

Annual Report 2004



## Uniqueness

Whoever may look into a problem from any point of view mostly sees several solutions. The ability to always see the optimum is what makes our solutions unique.

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### Credibility

Take our credibility for granted since we are aware that it is the most precious asset we have.

## 01 Opinion of the Supervisory Board

Dear Shareholders,

for UniBanka, a. s. the year 2004 was a year of further strengthening of its position on the Slovak banking market. In accordance with the strategy, at the forefront of the bank's efforts was the endeavour to improve its performance, efficiency and profitability while providing its customers with a comprehensive high quality service, reliability and promptness. With an individual approach to customers and the offer of several specific "tailored" products, the bank tried not only to retain the confidence of its customers, but also to address the general public and so win new stable clientele. Besides this effort the bank remembers its shareholders, as the protection of their interests and assets is its paramount objective.

As of 31 December 2004 the bank had a share capital of SKK 2,377,062,040 comprising 12,848,984 shares with a nominal value of SKK 185 per share. The share capital remained stable on a year to year basis.

In 2004 the Supervisory Board actively oversaw the implementation of the bank strategy and supervised its commercial activities, and its adherence to respective legislative standards and regulations. It was constantly informed about the results of the bank at its meetings. The Supervisory Board has duly carried out its duties fully

in accordance with the law, the Memorandum of Association and the internal regulations of the bank. In carrying out its duties, the Supervisory Board requested and received the full co-operation of the Internal Control and Audit Division.

Based on its activities, the Supervisory Board affirms that the accounts and other records of UniBanka, a.s. are maintained in compliance with the law, the Memorandum of Association and the internal regulations of the bank. The Supervisory Board is of the opinion that the Bank's financial statements for 2004 fairly present the financial position and results of the bank, which is fully confirmed by the opinion of the external auditor KPMG.

The Supervisory Board states that based on the regular financial statements for 2004 the Bank generated a net profit of SKK 376,032,058 as per Slovak Accounting Standards (SKK 365,121,000 as per International financial reporting).

The Supervisory Board agrees with the proposal for distribution of net profit for 2004 made by the Board of Directors comprising SKK 376,032,058 and recommended that it be approved.



**Ing. Jiří Kunert**  
Chairman of the  
Supervisory Board





**Partnership**

We know that true partnership is not easy to establish. Our relations are built not only on figures and contracts. In the first place, you are a true partner of ours whom we approach individually.

**02** Supervisory Board, Board of Directors and management

**Composition of the Board of Directors from 1 January 2004 to 31 December 2004:**

**Chairman:**  
Jozef Barta

**Deputy Chairman:**  
Andrea Casini

**Members:**  
Doc. Ing. Anna Pilková, CSc.  
Ing. Igor Helekal (until 16 January 2004)

**Composition of the Supervisory Board from 1 January 2004 to 31 December 2004:**

**Chairman:**  
Ing. Jiří Kunert (from 13 May 2004)  
Carmine Ferraro (until 13 May 2004)

**Deputy Chairman:**  
Carmine Ferraro (from 13 May 2004)

**Members:**  
Maria Luisa Cicognani  
Giuseppe Vovk  
Franjo Luković  
Massimiliano Moi  
Marcello Arlotto (from 15 April 2004)  
Ingrid Slimáková (from 29 July 2004)  
Vojtech Mráz (from 13 January 2004)  
Viera Vaská (from 13 January 2004)  
Zuzana Šťastná (from 6 September 2004)  
Miloslav Nechojdoma (from 6 September 2004)

**Members of the Supervisory Board in 2004 included:**

Franco Benincasa (until 13 May 2004)  
Miroslav Grznár (until 11 June 2004)  
Zita Hollá (until 11 June 2004)  
Peter Serenčes (until 29 July 2004)



**Jozef Barta**  
General Director



**Andrea Casini**  
1<sup>st</sup> Deputy General Director



**Doc. Ing. Anna Pilková, CSc.**  
Deputy General Director

The management of UniBanka, a. s., worked under the following structure as of 31. 12. 2004:

General Director	Jozef Barta
Mortgage administrator	Ing. Soňa Vágnerová
Internal Control and Audit Division	Stefano Cotini (Ing. Milan Kučo until 31 March 2004)
Bank Secretariat	PhDr. Rudolf Hanuljak
Communications Division	Mgr. Katarína Ševčíková
Information Systems and Technology Division	Ing. Ľuboš Kováčik (Ing. Ladislav Holubanský until 31 August 2004)
Treasury Division	Ing. Martin Macko
Legal Division	Mgr. Vladimír Nagy
Workout Branch	Ing. Vojtech Mráz
Organisation Division	Mgr. Daša Gogaľová from 1 November 2004
Direct Channel Management Department	Ing. Ľuboš Kováčik (transformed from 15 April 2005 to the Direct Channels Management Division, and abolished on 30 October 2004)

1st Deputy General Director	Andrea Casini
Retail Banking Division	Andrea Pražáková (Ing. Anna Huščavová, CSc., until 30 September 2004)
Corporate Banking Division	Ing. Miroslav Štokendl
Structured Finance Division	PhDr. Ivica Bachledová, MBA
Mortgage Banking Department	Ing. Danica Hlavatá
Human Resource Management Division	Dr. Stefano Mantovani
Banking Operations and Services Division	Ing. Eduard Rehuš
Deputy General Director	Doc. Ing. Anna Pilková, CSc.
Credit Division	Dr. Giorgio Catena
Risk Management Department	Ing. Peter Bulla until 15 July 2004
Monitoring Department	Ing. Anna Kováčová
Accounting Division	Ing. Viera Durajová
Planning and Controlling Division	Ing. Jaroslav Šinák
Logistics Division	Ing. Anna Habánová





### Communication

Only the one who listens can understand.  
In a dialogue with you we make headway.  
This way we jointly achieve the highest goals.

## 03 Foreword of the Chairman of the Board of Directors and General Director

Dear shareholders, partners and colleagues,

yet another year has gone by that we can readily refer to as a successful one.

The year 2004 was exceptional primarily in terms of fact that Slovakia entered the European Union. This fact influenced also our own operations in a fundamental manner.

Just as the Slovak economy saw positive development, the bank also achieved positive results in all key indicators. For example, client deposits increased by 33.2 % to SKK 38 billion, chiefly thanks to large clients. We recorded growth also in all the other segments. The overall balance of the bank increased by 26.72 % to exceed the level of SKK 49 billion.

The bank was once more active in innovating its product portfolio. For corporate clients we introduced products such as Automatic Overnight Konto and Cash pooling. We also took part in the co-financing of projects from pre-entry funds and then structural funds of the EU.

We continued to successfully issue the structured deposit product UniVklad, for which total sales in 2004 came to SKK 375 million. Success was also recorded in sales of Pioneer unit trusts, the total volume of which at the end of the year represented more than SKK 1.3 billion.

In the past year we focused also on further development of electronic banking services. By expanding the range of services provided in this area, the number of clients using these channels increased. We also became the first bank in Slovakia to make it possible for clients to change their card PIN code using an ATM.

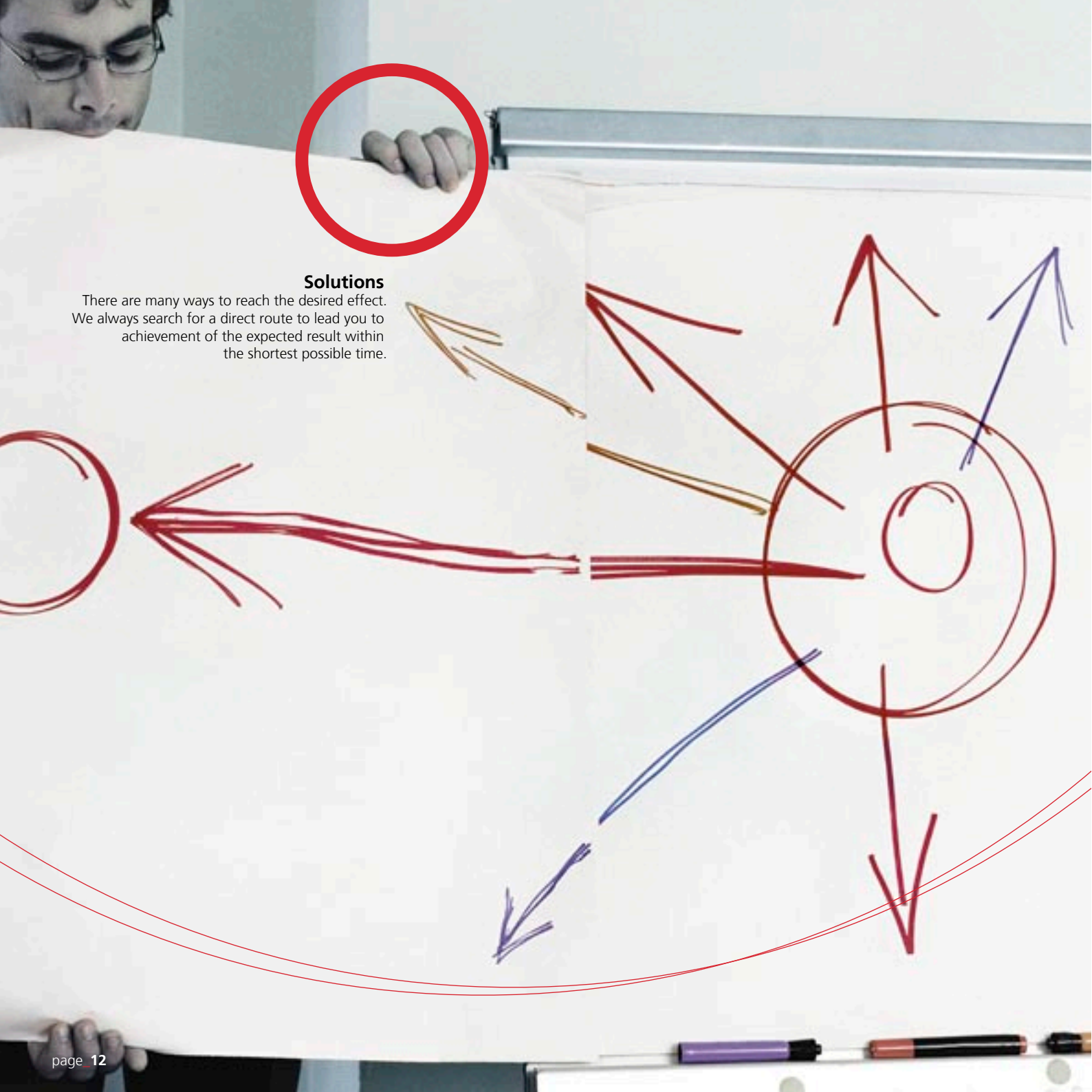
Another major step for the bank in 2004 was its involvement in the 2nd pillar of the pension reform, which was made possible thanks to the strategic partnership concluded with AEGON, d.s.s., a.s. UniBanka acts in this relationship as the depository of the pension management company and also as a distributor for AEGON, d.s.s., a.s. after 130 employees of UniBanka working directly in our branch network acquired the necessary license to mediate pension savings.

All of the activities reflected also in the most important indicator, i.e. net profit. In the past year the bank generated a net profit of SKK 376 million, which represents a growth of SKK 96 million over the preceding year, i.e. a hike of 34 %.

Dear shareholders,

these results give me justified grounds to state that the strategy we opted for last year was the right one. I am confident that in 2005 we will continue to meet the demanding goals that lie ahead of us.

Jozef Barta  
Chairman of the Board of Directors  
and General Director



### Solutions

There are many ways to reach the desired effect. We always search for a direct route to lead you to achievement of the expected result within the shortest possible time.

## 04 Report on Business Operations of Company and Assets in 2004

### 4.1 Economic and Competitive Environment in the SR

The year 2004 was witness to several key events. In January the tax reform was put into practice, with work on further reforms continuing in subsequent months, with various successes. In May the Slovak Republic completed the integration process and so became a fully-fledged member of the EU. In connection with application of the tax reform, great attention was focused above all on the development of public finance. It was shown that the estimate impacts of the reform had been rather conservative and the national budget ended the year with a deficit SKK 8 billion lower than originally planned. Last year the public finance deficit achieved 3.3 percent of GDP and the hard and fast target – Maastricht criterion fulfillment (3 percent of GDP) – seems unthreatened in 2007.

The year-on-year growth in the gross domestic product accelerated above the level of 5 %, although a change was observed primarily in the structure of growth – from foreign to domestic demand. The establishment of an attractive environment for foreign capital has contributed to the growth in the production of gross fixed capital. The growth of real wages has helped revive household consumption. On the other hand, increased investment activity with greater demands for investment imports has led to a worsening of the external balance and a negative contribution of net export to GDP growth. The current account deficit increased from 0.9 % in 2003 to approximately 3.5 % in 2004.

In 2004 the liberation of regulated prices continued, with consumer inflation still mirroring past changes to indirect taxes. A major drop did not come until the end of the year, mostly due to the prices of foodstuff brought down by competition. Average inflation therefore dropped in 2004 by one percent to 7.5 %.

A positive economical fundament together with the inflow of foreign capital boosted the Slovak Crown to reach new all-time highs, thereby forcing direct interventions of the National Bank (of EUR 1.8 billion). The development of the SKK exchange rate has also been the main reason for the cutting of basic interest rates, by 200 b.b. in total. The SKK exchange rate against the reference Euro nonetheless experienced nominal reinforcement of 5.4 %, when it reached the level of SKK/EUR 38.8 at the end of 2004.

Development in the banking sector in the course of 2004 can be characterised by a further drop in margins, considerable growth of the private loan market (especially mortgage loans and consumer credits), continuation of the replacement of conventional deposit products with



4.1 Economic and Competitive Environment in the SR

shares funds, the inclination of companies to finance through foreign-exchange loans and sharp increase in deposits of non-banking financial institutions. Total assets of the banking sector increased by 16.9 % to reach SKK 1,163 billion. The quality of the assets improved once again, when the share of classified loans fell year-on-year by 2.0 p.b. to 6.8 % in December 2004. The profit of the banking sector increased as well, up 15.3 % year-on-year to SKK 12.9 billion.

A high concentration has continued to dominate on the banking market. The market share of the three largest players in loans has risen slightly in the past year from 50.1 % to 52.3 %, and although deposits recorded a decline of 1.8 p.b., it still remains on the level above 60 percent (62.5 %).

In 2005 we project strong economic growth, which should positively affect also the increase of the banking sector. It is anticipated that the constant trend of the strengthening SKK currency will (especially with enterprises) accelerate the transfer of loans from domestic to foreign currency. Regarding the general public, we anticipate constant interest in finance mostly through mortgage loans and consumer credits, accompanied by the ongoing transfer of portions of savings from conventional deposits to shares funds. Even in 2005 the prevailing pressure on interest margins should accompany the growth of non-interest revenues and put pressure on decreasing operating costs in banks.

**Fig. 1:**  
The gross domestic product growth (real, %)  
Source: Statistical Office, UniBanka

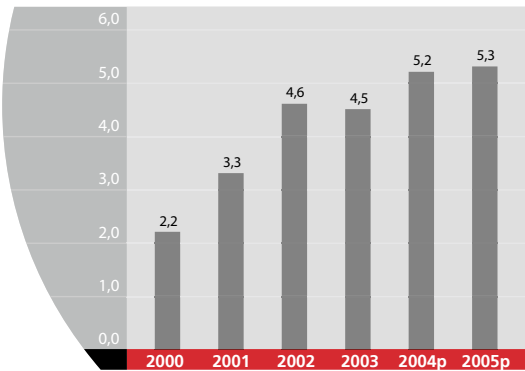


Fig. 1

**Fig. 2:**  
Increase in consumer prices (average, %)  
Source: Statistical Office, UniBanka

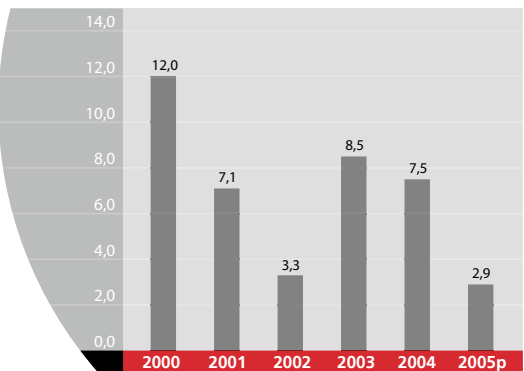


Fig. 2

**Fig. 3:**  
Increase of bank loans and deposits (%)  
Source: NBS, UniBanka

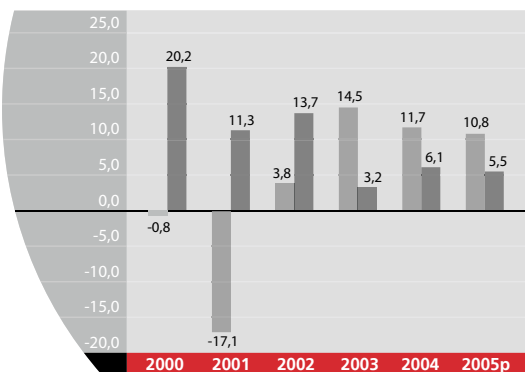


Fig. 3

**Fig. 4:**  
Mean interest rates of SKK deposits and loans (%)  
Source: NBS, UniBanka



Fig. 4

4.2 Selected Financial Indicators in 2004

In 2004 the bank continually carried on from the results of the previous year and continued further in its growth trend, in increasing sales activities, in broadening the network of workplaces and the innovation of products, including new customer services. It has reacted to the changing needs of its clientele, modernised the product line, simplified procedures and modelled also its offer directly for particular customers, the customer segment or a professional group of customers. Owing to this, the bank has also managed to maintain the competitive advantage of flexible and operative change, which has manifested itself in a growth in the balance sheet value and in a year-on-year rise in profit. The balance sheet value in 2004 reached the volume of SKK 49,058,058,000, which is a rise of 26.72 % over the previous year, i.e. up SKK 10,345,798,000 in absolute terms.

finance medium and large sized companies, naturally linked to providing highly sophisticated products and services. The year 2004 was the first year in which the results of the strategic aim of an increased orientation toward small and medium-sized entrepreneurs and individuals have become more evident. The share of mortgage, consumer and card credits has increased from 6.5 % in 2003 to 12.6 % in 2004.

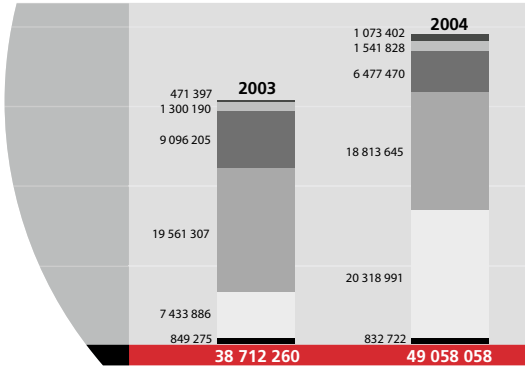
By entering the European Union, the share of foreign-exchange loans has increased again to almost 25 % of the total volume of provided loans.

It continued to devote a large amount of attention to the quality of the loan portfolio by maintaining high quality loan processes and also by the active administration of the portfolio of classified loans. The volume of the year-on-year drop in classified loans in 2004 over the previous year by SKK 346,023,000 has also documented this.

The responsible monetary and fiscal policy of the NBS and the government in 2004 has reflected in reduced demand for financing government expenditure and at the same time in a considerable drop in interest rates of newly issued government securities. The absence of other quality securities with acceptable risk and adequate yield has led to a decrease in securities in the portfolio of UniBanka by SKK 2,618,735,000. The portfolio is represented by securities with a prevailing share of “securities held to maturity” (66.37 %) and “portfolio of securities available for sale” with a share of 33.53 %. The share of government bonds in the overall portfolio of the bank has fallen from 46.2 % to 20.1 %.

The obligations of the bank have seen extraordinary dynamic development in 2004. The greatest increase, up 33.2 % over 2003, comprised customer deposits, especially owing to the acquisition of new large customers as early as January 2004. With regard to customer segmentation, in 2004 deposits increased in all monitored segments.

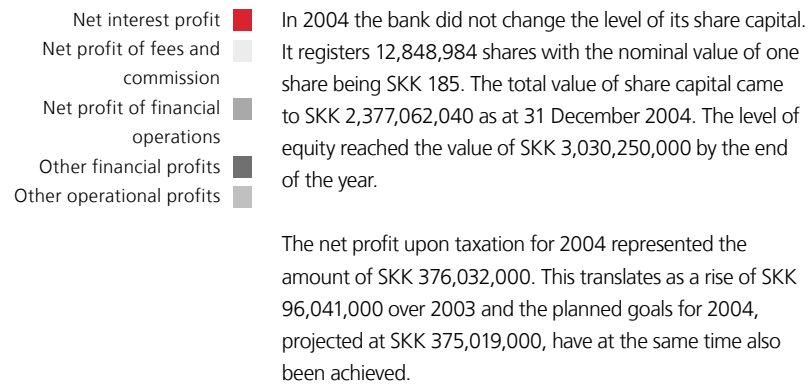
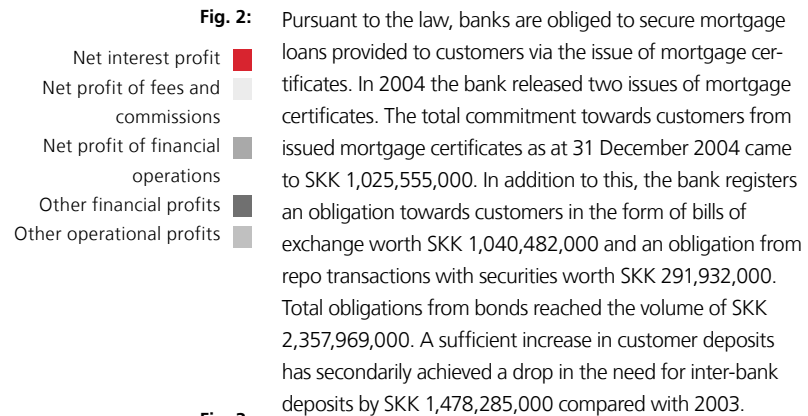
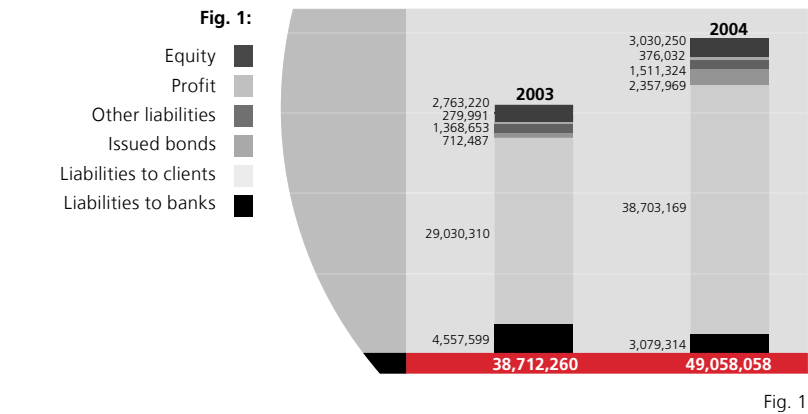
**Fig. 1:**  
Other assets  
Tangible and intangible assets  
Securities  
Loans provided to clients  
Loans and deposits in other banks  
Funds and deposits in the NBS



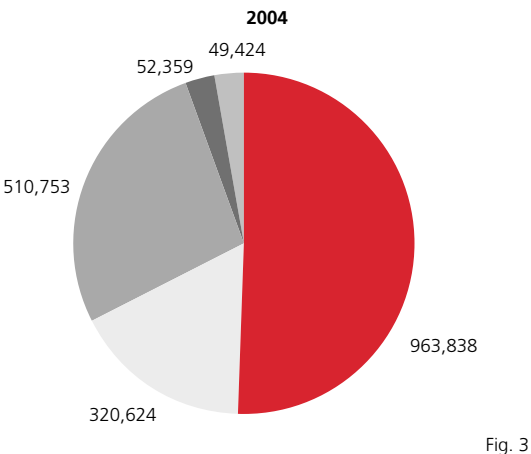
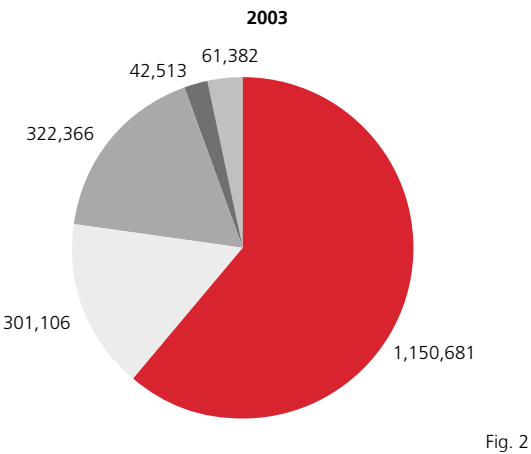
A significant change occurred in the structure of assets. Owing to a major increase in customer liabilities, in 2004 the bank disposed of a considerably higher volume of resources. In compliance with its own investment and credit policy, it has consistently considered the profitability and potential risks of credit transactions (and in the course of the year rather preferred activities on the money market. The year-on-year growth of interbank transactions represented SKK 12,885,105,000, i.e. an increase of 273.33 %. In the area of loans, the bank has continued to



4.2\_Selected Financial Indicators in 2004



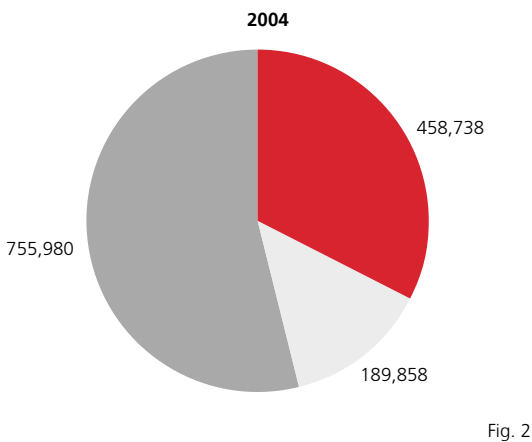
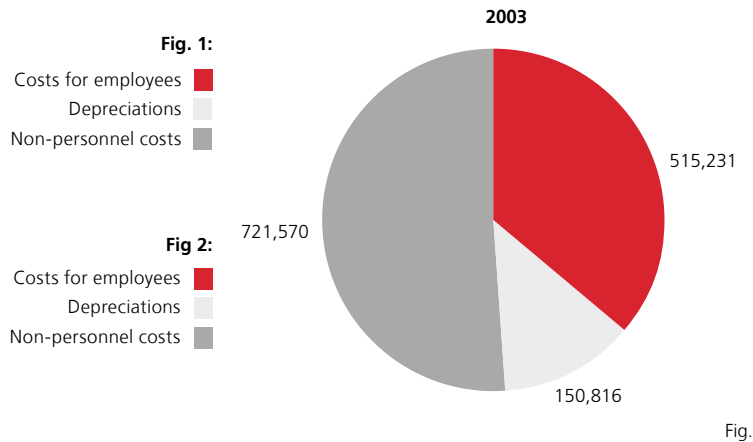
The production of economic results in 2004 has been considerably affected by development of the macroeconomic results of the national budget and the fundamental change in the development of interest rates on the inter-bank market, which is set to continue also in 2005. In spite of a considerably higher volume of balance sheet values, due to lower margins from interest transactions, the bank collected net interest down by SKK 186,843,000 in comparison with 2003. The lower interest profit has been completely recompensed by other non-interest profits, whose share on total revenues increased from 38.7 % in 2003 to 49.2 % in 2004.



4.2\_Selected Financial Indicators in 2004

Total operating costs in 2004, which in absolute terms reached SKK 1,841,215,000, mirror the increase in prices in 2004 and additional inputs for operation due to expansion of the bank network. The growth of the bank was projected also in an increase in depreciation and amortisation by SKK 39,042,000. Non-personnel costs increased by SKK 34,410,000, above all through payments of mandatory contributions to the Deposit Protection Fund, the volume of

which corresponded to an increase in deposits of the bank's customers. Based on the methodology of accounting the accrual and deferral of costs, it is necessary to present to the total volume of operating costs also the amount of SKK 96,380,000, which represents the accrual and deferral of wages, and the amount of SKK 27,824,000, which represents the accrual and deferral of non-personnel costs, and which are reported in the entry net adjusting entries and reserves.



In compliance with accounting and tax regulations, as at 31 December 2004 the bank accounted due and deferred income tax, arising from temporary tax differences. The positive taxation effect due to the deferred tax asset represented a total of SKK 196,046,000 as at the balance sheet date.

4.3\_Risk management of the bank

In 2004 the bank continued improving the system of risk management with the aim of creating further conditions for successful implementation of the rules of Basel II.

As part of credit risk the bank has been applying the rating system for corporate customers implemented in 2003, and its validity has been checked through reverse testing. The software for the provision of loans to corporate clients (Corporate Underwriting Tool) has also been employed. As part of credit risk management for retail and SME customers the bank has worked on projects for improving the creation and implementation of the scoring systems for evaluation of individual risks compatible with the Basel II rules and those unified within the UniCredit Group. The monitoring of credit processes in the EWS system and also through other tools has formed an important part of the credit risk management system. An important part of increasing the standard of credit risk management has been the employee training system for all levels of bank management, coordinated within the UniCredit Group (The

Credit Excellence Diploma). Extending the qualification of bank employees in the field of credit risk has also been supported by the project of financing small and medium sized enterprises from the resources of the European Bank for Reconstruction and Development, which was started in 2004. The project involved technical assistance, which was provided to the bank by a group of specialists from American Shorebank.

During the whole of 2004 UniBanka observed all the rules of prudent business activity, laid down by the provisions of the National Bank of Slovakia. Within the scope of the rules, the key indicator of capital adequacy as at 31 December 2004 reached the value of 15.4 %, which is nearly double the required minimum level of 8 %.

The bank’s activities in the upcoming period will focus primarily on the implementation of projects that are important for preparing and implementing the Basel II rules.

4.4\_Corporate Banking, including activities of the Structured Finance Division

In 2004 in the field of corporate banking the market tendencies of the previous year continued.

Slovakia’s entry to the EU on 1 May 2004 brought with it great expectations and changes. In particular this was associated not only with ability of particular businesses, especially the agro business and restaurant and accommodation services, to meet hygiene and manufacturing criteria of the EU, and the criteria of environmental protection, but also the ability to withstand the open competition of the European market.

All these external influences, both positive and negative, have become evident in the activity of the bank in the field of corporate banking over the past year.

The bank has continued with the strategy of broadening the customer portfolio and of cutting the risk of concentration of profits. In this area we implemented a systemised approach to planning and monitoring the acquisition activities of entrepreneurs in regional branches. At the same time we strengthened the level of administrative support for entrepreneurs through a change to the employee structure without changing staff numbers. Pairs have been created – consisting of a relationship manager and an account officer – for administering particular portfolios of customers aimed at creating greater time scope for the commercial activities of traders.

Another goal applied in 2004 concerned boosting the importance of Cash management products. The bank has finished creating and stabilising a team of experts at the Head Office of the bank. The outcome of their activity was the extension of the product portfolio in this area to include Automatic Overnight Account and Cash pooling. These two products have become part of the offer for managing the growing liquidity of companies. Another “blockbuster” in connection with the dynamic appreciation of the SKK rate came in the shape of hedging instruments, which not only generated sufficient

profit for the bank but also reduced the credit risk of particular customers, especially exporters. Commercial activities reflected in a year-on-year increase in profits from services provided to customers as well as an increase in the share of these profits from corporate banking in total profit from 29 % in 2003 to 37 % in 2004.

In 2004 the bank also utilised the unique opportunity of co-financing projects from the pre-entry and then structural funds of the EU, especially in the agro business and above all in the processing industry.

As in previous years, the decrease in overall margins from credits continued, falling in the course of 2004 by 0.39 %. However, in 2004 a dramatic drop in net interest margins from deposits was also experienced, down 1.21 % in reaction to a cut in external interest rates.

Positive generation of sources of business entities was reflected in the course of the year in a gradual decline in loans from January to July, with subsequent regular monthly increase, which reached SKK 1 billion from July to December. On the part of deposits the macroeconomic situation showed up positively in volumes, which increased by nearly SKK 10 billion year-on-year.

The improving financial situation of companies on the market and macroeconomic stability has also reflected in a stable situation of the loan portfolio quality.

The trend of rapid expansion of the range of customers using the products of financing export and inland receivables also continued. In an effort to support this trend and to extend the range of products of a similar nature, in the first half of 2004 the bank included into its product portfolio the factoring of receivables from Italian purchasers, having been provided on a non-regressive basis in cooperation with the Italian factoring company UniCredit Factoring, which is part of the UniCredit Group.



4.4\_Corporate Banking, including activities of the Structured Finance Division

With the aim of intensifying support for the foreign-business activities of its customers, UniBanka has established close cooperation with the Slovak Investment and Trade Development Agency (SARIO). Owing to this fact, UniBanka is providing its customers with the option of being included for free in the database of Slovak exporters compiled, administrated and annually updated by SARIO. SARIO enables the use of the registration of customers in the database for mediation of contacts of credible business partners abroad that are interested in export or import operations with Slovak businesses.

In 2004 UniBanka, a.s. became a member of the Central Depository of Securities of the SR, a.s. Through its membership, conditions have been created for the provision of all investment services related to operation of the

accounts of securities holders for our customers. The bank has signed an agreement on the performance of depository activities with the pension asset management company AEGON, d.s.s., a.s. As the depository, the bank controls the legal limitations of the management of pension funds and thereby contributes to the safety of pension saving.

In the area of project finance, in 2004 the bank executed both credit and deposit banking transactions. The credit transactions focused mainly on the financing of real estate. The bank has started to provide investment loans for housing development with the option of loan repayment from the mortgage loans of future apartment owners. Customers have also been drawing investment loans for the reconstruction and construction of commercial real estate intended for rent.

4.5\_Retail Banking

The year 2004 was positive for retail banking in terms of statistics. Total yields, the volume of deposits, the number of customers, and above all the number of loans provided in the retail area have increased. The utilisation of UniBanka as the main bank has increased year-on-year by more than 13 % and also the number of loans in the segment of small and medium sized enterprises has increased twofold. It was for this segment of entrepreneurs in particular that UniBanka also introduced two innovations in 2004: loans in cooperation with the European Bank for Reconstruction and Development and a special loan with real estate collateral – UniReal.

In 2004 UniBanka extended the options of individual investments to include two issues of the structured deposit UniVklad, which it introduced to the market as the first provider to do so back in 2002. With it the bank has once again combined the seemingly incompatible – the option of investing in share titles together with the security of a 100 % return from the deposited investment, moreover with low fees. Other innovations in the investment products of UniBanka have come in the shape of new saving and investment programmes. The packages of investment saving, Pioneer UniPack and Pioneer UniPack Junior, are designed as long-term saving products starting from SKK 500 a month. At the end of the past year, UniBanka also took part in the second pillar of the pension reform and together with the company AEGON, d.s.s., a.s., it started providing consulting and subsequently also pension saving products.

In 2004 UniBanka introduced also two new consumer loans to the market for university students – a unspecified loan with deferred maturity of principal and a special specified loan intended for covering the costs of brigade work abroad. In the field of consumer loans the bank started cooperating with Cardif insurance

company in the insurance of loans, including the option of insuring loan repayment ability in the event of loss of employment or the capacity to work, and even in the event of death. The bank has made mortgage loans more attractive for clients not only by cutting interest rates, but also by simplifying administration by cancelling the need for a notary memorandum and the fee for processing an application. The bank has proven itself as the innovator of services for all customer segments, when it was the first provider on the Slovak market to introduce the option of changing card PIN codes directly at ATMs. The service has thereby not only become simpler and cheaper for card users, but the customers of UniBanka have also become the first to be able to choose “their favourite number” as their PIN code for example, and so they do not have to use the code generated by the bank.

A key moment in the development of individual banking came with the completion of the construction of the regional network of specialised workplaces for exclusive private banking, as well as with the preparation of new products and services for private clients. UniBanka is therefore the only bank on the Slovak market to provide services of the highest standard on a regional principle, and at the end of 2004 it was at disposal of its private clients at eight private workplaces.

In 2004 the bank network was extended also to other parts of Slovakia for all service segments and the number of bank outlets stabilised at 69. As part of the acquisition of new clients all bank outlets have employed the latest methods based on the establishment of relations and a comprehensive service, which starts already with administrative support in handling necessary documents. The new approach means also a departure from the “cold branch-office work” and an individual and flexible approach to each customer.

## 4.6\_Treasury

The year 2004 was extremely successful in terms of UniBanka's operation on the financial markets. It succeeded in substantially increasing turnovers and profitability, this particularly due to sophisticated derivative tools, which have been used to secure the bank against market risks. These modern financial market instruments have also become the subject of increased interest of Customer Desk customers.

On the foreign exchange market the bank achieved minimum market risk considering its conservative approach. Nevertheless, it succeeded in generating in excess of a 100-percent increase in profitability in this area, even upon a slight drop in foreign-exchange transactions on the inter-bank market compared with 2003. The opening of trading in foreign-exchange options also contributed to this.

On the monetary market UniBanka registered a surplus of short-term liquidity throughout the year and it fulfilled the obligatory minimum reserves without problem. Considering the projected cut in interest rates, the bank has attempted to maintain "short" positions. This strategy has proven to be the right one, as the Central Bank significantly cut key interest rates during 2004 (total year-on-year decrease of 2 %). This was also demonstrated in above average profit achieved by the Treasury Division in the past year. On the monetary market, a considerable increase in turnovers has also been achieved (up more than 60 % over 2003).

Regarding the trading in securities, the trend of the previous years continued, with the bank focusing on trading in government bonds, which represents an absolute majority in the bank's portfolio.

In 2004 UniBanka successfully developed its activities in the area of trading in financial market derivatives, where a key role was played by the creation of structured deposit products. These are now among the most important tools for bank customers. In addition to this in the course of the second quarter of 2004 UniBanka started trading in foreign-exchange options. These have also gained the attention of bank customers and have complemented the broad range of products and services offered by UniBanka.

The Customer Desk of UniBanka has also been providing customers with a top quality and professional service on the financial markets in 2004. The total number of transactions with customers of the Treasury Division saw an increase of 18.5 % in comparison with 2003, this mostly being achieved via trading in security instruments (hedging). These have been created, with the exception of foreign-exchange forward transactions with a hike over 100 %, also by the already mentioned foreign-exchange options offered by UniBanka for the first time in 2004.

UniBanka satisfied all the indicators and limits determined by the National Bank of Slovakia for the whole of 2004.

## 4.7\_Electronic Banking and Bankcards

The bank currently provides its customers with a wide range of products and services in the field of bankcards and electronic banking. It issues all types of bankcards – debit, credit and charge cards, and operates a large network of automated teller machines and POS terminals. It also offers its customers the possibility of communicating with the bank using various electronic channels – HOME, INTERNET, GSM, TELE, EMAIL banking and UniTel.

In the field of electronic banking the bank focused mainly on the development of systems via which customers make the greatest number of transactions – INTERNET banking and HOME banking. The bank enhanced these systems with the option of entering and administering standing payment orders.

The number of customers of electronic banking has increased year-on-year by 57 % to 30,701. Customers have expressed most interest in GSM banking (23,568 customers, an increase of 69 %) and INTERNET banking (13,927 customers, an increase of 71 %). A total of 2.8 million transactions were executed via electronic banking systems in the past year (a hike of 12 %) worth a total volume of SKK 155.2 billion, which represents a 49 % or so share of the total number of executed cashless operations.

The UniTel service – UniBanka's Call Centre, has become an essential communication channel for the bank. The scope of services provided via the Call Centre of the bank has been augmented to include the option of entering quick payments and receiving notification about over limit cash withdrawals. In cooperation with the Retail Banking Division the bank broadened the scope

of activities provided by Call Centre operators also to include outbound activities – acquisition and marketing activities.

Until now the UniTel service has been activated by 40 percent customers more than in 2003, who have executed 33.3 thousand transactions via it in the past year (an increase of 54 %) worth a total volume of SKK 382 million.

The bank saw major development also regarding the issue and acceptance of bankcards. We became the first bank in Slovakia to enable its customers to change the PIN codes of their bankcards via the network of ATMs. The number of issued bankcards increased year-on-year by 34 % to 67,714 (65,159 – debit cards, 2,555 – credit and charge cards). This increase was supported above all by the execution of several acquisition activities of the bank. These bankcards were used to make 2.3 million transactions in the past year (a rise of 10 %) worth a total volume of SKK 4.8 billion (an increase of 27 %).

The number of administered ATMs increased year-on-year by 36 % to 76 ATMs and the number of POS terminals rose 10 %, making a total of 1,125 POS. These devices cleared 2 million transactions in the past year (an increase of 34 %) worth a total volume of SKK 3.5 billion (a hike of 65 %), with the total amount of commissions from traders increasing by 42 % to SKK 18.4 million.

The functionality of the ATMs has been extended by the bank by the option of changing the PIN code and informing customers that the validity of their bankcards is close to expiring. The cooperation with Diners Club Slovakia, a.s. enabled the acceptance of Diners Club bankcards at the POS terminals of UniBanka.



4.8\_Information Systems and Technologies

In 2004 a key objective of the bank was to enhance the services provided via particular banking systems and improve the IT infrastructure of the bank.

The development of the main banking systems ICBS and Midas focused primarily on boosting the business activities of the bank. We extended the Midas system to include new modules, thereby supporting trading on the interbank market, and the ICBS system received new functionalities, thereby expanding the scope of services provided via the electronic banking systems, increasing the protection of customer data, and automating the sale of banking products.

As part of further improvements of the bank's IT infrastructure, it completed the process of replacing PC equipment, implemented a new system of e-mail on the Microsoft Exchange platform and re-migrated another part of the LAN network of bank outlets to the Ethernet.

The bank has invested considerable resources and effort into strengthening the area of information security of the bank and supervision of the operation of key banking systems. The bank implemented the Tivoli system for these purposes, which will simplify and clarify the administration of IT infrastructure and the SYMANTEC anti-virus system, which established the third independent pillar of the bank's anti-virus protection.

The area of MIS has also seen qualitative development. The CUBIS system has been enhanced with new modules, which will provide users with a more detailed overview of the economic management of the bank and the fulfilment of its business goals.

Particular steps regarding the development of the bank's banking systems and IT infrastructure were executed in compliance with the plans of its majority owner, UniCredito Italiano, S.p.A.

The Organisation Division has been set apart from the Information Systems and Technologies Division and started operations from November in line with the strategy of UniCredito Italiano, S.p.A. in the field of company management.

The Organisation Division supports Top Management in the establishment of strategic changes and also helps bank outlets in making operational improvements. The unit will enable the implementation of the business model and relevant business policies of the bank in building up a modern organisation that is capable of providing access to services on time, at a place and by means convenient to the target segment of the bank.

The modern organisation means transparent processes, clear procedures and a convenient organisational structure of bank units. The main tasks of the Organisation Division include the improvement of business processes – how to achieve a real constant rate of profit and to maximise the quality of services provided to customers and so also the associated level of satisfaction at the same time. The Division will also proactively plan the resources for achieving the rational management of processes and the organisational structure. It will focus also on increasing the quality of procedures that ensure the effective and secure operation of the bank. The Organisation Division, with the aim of effectively implementing new products and services and of optimising working procedures, will take over the management of key projects of the bank.

4.9\_Human Resources

As at 31 December 2004, the bank had 1,061 employees on record, with the physical status being 988 employees. Front office positions were occupied by 574 employees (58.1 %) and back office positions 414 employees (41.9 %). The number of back office staff declined further by 1.3 % over 2003, whereas the number of front office positions increased (up more than 4 % in the past two years).

By the end of the year, 52 % of the bank's employees possessed a university education, 47.5 % a secondary education and 0.5 % a basic education. The average age of bank employees was 36.2 years. Women made up 68.5 % of employees, their share of total staff number falling slightly. In 2004 the employee turnover rate was lower than in the previous year, i.e. 14.5 %.

The continual improvement of employee skills is best demonstrated by the fact that in 2004 some 552 bank officers attended training courses designed to improve their sales

skills, knowledge and the satisfaction of customer needs, knowledge of the bank's products and a general improvement in their abilities. The training courses comprised a total of 48,526 hours.

Employee satisfaction in the bank is achieved, among other things, by employee benefits. The most important benefits include the preferential loan products (for the construction or purchase of a house/apartment, various kinds of consumer credits, etc.), which are mostly appreciated by our employees. Other frequently utilised employee benefits include various allowances from the social fund (e.g. allowances for stays at health spa resort, allowances for sports, cultural and recreational activities, social assistance, etc.). Of course, the bank is investing also in the education of employees; they therefore have several benefits at their disposal also with respect to upgrading their qualifications. What is more, the bank offers its employees also other benefits in the form of cheaper holidays, cheaper season tickets for sports, discounts in shops, etc.

4.10\_Sponsoring

In spite of the fact that throughout the year the bank once more cooperated with our long-term partners also with regard to charity, education and healthcare, the main characteristics of the bank’s sponsoring activities in 2004 was the regional approach in particular. Regarding social responsibility, the bank decided on the approach of providing assistance to areas of utmost need, and not to practice philanthropy from behind a “central table”.

Owing to this approach, the bank has found some interesting activities in many regions. In the area of education UniBanka focused especially on support for school equipment. The bank sponsored also some projects in the field of culture, such as when the bank supported the Mixed Choir of Žilina, the theatre project Perfect Wedding in Košice or the International Myjava Folklore Festival 2004.

In addition to the listed activities the bank also continued co-operating with the Anti-Drugs Fund, which has been ongoing for over 7 years already, through which the bank has participated in promoting the message of drug prevention. Regarding the issuance of educational mate-

rials, UniBanka supported the Economic University and the bank also let various styles of expositions of Slovak artists be organised in its premises.

UniBanka also managed to increase investments in the area of social responsibility of the company in 2004 owing to the Unidea foundation, which was founded by the parent company of the bank, UniCredito Italiano, S.p.A. This has not only supported educational projects for start-up entrepreneurs in regions with high unemployment, but has also enabled the bank to participate in 23 regional projects in the fields of education, healthcare, social aid and environmental protection. In cooperation with Unidea, the solidarity of the bank’s employees has come to light, as they supported every project also individually either by financial donations or by voluntary work for charities or civil associations focusing on regional development.

In connection with the wind storm disaster in the High Tatra mountains, UniBanka set up a special account Donations for the Tatras, through which the bank would like to support projects of renewal in the area of Tatranská Lomnica, where UniBanka is the only bank in operation.

4.11\_Shareholders

As at 31 December 2004, the share capital of UniBanka, a.s. registered in the Companies Register of the District Court of Bratislava I was SKK 2,377,062,040.

In 2004 no change to the volume of the bank’s share capital occurred.

UniBanka, a. s. shareholder structure as at 31 December 2004	
Shareholder	Holding %
UniCredito Italiano, S.p.A. Genova	77.21
EBRD London	19.90
Ministry of Agriculture of the SR	1.09
Domestic shareholders with less than 1 %	1.79
Foreign shareholders with less than 1 %	0.01





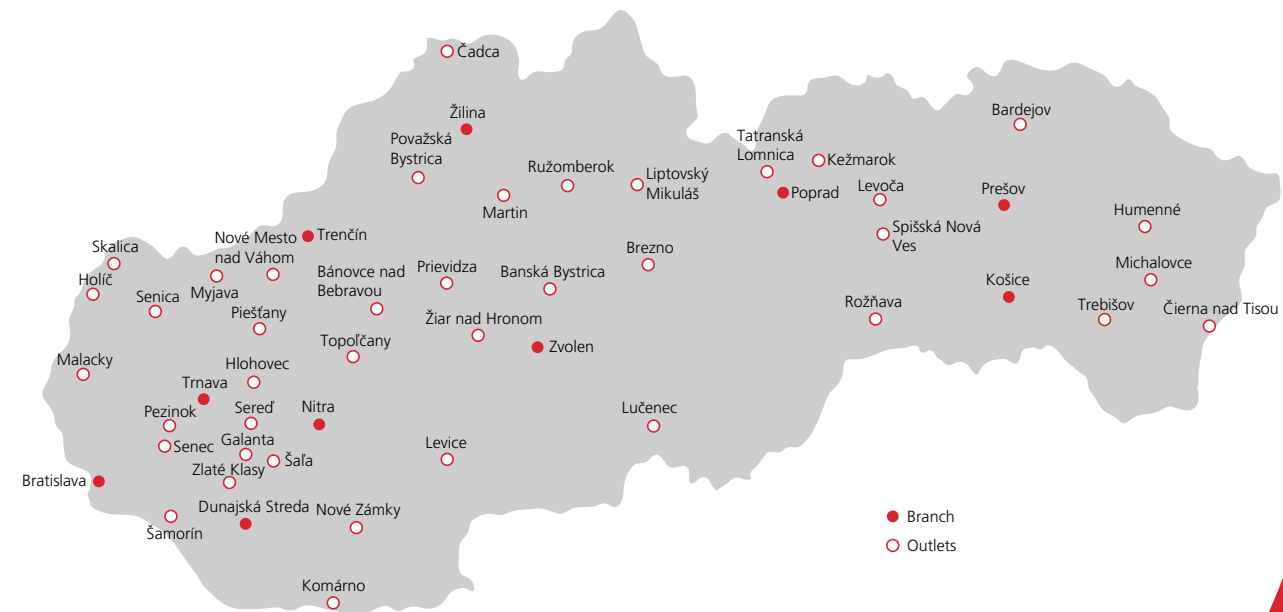
### Strength

To be a part of the strong team means to have an opportunity to be successful. The real strength lies in the ability to seize this opportunity. Thanks to the strength of our banking group we can open the door to the world of international business for you too.



05

Branch Offices network as of 31. 12. 2004



Branch Offices network as of 31. 12. 2004

Branch – address	Outlets – address	Phone	Fax	Director/head off
821 08 Bratislava, Krížna 50		02/49504202	02/55422774	Ing. Arpád Egri, charged in running the branch for retail banking (Ing. Branislav Žilavý, until 30 October 2004)
				Ing. Monika Kohútová, MBA, Branch manager for corporate banking (Ing. Vojtech Horák, until 31 January 2004)
	811 01 Bratislava, Ventúrska 7	02/59206101	02/59206105	Blažena Velčíková
	811 02 Bratislava, Jesenského 4/B	02/54416957	02/54416962	Ing. Viera Bajzová
	811 03 Bratislava, Panenská 7	02/54418775	02/54413228	Ing. Vladimír Mandzák
	811 06 Bratislava, Kollárovo nám. 20	02/57203089	02/57203085	Mgr. Radoslav Babinčák
	811 08 Bratislava, Dunajská 32	02/57108401	02/57108405	Ing. Martina Böhmová
	821 08 Bratislava, Svätoplukova 31	02/49503501	02/55423220	Zuzana Šimeková
	821 08 Bratislava, Dulovo nám.13	02/50202061	02/50202066	Ing. Andrea Dorčáková
	821 01 Bratislava, Tomášikova 30	02/43412633	02/43412636	Ing. Darina Mokošová
	832 65 Bratislava, Vajnorská 21	02/49502329	02/49502232	Slávka Ševčíková
	851 01 Bratislava, Einsteinova ul. BSC AUPARK	02/68202030	02/68202035	Ing. Adriana Tvrdoňová
	851 01 Bratislava, Einsteinova ul. ATRIUM	02/68202020	02/68202025	Mgr. Radoslav Babinčák
	851 04 Bratislava, Panónska cesta	02/62410627	02/62410629	Ing. Eva Káčerová
917 00 Trnava, Štefánikova 48		033/5908330	033/5908353	Ing. Kamila Kudličková, Branch manager for retail banking
				Ing. Monika Kohútová, MBA, Branch manager for corporate banking
	901 01 Malacky, Záhorácka 51	034/7979201	034/7979279	Igor Pakan
	921 01 Piešťany, Hlinku 60	033/7740580	033/7740581	Ing. Magdaléna Urblíková
	902 01 Pezinok, Holubyho 27	033/6413457	033/6905405	Mgr. Jana Masárová
	909 01 Skalica, Škarniclovská 1	034/6906121	034/6906125	Ing. Ján Krištofík
	908 51 Holíč, Bernolákova 1	034/6906131	034/6906135	Ing. Ľubomíra Neuročná
	905 01 Senica, Štefánikova 699	034/6941261	034/6941265	Branislav Masarovič
	920 01 Hlohovec, M. R. Štefánika 4	033/7351011	033/7351015	Jana Križanová

Branch – address	Outlets – address	Phone	Fax	Director/head off
911 01 Trenčín, Nám. sv. Anny 3		032/6509202	032/6509204	Ing. Pavol Kubečka, Branch manager for retail banking
				Ing. Roman Ježík, Branch manager for corporate banking
	915 01 Nové mesto n/V, sl. Armády 4	032/7484991	032/7484995	Anna Olachová
	907 01 Myjava, Štefánika 517	034/6215375	034/6215377	Ing. Jana Kocourková
	971 18 Prievidza, Mariánska 6	046/5422930	046/5425360	Ing. Luboš Maxina
	957 01 Bánovce n/B, Jesenského 561/3	038/7627011	038/7627015	Ing. Darina Antalová
949 01 Nitra, Štefánikova 13		037/6926000	037/6926050	Ing. Ivan Medovič, Branch manager for retail banking
				Ing. Boris Jordanov, Branch manager for corporate banking
	949 01 Nitra, Výstavná 4	037/7335610	037/6533971	Pavol Vavro
	953 01 Topoľčany, Krušovská 19	038/5327054	038/5327055	Ing. Alena Ďurčeková
	940 62 Nové Zámky, Svätoplukova 1	035/6911210	035/6428012	Ing. Peter Špaňo
	940 62 Nové Zámky, Kukučínova 8	035/6911352	035/6911356	Ing. Štefan Krenčan
	934 01 Levice, Bernolákova 2	036/6350312	036/6350315	Ing. Helena Gregušová
929 01 Dunajská Streda, Štúrova 41		031/5526914	031/5526913	Ing. Arpád Egri, Branch manager for retail banking
				Ing. Ladislav Pisch, CSc., Branch manager for corporate banking
		031/5524529		workplace
	927 00 Galanta, Revolučná 1	031/7884501	031/7884505	Ing. Valentín Dolhý
	930 39 Zlaté Klasy, Pekná cesta 1	031/5692725	031/5692015	Katarína Katonaová
	927 01 Šaľa, Hlavná 46	031/7708694	031/7708693	Ing. Mária Strašáková
	931 01 Šamorín, Gazdovský rad 49/B	031/5627960	031/5627962	Helena Almásiová
	903 01 Senec, Lichnerova 30	02/40202052	02/40202055	Ing. Svoreňová Renáta
	926 01 Sereď, Dionýza Štúra 1012	031/7893094	031/7892707	Ing. Bystrík Horváth
	945 01 Komárno, Nám. M. R. Štefánika 11	035/7900061	035/7900065	Monika Rudayová



Branch – address	Outlets – address	Phone	Fax	Director/head off
010 01 Žilina, Národná 12		041/5628201	041/5628204	Ing. Dušan Jantoš, Branch manager for retail banking
				Ing. Ladislav Benčík, Branch manager for corporate banking
	017 01 Pov. Bystrica, Štefánika 161/4	042/4379951	042/4379955	Anna Kňažková
	036 80 Martin, Osloboditeľov 1	043/4207022	043/4224892	Ing. Jozef Adamkov
	031 01 Liptovský Mikuláš, Nám. Osloboditeľov 1	044/5475004	044/5475005	Ing. Miroslav Kucek
	010 01 Žilina, Nám. Ľ. Štúra 2	041/5077951	041/5077952	Ing. Róbert Hazda
	034 01 Ružomberok, Mostová 2	044/4320658	044/4320660	Ing. Gabriela Slamčíkova
	022 01 Čadca, Palárikova 85	041/4302811	041/4302815	Ing. Jozef Maják
960 01 Zvolen, Nám. SNP 50		045/5320700	045/5320257	Ing. Jaroslav Hazlinger, Branch manager for retail banking
				Ing. Viera Vaská, Branch manager for corporate banking
	974 01 Banská Bystrica, Národná 1	048/4123442	048/4123473	Ing. Michal Kováč
	984 01 Lučenec, Železničná 15	047/4324939	047/4323253	Ing. Peter Matej
	984 01 Lučenec, Filákovská cesta	047/4327069	047/4327069	vacancy
	965 01 Žiar nad Hronom, Š. Moyzesa 427	045/6788901	045/6788905	Mgr. Patrícia Gerstnerová
	977 01 Brezno, ul. ČSA, č. 17	048/6700051	048/6700055	Ing. Dana Kálovcová
040 01 Košice, Rooseveltova 10		055/6805111	055/6232741	Ing. Ján Ferko, Branch manager for retail banking (MVDr. Ľudovít Veselý, CSc., until 31 August 2004)
				Ing. Zdenka Gacíková, Branch manager for corporate banking
	040 01 Košice, Hlavná 116	055/7205111	055/7205115	Mgr. Karol Till
	040 01 Košice, Trieda SNP 48/A	055/6444397	055/6441503	Klára Žatkovičová
	071 01 Michalovce, Nám. Osloboditeľov 1	056/6880701	056/6880707	Ing. Ľudmila Korinková

Branch – address	Outlets – address	Phone	Fax	Director/head off
	048 01 Rožňava, Nám. Baníkov 33	058/7326751	058/7341981	Ing. Ingrid Demjanová
	076 43 Čierna nad Tisou, Hlavná 15	056/6350653	056/6350650	Šarlota Takácsová
	075 01 Trebišov, M. R. Štefánika 20	056/6670011	056/6670015	Ing. Andrej Koscelanský
080 01 Prešov, Kúpeľná 6		051/7733309	051/7731821	Ing. Gabriela Kuderjavá, Branch manager for retail banking
				Ing. Jaroslav Jacko, Branch manager for corporate banking
	085 01 Bardejov, Dlhý rad 17	054/4746745	054/4725116	Ing. Igor Hudý
	080 01 Prešov, Hlavná 29	051/7732180	051/7733407	Ing. Tomáš Jozef
	066 01 Humenné, Mierová 2	057/7862341	057/7862345	Ing. Jaroslav Michálek
058 01 Poprad, Popradské nábr. 18		052/7870310	052/7721165	Ing. Ján Harabín, Branch manager for retail banking
				Ing. Václav Mlynarovič, Branch manager for corporate banking
	059 60 Tatranská Lomnica, Dom služieb	052/4780951	052/4780955	Ing. Janka Kikťová
	060 01 Kežmarok, Hlavné nám. 3	052/4680031	052/4680035	Ing. Rudolf Jeleň
	052 01 Sp. Nová Ves, Zimná 56	053/4197110	053/4425788	Ing. Mária Pavlíková
	054 01 Levoča, Košická 11	053/4514742	053/4514743	Ing. Rastislav Sloboda

\* the Heads of Outlets stated as at December 31, 2004

\* the Branch Managers stated including the changes over 2004



### Bonus

A personal approach and individual solutions are a day-to-day matter of course in our work. Your satisfaction is the driving force behind our constantly improving performance; with every our solution you gain more.

## 06 Independent auditors' report and financial statements for the year ended 31 December 2004 (Slovak Accounting Standards)

Independent auditors' report  
(Slovak Accounting Standards)



Balance sheet assets

Mark	ITEM	row #	Current accounting period		Previous account. per. 2003	Previous account. per. 2002
			Gross	Adjustment		
a	b	c	1	2	3	4
x	Assets	x	x	x	x	x
1.	Cash, deposits with National Bank of Slovakia and foreign banks of issue	1	832,722		832,722	849,275
2.	Treasury bonds without coupon and other securities accepted by National Bank of Slovakia for refinancing	2	0	0	0	4,198,492
	a) Treasury bonds	3	0			4,198,492
	b) Other securities	4	0			
3.	Accounts receivable from banks	5	20,318,991	0	20,318,991	7,433,886
	a) Payable on demand	6	800,701		800,701	1,305,064
	b) Other accounts receivable	7	19,518,290		19,518,290	6,632,137
4.	Accounts receivable from clients	8	21,022,300	2,208,655	18,813,645	19,561,307
	a) Payable on demand	9	26,748		26,748	8,540
	b) Other accounts receivable	10	20,995,552	2,208,655	18,786,897	19,552,767
5.	Debt securities	11	6,437,006	0	6,437,006	4,781,862
	a) Central government authorities	12	4,279,145		4,279,145	2,823,063
	b) Other entities	13	2,157,861		2,157,861	1,958,799
6.	Shares, units in unit trusts and other holdings	14	30,864	1,398	29,466	104,853
7.	Equity securities and equity holdings in affiliated companies	15	0	0	0	0
	a) Banks	16			0	
	b) Other entities	17			0	
8.	Equity securities and holdings in related companies	18	15,098	4,100	10,998	10,998
	a) Banks	19			0	
	b) Other entities	20	15,098	4,100	10,998	10,998
9.	Intangible fixed assets	21	533,156	371,651	161,505	126,632
	a) Start-up expenses	22			0	
	b) Goodwill	23			0	
	c) Other intangible assets	24	533,156	371,651	161,505	126,632
10.	Tangible fixed assets	25	2,273,878	893,555	1,380,323	1,173,558
	a) Land and production buildings	26	917,544	163,940	753,604	770,982
	b) Other tangible assets	27	1,356,334	729,615	626,719	402,576
11.	Other assets	28	1,055,442	16,589	1,038,853	438,675
12.	Accounts receivable from shareholders and partners	29			0	
13.	Prepaid expenses and deferred income	30	34,549		34,549	32,722
14.	Claims on the International Monetary Fund	31				46,489
15.	Claims on the banks of European System of Central Banks	32				
16.	Claims on other foreign entities	33				
17.	Loans to domestic banks	34				
18.	Other accounts receivable inland	35				
	T o t a l a s s e t s	36	52,554,006	3,495,948	49,058,058	38,712,260
	Special National Bank of Slovakia items	37				35,319,037
	Government claims on the outside world	38				

Balance sheet liabilities

Mark	ITEM	row #	Current	Previous	Previous
			accounting per. 2004	accounting per. 2003	accounting per. 2002
a	b	c	1	2	3
x	Liabilities	x	x	x	x
1.	Liabilities vis-a-vis banks	39	3,079,314	4,557,599	5,611,334
	a) Payable on demand	40	52,258	30,515	66,745
	b) Other liabilities	41	3,027,056	4,527,084	5,544,589
2.	Liabilities vis-a-vis customers	42	38,703,169	29,030,310	24,578,766
	a) Payable on demand	43	11,458,545	10,129,607	9,489,114
	of which saving accounts	44	405,861	403,390	413,485
	b) Other liabilities	45	27,244,624	18,900,703	15,089,652
	of which time deposits and deposits with notice of withdrawal	46	26,910,638	18,584,677	14,611,138
3.	Liabilities under debt securities	47	2,357,969	712,487	883,368
	a) Issued debt securities	48	2,066,037	712,487	883,368
	b) Other liabilities under debt securities	49	291,932		
4.	Other liabilities	50	1,213,659	1,154,776	1,221,214
5.	Deferred income and prepaid expense	51	13,624	7,247	8,911
6.	Reserves	52	283,273	206,503	299,368
7.	Subordinate financial liabilities	53			
8.	Liabilities vis-a-vis International Monetary Fund	54			
9.	Liabilities vis-a-vis banks of the European System of Central Banks	55			
10.	Liabilities vis-a-vis other foreign entities	56			
11.	Accounts of banks' money reserves with the National Bank of Slovakia	57			
12.	Securities issued by the National Bank of Slovakia	58			
13.	Other liabilities vis-a-vis inland entities	59			
14.	Issue of banknotes and coins	60			
15.	Government account	61			
16.	State funds and other settlements with state budget	62			
17.	Settlement of special operations with moneys of the Slovak Republic	63			
18.	Registered capital	64	2,377,062	2,377,062	2,377,062
	of which paid up capital	65	2,377,062	2,377,062	2,377,062
19.	Own shares	66			
20.	Share premium	67			
21.	Reserve funds and other funds made from profit	68	63,617	35,618	13,109
	a) Statutory reserve fund	69	63,617	35,618	13,109
	b) Other reserve funds	70			
	c) Other funds made from profit	71			
22.	Other capital funds	72	641		
23.	Valuation differences	73	127	127	383
	a) Valuation of assets and liabilities	74			
	b) Revaluation of hedging derivatives	75			
	c) Revaluation of equity securities and equity participations	76	127	127	383
24.	Retained earnings or unpaid loss from previous years	77	589,571	350,540	100,432
25.	Profit or loss in current accounting period	78	376,032	279,991	225,090
	T o t a l l i a b i l i t i e s	79	49,058,058	38,712,260	35,319,037
	Special National Bank of Slovakia items	80			
	Government liabilities vis-a-vis outside world	81			



Off-balance sheet assets

Mark	ITEM	row #	Current accounting per. 2004	Previous accounting per. 2003	Previous accounting per. 2002
a	b	c	1	2	3
	Off-balance sheet assets	x	x	x	x
1.	Receivables under future loans, credits and guarantees	82	7,122,183	8,029,735	5,328,202
	1a. Receivables under future loans, credits and guarantees	83	5,764,320	6,717,003	4,076,568
	1b. Guarantees and warranties issued	84	1,357,863	1,312,732	1,251,634
2.	Issued guarantees	85	0	0	0
	2a. Real estate	86			
	2b. Cash	87			
	2c. Securities	88			
	2d. Other	89			
3.	Receivables under spot transactions with	90	261,809	858,599	2,439,519
	3a. Interest rate instruments	91		536,322	1,048,858
	3b. Monetary instruments	92	261,809	322,277	1,390,661
	3c. Equity instruments	93			
	3d. Commodity instruments	94			
	3e. Lending instruments	95			
4.	Receivables under futures transactions with	96	29,733,279	9,845,894	10,842,274
	4a. Interest rate instruments	97	16,295,649	2,800,053	2,012,700
	4b. Monetary instruments	98	13,437,630	7,045,841	8,829,574
	4c. Equity instruments	99			
	4d. Commodity instruments	100			
	4e. Lending instruments	101			
5.	Receivables under option transactions with	102	11,639,074	0	0
	5a. Interest rate instruments	103			
	5b. Monetary instruments	104	11,639,074		
	5c. Equity instruments	105			
	5d. Commodity instruments	106			
	5e. Lending instruments	107			
6.	Written off receivables	108			
7.	Valuables deposited for safe-keeping, administration, storage	109			
8.	Valuables deposited for disposal	110			48,032
	of which securities	111			6,000
	Off balance sheet assets, t o t a l	112	48,756,345	18,734,228	18,658,027

Off-balance sheet liabilities

Mark	ITEM	row #	Current accounting per. 2004	Previous accounting per. 2003	Previous accounting per. 2002
a	b	c	1	2	3
	Off-balance sheet liabilities	x	x	x	x
1.	Liabilities under future loans, credits and guarantees	113	3,615,646	6,912,629	7,480,548
	1a. Liabilities under future loans, credits and guarantees	114	155,184		
	1b. Received guarantees and warranties	115	3,460,462	6,912,629	7,480,548
2.	Received guarantees	116	58,492,567	46,475,147	43,682,320
	2a. Real estate	117	18,438,332	15,716,831	16,599,616
	2b. Cash	118	80	1,172	31,047
	2c. Securities	119	387,955	243,753	369,849
	2d. Other	120	23,677,342	26,051,385	22,032,992
	2e. Collateral – debt securities	121	15,988,858	4,462,006	4,648,816
3.	Liabilities under spot transactions with	122	261,281	858,729	1,726,883
	3a. Interest rate instruments	123		536,322	337,062
	3b. Monetary instruments	124	261,281	322,407	1,389,821
	3c. Equity instruments	125			
	3d. Commodity instruments	126			
	3e. Lending instruments	127			
4.	Liabilities under futures transactions with	128	28,049,890	9,924,708	10,941,950
	4a. Interest rate instruments	129	14,670,208	2,827,960	2,012,700
	4b. Monetary instruments	130	13,354,707	7,073,227	8,905,164
	4c. Equity instruments	131	24,975	23,521	24,086
	4d. Commodity instruments	132			
	4e. Lending instruments	133			
5.	Liabilities under option transactions with	134	11,639,074	0	0
	5a. Interest rate instruments	135			
	5b. Monetary instruments	136	11,639,074		
	5c. Equity instruments	137			
	5d. Commodity instruments	138			
	5e. Lending instruments	139			
6.	Valuable received for safe-keeping, administration, storage	140	7,189,036	8,070,674	6,217,465
7.	Valuable received for disposal	141			
	of which securities	142			
	Off balance sheet liabilities, t o t a l	143	109,247,494	72,241,887	70,049,166

Profit and loss account

ITEM		row	Expenses	Expenses	Expenses	Revenues	Revenues	Revenues
Mark		#	Current	Previous	Previous	Current	Previous	Previous
			acc. per. 2004	acc. per. 2003	acc. per. 2002	acc. per. 2004	acc. per. 2003	acc. per. 2002
a	b	c	1	2	3	4	5	6
1.	Interest and similar income	1	x	x	x	2,609,051	2,381,002	2,565,551
	of which interest on debt securities	2	x	x	x	603,264	412,229	571,208
2.	Cost on interest and similar costs	3	1,645,213	1,230,321	1,326,158	x	x	x
	of which cost of interest on debt securities	4	97,947	104,687	71,100	x	x	x
3.	Revenue from shares and equity holdings in companies	5	x	x	x	1,214	3,161	3,140
	a) Revenue from equity securities and equity holdings in affiliated companies	6	x	x	x			
	b) Revenue from equity securities and equity holdings in related companies	7	x	x	x			
	c) Revenue from shares and other equity holdings	8	x	x	x	1,214	3,161	3,140
4.	Revenues from charges, fees and commission	9	x	x	x	384,720	361,078	320,004
5.	Cost of charges, fees and commission	10	64,096	59,972	69,786	x	x	x
6.	Net gains or net loss from financial transactions	11	-510,753	-322,366	-195,788	x	x	x
7.	Other financial revenues	12	x	x	x	68,033	56,075	22,473
8.	Other financial expenses	13	16,888	16,723	2,092	x	x	x
9.	Other operating income	14	x	x	x	49,424	61,382	7,951
10.	General operating costs	15	990,484	1,012,946	900,729	x	x	x
	a) Employee costs	16	458,738	515,231	417,064	x	x	x
	aa) Wages	17	344,854	405,881	319,334	x	x	x
	ab) Social and health insurance	18	113,884	109,350	97,730	x	x	x
	b) Other general operating costs	19	531,746	497,715	483,665	x	x	x
11.	Other operating costs	20	224,234	223,855	166,145	x	x	x
12.	Application of reserves and provisions for tangible and intangible fixed assets	21	x	x	x	0	0	0
	a) Application of reserves for tangible fixed assets	22	x	x	x			
	b) Application of provisions for tangible fixed assets	23	x	x	x			
	c) Application of provisions for intangible fixed assets	24	x	x	x			

Profit and loss account

ITEM		row	Expenses	Expenses	Expenses	Revenues	Revenues	Revenues
Mark		#	Current	Previous	Previous	Current	Previous	Previous
			acc. per. 2004	acc. per. 2003	acc. per. 2002	acc. per. 2004	acc. per. 2003	acc. per. 2002
a	b	c	1	2	3	4	5	6
13.	Depreciation, allocations to reserves and provisions for tangible and intangible fixed assets	25	189,858	150,816	107,109	x	x	x
	a) Depreciation of tangible fixed assets	26	157,110	135,556	88,693	x	x	x
	b) Allocation to reserves for tangible fixed assets	27	x	x	x			
	c) Allocation to provisions for intangible fixed assets	28	x	x	x			
	d) Depreciation of intangible fixed assets	29	32,748	15,260	18,416	x	x	x
	e) Allocation to provisions for intangible fixed assets	30	x	x	x			
14.	Application of reserves and provisions for receivables and guarantees, revenue from assigned and written off receivables	31	x	x	x	910,141	1,880,799	1,616,059
	a) Application of reserves for receivables and guarantees	32	x	x	x	6,846	437,263	400,472
	b) Application of provisions for receivables and receivables under guarantees	33	x	x	x	900,398	1,440,528	1,214,568
	c) Revenue from assigned and written off receivables	34	x	x	x	2,897	3,008	1,019
15.	Depreciation, allocation to reserves and provisions for receivables and receivables under guarantees	35	1,114,208	2,129,376	2,035,349	x	x	x
	a) Allocation to provisions for receivables and receivables under guarantees	36	597,872	1,072,321	698,245	x	x	x
	b) Allocation to reserves for receivables and receivables under guarantees	37		258,309	241,100	x	x	
	c) Write-offs of receivables and write-offs of receivables under guarantee payments, losses from assigned receivables	38	516,336	798,746	1,096,004	x	x	x
16.	Application of provisions for equity securities and equity holdings in related and affiliated companies	39	x	x	x	0	0	0
17.	Allocation to provisions for equity securities and equity holdings in related and affiliated companies	40	x	x	x	0	0	0

Profit and loss account

ITEM	row #	Expenses Current acc. per. 2004	Expenses Previous acc. per. 2003	Expenses Previous acc. per. 2002	Revenues Current acc. per. 2004	Revenues Previous acc. per. 2003	Revenues Previous acc. per. 2002
Mark							
a b	c	1	2	3	4	5	6
18. Application of other reserves	41	x	x	x	26,489	80,679	60,847
19. Allocations to other reserves	42	136,424	166,810	138,272	x	x	x
20. Application of other provisions	43	x	x	x	5,824	28,437	223,925
21. Allocations to other provisions	44	4,258	15,875	53,238	x	x	x
22. Profit or loss from current operations during accounting period before tax	45	179,986	168,285	216,860	x	x	x
23. Extraordinary revenues	46	x	x	x			12,046
24. Extraordinary expenses	47		x	3,816	x		
25. Extraordinary profit or loss during accounting period before tax	48		x	8,230	x		
26. Corporate income tax	49	-196,046	-111,706	0	x	x	x
27. Share of profit or loss in subsidiary and affiliated companies	50						
28. Profit or loss in accounting period after tax	51	376,032	279,991	225,090	x	x	x

A\_General information

Notes to the financial statements

**a)** UniBanka, a. s. Bratislava (hereinafter referred to as “UniBanka”, or “the bank”) was established in compliance with Slovak legislation as a joint-stock company under the business name Slovenská poľnohospodárska

banka, a.s. in 1990, and was registered in the Commercial Register of the District Court of Bratislava I. In 1994 its business name was changed to Poľnobanka, a. s. and in 2002 to UniBanka, a. s.

Structure of shareholders as at 31 December 2004

	Equity shares	%	In SKK ths. Voting rights
UniCredit Group S.p.A. Genova (UCI)	1,835,333,755 Sk	77.21	1,835,333,755
EBRD London	473,035,565 Sk	19.9	473,035,565
Ministry of Agriculture	25,900,925 Sk	1.09	25,900,925
Other shareholders	42,791,795 Sk	1.80	42,791,795
Total	2,377,062,040 Sk	100.00	2,377,062,040

The Head Office of the bank has its registered office in Bratislava. There are 10 branches and 59 sub-branches of the bank located on the territory of the Slovak Republic.

bank is a member of the Stock Exchange in Bratislava (SEB).

The bank’s activities include the general banking transactions, services of investment banking and trading in securities. The

**b)** The financial statements have been prepared in compliance with the Decree of the Ministry of Finance of Slovak Republic (“MF SR”) No. 21 832/2002-92 of 12/10/2002 and prepared on a going concern basis of the accounting unit.

B\_Accounting principles and accounting methods employed

**a) New accounting principles and methods**

Since 1/1/2003 the bank has been providing the accounting in accordance with the provisions of Act on Accounting No. 431/2002 Coll. (hereinafter referred to as “Act ”), and provisions of the MF SR of 11/13/2002 No. 20 359/2002-92, stipulating details of accounting procedures and a general chart of accounts for banks and amendments to this provision. The financial statements were prepared as ordinary in compliance with the Act mentioned above.

1. Cancellation of reserves for special mentioned receivables as at 1/1/2004 and creation of adjusting items to these receivables. The methodological change in the accounting as at 1/1/2004 was recorded through undistributed profit of the previous years.
2. Cancellation of estimated items as at 12/31/2004 and creation of reserves to these liabilities.

Through application of the mentioned provision of the MF SR (1.) and Provision of the MF SR No 11938/2004-74 of 16 December 2004 (2.), in the financial statements of the bank for 2004 the following new accounting principles have been employed:

The financial statements were prepared under the historical cost convention on the basis of full accrual accounting, except for certain financial instruments which are stated at fair value.



b) Measurement of assets and liabilities

The bank measures assets and liabilities:

1. Through an accumulated value in cases of current accounts, deposit accounts, deposit books, deposit certificates, saving accounts and loans. In case of loans, the accumulated value is decreased by adjusting items established on the basis of identification at the inventory control.

2. Through the acquisition cost in case of

- securities held for trading and available for sale, in case of bonds with coupon the acquisition price is continuously increased by the interest yields accrued. Consequently securities are measured monthly at fair value. As at 31 December 2004 the bank recorded also on the accrual basis premiums to these securities. In case of shares held for trading or available for sale, these are measured at their acquisition cost at the primary purchase, monthly they are measured at fair value. The bank measures participating interests with controlling and substantial influence using the equity method.
- securities held to maturity, in case of bonds with coupons the acquisition cost is continuously increased by the interest income accrued from premiums or discounts. In case of decreasing of the value of securities held to maturity, their

value is decreased in adjusting items representing the value of the estimated loss.

- participating interests with controlling influence decreased by adjusting items,
3. acquisition cost in case of tangible and intangible fixed assets,
4. fair value in case of financial derivatives on a daily basis - in the form of forward revaluation in case of currency forwards and swaps, and on a monthly basis in case of interest rate swaps, cross-currency swaps, FRAs and options.

The bookkeeping and accounting records of the bank are kept in Slovak Crowns. Transactions in foreign currencies are translated using the foreign exchange rate valid on the day of transaction. Profits and losses resulting from settlement of such transactions and from translation of financial assets and liabilities denominated in foreign currency are charged to the profit and loss account.

Financial assets and liabilities denominated in foreign currencies are translated into Slovak crowns at the National Bank of Slovakia ("NBS") foreign exchange rate prevailing on the balance sheet date.

The foreign exchange rate of the Slovak currency as at 31 December 2004 and 2003 towards the most important currencies was as follows:

	As at 31 December 2004	As at 31 December 2003
USD 1	28.4960	32.9200
EUR 1	38.7960	41.1610
HUF 1	0.1579	0.1576
CZK 1	1.2710	1.2650

c) Transaction date

The transaction date according to Article 3 of Decree of the MF SR No. 20 359/2002-92 is particularly the payment date or a date of collection of cash, a date of purchase or sale of foreign currency, the date of payment

or collection on the customer's account, the trade date or settlement date of transactions with securities and derivatives, a day of issue or receipt of a guarantee, a day of detection of a damage, deficiency, deficit, etc.

d) Tangible and intangible fixed assets – depreciation

The purchased fixed assets are measured at acquisition cost including the price of procurement and costs connected with the procurement (customs, import surcharge, transport, assembly, insurance, etc.).

Profits and losses on disposals of fixed assets are calculated on the basis of net book value of fixed assets and charged in the full amount into the profit and loss account.

Depreciation of tangible fixed assets is determined on the basis of assumed period of its usage and the proposed course of its wear and tear. The amount of wear and tear is expressed in the form of accumulated depreciation.

Costs for enlargement, modernization and reconstruction

leading to the increase of operation of capacity or efficiency also increase the acquisition cost of tangible assets. Costs for operation and maintenance are accounted for during the period, to which they relate. With the tangible fixed assets the bank uses the straight-line method of depreciation.

Low-value tangible assets up to the amount of SKK 30 ths. (inventory, bank and office machinery etc.) are being depreciated gradually. In depreciation of low-value tangible assets the principle shall be applied that these assets shall be depreciated on the accounts in the same way as the tangible long-term assets of a similar category. The bank is depreciating the low-value assets up to SKK 30 ths in full amount in the profit and loss account (mobile telephones, calculators, low-value HW etc.).

The proposed life cycle of tangible fixed assets is as follows:

Category	Number of years
Buildings and constructions	20
Transportation and computers	4
Inventory and office equipment	4 to 12

Long-term intangible fixed assets are recorded in the acquisition cost, to which the amount of wear and tear is expressed in the form of accumulated depreciation. Depreciation of intangible fixed assets is determined on the basis of proposed period of its usage and proposed course of its wear and tear (according to Act on Accounting it has to be depreciated within five years from its acquisition at the longest). In depreciation of the banking software (FISERV, MIDAS) the bank uses the accelerated depreciation, in case

of other intangible fixed assets the bank uses the straight-line method. Low-value intangible assets up to the amount of SKK 50 ths. are charged to the profit and loss account in the period in which they acquired by the bank. The exception is only the depreciation of a selected range of low-value intangible assets, such as acquired software licenses (timely unlimited). The listed low-value intangible assets are depreciated as tangible assets of a similar category.

The estimated useful life of intangible fixed assets is as follows:

Category	Number of years
Banking software (FISERV, MIDAS)	2 to 5
Other intangible fixed assets	2 to 5

**e) Procedures for accounting of significant balance-sheet items**

**1. Financial derivatives**

The accounting transactions of purchase and sale of financial assets with a standard delivery term (spot transactions in securities) and derivative transactions from the trade date of transaction to the settlement date of transaction are posted by the bank on the off-balance sheet accounts, on the date of settlement of a transaction the off-balance sheet entry is cancelled and it is posted on the balance sheet accounts. The bank posts derivatives to the balance sheet account in the fair value in Slovak Crowns. On the off-balance sheet accounts the posting in the notional amount of financial instrument in original currencies is provided.

**2. Securities**

The bank accounts for the debt securities and variable income securities.  
In the classification according to the purpose, for which the securities were purchased, the bank provides the accounting of the following types of securities

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

The bank accounts for securities from the trade date of a transaction to the settlement date in the off-balance sheet and on the settlement date records in the balance sheet accounts according to the type of securities.

In a particular group of analytical accounts, it provides the accounting of a principal of securities as well as accrual and deferral of the coupon. Initially, securities are being measured at acquisition cost. It includes direct costs for transactions connected with securities known at the purchase of securities.

**3. Foreign exchange transactions**

The bank provides the accounting in the currency, in which the financial transaction occurred, and at the same time in

the equivalent of this transaction in SKK, in the exchange rate valid on the day of execution of the transaction. The accounted assets and liabilities in foreign currencies are converted daily by the rate announced by the National Bank of Slovakia. Rate differences occurring at conversion are charged, according to the character, to the accounts of expenses or income. The bank provides the accounting separately for realised and separately for unrealised foreign exchange rate differences.

**4. Repo transactions**

The bank provides the accounting of financial assets provided in a repo transaction in the balance sheet on separate analytic accounts to the particular synthetic account, in which it had been accounted before the offer in a repo transaction, while keeping the method of measurement. The bank in the off-balance sheet is posting the collateral accepted in a reversed repo transaction. In case of sale of securities accepted in repo transactions, the bank accounts for short sale in the amount of the sale price of securities.

**5. Leasing agreements**

The bank leases assets in the form of financial leasing. The financial leasing contractually concluded before 2004 is accounted in the form of an accrual and deferral of the initial instalment and further regular instalments.

**6. Income tax payable**

The income tax is calculated from the accounting profit determined according to the accounting procedures valid in the SR following the appreciation of particular items for tax purposes (determined by law). The income tax rate in 2004 was 19 %.

**7. Deferred tax**

The deferred income tax is provided on all temporary differences between the tax base and the carrying amount of as-

sets and liabilities in the balance sheet. At calculation of deferred tax, the income tax rate is used, which is anticipated in the period when the deferred tax payable is being settled or in which the deferred tax receivable is being executed. The deferred tax is recorded in the profit and loss account. The income tax rate valid from 1 January 2004 is 19 %.

Temporary differences occur as a result of expenses used for tax purposes in connection with differences between the accounting and tax depreciations, further through charging of the adjusting items (tax-unrecognized) to receivables, depreciation of which is tax-recognized expense. The subject of charging of a deferred tax may also be the redemption of a tax loss. A deferred tax receivable may be accounted until it is probable that the bank shall achieve such a tax base, against which the asset can be utilised.

**f) Procedures for accounting of significant profit and loss account items**

**1. Interest income and expense**

The interest income and expense is accrued on a daily basis in the profit and loss account for all financial instruments using the straight-line method. The interest income includes a coupon on securities with fixed income and accrued discount, or premium from treasury bills and other discounted instruments and securities with fixed income, in case these were purchased with a discount or premium.

**2. Income from classified receivables**

Since 2003 the bank does not charge the interest income in cases when the unpaid interest is overdue more than 90 days, the amount of this interest is registered in the off-balance sheet. In case a customer repays a part of the interest charged into the off-balance sheet, the value of the repaid interest on the particular interest income account is being charged at the repayment according to the type of a loan in case it relates to an interest of the current year or to the interest account more than 90 days from previous years in case of interest for previous periods.

**g) Classified assets – principles and identification procedure**

The identification of classified assets (receivables) is the principal aim of the monitoring procedures managed and provided in the bank by the Monitoring Department. In the monitoring procedures all accessible information sources are used for identification of a risk, particularly from the internal sources (from the bank records, information system, documentation of the customer's visit), from submitted financial statements or external sources, for example from the Register of Loans and Banking Guarantees of the NBS, from the customer's suppliers, customer's purchasers, other financial institutions, officially published information, etc.

The warning signals are detected through the monitoring activities daily. Based on the evaluation of regular monitoring and in accordance with the valid internal procedures as well as Decrees of the National Bank of Slovakia, a quarterly classification of the bank receivables is performed. All the classified receivables of the bank are in the administration of a specialised unit of the bank, the "Work-out".

**h) The write off of receivables**

The write off of receivables, especially of loan receivables, is provided on the basis of a proposal processed by the particular bank division. The Board of Directors of the bank or the Credit Committee of the Board of Directors, is authorised for the decision of the approval of the proposal for write off on the basis of opinion of the particular bank divisions. Proposals for write off are prepared on the basis of acquired grounds proving the unenforceability of a receivable.

In case that the resolving of a receivable is executed in the form of its assigning the receivable under its nominal value, the subject of write off is the difference between the assigned and a nominal value.

i) Adjusting items and reserves – principles and calculation procedure

The bank creates the adjusting items to classified receivables for the purpose of adjustment to valuation of the particular receivable due to the proposed loss, i.e. the part of the receivable, of which it is reasonably assumed that will not be settled. The value of adjusting items is charged to expenses.

At the creation of adjusting items for the individual titles, the bank evaluates individually the risk level and specifies, on the basis of its quantification, the creation of adjusting items. Within the scope of their quantification, the requirements stipulated in the Act as well as Decrees of the NBS stipulating the prudent business of banks, are always fulfilled.

Reserves are payables with an uncertain time of determination or amount, which resulted from past events, from the

settlement of which it is probable that they result in a decrease of economical benefits, and it is possible to estimate an adequately credible forecast of their settlement.

In 2004 the bank has created reserves for future commitments resulting from the past events as well as reserves for operational risks in compliance with the valid legal and accounting regulations. The amount of reserves has been calculated based on the approved internal banking procedures. The creation of reserves of the bank has been in compliance with its needs considering particular risks of possible realisation of the future commitments.

j) Fair value hedge of assets

The bank does not account for the hedging instruments in the mentioned area.

C\_Financial instruments

a) Credit risk (1)

1. The bank executes the evaluation of a credit risk of the corporate and retail customers in the form of internal rating and scoring models. At the credit risk evaluation, the bank employs in its procedures the experience and internal procedures processed by the parent company UniCredito Italiano.

2. The subjects of classification are the assets of the bank (receivables, debt securities and payables from granting of a guarantee for a loan). A receivable includes the balance of a principal and related items (i.e. due and unpaid interest up to 90 days, default interest unpaid up to 90 days, default fees unpaid up to 90 days and costs connected with the enforcement of a receivable). Thereby as one receivable are considered receivables

from all business relations, which the bank keeps with one debtor.

Based on the results of evaluation, receivables are classified into 5 risk categories as follows:

- Standard,
- Special mentioned,
- Non-standard,
- Doubtful,
- Loss.

3. The bank classifies all loan receivables.

For the coverage of expected losses from receivables in 2004 the bank has created the adjusting items in the

amount of 1 % – 20 % of an unsecured amount of a special mentioned receivables, 20 % – 50 % of an unsecured amount of a non-standard receivable, of 50 % to 95 % of an unsecured value of a doubtful receivable and in the amount of 100 % of an unsecured value of a loss receivable. An unsecured value of a receivable is a value decreased by a recoverable amount of collateral. At calculation of an amount of the adjusting items, the bank proceeds in such a way that it deducts the value of estimated recoverability of collateral from a nominal value.

Since 2004 the bank has created the adjusting items for the special mentioned receivables. As at 1/1/2004 the bank has reversed the reserves created for these receivables as at 12/31/2003 to the accounts of adjusting items in accordance with the Decree of the MF SR.

The ratio of classified receivables of the total portfolio presents 11.0 % at 12/31/2004 (2003: 12.1 %). Classified receivables were covered by adjusting items at this date at 92.7 % (2003: 94.3 %).

The most frequent forms of collateral for receivables accepted by the bank are as follows: a right of lien for fixed assets, a right of lien (retainer) for movable assets, financial collateral, guarantee of a third person, blank promissory note of a customer and guarantor, periodic sending of an income to the account. With the immovable and movable assets, the value of collateral is being calculated on the basis of an expert opinion and the particular percentage of acceptance specified in the bank internal regulations.

4. To classify the receivables, the bank does not use the evaluation published by rating agencies.

5. The bank performs the credit risk measurement of the bank portfolio through its own procedures, while providing in the full amount the application of criteria resulting from the Decrees of the NBS.

6. The collection of the bank's receivables is within the competence of the Workout Branch, which proposes and executes (in cooperation with other bank divisions) the drafts for the resolution, which must be approved in compliance with the Competence Order. To resolve the receivables, the bank employs all instruments of a legal collection.

7. Composition of a credit portfolio.  
The bank's strategy is to manage the credit risk of the portfolio through its adequate diversification among the Retail (individuals), SME (small and medium entrepreneurs) and Corporate segments as well as among the particular sectors. The bank is managing, using the determined limits as well the motivation system, the achievement of the required composition of the credit portfolio with the aim to minimise the concentration risk in its balance sheet.

8. The largest concentration of the bank's receivables is in the sector of commerce and services, of approx. 27 %.

9. In 2004 the bank has not employed the method of securitisation, or any credit derivative as a financial instrument for the credit risk management.



b) Credit risk (2)

1. Assets according to main categories of contractual partners

As at 31 December 2004 in SKK ths.	Deposits and loans from central banks	Deposits and loans from banks	Customers	Securities held for trading and available for sale	Securities held to maturity	Other assets	Total
<b>ASSETS</b>							
Non-finance corporations	-	-	12,742,329	606,423	1,278,780	-	<b>14,627,532</b>
Other financial mediators	16,683,133	3,635,858	392,463	246,701	43,149	-	<b>21,001,304</b>
Insurance corporations and retirement funds	-	-	-	22,651	-	-	<b>22,651</b>
Public administration	-	-	3,009,738	1,302,275	2,976,869	-	<b>7,288,882</b>
Households (trades) and non-profit institutions serving to households	-	-	601,310	-	-	-	<b>601,310</b>
Population	-	-	1,675,261	-	-	-	<b>1,675,261</b>
Other	-	-	392,544	622	-	3,447,952	<b>3,841,118</b>
<b>ASSETS IN TOTAL</b>	<b>16,683,133</b>	<b>3,635,858</b>	<b>18,813,645</b>	<b>2,178,672</b>	<b>4,298,798</b>	<b>3,447,952</b>	<b>49,058 058</b>

As at 31 December 2003 in SKK ths.	Deposits and loans from central banks	Deposits and loans from banks	Customers	Securities held for trading and available for sale	Securities held to maturity	Other assets	Total
<b>ASSETS</b>							
Non-finance corporations	-	-	16,376,093	590,713	1,084,466	-	<b>18,051,272</b>
Other financial mediators	5,461,744	1,818,524	-	20,052	43,149	-	<b>7,343,469</b>
Insurance corporations and retirement funds	-	-	-	22,651	-	-	<b>22,651</b>
Public administration	-	-	901,369	5,842,196	1,202,897	-	<b>7,946,462</b>
Households (trades) and non-profit institutions serving to households	-	-	732,638	-	-	-	<b>732,638</b>
Population	-	-	956,669	-	-	-	<b>956,669</b>
Other	-	153,618	594,538	290,081	-	2,620,862	<b>3,659,099</b>
<b>ASSETS IN TOTAL</b>	<b>5,461,744</b>	<b>1,972,142</b>	<b>19,561,307</b>	<b>6,765,693</b>	<b>2,330,512</b>	<b>2,620,862</b>	<b>38,712,260</b>

2. Assets according to main areas of activities

As at 31 December 2004 in SKK ths.	Deposits and loans from central banks	Deposits and loans from banks	Customers	Securities held for trading and available for sale	Securities held to maturity	Other assets	Total
<b>ASSETS</b>							
Banking and insurance	16,683,133	3,635,858	392,466	269,352	43,149	-	<b>21,023,958</b>
Other	-	-	569,971	-	-	-	<b>569,971</b>
Agriculture and food industry	-	-	3,570,763	-	10,998	-	<b>3,581,761</b>
Textile and paper industry	-	-	1,078,676	-	-	-	<b>1,078,676</b>
Chemical and rubber industry	-	-	461,520	-	-	-	<b>461,520</b>
Engineering industry	-	-	1,289,988	-	-	-	<b>1,289,988</b>
Building industry	-	-	424,412	152,125	-	-	<b>576,537</b>
Small and big business	-	-	2,646,284	-	-	-	<b>2,646,284</b>
Transportation and tourist business	-	-	768,595	448,897	1,068,355	-	<b>2,285,847</b>
Other services	-	-	2,537,335	5,400	-	-	<b>2,542,735</b>
Public administration	-	-	3,009,738	1,302,276	2,976,870	-	<b>7,288,884</b>
Activities of member organizations	-	-	299	-	-	-	<b>299</b>
Population	-	-	1,671,054	-	-	-	<b>1,671,054</b>
Extraterritorial	-	-	392,544	622	199,426	-	<b>592,592</b>
Not classified	-	-	-	-	-	3,447,952	<b>3,447,952</b>
<b>ASSETS IN TOTAL</b>	<b>16,683,133</b>	<b>3,635,858</b>	<b>18,813,645</b>	<b>2,178,672</b>	<b>4,298,798</b>	<b>3,447,952</b>	<b>49,058,058</b>

As at 31 December 2003 in SKK ths.	Deposits and loans from central banks	Deposits and loans from banks	Customers	Securities held for trading and available for sale	Securities held to maturity	Other assets	Total
<b>ASSETS</b>							
Banking and insurance	5,461,744	1,972,142	1,854,181	326,819	43,149	-	<b>9,658,035</b>
Other	-	-	117,961	-	-	-	<b>117,961</b>
Agriculture and food industry	-	-	3,624,201	-	10,998	-	<b>3,635,199</b>
Textile and paper industry	-	-	1,211,025	-	-	-	<b>1,211,025</b>
Chemical and rubber industry	-	-	830,793	407,331	-	-	<b>1,238,124</b>
Engineering industry	-	-	1,918,676	-	-	-	<b>1,918,676</b>
Building industry	-	-	95,156	183,383	-	-	<b>278,539</b>
Small and big business	-	-	2,929,229	-	-	-	<b>2,929,229</b>
Transportation and tourist business	-	-	3,537,756	-	1,073,469	-	<b>4,611,225</b>
Other services	-	-	1,647,789	5,400	0	-	<b>1,653,189</b>
Public administration	-	-	9,023	5,842,199	1,202,896	-	<b>7,054,118</b>
Activities of member organizations	-	-	470,884	-	-	-	<b>470,884</b>
Population	-	-	1,019,231	-	-	-	<b>1,019,231</b>
Extraterritorial	-	-	295,402	561	-	-	<b>295,963</b>
Not classified	-	-	-	-	-	2,620,862	<b>2,620,862</b>
<b>ASSETS IN TOTAL</b>	<b>5,461,744</b>	<b>1,972,142</b>	<b>19,561,307</b>	<b>6,765,693</b>	<b>2,330,512</b>	<b>2,620,862</b>	<b>38,712,260</b>

3. Assets according to main geographical regions as at 12/31/2004

The bank is performing its activities on the territory of Slovakia. The sum of assets as at 12/31/2004 for transactions executed on the territory of Slovakia reached SKK 49,058,058 ths. (2003: SKK 38,712,260 ths.).

4. Residual maturity of the Bank’s assets and liabilities

As at 31 December 2004 in SKK ths.	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Without specifica- tion	Total
ASSETS								
Cash	832,722	-	-	-	-	-	-	832,722
Loans and deposits in the central bank and other banks	17,487,786	398,360	812,845	1,620,000	-	-	-	20,318,991
Loans granted to customers	3,759,567	1,430,685	1,684,186	2,999,672	7,125,181	1,644,148	170,206	18,813,645
Securities held for trading	10,637	2,042	56,426	2,563	1,887,156	190,383	29,466	2,178,673
Securities held to maturity	26,127	8,874	285,198	43,000	1,430,613	2,493,987	10,998	4,298,797
Tangible and intangible fixed assets	-	-	-	-	-	-	1,541,828	1,541,828
Other assets	354,174	26,406	210,230	123,452	237,738	28,529	58,324	1,038,853
Prepaid expenses and accrued income	-	-	-	-	-	-	34,549	34,549
ASSETS IN TOTAL	22,471,013	1,866,367	3,048,885	4,788,687	10,680,688	4,357,047	1,845,371	49,058,058
LIABILITIES								
Payables to banks	2,059,118	254,795	505,461	200,311	59,629	-	-	3,079,314
Payables to customers	23,493,960	1,474,242	950,798	11,378,550	1,259,336	146,283	-	38,703,169
Issued bonds	958,770	233,991	131,914	32,740	500,554	500,000	-	2,357,969
Other liabilities	704,672	7,145	88,045	17,482	65,729	32,280	298,306	1,213,659
Accrued expenses and deferred income	-	-	-	-	-	-	13,624	13,624
Registered capital, reserves, capital funds	-	-	-	-	-	-	3,690,323	3,690,323
LIABILITIES IN TOTAL	27,216,520	1,970,173	1,676,218	11,629,083	1,885,248	678,563	4,002,253	49,058,058
GAP	-4,745,507	-103,806	1,372,667	-6,840,396	8,795,440	3,678,484	-2,156,882	-
Cumulative GAP	-4,745,507	-4,849,313	-3,476,646	-10,317,042	-1,521,602	2,156,882	-	-

As at 31 December 2003 in SKK ths.	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Above 5 years	Without specifica- tion	Total
ASSETS								
Cash	849,275	-	-	-	-	-	-	849,275
Loans and deposits in the central bank and other banks	7,217,539	216,347	-	-	-	-	-	7,433,886
Loans granted to customers	934,323	2,137,170	3,104,239	4,040,563	7,069,992	2,096,481	178,539	19,561,307
Securities held for trading	5,842,196	-	15,675	370,551	432,418	-	104,853	6,765,693
Securities held to maturity	1,179,255	-	3,759	23,537	43,000	1,069,963	10,998	2,330,512
Tangible and intangible fixed assets	-	-	-	-	-	-	1,300,190	1,300,190
Other assets	80,404	-	47,567	37,235	74,470	-	198,999	438,675
Prepaid expenses and accrued income	-	-	-	-	-	-	32,722	32,722
ASSETS IN TOTAL	16,102,992	2,353,517	3,171,240	4,471,886	7,619,880	3,166,444	1,826,301	38,712,260
LIABILITIES								
Payables to banks	1,340,912	1,131,627	1,168,539	863,480	53,041	-	-	4,557,599
Payables to customers	23,780,866	2,420,456	883,140	630,110	1,159,623	156,115	-	29,030,310
Issued bonds	258,470	345,589	65,419	35,342	7,667	-	-	712,487
Other liabilities	50,123	-	50,634	-	16,976	13,337	1,023,706	1,154,776
Accrued expenses and deferred income	-	-	-	-	-	-	7,247	7,247
Registered capital, reserves, capital funds	-	-	-	-	-	-	3,249,841	3,249,841
LIABILITIES IN TOTAL	25,430,371	3,897,672	2,167,732	1,528,932	1,237,307	169,452	4,280,794	38,712,260
GAP	-9,327,379	-1,544,155	1,003,508	2,942,954	6,382,573	2,996,992	-2,454,493	-
Cumulative GAP	-9,327,379	-10,871,534	-9,868,026	-6,925,072	-542,499	2,454,493	-	-

5. Classification of receivables

As at 31 December 2004 in SKK ths. Receivables	Receivable (Gross value)	Adjusting items	Receivables (Net value)
Standard receivables	38,462,999	-	38,462,999
Thereof: from banks	20,318,991	-	20,318,991
from customers	18,144,008	-	18,144,008
Special mentioned receivables	556,962	56,132	500,830
Non-standard receivables	126,182	11,712	114,470
Doubtful receivables	62,386	34,366	28,020
Loss receivables	2,132,762	2,106,445	26,317
Thereof: from banks	-	-	-
from customers	2,132,762	2,106,445	26,317
<b>Total</b>	<b>41,341,291</b>	<b>2,208,655</b>	<b>39,132,636</b>
Thereof: from banks	20,318,991	-	20,318,991
<b>from customers</b>	<b>21,022,300</b>	<b>2,208,655</b>	<b>18,813,645</b>

As at 31 December 2003 in SKK ths. Receivables	Receivable (Gross value)	Adjusting items	Receivables (Net value)
Standard receivables	26,297,989	-	26,297,989
Thereof: from banks	7,433,886	-	7,433,886
from customers	18,864,103	-	18,864,103
Special mentioned receivables	526,392	-	526,392
Non-standard receivables	109,948	14,309	95,639
Doubtful receivables	42,131	20,361	21,770
Loss receivables	2,216,311	2,162,908	53,403
Thereof: from banks	389	389	-
from customers	2,215,922	2,162,519	53,403
<b>Total</b>	<b>29,192,771</b>	<b>2,197,578</b>	<b>26,995,193</b>
Thereof: from banks	7,434,275	389	7,433,886
<b>from customers</b>	<b>21,758,496</b>	<b>2,197,189</b>	<b>19,561,307</b>

6. In 2004 the bank has restructured the classified receivables in the amount of SKK 15,514.9 ths.

7. Adjusting items to assets

In SKK ths. Adjusting item	As at 31 December 2004	As at 31 December 2003
Classified loans from banks	-	389
Classified loans from customers	2,208,655	2,197,189
Other receivables	16,589	308,708
Other shares available for sale	1,398	1,392
Financial investments	4,100	4,100
<b>Total</b>	<b>2,230,742</b>	<b>2,511,778</b>

c) Market risk (1)

1. Types of transactions of UniBanka, a.s. executed in 2004 that are subject to market risk:

a) Transactions with securities – purchase and sale of bonds and shares;  
b) Spot, Outright  
c) Time transactions and derivatives  
ca) Foreign currency Swap  
cb) IRS and FRA  
cc) CCS  
cd) Foreign currency Forward  
ce) Foreign currency options  
d) REPO-transactions

2. All transactions in derivatives executed by the bank were intended for trading;

3. In 2004 UniBanka has started to execute the foreign currency option transactions. Option transactions are classified among the so-called conditional time transactions. Their basic difference from the unconditional (fixed) time transactions consists in the fact that only one counter party has the obligation to fulfill the agreed transaction on request, whereas the other party has the possibility to vote, which means to require the fulfillment of the transaction or to give up the transaction. The buyer (owner) of the option shall acquire through the purchase of the option the right to buy (call option) or sell (put option) for the option premium (option price);
4. All derivative transactions in 2004 have been concluded as the OTC (not through the stock exchange);

5. UniBanka, a. s. measures and monitors the market risks using the method of qualified estimate in compliance with the Decree of the MF SR as well as the Act on Accounting. The bank calculates the change of a fair value of derivatives from the data from the REUTERS system. The final interest rates are being employed as the basis for the measure calculation – a purchase (Close-Bid) in the particular currency for the previous day. In case the interest rate for the particular period is not at disposal, the interest rate is calculated via the interpolation on the basis of existing values. The bank provides monitoring of the currency risk on a daily basis via an automated revaluation – the forward revaluation in the banking system.

6. Interest rate risks of the bank are measured through GAP analysis. Individual assets, liabilities and off-balance sheet items sensitive to interest rate are divided into time zones according to the schedule of maturity of their payments (by a fixed rate) or according to the time remaining until their further date of revaluation (by a variable rate). The amount of difference for the particular time zone (assets minus liabilities plus off-balance sheet items revaluated or due within the scope of time zones) determines the risk of the bank resulting from revaluation. In 2004 the profile risk of the interest rate has been stable, regularly monitored and controlled within the determined limits.



7. The investment policy of UniBanka in the area of market risk for the particular calendar year including limits as well as a method of market risk management is the basis for providing the correct management of market risks.

d) Market risk (2)

1. Derivatives according to nominal and fair value (FV)

As at 31 December 2004

- Interest rate risk

In SKK ths. TYPE	Payable nominal	Payable FV	Receivable nominal	Receivable FV
FRA	-	-	-	-
IRS	14,424,394	48,171	16,044,394	53,612
CCS	5,112,662	7,520	5,300,611	6,929
CP	-	-	-	-
Total	19,537,056	55,691	21,345,005	60,541

On 28/01/2004 the bank has accepted a deposit in the amount of SKK 10,800,000 ths. with maturity on 30/12/2005 and has thereof opened an interest rate swap. With this deposit a collateral in the amount of SKK 1,620,000 ths is connected.

- Currency risk

In SKK ths. TYPE	Payable nominal	Receivable nominal	Payable and receivable FV
CCS	-	-	197,557
FWR, FX SW	8,227,614	8,123,153	-96,595
Options	11,639,074	11,639,074	8,870
Total	19,866,688	19,762,227	148,596

As at 31 December 2003

- Interest rate risk

In SKK ths. TYPE	Payable nominal	Payable FV	Receivable nominal	Receivable FV
FRA	500,000	4,151	500,000	4,001
IRS	1,748,887	29,969	1,748,887	1,304
CCS	2,050,915	-162	2,092,870	-345
CP	488,659	56,294	488,659	57,201
Total	4,788,461	90,252	4,830,416	62,161

- Currency risk

In SKK ths. TYPE	Payable nominal	Receivable nominal	Payable and receivable FV
CCS	-	-	46,466
FWR, FX SW	5,022,475	4,953,316	-50,123
Total	5,022,475	4,953,316	-3,657

2. Residual maturity of receivables and payables from fixed forward transactions and from operations with options.

As at 31 December 2004 in SKK ths.	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Above 5 years	Without specifica- tion	Total
Receivables from fixed forward transactions	3,662,094	1,271,280	1,305,502	16,556,862	5,825,988	1,110,553	-	<b>29,733,279</b>
Receivables from options	1,657,365	1,587,307	3,406,447	4,251,791	736,164	-	-	<b>11,639,074</b>
Payables from fixed forward transactions	3,712,920	1,276,683	1,309,140	14,860,803	5,776,040	1,114,304	-	<b>28,049,890</b>
Payables from options	1,657,365	1,587,307	3,406,447	4,251,791	736,164	-	-	<b>11,639,074</b>

As at 31 December 2003 in SKK ths.	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Above 5 years	Without specifica- tion	Total
Receivables from fixed forward transactions	3,009,148	342,332	1,678,236	800,586	3,396,726	618,866	-	<b>9,845,894</b>
Payables from fixed forward transactions	3,846,039	1,672,640	1,764,122	827,255	1,182,450	632,202	-	<b>9,924,708</b>

3. Assets and liabilities according to the date of contractual change of interest rate

As at 31 December 2004 in SKK ths.	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Above 5 years	Without specifica- tion	Total
<b>ASSETS</b>								
Cash	832,722	-	-	-	-	-	-	<b>832,722</b>
Loans and deposits in the central bank and other banks	17,487,786	398,360	812,845	1,620,000	-	-	-	<b>20,318,991</b>
Loans granted to customers	8,048,108	7,186,226	1,480,966	1,091,320	805,476	23,744	177,805	<b>18,813,645</b>
Securities held for trading	466,093	2,043	56,426	2,563	1,431,700	190,382	29,466	<b>2,178,673</b>
Securities held to maturity	26,127	8,874	1,351,232	43,000	1,430,613	1,427,953	10,998	<b>4,298,797</b>
Tangible and intangible fixed assets	-	-	-	-	-	-	1,541,828	<b>1,541,828</b>
Other assets	354,237	26,408	210,186	123,446	237,722	28,529	58,325	<b>1,038,853</b>
Prepaid expenses and accrued income	-	-	-	-	-	-	34,549	<b>34,549</b>
<b>ASSETS IN TOTAL</b>	<b>27,215,073</b>	<b>7,621,911</b>	<b>3,911,655</b>	<b>2,880,329</b>	<b>3,905,511</b>	<b>1,670,608</b>	<b>1,852,971</b>	<b>49,058,058</b>
<b>ASSETS IN TOTAL</b>								
Payables to banks	2,059,118	254,795	505,461	200,311	59,629	-	-	<b>3,079,314</b>
Payables to customers	24,829,732	845,793	11,356,888	298,045	1,226,424	146,287	-	<b>38,703 169</b>
Issued bonds	958,770	233,991	131,914	32,740	500,554	500,000	-	<b>2,357,969</b>
Other liabilities	704,672	7,145	88,045	17,482	65,729	32,280	298,306	<b>1,213,659</b>
Accrued expenses and deferred income	-	-	-	-	-	-	13,624	<b>13,624</b>
Registered capital, reserves, capital funds	-	-	-	-	-	-	3,690,323	<b>3,690,323</b>
<b>LIABILITIES IN TOTAL</b>	<b>28,552,292</b>	<b>1,341,724</b>	<b>12,082,308</b>	<b>548,578</b>	<b>1,852,336</b>	<b>678,567</b>	<b>4,002,253</b>	<b>49,058,058</b>
GAP	<b>-1,337,219</b>	<b>6,280,187</b>	<b>-8,170,653</b>	<b>2,331,751</b>	<b>2,053,175</b>	<b>992,041</b>	<b>-2,149,282</b>	<b>-</b>
<b>Cumulative GAP</b>	<b>-1,337,219</b>	<b>4,942,968</b>	<b>-3,227,685</b>	<b>-895,934</b>	<b>1,157,241</b>	<b>2,149,282</b>	<b>-</b>	<b>-</b>

As at 31 December 2003 in SKK ths.	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Above 5 years	Without specifica- tion	Total
<b>ASSETS</b>								
Cash	849,275	-	-	-	-	-	-	849,275
Loans and deposits in the central bank and other banks	7,433,886	-	-	-	-	-	-	7,433,886
Loans granted to customers	5,576,686	8,226,628	2,847,099	1,605,405	1,096,842	148,390	60,257	19,561,307
Securities held for trading	496,800	252,846	390,273	4,236,714	584,786	699,421	104,853	6,765,693
Securities held to maturity	26,127	8,874	1,083,131	23,537	779,737	398,108	10,998	2,330,512
Tangible and intangible fixed assets	-	-	-	-	-	-	1,300,190	1 300,190
Other assets	80,404	-	47,567	37,235	74,470	-	198,999	438,675
Prepaid expenses and accrued income	-	-	-	-	-	-	32,722	32,722
<b>ASSETS IN TOTAL</b>	<b>14,463,178</b>	<b>8,488,348</b>	<b>4,368,070</b>	<b>5,902,891</b>	<b>2,535,835</b>	<b>1,245,919</b>	<b>1,708,019</b>	<b>38,712,260</b>
<b>LIABILITIES</b>								
Payables to banks	1,340,901	1,131,638	1,168,539	863,480	53,041	-	-	4,557,599
Payables to customers	25,145,806	1,894,043	398,836	312,500	1,123,010	156,115	-	29,030,310
Issued bonds	258,470	345,589	65,419	35,342	7,667	-	-	712,487
Other liabilities	104,470	-	50,634	-	16,976	13,337	969,359	1,154,776
Accrued expenses and deferred income	-	-	-	-	-	-	7,247	7,247
Registered capital, reserves, capital funds	-	-	-	-	-	-	3,249,841	3,249,841
<b>LIABILITIES IN TOTAL</b>	<b>26,849,647</b>	<b>3,371,270</b>	<b>1,683,428</b>	<b>1,211,322</b>	<b>1,200,694</b>	<b>169,452</b>	<b>4,226,447</b>	<b>38,712,260</b>
Interest position on 31 December 2003	-12,386,469	5,117,078	2,684,642	4,691,569	1,335,141	1,076,467	-2,518,428	-
<b>Cumulative interest position on 31 December 2003</b>	<b>-12,386,469</b>	<b>-7,269,391</b>	<b>-4,584,749</b>	<b>106,820</b>	<b>1,441,961</b>	<b>2,518,428</b>	<b>-</b>	<b>-</b>

4. Assets and liabilities according to currencies

As at 31 December 2004 in SKK ths.	CZK	USD	EUR	Other	SKK	Total
<b>ASSETS</b>						
Balance in cash	32,834	45,410	148,724	36,156	569,598	832,722
Receivables from banks	1,249	13,433	86,148	156,061	20,062,100	20,318,991
Receivables from customers	123,107	179,722	4,043,268	276,396	16,399,807	21,022,300
Adjusting items to receivables	-	-8,021	-52,453	-	-2,148,181	-2,208,655
Debt securities		168,174	1,661,369	187,522	4,419,941	6,437,006
Stock, investment certificates and other shares	1,398	-	622	-	28,844	30,864
Adjusting items to other shares	-1,398	-	-	-	-	-1,398
Investment securities	-	-	-	-	15,098	15,098
Adjusting items to securities	-	-	-	-	-4,100	-4,100
Intangible fixed assets	-	-	-	-	533,156	533,156
Accumulated depreciation for intangible fixed assets	-	-	-	-	-371,651	-371,651
Tangible fixed assets	-	-	288	-	2,273,590	2,273,878
Accumulated depreciation for tangible fixed assets	-	-	-	-	-893,555	-893,555
Other assets	208	56,884	23,458	6,571	968,321	1,055,442
Adjusting items to receivables	-	-2	-5	-	-16,582	-16,589
Prepaid expenses and accrued income	-	-	4,057	-	30,492	34,549
<b>ASSETS IN TOTAL</b>	<b>157,398</b>	<b>455,600</b>	<b>5,915,476</b>	<b>662,706</b>	<b>41,866,878</b>	<b>49,058,058</b>
<b>LIABILITIES</b>						
Payables to banks	757	1,459	843,469	25,786	2,207,843	3,079,314
Payables to customers	160,527	513,528	2,388,407	76,958	35,563,749	38,703,169
Payables from securities		82,139	67,609		2,208,221	2,357,969
Other liabilities	1,401	56,581	131,306	45,760	978,611	1,213,659
Accrued expenses and deferred income		3	442		13,179	13,624
Reserves					283,273	283,273
Registered capital and capital funds					2,377,703	2,377,703
Reserve funds					63,617	63,617
Valuation difference				127		127
Undistributed profit					589,571	589,571
Profit for the current accounting period					376,032	376,032
<b>LIABILITIES IN TOTAL</b>	<b>162,685</b>	<b>653,710</b>	<b>3,431,233</b>	<b>148,631</b>	<b>44,661,799</b>	<b>49,058,058</b>



As at 31 December 2003 In SKK ths.	CZK	USD	EUR	Other	SKK	Total
<b>ASSETS</b>						
Balance in cash	47,818	51,880	156,716	33,453	559,408	<b>849,275</b>
Government bonds without coupons	-	-	-	-	4,198,492	<b>4,198,492</b>
Receivables from banks	-	9,949	70,550	87,509	7,266,267	<b>7,434,275</b>
Adjusting items to receivables from banks	-	-	-389	-	-	<b>-389</b>
Receivables from customers	113,724	180,362	3,408,591	331,160	17,724,659	<b>21,758,496</b>
Adjusting items to receivables	-	-155	-15,009	-	-2,182,025	<b>-2,197,189</b>
Debt securities	-	183,384	1,102,567	264,709	3,231,202	<b>4,781,862</b>
Stock, investment certificates and other shares	1,392	-	562	-	104,291	<b>106,245</b>
Adjusting items to other shares	-1,392	-	-	-	-	<b>-1,392</b>
Investment securities	-	-	-	-	15,098	<b>15,098</b>
Adjusting items to securities	-	-	-	-	-4,100	<b>-4,100</b>
Intangible fixed assets	-	-	-	-	465,581	<b>465,581</b>
Accumulated depreciation for intangible fixed assets	-	-	-	-	-338,949	<b>-338,949</b>
Tangible fixed assets	-	-	763	-	2,070,303	<b>2,071,066</b>
Accumulated depreciation for tangible fixed assets	-	-	-	-	-897,508	<b>-897,508</b>
Other assets	27	67,108	28,219	2,767	649,262	<b>747,383</b>
Adjusting items to receivables	-	-	-2	-	-308,706	<b>-308,708</b>
Prepaid expenses and accrued income	-	-	1,360	-	31,362	<b>32,722</b>
<b>ASSETS IN TOTAL</b>	<b>161,569</b>	<b>492,528</b>	<b>4,753,928</b>	<b>719,598</b>	<b>32,584,637</b>	<b>38,712,260</b>
<b>LIABILITIES</b>						
Payables to banks	19,317	204,948	1,312,216	15,507	3,005,611	<b>4,557,599</b>
Payables to customers	126,964	771,561	2,342,901	118,614	25,670,270	<b>29,030,310</b>
Payables from debt securities	-	43,832	104,336	-	564,319	<b>712,487</b>
Other liabilities	4,023	48,005	169,996	58,943	873,809	<b>1,154,776</b>
Accrued expenses and deferred income	-	44	506	22	6,675	<b>7,247</b>
Reserves	-	-	-	-	206,503	<b>206,503</b>
Registered capital	-	-	-	-	2,377,062	<b>2,377,062</b>
Reserve funds	-	-	-	-	35,618	<b>35,618</b>
Valuation difference	127	-	-	-	-	<b>127</b>
Undistributed profit	-	-	-	-	350,540	<b>350,540</b>
Profit for the current accounting period	-	-	-	-	279,991	<b>279,991</b>
<b>LIABILITIES IN TOTAL</b>	<b>150,431</b>	<b>1,068,390</b>	<b>3,929,955</b>	<b>193,086</b>	<b>33,370,398</b>	<b>38,712,260</b>

e) Monitoring and management of operational risk

The bank monitors and processes the data on cases of operational risk in compliance with internal banking regulations, which at the same time respect the directives of the UCI. Monitoring of losses or costs is being executed in compliance with the classification according to groups of activities following the typology of events for the needs of classification of operational risk.

In compliance with the internal banking regulations for operational risk, the bank creates the adjusting items and reserves for individual cases, which have occurred in the past. According to the decrees of the NBS, in 2004 the amount of operational risk has not been included

into the risks of the bank for the need of calculation of the capital adequacy of the bank.

f) Further information

Within the scope of management of the credit risk in transactions on interbank markets, the risk is managed by an individual determination of credit lines for the banks, with which it is possible consequently to conclude the business. These credit lines are structured considering the particular products as well as in terms of duration of these transactions.

D\_Participation interests with controlling and substantial influence

As at 31 December 2004 and 31 December 2003

in SKK ths. Name	Residence	Registered capital	Investment deposits	Share of the bank in ZI voting rights
Agroinvest FPS in liquidation	Vajnorská 21, BA	4,100	4,100	100 %
Agrocons. A.s. in liquidation	Vajnorská 21, BA	13,894	10,998	82.54 %
<b>Total</b>			<b>15,098</b>	
Adjusting item (Agroinvest FPS)			4,100	
<b>Net value</b>			<b>10,998</b>	

The bank does not own securities issued by the subsidiary companies. The bank has neither issued nor accepted the guarantees from the subsidiaries.

E\_Significant items in the balance sheet and profit and loss account

a) Income tax

The transfer of the accounting profit based on the income tax of a legal entity is as follows:

In SKK ths.	As at 31 December 2004	As at 31 December 2003
Current year profit	376,032	279,991
Tax nondeductible expenses	203,688	468,270
Creation/ cancellation of provisions and reserves – net	-313,007	-473,591
Un-realised exchange rate profits/losses – net	-	-93,777
Profits/losses from revaluation of financial investments – net	-	15,981
Income from securities taxed by a separate tax rate	-184,605	-272,252
Other tax-deductible items	-196,052	- 160,145
<b>Tax base</b>	<b>-113,944</b>	<b>-235,523</b>

As at 31/12/2004 the bank has shown a negative tax base, which has been affected mostly by the tax-deductible items: income from securities taxed by a separate tax rate, cancellation of adjusting items and reserves. In 2004 the bank has paid the income tax in the total amount of SKK 5.7 ths. This was the payment of the withholding tax on the income, from which the tax is collected via withholdings.

b) Deferred tax

A deferred tax receivable and payable as at 31/12/2004 refers to items listed below:

In SKK ths. Temporary differences	Deferred tax receivable (+) / tax liability (-) As at 31 December 2004	Deferred tax receivable (+) / tax liability (-) As at 31 December 2003
Adjusting items – loans	308,049	128,525
Un-realised exchange rate differences – net	-	- 17,818
Revaluation of financial investments – net	-	3,036
Difference of tax/accounting depreciation	-	-
Unpaid expenses	-	3,069
Unsettled income	- 291	- 5,106
<b>NET</b>	<b>307,758</b>	<b>111,706</b>
<b>Deferred tax receivable booked as at 31 December 2004</b>	<b>196,052</b>	<b>-</b>

E\_Significant items in the balance sheet and profit and loss account

The amount of the deferred tax receivable has increased in 2004 by SKK 196,052 ths. The increase of the amount of the deferred tax receivable relates to the existence of the loss loan receivables and adjusting items to these loans created as tax nondeductible expenses. On the day of the financial statements on 31/12/2004 the bank has evaluated the deferred tax receivable, which it has not been accounted so far, as within the future taxation periods the achievement of such an income tax base is expected, which shall enable the settlement of the calculated and accounted deferred tax receivable. The

bank does not connect the condition of the achievement of a sufficient income tax base in the future with the change of the method of taxation of income from bonds and treasury bills.

c) Subordinated assets, liabilities

As at 31 December 2004 and 2003 the bank did not record any subordinated assets and liabilities.

d) Syndicated loans

As at 31 December 2004 Name of the customer	Loan amount – participation of UniBanka	Current balance (12/31/2004)	Date of granting (1. Draw)	Maturity date	Interest rate	Arranger
ZSNP, a.s.	SKK 280,000,000.-	EUR 2,625,000.-	06/17/2004	11/28/2008	EURIBOR +1.4 % p.a.	Citibank (Slovakia) a.s.
SLOVALCO, a.s.	USD 4,279,000.-	USD 2,560,694.43	06/20/2001	05/04/06	LIBOR +1 % p.a.	Citibank (Slovakia) a.s.
Slovenské elektrárne, a.s.	EUR 2,500,000	EUR 664,062.50 EUR 625,000.-	04/13/2004 04/16/2004	08/04/2009 08/04/2009	EURIBOR +1.6 % p.a.	WEST LB WEST LB London
TATRAVAGÓNKA a.s.	EUR 7,200,000.-	EUR 7,161,478.82	03/26/2004	08/04/2009	EURIBOR +1.6 % p.a.	VÚB, a.s.
Intervenčná agentúra PLIVA D.D., Zagreb, Croatia	SKK 790,000,000.- USD 5,000,000.-	SKK 670,114,565.28 USD 1,400,000.-	08/05/2004 12/10/2004	08/31/2005 10/28/2009	EURIBOR +3 % p.a. LIBOR +0,7 % p.a.	UniBanka, a.s. BANK AUSTRIA (SR) a.s., Citibank (Slovakia) a.s.
Ministry of Finance	SKK 600,000,000	SKK 600,000,000	06/27/2002	06/11/2007	BRIBOR+ 0,42 %p.a.	TATRABANKA, A. S.

In 2004 the bank has been the arranger of the syndicated loan for Intervečná agentúra.

E\_Significant items in the balance sheet and profit and loss account

As at 31 December 2003 Name of the customer	Loan amount – participation of UniBanka	Current balance (12/31/2003)	Date of granting (1. Draw)	Maturity date	Interest rate	Arranger
US STEEL Košice	USD 727,989.16	USD 629,177.51	11/24/00	09/30/10	8.5 % p.a.	ING
Slovnaft Bratislava	USD 9,000,000	0	11/30/01	09/25/06	LIBOR + 0.9 % p.a.	BTM,RZB, WLG
SLOVALCO, Žiar n H.	USD 4,279,000	USD 3,542,583.31	06/20/01	05/04/06	LIBOR + 1 % p.a.	CITI
Slovenské elektrárne, BA	EUR 3,000,000	EUR 3,000,000	01/16/03	12/16/07	LIBOR + 1.5 % p.a.	BTM

In 2003 the Bank has not been an arranger of any of the listed syndicated loans.

e) Receivables and payables, time deposits

in SKK ths.	As at 31 December 2004	As at 31 December 2003
<b>Receivables</b>	<b>46,015,645</b>	<b>36,306,428</b>
Thereof: receivables from repo transactions	15,981,764	4,473,081
<b>Payables</b>	<b>45,332,491</b>	<b>35,331,349</b>
Thereof: payables from repo transactions	-	-
Time deposits with maturity	25,737,916	18,977,453
Time deposits with a notification	4,573,880	4,562,098

f) Written off receivables

The Board of Directors of the bank decided to write off the unenforceable loans, which it in particular cases transferred in compliance with the internal banking regulations (see point B, letter h).

In SKK ths.	As at 31 December 2004	As at 31 December 2003
<b>Amount of written off receivables</b>	<b>516,335</b>	<b>798,817</b>
Thereof:		
Written off receivables from banks	378	1,394
Written off receivables from customers	515,957	797,423

In 2004 the bank has accepted the compensations for written off receivables in past years in the amount of SKK 2 897 ths., thereof has accepted the compensations for loan receivables from customers represented the amount of SKK 2 867. - ths.

g) Default interest

At the default interest, the bank exercises a daily accrual and does not return the remitted default interest.

E\_Significant items in the balance sheet and profit and loss account

h) Securities

1. Securities held for trading

As at 31 December 2004 in SKK ths. Securities titles	ISIN	Purchase value	Fair value	Securities types	Market	Markets
GOVERNMENT BOND 133	SK4120002601	97,774	100,223	Debt	BCPB-market listed main	OTC
GOVERNMENT BOND 143	SK4120002742	455,455	464,598	Debt	BCPB-market listed main	OTC
GOVERNMENT BOND 166	SK4120003120	214,450	23,017	Debt	Non-listed	OTC
GOVERNMENT BOND 203	SK4120004284	539,638	564,200	Debt	BCPB-market listed main	OTC
GOVERNMENT BOND 191	SK4120003740	51,025	53,407	Debt	BCPB-market listed main	OTC
BOND VVB7.25/2006 1000USD	USL0523SBC63	158,395	152,125	Debt	Non-listed	OTC
BOND SR7.375/2010 1000EUR	DE0001074763	87,898	96,830	Debt	BCPB-market free	OTC
BOND ZSR8.0/2007 10000EUR	XS0111459656	438,663	448,897	Debt	Non-listed	OTC
BOND FHB 9.25/2008	HU0000650346	249,938	245,908	Debt	Non-listed	OTC
OZETA A.S. Trenčín	CS0005045053	1,461	0	Stock	Non-listed	OTC reg.
PRVÁ ČESKO-SLOVENSKÁ	SK1120001336	26,151	22,651	Stock	Non-listed	OTC reg.
POVAŽSKÉ STROJÁRNE A.S.	CS0005055151	123	0	Stock	Non-listed	OTC reg.
SLOVENSKÁ ARMATÚRKA A.S.	CS0005050459	3,289	0	Stock	Non-listed	OTC reg.
<b>Total</b>			<b>2,171,856</b>			

Other securities available for sale

As at 31 December 2004 in SKK ths. Securities titles	ISIN	pc	Purchase value in SKK/pc	Purchase value in SKK ths.	Fair value in SKK ths.
BCPB, a.s.	SK1110003433	67	10,000	670	793
RVS, a.s.	X	54	100,000	5,400	5,400
S.W.I.F.T. /EUR/	X	7	63,000	441	622
<b>Total</b>					<b>6,815</b>



E\_Significant items in the balance sheet and profit and loss account

As at 31 December 2003 in SKK ths. Securities titles	ISIN	Purchase value	Fair value	Securities types	Market	Markets
GOVERNMENT BOND 146	SK4120002775	146,258	156,469	Debt	Listed	OTC
GOVERNMENT BOND 147	SK4120002783	90,478	96,362	Debt	Listed	OTC
GOVERNMENT BOND 131	SK4120002528	153,008	162,042	Debt	Listed	OTC
GOVERNMENT BOND 143	SK4120002742	485,485	496,814	Debt	Listed	OTC
ŠPP 906	1319050906	227,780	234,933	Debt	Nonlisted	OTC
ŠPP 911	1323060911	95,784	97,396	Debt	Nonlisted	OTC
ŠPP 204	1304081204	1,842,786	1,878,418	Debt	Nonlisted	OTC
ŠPP 205	1311081205	474,584	483,662	Debt	Nonlisted	OTC
ŠPP 207	1325081207	472,253	482,738	Debt	Nonlisted	OTC
ŠPP 209	1308091209	850,410	867,283	Debt	Nonlisted	OTC
ŠPP 210	1314091210	151,234	154,059	Debt	Nonlisted	OTC
SPP 9 % 2004 /EUR/	XS0103083993	364,486	370,551	Debt	Nonlisted	OTC
FHB /HUF/	HU0000650346	249,432	264,709	Debt	Nonlisted	OTC
SR 7.375 % 2010 /EUR/	DE0001074763	699,421	732,017	Debt	Nonlisted	OTC
VHV 7.25 % 2006 /USD/	USL0523SBC63	182,986	183,384	Debt	Nonlisted	OTC
SLOVAK BOND	LU0174855808	24,982	24,810	Stock	Nonlisted	OTC
BIOTIKA A.S.	CS0009013453	9,234	1,858	Stock	Listed	OTC
CHEMOLAK A.S. SMOLENICE	CS0009006754	387	62	Stock	Nonlisted	OTC reg.
OZETA A.S. TRENČÍN	CS0005045053	1,461	0	Stock	Nonlisted	OTC reg.
PRVÁ ČESKO-SLOVENSKÁ	SK1120001336	26,151	22,651	Stock	Nonlisted	OTC reg.
POVAŽSKÉ STROJÁRNE A.S.	CS0005055151	122	0	Stock	Nonlisted	OTC reg.
SLOVENSKÁ ARMATÚRKA A.S.	CS0005050459	3,289	0	Stock	Nonlisted	OTC reg.
SLOVNAFT A.S. BRATISLAVA	CS0009004452	1,501	1,379	Stock	Listed	OTC
NOVOEMIT. AKCIA SLOVNAFT	SK1120001369	24,277	33,478	Stock	Listed	OTC
Total			6,745,075			

Other securities for sale

As at 31 December 2003 in SKK ths. Securities titles	ISIN	pc	Purchase value in SKK/pc	Purchase value in SKK ths.	Fair value in SKK ths.
Transacty a.s.	X	45	100,000	4,500	13,799
BCPB, a.s.	SK1110003433	67	10,000	670	852
RVS, a.s.	X	54	100,000	5,400	5,400
S.W.I.F.T. /EUR/	X	7	67,000	468	562
Total					20,613

E\_Significant items in the balance sheet and profit and loss account

2. Securities held until maturity

As at 31 December 2004 in SKK ths. Securities titles	ISIN	Carrying value	Securities types	Market
GOVERNMENT BOND 182	SK4120003286	208,183	Debt	BCPB-market listed-main
GOVERNMENT BOND 142	SK4120002734	531,894	Debt	BCPB-market listed-main
GOVERNMENT BOND 189	SK4120003674	208,292	Debt	BCPB-market listed-main
GOVERNMENT BOND 188	SK4120003658	208,353	Debt	BCPB-market listed-main
GOVERNMENT BOND 203	SK4120004284	946,270	Debt	BCPB-market listed-main
MORTGAGE ZL VUB, V.	SK4120002668	43,149	Debt	BCPB-market listed-main
BOND SR 7.375/2010 1000 EUR	DE0001074763	873,878	Debt	BCPB- market free
EUROBONDS ŽELEZNÍČ SR, 50000 SK	XS0149619172	1,068,355	Debt	Nonlisted
SLOVENSKÉ ELEKTRÁRNE	XS0194297502	199,426	Debt	Nonlisted
Total		4,287,800		

K 31. decembru 2003 in SKK ths. Securities titles	ISIN	Carrying value	Securities types	Market
GOVERNMENT BOND 182	SK4120003286	215,164	Debt	Listed
GOVERNMENT BOND 142	SK4120002734	547,796	Debt	Listed
GOVERNMENT BOND 189	SK4120003674	207,678	Debt	Listed
GOVERNMENT BOND 188	SK4120003658	208,721	Debt	Listed
TOWN OF PEZINOK	SK9110000010	23,537	Debt	Nonlisted
HZL VUB V	SK4120002668	43,149	Debt	Listed
ZSR FRN 2014 SKK	XS0149619172	1,073,469	Debt	Nonlisted
Total		2,319,514		

3. Other shares – under 20 % in SKK ths.

As at 31 December 2004, 2003 in SKK ths. Securities titles	ISIN	pc	Nominal value in SKK/pc 31/12/2004	Nominal value in SKK/pc 31/12/2003	Nominal value in SKK ths. 31/12/2004	Nominal value in SKK ths. 31/12/2003
Agrobanka, a.s. in liquidation /CZK/	CZ0008026408	1 000	127	127	127	127
Agrobanka, a.s. in liquidation /CZK/	CS0008000147	10	127,100	126,500	1,271	1,265
Total					1,398	1,392
Adjusting item					1,398	1,392
Adjusting item					-	-

4. Liabilities from securities – securities issued by an entity

a) Mortgage bonds

As at 31 December 2004 in SKK ths. Securities titles	ISIN	Carrying value	Interest
Mortgage bonds - 1. issue UB-HZL-1	SK4120004169	497,253	21,914
Mortgage bonds - 2. issue UB-HZL-2	SK4110001217	500,000	6,389
Total		997,253	28,303

In 2004 the bank has issued two issues of mortgage bonds in the nominal value of SKK 1,000,000 ths.

b) Long-term finance bills

As at 31 December 2004, 2003 in SKK ths. Securities titles	Carrying value As at 31 Dec. 2004	Carrying value As at 31 Dec. 2003	Discount As at 31 Dec. 2004	Discount As at 31 Dec. 2003
Long-term FB-Sk	7,981	8,296	120	321
Long-term FB-USD	510	135	2	1
Total	8,491	8,431	122	322

c) Short-term finance bills

As at 12/31/2004 the bank has registered the short-term finance bills in the amount of SKK 1,032,112 ths. (2003: SKK 704,378 ths.).

d) Other liabilities from the debt securities in the amount of SKK 291,932 ths. resulted from the short sale of securities.

i) Ratio of debt securities with residual maturity of up to one year

	As at 31 December 2004	As at 31 December 2003
Ratio of debt securities to total securities	99.29 %	53.25 %
Ratio of issued debt securities by the bank of maturity up to one year	49.96 %	98.86 %

j) Adjusting items and reserves

in SKK ths.  Type of adjusting item	As at 31 December 2004			As at 31 December 2003		
	Opening balance	Creation/ release	Closing balance	Opening balance	Creation/ release	Closing balance
Banks	389	- 389	-	1,972	-1,583	389
Classified loans	2,197,189	+11,466	2,208,655	2,474,423	-277,234	2,197,189
Other receivables	308,708	-292,119	16,589	402,876	-94,168	308,708
Other shares available for sale	1,392	+6	1,398	8,000	-6,609	1,392
Financial investments	4,100	0	4,100	5,564	-1,464	4,100
Securities held for trading				21,931	-21,931	-
Total	2,511,778	-281,036	2,230,742	2,914,766	-402,989	2,511,778

The foreign exchange differences from the creation and release of adjusting items are included in the profit and loss account in the item of income/expenses from the foreign exchange differences. The amount of foreign exchange differences for 2004 presented SKK 3,264 ths. The adjusting items to special mentioned receivables in the amount of SKK 26,320 ths. were accounted through the undistributed profit from the previous years.

As at 31 December 2004 in SKK ths.  Reserve types	Reserve for operational costs	Reserve for employees	Reserve for fees	Reserve for bank cards	Reserve for other risks	Reserve for classified guarantees	Reserve for passive legal proceedings	Reserve for special mentioned loans	Reserve for business employees	Reserves total
Opening balance	-	-	-	5,180	-	11,000	164,003	26,320	-	206,503
Increase	15,625	96,380	13,282	6,360	3,533	-	-	-	1,245	136,425
Decrease	-	-	-	6,986	-	6,846	19,503	26,320	-	59,655
Closing balance	15,625	96,380	13,282	4,554	3,533	4,154	144,500	-	1,245	283,273

As at 31 December 2003 in SKK ths.  Reserve types	Reserve for standard loans	Reserve for special mentioned loans	Reserve for interests to loans	Reserve for bank cards	Reserve for other risks	Reserve for classified guarantees	Reserve for passive legal proceedings	Reserve for withholding tax	Reserves total
Opening balance	164,163	41,064	46	4,553	-	11,000	74,003	4,539	299,368
Increase	229,027	29,282	-	686	68,074	-	90,000	8,008	425,077
Decrease	393,190	44,026	46	59	68,074	-	-	12,547	517,942
Closing balance	-	26,320	-	5,180	-	11,000	164,003	-	206,503

The reserves for standard loans were cancelled in accordance with the new accounting procedures on 1/1/2004 (note B./a)/1.)

E\_Significant items in the balance sheet and profit and loss account

k) Set up costs

In 2004 the bank had no set up costs.

l) Tangible and intangible fixed assets

Movements of tangible and intangible fixed assets during 2004 and 2003 were as follows:

As at 31 December 2004 in SKK ths.	Uncompleted investments	Lands and buildings	Equipment	Intangible fixed assets	Total
<b>Purchase price</b>					
As at 1 January 2004	155,862	905,007	1,068,477	407,303	2,536,649
Increases	546,820	-	461	-	547,281
Decreases	94,243	28,358	154,250	45	276,896
Transfers	- 280,547	47,912	135,120	97,515	-
<b>As at 31 December 2004</b>	<b>327,892</b>	<b>924,561</b>	<b>1,049,808</b>	<b>504,773</b>	<b>2,807,034</b>
<b>Accumulated depreciation</b>					
As at 1 January 2004	-	127,174	770,335	338,948	1,236,457
Increases	-	20,147	968	-	21,115
Decreases	-	27,929	154,250	45	182,224
Depreciation for the acc. period	-	44,883	112,227	32,748	189,858
<b>As at 31 December 2004</b>	<b>-</b>	<b>164,275</b>	<b>729,280</b>	<b>371,651</b>	<b>1,265,206</b>
<b>Net book value</b>					
<b>As at 31 December 2004</b>	<b>327,892</b>	<b>760,286</b>	<b>320,528</b>	<b>133,122</b>	<b>1,541,828</b>

As at 31 December 2003 in SKK ths.	Uncompleted investments	Lands and buildings	Equipment	Intangible fixed assets	Total
<b>Purchase price</b>					
As at 1 January 2003	242,822	778,203	971,992	360,871	2,353,888
Increases	375,933	-	962	3,127	380,022
Decreases	87,443	40,036	69,608	174	197,261
Transfers	- 375,450	166,840	165,131	43,479	-
<b>As at 31 December 2003</b>	<b>155,862</b>	<b>905,007</b>	<b>1,068,477</b>	<b>407,303</b>	<b>2,536,649</b>
<b>Accumulated depreciation</b>					
As at 1 January 2003	-	103,970	738,590	320,735	1,163,295
Increases	-	23,877	2,553	3,127	29,557
Decreases	-	37,430	69,607	174	107,211
Depreciation for the acc. period	-	36,757	98,799	15,260	150,816
<b>As at 31 December 2003</b>	<b>-</b>	<b>127,174</b>	<b>770,335</b>	<b>338,948</b>	<b>1,236,457</b>
<b>Net book value</b>					
<b>As at 31 December 2003</b>	<b>155,862</b>	<b>777,833</b>	<b>298,142</b>	<b>68,355</b>	<b>1,300,192</b>

E\_Significant items in the balance sheet and profit and loss account

In the item uncompleted investments are included the uncompleted investments for the tangible and intangible assets in total.

Within the category of fixed assets – buildings and constructions, the bank is applying the accounting depreciation, which is equal to tax depreciation. The difference resulting from the change of taxation depreciation rate in 2004, for the category of fixed assets – buildings and constructions, presents the amount of SKK 13,512 ths., accounted in the depreciations for 2004.

m) Leasing

(Assets purchased on the basis of leasing agreements)

The bank purchases a part of its fixed assets for securing of its transactions also in the form of lease-purchase agreements – a financial lease. They mostly relate to the computing technology and motor vehicles.

In SKK ths. <b>Purchase price</b>	<b>2004</b>	<b>2003</b>
As at 1 January	71,963	65,501
Increases	-	15,196
Decreases	-	8,734
Other changes (change of VAT rate)	-397	-
<b>As at 31 December</b>	<b>71,566</b>	<b>71,963</b>

The assets purchased on the basis of finance lease agreements shall become upon the termination of the contractual relationship the property of the bank and are included in the balance of the bank fixed assets.

The balance of the liability from the financial leasing has presented as at 31/12/2004 the amount of SKK 15,007 ths. (2003: SKK 35,039 ths.), thereof: the volume of payments with maturity of up to one year was SKK 12,135 ths. The volumes of payments with maturity up to five years is SKK 2,872 ths.

The bank does not provide the services of financial lease to another subject.



n) Other assets and liabilities, other operational income and expenses

In SKK ths. Other assets, liabilities	As at 31 December 2004	As at 31 December 2003
Other assets total	1,038,853	438,675
Therein:		
Other receivables from customers	53,865	122,026
Cash in transit	72,331	11,474
Fair value of derivatives	546,826	116,497
Receivables from collection	30,677	27,119
Various receivables	18,957	34,079
Deferred tax receivable	307,755	111,706
Estimated accounts	-	3,001
Clearing on the securities market	200	228
Supplies	8,242	12,545
Other liabilities in total	1,213,659	1,154,776
Therein:		
Other payables to customers	552,801	582,195
Other purpose payables	21,581	54,347
Fair value of derivatives	318,517	131,070
Payables from collection	31,995	28,850
Various liabilities	233,186	164,358
Estimated accounts	-	118,194
Clearing with ordering parties	42,096	67,285
Payables from bonds	13,483	8,477

In SKK ths. Operational expenses, income	As at 31 December 2004	As at 31 December 2003
Other operational expenses total	224,234	223,855
Therein:		
Transfer of participation interests	-	7,787
Transfer of tangible and intangible fixed assets	21,079	28,460
Other operational costs	203,155	187,608
Other operational income total	49,424	61,382
Therein:		
Transfer of participation interests	-	84
Transfer of tangible and intangible fixed assets	31,343	38,636
Other operational income	18,081	22,662

o) Allocation of profit

The proposal for the distribution of the profit for 2004

in SKK ths. Profit	376,032
Distribution of the profit	
Transfer to the legal reserve fund	37,603
Transfer to the social fund	17,640
Dividends	192,735
Retained earnings	128,054
Total	376,032

Distribution of the profit for 2003

in SKK ths. Profit	279,991
Distribution of the profit	
Transfer to the legal reserve fund	27,999
Transfer to the social fund	12,960
Dividends	-
Retained earnings	239,032
Total	279,991

p) Values placed into custody and for administration

On the basis of Act on Securities No. 566/2001 § 41, the bank provides the administration of securities in the amount of SKK 5,537,174,815.-, thereof the shares in the amount of SKK 5,363,511,340.-, and the bonds in the amount of SKK 173,663,475.-.

q) Collateral accepted in repo transactions

As at December 31, 2004 the bank has recorded the accepted collaterals from repo transactions in the amount of SKK 15,988,858,411.38.  
The bank has the liability from the short sale of collateral in the amount of SKK 291,932,307.77.

r) Interest income and expense

in SKK ths. Interest income, expense	As at 31 December 2004	As at 31 December 2003
<b>Interest income total</b>	<b>2,609,051</b>	<b>2,381,002</b>
<b>Interest on loans granted to customers</b>	<b>1,202,741</b>	<b>1,487,368</b>
- Interest on loans for commercial receivables	16,460	32,157
- Interest on other short-term loans	197,317	403,748
- Interest on long-term loans from 1 to 5 years including	274,377	379,518
- Interest on long-term loans above 5 years	274,273	341,965
- Interest on debit balances on current accounts	178,185	163,844
- Interest on classified receivables	95,424	77,923
- Interest received from public authorities, territorial autonomy authorities and funds	166,705	88,213
<b>Interest received from banks</b>	<b>803,046</b>	<b>481,405</b>
- Interest received from banks of issue	731,634	405,490
- Interest received from other banks	71,412	75,915
<b>Interest on securities</b>	<b>603,264</b>	<b>412,229</b>
<b>Interest expenses total</b>	<b>1,645,213</b>	<b>1,230,321</b>
<b>Interest from customer's deposits</b>	<b>1,360,873</b>	<b>832,818</b>
- Interest on loan balances on current and giro accounts	61,483	87,340
- Interest on time deposits	451,392	555,666
- Interest on saving accounts	124,814	143,556
- Interest on certificates of deposit	783	6,421
- Interest paid to public authorities, territorial autonomy authorities and funds	722,401	39,835
<b>Interest paid to banks</b>	<b>186,393</b>	<b>292,816</b>
- Interest paid to the central bank	156	57,898
- Interest paid to other banks	186,174	234,903
- Default interest	63	15
<b>Interest on securities</b>	<b>97,947</b>	<b>104,687</b>

s) Fees and commissions

in SKK ths. Fees and commissions received	As at 31 December 2004	As at 31 December 2003
<b>Revenues from fees and commissions total</b>	<b>384,720</b>	<b>361,078</b>
- Received fees and commissions in relation to banks	41,418	29,893
- Received fees and commissions in relation to customers	341,488	331,015
- Other received fees and commissions	1,814	170
<b>Other fees (securities)</b>	<b>1,644</b>	<b>1,233</b>
- Received fees from trading in securities	467	141
- Received fees for deposit and administration of securities	1,177	1,092

In SKK ths. Fees and commissions paid	As at 31 December 2004	As at 31 December 2003
<b>Expenses for fees and commissions total</b>	<b>64,096</b>	<b>59,972</b>
- Paid fees and commissions in relation to banks	10,870	8,120
- Paid fees and commissions in relation to customers	48,783	47,783
- Other paid fees and commissions	4,443	4,069
<b>Other fees (securities)</b>	<b>3,388</b>	<b>3,130</b>
- Fees paid for broker services	3,388	3,130

t) Gains and losses from other financial operations

In SKK ths. Other financial operations	As at 31 December 2004	As at 31 December 2003
<b>Net gain (+) / Net loss (-) from financial operations total</b>	<b>510,753</b>	<b>322,366</b>
- Securities operations	36,604	50,455
- Foreign exchange operations	107,291	227,530
- Operations with derivatives	366,858	44,381

u) General administrative expenses

In SKK ths. Indicator	As at 31 December 2004	As at 31 December 2003
<b>Personnel expenses including bonuses</b>	<b>458,738</b>	<b>515,231</b>
Therein:		
Wages and bonuses	344,854	405,881
Social expenses	113,884	109,350
Therein rewards of executive officers*	64,727	73,041
Other general administrative costs	531,746	497,715
<b>Total</b>	<b>990,484</b>	<b>1,012,946</b>

\*Note: wages and bonuses of the Supervisory Board, Board of Directors and executive officers

In SKK ths. Indicator	As at 31 December 2004	As at 31 December 2003
<b>Average number of employees</b>	<b>980</b>	<b>975</b>
Therein: Executive officers**	40	35
Number of members of the Board of Directors of the bank	3	4
Number of members of the Supervisory Board of the bank	12	12

\*\*Members of the Board of Directors, directors of the Head Office divisions, directors of branches

Within the scope of other administrative expenses for 2004, the expenses for the audit represented the amount of SKK 3,130 ths. (2003: SKK 3,343 ths.), the expenses for the tax advisory represented the amount of SKK 0, - ths. (2003: SKK 153 ths.) and for the legal consulting SKK 5,400 ths. (2003: SKK 5,972 ths.).

v) Employee benefits

The source of employee benefits in the bank is provided by the possibility of utilisation of the Social Fund. The bank has elaborated the internal directive (in the form of a collective agreement) the Statute of the Social Fund concerning the creation and usage of the Social Fund, which is in compliance

with Act No. 152/1994 Coll. as amended. The resources of the Social Fund are in the largest amount used for the allowance for canteen meals, the allowance for transportation to work, and the allowance for regeneration of employees.

Creation and usage of the Social Fund

In SKK ths. Social Fund	Compulsory allocation		Transfer from profit	
	2004	2003	2004	2003
Opening balance	-	-	23,960	17,571
Creation	5,078	4,880	12,960	11,154
Usage	5,078	4,880	11,325	4,765
Closing balance	-	-	25,595	23,960

Other benefits may include the provision of financial products of the bank to employees under more convenient conditions than to common customers, e. g. the preferential interest bearing on the employee's account, provision of preferential loans for procurement of apartment or house (interest rate 2-4 %), preferential fees for administration of an employee's account, preferential condition at the bank cards issue and provision of services of electronic banking.

Within the scope of remuneration order, the bank provides to the employees the 13th and 14th salaries, further a reward after 13 years of service in the bank, in compliance with generally binding regulations the bank provides the compensation to leaving employees, the compensation and retirement benefits for retired employees. In 2004 the bank has created for this purpose the reserve for retirement benefits in the amount of SKK 1,245 ths.

x) Persons with special relationship to the accounting unit

In SKK ths.	Members of the Supervisory Board and Board of Directors		Parent company		Other persons with special relationship to the bank	
	2004	2003	2004	2003	2004	2003
Loans	6,204	936	0	0	272,533	340,013
Deposits – loan	12,686	8,267	900,972	1,340,840	60,640	161,860
Deposits – debit	37	387	25,778	9,661	7,056	9,606
Interest income	74	x	634	x	14,168	x
Interest expenses	308	x	31,769	x	9,133	x
Fees received	11	x	92	x	524	x

y) Further information

In December 2003 the issue of bonds Polnobanka III was settled in compliance with the issue conditions. As at 1/12/2003 the bank submitted for approval a Prospect of an issuer of mortgage bonds to the Financial Market Bureau and applied for the license for the issue in 2004 of MB in the volume of SKK 500,000 ths. The Prospect was approved on 15/1/2004. The 2nd issue of MB in 2004 has been executed in the form of non-public offering. In December 2004 the bank has submitted to the Financial Market Bureau the

quoting prospect for presentation of the 2nd issue of MB for the Securities exchange.

z) Contingent liabilities

The bank is participating in the court proceedings connected with its business activity. These proceedings are related to the counter-claims raised by credit customers towards the bank.

F\_Off-balance sheet

Data are included in the report UČ B1-01.

G\_Overview of changes in the equity

In 2003 the bank charged into the retained earnings the dividends from distribution of profit for the years 1992, 1996, 1997 in the amount of SKK 19,973 ths. due to the expiration

of four-year limitation period and thereby also the right of the shareholder to a dividend payment.

G\_Overview of changes in the equity

In SKK ths.	As at 31 December 2004	As at 31 December 2003
<b>1 Share capital</b>		
Opening balance	2,377,062	2,377,062
Increase	-	-
Decrease	-	-
Change of convertible bonds	-	-
Exercise of options	-	-
<b>Closing balance</b>	<b>2,377,062</b>	<b>2,377,062</b>
<b>2 Equity</b>	-	-
<b>3 Capital surplus</b>	-	-
<b>4 Reserve funds</b>		
Opening balance	35,618	13,109
Increase	27,999	22,509
Decrease	-	-
<b>Closing balance</b>	<b>63,617</b>	<b>35,618</b>
<b>5 Other funds from profit</b>	-	-
<b>6 Other capital funds</b>	-	-
<b>7 Differences in valuation not included into profit and loss account</b>		
Opening balance	127	383
Increase	39	-
Decrease	39	256
<b>Closing balance</b>	<b>127</b>	<b>127</b>
<b>8 Retained earnings</b>		
Opening balance	423,693	100,432
Increase	265,352	323,261
Thereof:		
- Effect of a new accounting method	26,320	111,861
- Undistributed profit for 2003, 2002	239,032	191,427
- Dividends	-	19,973
Decrease	26,320	-
<b>Closing balance</b>	<b>662,725</b>	<b>423,693</b>
<b>9 Unsettled loss</b>		
Opening balance	73,154	-
Increase	-	73,154
Decrease	-	-
<b>Closing balance</b>	<b>73,154</b>	<b>73,154</b>
<b>10 Profit, loss for a current accounting period</b>	<b>376,032</b>	<b>279,991</b>
<b>11 Dividends</b>	-	-

H\_Material subsequent events

No material events have occurred after the balance sheet date.

Bratislava, 4 March 2005



Jozef Barta  
Chairman of the Board of Directors  
and CEO



Ing. Viera Durajová  
Director,  
Accounting Division





### **Flexibility**

The world is constantly changing. We are flexible enough react to every single opportunity. We are aware that primarily fast and effective solutions are of the greatest value to us.

## **07** Independent auditors' report and financial statements for the year ended 31 December 2004 (International Financial Reporting Standards)

### **7.1** Statement of Responsibility of the Management

The Board of Directors of UniBanka, a.s. ('the Bank') are responsible for the preparation of the financial statements of the Bank.

The financial statements on pages 85 to 119 are prepared in accordance with the source documents and present fairly the financial position of the Bank as at 31 December 2004 and the results of its operations and cash flows for the year ended 31 December 2004.

The financial statements are prepared in accordance with International Financial Reporting Standards on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the financial statements.

The Management of UniBanka, a.s. are responsible for the maintenance of proper accounting records, the safeguarding of the Bank's assets and the prevention and detection of fraud and other irregularities in the Bank. They are also responsible for operating the Bank in compliance with the Act on Accounting and regulations of the National Bank of Slovakia.

Bratislava, 10 March 2005

7.2\_Independent auditors’ report



7.3\_Profit and loss account

Profit and loss account for the year ended 31 December 2004	Notes	2004 SKK'000	2003 SKK'000
Interest income	4	2,612,541	2,404,815
Interest expense	5	(1,626,902)	(1,197,980)
<b>Net interest income</b>		<b>985,639</b>	<b>1,206,835</b>
Fee and commission income	6	452,753	362,317
Fee and commission expense	6	(96,628)	(93,324)
<b>Net fee and commission income</b>	<b>6</b>	<b>356,125</b>	<b>268,993</b>
Dividend income	7	1,214	2,276
Net income from foreign exchange operations	8	104,028	227,200
Net income from financial derivatives	9	366,858	44,381
Net income from trading securities	10	36,697	41,932
Net (expense) / income from investment securities	10	(93)	1,704
Other operating income		31,242	35,846
Other operating income		539,946	353,339
<b>Operating income</b>		<b>1,881,710</b>	<b>1,829,167</b>
Personnel expenses	11	(568,078)	(526,386)
Depreciation	22	(208,691)	(158,255)
Administrative expenses	12	(724,952)	(647,886)
<b>Operating expenses</b>		<b>(1,501,721)</b>	<b>(1,332,527)</b>
Impairment losses	13	(203,801)	(239,435)
Provisions	14	17,017	(85,460)
<b>Total expenses</b>		<b>(1,688,505)</b>	<b>(1,657,422)</b>
<b>Profit before taxation</b>		<b>193,205</b>	<b>171,745</b>
Taxation	15	171,916	106,883
<b>Profit after taxation</b>		<b>365,121</b>	<b>278,628</b>

The notes on pages 89 to 119 form part of these financial statements.

7.4\_Balance sheet

Balance sheet as of 31 December 2004	Notes	31 December 2004 SKK'000	31 December 2003 SKK'000
<b>ASSETS</b>			
Cash and cash equivalents	16	18,821,873	8,321,754
Derivative financial instruments	17	546,826	116,497
Trading securities	18	2,171,857	6,720,269
Loans and advances to banks	19	2,432,845	-
Loans and advances to customers	20	18,867,510	19,665,813
Investment securities	21	4,294,488	2,364,811
Tangible and intangible fixed assets	22	1,559,957	1,338,875
Deferred tax asset	23	307,757	111,706
Other assets	24	38,398	45,497
Prepayments and accrued income		26,373	17,423
<b>Total assets</b>		<b>49,067,884</b>	<b>38,702,645</b>
<b>LIABILITIES</b>			
Derivative financial instruments	17	318,517	131,070
Deposits by banks	25	3,102,342	4,580,620
Customer accounts	26	40,318,630	30,377,059
Debt securities in issue	27	1,033,925	8,109
Provisions	14	157,985	175,002
Other liabilities	28	720,962	387,401
Accruals and deferred income		13,625	7,248
<b>Total liabilities</b>		<b>45,665,986</b>	<b>35,666,509</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	30	2,377,062	2,377,062
Legal reserve fund	31	63,617	35,618
Other funds		641	-
Retained earnings		960,578	623,456
<b>Total shareholders' equity</b>		<b>3,401,898</b>	<b>3,036,136</b>
<b>Total equity and liabilities</b>		<b>49,067,884</b>	<b>38,702,645</b>
Off balance sheet items	32	7,122,183	8,026,303

The financial statements, which include the notes pages 89 to 119, were approved by the Board of Directors on 10 March 2005 and signed on behalf of the Bank by:



Jozef Barta  
Chairman of the Board of Directors  
and General Director



Ing. Viera Durajová  
Director of Accounting  
Department

7.5\_Statement of changes in shareholders' equity

Statement of changes in shareholders' equity for the year ended 31 December 2004	Registered SKK'000	Paid not yet registered SKK'000	Capital fund SKK'000	Legal reserve fund SKK'000	Retained earnings SKK'000	Total shareholders' equity SKK'000
<b>Balance at 1 January 2004</b>	<b>2,377,062</b>	-	-	<b>35,618</b>	<b>623,456</b>	<b>3,036,136</b>
Distribution of 2003 profit						
- Transfer to legal reserve fund	-	-	-	27,999	(27,999)	-
Capital fund	-	-	641	-	-	641
Profit for 2004	-	-	-	-	365,121	365,121
<b>Balance at 31 December 2004</b>	<b>2,377,062</b>	-	<b>641</b>	<b>63,617</b>	<b>960,578</b>	<b>3,401,898</b>
<b>Balance at 1 January 2003</b>	<b>1,627,062</b>	<b>750,000</b>	-	<b>13,109</b>	<b>347,364</b>	<b>2,737,535</b>
Distribution of 2002 profit						
- Transfer to legal reserve fund	-	-	-	22,509	(22,509)	-
Dividends not claimed	-	-	-	-	19,973	19,973
Increase in registered capital	750,000	(750,000)	-	-	-	-
Profit for 2003	-	-	-	-	278,628	278,628
<b>Balance at 31 December 2003</b>	<b>2,377,062</b>	-	-	<b>35,618</b>	<b>623,456</b>	<b>3,036,136</b>

The notes on pages 89 to 119 form part of these financial statements.

7.6\_Cash flow statement

Cash flow statement for the year ended 31 December 2004	2004 SKK'000	2003 SKK'000
<b>OPERATING ACITIVITIES</b>		
Profit before tax	193,205	171,745
Adjustments for:		
Depreciation	208,691	158,255
Loss on disposal of tangible and intangible fixed assets	117,047	107,275
Impairment losses	203,801	239,435
Provisions	(17,017)	85,460
<b>Net operating cash flow before changes in working capital</b>	<b>705,727</b>	<b>762,170</b>
Increase in derivative financial instruments	(242,882)	(30,780)
Increase / (decrease) in trading securities	4,548,412	(191,330)
Increase in loans and advances to banks	(2,432,845)	-
Decrease / (increase) in loans and advances to customers	590,859	(1,617,246)
Decrease in other assets	10,749	408
(Increase) / decrease in prepayments and accrued income	(8,950)	85,450
Decrease in deposits by banks	(1,478,278)	(1,010,391)
Increase in customer accounts	9 941,571	4,997,788
Increase / (decrease) in other liabilities	333,562	(16,859)
Increase / (decrease) in accruals and deferred income	6,377	(163,060)
<b>Cash used in operations</b>	<b>11,974,302</b>	<b>2,816,150</b>
Withholding taxes paid	(24,136)	(4,823)
<b>Cash flows from operating activities</b>	<b>11,950,166</b>	<b>2,811,327</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of investment securities	(1,929,684)	(2,188,135)
Proceeds from sale of tangible and intangible fixed assets	-	36,636
Acquisition of tangible and intangible fixed assets	(546,820)	(391,723)
Net cash used in investing activities	(2,476,504)	(2,543,222)

Financing activities	Notes	2004 SKK'000	2003 SKK'000
Proceeds from issue of debt securities		1,025,816	(781,891)
Other funds received		641	-
<b>Cash flows from financing activities</b>		<b>1,026,457</b>	<b>(781,891)</b>
Net increase in cash and cash equivalents		10,500,119	(513,786)
Cash and cash equivalents at beginning of year	16	8,321,754	8,835,540
<b>Cash and cash equivalents at end of year</b>	<b>16</b>	<b>18,821,873</b>	<b>8,321,754</b>

The notes on pages 89 to 119 form part of these financial statements.

7.7\_Notes to the financial statements

1\_General information

<b>Commercial name:</b>	UniBanka, a.s.
<b>Seat:</b>	Vajnorská 21, 832 65 Bratislava
<b>Legal form:</b>	Joint-stock company
<b>Registration in the Commercial Register:</b>	2 July 1990; the Bank was established for an unspecified period of time
<b>Core business:</b>	Banking activities under the Banking Act No. 483/2001 Collection
<b>Capital:</b>	SKK 2,377,062 thousands
<b>Administrative bodies:</b>	General Meeting Supervisory Board Board of Directors
<b>Organisation and structure of the Bank:</b>	Headquarters Branch offices Sub-branch offices Other organisational functions based on the organisational chart of the Bank
<b>Ultimate shareholder:</b>	UniCredit Group S.p.A.

The Bank’s headquarters are in Bratislava. The Bank has 10 branch offices and 59 sub-branch offices throughout the Slovak Republic.

The Bank’s activities include universal banking operations, investment banking services and securities trading. The Bank is a member of the Bratislava Stock Exchange (‘BCPB’).

2\_SIGNIFICANT ACCOUNTING POLICIES

**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS’) promulgated by the International Accounting Standards Board (‘IASB’). The financial statements are prepared under the historical cost convention except that available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative contracts are stated at fair value.

All figures in the financial statements are rounded to thousands of Slovak crowns (SKK ‘000), unless stated otherwise.

Separate consolidated financial statements are not

prepared as the Bank’s participations in its subsidiaries are insignificant with respect to the Bank’s financial position and its results from operations. In the opinion of the management, such consolidated financial statements would not provide the users of the financial statements with any material additional information. The Bank’s interests in its subsidiaries, Agroinvest FPS, a.s. and Agrocons Centrum, a.s. have been included in other assets at an amount estimated to be equal to their economic value to the Bank.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded in Slovak crowns at actual rates of exchange quoted by the National Bank of Slovakia at the date of



the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Slovak crowns at the rate of exchange prevailing at the end of the period. Any gain or loss resulting from a change in rates of exchange subsequent to the date of the transaction is included in the profit and loss account.

**Derivative financial instruments**

The Bank makes use of certain foreign exchange derivative financial instruments for trading purposes. Such derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured to their fair value. Fair values are obtained from quoted market prices and discounted cash flow models, as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of foreign exchange derivatives held for trading are included in net income from financial derivatives.

The fair values of derivative instruments are disclosed in note 17. Hedge accounting is not applied by the Bank.

**Interest, fees and commissions received and paid**

Interest income and expense are recognised in the profit and loss account for all interest-bearing instruments on the accruals basis using the effective yield method. Interest income includes coupons earned on fixed income investments and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

Loan origination fees for loans are deferred and recognised as an adjustment to the effective yield on the loan.

Fees and commissions for other services received or provided are recognised in the profit and loss account when charged, except for commissions for guarantee issuance,

which are deferred and recognised over the period of the term of the guarantee.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash, balances at the National Bank of Slovakia, treasury bills and loans and advances to banks with remaining maturity of up to three months.

**Treasury bills**

Treasury bills are debt securities issued by either the National Bank of Slovakia or the Ministry of Finance of the Slovak Republic usually for a term of either two weeks or three months.

**Repurchase and reverse repurchase agreements**

Securities sold under repurchase agreements ('repos') are retained in the financial statements as trading or investment securities and the counterparty liability is included in deposits by banks, customer accounts or other liabilities, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as cash and balances at central bank, loans and advances to banks or loans and advances to customers, as appropriate. The difference between the sale and repurchase price is accrued evenly over the life of the transaction and credited or charged to the profit and loss account as interest income or interest expense.

**Impairment losses on loans and advances**

Loans and advances to banks and customers comprise outstanding principal and interest and are stated net of impairment losses.

The Bank provides commercial loans to its clients. The ability of its clients to repay such loans can be influenced by both general market economic conditions and the operating and financial performance of the clients. The Bank's management consider the above risks in setting the amount of allowances for probable loan losses. The

impairment loss is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate.

The level of the impairment losses is based on estimates considering relevant factors including, but not limited to, the Bank's past loan loss experience, known and inherent risks in the portfolio of loans and advances, adverse situations that may effect the borrowers' ability to repay, the estimated value of any underlying collateral and current economic conditions as well as other relevant factors affecting loan and advance collectability and collateral values.

While the management of the Bank has made their best estimate of losses and believe those estimates presented in the financial statements are reasonable in light of available information, actual losses may vary from the current estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

If a loan is considered to be irrecoverable, it is written off and at the same time, the impairment loss created for this loan is reversed. Repayments received after the loan is written off are recorded as revenue.

**Trading securities**

Trading securities are securities which were acquired for generating a profit from short-term fluctuations in price or dealer's margin. Trading securities are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices or theoretical prices.

All related realised and unrealised gains and losses are included in net income from trading securities. Inter-

est earned while holding trading securities is reported as interest income. Dividends receivable are included in dividend income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention are recognised on the trade date.

**Investment securities**

Securities with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity. Securities to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or changes in equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of purchase.

Securities are initially recognised at cost. Available-for-sale securities are subsequently re-measured at fair value based on organised market prices or through a pricing model. Gains and losses arising from changes in the fair value of securities available-for-sale are recognised in the income statement as they arise.

Held-to-maturity investments are carried at amortised cost using the effective yield method less any impairment loss. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at cost of acquisition less accumulated depreciation and impair-

ment losses. Land is not depreciated. Assets are depreciated over their estimated useful lives as follows:

Buildings, constructions	20 years, straight line
Equipment	4 to 12 years, straight line
Software	2-5 years, reducing balance
Other intangibles	2-5 years, straight-line

Assets acquired or disposed of by the Bank during the year are depreciated in the year at 100 % of the annual charge. Gains and losses on property and equipment disposals are calculated based on their net book value and included in either other income or other expenses.

Costs of repairs and maintenance are expensed as occurred. Costs of technical upgrades and modernisation are capitalised in cases where they increase the useful economic value of the relevant asset or increase its estimated useful life.

Provisions

A provision is recognised when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Assets purchased under financial lease contracts

Leases of property and equipment where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the

minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the profit and loss account over the lease period. Property and equipment acquired under a finance lease is depreciated over the useful life of the asset.

Debt securities in issue

Borrowings are recognised initially at cost, being their issue proceeds net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the profit and loss account over the period of the borrowings.

Taxation

Income tax is computed on the basis of taxable profit, calculated by adjusting the statutory financial result for certain income and expenditure items, as required under Slovak law.

A deferred tax liability is recognised for all taxable temporary differences unless they arise from the initial recognition of an asset or liability in a transaction, which at the time of the transaction, affects neither accounting

profit nor taxable profit (tax loss). Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit.

Financial instruments with off-balance sheet risks

In its normal operations, the Bank uses financial instruments with off-balance sheet risk, among which are guarantees issued. These financial instruments con-

Currency	31 December 2004	31 December 2003
US dollar (USD)	28.496	32.920
Euro (EUR)	38.796	41.161
Czech crown (CZK)	1.271	1.265
Hungarian forint (HUF)	0.1579	0.1575

3\_USE OF FINANCIAL INSTRUMENTS

(A) Strategy in using financial instruments

The Bank accepts deposits from customers at fixed rates and for different periods (although short-term periods of up to 3 months are most common). The Bank seeks to earn margins by investing these funds in quality assets such as State bonds, Euro-denominated corporate bonds, treasury bills and loans to customers with acceptable credit risk. Corporate loans are most common, but retail lending is steadily increasing and the Bank has a licence for granting mortgage loans. Margins are achieved either through lending for longer periods or by using special funds with fixed rates, while liquidity risk is managed within approved limits which follow both National Bank of Slovakia and UniCredit Group requirements.

The Bank also trades in financial instruments (mainly state bonds and foreign currencies) where it takes positions to take advantage of short-term market move-

tain, to varying extents, elements of credit and foreign exchange rate risk. The Bank estimates potential losses related to off-balance sheet risks in accordance with the methodology for provisioning set out under the accounting policy for impairment losses on loans and advances above.

Slovak crown translation rates

At 31 December 2004 and 31 December 2003, translation rates of Slovak crowns against those foreign currencies in which the Bank has significant activities, were as follows:

ments in bond and currency prices. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Financial risk management

The Bank faces and manages the following types of financial risk: liquidity risk, market risk and credit risk. The major component of the Bank’s financial risk derives from credit risk. Risk management is carried out by the Treasury Department and the Risk Management Sub-department, in close cooperation with other business departments. The Bank’s risk management policies are consistent with both regulatory requirements and UniCredit Group’s risk management system.

The Board of Directors is responsible for overall risk management: it approves specific policies in all areas of financial risk management and decides upon the allocation of excessive liquidity and capital allocation. Overall bank risks are regularly reviewed with measurements being provided by the ALCO and Credit Committee.

(B) Regulatory requirements

The Bank is subject to the regulatory requirements of the National Bank of Slovakia. These requirements include limits and other restrictions concerning capital adequacy, the classification of loans and off-balance sheet liabilities, credit exposure with clients of the Bank and liquidity. These requirements apply to all banks in Slovakia and compliance is determined based on the Bank’s financial reporting under Slovak statutory accounting and banking regulations.

A summary of the applicable requirements is as follows:

- Capital adequacy required to be at least 8 % of risk weighted assets;
- Minimum capital of SKK 500,000,000;
- Credit exposure against one non-banking customer may not exceed 25 % of the Bank’s capital;
- Credit exposure to a related party may not exceed 20 % of the Bank’s capital;
- Obligatory reserves are calculated as 2 % of primary deposits;
- Exposure to one customer or group (over 10 %) may not exceed 800 % of the Bank’s capital and reserves. The Bank’s capital defined for the purpose of these requirements includes registered capital, non-distributable reserves and retained earnings less equity investments;
- The exposure of a person connected with the bank should not exceed specified percentages of the Bank’s capital:
  - 2 % for an individual
  - 10 % for companies and countries
  - 25 % for banks in OECD member countries.

Capital adequacy

To monitor the adequacy of its capital the Bank applies ratios determined by the National Bank of Slovakia and UniCredit Group. These ratios measure capital adequacy (minimum 8 % as required by BIS and NBS, 10.15 % as required by UniCredit Group) by comparing either the Bank’s regulatory capital or its eligible capital in accordance with UniCredit Group requirements with its balance sheet assets and off-balance-sheet commitments at weighted amounts to reflect their relative risk. In accordance with the regulatory requirements of the National Bank of Slovakia, these ratios reflect market risk. In accordance with regulatory requirements for the weighting of assets, four categories of risk weights are applied: 0 %, 20 %, 50 %, and 100 %.

(C) Credit risk

The Bank has exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank manages credit risk by:

- a) applying established, clear rules for individual credit risk exposures,
- b) credit portfolio risk management.

The Bank’s credit risk exposure rules include:

- a) the placing of limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, based mainly on regulatory requirements,
- b) strict rules with respect to connected lending,
- c) rules for granting and monitoring loans, and
- d) rules for the collection of past due loans.

Total exposure towards one client or group of clients includes all credit risk bearing products and individual limits can be adjusted in response to a client’s declining financial or non-financial position. Limit utilisation is monitored on a monthly basis. Exposure to credit risk is managed and minimised via the

Bank’s policy of granting loans that are collateralised by liquid assets. Personal lending is based mainly on a client’s history with the Bank (if any) and creditworthiness measured by the Bank’s own scoring system.

Derivatives

The Bank maintains strict control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e. assets). This credit risk exposure is managed as part of the overall lending limits with customers and counterparties, together with potential exposures from market movements. Collateral or other security is

not usually obtained for credit risk exposures on these instruments.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Economic sector risk concentrations

Economic sector risk concentrations within the customer loan portfolio were as follows:

	2004 SKK'000	2004 %	2003 SKK'000	2003 %
Agriculture and forestry	2,619,241	12.43	2,805,721	12.65
Industry	6,154,004	29.20	10,038,098	45.26
- food	1,712,784	8.13	2,008,318	9.05
- chemistry and pharmacy	704,072	3.34	766,317	3.46
- metallurgy and machinery	1,391,471	6.60	1,270,378	5.73
- energy	184,791	0.88	536,956	2.42
- construction	482,356	2.29	155,920	0.70
- transport	692,588	3.29	3,335,804	15.04
- other	985,942	4.68	1,964,405	8.86
Trade and services	5,648,454	26.80	3,790,724	17.09
Finance and insurance	392,466	1.86	290,261	1.31
Public administration	3,009,738	14.28	899,700	4.06
Mortgage loans	1,348,666	6.40	602,347	2.72
Other industries	1,903,596	9.03	3,753,023	16.91
Gross loans	21,076,165	100.00	22,179,874	100.00

(D) Market risk

The Bank is exposed to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which depend on general and specific market movements. The Bank applies limits based on regulatory requirements of the National Bank of Slovakia and of UniCredit Group based on the application of

the methodology “ Value at Risk ” (VaR). Its aim is, on the basis of evaluation of various changes of market indicators, to estimate the market risk of the maintained positions and the maximum expected losses. The Board of Directors approves acceptable VaR limits which are monitored on a daily basis.

(E) Currency risk

The Bank also has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank mainly manages its currency exposures within the VaR limits given by Board of Directors and by UniCredit Group Risk Management.

VaR methodology for spot foreign exchange positions is based on historical simulation and allows daily estimates

of market value at risk with a confidence level set at 99 %. The Board of Directors sets limits on the level of exposure by currency and in total of both overnight and intra-day positions, which are monitored daily.

The tables below summarise the Bank’s exposure to foreign currency exchange rate risk at 31 December 2004 and 2003. Included in the table are the Bank’s assets and liabilities at carrying amounts, categorised by currency.

At 31 December 2004	CZK	EUR	USD	Other	SKK	Total
	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000
<b>Assets</b>						
Cash and cash equivalents	34,291	237,543	75,085	195,253	18,279,701	18,821,873
Derivative financial instruments	-	5,469	-	3,535	537,822	546,826
Trading securities	-	588,065	168,174	187,522	1,228,096	2,171,857
Loans and advances to banks	-	9,071	-	-	2,423,774	2,432,845
Loans and advances to customers	123,107	3,991,211	212,197	276,396	14,264,599	18,867,510
Investment securities	-	1,073,926	-	-	3,220,562	4,294,488
Tangible and intangible fixed assets	-	-	-	-	1,559,957	1,559,957
Other assets, including tax assets	-	5,846	144	-	340,165	346,155
Prepayment and accrued income	-	4,057	-	-	22,316	26,373
<b>Total assets</b>	<b>157,398</b>	<b>5,915,188</b>	<b>455,600</b>	<b>662,706</b>	<b>41,876,992</b>	<b>49,067,884</b>
<b>Liabilities</b>						
Derivative financial instruments	-	24,470	-	27,931	266,116	318,517
Deposits by banks	757	849,808	15,322	28,612	2,207,843	3,102,342
Customer accounts	161,928	2,542,520	622,878	90,809	36,900,495	40,318,630
Debt securities in issue	-	-	509	-	1,033,416	1,033,925
Provisions	-	-	-	-	157,985	157,985
Other liabilities	-	13,993	14,998	1,152	690,819	720,962
Accruals and deferred income	-	442	3	-	13,180	13,625
Shareholders’ equity	-	-	-	-	3,401,898	3,401,898
<b>Total equity and liabilities</b>	<b>162,685</b>	<b>3,431,233</b>	<b>653,710</b>	<b>148,504</b>	<b>44,671,752</b>	<b>49,067,884</b>
<b>Net on-balance sheet position including equity</b>	<b>(5,287)</b>	<b>2,483,955</b>	<b>(198,110)</b>	<b>514,202</b>	<b>(2,794,760)</b>	<b>-</b>

At 31 December 2003	CZK	EUR	USD	Other	SKK	Total
	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000
<b>Assets</b>						
Cash and cash equivalents	47,818	239,579	97,212	126,467	7,810,678	8,321,754
Derivative financial instruments	-	-	-	-	116,497	116,497
Trading securities	-	1,102,567	183,384	264,709	5,169,609	6,720,269
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers	113,724	3,416,829	229,490	331,160	15,574,610	19,665,813
Investment securities	-	562	-	-	2,364,249	2,364,811
Tangible and intangible fixed assets	-	-	-	-	1,338,875	1,338,875
Other assets, including tax assets	27	8,902	134	-	148,140	157,203
Prepayment and accrued income	-	1,360	-	-	16,063	17,423
<b>Total assets</b>	<b>161,569</b>	<b>4,769,799</b>	<b>510,220</b>	<b>722,336</b>	<b>32,538,721</b>	<b>38,702,645</b>
<b>Liabilities</b>						
Derivative financial instruments	-	15,893	435	31,662	83,080	131,070
Deposits by banks	19,317	1,316,422	221,212	18,058	3,005,611	4,580,620
Customer accounts	130,908	2,587,152	831,703	136,849	26,690,447	30,377,059
Debt securities in issue	-	-	134	-	7,975	8,109
Provisions	-	-	-	-	175,002	175,002
Other liabilities	79	9,982	14,862	6,495	355,983	387,401
Accruals and deferred income	-	506	44	22	6,676	7,248
Shareholders’ equity	-	-	-	-	3,036,136	3,036,136
<b>Total equity and liabilities</b>	<b>150,304</b>	<b>3,929,955</b>	<b>1,068,390</b>	<b>193,086</b>	<b>33,360,910</b>	<b>38,702,645</b>
<b>Net on-balance sheet position including equity</b>	<b>11,265</b>	<b>839,844</b>	<b>(558,510)</b>	<b>529,250</b>	<b>(822,189)</b>	<b>-</b>



(F) Interest Rate Risk

The Bank has exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may decrease or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored on a monthly basis.

The Bank's interest rate risk policy reflects Slovak financial market conditions. To a large extent the Bank

applies natural hedging as far as the structure and pricing of assets and liabilities is concerned. Interest rate risk is monitored and managed using repricing gap analysis, report variance analysis and spread analysis on a monthly basis. The Bank has set a limit for the total mismatch of interest rate repricing.

The table below summarises the Bank's assets and liabilities to maturity groupings based on the time remaining from the balance sheet date to contractual repricing.

At 31 December 2004	Within 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Non –interest bearing	Total
	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000
<b>Assets</b>								
Cash and cash equivalents	18,423,513	398,360	-	-	-	-	-	18,821,873
Derivative financial instruments	247,659	7,048	210,184	20,856	32,550	28,529	-	546,826
Trading securities	466,093	2,043	56,426	2,563	1,431,700	190,381	22,651	2,171,857
Loans and advances to banks	-	-	812,845	1,620,000	-	-	-	2,432,845
Loans and advances to customers	8,082,155	7,205,586	1,480,968	1,091,324	805,476	23,744	178,257	18,867,510
Investment securities	26,127	8,874	1,351,232	43,000	1,430,613	1,427,954	6,688	4,294,488
Tangible and intangible fixed assets	-	-	-	-	-	-	1,559,957	1,559,957
Other assets, including tax assets	201	-	-	102,586	205,172	-	38,196	346,155
Prepayments and accrued income	-	-	-	-	-	-	26,373	26,373
<b>Total assets</b>	<b>27,245,748</b>	<b>7,621,911</b>	<b>3,911,655</b>	<b>2,880,329</b>	<b>3,905,511</b>	<b>1,670,608</b>	<b>1,832,122</b>	<b>49,067,884</b>
<b>Liabilities</b>								
Derivative financial instruments	107,933	7,048	88,045	17,482	65,729	32,280	-	318,517
Deposits by banks	2,059,118	254,795	505,461	200,311	59,629	-	23,028	3,102,342
Customer accounts	26,050,880	1,057,968	11,484,486	322,833	1,227,567	146,287	28,609	40,318,630
Debt securities in issue	333	21,913	4,316	7,952	499,411	500,000	-	1,033,925
Provisions	-	-	-	-	-	-	157,985	157,985
Other liabilities	334,028	-	-	-	-	-	386,934	720,962
Accruals and deferred income	-	-	-	-	-	-	13,625	13,625
Shareholders' equity	-	-	-	-	-	-	3,401,898	3,401,898
<b>Total equity and liabilities</b>	<b>28,552,292</b>	<b>1,341,724</b>	<b>12,082,308</b>	<b>548,578</b>	<b>1,852,336</b>	<b>678,567</b>	<b>4,012,079</b>	<b>49,067,884</b>
<b>On balance sheet interest sensitivity gap at 31 December 2003</b>	<b>(1,306,544)</b>	<b>6,280,187</b>	<b>(8,170,653)</b>	<b>2,331,751</b>	<b>2,053,175</b>	<b>992,041</b>	<b>(2,179,957)</b>	<b>-</b>

At 31 December 2003	Within 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Non –interest bearing	Total
	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000
<b>Assets</b>								
Cash and cash equivalents	8,321,754	-	-	-	-	-	-	8,321,754
Derivative financial instruments	68,930	-	47,567	-	-	-	-	116,497
Trading securities	496,800	252,846	390,273	4,236,714	584,786	699,421	59,429	6,720,269
Loans and advances to banks	-	-	-	-	-	-	-	-
Loans and advances to customers	5,576,686	8,226,628	2,847,099	1,605,404	1,096,842	148,390	164,764	19,665,813
Investment securities	26,127	8,874	1,083,131	23,537	779,737	398,108	45,297	2,364,811
Tangible and intangible fixed assets	-	-	-	-	-	-	1 338,875	1,338,875
Other assets, including tax assets	-	-	-	37,235	74,470	-	45,498	157,203
Prepayments and accrued income	-	-	-	-	-	-	17,423	17,423
<b>Total assets</b>	<b>14,490,297</b>	<b>8,488,348</b>	<b>4,368,070</b>	<b>5,902,890</b>	<b>2,535,835</b>	<b>1,245,919</b>	<b>1,671,286</b>	<b>38,702,645</b>
<b>Liabilities</b>								
Derivative financial instruments	50,123	-	50,634	-	16,976	13,337	-	131,070
Deposits by banks	1,340,901	1,131,638	1,168,539	863,480	53,041	-	23,021	4,580,620
Customer accounts	25,458,622	2,239,632	463,947	347,708	1,123,010	156,109	588,031	30,377,059
Debt securities in issue	-	-	308	134	7,667	-	-	8,109
Provisions	-	-	-	-	-	-	175,002	175,002
Other liabilities	-	-	-	-	-	-	387,401	387,401
Accruals and deferred income	-	-	-	-	-	-	7,248	7,248
Shareholders' equity	-	-	-	-	-	-	3,036,136	3,036,136
<b>Total equity and liabilities</b>	<b>26,849,646</b>	<b>3,371,270</b>	<b>1,683,428</b>	<b>1,211,322</b>	<b>1,200,694</b>	<b>169,446</b>	<b>4,216,839</b>	<b>38,702,645</b>
<b>On balance sheet interest sensitivity gap at 31 December 2003</b>	<b>(12,359,349)</b>	<b>5,117,078</b>	<b>2,684,642</b>	<b>4,691,568</b>	<b>1,335,141</b>	<b>1,076,473</b>	<b>(2,545,553)</b>	<b>-</b>

7.7\_Notes to the financial statements

(G) Liquidity Risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan and overdraft draw-downs, guarantees and from margin and other calls e.g. cash-settled derivatives. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of accuracy. The Bank has a reliable historical database on withdrawals which enables it to perform a relatively accurate analysis on the stability of these types of withdrawals.

The Bank’s liquidity risk management framework is governed by regulations of the National Bank of Slovakia and by internal procedures established by the Bank for liquidity management, taking into consideration the requirements of liquidity management of the UniCredit Group.

At 31 December 2004	Within 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified	Total
	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000
<b>Assets</b>								
Cash and cash equivalents	18,423,513	398,360	-	-	-	-	-	18,821,873
Derivative financial instruments	247,659	7,048	210,184	20,856	32,550	28,529	-	546,826
Trading securities	10,637	2,042	56,426	2,563	1,887,156	190,382	22,651	2,171,857
Loans and advances to banks	-	-	812,845	1,620,000	-	-	-	2,432,845
Loans and advances to customers	3,793,550	1,450,043	1,684,232	2,999,682	7,125,197	1,644,148	170,658	18,867,510
Investment securities	26,127	8,874	285,198	43,000	1,430,613	2,493,988	6,688	4,294,488
Tangible and intangible fixed assets	-	-	-	-	-	-	1,559,957	1,559,957
Other assets, including tax assets	201	-	-	102,586	205,172	-	38,196	346,155
Prepayments and accrued income	-	-	-	-	-	-	26,373	26,373
<b>Total assets</b>	<b>22,501,687</b>	<b>1,866,367</b>	<b>3,048,885</b>	<b>4,788,687</b>	<b>10,680,688</b>	<b>4,357,047</b>	<b>1,824,523</b>	<b>49,067,884</b>
<b>Liabilities</b>								
Derivative financial instruments	107,933	7,048	88,045	17,482	65,729	32,280	-	318,517
Deposits by banks	2,059,118	254,795	505,461	200,311	59,629	-	23,028	3,102,342
Customer accounts	24,715,108	1,686,417	1,078,396	11,403,338	1,260,479	146,283	28,609	40,318,630
Debt securities in issue	333	21,913	4,316	7,952	499,411	500,000	-	1,033,925
Provisions	-	-	-	-	-	-	157,985	157,985
Other liabilities	334,028	-	-	-	-	-	386,934	720,962
Accruals and deferred income	-	-	-	-	-	-	13,625	13,625
Shareholders' equity	-	-	-	-	-	-	3,401,898	3,401,898
<b>Total liabilities and equity</b>	<b>27,216,520</b>	<b>1,970,173</b>	<b>1,676,218</b>	<b>11,629,083</b>	<b>1,885,248</b>	<b>678,563</b>	<b>4,012,079</b>	<b>49,067,884</b>
<b>Net liquidity gap at 31 December 2004</b>	<b>(4,714,833)</b>	<b>(103,806)</b>	<b>1,372,667</b>	<b>(6,840,396)</b>	<b>8,795,440</b>	<b>3,678,484</b>	<b>(2,187,556)</b>	<b>-</b>

7.7\_Notes to the financial statements

The National Bank of Slovakia’s liquidity regulatory framework is based on compliance with the following ratios:

- Ratio of fixed and non-liquid assets to own resources and reserves of the Bank should not exceed 1;
- Obligatory reserves should amount to a minimum of 2 % of the primary deposits and deposits of non-resident clients (bank and non-bank clients);

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period between balance sheet date and the contractual maturity date.

At 31 December 2003	Within 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Not specified	Total
	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000
<b>Assets</b>								
Cash and cash equivalents	8,078,288	216,347	-	-	-	-	27,119	8,321,754
Derivative financial instruments	68,930	-	47,567	-	-	-	-	116,497
Trading securities	5,842,196	-	15,675	370,551	432,418	-	59,429	6,720,269
Loans and advances to banks	-	-	-	-	-	-	-	-
Loans and advances to customers	934,323	2,137,170	3,104,239	4,040,563	7,069,992	2,096,481	283,045	19,665,813
Investment securities	1,179,255	-	3,759	23,537	43,000	1,069,963	45,297	2,364,811
Tangible and intangible fixed assets	-	-	-	-	-	-	1,338,875	1,338,875
Other assets, including tax assets	-	-	-	37,235	74,470	-	45,498	157,203
Prepayments and accrued income	-	-	-	-	-	-	17,423	17,423
<b>Total assets</b>	<b>16,102,992</b>	<b>2,353,517</b>	<b>3,171,240</b>	<b>4,471,886</b>	<b>7,619,880</b>	<b>3,166,444</b>	<b>1,816,686</b>	<b>38,702,645</b>
<b>Liabilities</b>								
Derivative financial instruments	50,123	-	50,634	-	16,976	13,337	-	131,070
Deposits by banks	1,340,912	1,131,627	1,168,539	863,480	53,041	-	23,021	4,580,620
Customer accounts	24,039,336	2,766,045	948,251	665,318	1,159,623	156,109	642,377	30,377,059
Debt securities in issue	-	-	308	134	7,667	-	-	8,109
Provisions	-	-	-	-	-	-	175,002	175,002
Other liabilities	-	-	-	-	-	-	387,401	387,401
Accruals and deferred income	-	-	-	-	-	-	7,248	7,248
Shareholders' equity	-	-	-	-	-	-	3,036,136	3,036,136
<b>Total liabilities and equity</b>	<b>25,430,371</b>	<b>3,897,672</b>	<b>2,167,732</b>	<b>1,528,932</b>	<b>1,237,307</b>	<b>169,446</b>	<b>4,271,185</b>	<b>38,702,645</b>
<b>Net liquidity gap at 31 December 2003</b>	<b>(9,327,379)</b>	<b>(1,544,155)</b>	<b>1,003,508</b>	<b>2,942,954</b>	<b>6,382,573</b>	<b>2,996,998</b>	<b>(2,454,499)</b>	<b>-</b>

4
INTEREST INCOME

	2004 SKK'000	2003 SKK'000
Loans and advances to banks	803,046	481,405
Loans and advances to customers	1,186,281	1,510,047
Securities	606,754	381,206
Bills of exchange	16,460	32,157
	<b>2,612,541</b>	<b>2,404,815</b>

5
INTEREST EXPENSE

	2004 SKK'000	2003 SKK'000
Deposits by banks	(186,393)	(292,816)
Customer accounts	(1,360,090)	(826,397)
Certificates of deposit	(783)	(6,421)
Issued bonds	(77,307)	(69,182)
Leasing	(2,329)	(3,164)
	<b>(1,626,902)</b>	<b>(1,197,980)</b>

6
FEE AND COMMISSION INCOME AND EXPENSE

Revenues from fees and commissions	2004 SKK'000	2003 SKK'000
Banks	41,418	29,893
Customers	341,488	276,179
Securities operations	632	1,232
Other bank operations	69,215	55,013
	<b>452,753</b>	<b>362,317</b>
Expenses related to fees and commissions	2004 SKK'000	2003 SKK'000
Banks and customers	(60,761)	(55,903)
Securities operations	(1,383)	(3,131)
Other bank operations	(19,948)	(17,320)
Operating fees	(14,536)	(16,970)
	<b>(96,628)</b>	<b>(93,324)</b>
<b>Net revenue from fees and commissions</b>	<b>356,125</b>	<b>268,993</b>

7
DIVIDEND INCOME

	2004 SKK'000	2003 SKK'000
Available for sale securities	595	1,381
Other securities	619	554
Withholding tax on dividends	-	341
<b>Dividends received gross</b>	<b>1,214</b>	<b>2,276</b>

8
NET INCOME FROM FOREIGN EXCHANGE OPERATIONS

	2004 SKK'000	2003 SKK'000
Gains from foreign exchange operations	7,579,321	6,572,968
Losses related to foreign exchange operations	(7,475,293)	(6,345,768)
	<b>104,028</b>	<b>227,200</b>

9
NET INCOME FROM FINANCIAL DERIVATIVES

	2004 SKK'000	2003 SKK'000
Income from currency derivatives	1,047,246	505,511
Expenses relating to currency derivatives	(892,002)	(456,448)
<b>Net income from currency derivatives</b>	<b>155,244</b>	<b>49,063</b>
Income from interest rate derivatives	775,759	137,468
Expenses relating to interest rate derivatives	(580,349)	(142,150)
<b>Net income / (expense) from interest rate derivatives</b>	<b>195,410</b>	<b>(4,682)</b>
Income from options	65,019	-
Expenses relating to options	(48,815)	-
<b>Net income from options</b>	<b>16,204</b>	<b>-</b>
<b>Net income from financial derivatives</b>	<b>366,858</b>	<b>44,381</b>

10
NET INCOME FROM SECURITIES

	2004 SKK'000	2003 SKK'000
Gains from trading securities	87,162	111,344
Losses related to trading securities	(50,465)	(69,412)
<b>Net income from trading securities</b>	<b>36,697</b>	<b>41,932</b>
Gains from available-for-sale and held-to-maturity securities	9,172	9,663
Losses related to available-for-sale and held-to-maturity securities	(9,265)	(7,959)
<b>Net (expense) / income from investment securities</b>	<b>(93)</b>	<b>1,704</b>

11\_PERSONNEL EXPENSES

	2004 SKK'000	2003 SKK'000
Wages and salaries	(441,234)	(405,881)
Social expenses	(108,574)	(104,470)
Other personnel expenses	(18,270)	(16,035)
	<b>(568,078)</b>	<b>(526,386)</b>

At 31 December 2004, the average number of employees (equivalent to full-time staff) was 980 (2003: 975).

At 31 December 2004, the Supervisory Board comprised of 12 members (2003: 10 members).

12\_ADMINISTRATIVE EXPENSES

	2004 SKK'000	2003 SKK'000
Material related expenses	(54,427)	(64,608)
Service related expenses	(126,434)	(109,028)
Rent	(53,549)	(49,629)
Marketing expenses	(69,305)	(46,903)
Other services	(218,082)	(190,182)
Other administrative expenses	(203,155)	(187,536)
	<b>(724,952)</b>	<b>(647,886)</b>

Other administrative expenses include payments to the Deposits Protection Fund of SKK 115,410 thousand in 2004 (2003: SKK 98,614 thousand).

13\_IMPAIRMENT LOSSES

	Loans SKK'000	Financial investments SKK'000	Other assets SKK'000	Total impairment losses SKK'000
At 1 January 2003	(3,059,854)	(9,464)	(33,343)	(3,102,661)
Impairment (losses) / reversals	(251,349)	8,073	3,841	(239,435)
Write-offs	797,142	-	1,675	798,817
<b>At 31 December 2003</b>	<b>(2,514,061)</b>	<b>(1,391)</b>	<b>(27,827)</b>	<b>(2,543,279)</b>
At 1 January 2004	(2,514,061)	(1,391)	(27,827)	(2,543,279)
Impairment (losses) / reversals	(207,444)	(7)	3,650	(203,801)
Write-offs	512,850	-	3,486	516,336
<b>At 31 December 2004</b>	<b>(2,208,655)</b>	<b>(1,398)</b>	<b>(20,691)</b>	<b>(2,230,744)</b>

14\_PROVISIONS

	Litigations SKK'000	Guarantees SKK'000	Other SKK'000	Total provisions SKK'000
At 1 January 2004	(164,002)	(11,000)	-	(175,002)
Release / (creation)	19,503	6,846	(9,332)	17,017
<b>At 31 December 2004</b>	<b>(144,499)</b>	<b>(4,154)</b>	<b>(9,332)</b>	<b>(157,985)</b>

15\_TAXATION

The Bank's tax charge on operating profit differs from the amount that would arise using the basic tax rate as follows:

	2004 SKK'000	2003 SKK'000
Deferred tax assets (note 23)	196,052	111,706
Withholding tax on securities	(24,136)	(4,823)
<b>Income tax</b>	<b>171,916</b>	<b>106,883</b>

The accounting profit before taxation is reconciled to the tax base as follows:

	2004 SKK'000	2003 SKK'000
Profit before taxation	193,205	171,745
Non-deductible expenses	811,364	3,018,251
Non-taxable income from securities	(136,735)	(111,735)
Other non-taxable income	(981,778)	(3,313,784)
<b>Tax base</b>	<b>(113,944)</b>	<b>(235,523)</b>



16\_CASH AND CASH EQUIVALENTS

	2004 SKK'000	2003 SKK'000
Cash and balances at the central bank (see below)	17,588,186	6,322,492
Loans and advances to banks with remaining maturity up to 3 months (note 19)	1,233,687	1,999,262
	<b>18,821,873</b>	<b>8,321,754</b>

Cash and balances at the central bank	2004 SKK'000	2003 SKK'000
<b>Balances with the National Bank of Slovakia ('NBS'):</b>		
Compulsory minimum reserve	587,884	638,947
Receivables from repurchase agreements	15,981,764	4,473,081
Term deposits	99,007	322,040
Other	14,478	27,675
	<b>16,683,133</b>	<b>5,461,743</b>
<b>Cash in hand:</b>		
In Slovak crowns	640,784	570,882
In foreign currencies	264,269	289,867
	<b>905,053</b>	<b>860,749</b>
	<b>17,588,186</b>	<b>6,322,492</b>

Interest rates in 2004	Slovak crowns	Foreign currencies
Obligatory minimum reserves	1.5 %	-
Current accounts at banks	1.5 %	1.5 %
Time deposits at banks	2.5 % – 4.8 %	9.0 %

All banks in Slovakia are required to deposit compulsory minimum reserves with the National Bank of Slovakia. The moving average of reserves at the end of the month must be 2 % (2003: 3 %) of the sum of client deposits in the previous month. The calculated obligatory minimum reserves deposited at the NBS earn interest at 1.5 % per annum, calculated on a daily basis.

17\_DERIVATIVE FINANCIAL INSTRUMENTS

The Bank utilises the following derivative instruments for trading purposes and for the purpose of closing its positions:

**Currency forwards** represent commitments to purchase foreign and domestic currency, including undelivered spot transactions.

**Forward rate agreements** are individually negotiated interest rate futures that call for cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

**Currency swaps** are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies.

**Interest swaps** represent a liability to exchange one set of cash flows for another in the same currency, without effective settlement of the volume of the contract itself and with settlement of the interest difference between the agreed fixed and the respective reference interest rate.

**Cross currency interest swaps** represent an agreement on exchange of two currencies with agreed exchange rate and mutual periodic settlement of interests in the respective currency.

**Options** are derivatives with the right of buyer to sell

the underlying financial instrument at the agreed price as of a certain date (put option) or to buy the underlying financial instrument at a specified price on a certain date (call option).

The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table.

7.7\_Notes to the financial statements

	Contract/ notional amount  SKK'000	2004		Contract/ notional amount  SKK'000	2003	
		Fair value Assets	Liabilities		Fair value Assets	Liabilities
	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000	SKK'000
<b>Currency derivatives</b>	<b>13,423,764</b>	<b>283,095</b>	<b>(196,925)</b>	<b>6,136,589</b>	<b>106,585</b>	<b>(96,606)</b>
Currency forwards and swaps	8,123,153	-	(96,595)	4,043,719	24,658	(50,708)
Cross-currency swaps	5,300,611	283,095	(100,330)	2,092,870	81,927	(45,898)
<b>Interest derivatives</b>	<b>16,044,393</b>	<b>208,653</b>	<b>(66,514)</b>	<b>2,737,546</b>	<b>9,912</b>	<b>(34,464)</b>
Interest rate swaps	16,044,393	208,653	(66,514)	1,748,887	9,005	(34,314)
Forward rate agreements	-	-	-	500,000	-	(150)
Securities derivatives	-	-	-	488,659	907	-
<b>Currency options</b>	<b>11,639,074</b>	<b>55,078</b>	<b>(55,078)</b>	<b>-</b>	<b>-</b>	<b>-</b>
		546,826	(318,517)		116,497	(131,070)

18\_TRADING SECURITIES

	2004 SKK'000	2003 SKK'000
State bonds	1,302,275	5,842,196
Corporate and bank bonds	846,931	818,644
Equity securities	22,651	59,429
	<b>2,171,857</b>	<b>6,720,269</b>

7.7\_Notes to the financial statements

19\_LOANS AND ADVANCES TO BANKS

	2004 SKK'000	2003 SKK'000
Repayable on demand	270,869	125,337
Other loans and advances with a remaining maturity:		
- 3 months or less	962,818	1,873,925
- 1 year or less but over 3 months	2,432,845	-
Classified receivables	-	389
	<b>3,666,532</b>	<b>1,999,651</b>
Impairment losses	-	(389)
	<b>3,666,532</b>	<b>1,999,262</b>
Less amounts with remaining maturity up to 3 months (note 16):	(1,233,687)	(1,999,262)
	<b>2,432,845</b>	<b>-</b>

Deposits in Slovak crowns include deposits with remaining maturity greater than 3 months. In 2004, the interest rate on these deposits was 4.29 % (2003: 6.25 %).

Other loans and advances with a remaining maturity of 1 year or less but over 3 months includes a term deposit of SKK 1,620 million pledged as collateral for an interest rate swap.

20\_LOANS AND ADVANCES TO CUSTOMERS

(a) Loans

	2004 SKK'000	2003 SKK'000
<b>In Slovak crowns</b>		
Loans to clients	13,262,914	16,972,311
Bills of exchange	140,128	214,836
Loans to government authorities	3,009,738	901,369
	<b>16,412,780</b>	<b>18,088,516</b>
<b>In foreign currencies</b>		
Loans to clients	4,663,385	4,091,358
	<b>21,076,165</b>	<b>22,179,874</b>
Impairment losses (note 13)	(2,208,655)	(2,514,061)
	<b>18,867,510</b>	<b>19,665,813</b>

Average interest rates	2004 SKK'000	2003 SKK'000
Loans to clients, of which:	6.33 %	7.29 %
- in Slovak crowns	7.00 %	8.16 %
- in foreign currencies	3.65 %	3.73 %

(b) Impairment losses

The calculation of impairment losses depends on values ascribed to collateral. An asset's ultimate realisable value may differ from the value ascribed to it at the time of estimating provisions.

In 2004, other operating income includes SKK 2,896,624 received from loans previously written off (2003: SKK 3,007,854).

(c) Special loan programmes

At 31 December 2004 and 31 December 2003, the Bank extended loans to clients for loans funded through special credit lines (see notes 25 and 26).

	2004 SKK'000	2003 SKK'000
US loan schemes	-	2,378
Supporting loan programmes	128,766	236,563
Exim, Japan (1,3)	-	39,176
Exim, Japan (1,3)	-	135,292
Eximbanka, Slovakia	325,664	278,380
Agribusiness EBRD	-	3,081
EBRD	63,773	-
Slovenská záručná a rozvojová banka, a.s. ('SZRB')		
Rozvoj (Development) loan scheme	18,333	53,138
Pledge documents	-	83,555
<b>Total special loan schemes</b>	<b>536,536</b>	<b>831,563</b>

Interest rates	2004 SKK'000	2003 SKK'000
US loan programmes	-	2 weeks repo NBS + min. 4.2 %
Supporting loan programmes	7.55 % - 10.80 %	7.55 % - 10.80 %
Exim, Japan (1,3)	-	2 weeks repo NBS + max 3 %
Exim, Japan (2)	-	2 weeks repo NBS + max 3 %
Eximbanka, Slovakia	2.70 % – 5.70 %	3.50 % - 6.50 %
Agribusiness EBRD	-	3 months Libor + 2.50 - 2.70 p.a.
EBRD	6.76 %	-
Loan programme of SZRB Rozvoj (Development)	SZRB + 4.00 %	9.80 % - 4.00 %
Pledge documents	min. 16.90 %	min. 16.90 %
Rediscounting of bills of exchange	13.20 %	13.20 %

21\_INVESTMENT SECURITIES

	SKK'000 Available for-sale	SKK'000 Held-to maturity	2004 SKK'000 Total	SKK'000 Available for-sale	SKK'000 Held-to maturity	2003 SKK'000 Total
Equity securities	6,688	-	6,688	20,487	-	20,487
Shares	-	-	-	24,810	-	24,810
State bonds	-	2,976,870	2,976,870	-	1,179,359	1,179,359
Municipal bonds	-	-	-	-	23,537	23,537
Corporate and bank bonds	-	1,310,930	1,310,930	-	1,116,618	1,116,618
	<b>6,688</b>	<b>4,287,800</b>	<b>4,294,488</b>	<b>45,297</b>	<b>2,319,514</b>	<b>2,364,811</b>

At 31 December 2004, the market value of held-to-maturity securities was SKK 4,364.2 million (2003: SKK 2,304.2 million).

22\_TANGIBLE AND INTANGIBLE FIXED ASSETS

At 31 December 2004	Assets not yet in use	Land and buildings	Equipment	Software and other	Total
<b>Cost</b>					
At 1 January 2004	155,862	905,007	1,013,211	408,559	2,482,639
Additions	546,820	-	-	-	546,820
Disposals	(94,243)	(28,358)	(154,251)	(45)	(276,897)
Transfers	(280,547)	47,912	135,119	97,516	-
<b>At 31 December 2004</b>	<b>327,892</b>	<b>924,561</b>	<b>994,079</b>	<b>506,030</b>	<b>2,752,562</b>
<b>Accumulated depreciation</b>					
At 1 January 2004	-	127,174	676,909	339,681	1,143,764
Disposals	-	(6,579)	(153,226)	(45)	(159,850)
Charge for the year	-	43,680	131,844	33,167	208,691
<b>At 31 December 2004</b>	<b>-</b>	<b>164,275</b>	<b>655,527</b>	<b>372,803</b>	<b>1,192,605</b>
<b>Net book value at 31 December 2004</b>	<b>327,892</b>	<b>760,286</b>	<b>338,552</b>	<b>133,227</b>	<b>1,559,957</b>

At 31 December 2004, equipment includes assets held under finance lease arrangements with a net book value of SKK 81,228 thousand (2003: SKK 81,654 thousand). Deprecation of leased assets amounted to SKK 20,554 thousand (2003: SKK 17,417 thousand).

At 31 December 2003	Assets not yet in use	Land and buildings	Equipment	Software and other	Total
<b>Cost</b>					
At 1 January 2003	242,822	778,203	921,388	452,268	2,394,681
Additions	375,933	-	12,663	3,127	391,723
Disposals	(87,443)	(40,036)	(85,971)	(90,315)	(303,765)
Transfers	(375,450)	166,840	165,931	43,479	-
<b>At 31 December 2003</b>	<b>155,862</b>	<b>905,007</b>	<b>1,013,211</b>	<b>408,559</b>	<b>2,482,639</b>
<b>Accumulated depreciation</b>					
At 1 January 2003	-	103,970	629,435	411,958	1,145,363
Disposals	-	(5,378)	(66,520)	(87,956)	(159,854)
Charge for the year	-	28,582	113,994	15,679	158,255
<b>At 31 December 2003</b>	<b>-</b>	<b>127,174</b>	<b>676,909</b>	<b>339,681</b>	<b>1,143,764</b>
<b>Net book value at 31 December 2003</b>	<b>155,862</b>	<b>777,833</b>	<b>336,302</b>	<b>68,878</b>	<b>1,338,875</b>

23\_DEFERRED TAX

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 19 % (2003: 19 %).

The movement on the deferred tax account is as follows:

At 31 December 2003	111,706
Credit (note 15)	196,052
<b>At 31 December 2004</b>	<b>307,757</b>

The deferred tax asset is attributable to the following items:

Temporary differences	2004 SKK'000	2003 SKK'000
Impairment losses on loans and advances	308,048	128,525
Foreign exchange - unrealised	-	(17,818)
Financial investments	-	3,036
Unpaid costs	-	3,069
Revenues taxed on cash basis	(291)	(5,106)
	<b>307,757</b>	<b>111,706</b>

24\_OTHER ASSETS

	2004 SKK'000	2003 SKK'000
Inventory	8,242	12,545
Estimated receivables	-	3,001
Operating prepayments	2,671	9,495
Other receivables	2,450	9,458
Other assets	25,035	10,998
	<b>38,398</b>	<b>45,497</b>

Certain other assets are stated net of impairment losses. See also note 13.

25\_DEPOSITS BY BANKS

	2004 SKK'000	2003 SKK'000
<b>In Slovak crowns</b>		
Deposits by banks	2,109,376	2,952,570
Special credit lines:		
- EBRD	38,796	-
- Slovenská záručná a rozvojová banka (Rozvoj loan programme)	20,833	53,041
	<b>2,169,005</b>	<b>3,005,611</b>
<b>In foreign currencies</b>		
Deposits by banks	910,309	1,551,988
Liabilities from cash collection	23,028	23,021
	<b>933,337</b>	<b>1,575,009</b>
	<b>3,102,342</b>	<b>4,580,620</b>

Interest rates	In Slovak crowns	2004 In foreign currencies	In Slovak crowns	2003 In foreign currencies
Deposits by banks	1.0 % - 5.3 %	0.1 % - 6.5 %	4.65 % - 9.50 %	0.04 % - 5.40 %



26\_CUSTOMER ACCOUNTS

	2004 SKK'000	2003 SKK'000
<b>In Slovak crowns</b>		
Demand deposits	9,916,200	8,412,604
Time deposits	14,196,932	16,001,919
Supporting loan scheme funds	583,261	583,137
Deposits by Government authorities, State funds and municipalities	11,311,960	1,098,610
Certificates of deposit, short term bills	891,250	594,081
Cash in transit	891	96
	<b>36,900,494</b>	<b>26,690,447</b>
<b>In foreign currencies</b>		
Demand deposits	1,912,247	1,798,045
Time deposits	1,346,730	1,731,787
Deposits by government authorities	1,844	3,013
Certificates of deposit, short term bills	149,239	148,034
Cash in transit	8,076	5,733
	<b>3,418,136</b>	<b>3,686,612</b>
	<b>40,318,630</b>	<b>30,377,059</b>

Special lines of credit relate to loans disclosed in note 20 (c).  
The Bank has accepted a deposit amounting to SKK 10,800 million with maturity on 30 December 2005.

Average interest rates	2004	2003
Demand deposits	0.78 %	0.88 %
Time deposits	4.04 %	4.29 %
Certificates of deposit	3.15 %	5.37 %

27\_DEBT SECURITIES IN ISSUE

	2004 SKK'000	2003 SKK'000
Mortgage bonds in issue	1,025,555	-
Long-term bills	8,370	8,109
	<b>1,033,925</b>	<b>8,109</b>

Balance at 31 December 2004

Mortgage Bonds	Date of issue	Maturity date	Nominal value SKK'000	Number of issued debt securities	Interest rate	Coupon pay-out	Accounting value SKK'000
UB-HZL-1	2. 2. 2004	2. 2. 2009	100	5,000	4.9 % p.a.	annually	519,167
UB-HZL-2	29. 9. 2004	29. 9. 2015	1,000	500	5.0 % p.a.	annually	506,388
							<b>1,025,555</b>

28\_OTHER LIABILITIES

	2004 SKK'000	2003 SKK'000
Payables from issue of debt securities	347,511	75,762
Accrued expenses	125,287	118,194
Other creditors	101,781	83,903
Withholding tax	68,543	29,844
Social insurance	11,806	12,159
Finance lease liability (note 29)	2,018	16,228
Other	64,016	51,311
	<b>720,962</b>	<b>387,401</b>

29\_FINANCE LEASES

Liabilities arising from finance lease agreements are as follows:

	2004 SKK'000	2003 SKK'000
Gross finance lease liability	4,347	19,481
Less finance charges	(2,329)	(3,253)
- Less than one year	2,018	13,808
- One to two years	-	2,420
- Two to three years	-	-
<b>Net finance lease liability (see note 28)</b>	<b>2,018</b>	<b>16,228</b>

30\_SHARE CAPITAL

	2004 SKK'000	2003 SKK'000
<b>At 1 January and 31 December</b>	<b>2,377,062</b>	<b>2,377,062</b>
Nominal value per share (SKK)	185	185
Number of shares	12,848,984	12,848,984

31\_LEGAL RESERVE FUND

The legal reserve fund is created in accordance with the requirements of the Slovak Commercial Code and in accordance with the Bank's Articles of Association. The fund is not available for distribution to shareholders. In 2004, the Bank transferred SKK 27,999 thousand from 2003 profit to the reserve fund, being 10 % of the available profit of 2003. The Directors propose to transfer SKK 37,603 thousand to the legal reserve fund from the profit of 2004.

32\_OFF BALANCE SHEET ITEMS

	2004 SKK'000	2003 SKK'000
Bank guarantees	64,309	77,012
Customer guarantees	1,164,591	987,380
Customer guarantees, classified	6,488	13,705
Letter of credit	122,475	231,283
Unused credit limits	5,764,320	6,716,923
	<b>7,122,183</b>	<b>8,026,303</b>

At 31 December 2004, the Bank's commitments to extend loans amounted to SKK 5,764 million (31 December 2003: SKK 6,717 million). The Bank is able to cancel the commitments as necessary.

At 31 December 2004, the Bank held assets received from clients for custody purposes of SKK 5,537 million (2003: SKK 7,313 million).

The Bank is engaged in legal proceedings in the normal course of its business. The Bank has made provision to cover expected liabilities. See note 14.

33\_RECONCILIATION TO SLOVAK STATUTORY FINANCIAL STATEMENTS

The profit after taxation, shareholders' equity and total assets prepared under Slovak accounting regulations and reported in the statutory financial statements can be reconciled to these financial statements prepared under IFRS as follows:

2004	Shareholders' equity SKK'000	Profit after taxation SKK'000	Total assets SKK'000
Reported under Slovak accounting regulations	3,407,050	376,032	49,058,058
Capitalisation of finance leases	7,935	2,049	9,953
Reclassification of social fund	(12,960)	(12,960)	-
Other	(127)	-	(127)
<b>Reported under IFRS</b>	<b>3,401,898</b>	<b>365,121</b>	<b>49,067,884</b>

2003	Shareholders' equity SKK'000	Profit after taxation SKK'000	Total assets SKK'000
Reported under Slovak accounting regulations	3,043,338	279,991	38,892,325
Reclassification of reserves	-	-	(206,503)
Capitalisation of finance leases	7,158	9,792	16,950
Reclassification of social fund	(11,155)	(11,155)	-
Other	(3,205)	-	(127)
<b>Reported under IFRS</b>	<b>3,036,136</b>	<b>278,628</b>	<b>38,702,645</b>

34\_RELATED PARTIES

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Bank is controlled by UniCredit Group S.p.A. (incorporated in Italy), which owned 77.11 % of the ordinary shares at 31 December 2004 (2003: 77.11 %).

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.

Year end balances with related parties are as follows:

	Members of the Supervisory Board and the Board of Directors		UniCredit Group	
	2004 SKK'000	2003 SKK'000	2004 SKK'000	2004 SKK'000
Loans and advances to customers	6,204	936	272,533	340,013
Deposits – credit	12,686	8,267	961,612	1,502,700
Deposits - debit	(37)	(387)	(32,834)	(19,267)
Interest income	74	N/A	14,802	N/A
Interest expense	(308)	N/A	(40,902)	N/A
Fees and commission income	11	N/A	616	N/A

During 2004 and 2003, the Bank did not create impairment losses for loans and advances provided to related parties.

In 2004, remuneration paid to the Supervisory Board and the Board of Directors amounted to SKK 14,865 thousand (2003: SKK 15,383 thousand).

35\_SUPPLEMENTARY RETIREMENT ANNUITY INSURANCE PLAN

Since 1998, the Bank has participated in a supplementary retirement annuity insurance plan for its employees. Supplementary retirement annuity insurance is voluntary and is based on the contractual relationship between employee, employer and the supplementary retirement annuity insurance plan.

Contributions for both the employee and the Bank are fixed and defined in the benefit plan.

In 2004, the Bank paid SKK 3,399,370 (2003: SKK 3,000,000) and employees paid SKK 4,033,070 (2003: SKK 3,690,000) under this plan.

36\_FAIR VALUES

Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimated fair values of the Bank's financial assets and liabilities at year end were as follows:

	Carrying value 2004 SKK'000	Fair value 2004 SKK'000	Carrying value 2003 SKK'000	Fair value 2003 SKK'000
Financial assets				
Cash and cash equivalents	18,821,873	18,821,873	8,321,754	8,321,754
Derivative financial instruments	546,826	546,826	116,497	116,497
Trading securities	2,171,857	2,171,857	6,720,269	6,720,269
Loans and advances to banks	2,432,845	2,365,035	-	-
Loans and advances to customers	18,867,510	18,867,510	19,665,813	19,665,813
Investment securities	4,294,488	4,370,858	2,364,811	2,349,462
Financial liabilities				
Derivative financial instruments	318,517	318,517	131,070	131,070
Deposits by banks	3,102,342	3,094,184	4,580,620	4,572,682
Customer accounts	40,318,630	40,146,863	30,377,059	30,202,465
Debt securities in issue	1,033,925	1,287,801	8,109	6,952

The following methods and assumptions were used in estimating the fair values of the Bank's financial assets and liabilities:

Derivative financial instruments

The fair values of derivative financial instruments are calculated using quoted market prices.

Trading securities

The fair values of trading securities are calculated using quoted market prices.

Loans and advances to banks

The fair value of current accounts with other banks approximates to book value. For amounts with a remaining maturity of less than three months, it is also reasonable to use book value as an approximation of fair value. The fair values of other loans and advances to banks are calculated by discounting the future cash flows using current interbank rates.

Loans and advances to customers

Loans and advances are stated net of impairment losses. For loans and advances to customers with a remaining maturity of less than three months, it is reasonable to use book value as an approximation of fair value. The fair values of other loans and advances to customers are calculated by discounting the future cash flows using current market rates.

Investment securities

The quoted market prices for investment securities are set out in note 21.

Deposits by banks

The fair value of current accounts with other banks approximates to book value. For other amounts owed by banks with a remaining maturity of less than one year, it is also reasonable to use book value as an approximation of fair value. The fair values of other deposits by banks are calculated by discounting the future cash flows using current interbank rates.

Customer accounts

The fair values of current accounts and term deposits with a remaining maturity of less than one year approximate their carrying amounts. The fair values of other customer accounts are calculated by discounting the future cash flows using current deposit rates.

Debt securities in issue

The fair values of debt securities in issue are calculated by discounting the future cash flows using current inter-bank rates.