations	1,172,318	(46,128)	1,126,190
Severance	56,411	(30,799)	25,612
Returns of loans sold	30,000	(30,000)	-
	2,549,314	(471,107)	2,078,207

19. Share capital

	2004	2003
Authorized, issued and fully paid:		
89 shares of SKK 100,000,000 each, not traded	8,900,000	8,900,000
4,078,108 shares of SKK 1,000 each, publicly traded	4,078,108	4,078,108
	12,978,108	12,978,108

20. Off balance sheet items

Assets	2004	2003
Commitments and guarantees issued		
Commitments and undrawn credit facilities	22,317,004	16,478,567
Guarantees issued	8,958,580	3,692,878
	31,275,584	20,171,445
Spot transactions		
Interest rate contracts	462,103	1,239,604
Foreign currency contracts	323,816	743,534
	785,919	1,983,138
Forward transactions		
Interest rate contracts	69,613,727	79,831,877
Foreign currency contracts	35,192,939	63,117,469
	104,806,666	142,949,346
Foreign currency options	17,868,928	25,387,751
Receivables written-off	1,782,319	5,692,169
Custody	93,653	260,722
Contra accounts	86,467,676	79,961,671
	243,080,745	276,406,242

Liabilities	2004	2003
Guarantees and collaterals received		
Guarantees received	3,343,686	11,148,399
Collaterals received:		
Real estate	41,387,658	36,823,912
Cash	915,776	868,692
Securities	3,356,379	1,673,944
Other	6,380,840	12,464,405
Securities received in reverse repo transactions	26,782,161	25,832,824
	82,166,500	88,812,176
Spot transactions		
Interest rate contracts	462,103	1,239,604
Foreign currency contracts	323,865	743,748
	785,968	1,983,352
Forward transactions		
Interest rate contracts	69,613,714	79,831,877
Foreign currency contracts	35,563,832	62,790,408
	105,177,546	142,622,285
Foreign currency options	17,868,928	25,387,751
Custody	21,652,123	6,092,184
Contra accounts	15,429,680	11,508,494
	243,080,745	276,406,242

21. Net interest income

	2004	2003
Interest and similar income		
Amounts due from banks	1,577,473	1,520,779
Loans and advances to customers	4,063,893	3,907,782
Bonds, treasury bills and other securities	5,109,438	6,827,711
	10,750,804	12,256,272
Interest expense and similar charges		
Amounts due to banks	(448,380)	(642,607)
Customer deposits	(3,622,912)	(5,545,888)
Debt securities in issue	(345,186)	(304,172)
	(4,416,478)	(6,492,667)
	6,334,326	5,763,605
Withholding tax	-	(275,535)
	6,334,326	5,488,070

22. Net fee and commission income

	2004	2003
Fee and commission income		
Banks	258,629	266,884
Customers	2,345,687	1,898,726
	2,604,316	2,165,610
Fee and commission expense		
Banks	(464,119)	(344,116)
Customers	(17,742)	(18,922)
	(481,861)	(363,038)
	2,122,455	1,802,572

23. Net trading income

	2004	2003
Foreign currency derivatives and transactions	923,008	1,033,923
Cross currency swaps	-	(325,911)
Interest rate derivatives	(34,264)	(134,854)
Securities	150,919	(97,466)
	1,039,663	475,692

24. Other operating income

	2004	2003
Income from sale of fixed assets	216,420	87,172
Rent	48,974	42,981
Other operating income	124,647	164,164
Sale of VUB Wüstenrot (note 13)	-	300,000
	390,041	594,317

25. General administrative expenses

	2004	2003
Salaries and employee benefits		
Salaries	(1,681,758)	(1,565,201)
Social security costs	(418,759)	(394,197)
	(2,100,517)	(1,959,398)
Other administrative expenses		
IT systems maintenance	(329,619)	(302,122)
Post and telecom	(279,457)	(285,266)
Advertising and marketing	(255,963)	(233,521)
Professional services	(159,296)	(188,496)
Rent	(138,498)	(101,371)
Stationery	(115,487)	(143,055)
Energies	(105,373)	(101,733)
Repairs and maintenance	(87,184)	(77,246)
Training	(65,229)	(55,409)
Travel	(50,282)	(46,171)
Taxes except corporate income tax	(26,786)	(30,804)
Other administrative expenses	(369,871)	(396,753)
Other social cost	(100,461)	(98,182)
	(2,083,506)	(2,060,129)
	(4,184,023)	(4,019,527)

The total number of employees of the Bank at the end of 2004 was 3,935 (2003: 4,004).

The remuneration and other benefits to members of the Supervisory Board and the Board of Directors in 2004 were SKK 55,898 thousand (2003: SKK 72,221 thousand).

There were no loans outstanding provided to members of the Supervisory Board and the Board of Directors at 31 December 2004 and 2003.

26. Other operating expenses

	2004	2003
Contribution to the Deposit protection fund	(559,667)	(601,328)
VAT not claimed	(156,414)	(151,396)
Cost of fixed assets sold	(160,639)	(87,799)
Litigations and damages	(105,229)	(22,410)
Insurance cost	(22,248)	(23,463)
Other operating expenses	(65,653)	(50,413)
	(1,069,850)	(936,809)

27. Income tax benefit/(expense)

	2004	2003
Current tax expense	(318,300)	-
Deferred tax income	66,715	512,097
	(251,585)	512,097

Deferred tax assets originated from the following temporary differences:

	2004	2003
Loans and advances to customers	1,290,333	1,671,982
Securities		
Available-for-sale portfolio	19,688	32,816
Held-to-maturity investments	313,634	40,000
	333,322	72,816
Property and equipment	840,254	520,616
Provisions	582,468	429,831
Temporary differences	3,046,377	2,695,245
Deferred tax assets of 19 % (note 13)	578,812	512,097

28. 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 portion of the Bank's reserves for loan losses up to the adjusted value of equity. As at 31 December 2004 and 2003, the Bank's capital adequacy ratio on this basis exceeded the statutory minimum requirements.

29. 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 on the following page 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 2004 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 cash equivalents	2,089,897	-	-	-	-	-	2,089,897
Treasury bills	3,192,812	3,938,139	-	-	-	-	7,130,951
Amounts due from banks	46,367,977	255,420	354,356	3,062,213	1,500,000	-	51,539,966
Loans and advances to customers	14,819,046	4,958,497	12,785,992	22,705,243	26,378,902	3,101,145	84,748,825
Debt securities	1,222,756	286,998	583,357	40,658,453	20,056,892	37,687	62,846,143
Shares, mutual funds and other equity investments	-	-	-	-	-	211,422	211,422
Associates and joint ventures	-	-	-	-	-	292,780	292,780
Subsidiaries	-	-	-	-	-	284,000	284,000
Intangible assets	-	-	-	-	-	918,965	918,965
Property and equipment	-	-	-	-	-	5,876,525	5,876,525
Other assets	456,327	510,390	506,116	941,132	490,332	1,457,588	4,361,885
Prepayments and accrued income	-	-	-	-	-	135,103	135,103
	68,148,815	9,949,444	14,229,821	67,367,041	48,426,126	12,315,215	220,436,462
Liabilities and shareholders' equity							
Amounts due to banks	7,963,763	5,954,713	2,697,335	1,034,489	111,683	-	17,761,983
Customer deposits	150,065,839	10,036,390	5,706,872	358,991	79	-	166,168,171
Debt securities in issue	733,956	45,528	736,462	3,766,070	3,500,000	-	8,782,016
Other liabilities	1,930,911	518,613	637,309	1,124,845	465,359	1,067,777	5,744,814
Accruals and deferred income	-	-	-	-	-	21,994	21,994
Provisions	-	-	-	-	-	2,078,207	2,078,207
Share capital	-	-	-	-	-	12,978,108	12,978,108
Share premium	-	-	-	-	-	402,737	402,737
Reserves	-	-	-	-	-	2,231,183	2,231,183
Retained earnings	-	-	-	-	-	1,128,129	1,128,129
Net profit for the year	-	-	2,760,403	-	-	378,717	3,139,120
	160,694,469	16,555,244	12,538,381	6,284,395	4,077,121	20,286,852	220,436,462

30. 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 2004, the Bank's assets and liabilities were denominated in the following currencies:

	SKK	EUR	USD	CZK	Other	Total
Assets						
Cash and cash equivalents	1,432,571	345,624	75,905	113,877	121,920	2,089,897
Treasury bills	7,130,951	-	-	-	-	7,130,951
Amounts due from banks	46,244,065	3,097,287	695,895	914,122	588,597	51,539,966
Loans and advances to customers	69,482,181	9,567,182	1,512,732	4,179,881	6,849	84,748,825
Debt securities	60,302,333	2,287,945	196,984	-	58,881	62,846,143
Shares, mutual funds and other equity investments	182,816	2,497	-	26,109	-	211,422
Associates and joint ventures	292,780	-	-	-	-	292,780
Subsidiaries	284,000	-	-	-	-	284,000
Intangible assets	907,600	-	-	11,365	-	918,965
Property and equipment	5,866,243	-	-	10,282	-	5,876,525
Other assets	3,327,456	94,883	67,941	863,973	7,632	4,361,885
Prepayments and accrued income	132,144	976	-	1,983	-	135,103
	195,585,140	15,396,394	2,549,457	6,121,592	783,879	220,436,462
Liabilities and shareholders' equity						
Amounts due to banks	5,501,172	9,012,222	466,938	2,770,241	11,410	17,761,983
Customer deposits	149,204,810	10,163,568	3,806,580	2,250,476	742,737	166,168,171
Debt securities in issue	8,748,510	-	-	33,506	-	8,782,016
Other liabilities	5,112,869	305,727	159,067	148,599	18,552	5,744,814
Accruals and deferred income	14,797	2,641	6	4,016	534	21,994
Provisions	2,078,207	-	-	-	-	2,078,207
Share capital	12,978,108	-	-	-	-	12,978,108
Share premium	402,737	-	-	-	-	402,737
Reserves	2,231,183	-	-	-	-	2,231,183
Retained earnings	816,598	-	-	311,531	-	1,128,129
Net profit for the year	3,194,062	-	-	(54,942)	-	3,139,120
	190,283,053	19,484,158	4,432,591	5,463,427	773,233	220,436,462

31. 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 the extent to which it is exposed to interest rate risk.

The table below 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 re-price to a market rate of interest before maturity, the next re-pricing 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 re-pricing 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 2004 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 cash equivalents	6,328	-	-	-	-	2,083,569	2,089,897
Treasury bills	3,193,709	3,937,242	-	-	-	-	7,130,951
Amounts due from banks	43,596,977	238,656	30,061	2,286,201	1,500,000	3,888,071	51,539,966
Loans and advances to customers	45,319,413	1,857,614	3,307,802	10,341,595	13,520,686	10,401,715	84,748,825
Debt securities	23,566,756	12,528,323	785,532	24,416,540	1,511,304	37,688	62,846,143
Shares, mutual funds and other equity investments	-	-	-	-	-	211,422	211,422
Associates and joint ventures	-	-	-	-	-	292,780	292,780
Subsidiaries	-	-	-	-	-	284,000	284,000
Intangible assets	-	-	-	-	-	918,965	918,965
Property and equipment	-	-	-	-	-	5,876,525	5,876,525
Other assets	300,324	134,895	-	-	-	3,926,666	4,361,885
Prepayments and accrued income	-	-	-	-	-	135,103	135,103
	115,983,507	18,696,730	4,123,395	37,044,336	16,531,990	28,056,504	220,436,462
Liabilities and shareholders' equity							
Amounts due to banks	2,223,799	6,899,946	2,566,026	206,845	111,684	5,753,683	17,761,983
Customer deposits	81,951,656	10,036,390	5,231,871	358,991	79	68,589,184	166,168,171
Debt securities in issue	733,956	45,528	736,462	3,766,070	3,500,000	-	8,782,016
Other liabilities	233,781	134,878	-	-	-	5,376,155	5,744,814
Accruals and deferred income	-	-	-	-	-	21,994	21,994
Provisions	-	-	-	-	-	2,078,207	2,078,207
Share capital	-	-	-	-	-	12,978,108	12,978,108
Share premium	-	-	-	-	-	402,737	402,737
Reserves	-	-	-	-	-	2,231,183	2,231,183
Retained earnings	-	-	-	-	-	1,128,129	1,128,129
Net profit for the year	-	-	-	-	-	3,139,120	3,139,120
	85,143,192	17,116,742	8,534,359	4,331,906	3,611,763	101,698,500	220,436,462

32. Related parties

Related parties 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;
(b) associates - enterprises in which the Bank has significant influence and which are neither a subsidiary nor a joint venture;
(c) individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank, and anyone expected to influence, or be influenced by, that person in their dealings with the Bank;
(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, including directors and officers of the Bank 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 Bank and enterprises that have a member of key management in common with the Bank.

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.

	2004	2003
Loans and advances provided		
Subsidiaries	223,914	319,900
Private individuals	444	6,549
Other	89,226	1,557,353
	313,584	1,883,802
Loans and deposits received		
Subsidiaries	65,778	217,652
Associates	6,738	53,208
Private individuals	16,382	27,197
Other	17,018	343,998
	105,916	642,055
Securities		
Subsidiaries	34,961	728,119
Other	-	2,001,580
	34,961	2,729,699
Interest and similar income		
Subsidiaries	49,341	18,891
Interest expense and similar charges		
Subsidiaries	131	5,900
Associates	105	3,077
	236	8,977
Guarantees issued		
Associates	-	45,709

33. Profit distribution

On 14 April 2004 the general meeting of shareholders approved the following 2003 profit distribution:

Social fund contribution	50,000
Contribution to the legal reserve fund	451,880
Dividends	3,244,527
Retained earnings	772,389
	4,518,796

The Board of Directors will propose the following 2004 profit distribution:

Social fund contribution	35,000
Contribution to the legal reserve fund	313,912
Dividends	2,725,403
Retained earnings	64,805
	3,139,120

34. Events after the balance sheet date

There were no significant events noted that would require adjustment in the financial statements at 31 December 2004.
On 15 December 2004, the Bank signed a share purchase agreement with the shareholders of the following companies:
1. TatraCredit,
2. Quatro,
3. Q-car,
4. Slovenská požičovňa, and
5. Slovenské kreditné karty,

confirming thus its intention to acquire 100 % control over these companies, which are, as a group of closely interrelated business entities, engaged in the provision of short-term consumer finance loans and finance leases. The acquisition process is expected to be completed during the first quarter of 2005.

35. Approval of the financial statements

The financial statements were authorized for issue by the Board of Directors on 22 February 2005.

Tomas Spurny
Chairman of the Board of Directors

Domenico Cristarella
Member of the Board of Directors

Matej Augustín
Head of Financial Reporting
and Accounting Governance

Radomír Kašiar
Head of IFRS and Regulatory Reporting

Information on Securities Issued by the Bank

In 2004 VUB, a.s., issued 5 mortgage bond issues as follows:

VUB, a.s., Mortgage bonds X.

Name of Security:	VUB, a.s., Mortgage bond X.
ISIN:	SK4120004250 series 01
Type and form:	Bearer bond, book-entry
Total issue amount:	SKK 1,000,000,000
Number and nominal value:	1,000 pcs per SKK 1,000,000
Issue Date:	March 31, 2004
Maturity:	March 31, 2009
Coupon:	5.0 % p.a.
Coupon payment:	Annually

VUB, a.s., Mortgage bonds XI.

Name of Security:	VUB, a.s., Mortgage bond XI.
ISIN:	SK4120004391 series 01
Type and form:	Bearer bond, book-entry
Total issue amount:	SKK 500,000,000
Number and nominal value:	500 pcs per SKK 1,000,000
Issue Date:	August 25, 2004
Maturity:	August 25, 2010
Coupon:	4.4 % p.a.
Coupon payment:	Annually

VUB, a.s., Mortgage bonds XII.

Name of Security:	VUB, a.s., Mortgage bond XII.
ISIN:	SK4120004268 series 01
Type and form:	Bearer bond, book-entry
Total issue amount:	SKK 1,000,000,000
Number and nominal value:	10,000 pcs per SKK 100,000
Issue Date:	May 25, 2004
Maturity:	May 25, 2009
Coupon:	5.1 % p.a.
Coupon payment:	Annually

VUB, a.s., Mortgage bonds XIII.

Name of Security:	VUB, a.s., Mortgage bond XIII.
ISIN:	SK4120004409 series 01
Type and form:	Bearer bond, book-entry
Total issue amount:	SKK 1,000,000,000
Number and nominal value:	1,000 pcs per SKK 1,000,000
Issue Date:	September 29, 2004
Maturity:	September 29, 2010
Coupon:	4.5 % p.a.
Coupon payment:	Annually

VUB, a.s., Mortgage bonds XIV.

Name of Security:	VUB, a.s., Mortgage bond XIV.
ISIN:	SK4120004458 series 01
Type and form:	Bearer bond, book-entry
Total issue amount:	SKK 1,000,000,000
Number and nominal value:	100,000 pcs per SKK 10,000
Issue Date:	December 13, 2004
Maturity:	December 13, 2007
Coupon:	4.0 % p.a.
Coupon payment:	Annually

Review of Economic and Financial Position of VUB

As a result of successfully completed restructuring process and transformation progress, the Bank has achieved favourable performance in 2004. Last year, VUB focused particularly on growth of loan portfolio and further increase of efficiency, which resulted in an increase of operating income by 14 % and decrease of operating expenses by 8 %. The IFRS consolidated operating profit for the year ending December 31, 2004 grew by 82 % compared to the previous year.

The total consolidated assets of the Bank increased by 14 % in 2004. Although securities still make up a majority of our total assets, receivables due from customers increased by SKK 6.4 bn year-on-year and their ratio to total assets according to IFRS reached 28 %. Indeed, one of the last-year priorities of the Bank was to strengthen its position and market share in the loan market, in particular among citizens, sole traders as well as small and medium-sized enterprises. In order to penetrate the loan market among a greater number of customers a group of companies granting loans to individuals – TatraCredit, Quatro, Q-car, Slovenská požičovňa and Slovenské kreditné karty – has been acquired. A new subsidiary – Consumer Finance Holding – has been established, which should manage and consolidate the group from the financial point of view. It is expected that the acquisition of the group should be closed by the end of May, 2005.

Along with making efforts to offer financial services to a wider spectrum of customers, the Bank still focuses attention on the quality of its loan portfolio. Decreasing ratio of non-performing loans, out of the total loan portfolio, from 8.3 % in 2003 (including sale of non-performing portfolio agreed at the end of 2003, however, completed in February 2004) to 4.8 % in 2004 can support the fact.

Information about Expected Economic and Financial Situation for the Next Year

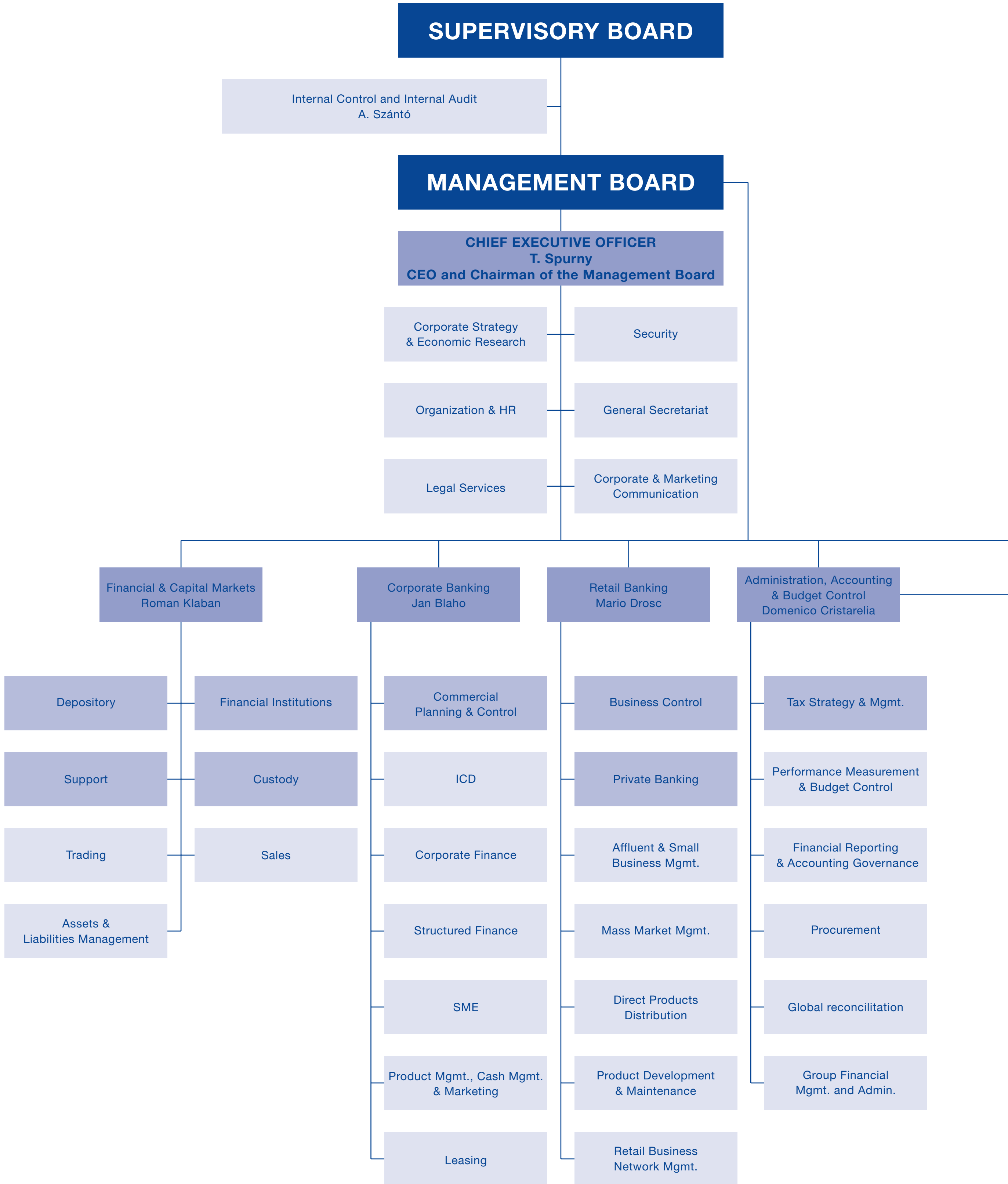
In 2005, the Bank intends to build upon the successful achievements of the past three years and accelerate its growth strategy while retaining a firm control over the cost base. The key strategic priorities are:

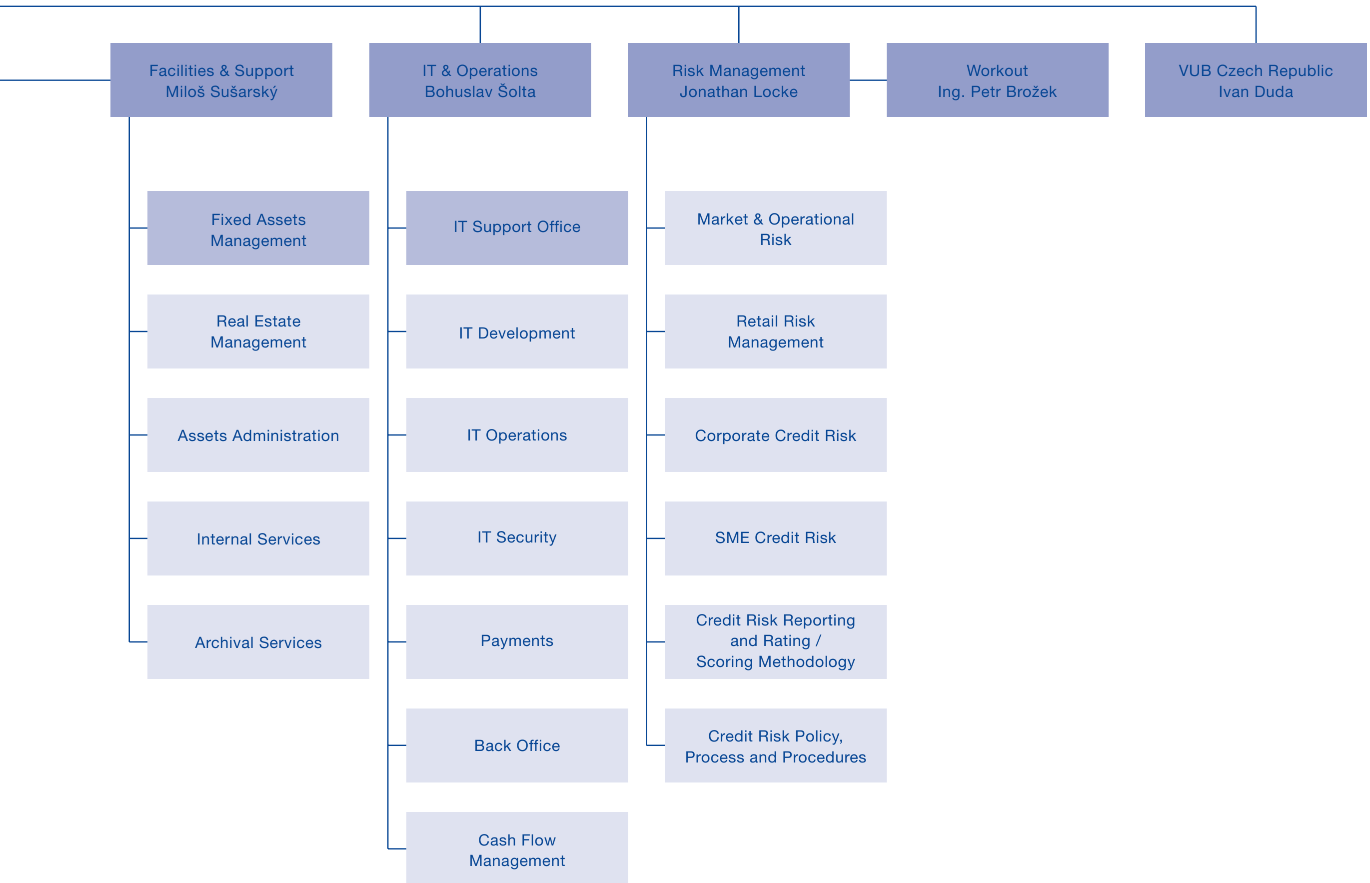
- Stimulation of core revenue growth through dynamic development of interest bearing assets in retail, small business and SME segments;
- Strengthening revenue from payment flows in both domestic and FX categories across client segments;
- Further investments into risk management capacities to support dynamic core revenue growth;
- Continuous strong efforts to contain operating expenditure growth through centralization of support functions and automation of processes

Through this strategic plan, the management targets 15 % growth in operating income. Dynamic expansion of interest-bearing assets is projected to deliver the bulk of income growth, followed by improved fee and commission income. Operating expenses should go up by less than 7 % mainly due to the rise of personnel expenses needed to enhance sales staff number and their motivation.

On these projections, the Bank plans both operating and net profit to increase 15 % over 2004, to SKK 4.4 billion and SKK 3.7 billion, respectively.

Organization Chart of VUB




Facilities & Support
Miloš Sušarský
IT & Operations
Bohuslav Šolta
Risk Management
Jonathan Locke
Workout
Ing. Petr Brožek
VUB Czech Republic
Ivan Duda
Fixed Assets Management
Real Estate Management
Assets Administration
Internal Services
Archival Services
IT Support Office
IT Development
IT Operations
IT Security
Payments
Back Office
Cash Flow Management
Market & Operational Risk
Retail Risk Management
Corporate Credit Risk
SME Credit Risk
Credit Risk Reporting and Rating / Scoring Methodology
Credit Risk Policy, Process and Procedures

List of VUB Branches

I. Retail business network of VUB, 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	02/59 55 71 65	59 55 81 38
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	02/63 83 71 60	63 83 70 97
	Špitálska 10	811 01	02/52 92 30 16	52 96 54 22
	Rovniankova 3/A	851 02	02/63 82 16 27	63 82 16 08
	Vlastenecké námestie 6	851 01	02/62 24 80 40	62 24 81 38
	Kamenné námestie 1 – TESCO	811 08	02/52 96 23 03	52 96 23 03
	Štefanovičova 14	811 04	02/52 49 18 16	25 49 18 19
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 31	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 20	54 43 44 19
	Einsteinova 18 – AUPARK	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	02/65 96 80 06	
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	02/50 55 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	02/45 92 61 67	45 92 42 48
SP Soravia	Cesta na Senec 2/A	821 04	02/44 45 48 39	
Light retail branches				
Bratislava	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 79	647 55 35
Pezinok	Myslenická 2/B - TESCO	902 01	033/642 32 15	642 32 10
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 99 87
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 43 29
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 131	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	Hviezdoslavova 19	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 77	019 01	042/446 58 01	446 59 02
Nová Dubnica	Mierové námestie 29/34	018 51	042/443 40 09	443 40 32
Handlová	SNP 1	972 51	046/547 68 62	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
Nové Mesto nad Váhom	Trenčianska 2492/68 – TESCO	915 01	032/771 41 15	771 41 15
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 22 62	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
	Pribinova 2	955 01	038/536 47 80	532 69 00
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	Levická 1288/16	952 01	037/783 38 36	783 30 23
Želiezovce	Komenského 8	937 01	036/771 13 32	771 10 88

Light retail branches

Nitra - Plastika	Novozámocká 216	949 01	087/741 14 28	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

Regional retail business network Žilina

Full retail branches

Žilina	Na bráne 1	010 43	041/724 61 26	724 71 36
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	M. R. Štefánika 2	036 53	043/ 413 29 47	413 18 91
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	R. Jašíka 20	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	047/469 54 00	433 15 01
Rimavská Sobota	Francisciho 1	979 13	047/575 53 03	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	048/450 39 06	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	048/611 28 29	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	052/772 37 74	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	051/735 64 11	735 63 62
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
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 60 83
	Strojárenská 11	042 31	055/6818 111	681 83 64
	Hlavná 8	042 31	055/681 81 11	622 62 03
	Letná 40	042 31	055/623 32 12	625 99 79
Michalovce	Námestie slobody 3	071 80	056/644 10 76-7	643 29 22
Trebišov	M.R. Štefánika 3197/32	075 17	056/672 23 41-3	672 68 13
Retail branches				
Košice	Bukovecká 18	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

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
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
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
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
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
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
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,		
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

Subsidiaries with VUB Majority Stake

VUB Asset Management, Správ. spol., a.s.

Registered seat:	Mlynské nivy 1, 820 04 Bratislava
Shareholders:	VUB, a.s.
VUB's stake in registered capital:	100 %
Main business activity:	Collective investments, Wealth management
Tel:	+421 2 5055 2292
Fax:	+421 2 5441 0583
General Manager:	Ing. RNDr. Marián Matušovič, PhD.

VUB Leasingová, a.s.

Registered seat:	Mlynské nivy 1, 829 90 Bratislava
Shareholders:	VUB, a.s.
VUB's stake in registered capital:	100 %
Main business activity:	Financial and Operation Leasing
Tel:	+421 2 5055 2799
Fax:	+421 2 5441 0598
General Manager:	Livio Mannoni

VUB Factoring, a.s.

Registered seat:	Mlynské nivy 1, 829 90 Bratislava
Shareholders:	VUB, a.s.
VUB's stake in registered capital:	100 %
Main business activity:	Factoring and Forfaiting
Tel:	+421 2 5055 2858
Fax:	+421 2 5556 5551
General Manager:	Mgr. Miroslav Bernát

Recovery, a.s. (Leasreal)

Registered seat:	Mlynské nivy 1, 829 90 Bratislava
Shareholders:	VUB, a.s.
VUB's stake in registered capital:	100 %
Main business activity:	Recovery and invoice discounting
Tel:	+421 2 5055 2468
Fax:	+421 2 5556 6644
General Manager:	Ing. Peter Brožek

Realitná spoločnosť VUB, s.r.o. (in liquidation since January 1, 2004)

Registered seat:	Záhradnícka 27, 711 07 Bratislava
Shareholders:	VUB, a.s.
VUB's stake in registered capital:	100 %
Main business activity:	Out of Business
Tel:	+421 2 5055 2402
Fax:	+421 2 5441 0598
Liquidator:	Mgr. Andrea Trégerová

VUB Generali, Dôchodková správcovská spoločnosť, a.s.

Registered seat:	Mlynské nivy 1, 829 90 Bratislava
Shareholders:	VUB, a.s. a Generali Poisťovňa, a.s.
VUB's stake in registered capital:	50 %
Main business activity:	Establishment and administration of Pension funds for performance of Old Age Pension Savings Scheme
Tel:	+421 2 5933 2270
Fax:	+421 2 5933 2300
General Manager:	Roman Juráš

Structure of VUB Shareholders
as at 31 December 2004

Structure by Owner Type	Number of Shares	% Share
Intesa Holding International S.A. – majority shareholder	12,523,169	96.494 566
Other legal entities	155,762	1.200 190
Individuals	299,177	2.305 244
Total	12,978,108	100.000 000

Structure by nationality	Number of Shares	% Share
Intesa Holding International S.A. – majority shareholder	12,523,169	96.494 566
Domestic shareholders	389,522	3.001 377
Other foreign shareholders	65,417	0.504 057
Total	12,978,108	100.000 000

There were 48 706 shareholders as at December 31, 2004. Foreign VUB shareholders come from 10 countries as follows: Luxemburg, the Nederlands, Austria, Germany, Switzerland, the Czech Republic, Rumania, U.S.A., Poland, Cyprus.

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 VUB 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 VUB Management Board and Head of Corporate Banking Division
Mr. Jan Blaho was elected to the VUB 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 VUB Management Board and Manager of Prague Branch (till September 1, 2004)
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 VUB 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 VUB Management Board and Head of Retail Banking Division
Before joining VUB, 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 VUB Management Board and Head of Financial and Capital Markets Division
Mr. Klaban joined VUB 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 VUB Management Board and Head of Risk Management Division
Mr. Locke was appointed member of the VUB 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 VUB, a.s. and to take decisions over any matters related to VUB, which, under the legal regulations or Articles of Association have not been reserved for authority of other VUB 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 VUB, 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

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 (till November 2004)
• Participations Department, supervision of subsidiaries in Eastern Europe, Head Office Banca Intesa, Italy

Giovanni Bussu
Member of Supervisory Board (since November 2004)
• Head of Credit for Foreign Branches, Financial Institutions and Subsidiaries (from June 1, 2004)

RNDr. Pavel Kárász CSc.
Member of Supervisory Board
• Employees Representative

Ján Mikušinec
Member of Supervisory Board
• Emlpoyees Representative

Ing. Milan Sedláček
Member of Supervisory Board
• Emlpoyees Representative

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 VUB 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 VUB, important transfers of the VUB 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 VUB, a.s.;
c) any substantial change in the nature of VUB 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 VUB 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 VUB Management Board held 38 meetings (thereof 33 regular and 5 extraordinary). The VUB 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 VUB Management Board or holds any other top managerial position in the Bank. Save for members of Supervisory Board elected by the VUB employees, a Supervisory Board member may not be an employee of VUB.

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 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

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.

E. Company's Approach to Shareholders

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