

**ANNUAL REPORT**

**2002**



**VUB•Gruppo Intesa**

**Vision and Mission**

**Contents**



## **VUB - vision and mission**

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### **Vision**

"We will become the best bank in Slovakia devoting our talent and group's worldwide expertise to meet our clients' needs and exceed their expectations."

### **Mission**

"Our mission is to be a bank for the people. We have to keep this in mind in everything we do. We make all our clients feel that we are open to them and every one of them is important to us: from the large corporation to each individual customer. They all must feel that we listen to their requests and needs, respect them and do our utmost to help them simplify their lives and meet their aspirations. We accomplish this with our modern products, friendly branches, professional service culture and appealing communication."

**VUB•Gruppo Intesa**

## Table of contents

<b>INTRODUCTORY ADDRESS BY THE CHAIRMAN OF THE VUB SUPERVISORY BOARD</b> .....	6	INDEPENDENT AUDITOR'S REPORT .....	68
<b>SPEECH BY THE CHAIRMAN OF THE VUB MANAGEMENT BOARD</b> .....	8	BALANCE SHEET.....	69
<b>VUB – BASIC INDICATORS</b> .....	12	INCOME STATEMENT .....	76
<b>DEVELOPMENT OF EXTERNAL ENVIRONMENT</b> .....	13	NOTES TO THE FINANCIAL STATEMENTS .....	80
<b>VUB RESULTS FOR 2002</b> .....	16	<b>CONSOLIDATED FINANCIAL STATEMENTS UNDER SLOVAK ACCOUNTING STANDARDS</b> .....	111
<b>VUB MANAGEMENT BOARD AND SUPERVISORY BOARD</b> .....	19	INDEPENDENT AUDITOR'S REPORT .....	111
<b>CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS</b> .....	20	CONSOLIDATED BALANCE SHEET.....	112
INDEPENDENT AUDITOR'S REPORT .....	20	CONSOLIDATED PROFIT AND LOSS STATEMENT .....	114
BALANCE SHEET.....	21	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	115
STATEMENTS OF INCOME .....	22	<b>PROFIT DISTRIBUTION</b> .....	134
STATEMENTS OF SHAREHOLDERS' FUNDS .....	23	<b>MANAGEMENT BOARD REVIEW OF ECONOMIC AND FINANCIAL SITUATION</b> ..	135
CASH FLOW STATEMENTS .....	24	<b>ORGANISATIONAL CHART OF VUB</b> .....	136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS.....	25	<b>LIST OF VUB BRANCHES</b> .....	138
<b>UNCONSOLIDATED FINANCIAL STATEMENTS UNDER SLOVAK ACCOUNTING STANDARDS</b> .....	68	<b>MAJOR SUBSIDIARIES</b> .....	143
		<b>STRUCTURE OF VUB SHAREHOLDERS</b> .....	145

## Introductory Address by the Chairman of the VUB Supervisory Board

Dear clients, business partners, employees,

I am very pleased to have the opportunity to evaluate with you the results VUB reached in 2002. Last year was especially demanding for VUB as the bank was facing difficult challenges of transformation and many changes resulting therefrom. On behalf of the Supervisory Board, I would like to thank the management as well as all the bank employees for achieving excellent results in these challenging conditions.

For Gruppo Intesa, the commitment to Slovakia is an integral part of a long-term strategy of building a financial group of European significance. Central European countries are in a unique stage of catching up economically with Western Europe. We believe that this region has a magnificent economic future ahead and therefore it is the

strategic objective of Gruppo Intesa to be active in this growing market. We are particularly pleased that it is Slovakia which is becoming one of the fastest progressing economies in this region. As a result, we are glad that Gruppo Intesa has its representation in a promising Slovak banking market through such a strong institution as VUB. I would like to stress that it is our long-term commitment to draw on the know-how and financial strength of the banking group Gruppo Intesa to make VUB the best universal bank in Slovakia.

VUB, under new management, achieved significant results in the transformation of the bank. Searching for a symbiosis between the old and new was not easy. I think that the bank is successfully building on existing foundations and applying the latest knowledge from the world of modern banking. A common feature of all these changes is the focus of the bank's activities on client's needs. Branch network restructuring, improvement of customer care and product portfolio quality are bearing its fruit in the form of higher revenues and more loyal customers. Strengthened and conservative risk management procedures allow room for optimism that in the future the losses from business transactions will be minimal. The current banking practice is knowledge-intensive. Therefore, a decisive factor for success is human capital and the bank's effort to attract and retain talented employees will certainly be rewarded.

The business and financial results of the



bank in 2002 are very satisfactory. In retail banking we are especially pleased with the success in providing effective electronic distribution channels as these attest to VUB's commitment to be at the top of the market in introducing modern technologies. In the area of corporate banking, our clients appreciated the bank's effort to ensure a complex and higher quality service and we managed to acquire many new clients. The increase<sup>1)</sup> in operating revenues by over 20 % and consolidated net profit by nearly 60 % demonstrates that commercial achievements have been reflected also in the group's financial performance. Also on behalf of the financial group Gruppo Intesa, I wish to express my satisfaction with VUB's results in 2002 as well as with the strategic direction of the bank.

I would like to emphasize that Gruppo Intesa is committed to provide VUB with support, know-how and financial background in achieving its goal to become the best universal bank in Slovakia. Knowing the talent and commitment of the management and employees of VUB, I do not doubt that VUB – with the continued support of its customers - shall accomplish its goal and thus significantly contribute to the success of the whole group.



Luigi Carnelli  
Chairman of the Supervisory Board  
of VUB, a. s.

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<sup>1)</sup> According to the consolidated financial statements prepared in line with the International Financial Reporting Standards (IFRS)

## Speech by the Chairman of the VUB Management Board

Dear shareholders, clients and business partners,

VUB witnessed significant changes in 2002. Our majority shareholder, the reputable Italian banking group Gruppo Intesa, has initiated a number of changes in the bank's management and operations. The common denominator of these efforts has been the goal to make VUB the best universal bank in Slovakia. There is only one way leading to this goal: maximum leveraging on the bank's human capital and on the know-how of the international financial group so as to exceed our clients' expectations. We profess this way and the hard work it will entail.

Last year was special not only for the bank but also for the entire Slovak society. The international community appreciated the progress the country made in the political and economic transfor-

mation – in 2002 Slovakia received an invitation to join the EU and NATO. Membership in the Euro-Atlantic structures will contribute to the reduction of economic and political risk and stimulate additional domestic and foreign investments, which Slovakia needs in the process of catching up with the developed economies. The year 2002 proved that the process is based on solid pillars: the Slovak economy recorded a growth rate of 4.4 % and was the fastest growing economy in Central Europe. The overall inflation in that year was only 3.4 % and in the summer it even reached its historical minimum of 2 %.

Improvement could also be seen in the corporate profitability, which grew by nearly 4 %. The fact that the Slovak crown tended to appreciate in the second half of the year despite the high foreign trade deficit amounting to 9 % of GDP testifies to investors' confidence in the Slovak economy. To fend off the appreciation pressure on the Slovak currency, NBS made cuts in key interest rates which resulted in to lower interests on deposits and loans. Despite some slowdown in the economic reforms caused by a culmination of the political cycle, the rating agencies positively assessed last year's economic development and upgraded the investment rating of Slovakia. Positive trends in the Slovak economy - despite problems the world economy is facing - testify to a robustness of economic growth in Slovakia and create favourable conditions for a sound development of the banking sector.





Similarly to the Slovak economy, the year 2002 was successful also for VUB. The bank managed to strengthen its position in the Slovak banking market. The total consolidated assets under international financial reporting standards (IFRS) rose in 2002 by 11.8 % and reached SKK 194.7 bn, thus allowing the bank to keep its 19 % share in the banking market. VUB's market share in loans accounted for nearly 13 % and that of deposits for over 21 %.

We performed profound analyses and assessments of our clients' needs in the retail area. Subsequently, our product range was improved and simplified, which was appreciated by our clients. We have established positions of financial advisors, whose task is to serve the clients' needs on an individual basis. In 2002, our clients were using more than 575,000 payment cards issued by VUB, which represents a 20 % growth. This also means that the bank has issued nearly one quarter of all payment cards issued in Slovakia. With its market share over 36 %, the bank has defended its leading position in the mortgage market, while the volume of mortgage loans granted went up by two thirds in 2002. Last year, the bank, as a dynamically developing institution, introduced to the market innovations in EDCs. Number of Call Centre, Internet and GSM Banking users increased in 2002 to 228,000 representing an annual increase of 156 %. The Slovak retail banking is going to experience a boom in the upcoming years and we will do our utmost to exploit this growth potential through suitable product portfolio and customer care.

Since VUB aspires to be a universal bank, we have focused our efforts on enhancing the relationships with corporate clients in all market segments. Special attention was paid to SMEs, the segment with a significant growth potential. Mainly in order to provide high quality services to these clients, we have established 25 corporate branches at which our experts are prepared to supply the SMEs with advice and assistance. Also due to these changes, in 2002 we managed to acquire 200 new clients in this segment and our credit exposure to SMEs reached SKK 12.9 bn. We will continue to make the most effort to provide corporate clients with comprehensive and quality services as to become the market leader in the Slovak market for corporate lending.

The bank's good business results were reflected in its financial performance. Based on international financial reporting standards in 2002, the total operating income of the banking group increased by 23.1 % to SKK 9.7 bn. This was mainly due to the growth of net interest income by 24.8 % to SKK 6.7 bn; interest income accounted thus for 69 % of net operating income of the bank. Net fees and commissions income reached SKK 2.4 bn, representing 24.8 % of the revenues. Income from financial transactions and other operating income increased by SKK 0.6 bn. In 2002 the operating profit before provisioning and reserves recorded a growth of 68.9 % reaching SKK 2.7 bn. Due to a smaller release of reserves and provisions vis-à-vis last year, the consolidated profit after tax grew by 59.4 % and climbed to SKK 2.1 bn in



2002. In the near future we expect a further growth - mainly of fees and commissions income, also due to cross-selling of products and sale of third party products.

We have launched the restructuring process of our subsidiaries. Our aim is to integrate their activities into activities of the banking group striving for maximum synergy. Although some of our subsidiaries ended up the last year, we believe that after the executed changes their contribution to the performance of the bank will be clearly positive.

Nevertheless, we are not satisfied with our operating costs, which rose by 11.3 % in 2002. The most significant item of the costs were administrative costs, which accounted for 50.3 % of the total costs and increased by 14.6 % y/y. Personnel costs accounted for 33.9 % and depreciation 15.9 % of total costs. The cost to income ratio of the consolidated group reached 71.8 %. We perceive the need to improve in the area of cost control as one of our main challenges. In the upcoming period we will strive to reduce our costs so as to become one of the most efficient banks in the Slovak market.

We have paid a considerable attention to ensure that our financial statements fairly and prudentially reflect the financial situation of the bank. We have developed a new provisioning policy according to which we create reserves in the minimum amount of 80 % of the classified portfolio. By the end of the year, nearly 85 % of classified asset were

provisioned and there is no financial danger for the bank entailed in these assets. On the contrary, we are taking all necessary measures to maximize the financial return on classified assets.


Significant improvements were recorded in financial ratios. Net profit to total average assets increased from 0.8 % in 2001 to 1.2 % in the last year. The return on equity grew in 2002 to 12.9 % as compared to 9.0 % in the previous year. Via growth strategy and a thorough control of costs, we plan to focus all our efforts to create value for our shareholders, which - as we believe - will lead to an even higher return on equity in the years to come.

The bank is a complex organism and its effective management requires knowledge of the manifold micro processes that its activities consist of. In 2002, we employed a great deal of time and energy to map all these processes in detail so as to be able to transform them into a form which will enable the bank to be a more efficient financial institution focused on the clients needs. We have launched a branch network restructuring with the objective to provide our clients with quality services in an environment in which they feel comfortable and which invokes their confidence in the bank. We have strengthened the risk management processes so as to meet the needs of trustworthy clients in a fast and efficient way, while not exceeding the acceptable rate of risk. We are aware that the greatest asset of our bank is the human capital of our employees and we have worked intensely on the system of its

motivation and further education and we shall continue to do so.

Likewise, we paid attention to the building and strengthening of our corporate culture based on values such as customer care and focus, transparency and the shareholder value created by the bank. In the dynamic economy of today's world, constant changes are a rule and only an institution, wide open to new ideas and capable of their immediate implementation to the benefit of the client can prosper. VUB strives to be such an institution. Finally, I would like to mention that we are aware of the responsibility resulting from the bank's position in the Slovak economy and society. We shall do our utmost in order for the bank to be a good corporate citizen of Slovakia.

Successful results in 2002 would not have been possible to reach if it was not for the talent and commitment of the bank employees, the trust of the clients and business partners and the support from the shareholders. In conclusion, I would like to take this opportunity to thank all those who contributed to the bank's success in 2002.



Tomas Spurny  
Chairman of the Management Board  
and Chief Executive Officer of VUB, a. s.

## VUB – Basic Indicators

### Basic indicators

Data in SKK million	Individual SAS		Consolidated SAS		Consolidated IFRS	
	2002	2001	2002	2001	2002	2001
<b>Reclassified balance sheet</b>						
Total assets	202,820	179,643	207,258	184,562	194,716	174,162
Loans to clients	46,196	40,767	49,490	44,141	47,189	41,309
Client deposits	146,357	139,339	150,115	143,741	150,127	143,823
Securities	102,867	97,408	103,361	98,113	83,519	96,607
Shareholders' equity	17,219	15,895	18,555	16,333	17,759	15,618
<b>Reclassified income statement</b>						
Operating income	8,431	7,433	8,927	8,651	9,741	7,912
Operating expenses	(6,327)	(6,162)	(6,587)	(6,372)	(6,995)	(6,286)
Operating profit before provisions	2,103	1,272	2,340	2,279	2,746	1,626
Provisions for loan and investment losses	(416)	171	349	295	227	565
Operating profit before taxation	1,687	1,443	2,688	2,575	2,973	2,191
Net profit for the year	1,686	1,429	2,259	3,879	2,145	1,346

Commercial indicators (Bank only)	2002	2001	Market shares in % (Bank only)		
			2002	2001	
ATMs	406	347	Total assets	19.3	19.2
EFT POS terminals	4,403	2,510	Total loans to clients	12.9	14.4
Payment cards	539,236	473,875	Mortgage loans	36.3	45.6
Credit cards	36,154	6,241	Client deposits	21.3	21.2
EDC clients	227,800	89,100	Securities	25.5	26.8
Mortgage loans (SKK bn)	4.4	2.8	Registered capital	32.3	24.4
Consumer loans (SKK bn)	2.5	1.4	ATMs	29.7	29.4
Number of staff	4,493	5,393	EFT POS terminals	35.9	26.1
Number of points of sale	244	233	Payment cards	23.4	24.0

### Rating

Status as at 10.3.2003

	Moody's		Standard & Poor's		Fitch Ratings
Long-term deposits	A3	Long-term rating	BB	Individual rating	D
Short-term deposits	P-2	Short-term rating	B	Support rating	3
Financial strength	E+			Short-term foreign currency rating	F3
				Long-term foreign currency rating	BBB

## Development of External Environment

On the whole, favourable development was the characteristic feature of the development of the Slovak economy in 2002. The previous year was a year of strong economic growth despite the deteriorated economic situation in the countries of the main business partners of Slovakia. The culmination of the political cycle was a determining factor for the development of the economy, which was reflected in the fiscal performance of the government as well as in a certain slow-down in economic reforms.

In 2002, the real growth of gross domestic product was 4.4 %. This growth rate is the highest growth rate since 1997, which means that the Slovak economy was the fastest growing economy in the Central-European region in 2002. The economic growth in 2002 was mainly pulled by household consumption, which recorded a rise by 5.4 %. This increase was driven predominantly by a relatively strong growth of real wages in the economy (by 5.8 %). The public administration consumption, which grew by 4.0 %, contributed also significantly to the increased domestic demand. In a sharp contradiction to 2001, when investments were an engine of the economic growth, stagnation was recorded in the investment demand. External demand showed a real growth of 5.9 %, while the import intensity of production resulted in the growth of imports nearly at the same pace (by 5.3 %).

The growing industrial production also testifies to the relatively fast GDP growth reaching 6.6 % in 2002, mostly due to the accelerated growth rate of industrial production towards the end of year. The highest growth rate was seen in the following industries: optical and electrical equipment production, leather and leather articles processing, rubber and plastic products production and also, as a matter of tradition, transport vehicles production. As at the end of 2002 the construction industry recorded also an accelerated growth rate, namely 4.1 % in the last year.

The year 2002 witnessed the lowest inflation rate, in the history of The Slovak Republic, as in July the annual inflation rate dropped to 2.0 % particularly due to the deflation of foodstuffs and fuel prices. Total inflation reached 3.4 % at the end of 2002, and average inflation was 3.3 %. The low inflation rate was partially due to the government's postponing of the inevitable increase in regulated prices to later periods. Core inflation, which abstracts from changes in regulated prices and is net of indirect tax adjustments, fell to 1.9 % at the year-end. This indicates the absence of inflationary pressure in the Slovak economy.

The high unemployment rate is a chronic problem of the Slovak economy. Although during 2002, the unemployment rate fell by 1.1 % to 17.5 % at the end of year, the unemployment rate in Slovakia ranked among the highest in Central Europe. The significant regional differences resulting from the greatly diverse economic development in the individual regions are also an unfavourable economic fact.

The end of the political cycle significantly influenced the fiscal performance of the government in 2002. The state deficit recorded reached SKK 37.1 bn, thus accounting for 3.5 % of GDP. The state deficit, including the costs for the banking sector, restructuring totalled SKK 51.7 bn (4.8 % of GDP) and the total public sector deficit is estimated at 7.8 % of GDP. Consolidation of public finance is one of the key challenges of the Slovak economy, especially as Slovakia aspires for an early entry into the European Monetary Union.

The scissors of the external imbalance continued opening in 2002, when a strong domestic demand, coupled with the stagnation of the EU economies, resulted in foreign trade deficit amounting to SKK 96.6 bn. Though the deficit fell by SKK 6.1 bn as compared with the previous year, the foreign trade deficit reached high of 9 % of GDP. Owing also to the active balance in the service area, the current account of the balance of payments got to SKK 87.9 bn, accounting for 8.2 % of GDP.

Despite the high foreign trade deficit, no severe pressures which would lead to the currency depreciation, occurred, except for a temporary depreciation of the Slovak crown owing to the increased political risk in the summer period prior to the elections. Due to a strong inflow of foreign direct investments and also as a result of the decreased political risk following the autumn elections, the Slovak crown showed a tendency to appreciate. At the end of 2002, the Slovak crown appreciated against the euro by 2.9 % and against the US dollar by 17 % as compared to the beginning of the year. The process of real appreciation of the Slovak crown is a part of the Slovak economy's convergence to the developed economies and it will continue further on.

In April, the National Bank of Slovakia responded to the unfavourable development in public finance and increased the key interest rates by 50 bps. The collapse of political risk following the September elections led to a pressure on the appreciation of the Slovak crown, which subsequently resulted in the easing of the monetary policy by the National Bank of Slovakia. In late October, NBS decreased the 2-week repo rate by 25 bps. This symbolic rate cut was insufficient and - due to the pressure of financial markets - the NBS cut the interest rates more radically by as much as 150 bps in mid November. Such a significant cut was reflected in the sharp decrease in interest rates in financial and capital markets. At the year-end, the longest maturity Slovak bonds were traded at only 100 bps higher than the German ones.

Towards the year-end, the economic and political risks substantially declined when Slovakia received the invitation to enter NATO and EU. The risk decline was reflected also in the responses of international rating agencies, which increased the rating of Slovakia's liabilities. Standard & Poor's increased the rating of the Slovak Republic foreign liabilities from BBB- to BBB and Moody's upgraded the rating of these liabilities from Baa3 to A3. Thus, the Slovak economy has been approaching the final transformation stage and - provided that some of the structural reforms are introduced in due course - in future it will be facing challenges of a standard economy at the medium level of economic development.

Indicator (y/y changes)	Unit	2000	2001	2002	2003 VUB forecast
Real GDP	%	2.2	3.3	4.4	3.7
Inflation rate (at the end of the period)	%	8.4	6.5	3.4	8.1
Unemployment rate (at the end of the period)	%	17.9	18.6	17.5	16.4
State budget balance	SKK bn	-27.6*	-44.4*	-51.7*	-54.2
Foreign trade balance	% GDP	-4.6	-10.4	-9.0	-6.6
Current account of balance of payments	% GDP	-3.7	-11.9	-8.2	-5.6
Gross foreign indebtedness	USD bn	10.8	11.3	12.2**	11.5
Total FX reserves	USD bn	5.6	5.4	10.5	10.6

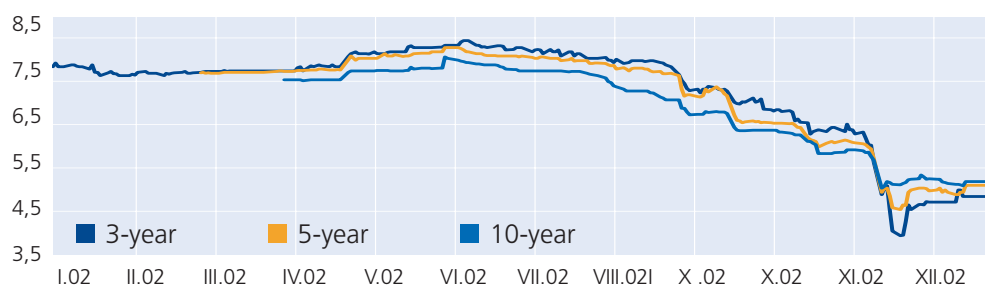
\* Including cost of the banking sector restructuring

\*\* As at November 30, 2002

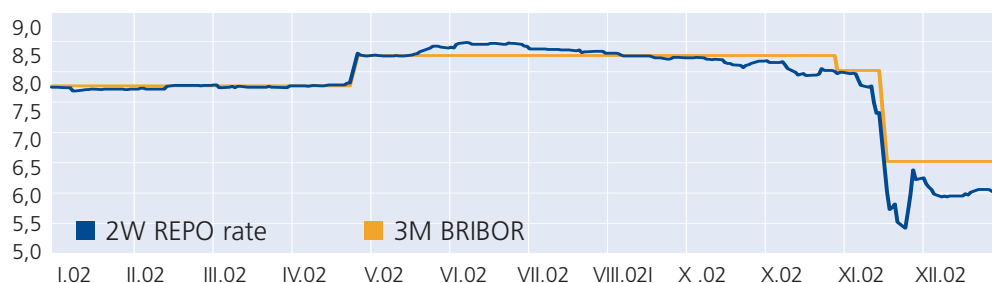
#### Development of Exchange Rate of SKK against EUR and USD



#### Development of Yields on Bonds



#### Development of Annual Rates





## VUB Results for 2002

As a new member of the Gruppo Intesa, Všeobecná úverová banka, a. s. experienced a complex transformation process during the course of 2002. The Bank has aimed to improve its operations, the quality of its branch network, while significantly investing into the modernisation of its infrastructure and initiated redesign of key processes to improve quality standards. Retail and corporate activities were separated into client dedicated networks to enhance quality of services and the distribution ability of the bank. Responsibility for corporate clients care was transferred to 25 newly established branches throughout Slovakia. The bank also closed selected retail locations. Throughout 2002, VUB was receiving better and better ratings, which is a proof of the confidence of the professional public in the future development of the bank.

### Deposits

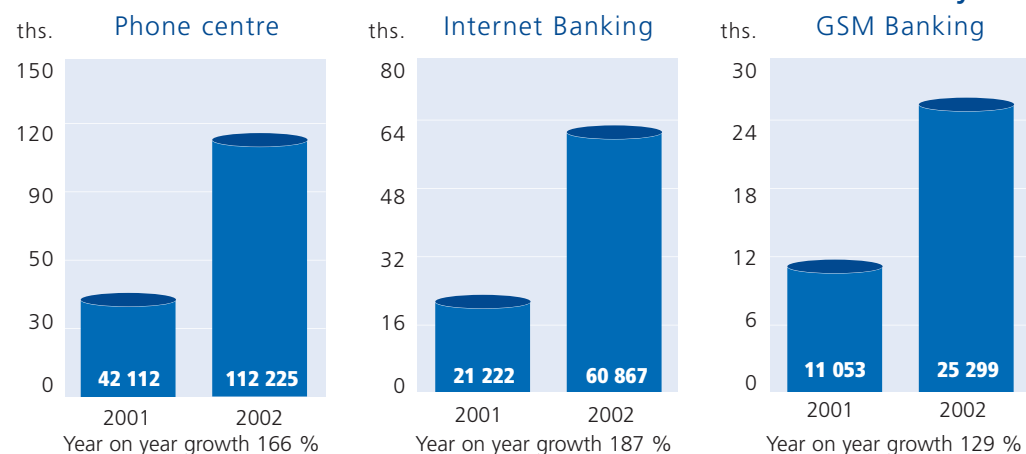
Deposit developments were influenced particularly by a decline in interest rates. On year-on-year basis, the volume of deposits grew by 4.4 %, thus totalling SKK 150.1 billion. The upswing in the volume of deposits was affected mainly by current deposits and foreign currency deposits, while the increase in the volume of term deposits was only insignificant due to low interest rates. Individuals' deposits remained at almost the same level, compared to 2001.

### Electronic banking

In line with the trends of modern technologies, VUB offers its clients the possibility to control their accounts through electronic banking services. Clients may use the "Kontakt" service, which is available on the free hotline with the option to access either the operator or the automatic voice service, or they can access their accounts through GSM Banking or Internet Banking services.

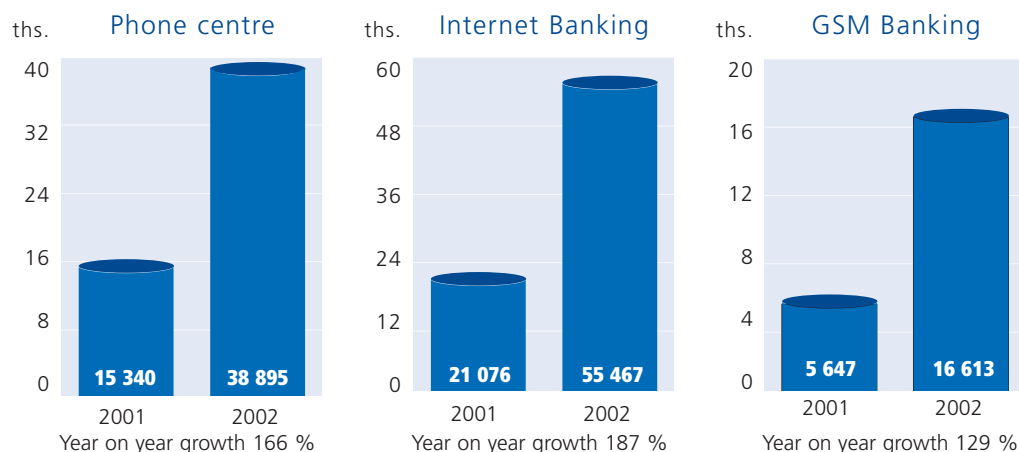
Most of the clients prefer to use the "Kontakt" service. In 2002, the phone centre was contacted by 112,225 clients, which is three times more than in 2001. Also the number of clients using the Internet Banking service grew threefold in 2002. The total number of clients (including account co-holders) using electronic distribution channels (EDC) in 2002 reached 228,000. The same dynamic development characterised also the numbers of transactions processed through individual EDCs in 2002.

### Electronic distribution channels – cumulative numbers of clients in monitored years





### Number of transactions – volumes in December of each monitored year



#### Bank cards

VUB plays a leading role in the Slovak market of bank issued cards and related services. In 2002, the bank issued 95,274 payment cards to its clients, more than doubling the performance of the previous year. The number of issued credit and debit cards totalled 575,390 as at the end of the year, a 20 % increase compared to the year 2001.

In 2002, VUB operated 406 ATMs. During the year, the bank installed 59 new ATMs, thus significantly increasing its accessibility to retail customers. The bank's network of EFT POS terminals expanded considerably in 2002, from 2,510 in 2001 to 4,403 in 2002. With its 36 % share, VUB fortified its leading position within the Slovak market. The volume of transactions made through terminals exceeded SKK 6.3 billion, thus accounting for a year-on-year increase of 61 %.

#### Individuals – mortgage and consumer loans

VUB was the first bank to enter the Slovak mortgage market. Therefore, it became the leading bank in this sector, and even throughout 2002 the bank managed to maintain its leading position in spite of strong competition. The cumulative balance of mortgage loans amounted to SKK 4.4 billion, of which the bank granted SKK 2.6 billion during 2002. The share of mortgage loans to individuals represented more than 97 % of the total portfolio. The bank was able to maintain its position on the market thanks to its innovative and client-oriented products, such as the mortgage loan for unspecified real estate (during 2002 offered exclusively by VUB) and the loan for gradual financing of future purchase of real estate.

The consumer loan portfolio stood at SKK 2.5 billion at the year-end. During the year, VUB generated SKK 1.8 billion in new volume of consumer lending. The most attractive were universal consumer loans, which accounted for 70 % of the 2002 portfolio.

### **Corporate clients financing**

The gross volume of loans managed by the Corporate Banking Department as at the end of 2002 totalled SKK 31.8 billion. The relatively moderate growth in the gross volume of corporate loans was the result of the bank's altered policy in the area of loan risk management and the internal transformation of the bank's organisational units dealing with the issues of risk control and management on the one hand, and the increasingly competitive situation in the corporate financing sector of the banking market on the other hand. However, it should be noted that the internal business policy of VUB is, consistently with the interests of its shareholders, oriented primarily towards profitability of product groups and individual products and towards return of invested capital, which is a strategy that lead to a more complicated assertion in the loan market during the last year. This approach brought about a substantial improvement in the quality of the loan portfolio of VUB's business units.

### **Payments**

VUB achieved significant growth in the number and volume of domestic payments processed during the year. In 2002, the number of domestic payment transactions grew by 12 %. The bank holds a 24.3 % share in the total number of transactions processed in the Slovak banking sector.

In 2002, the total turnover of VUB in international payment transactions amounted to SKK 143.34 billion. Thus in payments and collections, the bank achieved an 11 % share in the Slovak banking sector.

### **Securities Trading**

With a turnover exceeding SKK 92 billion on the Bratislava Stock Exchange, the bank maintained its strong position on the Slovak capital markets. The bank significantly increased its volume of foreign securities trading which amounted to over SKK 36 billion. The favourable political development enhanced the profitability of the securities portfolios held by VUB.

Trading on the money and foreign exchange markets has also developed favorably. VUB assumed the position of a market marker in key market segments. The bank reported significant growth, namely in the area of currency swaps. Overall, the bank increased its total turnover by 52 %.

## VUB Management Board and Supervisory Board

as at 31.12.2002

### Management Board

Tomas Spurny, Chairman  
Jan Blaho  
Franco Brambilla  
Domenico Cristarella  
Mário Drosc  
Roman Klaban  
Bohuslav Šolta

### Supervisory Board

Luigi Carnelli, Chairman  
Gianfranco Mandelli, Vice-Chairman  
György Surányi, Vice-Chairman  
Adriano Arietti  
Carlo Boffito  
Pavel Kárász  
Ján Mikušinec  
Massimo Pierdicchi  
Milan Sedláček



## Consolidated Financial Statements in accordance with International Financial Reporting Standards

**Deloitte  
& Touche**

### **Independent Auditor's Report:**

To the Shareholders of Všeobecná úverová banka, a.s.:

We have audited the accompanying consolidated balance sheet of Všeobecná úverová banka, a. s., and its subsidiaries ("the Group") as at 31 December 2002 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements of the Group for the year ended 31 December 2001, were audited by another auditor whose report dated 1 March 2002 expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group, as at 31 December 2002, and the results of its operations, cash flows and changes in shareholders' equity for the year then ended in accordance with International Financial Reporting Standards.

*Deloitte & Touche*

Bratislava, 4 March 2003


Deloitte & Touche spol. s r.o.

## Balance Sheet

### Consolidated balance sheet as at 31 December 2002 (In millions of Slovak crowns)

	Notes	31. 12. 2002	31. 12. 2001
<b>Assets</b>			
Cash and cash equivalents	6	31,673	10,670
Amounts due from banks	7	22,680	17,941
Originated loans and advances to customers	8	47,189	41,309
Trading securities	10	10,091	14,660
Securities available-for-sale	11	6,324	6,188
Securities held-to-maturity	12	67,104	75,759
Other financial investments	13	36	104
Intangible fixed assets	14	611	510
Tangible fixed assets	15	5,545	5,823
Tax assets	16	34	176
Prepayments and accrued income	17	508	452
Other assets	18	2,921	570
		194,716	174,162
<b>Liabilities</b>			
Amounts due to central banks	19	1,983	3,332
Amounts due to banks	20	15,145	4,890
Customer deposits	21	150,127	143,823
Debt securities in issue	22	2,683	2,434
Tax liabilities	37	354	910
Provisions for contingencies and other risks	23	2,098	1,291
Accruals and deferred income	24	1,342	833
Other liabilities	25	3,225	1,031
		176,957	158,544
<b>Share capital and reserves</b>			
Share capital	26	12,978	12,978
Reserves	27	4,781	2,640
		17,759	15,618
		194,716	174,162
Financial commitments and guarantees	28	13,750	7,940

The accompanying notes form an integral part of these financial statements.  
These financial statements were approved by the Management Board on 4 March 2003.



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board

## Statements of Income

### Consolidated income statement for the year ended 31 December 2002 (In millions of Slovak crowns)

	Notes	31.12. 2002	31.12. 2001
Interest income		13,498	12,919
Interest expense		(6,770)	(7,530)
Net interest income	29	6,728	5,389
Net fees and commissions	30	2,413	2,342
Net profit/(loss) from financial operations	31	348	(135)
Other operating income	32	252	316
Operating income		9,741	7,912
Salaries and employment benefits	33	(2,368)	(2,228)
Other operating expenses	34	(3,476)	(2,868)
Restructuring costs	35	(41)	(200)
Depreciation	15	(755)	(688)
Amortisation	14	(355)	(302)
Operating expenses		(6,995)	(6,286)
Operating profit before provisions		2,746	1,626
Provisions for loan and investment losses	36	227	565
Operating profit before taxation		2,973	2,191
Taxation	37	(828)	(845)
Profit for the year		2,145	1,346
Earnings per share in SKK	26	165	104

The accompanying notes form an integral part of these financial statements.



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board




## Statements of Shareholders' Funds

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2002 (In millions of Slovak crowns)

	Share capital	Share premium account	Retained earnings/ (Accumulated deficit)	Legal reserve and other funds	Total
At 1 January 2001	12,978	408	(6,491)	7,346	14,241
Use of legal reserve fund for accumulated deficit	-	-	2,000	(2,000)	-
Restatement of opening balances according IAS 39	-	-	45	-	45
Other	-	-	(14)	-	(14)
Profit for 2001	-	-	1,346	-	1,346
At 31 December 2001	12,978	408	(3,114)	5,346	15,618
Settlement of accumulated deficit	-	-	3,736	(3,736)	-
Other	-	-	(4)	-	(4)
Profit for 2002	-	-	2,145	-	2,145
At 31 December 2002	12,978	408	2,763	1,610	17,759

The accompanying notes are an integral part of these financial statements.



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board





## Cash Flow Statements

### Consolidated cash flow statement for the year ended 31 December 2002 (In millions of Slovak crowns)

	Notes	31.12. 2002	31.12. 2001
<b>Cash flows from operating activities</b>			
Profit before changes in working capital	38	5,707	3,008
(Increase)/decrease in amounts due from banks		(4,763)	1,479
Increase in originated loans and advances to customers		(5,607)	(7,305)
(Increase)/decrease in trading securities		4,638	(13,061)
Increase in securities available-for-sale		(296)	(83)
(Increase)/decrease in tax assets		148	(12)
Increase in prepayments and accrued income		(56)	(1,559)
(Increase)/decrease in other assets		(1,955)	1,316
Decrease in amounts due to central bank		(1,349)	(2,209)
Increase/(decrease) in amounts due to banks		10,240	(3,875)
Increase in customer deposits		6,304	13,602
Decrease/(increase) in tax liabilities		(29)	34
Increase in accruals and deferred income		475	79
Increase in other liabilities		2,159	328
Net cash from/(used in) operating activities		9,909	(11,266)
<b>Cash flows from investing activities</b>			
Decrease in securities held-to-maturity		6,009	4,360
Decrease in investment in subsidiaries and associates		129	269
Purchase of fixed assets		(993)	(963)
Cash acquired from/(used in) consolidated companies		(7)	152
Net cash from investing activities		5,138	3,818
<b>Cash flows from financing activities</b>			
Bonds issue		249	(1,082)
Subordinated debt		-	(4,739)
Net cash from/(used in) financing activities		249	(5,821)
Net change in cash and cash equivalents		21,003	(10,261)
Cash and cash equivalents at beginning of the year		10,670	20,931
<b>Cash and cash equivalents at end of the year</b>	6	31,673	10,670

The accompanying notes form an integral part of these financial statements.



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board

## Notes to the Consolidated Financial Statements in accordance with International Financial Reporting Standards

### 1. General information

Všeobecná úverová banka, a. s. ('the Bank' or 'the Parent Company') was established on 1 April 1992 as a joint stock company under the laws of The Slovak Republic. The Bank has a general banking license from the National Bank of Slovakia and a license for foreign currency operations, granted on 23 March 1992 and 11 April 1995 respectively.

The principal activities of the Bank are as follows:

- (a) provide loans and guarantees in Slovak crowns ('SKK') and foreign currencies,
- (b) collect deposits in SKK and foreign currencies,
- (c) provide deposits in SKK and foreign currencies,
- (d) provide retail banking services,
- (e) provide capital market services,
- (f) provide interbank money market services,
- (g) provide investment banking services.

The shareholders owned the following percentages of the outstanding shares:

	31 December 2002	31 December 2001
IntesaBci Holding International S.A.	94.47 %	94.47 %
PENTA INVESTMENTS LIMITED	1.15 %	-
Other shareholders	4.38 %	5.53 %
	100 %	100 %

The Bank is the second largest bank in Slovakia. Its registered office is Mlynské nivy 1, 829 90 Bratislava 25, Slovak Republic. The Bank has 141 branches and 103 sub-branches in Slovakia. The Bank also has a branch in the Czech Republic. It had an average of 4,873 employees during 2002 and 4,493 employees on 31 December 2002 (2001: 5,509 (5,393)).

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

## 2. Definition of the consolidated group

As at 31 December 2002, the consolidated group ('the Group') consisted of the Bank and the following companies ('consolidated companies'):

Company	Activity	Country	Total number of employees	Audited by	Consolidation method
Realitná spoločnosť VÚB, spol. s r.o.	Real estate	Slovakia	11	SLOVAUDIT	Full
VÚB Asset Management, správ. spol., a.s.	Asset management	Slovakia	14	Deloitte & Touche	Full
Spoločnosť pre bankovú ochranu, a.s.	Guard services	Slovakia	411	Data Eko Audit Consult	Full
VÚB Leasingová, a.s.	Leasing	Slovakia	9	Deloitte & Touche	Full
Leasreal, a.s.	Leasing of real estate	Slovakia	5	Deloitte & Touche	Full
VÚB Factoring, a.s.	Factoring and forfaiting	Slovakia	19	Deloitte & Touche	Full
Stavebná sporiteľňa VÚB Wustenrot, a.s.	Mortgage banking	Slovakia	177	Deloitte & Touche	Proportional

Financial position of the consolidated companies prepared under IFRS as at 31. 12. 2002 was as follows:

Company	% owned	Share capital	Reserves	Profit/ (loss) for the year
Realitná spoločnosť VÚB, spol. s r.o.	100	52	(22)	-
VÚB Asset Management, správ. spol., a.s.	100	50	4	(6)
Spoločnosť pre bankovú ochranu, a.s.	100	40	(2)	1
VÚB Leasingová, a.s.	100	50	115	(137)
Leasreal, a.s.	100	1	116	(101)
VÚB Factoring, a.s.	97.37	239	(1)	(172)
Stavebná sporiteľňa VÚB Wustenrot, a.s.	50	500	737	615

The Bank has consolidated VUB Leasingová and VUB Factoring as at 1 January 2002. The Management of the Group reversed its previous decision to liquidate these entities and has since recapitalised both entities through forgiveness of loans made to them by the Bank. Leasreal was acquired by the Bank from VUB Leasingová in December 2002 and the company was also consolidated for the first time in 2002.

### 3. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance and compliance with International Financial Reporting Standards (IFRS). The reporting currency used in the consolidated financial statements is the Slovak crown ('SKK') and balances are presented in millions of Slovak crowns unless otherwise indicated.

The Bank and consolidated companies maintain their books of accounts and prepare financial statements for regulatory purposes in accordance with Slovak accounting and banking legislation and instructions. The accompanying financial statements are based on the Bank's and consolidated companies' accounting records, appropriately adjusted and reclassified for fair presentation in accordance with the standards prescribed by the International Accounting Standards Committee.

The reconciliation of 2002 profit, shareholders' equity and total assets as reported under Slovak accounting principles to those reported under IFRS, is shown in Note 47 to these financial statements.

The preparation of financial statements in conformity with IFRS requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as at the date of the financial statements and actual results could differ from those estimates.

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

In certain instances, the reported amounts relating to the previous accounting period have been reclassified for comparison purposes.

The consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of available-for-sale and trading securities, financial assets and liabilities held for trading and all derivative contracts.

#### **4. Consolidation principles**

The consolidated financial statements include the individual financial statements of the Bank and those of the consolidated companies listed in Note 2, which were consolidated by the methods indicated in Note 2. Subsidiary undertakings, which means those companies in which the Bank, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been fully consolidated. Subsidiaries are consolidated as at the date on which effective control is transferred to the Bank and are no longer consolidated from the date of disposal. Investments in unconsolidated subsidiaries are recognised in the consolidated balance sheet at cost less provisions.

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

##### **(a) Consolidation methods**

The companies controlled by the Bank, as defined above, were consolidated using the full method. Companies in which the Bank owns 50 % interest, have been consolidated by the proportional method. Investments in associated undertakings are accounted for using the equity method. These are undertakings in which the Bank has between 20 and 50 percent of the voting rights, over which the Bank exercises a significant influence, but which it does not control. The equity method of accounting involves recognising the Group's share of the associates' profit and loss for the period in the income statement. The Bank interest in the associate is carried in the balance sheet at an amount that reflects its share of net assets of the associate.

##### **(b) Intercompany balances and transaction**

All intercompany receivable and payable balances, sales and purchases, and the profits on intercompany transactions have been eliminated in consolidation.

##### **(c) Goodwill**

Since all subsidiaries and associated companies included in the Group were established by the Bank, the Bank does not record positive or negative goodwill.

##### **(d) Tax effect associated with consolidation of subsidiaries**

The deferred tax liability associated with distributions of profits from investments in subsidiaries and associates has not been recognised in the accompanying consolidated financial statements since the Bank is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future as the earnings are planned to be used as self-financing resources at each consolidated subsidiary.

## 5. Accounting policies

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

### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash held, current accounts with other banks, cash balances with the National bank of Slovakia, including the compulsory minimum reserve with the National bank of Slovakia and treasury bills with a contracted maturity of less than 3 months.

The compulsory minimum reserve with the National bank of Slovakia is a required reserve to be held by all commercial banks licensed in the Slovak Republic.

### (b) Securities

Securities held by the Group are categorised into portfolios in accordance with the Group's intent concerning an acquisition of securities and pursuant to the Group's investment strategy. On the adoption of IAS 39, the Group developed security investment strategies and, reflecting the intent on acquisition, allocated securities to the following portfolios: 'Trading securities', 'Securities available-for-sale' and 'Securities held-to-maturity'. The principal difference among the portfolios relates to the measurement approach of securities and the recognition of their fair values in the financial statements.

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

### (c) Trading securities

Trading securities are financial assets acquired by the Group for the purpose of generating profit from short-term fluctuations in prices. Subsequent to their initial recognition, these securities are accounted for and stated at fair value, which approximates the price quoted on recognised stock exchanges.

The Group monitors changes in fair value on a daily basis and includes unrealised gains and losses in the income statement caption 'Net profit/(loss) from financial operations'. Interest earned on trading securities is accrued on a daily basis and reported as 'Interest income' in the income statement. Dividends on trading securities are recorded when declared and included as receivable in the balance sheet and in the income statement caption 'Net profit/(loss) from financial operations'.

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

**(d) Securities held-to-maturity**

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

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

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

**(e) Securities available-for-sale**

Securities available-for-sale are those financial assets that are not classified as trading or held-to-maturity. This portfolio of securities comprises the following type of securities: bonds of the Slovak Republic, corporate, municipal and bank bonds, shares and mutual fund certificates. Subsequent to initial recognition, these securities are accounted for and re-measured to fair value.

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

In cases where the impairment of securities available-for-sale associated with credit risk is other than temporary, the carrying amount of the securities is immediately written-down to its recoverable value. The write-down is included in the income statement line 'Provisions for loan and investment losses'. Interest earned whilst holding available-for-sale securities is accrued on a daily basis and reported as 'Interest income' in the inco-



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

#### **(f) Originated loans and provisions for impairment**

Loans originated by the Group by providing money directly to a borrower are categorised as loans originated by the Group and are stated at the amortised cost less provision for impairment as presented in Note 7 and 8. All loans and advances are recognised when cash is advanced to borrowers.

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

In addition, the Group also creates a general loan loss provision reflecting the influence on the collectability of loans of the general economic conditions in the market. The general loan loss provision covers all amounts of potential losses not specifically identified but which management experience indicates to be present in the portfolio of originated loans and advances managed by the Group. This provision is recognised as an expense of the year and deducted from the carrying amount of loans and advances in the balance sheet.

The Group writes off loss loans when clients are unable to fulfil their obligations to the Group in respect of these loans and when relevant documentation has been obtained from an appropriate court. The loan is written off against the release of the related provision for loan losses. Subsequent recoveries are credited to the income statement on receipt.

The Group ceases to accrue the interest on the loans that are classified as a loss due to bankruptcy of the customer. The loan goes to a non-accrual basis from the moment the bankruptcy is officially announced by the court. The carrying amount of non-accrual loans represents the amount of the receivable decreased by the provision for expected losses. The provision is determined usually as 100 % of the receivable value decreased by the amount that the Group expects to recover from bankruptcy proceedings.

**(g) Repurchase and reverse repurchase agreements**

Securities sold under sale and repurchase agreements ('repo transactions') are recorded as assets in the balance sheet line 'Trading securities' or 'Securities available-for-sale' and the liability is included in 'Amounts due to banks' or 'Customer accounts'. Securities purchased under agreements to purchase and resell ('reverse repo transactions') are recorded as assets in the balance sheet line 'Amounts due from banks' or 'Originated loans and advances to customers' as appropriate with the corresponding decrease in cash included in 'Cash and cash equivalents'. The difference between the sale and repurchase price is treated as interest and accrued evenly over the life of the agreement using the effective interest rate.

**(h) Derivative financial instruments and hedging**

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

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

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

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

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

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

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

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

Fair values of derivative positions were computed using standard formula and prevailing interest rates applicable for respective currencies available on the market at 31 December 2002.

#### **(i) Guarantees issued**

The Group records the obligations arising from guarantees issued in the off balance sheet. The provision to cover the future outflow from guarantees is recorded in liabilities at the moment when these future outflows, arising from these obligations, become probable. The group's estimate of the obligation is performed by assessing the credit risk of the customer on behalf of which the guarantee was issued. The assessment of the credit risk is performed similarly as an assessment of the credit risk resulting from the provision for contingencies and other risks (see Note 23). The amount of these obligations is recorded in the income statement at the moment when the future outflow from guarantees issued becomes probable.

**(j) Intangible fixed assets**

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

The estimated useful economic lives are as follows:

	Years
Software	4
Low value and other intangibles	1

**(k) Tangible fixed assets**

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

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

The estimated useful economic lives are as follows:

	Years
Buildings	40
Office equipment	4,8,15
Fixtures and fittings	8
Means of transport	4
Computers and other	4,8

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

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

**(l) Foreign currency translation**

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

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

**(m) Recognition of income and expenses**

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

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

**(n) Taxation**

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

Deferred income tax is provided, using the balance sheet liability method, for temporary differences arising between the tax bases of assets or liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax. The Group is subject to various indirect operating taxes. These taxes are included as a component of other operating expenses.

**(o) Regulatory requirements**

The Group is subject to the regulatory requirements of the National Bank of Slovakia. These regulations include limits and other restrictions pertaining to minimum capital adequacy requirements, classification of loans and off balance sheet commitments and provisioning for covering credit risk, liquidity, interest rate and foreign currency position. Similarly, consolidated companies are subject to regulatory requirements specifically in relation to collective investment schemes.

**(p) Reclassifications**

Certain reclassifications were made to 2001 balances in order to conform with the new format selected for the year ended 31 December 2002.

**6. Cash and cash equivalents**

	31. 12. 2002	31.12. 2001
Balances with the National bank of Slovakia:		
Compulsory minimum reserve	3,127	2,492
Current accounts	3,740	366
Amounts receivable under repurchase agreements	4,947	984
Treasury bills with maturity less than 3 months	15,757	491
	27,571	4,333
Current accounts in other banks	594	802
Cash in hand	3,466	5,502
Acceptance for collection	42	33
	31,673	10,670

The compulsory minimum reserve is maintained as an interest-bearing deposit under the regulations of the National Bank of Slovakia. The amount of the reserve depends on the level of deposits accepted by the Group. The Group's ability to withdraw the reserve is restricted by statutory legislation. Current accounts with the National Bank of Slovakia also include SKK 70 million of restricted cash.

The remaining balances represent cash-in-hand and amounts with the National Bank of Slovakia related to daily settlements and other activities, which were available for withdrawal at the period end.

**7. Amounts due from banks**

	31. 12. 2002	31.12. 2001
Term deposits	22,409	16,854
Loans	443	1,266
	22,852	18,120
Provisions (Note 9)	(172)	(179)
	22,680	17,941

**8. Originated loans and advanced to customers**

	31. 12. 2002	31.12. 2001
Standard		
Overdrafts	1,789	608
Bill of exchange loans	107	73
Short-term loans (up to 1 year)	7,300	5,540
Mid-term loans (1 to 5 years)	9,944	10,772
Long-term loans (over 5 years)	9,023	7,251
Municipal loans	671	813
Other	186	133
	29,020	25,190
Watch	18,503	15,251
Non-standard	1,804	2,467
Doubtful	884	1,994
Loss	7,886	8,863
	58,097	53,765
Provisions (Note 9)	(10,908)	(12,456)
	47,189	41,309

Industry analysis of the loan portfolio is as follows:

	31. 12. 2002	31.12. 2001
Fuel and energy	6,180	7,189
Transport	6,880	6,292
Manufacturing	5,582	6,192
Trade and tourism	7,253	6,088
Chemicals and pharmaceuticals	2,973	4,350
Food	3,088	2,894
Services	8,062	2,423
Construction	1,851	2,282
Agriculture	2,009	2,116
Financial services	111	1,359
Textile	954	755
Electrical	768	646
Other	12,386	11,179
	58,097	53,765
Provisions (Note 9)	(10,908)	(12,456)
	47,189	41,309



Loans and advances were made to customers in the following economic sectors:

	31. 12. 2002	31.12. 2001
Commercial enterprises	42,474	41,105
Government	772	986
Sole traders	1,892	1,658
Private individuals	10,156	6,846
Other	2,803	3,170
	58,097	53,765
Provisions (Note 9)	(10,908)	(12,456)
	47,189	41,309

The Group has a substantial portion of credit exposures extended to a limited number of customers. As at 31 December 2002, the 15 largest customers accounted for 29 % of the gross loan portfolio, which represented the amount of SKK 17,099 million (2001: 37 %, SKK 20,004 million).

In accordance with the current Group policy, interest on non-performing loans, represented by loans to customers in bankruptcy, is no longer accrued.

The total volume of loans as at 31 December 2002 on the non-accrual basis is SKK 2,817 million (2001: SKK 2,906 million) and the total volume of loans with interest rate decreased to 0.5 % is SKK 653 million (2001: SKK 1,485 million). The net exposures to these borrowers has been fully provided.



## 9. Movements in provisions for assets

	At 1.1. 2002	Net creation/ (release) Note 36	FX gain/ (loss)	Other <sup>(1)</sup>	At 31.12. 2002
Loans and advances					
to banks (Note 7)	179	24	(31)	-	172
Loans and advances					
to customers (Note 8)	12,456	(2,342)	(12)	806	10,908
Securities held-to- maturity (Note 12)	98	(52)	-	-	46
Other financial investments (Note 13)	379	(55)	-	(323)	1
Intangible fixed assets (Note 14)	6	30	-	-	36
Tangible fixed assets (Note 15)	841	30	-	-	871
Other assets (Note 18)	513	(396)	1	8	126
	14,472	(2,761)	(42)	491	12,160

	At 1.1. 2001	Net creation/ (release) Note 36	FX gain/ (loss)	Other <sup>(1)</sup>	At 31.12. 2001
Loans and advances					
to banks	184	(5)	-	-	179
Loans and advances					
to customers	15,738	(3,282)	-	-	12,456
Securities held-to-maturity	354	(256)	-	-	98
Other financial investments	467	(88)	-	-	379
Intangible fixed assets	-	6	-	-	6
Tangible fixed assets	-	841	-	-	841
Other assets	1,137	(624)	-	-	513
	17,880	(3,408)			14,472

<sup>(1)</sup> Other represents balances included/(eliminated) from consolidated companies on initial consolidation

### Reserves for risks and uncertainties inherent in the loan portfolio

As at 31 December 2002, the Group maintained provisions of SKK 2,950 million (2001: SKK 4,103 million) to cover general risks and uncertainties which may be present in the loan portfolio as at that date but which cannot be allocated to individual exposures. These provisions for general risks are included in the total amount of provision for loan losses shown in the table above and in Note 8.

The portfolio held by the Group is collateralised primarily by real estate. The legal framework relating to creditor rights restricts the Group's ability to realise collateral values on non-performing loans. The Group continues to use all legal remedies available to it.

### 10. Trading securities

	31. 12. 2002	31.12. 2001
Treasury bills	6,223	12,206
State bonds	3,055	1,559
Corporate bonds	564	555
Bank bonds	249	335
Shares	-	5
	10,091	14,660

All trading securities are listed. The Group pledged SKK 206 million of treasury bills to secure transactions with counterparties on 31 December 2002.

### 11. Securities available-for-sale

	31. 12. 2002	31.12. 2001
State bonds (see also Note 12)	5,683	5,590
Corporate bonds	335	-
Equity shares	214	394
Mutual fund certificates	50	204
Treasury bills	26	-
Bank bonds	16	-
	6,324	6,188

All securities available-for-sale are listed.

## 12. Securities held-to-maturity

	31. 12. 2002	31.12. 2001
State bonds	62,882	72,759
Bank bonds and other bonds issued by financial sector	3,453	1,816
Corporate bonds	695	1,134
Treasury bills	-	148
Other	120	-
	67,150	75,857
Provisions (Note 9)	(46)	(98)
	67,104	75,759

### State restructuring bonds

Following the resolution of the Government of The Slovak Republic, the Group converted loan receivables to the state restructuring bonds on 31 January 2001. During the year 2002, the Bank exercised an option under the Share purchase agreement between the Government of the Slovak Republic and IntesaBci to obtain an early redemption of SKK 9,100 million of 5-year state bonds originally maturing in March 2006 and bearing a fixed interest rate of 8 % per annum.

At 31 December 2002 the Group kept in its portfolio the following state restructuring bonds:

- (a) 5-year state bonds amounting to nominal value of SKK 22,650 million due on 31 January 2006 bearing fixed interest rate of 8 % per annum;
- (b) 7-year state bonds amounting to nominal value of SKK 11,300 million due on 31 January 2008 bearing variable interest rate of 6M BRIBOR;
- (c) 10-year state bonds amounting to nominal value of SKK 11,045 million due on 31 January 2011 bearing variable interest rate for 6M BRIBOR;
- (d) 7-year state bonds amounting to nominal value of SKK 4,700 million due on 29 March 2008 bearing variable interest rate of 6M BRIBOR;
- (e) 10-year state bonds amounting to nominal value of SKK 7,497 million due on 29 March 2011 bearing variable interest rate of 6M BRIBOR.

The balance of the state restructuring bonds as at 31 December 2002 is as follows:

	31 December 2002
State bonds in securities available-for-sale (fair value)	5,683
State bonds in securities held-to-maturity (amortised cost)	53,646
	59,329

### 13. Other financial investments

	Cost/ Re-valuation	Provisions Note 9	Net book value
At 1 January 2002	483	(379)	104
Sale of UBP	(105)	55	(50)
Other <sup>(1)</sup>	(347)	323	(24)
Revaluation	6	-	6
At 31 December 2002	37	(1)	36

<sup>(1)</sup> Other represents balances included/(eliminated) from consolidated companies on initial consolidation.

The Group had shares in the following companies as at 31 December 2002:

Company	% owned	Cost	Provision	Net	Share on net asset value <sup>(1)</sup>
Burza cenných papierov Bratislava	20.2	29	-	29	29
Technický servis	100	7	-	7	13
Rekreačné stredisko	100	1	(1)	-	-
		37	(1)	36	42

<sup>(1)</sup> Based on the financial statements prepared in accordance with Slovak accounting principles for the year ended 31 December 2002

## 14. Intangible fixed assets

	Software	Other intangibles	Assets in progress	Impairment Note 9	Total
<b>Cost</b>					
At 1 January 2002	2,588	144	130	-	2,862
Additions	8	2	387	-	397
Disposals	(147)	(1)	(10)	-	(158)
Transfers	147	11	(158)	-	-
Consolidated companies	28	-	-	-	28
At 31 December 2002	2,624	156	349	-	3,129
<b>Depreciation</b>					
At 1 January 2002	(2,248)	(98)	-	(6)	(2,352)
Additions	(225)	(130)	-	(36)	(391)
Disposals	142	99	-	6	247
Consolidated companies	(22)	-	-	-	(22)
At 31 December 2002	(2,353)	(129)	-	(36)	(2,518)
<b>Net book value</b>					
At 31 December 2002	271	27	349	(36)	611
At 31 December 2001	340	46	130	(6)	510



**15. Tangible fixed assets**

	Buildings and land	Equipment	Other tangibles	Assets in progress	Impair- ment Note 9	Total
<b>Cost</b>						
At 1 January 2002	6,140	3,343	1,439	365	-	11,287
Additions	14	16	3	493	-	526
Disposals	(36)	(274)	(55)	(29)	-	(394)
Transfers	119	369	35	(523)	-	-
Consolidated companies	50	16	10	-	-	76
At 31 December 2002	6,287	3,470	1,432	306	-	11,495
<b>Depreciation</b>						
At 1 January 2002	(969)	(2,585)	(1,069)	-	(841)	(5,464)
Additions	(178)	(475)	(102)	-	(60)	(815)
Disposals	26	262	37	-	30	355
Consolidated companies	(7)	(12)	(7)	-	-	(26)
At 31 December 2002	(1,128)	(2,810)	(1,141)	-	(871)	(5,950)
<b>Net book value</b>						
At 31 December 2002	5,159	660	291	306	(871)	5,545
At 31 December 2001	5,171	758	370	365	(841)	5,823

Pursuant to implementation of its restructuring program, the Group identified certain buildings and land which the Group does not intend to use for its operating activities. Such buildings and land reported above are held at their net realisable values.

Impairment provision represents the difference between the net realisable value and the original cost reduced by accumulated depreciation.



**16. Tax assets**

	31. 12. 2002	31.12. 2001
Corporate income tax	3	-
Value added tax	6	6
Other	25	170
	<u>34</u>	<u>176</u>

**17. Prepaymentst and accrued income**

	31. 12. 2002	31.12. 2001
Accrued interest from term deposits	209	151
Accrued interest from originated loans	192	252
Prepaid expenses	107	49
	<u>508</u>	<u>452</u>

**18. Other assets**

	31. 12. 2002	31.12. 2001
Positive fair value of derivatives (see also Note 39)	2,362	-
Advances	153	38
Operating receivables	105	927
Inventories	71	76
Other	356	42
	<u>3,047</u>	<u>1,083</u>
Provisions (Note 9)	(126)	(513)
	<u>2,921</u>	<u>570</u>

**19. Amounts due to central banks**

	31. 12. 2002	31.12. 2001
Current accounts	1,860	1,994
Loans received	123	1,338
	<u>1,983</u>	<u>3,332</u>

All amounts are due to the National Bank of Slovakia.

**20. Amounts due to banks**

	31. 12. 2002	31.12. 2001
Current accounts	1,865	1,043
Term deposits	12,100	3,509
Loans received	1,180	338
	<u>15,145</u>	<u>4,890</u>

**21. Customer deposits**

	31. 12. 2002	31.12. 2001
Current accounts	38,678	35,433
Term deposits	65,073	64,534
Savings accounts	20,951	21,696
State and municipal deposits	21,953	18,470
Loans received	1,849	1,436
Certificates of deposit	745	1,096
Restricted deposits	177	129
Other	701	1,029
	<u>150,127</u>	<u>143,823</u>

**22. Debt securities in issue**

	31. 12. 2002	31.12. 2001
Bonds	1,341	1,341
Mortgage bonds	1,342	1,093
	<u>2,683</u>	<u>2,434</u>

All bonds are denominated in Slovak crowns and are as follows:

	Issued	Maturity	Interest rate in %	31.12. 2002	31.12. 2001
<b>Bonds</b>					
VÚB VII	1997	29.1.2004	9.70	341	341
VÚB IX	2000	4.7.2003	9.10	1,000	1,000
				1,341	1,341
<b>Mortgage bonds</b>					
VÚB I	1999	13.1.2004	10.00	100	100
VÚB II	1999	15.11.2004	10.00	100	100
VÚB III	2000	15.5.2005	9.00	100	100
VÚB IV	2000	15.8.2005	8.50	250	250
VÚB V	2000	15.12.2005	7.80	250	250
VÚB VI	2001	10.12.2006	7.30	542	293
				1,342	1,093
				2,683	2,434

### 23. Provisions for contingencies and other risks

	31. 12. 2002	31.12. 2001
Provision for credit commitments and contingencies	1,178	556
Litigation	857	309
Restructuring costs	63	200
Technical reserve for housing loans	-	226
	2,098	1,291

The movement in provisions was as follows:

	At 1.1. 2002	Net creation/ (release)	FX gain/ (loss)	Other <sup>(1)</sup>	At 31.12. 2002
Off balance sheet risks (Note 36)	556	622	-	-	1,178
Technical reserve for housing loans (Note 36)	226	(226)	-	-	-
	782	396	-	-	1,178
Litigation (Note 34)	309	548	-	-	857
Restructuring costs (Note 35)	200	(137)	-	-	63
	1,291	807	-	-	2,098

<sup>(1)</sup> Other represents balances included/(eliminated) from consolidated companies on initial consolidation

	At 1.1. 2001	Net creation/ (release)	FX gain/ (loss)	Other <sup>(1)</sup>	At 31.12. 2001
Off balance sheet risks (Note 36)	706	(150)	-	-	556
Technical reserve for housing loans (Note 36)	-	(10)	-	236	226
	706	(160)	-	236	782
Litigation (Note 34)	-	309	-	-	309
Restructuring costs (Note 35)	-	200	-	-	200
	706	349	-	236	1,291

<sup>(1)</sup> Other represents balances included/(eliminated) from consolidated companies on initial consolidation

In preceding years, VUB Wustenrot, in which the Group holds a 50 % shareholding, created a technical reserve for housing loans the Group's share of which amounted to SKK 226 million as at 31 December 2001. Management established this reserve to cover the potential cost incurred by the Group in the event that it was required to obtain financing from the capital markets at interest rates above those at which it was obliged to lend to its customers in accordance with existing constructions savings and loans agreements.

The reserve was created at a time at which the management of VUB Wustenrot foresaw an insufficient level of customer savings deposits to fund loans to customers. The calculation of the reserve was previously based on the criteria used at similar institutions offering constructions savings accounts in Germany and Austria, that is in the amount of about 5 % of gross client deposits.

During 2002, the management of VUB Wustenrot re-assessed the need for such reserve in the light of changing economic developments, interest rate reductions, revisions to legislation and expected borrowing patterns of its customers. Management took these factors into account when reviewing its medium term plans. It is now expected that a sufficient level of customer savings will be available to meet the funding requirements of qualified loan applications from the Group customers. As a result the management of VUB Wustenrot released the reserve in its full amount of SKK 226 million.

**24. Accruals and deferred income**

	31. 12. 2002	31.12. 2001
Accrued interest from:		
Deposits	553	422
Loans received	9	36
Debt securities in issue	19	79
Certificates of deposit	21	31
	602	568
Estimated payables and other items	740	265
	<u>1,342</u>	<u>833</u>

**25. Other liabilities**

	31. 12. 2002	31.12. 2001
Negative fair value of derivatives (see also Note 39)	2,815	313
Sundry creditors	80	343
Settlement with employees	73	81
Other	257	294
	<u>3,225</u>	<u>1,031</u>

**26. Share capital**

	31. 12. 2002	31.12. 2001
Authorised, issued and fully paid:		
89 shares of SKK 100,000,000 each, not traded	8,900	8,900
4,078,108 shares of SKK 1,000 each, publicly traded	4,078	4,078
	<u>12,978</u>	<u>12,978</u>
Profit for the year in SKK million	2,145	1,346
12,978,000 shares of SKK 1,000 each		
Earnings per share in SKK	165	104

**27. Reserves**

	Share premium account	Retained earnings/ (Accumulated deficit)	Legal reserve and other funds	Total
At 1 January 2001	408	(6,491)	7,346	1,263
Use of legal reserve fund for accumulated deficit	-	2,000	(2,000)	-
Restatement of opening balances according IAS 39	-	45	-	45
Other	-	(14)	-	(14)
Profit for 2001	-	1,346	-	1,346
At 31 December 2001	408	(3,114)	5,346	2,640
Settlement of accumulated deficit	-	3,736	(3,736)	-
Other	-	(4)	-	(4)
Profit for 2002	-	2,145	-	2,145
At 31 December 2002	408	2,763	1,610	4,781

As at 31 December 2002, the amount of legal reserve fund of SKK 1,602 million (2001: SKK 2,955 million) represented amounts set aside as required by the statutory regulations. The use of the fund is restricted by law. Additionally to that, retained earnings comprise SKK 35 million consolidated from VUB Wustenrot use of which is restricted by law.

## 28. Financial commitments and guarantees

Financial commitments and contingencies at 31 December 2002 and 31 December 2001:

	31. 12. 2002	31.12. 2001
Issued guarantees	2,565	3,296
Undrawn credit facilities	11,185	4,644
	13,750	7,940

### (a) Guarantees and letters of credit

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

### (b) Undrawn credit facilities

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

### (c) Lease obligations

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

### (d) Legal

In the ordinary course of business, the Group is subject to a variety of legal actions. The Group conducted a review of legal proceedings outstanding against it as at 31 December 2002. Pursuant to this review, management has recorded the provision of SKK 857 million (2001: SKK 309 million) in respect of such legal proceedings (see also Note 23). The Group will continue to defend its position in respect of each of these legal proceedings.

### (e) Insurance

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



**29. Net interest income**

	31. 12. 2002	31.12. 2001
<b>Interest income</b>		
Amounts due from banks	2,032	1,692
Originated loans and advances to customers	4,597	4,966
Bonds, treasury bills and other fixed income securities	6,869	6,261
	<u>13,498</u>	<u>12,919</u>
<b>Interest expense</b>		
Amounts due to banks	(539)	(806)
Customer accounts	(5,991)	(6,441)
Debt securities in issue	(240)	(283)
	<u>(6,770)</u>	<u>(7,530)</u>
	<u>6,728</u>	<u>5,389</u>

**30. Net fees and commissions**

	31. 12. 2002	31.12. 2001
Net fees and commissions from services and transactions	1,656	<sup>(1)</sup> 1,583
Commissions from foreign exchange payments	377	439
Commissions from cash conversions	380	320
	<u>2,413</u>	<u>2,342</u>

<sup>(1)</sup> Including one-off fees received from unconsolidated companies in the amount of SKK 130 million in connection with repayment of subordinated debt.

**31. Net profit/(loss) from financial operations**

	31. 12. 2002	31.12. 2001
Realised and unrealised gains and losses on securities	530	36
Foreign exchange differences and derivatives	(187)	(171)
Dividend income from securities	5	-
	<u>348</u>	<u>(135)</u>

**32. Other operating income**

	31. 12. 2002	31.12. 2001
Rental income	37	23
Other operating revenues	215	293
	252	316

**33. Salaries and employment benefits**

	31. 12. 2002	31.12. 2001
Salaries	(1,784)	(1,565)
Social security costs	(584)	(663)
	(2,368)	(2,228)

The aggregate remuneration and other benefits paid to members of the Supervisory Board and the Board of Directors as at 31 December 2002 was SKK 69 million (31 December 2001: SKK 24 million).

Total salaries and employment benefits paid by consolidated companies in 2002 amounted to SKK 271 million (2001: SKK 137 million).

On 31 December 2002, there were no loans outstanding provided to members of the Supervisory Board and the Board of Directors (31 December 2001: SKK 1 million).

The Group does not have pension arrangements separate from the state minimal pension system of the Slovak Republic. The Slovak Republic system requires current contributions by the employer calculated as a percentage of current gross salary payments; these expenses are charged to the profit and loss statement in the period in which the related compensation is earned by the employee.

The Group contributes to a defined additional contribution plan administered by a private pension fund. No further liabilities are arising to the Bank from the payment of pensions to employees in the future.

**34. Other operating expenses**

	31. 12. 2002	31.12. 2001
Consumption of material	(157)	(140)
Repairs and maintenance	(128)	(132)
IT systems maintenance	(315)	(229)
Taxes and fees	(28)	(9)
Rent	(105)	(77)
Advertising	(290)	(209)
Professional services	(49)	(44)
Other services	(603)	(560)
VAT not claimed	(295)	(244)
Contribution to the Fund on the Deposit Protection	(647)	(214)
Other operating expense	(311)	(701)
Net movement in provision for litigation (Note 23)	(548)	(309)
	<u>(3,476)</u>	<u>(2,868)</u>

**35. Restructuring costs**

	31. 12. 2002	31.12. 2001
Restructuring costs	(178)	-
Net movement in provisions (Note 23)	137	(200)
	<u>(41)</u>	<u>(200)</u>

**36. Provisions for loan and investment losses**

	31. 12. 2002	31.12. 2001
Release of provisions for losses (Note 9)	2,761	3,408
(Creation)/release of provisions for off balance sheet risks (Note 23)	(622)	150
Release of technical reserve for housing loans (Note 23)	226	10
	2,365	3,568
Nominal value of loans written off	(2,114)	(2,848)
Loss on sale of fixed assets	(24)	(155)
	<u>227</u>	<u>565</u>

### 37. Taxation

	31. 12. 2002	31.12. 2001
Deferred tax	524	(742)
Current tax charge	(1,352)	(103)
	828	845

Slovak legal entities must report taxable income individually and remit corporate income taxes thereon to the appropriate authorities. The income tax rate for entities excluding state treasury bills and dividends received in 2002 was 25 % (2001: 29 %). The tax rate for income from treasury bills and dividends denominated in SKK and interests from debt securities was 15 % in both reporting periods. The current tax charge represents withholding tax.

The Group has not provided for deferred tax assets and liabilities on timing differences between the accounting and tax bases of assets and liabilities taxable by applicable corporate income tax (2002: 25 %, 2001: 29 %) because it considers that there will not be sufficient profits subject to corporate income tax in the foreseeable future.

The effective profit tax rate differs from the statutory profit tax rates in 2002 and in 2001.

A reconciliation of the profit of the Group with the actual corporate income tax on 31 December 2002 is as follows:

Profit before income taxes		2,973
Applicable tax rate	25 %	15 %
(Loss)/income before income taxes	(2,544)	5,517
Theoretical tax charge	(636)	828
Reversal of taxable temporary difference from prior years	-	731
Taxable temporary differences 2002	-	(207)
Change in deferred taxes	-	(524)
Tax losses not applicable for carry forward	636	-
Tax charge total		828
Effective tax rate		28 %

A reconciliation of the profit of the Group with the actual corporate income tax on 31 December 2001 is as follows:

Profit before income taxes		2,191
Applicable tax rate	29 %	15 %
(Loss)/income before income taxes	(3,131)	5,322
Theoretical tax charge	(908)	798
Tax paid abroad	14	-
Additional tax charge	33	-
Tax losses not applicable for carry forward	908	-
Tax charge total		845
Effective tax rate		39 %

Tax liabilities were as follows:

	31. 12. 2002	31.12. 2001
2001		
Deferred tax	207	731
Personal income tax	20	33
Other taxes	127	146
	354	910

### 38. Profit before changes in working capital

	31. 12. 2002	31.12. 2001
Operating profit before taxation	2,973	2,191
Adjustment for:		
Amortisation	355	302
Depreciation	755	688
Unrealised (profit)/loss from trading and AFS securities	(177)	324
Interest revenue	(13,498)	(12,919)
Interest expense	6,770	7,530
Interest received	16,462	12,924
Interest paid	(6,736)	(7,718)
Tax paid	(1,352)	(103)
Net change in provisions	155	(211)
	5,707	3,008

### 39. Derivative financial instruments

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

The following table sets out the notional and fair values of financial derivative instruments:

31 December	Notional value		Fair value		Notional value		Fair value
	2002 Assets	2002 Liabilities	2002 Positive	2002 Negative	2001 Assets	2001 Liabilities	2001 Net
<b>Interest rate instruments</b>							
Interest rate swaps	16,398	(16,398)	81	(435)	138	(138)	2
Forward Rate Agreements	66,700	(66,700)	230	(211)	-	-	-
	83,098	(83,098)	311	(646)	138	(138)	2
<b>Foreign currency instruments</b>							
Cross currency swaps	4,967	(5,000)	-	(588)	5,090	(5,000)	(332)
Forwards and swaps	74,767	(74,233)	2,051	(1,581)	26,005	(26,067)	17
	79,734	(79,233)	2,051	(2,169)	31,095	(31,067)	(315)
	162,832	162,331	2,362	(2,815)	31,233	(31,205)	(313)

The maturity of interest rate and foreign currency derivative financial instruments as at 31 December 2002 is as follows:

	Up to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Total
<b>Foreign currency instruments</b>						
Assets	33,088	14,450	10,198	17,031	4,967	79,734
Liabilities	(33,258)	(14,608)	(9,776)	(16,593)	(5,000)	(79,233)
	(170)	(158)	422	438	(33)	501
<b>Interest rate instruments</b>						
Assets	8,800	26,650	23,888	15,750	8,010	83,098
Liabilities	(8,800)	(26,650)	(23,888)	(15,750)	(8,010)	(83,098)
	-	-	-	-	-	-

### **Credit risk of financial derivatives**

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

As at 31 December 2002, the Group has a potential credit exposure of SKK 2,362 million in the event of non-performance by counterparties to its financial derivative instruments. This represents the gross replacement cost at market rates as at 31 December 2002 of all outstanding agreements in the event of all counterparties defaulting and does not allow for the effect of netting arrangements.

The Group is selective in its choice of counterparties, sets limits on transactions with its customers and in respect of increased credit exposure or a customer that has no limit for deposit composition and intends to enter into financial derivative transactions. As such, the Group considers that the actual credit risk associated with financial derivatives is substantially lower than the exposure calculated pursuant to credit equivalents.

### **40. Capital adequacy**

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

As at 31 December 2002 and 2001, the Group's capital adequacy ratio on this basis exceeded the statutory minimum.



#### **41. Estimated fair value of financial investments**

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

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

##### **(a) Cash and cash equivalents**

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

##### **(b) Securities held-to-maturity**

Fair values of securities carried in the 'Held-to-maturity' portfolio (2002: SKK 68,797 million) are calculated by discounting future cash flows using prevailing market rates.

##### **(c) Amounts due from banks**

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

##### **(d) Originated loans and advances to customers**

The fair value of variable yield loans that regularly reprice, with no significant change in credit risk, generally approximates their carrying value. The fair value of loans at fixed interest rates is estimated using discounted cash flow analyses, based upon interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of non-performing loans to customers is estimated using a discounted cash flow analysis or the appraised value of the underlying collateral, where available. Loans at fixed interest rates represent only a fraction of the total carrying value and hence the fair value of total loans and advances to customers

approximates the carrying values as at the balance sheet date. Provisions are not taken into consideration when calculating fair values.

**(e) Amounts due to banks and customer deposits**

The fair value of term deposits payable on demand represents the carrying value of amounts payable on demand as at the balance sheet date. The fair value of term deposits at variable interest rates approximates their carrying values as at the balance sheet date. The fair value of deposits at fixed interest rates is estimated by discounting their future cash flows using rates currently offered for deposits of similar remaining maturities.

**(f) Debt securities in issue**

The fair value of debt securities issued by the Group is based upon quoted market prices. Where no market prices are available, the fair value is equal to an estimate made by the Group.

**42. Assets and liabilities maturity/liquidity risk**

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

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

The remaining maturities of assets and liabilities at 31 December 2002 and 2001 are as follows:

<b>31 December 2002</b>	<b>Up to 1 month</b>	<b>1 to 3 months</b>	<b>3 months to-1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Not specified</b>	<b>Total</b>
<b>Assets</b>							
Cash and cash equivalents	15,916	15,757	-	-	-	-	31,673
Amounts due from banks	13,596	5,105	3,550	373	-	56	22,680
Originated loans and advances to customers	2,802	4,728	11,238	18,558	9,262	601	47,189
Trading securities	4	391	6,089	2,792	694	121	10,091
Securities available-for-sale	178	2	43	5,841	-	260	6,324
Securities held-to-maturity	1,351	1,666	1,596	27,044	35,435	12	67,104
Other financial investments	-	-	-	-	-	36	36
Intangible fixed assets	-	-	-	-	-	611	611
Tangible fixed assets	-	-	-	-	-	5,545	5,545
Tax assets	-	-	-	-	-	34	34
Prepayments and accrued income	-	107	401	-	-	-	508
Other assets	251	207	2,083	312	37	31	2,921
	34,098	27,963	25,000	54,920	45,428	7,307	194,716
Amounts due to central banks	1,958	2	2	12	9	-	1,983
Amounts due to banks	10,210	2,089	2,219	623	4	-	15,145
Customer accounts	121,976	14,571	10,403	2,941	236	-	150,127
Debt securities in issue	-	-	1,000	1,683	-	-	2,683
Tax liabilities	-	-	-	-	-	354	354
Provisions for liabilities and other risks	-	-	-	-	-	2,098	2,098
Accruals and deferred income	-	740	602	-	-	-	1,342
Other liabilities	362	9	1,593	1,218	-	43	3,225
	134,506	17,411	15,819	6,477	249	2,495	176,957
On balance sheet net gap position	(100,408)	10,552	9,181	48,443	45,179	4,812	17,759
<b>31 December 2001</b>							
Total assets	50,029	6,978	12,913	52,823	42,886	8,553	174,162
Total liabilities	124,368	15,187	11,474	5,858	298	1,359	158,544
On balance sheet net gap position	(74,339)	(8,209)	1,439	46,965	42,588	7,174	15,618

**43. Currency denominations of assets and liabilities**

	Slovak crowns	EUR	USD	CZK	Other	Total
<b>Assets</b>						
Cash and cash equivalents	29,950	784	241	450	248	31,673
Amounts due from banks	16,708	1,010	536	941	3,485	22,680
Loans and advances to customers	34,626	3,808	3,605	5,113	37	47,189
Trading securities	9,685	311	95	-	-	10,091
Securities available-for-sale	6,292	3	-	29	-	6,324
Securities held-to-maturity	62,469	2,935	1,297	114	289	67,104
Other financial investments	36	-	-	-	-	36
Intangible fixed assets	606	-	-	5	-	611
Tangible fixed assets	5,528	-	-	17	-	5,545
Tax assets	33	-	-	1	-	34
Prepayments and accrued income	347	68	70	20	3	508
Other assets	2,202	182	9	529	-	2,921
	168,481	9,101	5,853	7,219	4,062	194,716
<b>Liabilities</b>						
Amounts due to central banks	1,983	-	-	-	-	1,983
Amounts due to banks	9,328	3,156	2,318	306	37	15,145
Customer accounts	124,221	13,652	8,549	2,319	1,386	150,127
Debt securities in issue	2,683	-	-	-	-	2,683
Tax liabilities	354	-	-	-	-	354
Provisions for contingencies and other risks	2,097	-	1	-	-	2,098
Accruals and deferred income	1,204	62	50	18	8	1,342
Other liabilities	3,188	21	15	1	-	3,225
	145,058	16,891	10,933	2,644	1,431	176,957
Net balance sheet position	23,423	(7,790)	(5,080)	4,575	2,631	17,759
Off balance sheet assets	127,377	21,557	26,364	2,424	4	177,726
Off balance sheet liabilities	140,988	12,855	23,168	5,803	2,585	185,399
Net off balance sheet position	(13,611)	8,702	3,196	(3,379)	(2,581)	(7,673)
Total net position	9,812	912	(1,884)	1,196	50	10,086
<b>31 December 2001</b>						
Total assets	148,864	8,291	11,131	2,347	3,529	174,162
Total liabilities	(133,991)	(9,389)	(11,517)	(1,512)	(2,135)	(158,544)
Net position	14,873	(1,098)	(386)	835	1,394	15,618

#### 44. Interest rate risk

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

The re-pricing structure of assets and liabilities as at 31 December 2002 and 31 December 2001 was as follows:

	Less than 1 month	1 to 3 months	3 months to-1 year	1 to 5 years	Over 5 years	Not specified	Total
<b>Assets</b>							
Cash and cash equivalents	9,130	11,714	-	-	-	10,829	31,673
Amounts due from banks	15,202	4,107	3,371	-	-	-	22,680
Loans and advances to customers	13,566	17,133	7,175	12,284	1,556	(4,525)	47,189
Trading securities	-	396	5,959	2,933	761	42	10,091
Securities available-for-sale	-	42	341	5,632	-	309	6,324
Securities held-to-maturity	22,579	13,671	2,787	27,128	929	10	67,104
Other financial investments	-	-	-	-	-	36	36
Tax assets	-	7	-	-	-	27	34
Intangible fixed assets	-	-	-	-	-	611	611
Tangible fixed assets	-	-	-	-	-	5,545	5,545
Prepayments and accrued income	11	2	-	-	-	495	508
Other assets	8	171	-	-	-	2,742	2,921
	60,496	47,243	19,633	47,977	3,246	16,121	194,716

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Not specified	Total
<b>Liabilities</b>							
Amounts due to central banks	98	2	2	12	9	1,860	1,983
Amounts due to banks	8,123	2,671	2,222	11	27	2,091	15,145
Customer accounts	77,022	16,145	9,616	2,957	235	44,152	150,127
Debt securities in issue	-	-	1,000	1,683	-	-	2,683
Tax liabilities	2	4	1	1	-	346	354
Provisions for contingencies and other risks	-	28	-	2	-	2,068	2,098
Accruals and deferred income	4	-	7	-	-	1,331	1,342
Other liabilities	19	6	4	-	-	3,196	3,225
	85,268	18,856	12,852	4,666	271	55,044	176,957
On-balance sheet net	(24,772)	28,387	6,781	43,311	2,975	(38,923)	17,759
Off balance-sheet assets	-	-	-	-	-	13,750	13,750
Net position at 31. 12. 2002	(24,772)	28,387	6,781	43,311	2,975	(25,173)	31,509
Net position at 31. 12. 2001	(4 802)	16 583	6 464	37 318	6 077	(73 483)	(11 843)

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

The average interest rates for financial assets and liabilities at 31 December 2002 and 2001 were as follows:

	31. 12. 2002	31.12. 2001
<b>Assets</b>		
Cash and cash equivalents	4.16	1.41
Trading and AFS securities	5.54	7.64
Securities held-to-maturity	6.73	7.94
Amounts due from banks	4.98	5.98
Loans and advances to customers	8.33	7.25
<b>Liabilities</b>		
Amounts due to central banks	7.52	4.31
Amounts due to banks	5.15	5.75
Customer accounts	4.10	4.18
Debt securities in issue	9.04	9.02



## 45. Related parties

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

- (a) enterprises that directly, or indirectly, through one or more intermediaries, control, or are controlled by, or are under the common control of, the reporting enterprise. (This includes holding companies, subsidiaries and fellow subsidiaries);
- (b) associates - enterprises in which the Parent Company has a significant influence and which are neither a subsidiary nor a joint venture of the investor;
- (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, and anyone expected to influence, or be influenced by, that person in their dealings with the Group;
- (d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers of the Group and close members of the families of such individuals; and
- (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Group and enterprises that have a member of key management in common with the Group.

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





As at 31 December 2002 and 31 December 2001, significant transactions outstanding with related parties comprised:

	31. 12. 2002	31.12. 2001
Originated loans and advances, gross		
- statutory bodies <sup>(3)</sup>	-	1
- directors <sup>(3)</sup>	-	8
- other employees <sup>(3)</sup>	-	6
- affiliated companies <sup>(2)</sup>	195	1,576
	195	1,591
Customer accounts		
- statutory bodies <sup>(3)</sup>	12	12
- directors <sup>(3)</sup>	-	45
- other employees <sup>(3)</sup>	10	322
- affiliated companies <sup>(2)</sup>	544	772
	566	1,151
Interest income		
- directors <sup>(3)</sup>	-	1
- other employees <sup>(3)</sup>	-	1
- affiliated companies <sup>(2)</sup>	59	152
	59	154
Other income		
- directors <sup>(3)</sup>	-	2
- affiliated companies <sup>(2)</sup>	16	1
	16	3
Interest expense		
- statutory bodies <sup>(3)</sup>	1	1
- directors <sup>(3)</sup>	-	3
- other employees <sup>(3)</sup>	-	3
- affiliated companies <sup>(2)</sup>	30	10
	31	17
Other expense		
- affiliated companies <sup>(2)</sup>	190	-
	190	-
Commitments given		
- affiliated companies <sup>(2)</sup>	724	1,193
	724	1,193
Derivative transactions (notional amount)		
- shareholder and companies controlled by shareholder <sup>(1)</sup>	24,628	718
	24,628	718

<sup>(1)</sup> Shareholder and companies controlled by shareholder

<sup>(2)</sup> Common control by the Group

<sup>(3)</sup> Other related party

#### 46. Post balance sheet events

There were no significant subsequent events noted that would require disclosure or adjustment in the financial statements as at 31 December 2002.

#### 47. Reconciliation to slovak statutory accounts

Profit for the year ended 31 December 2002, shareholders' equity and total assets prepared under Slovak accounting regulations and reported in the statutory financial statements of the Bank can be reconciled to these consolidated financial statements prepared under IFRS as follows:

	Profit for the year	Share-holders' equity	Total assets
Reported under			
Slovak accounting regulations	1,686	16,679	202,820
Revaluation of securities and off balance sheet instruments	(201)	(267)	2,394
Loss on equity investments	(327)	-	-
Creation of Social fund	(40)	(40)	-
Transfer of Social fund into liabilities	-	(19)	-
Reclassification of provisions	-	-	(3,849)
Elimination of securities held under repurchase agreements	-	-	(4,947)
Transfer of repurchase transactions to assets	-	-	206
Elimination of collateral held in assets in statutory books	-	-	(2,555)
Accounts netted under Slovak accounting regulations	-	-	525
Elimination of balances with Prague branch			(4,598)
Consolidation adjustments	1,027	1,406	4,720
Reported under IFRS	2,145	17,759	194,716

#### 48. Approval of the financial statements

The financial statements were signed and authorised for issue on 4 March 2003.

## Unconsolidated Financial Statements under Slovak Accounting Standards

**Deloitte  
& Touche**

### Independent Auditor's Report

To the Shareholders and the Board of Directors of Všeobecná úverová banka, a. s.:

We have audited the accompanying financial statements of Všeobecná úverová banka, a.s. ("the Bank") for the year ended 31 December 2002. The Management is responsible for these financial statements and for maintaining accounting records in accordance with the valid Act on Accounting. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements of the Bank for the year ended 31 December 2001, were audited by another auditor whose report dated 1st March 2002 expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Všeobecná úverová banka, a. s. as at 31 December 2002, and the results of its operations for the year then ended in accordance with the valid Act on Accounting in the Slovak republic (No. 563/1991, as amended).

Bratislava, 31 January 2003

*Deloitte & Touche*



Deloitte & Touche spol. s r.o.  
Licence No. SKAú 014



*Zuzana Letková*

Ing. Zuzana Letková  
Responsible auditor  
Decree No. SKAú 865

## Balance Sheet

– aggregated in thousands of SKK

Description	Line No.	Current accounting period			Previous accounting period
		Gross	Correction	Net	
a	b	c	1	2	3
4					
X. <b>Assets</b>	x	x	x	x	x
1. Cash money, accounts at banks of issue and post office banks (Sum of lines 2 and 7)	1	14 596 822	0	14 596 822	8 791 598
1.1. Cash values/assets (Sum of lines 3 to 6)	2	3 450 105	0	3 450 105	5 051 928
1.1.1. Cash on hand (111)	3	3 418 092	0	3 418 092	5 045 693
1.1.2. Gold (113)	4	0	0	0	0
1.1.3. Other cash values/assets (118)	5	32 013	0	32 013	6 235
1.1.4. Cash values/assets in transit (119)	6	0	0	0	0
1.2. Accounts at banks of issue and post office banks (Sum of lines 8 to 11)	7	11 146 717	0	11 146 717	3 739 670
1.2.1. Accounts at banks of issue (121 - dr.)	8	3 215 326	0	3 215 326	335 364
1.2.2. Minimum reserve account at NBS (122)	9	2 984 091	0	2 984 091	2 420 000
1.2.3. Loans extended to Banks of issue (123)	10	4 947 300	0	4 947 300	984 306
1.2.4. Post office accounts (124)	11	0	0	0	0
2. State and other treasury bills accepted by NBS for refinancing (Sum of lines 13 and 14)	12	26 423 317	0	26 423 317	13 252 214
2.1. State treasury bills and other bonds issued by the state (381a)-(389A)	13	5 829 347	0	5 829 347	11 776 789
2.2. Treasury bills (382A,386A)-(389A)	14	20 593 970	0	20 593 970	1 475 425
3. Miscellaneous receivables (Sum of lines 16 to 18)	15	0	0	0	0
3.1. Receivables from bills of exchange and other trade receivables (141)-(149)	16	0	0	0	0
3.2. Receivables from short - term loans (142)-(149)	17	0	0	0	0
3.3. Receivables from other cash values (143)-(149)	18	0	0	0	0
4. Receivables from securities (Sum of lines 20 to 25)	19	0	0	0	0
4.1. Receivables from treasury bills and other bonds issued by the state (151)-(159)	20	0	0	0	0
4.2. Receivables from treasury bills and other bonds issued by central banks (152)-(159)	21	0	0	0	0
4.3. Receivables from bonds and other fixed income securities (153)-(159)	22	0	0	0	0
4.4. Receivables from shares and other variable yield securities (154)-(159)	23	0	0	0	0
4.5. Receivables from other discounted securities (155)-(159)	24	0	0	0	0
4.6. Receivables from securities for intervention (157)-(159)	25	0	0	0	0
5. Loans and deposits of other banks (Sum 27,30 and 33)	26	23 267 435	171 655	23 095 780	18 868 405
5.1. Loans of other banks (lines 28+29)	27	599 832	171 655	428 177	1 087 086
5.1.1. Loans extended (132)	28	372 126	0	372 126	1 028 420
5.1.2. Classified receivables from banks (138A)-(139)	29	227 706	171 655	56 051	58 666
5.2. Deposits of other banks (lines 31 and 32)	30	22 597 259	0	22 597 259	17 315 295
5.2.1. Demand deposits (131A-de.,134A-de.)	31	797 921	0	797 921	737 240
5.2.2. Other deposits (131A-de.,133,134A-dr.)	32	21 799 338	0	21 799 338	16 578 055
5.3. Transfers on accounts among banks (135)	33	70 344	0	70 344	466 024
6. Loans to clients (Sum of lines 35 to 47)	34	53 284 583	7 088 879	46 195 704	40 766 925
6.1. Pass loans (212, 214, 216, 218)	35	22 699 863	0	22 699 863	19 152 642
6.2. Other receivables from customers (219)	36	170 724	0	170 724	126 315
6.3. Client current accounts (221 - dr.)	37	1 789 347	0	1 789 347	608 371
6.4. Watch loans (231)	38	17 953 516	0	17 953 516	15 139 355
6.5. Classified receivables (Acc.group 24)-(249)	39	9 721 586	7 064 716	2 656 870	4 924 337
6.6. Other purpose - bound receivables (272A)	40	177 176	0	177 176	351
6.7. Loans extended to bodies of Slovak Republic (281)	41	568 496	6 896	561 600	0
6.8. Loans extended to municipal bodies (282A)	42	108 988	0	108 988	63 249
6.9. Loans extended to other funds (283A)	43	0	0	0	0
6.10. Loans extended to state funds (284)	44	0	0	0	751 200
6.11. Classified loans to municipal bodies and other funds (282A,283A,284A,-289)	45	94 026	17 267	76 759	1 038
6.12. Saving deposits and other demand deposits (285A-dr.,286A-dr.,287A-de.,288A-dr.)	46	861	0	861	67

Description	Line No.	Current accounting period			Previous accounting period
		Gross	Correction	Net	
a b	c	1	2	3	4
X. <b>Assets</b>	x	x	x	x	x
6.13. Saving deposits, loans accepted and other time deposits (285A-dr,286A-dr, 287A-dr.,288A-dr.)	47	0	0	0	0
7. Fixed interest bonds and other securities (Sum of lines 49 and 54)	48	9 352 908	86 858	9 266 050	7 497 987
7.1. Bonds issued by the public sector (Sum lines 50 to 53)	49	8 074 540	0	8 074 540	6 411 991
7.1.1. Short-term state bonds (372A,373A,381A,387A)-(379A,379A)	50	0	0	0	0
7.1.2. Mid-term state bonds (372A,373A,381A387A) - (379A,389A)	51	7 610 374	0	7 610 374	3 868 390
7.1.3. Long-term state bonds (372A,373A,381A,387A)-(379A,389A)	52	464 166	0	464 166	2 543 601
7.1.4. Other securities issued by the public sector (372A,373A,383A,387A)-(379A,389A)	53	0	0	0	0
7.2. Bonds issued by banks and other (372A,373A,382A,383A,386A,387A) Out of that:	54	1 278 368	86 858	1 191 510	1 085 996
7.2.1. Own tradable bonds (372A,383A,387A)-(379A,389A)	55	0	0	0	0
8. Shares and other variable (372A,373A,384A)-(379A,389A)	56	319 873	270 472	49 401	944 136
9. Options purchased (377)-(379A)	57	0	0	0	0
10. Own shares to be sold (385)-(389)	58	0	0	0	0
11. Amounts due from the securities markets entities (371)	59	1 236	0	1 236	665
12. Investment shareholdings and deposits in subsidiaries (Sum lines 61 and 62)	60	729 119	518 769	210 350	266 321
12.1. in banks (412A)-(419A)	61	0	0	0	0
12.2. in other bodies (412A)-(419A)	62	729 119	518 769	210 350	266 321
13. Investment shareholdings and deposits in associates (Sum lines 64 and 65)	63	288 180	0	288 180	340 000
13.1. in banks (413A)-(419A)	64	265 000	0	265 000	265 000
13.2. in other bodies (413A)-(419A)	65	23 180	0	23 180	75 000
14. Other securities and financial investments (lines 67+68)	66	169 802	32 112	137 690	149 008
14.1. in banks (414A)-(419A)	67	53 000	0	53 000	53 000
14.2. in other bodies (414A)-(419A)	68	116 802	32 112	84 690	96 008
15. Other investments securities ( lines 70+71)	69	67 291 215	163 063	67 128 152	75 713 717
15.1. in banks (415A) - (419A)	70	3 509 139	0	3 509 139	1 953 730
15.2. in other bodies (415A) - (419A)	71	63 782 076	163 063	63 619 013	73 759 987
16. Receivables from stockholders and partners (361) - out of that	72	0	0	0	0
16.1. Other receivables from securities issues (361A)	73	0	0	0	0
17. LT recourses extended to foreign subsidiaries and offices (421)	74	540 425	0	540 425	542 861
18. LT subordinated loans (424)-(429A)	75	0	0	0	0
19. Intangible fixed assets (Sum of lines 77 to 82)	76	3 158 422	2 445 773	712 649	503 762
19.1. Funds extended for establishment of accounting entity (475)-478A)/(479A)	77	0	0	0	0
19.2. Goodwill (473)-(478A)	78	0	0	0	0
19.3. Software (474)-(478A)/(479A)	79	2 571 836	2 317 561	254 275	331 803
19.4. Other intangible fixed assets (476)-(478)(479)	80	154 846	128 212	26 634	44 251
19.5. Acquisition of intangible fixed assets (445)	81	350 654	0	350 654	124 959

Description		Line No.	Current accounting period			Previous accounting period
			Gross	Correction	Net	
a	b	c	1	2	3	4
X.	<b>Assets</b>	x	x	x	x	x
19.6.	Advance payments for intangible fixed assets (446A)-(449A)	82	81 086	0	81 086	2 749
20.	Tangible fixed assets Out of that:	83	11 099 698	4 948 866	6 150 832	6 523 484
20.1.	Land (432A, 434A)	84	315 391	0	315 391	395 700
20.2.	Buildings (431A, 433A) - (438A)/(439A)	85	5 653 487	1 050 744	4 602 743	4 670 612
20.3.	Machinery and instruments (431A,433A)-(438A)/(439A)	86	3 732 748	3 007 941	724 807	832 229
20.4.	Provision for purchased property (435)-(436)	87	0	0	0	0
20.5.	Leased tangible fixed assets in financial lease (451,453)-(458)	88	0	0	0	0
20.6.	Acquisition of tangible fixed (441,442)	89	278 912	0	278 912	365 118
20.7.	Tangible fixed assets acquisition advances (446A)-(449A)	90	34 095	1 500	32 595	5 840
21.	Other assets (Sum of lines 92 to 101, 104,105,109 to 116)	91	8 424 202	400 920	8 023 282	5 481 773
21.1.	Inventory (311)	92	66 367	0	66 367	75 866
21.2.	Assets received from correspondent banks to be cashed (321)	93	0	0	0	0
21.3.	Assets received from clients to be cashed (322)	94	42 207	0	42 207	32 599
21.4.	Domestic branches and representations (331 - dr.)	95	0	0	0	0
21.5.	Operating sources of foreign branches and representations (332-dr.)	96	3 832 953	0	3 832 953	0
21.6.	Other debtors (341) - (349A) - (340)	97	3 486 702	397 660	3 089 042	4 493 738
21.7.	Advance operating payments (344)-(349A)	98	35 847	3 260	32 587	28 308
21.8.	Slovak Republic state budget clearing account (347- dr.)	99	2 036	0	2 036	2 386
21.9.	Social institutions clearing account (348 - dr.)	100	0	0	0	0
21.10.	Temporary accounts of assets ( line 102+103)	101	722 569	0	722 569	837 051
21.10.1.	Deferred expenses (351)	102	83 694	0	83 694	82 623
21.10.2.	Accrued income (352)	103	638 875	0	638 875	754 428
21.11.	Estimated receivables (353)	104	19 055	0	19 055	11 298
21.12.	Clearing accounts (Sum of lines 106 to 108)	105	216 466	0	216 466	527
21.12.1.	Financial instrument transactions clearing accounts (357-dr.)	106	0	0	0	527
21.12.2.	Foreign exchange transaction clearing accounts (358-dr.)	107	216 466	0	216 466	0
21.12.3.	Other temporary accounts (359-dr.)	108	0	0	0	0
21.13.	IMF reserves and SDR position (011)	109	0	0	0	0
21.14.	EMCOF loans (012)	110	0	0	0	0
21.15.	Other foreign receivables (loans and deposits) (013,014)	111	0	0	0	0
21.16.	Refinancing loans (015)	112	0	0	0	0
21.17.	Other domestic receivables (017)	113	0	0	0	0
21.18.	Watch loans (018A)-(019)	114	0	0	0	0
21.19.	State funds and other Slovak Republic state budget clearing accounts (297-dr.)	115	0	0	0	0
21.20.	Clearing accounts of Slovak Republic funds from previous years (299-dr.)	116	0	0	0	0
X.	Total assets (Sum of lines 1+12+15+19+26+34+48+56 through 60+63+66+69+72+74 through 76+83+91)	117	218 947 237	16 127 367	202 819 870	179 642 856
A.	Out of that: Special NBS agenda	118	0	0	0	0
B.	ČSOB agenda consigned by the MoF of SR (Group 25-dr.)	119	0	0	0	0

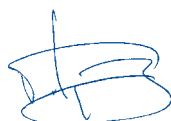
Description	Line No.	Current accounting period			Previous accounting period	
		Gross	Correction	Net		
a	b	c	1	2	3	4
X.	<b>Assets</b>	x	x	x	x	x
C.	Foreign receivables and liabilities of the Slovak Republic government (298-dr.)	120	0	0	0	0
X.	Off Balance sheet items (Sum of lines 122+126+131+135+139+143+147+152+158)	121	236 464 569	0	236 464 569	87 744 982
1.	Guarantees issued to banks (Sum of lines 123 to 125)	122	1 212 368	0	1 212 368	456 595
1.1.	Refunding agreements extended to banks (912)	123	1 098 355	0	1 098 355	359 817
1.2.	Other receivables from guarantees extended to bank (913)	124	114 013	0	114 013	96 778
1.3.	Classified guarantees issued to bank (919)	125	0	0	0	0
2.	Receivables from client's guarantees	126	9 670 775	0	9 670 775	4 549 325
2.1.	Refunding agreements extended to clients (932)	127	6 520 169	0	6 520 169	1 350 446
2.2.	Other receivables from guarantees extended to clients (933)	128	1 542 873	0	1 542 873	1 441 779
2.3.	L/C guarantees extended (934)	129	0	0	0	4 973
2.4.	Classified guarantees issued to clients (939)	130	1 607 733	0	1 607 733	1 752 127
3.	Rec. from spot transactions (lines 132 to 134)	131	1 144 384	0	1 144 384	91 210
3.1.	Receivables from spot interest rate transactions (941)	132	8 295	0	8 295	0
3.2.	Receivables from spot forex transactions (943)	133	1 136 089	0	1 136 089	91 210
3.3.	Receivables from other spot transactions (945)	134	0	0	0	0
4.	Forward transactions (Sum of lines 136 to 138)	135	162 910 120	0	162 910 120	32 131 179
4.1.	Receivables from forward interest rate transactions (951)	136	83 098 000	0	83 098 000	138 000
4.2.	Receivables from forward forex transactions (953)	137	79 734 030	0	79 734 030	31 221 962
4.3.	Receivables from other forward transactions (955)	138	78 090	0	78 090	771 217
5.	Receivables from options (Sum of lines 140 to 142)	139	0	0	0	0
5.1.	Receivables from interest rate options (961)	140	0	0	0	0
5.2.	Receivables from forex options (963)	141	0	0	0	0
5.3.	Receivables from other options (965)	142	0	0	0	0
6.	Other receivables (Sum of lines 144 to 146)	143	0	0	0	0
6.1.	Assets as collateral (972)	144	0	0	0	0
6.2.	Other receivables (975)	145	0	0	0	0
6.3.	Receivables from financial leasing (978)	146	0	0	0	0
7.	Values deposited or taken into custody and management (lines 148 to 155)	147	124 159	0	124 159	395 439
7.1.	Values deposited at other financial institutions (983)	148	0	0	0	0
7.2.	Values given into other banks' management (985)	149	0	0	0	0
7.3.	Values given into other banks' custody (987)	150	0	0	0	0
7.4.	Own bank values taken into custody (988)	151	124 159	0	124 159	395 439
8.	Memorandum accounts (Sum of l. 153 to 157)	152	61 402 763	0	61 402 763	50 121 234
8.1.	Fully depreciated receivables (995)	153	4 302 268	0	4 302 268	3 722 248
8.2.	Values in supporting documentation (996)	154	793 440	0	793 440	3 430 598
8.3.	Other registered values (997 - dr.)	155	41 297	0	41 297	29 500
8.4.	Suspense acc. for off-balance sheet (998 - dr.)	156	0	0	0	0
8.5.	Memorandum accounts (999 - dr.)	157	56 265 758	0	56 265 758	42 938 888
9.	Cash reserves, SKK (981)	158	0	0	0	0
	Check total (Sum of lines 1 to 162)	9981	411 096 307	47 394 603	1 363 701 704	834 821 164



Ident.	Description	Line No.	Accounting period	
			Current	Previous
x	b	c	5	6
x	<b>Liabilities</b>	x	x	x
1.	Liabilities to banks (Sum of lines 160 and 163)	159	16 417 209	8 645 302
1.1.	Loans and deposits of banks of issue (Sum of lines 161 and 162)	160	1 482 386	3 331 590
1.1.1.	Demand loans and deposits (121 - cr., 125A)	161	1 457 524	2 076 315
1.1.2.	Time or notice loans and deposits (125A)	162	24 862	1 255 275
1.2.	Loans and deposits from other banks (Sum of lines 164 and 166)	163	14 934 823	5 313 712
1.2.1.	Demand loans and deposits (131 - cr., 134 - cr., 136A, 531A)	164	2 108 042	1 043 069
1.2.2.	Time or notice loans and deposits (136A, 137, 531A)	165	12 826 781	4 270 643
1.2.3.	Transfer of cash on interbank accounts (135)	166	0	0
2.	Liabilities to clients (Sum of lines 168, 169 and 173)	167	145 612 323	138 243 231
2.1.	Current accounts (221 - cr.)	168	38 742 253	35 433 092
2.2.	Savings deposits, loans accepted and other deposits (lines 170 to 172)	169	40 788 977	37 017 146
2.2.1.	Savings deposits, loans accepted and other demand deposits (226A,285-cr.,286A-cr.,287A-cr.,288A,532A)	170	19 046 429	11 313 642
2.2.2.	Savings deposits, loans accepted and other time or notice deposits (226A,285A-cr.,286A-cr.,287A-cr.,288A, 532A)	171	20 100 148	24 449 293
2.2.3.	Loans accepted from clients (227)	172	1 642 400	1 254 211
2.3.	Other liabilities to clients (Sum of lines 174 to 177)	173	66 081 093	65 792 993
2.3.1.	Other demand liabilities to clients (225)	174	65 235 299	64 691 319
2.3.2.	Other time or notice liabilities to clients (229)	175	668 887	970 866
2.3.3.	Appropriated deposit (271)	176	176 143	129 316
2.3.4.	Other purpose-bound deposits (272A)	177	764	1 492
3.	Certificates of deposit and similar bonds (Sum of lines 179 and 181)	178	744 700	1 095 561
3.1.	Certificates of deposit and similar bonds (261)	179	744 700	1 095 561
3.2.	Treasury bills issued by banks (262)	180	0	0
3.3.	Other bonds (263)	181	0	0
4.	Payables from securities of clients entrusted to bank (374)	182	0	0
5.	Options sold (378)	183	0	0
6.	Issue of debenture bonds (Sum of lines 185 and 186)	184	2 890 900	2 434 310
6.1.	Issue of debenture bonds (521)	185	1 340 900	1 340 900
6.2.	Issue of mortgaged deeds (522)	186	1 550 000	1 093 410
7.	Liabilities from other values (Sum of lines 188 to 191)	187	2 554 515	3 539 484
7.1.	Liabilities from bills of exchange and other trade receivables (161)	188	0	0
7.2.	Liabilities from short-term loans (162)	189	0	0
7.3.	Liabilities from other cash values (163)	190	0	0
7.4.	Payables from other values (168)	191	2 554 515	3 539 484
8.	Liabilities from securities (Sum of lines 193 to 199)	192	4 947 300	984 306
8.1.	Liabilities arising from treasury bills and other bonds issued by the state (171)	193	0	0
8.2.	Liabilities arising from treasury bills and other bonds issued by central banks (172)	194	4 947 300	984 306
8.3.	Liabilities arising from bonds and other fixed income securities (173)	195	0	0
8.4.	Liabilities arising from shares and other variable yield securities (174)	196	0	0
8.5.	Liabilities arising from other discounted securities (175)	197	0	0
8.6.	Liabilities from tradable securities (177)	198	0	0
8.7.	Liabilities from securities sold to the clients (178)	199	0	0
9.	Subsidies and similar resources (Sum of lines 201 to 203)	200	0	0
9.1.	Investments subsidies (501)	201	0	0
9.2.	Resources consigned to state institution (505)	202	0	0
9.3.	Resources similar to investment subsidies (507)	203	0	0
10.	Reserves (Sum of lines 205 and 211)	204	6 696 848	6 765 889
10.1.	Reserves (Sum of lines 205 and 211)	205	709 712	576 069
10.1.1.	Reserves for receivables with the contractual maturity of more than 1 year (542)	206	601 042	454 503
10.1.2.	Reserves for receivables from watch loans (542)	207	45 095	53 009
10.1.3.	Reserve for guarantees issued (542A)	208	63 575	68 557
10.1.5.	Reserve for repairs of tangible fixed assets (542A)	209	0	0
10.2.	Other reserves (543)	210	5 987 136	6 189 820

Ident.	Description	Line	Accounting period	No.	Current	Previous
x	b			c	5	6
x	<b>Liabilities</b>			x	x	x
11.	Other liabilities (Sum of lines 212 to 222, 225, 226, 230 to 242)			211	5 736 843	2 039 817
11.1.	Liabilities to correspondents to be cashed (325)			212	0	0
11.2.	Liabilities to clients to be cashed (326)			213	42 207	32 599
11.3.	Domestic branches and representations (331 - cr.)			214	0	0
11.4.	Operating sources of foreign branches and representations (332 - cr.)			215	3 834 082	0
11.5.	Other creditors (342)			216	79 818	342 904
11.6.	Employee clearing account (343)			217	72 520	80 904
11.7.	Operating advance payments received (345)			218	3 755	5 067
11.8.	Liabilities owed to employees ("Social fund") (346)			219	45	10 072
11.9.	Slovak Republic State Budget Clearing Account (347 - cr.)			220	121 225	163 458
11.10.	Social institutions clearing account (348 - cr.)			221	36 345	73 564
11.11.	Temporary accounts of liabilities (lines 224 + 225)			222	816 065	754 922
11.11.1.	Accrued expenses (355)			223	743 037	661 955
11.11.2.	Deferred income (356)			224	73 028	92 967
11.12.	Estimated payables (354)			225	575 477	69 532
11.13.	Clearing accounts (Sum of lines 227 to 229)			226	81 711	41 310
11.13.1.	Financial instruments transaction clearing accounts (357 - cr.)			227	81 711	0
11.13.2.	Foreign exchange transaction clearing accounts (358 - cr.)			228	0	41 310
11.13.3.	Other transaction clearing accounts (359 - cr.)			229	0	0
11.14.	Other liabilities from securities (362 ,391, 392)			230	73 593	75 404
11.15.	Clearing accounts of stock exchanges and other subjects (371 - cr.)			231	0	390 081
11.16.	IMF liabilities - adjusting entry of SDR (021)			232	0	0
11.17.	EMCOF liabilities (022)			233	0	0
11.18.	Other foreign liabilities - deposits (023)			234	0	0
11.19.	Other foreign liabilities - loans (024)			235	0	0
11.20.	Monetary reserve accounts of banks in National bank of Slovakia (025)			236	0	0
11.21.	Liabilities from bills issued by National bank of Slovakia (026)			237	0	0
11.22.	Other domestic liabilities (027)			238	0	0
11.23.	Account of the SR state budget (295)			239	0	0
11.24.	State funds and other Slovak Republic budget clearing accounts (297 - cr.)			240	0	0
11.25.	Amounts from special operations due to the state (299- cr.)			241	0	0
11.26.	Money supply (523)			242	0	0
12.	Total registered capital (561, 562, 566, 567A) (Sum of lines 244 to 248)			243	13 518 533	13 526 104
12.1.	Registered capital subscribed and paid (561A)			244	12 978 108	12 978 108
12.2.	Registered capital subscribed and unpaid (561A)			245	0	0
12.3.	LT debt of foreign branches to head office (562)			246	540 425	542 861
12.4.	Issued shares to reduce the registered capital (566)			247	0	0
12.5.	Foreign exchange gain/loss relating to registered capital (+/-567A)			248	0	5 135
13.	Share capital premium and other capital funds (563, 564) (I. 250 + I. 251)			249	407 811	2 790 809
13.1.	Share capital premium funds (563)			250	407 811	407 811
13.2.	Other capital funds (564)			251	0	2 382 998
14.	Gain/loss on financial investments in foreign currency (+/-567A)			252	4 930	0
15.	Reserve and funds created from profit (552, 557) (I. 254to 255)			253	1 629 677	2 963 602
15.1.	Legal reserve funds (552)			254	1 602 170	2 954 927
15.2.	Other funds created from profit (557)			255	27 507	8 675
16.	Revaluation of financial investments (Sum of lines 257, 260, 263)			256	-326 127	475
16.1.	Revaluation gains/losses of ownership interests with controlling influence (565A)(Sum of lines 258 and 259)			257	-326 127	475
16.1.1.	in banks (565A)			258	0	0
16.1.2.	in other subjects (565A)			259	-326 127	475
16.2.	Revaluation gains/losses of ownership interests with substantial influence (565A) (Sum of lines 261 and 262)			260	0	0
16.2.1.	in banks (565A)			261	0	0

Ident.	Description	Line No.	Accounting period	
			Current	Previous
x	b	c	5	6
x	<b>Liabilities</b>	x	x	x
16.2.2.	in other subjects (565A)	262	0	0
16.3.	Revaluation gains/losses of other ownership interests +/- (565A) ( lines 264 and 265)	263	0	0
16.3.1.	in banks (565A)	264	0	0
16.3.2.	in other subjects (565A)	265	0	0
17.	Gold revaluation fund (568)	266	0	0
18.	Profit/loss of previous years (Sum of lines 271 and 272)	267	298 423	-4 814 886
18.1.	Accumulated losses from previous years (572)	268	0	-5 114 654
18.2.	Retained earnings from previous years (571)	269	298 423	299 768
19.	Profit/loss of current accounting period (+/- 583)	270	1 685 985	1 428 852
x	Total liabilities (Sum of lines 159,167,178,182 through 184,187,192,200,204,211,243,249,252,253,256,266,267,270)	271	202 819 870	179 642 856
a.	Special NBS agenda	272	0	0
b.	Agenda delegated by the MoF of SR (Group 25 - cr.)	273	0	0
c.	Foreign receivables and liabilities of the government of SR (298 - cr.)	274	0	0
x.	Off-balance sheet accounts			
	(Sum of lines 276,279,282,285,289,293,297,302,307,310)	275	236 464 569	87 744 982
1.	Guarantees received from other banks (Sum of lines 277, 278)	276	774 546	903 443
1.1.	Refunding agreements received from banks (914)	277	0	0
1.2.	Other liabilities from guarantees extended to banks (915)	278	774 546	903 443
2.	Guarantees extended by state and other bodies (lines 280 + 281)	279	10 608 503	11 885 118
2.1.	Guarantees extended by state (921)	280	10 590 351	11 860 373
2.2.	Guarantees extended by other bodies (922)	281	18 152	24 745
3.	Liabilities from guarantees to customers (Sum of lines 283, 284)	282	1 105 992	1 009 982
3.1.	Other liabilities from guarantees extended to clients (935)	283	1 105 269	1 003 132
3.2.	Liabilities from L/C guarantees extended to clients (936)	284	723	6 850
4.	Liabilities from spot transactions (Sum of lines 286 to 288)	285	1 261 433	91 165
4.1.	Liabilities from spot interest rate transactions (942)	286	106 480	0
4.2.	Liabilities from spot forex transactions (944)	287	1 154 953	91 165
4.3.	Liabilities from other spot transactions (946)	288	0	0
5.	Liabilities from forward transactions (Sum of lines 290 to 292)	289	162 537 113	31 432 518
5.1.	Liabilities from forward interest rate transactions (952)	290	83 098 000	138 554
5.2.	Liabilities from forward forex transactions (954)	291	79 233 301	31 098 345
5.3.	Liabilities from other forward transactions (956)	292	205 812	195 619
6.	Liabilities from options (Sum of lines 297 to 299)	293	0	0
6.1.	Liabilities from interest rate options (962)	294	0	0
6.2.	Liabilities from forex options (964)	295	0	0
6.3.	Liabilities from other options (966)	296	0	0
7.	Other liabilities (Sum of lines 301 to 304)	297	51 066 682	40 239 310
7.1.	Liabilities from financial leasing (971)	298	1 294	0
7.2.	Values received as guarantees (976)	299	51 065 388	40 100 873
7.3.	Other liabilities (977)	300	0	138 437
7.4.	Classified liabilities from other transactions (979)	301	0	0
8.	Values accepted or taken into custody and management (Sum of lines 303 to 305)	302	4 394 658	2 183 446
8.1.	Values taken into custody (982)	303	240 260	381 094
8.2.	Values accepted into management (984)	304	4 154 398	1 802 352
8.3.	Values accepted into custody (986)	305	0	0
9.	Memorandum accounts (Sum of lines 307 to 309)	306	4 715 642	0
9.1.	Other values in supporting documentation (997 - cr.)	307	0	0
9.2.	Suspense account for off-balance sheet items (998 - cr.)	308	0	0
9.3.	Memorandum accounts (999 - cr.)	309	4 715 642	0
10.	Slovak cash (981)	310	0	0
	Check total (Sum of lines 159 to 310)	999	1 440 731 042	913 562 879



Tomas Spurny

Chairman of the Management Board



Domenico Cristarella

Member of the Management Board

## Income Statement

– aggregated in thousands of SKK

Ident.	Description	Row	Accounting period	
			Current	Previous
a	b	c	1	2
x	<b>Expenses</b>	x	x	x
1.	Expenses for financial activities	1	28 494 027	21 017 738
1.1.	Expenses for money market transactions	2	743 047	1 044 928
1.1.1.	Interest expenses	3	517 803	844 746
1.1.2.	Expenses for fees and commissions	4	225 244	200 182
1.2.	Client transactions expenses, of which	5	5 882 295	6 309 443
1.2.1.	Interest paid on current accounts	6	1 004 165	1 026 396
1.2.2.	Interest paid on term deposits	7	4 058 510	4 293 100
1.2.3.	Interest paid on saving deposits	8	751 992	861 634
1.2.4.	Interest on certificates of deposit and treasury bills	9	65 062	128 246
1.2.5.	Expenses for fees and commissions	10	2 566	67
1.3.	Financial leasing expenses	11	0	0
1.4.	Expenses for bonds issued	12	258 126	282 448
1.4.1.	Interest on issued bonds	13	258 126	282 448
1.4.2.	Fees and commissions	14	0	0
1.5.	Expenses for operations with securities, of which	15	89 242	449 073
1.5.1.	Expenses for sale of securities with fixed income (excl. shareholdings)	16	75 630	207 766
1.5.2.	Expenses for sale of other securities (excl. shareholdings)	17	5 496	230 193
1.5.3.	Fees and commissions related to operations with securities	18	4 793	11 012
1.6.	Foreign exchange transactions	19	20 951 781	12 931 061
1.6.1.	Interest on swap transactions	20	367 778	171 111
1.6.2.	Losses on derivative foreign exchange transactions	21	7 627 985	3 352 701
1.6.3.	Exchange rate losses on foreign exchange transactions	22	12 889 786	9 020 982
1.6.4.	Fees and commissions on foreign exchange transactions	23	315	347
1.7.	Expenses for other transactions	24	569 536	785
1.7.1.	Fees and commissions	25	219	3
1.8.	Expenses for the issue of banknotes and the production of coins by NBS	26	0	0
2.	General operating expenses	27	4 888 998	4 661 327
2.1.	Personnel expenses	28	1 449 340	1 464 086
2.1.1.	Wages and salaries	29	1 069 383	1 074 064
2.1.2.	Other remuneration	30	189 571	310 404
2.1.3.	Bonuses to the members of statutory bodies	31	190 386	79 618
2.2.	Social expenses	32	563 046	576 764
2.3.	Taxes and fees	33	23 657	18 595
2.4.	Services	34	1 883 164	1 649 548
2.5.	Depreciation of tangible fixed assets	35	719 808	654 43
2.6.	Depreciation of intangible fixed assets	36	249 983	297 898
3.	Creation of reserves and provisions	37	12 535 348	21 256 934
3.1.	Creation of provisions	38	9 529 235	15 282 463
3.1.1.	Creation of provisions to classified loans	39	8 822 821	14 011 998

Ident.	Description	Row	Accounting period	
			Current	Previous
a	b	c	1	2
x	<b>Expenses</b>	x	x	x
3.1.2.	Creation of provisions to tradable securities	40	84 445	809 655
3.1.3.	Creation of provisions to investment shareholdings and deposits	41	560 676	374 836
3.1.4.	Creation of adjustments to tangible assets	42	1 500	50 651
3.1.5.	Creation of adjustments to intangible fixed assets	43	0	0
3.2.	Creation of legal reserves, of which	44	169 376	54 530
3.2.1.	Creation of reserves for receivables with the contrac. maturity of more than 1 year	45	149 688	54 436
3.2.2.	Creation of reserves for watch receivables	46	19 688	94
3.2.3.	Creation of reserves for guarantees issued	47	0	0
3.2.4.	Creation of reserves for repairs of tangible fixed assets	48	0	0
3.3.	Creation of other reserves	49	2 836 737	5 919 941
4.	Other operating expenses	50	2 781 669	4 114 865
4.1.	Receivables from banks written off	51	2 238	0
4.2.	Receivables from clients and other debtors written off	52	1 548 726	2 847 917
4.3.	Expenses for transfer of investment shareholdings and deposits	53	115 556	488 677
4.4.	Expenses for transfer of other fixed assets	54	74 096	239 345
4.5.	Other operating costs	55	1 041 053	538 926
4.5.1.	Value added tax	56	292 895	248 538
5.	Income tax	57	1 088	14 153
5.1.	Due	58	3	16 263
5.2.	Deferred	59	1 085	-2 110
6.	Extraordinary expenses	60	205 408	200 951
7.	Tax on income from extraordinary activities	61	0	0
7,1	Due	62	0	0
7,2	Deferred	63	0	0
8	Additional income tax	64	0	32 669
9.	Profit charges to NBS	65	0	0
10.	Profit / Loss from current activities after tax	66	1 777 721	1 569 560
11	Profit / Loss from extraordinary activities after tax	67	-91 736	-140 708
12	Profit / Loss for the current accounting period	68	1 685 985	1 428 852
X	Total expenses	69	48 906 538	51 298 637
	Control number	998	189 122 699	194 165 223

Ident.	Description	Row	Accounting period	
			Current	Previous
a	b	c	1	2
x	<b>Revenues</b>	x	x	x
1.	Revenues from financial activities	70	36 567 395	28 033 498
1.1.	Revenues from money market transactions	71	2 340 060	1 918 309
1.1.1.	Interest income	72	2 019 295	1 654 942
1.1.2.	Income from fees and commissions	73	320 765	263 367
1.2.	Revenues from transactions with clients, of which	74	5 612 062	5 927 031
1.2.1.	Interest income from loans	75	4 165 212	4 652 103
1.2.2.	Interest income from debit balances on current accounts (penalty interest)	76	6 555	7 540
1.2.3.	Interest income from debit balances on overdraft accounts	77	111 922	45 038
1.2.4.	Received fees and commissions	78	1 328 373	1 222 350
1.2.5.	Other interest income	79	0	0
1.3.	Income from financial leasing	80	0	0
1.4.	Income from transactions with securities, of which	81	6 052 485	6 231 604
1.4.1.	Interest on investment securities with fixed income	82	0	0
1.4.2.	Interest from other fixed income securities	83	5 554 210	6 120 569
1.4.3.	Dividends from variable yield securities	84	34 401	50 931
1.4.4.	Dividends from other variable yield securities	85	0	0
1.4.5.	Income from fees and commissions	86	652	761
1.4.6.	Income from sale of securities	87	458 470	59 335
1.5.	Revenues from foreign exchange operations	88	21 867 412	13 816 795
1.5.1.	Interest from swap transactions	89	139 438	81 464
1.5.2.	Income from other derivative foreign exchange transactions	90	8 034 959	3 434 043
1.5.3.	Foreign exchange gains from foreign exchange transactions	91	13 533 629	9 866 643
1.5.4.	Income from fees and commissions	92	49 234	47 221
1.6.	Revenues from other transactions, of which	93	695 376	139 759
1.6.1.	Income from fees and commissions	94	115 671	136 513
1.7.	Income from issue of banknotes and coins	95	0	0
2.	Release of reserves and provisions	96	13 667 986	24 276 260
2.1.	Release of provisions, incl.	97	10 593 142	20 235 415
2.1.1.	Release of provisions to classified loans	98	9 531 567	18 047 561
2.1.2.	Release of provisions to securities	99	105 526	809 836
2.1.3.	Release of provisions to investment shareholdings and deposits	100	446 839	1 186 672
2.1.4.	Release of provisions to tangible fixed assets	101	11 054	50 297
2.1.5.	Release of provisions to intangible fixed assets	102	0	0
2.2.	Release of legal reserves, of which	103	35 700	905 117



Ident.	Description	Row	Accounting period	
			Current	Previous
a	b	c	1	2
x	<b>Revenues</b>	x	x	x
2.2.1.	Release of res for receivabl with the contractual maturity of more than 1 year	104	3 116	770 533
2.2.2.	Release of reserves for receivables from watch loans	105	27 602	80 138
2.2.4.	Release of reserve for granted guaranties	106	4 982	54 446
2.2.3.	Release of reserve for repairs of tangible fixed assets	107	0	0
2.3.	Release of other reserves	108	3 039 144	3 135 728
3.	Other operating income	109	243 470	324 819
3.1.	Income from written off receivables from banks	110	11	0
3.2.	Income from written off receivables from clients and other debtors	111	3 902	4 002
3.3.	Income from transfer of investments and deposits	112	71 462	16 143
3.4.	Income from transfer of other fixed assets	113	38 285	79 667
3.5.	Other operating income	114	129 810	225 007
4.	Extraordinary income	115	113 672	92 912
5.	Total income	116	50 592 523	52 727 489
	Control number	998	197 667 369	206 731 858



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board





## Notes to the Financial Statements

### 1. General information

Notes to the financial statements for the year ended 31 December 2002 were prepared in accordance with § 18 section 1 letter c) and section 3 of the Act No. 563/1991 on Accounting as amended and with the Decree of the Ministry of Finance SR No. 65/356/1996 as amended. According to § 19 of the Act on Accounting, the financial statements for the year ended 31 December 2002 were prepared on a going concern basis.

Data reported in the financial statements include VUB, a.s. and the branch VUB, a.s. Prague (‘the Bank’ or ‘VUB’). Data are presented in an aggregate form and have not been consolidated.

The financial statements for the year ended 31 December 2001 were approved at the General Meeting of Shareholders of VUB on 23 May 2002.

### 2. Name and legal seat of the accounting entity preparing the financial statements

Všeobecná úverová banka, a.s.  
Mlynské nivy 1  
Bratislava 829 90

The Bank was incorporated on 1 April 1992 based on the decision of the ČSFR government and the National property fund of the Slovak Republic.

### 3. Activities of the Bank according to the license granted by the National bank of Slovakia (‘NBS’)

- (a) taking deposits,
- (b) providing loans,
- (c) conducting clearing and payments,
- (d) investing into securities on own account,
- (e) trading/dealing on own or customer account:
  1. with financial instruments on money markets in Slovak crowns and foreign currencies, including foreign exchange activities,
  2. with financial instruments on capital markets in Slovak crowns and foreign currencies,
  3. with golden and silver coins, commemorative bank notes and coins, bank notes and collections of coins,

- (f) administrating custody of receivables and securities for customers and relating advisory services,
- (g) financial leasing,
- (h) providing guarantees, opening and confirming letters of credit,
- (i) issuing and administrating payment media,
- (j) providing business consulting services,
- (k) issuing securities, participating in securities issues and provision of related services,
- (l) financial administration,
- (m) depositing of securities and other values,
- (n) renting safes,
- (o) providing banking information,
- (p) providing mortgage loans according to § 67 sec.1 of the Banking Act,
- (q) functioning as depository according to special regulations,
- (r) processing of bank notes, coins and commemorative bank notes and coins.

#### **4. The Supervisory Board and the Management Board at 31 December 2002**

##### **Supervisory Board**

Chairman	Luigi Carnelli
Vice-Chairmen	Gianfranco Mandelli György Surányi
Members	Adriano Arietti Carlo Boffito Pavel Kárász Jan Mikušinec Massimo Pierdicchi Milan Sedláček

##### **Management Board**

Chairman	Tomas Spurny
Members	Jan Blaho Franco Brambilla Domenico Cristarella Mário Drosć Roman Klaban Bohuslav Šolta

## 5. Shareholders and share capital

The structure of shareholders at 31 December 2002 was as follows:

	<b>Value of shares SKK '000</b>	<b>Voting rights %</b>
IntesaBci Holding International S.A.	12,260,071	94.47
PENTA INVESTMENTS LIMITED	148,791	1.15
Domestic shareholders below 1 %	539,129	4.15
Foreign shareholders below 1 %	30,117	0.23
	<u>12,978,108</u>	<u>100.00</u>

The privatization process was completed on 21 November 2001 by transferring the shareholders' rights to IntesaBci Holding International S.A. The Bank became a member of IntesaBci Group.

The share capital of the Bank consists of 4,078,108 ordinary and publicly tradeable shares with a nominal value of SKK 1,000 each and of 89 ordinary and publicly non-tradeable shares with a nominal value of SKK 100,000,000 each. The share capital of the Bank is fully paid and registered as at 31 December 2002. During 2002 VUB did not issue any shares.

## 6. Subsidiaries, joint ventures and affiliates

At 31 December	Seat	Share capital 2002 SKK '000	Profit / (Loss) 2002 SKK '000	Profit / (Loss) 2001 SKK '000	Share- holders' equity 2002 SKK '000	Bank's share on capital 2002 SKK '000	Bank's voting rights 2002 %
<b>Subsidiaries</b>							
Realitná spoločnosť							
VÚB, s.r.o.	Bratislava	52,000	249	(60,897)	30,266	52,000	100.00
VÚB Asset Management, správ. a.s.							
	Bratislava	50,000	(5,268)	(11,791)	48,460	50,000	100.00
VÚB Leasingová, a.s.							
	Bratislava	50,000	(147,157)	(75,785)	11,438	50,000	100.00
Spoločnosť pre bankovú ochranu, a.s. Žilina							
	Žilina	40,000	524	2,651	38,163	40,000	100.00
Technický servis, a.s.							
	Bratislava	7,000	37	(245)	6,681	7,000	100.00
R.S., a.s. Tatranská Lomnica							
	Lomnica	1,000	9	(983)	36	1,000	100.00
VÚB Factoring, a.s.							
	Bratislava	238,912	(174,228)	(56,184)	63,836	232,640	97.37
Leasreal, a.s.							
	Bratislava	1,000	(95,882)	(1,034)	10,241	1,000	100.00
<b>Joint ventures</b>							
Stavebná sporiteľňa							
VÚB Wustenrot, a.s.	Bratislava	500,000	501,785	80,673	1,725,112	250,000	50.00
<b>Affiliates</b>							
BCPB, a.s.	Bratislava	113,850	8,889	3,989	144,852	23,000	20.20

## 7. Accounting principles

The Bank did not change any significant accounting principles in 2002 in comparison with the previous accounting period.

The provisioning method to the non-performing loans was adjusted in 2002. The provisions are provided to each loan individually. Starting from December 2002, the provisions were also provided to the accrued interest on these loans. The loans, including accrued interest, collateral and provisioning are evaluated and posted daily.

In the last quarter of 2002, the Bank adopted a new provisioning policy for the loan losses following a comprehensive review of the portfolio and created a basis for the effective classification of individual borrowers and a balanced and objective view of the likely recoverable value of collateral in the Slovak market. The objective is to ensure an appropriate level of specific provision for individual exposures. In addition to the revised policies and procedures relating to specific provisions, the Bank also calculates a general reserve safety margin (Refer to Note Loans below).

VUB followed the valuation of assets and liabilities in accordance with the Decree of the Ministry of Finance SR No. 65/355/1996, which sets out the chart of accounts and accounting principles for banks. Additionally to that, the Bank also followed paragraph IV of the Act No. 272/1996 Coll., which amends § 24 sec. 2 of the Act No. 563/1991 on Accounting.

### Cash and cash equivalents

Cash and cash equivalents include bank notes and coins in Slovak and foreign currency and other cash and cash equivalents – traveler's cheques, invalid coins, Slovak duty stamps. Foreign currency cash is converted at NBS exchange rate on a daily basis. The balance sheet presents the cash and cash equivalents denominated in SKK in Assets – cash and cash equivalents.

### Deposits in/from banks

Deposits in/from banks are reported as received or deposited non-term and term deposits with the NBS and other banks or VUB. The balance sheet presents them either in assets or liabilities. The Bank created the compulsory minimum reserves in compliance with the defined NBS regulations.

### Loans

Loans to customers and other banks are presented based on their outstanding principal, classified interest and fees less provisions provided for the potential losses. The provisions are created with respect to loan repayment, performance and financial conditions of a debtor and collateral received. Interest on the non-performing loans is accrued and the provisions are provided to such an amount.

General reserve, representing the legal and other reserves for losses from loans, is included in the item "Reserves" in the Bank's liabilities.

Specific provisions are based on the classification of a borrower into one of the five categories. A percentage of provision is allocated to each category based on the rules defined by the National Bank of Slovakia. Specific provisions take into account the payment discipline of the borrower, its financial standing and the realizable value of the collateral received.

The categories and percentages applied for specific provisions are as follows:

<b>Category</b>	<b>% for specific provisions</b>
Pass	0
Watch	0
Substandard	20
Doubtful	50
Loss	100

In addition to specific provisions, the Bank calculates a general reserve or safety margin. Due to the level of defaults and losses in the past and the difficulties experienced in the realization of collaterals coming from the current legal system in the Slovak Republic, the Bank calculates general reserve on the gross credit exposure based on the following criteria:

<b>Category</b>	<b>% for general reserve</b>
Pass	4.5
Watch	4.5
Substandard	80
Doubtful	80
Loss	80

Total provisions and reserves created and posted in the current accounting period less the released provisions to the loans are posted to the profit of the current year.

The Bank writes off receivables based on a valid decision to stop its recovery made by a court or Management Board of the Bank. The receivables still being recovered are recorded in the off-balance sheet.

A statutory body makes a decision to write off the receivable if it seems uncollectable and it can be proved that all steps had been taken to collect the receivable from a debtor or it is obvious the recovery expenses would exceed the value of the receivable.

### **Shares and variable income securities**

Trading shares and variable income securities are recorded at cost. If the market value is lower than the book value, the cost of securities is adjusted by a specific provision. If the securities market value cannot be reliably obtained from the liquid market, the Bank uses a professional judgement.

Investment shares and variable income securities are posted at cost less provisions provided for a potential loss in the securities value.

### **Fixed income securities**

The Bank records securities, government bonds, corporate bonds, bank bonds, T-bills and NBS bills as a fixed income. Bonds held in trading and investment portfolio are recorded at cost. Discount and premium on investment securities is amortized evenly throughout the profit and loss account during the period when securities are held by the Bank.

The Bank evaluates the coupon repayment and issuer's financial conditions regularly. If a value of debt securities decreases due to the issuer's insolvency to repay the coupon or principal or due to the change in market interest rates, the Bank creates the provisions or reserves amounting to the estimated loss.

In the case of absence of a liquid market, the market value of a fixed income security is calculated by discounting the future cash flows. The discount rate is calculated from interest rates available on the market as at the date of financial statements taking into account individual exposures resulting from the financial standing of the issuer.

Interest income, discount and premium of the fixed income securities, are accrued during the period until their maturity.

### **Repo transactions**

Repo transactions are used for managing treasury and trading positions of the Bank.

Repo transactions made according to the framework contracts on loan provision with a fiduciary transfer of securities from a debtor to a creditor, specified in a resolution of the National bank of Slovakia, are accounted for as a loan provided in compliance with the notification of the Ministry of Finance SR No. 72/2000. The related securities are recorded in the accounts of the Bank and in the attached balance sheet presented as receivables and payables from/to the NBS. The related receivables or payables are included in loans to banks or customers or amounts due to banks or customers.

The difference between the purchase and sales price of securities is accounted for as interest income or expense. Profit or loss generated from the sale of securities



under repo transactions is booked as an income or expense from securities purchased or sold.

As at 31 December 2002 VUB had the framework contract on loan provision with fiduciary transfers of securities signed with the National Bank of Slovakia only.

Repo transactions with other securities, without having signed the framework contract on loan provision with fiduciary transfer of securities, are posted as an independent purchase and subsequent sale of securities following the directive by the National bank of Slovakia.

### **Derivatives**

During the course of regular activities, the Bank enters into derivative transactions for trading and hedging purposes.

The contracting receivables and payables from currency derivatives, which we had not repaid at year end, were recorded at notional values. Derivatives in foreign currency were revaluated at the NBS rate as at 31 December 2002. The accrued profit or loss was posted to income or expense depending on the nature of a contract (trading gain or loss, foreign exchange rate gain or loss).

The Bank records proportional accruals of interest to be paid to the counterparty and of interest to be received from the counterparty on the following change of interest payments. Interest rate swaps are not revalued mark-to-market and are not reported in the financial statements in their fair values.

FRA derivatives are in the Financial Statements revalued to the FRA rates available on the market as at the date of financial statements. Revaluation stated above differs from the revaluation to its fair value and FRA derivatives are not reported in their fair value in the financial statements.

Underlying asset of interest rate derivatives in foreign currency is revaluated at the NBS rate.

### **Investment securities**

Investment securities include shares in companies with controlling influence, significant influence and ownership interest of the Bank in subsidiaries, associated and joint companies, other shares, ownership interests, and bonds. Investments are recorded at cost less provisions provided to the potential decrease of their value.

### Tangible fixed assets

Tangible fixed assets are recorded at cost net of accumulated depreciation.

Cost is increased by expansion, modernization and reconstruction expenses increasing the performance, capacity or service life of these assets. Operating, maintenance and repair expenses are posted to the profit and loss account.

The Bank applies a straight-line and accelerated method for the depreciation of the tangible fixed assets during a period of its life. Low value tangible fixed assets (up to SKK 20 thousand) are posted to assets and fully depreciated in the first month of its use.

VUB depreciates its tangible fixed assets for tax purposes in compliance with articles 28 to 33 of the Act No. 366/1999 on Income Taxes as amended. These depreciation rates are identical with the rates applied for the accounting purposes. There are immaterial differences generated between the accounting and tax depreciations for certain type of assets for which the Bank provided a deferred tax receivable.

Estimated life of assets is as follows:

	Years
Buildings	40
Transportation means and PCs	4
Furniture and office equipment	8
Cables and wiring	30
Air-conditioning	15

### Intangible fixed assets

Intangible fixed assets are recorded at cost net of accumulated amortization. Low value intangible fixed assets up to SKK 40 thousand are booked into assets and fully amortized in the first month of its use.

The Bank applies the same amortization method for accounting and tax purposes as stated in the Act No. 563/1991 Coll. on Accounting as amended and in article 26(8) of the Act No. 366/1999 Coll. on income taxes as amended. The amortization period is a maximum of 5 years.

Estimated life of assets is as follows:

	Years
Software	4
Other intangible assets	4

**Liabilities to banks and customers**

Liabilities to customers and banks include all current accounts, term deposits, savings accounts, certificates of deposit, issue of bonds and mortgage bonds. Interest on all deposits is accrued and charged to interest expense.

**Foreign currency transactions**

Foreign currency transactions are converted into the Slovak currency at the NBS rate valid for the date of an accounting transaction.

Assets and liabilities in foreign currency are converted daily at a valid NBS rate in compliance with provisions of the Act on Accounting, and in the financial statements at the NBS rate that is valid on the date in which the financial statements are prepared.

The gains and losses from the current transactions made in foreign currency and those from daily revaluation are posted to exchange rate losses or gains charged to or in benefit of the net profit. The open spot FX transactions are converted to the Slovak currency at a spot NBS rate valid on the date in which the financial statements are prepared. Open term-forward FX transactions are converted to the Slovak currency at spot NBS rate valid on the date the financial statements are prepared.

**Interest income, fees and commissions**

Interest income, fees and commissions are posted to the period they belong to, with respect to the time and content of the transaction. Interest accruing, in particular for loans and deposits, is done daily.

**Taxation**

The tax liability of the Bank is calculated from the accounting net profit in a current period prepared according to the Slovak accounting principles, in compliance with the valid tax law and after an adjustment for tax purposes.

The Bank posts the deferred tax in compliance with the accounting principles for banks following the Regulation No. 65/355/1996 of the Ministry of Finance SR. The deferred tax is calculated as the income tax rate that is valid in the following period, multiplied by the temporary difference between the tax and accounting depreciation.

### **Regulatory requirements**

The Bank follows the regulations of the National Bank of Slovakia. The regulatory areas cover capital adequacy, liquidity, large credit exposures and FX position. The NBS also limits the volume of loans provided to customers.

The most significant limits are as follows:

- I. capital adequacy must be at least 8 %,
- II. credit exposure per one customer cannot exceed 25 % of the Bank's capital,
- III. credit exposure to a Slovak bank or a bank with its residence in A zone countries cannot exceed 125 % of the capital,
- IV. credit exposure for a related party cannot exceed 20 % of the capital,
- V. total open FX position cannot exceed 25 % of the capital.

The capital of the Bank for the purposes stated above includes shareholder's equity (excluding the net profit of current year), subordinated debt and general reserve for risk assets.

### **Accounting for revenues and expenses**

The Bank charges expenses and revenues to a period to which they belong in respect of time and/or content aspect, i.e. regardless of their payment date.

In compliance with the prudent principle, the Bank charges realised revenues only, while all potential expected losses and probable losses are posted to expenses immediately after the Bank learns about them. The rule is not valid for specific transactions, for example unrealized FX differences reported in financial statements in the profit of the current year.

### **Health, social and pension insurance**

The Bank pays health, pension, sickness and unemployment insurance at a level of the legally set rates valid during the year applied on the base set by the law. Social security costs are accounted to a period when the respective salaries were posted. The Bank does not record for any insurance funds for the employees.

The Bank participates in the additional pension insurance program for the employees. The Bank has no outstanding liabilities to employees with respect to this program.

## 8. Assets and liabilities denominated in foreign currency

	EUR SKK '000	USD SKK '000	Other SKK '000	Total SKK '000
<b>Assets</b>				
Cash and cash values	631,297	215,781	555,555	1,402,633
Loans and advances to banks	1,241,122	827,211	3,600,468	5,668,801
Loans and advances to customers	3,996,055	3,600,809	107,659	7,704,523
Other assets	89,610	91,170	12,477	193,257
Securities	3,293,823	1,392,036	434,846	5,120,705
Foreign branch	48,041	423,221	3,902,116	4,373,378
Provisions	(199,154)	(167,826)	(70,014)	(436,994)
	9,100,794	6,382,402	8,543,107	24,026,303
<b>Liabilities</b>				
Deposits by banks	3,266,546	2,391,985	143,767	5,802,298
Customer accounts	13,730,039	8,536,294	2,047,336	24,313,669
Other liabilities and accruals	79,466	82,517	16,094	178,077
Reserves	78	704	-	782
Foreign branch	48,308	424,084	-	472,392
Share capital and capital funds	461	-	-	461
	17,124,898	11,435,584	2,207,197	30,767,679

## 9. Investment securities

### (a) Investments in subsidiaries and associates

	Seat	Investment	Receivables	Cost	Provisions	Net book value	Share %
			SKK '000	SKK '000	SKK '000	SKK '000	
<b>Subsidiaries</b>							
Realitná spoločnosť							
VÚB, s.r.o.	Bratislava	deposit	-	53,000	(22,729)	30,271	100.00
VÚB Asset							
Management, správ. a.s.							
	Bratislava	shares	-	50,000	(1,550)	48,450	100.00
VÚB							
Leasingová, a.s.	Bratislava	shares	180,369	234,000	(222,774)	11,226	100.00
Spoločnosť pre bankovú ochranu, a.s.							
	Žilina	shares	-	40,000	(1,837)	38,163	100.00
Technický servis, a.s.							
	Bratislava	shares	-	7,000	-	7,000	100.00
R.S., a.s.							
	Tatranská Lomnica	shares	-	1,000	(964)	36	100.00
Leasreal, a.s.	Bratislava	shares	14,610	110,000	(95,957)	14,043	100.00
VÚB							
Factoring, a.s.	Bratislava	shares	-	234,119	(172,958)	61,161	97.37
			194,979	729,119	(518,769)	210,350	-
<b>Associates</b>							
Stavebná sporiteľňa							
VÚB							
Wüstenrot, a.s.	Bratislava	shares	-	265,000	-	265,000	50.00
Burza cenných papierov, a.s.							
	Bratislava	shares	-	23,180	-	23,180	20.20
			-	288,180	-	288,180	-

	Seat	Invest- ment	Recei- vables	Cost	Provi- sions	Net book value	Share %
			SKK '000	SKK '000	SKK '000	SKK '000	
<b>Other domestic</b>							
Autorizačné centrum							
Slovenska, a.s.	Bratislava	shares	-	26,400	-	26,400	16.24
Bankové zúčtovacie centrum							
Slovenska, a.s.	Bratislava	shares	-	37,000	-	37,000	12.17
Credit Lyonnais Bank							
Slovakia, a.s.	Bratislava	shares	-	53,000	-	53,000	10.00
Finech, a.s.	Bratislava	shares	-	4,000	(4,000)	-	8.70
Intertour, a.s.	Bratislava	shares	-	17,000	(17,000)	-	12.88
			-	137,400	(21,000)	116,400	-
<b>Other foreign</b>							
Burza cenných papierov, a.s.							
	Prague	shares	-	29,487	(11,112)	18,375	5.76
S.W.I.F.T	Belgium	shares	-	2,915	-	2,915	0.05
			-	32,402	(11,112)	21,290	-
<b>Total</b>			<b>194,979</b>	<b>1,187,101</b>	<b>(550,881)</b>	<b>636,220</b>	<b>-</b>



**(b) Other investment securities**

	Cost SKK '000	Provisions SKK '000	Net book value SKK '000
Bonds	67,224,301	(96,149)	67,128,152
Shares	66,914	(66,914)	-
	67,291,215	(163,063)	67,128,152

**(a) issuers segmentation:**

Non-financial corporations	842,336	(71,217)	771,119
State administration	62,919,286	(28,100)	62,891,186
Financial corporations	3,529,593	(63,746)	3,465,847
	67,291,215	(163,063)	67,128,152

**(b) quoted at stock exchange:**

Fixed income securities	31,450,500	(73,767)	31,376,733
Of which: quoted at stock exchange	31,450,500	(73,767)	31,376,733
Variable income securities	35,840,715	(89,296)	35,751,419
Of which: quoted at stock exchange	35,840,715	(89,296)	35,751,419
	67,291,215	(163,063)	67,128,152

**10. Trading securities**

	Cost SKK '000	Provisions SKK '000	Net book value SKK '000
NBS bills	20,593,970	-	20,593,970
Bonds	9,352,908	(86,858)	9,266,050
State T-Bills	5,829,347	-	5,829,347
Shares	256,133	(256,133)	-
Trading participation certificates	63,740	(14,339)	49,401
	36,096,098	(357,330)	35,738,768

**(a) issuers segmentation:**

Financial corporations	20,902,310	(17,051)	20,885,259
State administration	13,903,888	(7,165)	13,896,723
Non-financial corporations	1,289,900	(333,114)	956,786
	36,096,098	(357,330)	35,738,768

**(b) quoted at stock exchange:**

Fixed income securities	35,309,159	(11,001)	35,298,158
Of which: quoted at stock exchange	35,309,159	(11,001)	35,298,158
Variable income securities	786,939	(346,329)	440,610
Of which: quoted at stock exchange	786,939	(346,329)	440,610
	36,096,098	(357,330)	35,738,768

## 11. Restructuring bonds

Following the resolution of the Government of the Slovak Republic, the Bank converted loan receivables to the state restructuring bonds on 31 January 2001. During 2002, the Bank exercised an option under the share purchase agreement between the Government of The Slovak Republic and IntesaBci in order to obtain an early redemption of SKK 9,100 million of 5-year state bonds originally maturing in March 2006 and bearing a fixed interest rate of 8 % per annum.

On 31 December 2002, the Group kept in its portfolio the following state restructuring bonds:

- (f) 5-year state bonds amounting to a nominal value of SKK 22,650 million due on 31 January 2006 bearing a fixed interest rate of 8 % per annum;
- (g) 7-year state bonds amounting to a nominal value of SKK 11,300 million due on 31 January 2008 bearing variable a interest rate of 6M BRIBOR;
- (h) 10-year state bonds amounting to a nominal value of SKK 11,045 million due on 31 January 2011 bearing a variable interest rate for 6M BRIBOR;
- (i) 7-year state bonds amounting to a nominal value of SKK 4,700 million due on 29 March 2008 bearing a variable interest rate of 6M BRIBOR;
- (j) 10-year state bonds amounting to a nominal value of SKK 7,497 million due on 29 March 2011 bearing a variable interest rate of 6M BRIBOR.

At 31 December 2002 the Bank reported the following restructuring bonds (excl. interests accrued):

	Cost SKK '000
Trading	5,402,164
Investment	52,047,237
	57,449,401

## 12. Receivables

### (a) Aging structure of receivables at 31 December 2002

	Due SKK '000	Overdue SKK '000	Total SKK '000	Provisions SKK '000	Net book value SKK '000
Loans and advances to banks	372,126	227,706	599,832	(171,655)	428,177
Loans and advances to customers	47,637,519	5,647,064	53,284,583	(7,088,879)	46,195,704
Other receivables	3,466,695	57,890	3,524,585	(400,920)	3,123,665
	51,476,340	5,932,660	57,409,000	(7,661,454)	49,747,546

### (b) Movements in provisions in 2002

	1. 1. 2002 SKK '000	Additions SKK '000	Use/ release SKK '000	FX gains/ (losses) SKK '000	31.12.2002 SKK '000
Classified loans from banks	179,328	31,136	(7,632)	(31,177)	171,655
Classified loans from customers	7,686,550	8,155,305	(8,761,285)	(15,853)	7,064,716
Municipalities, state and other funds	170,068	238,270	(384,175)	-	24,163
Other receivables	830,353	457,903	(876,629)	(10,707)	400,920
	8,866,299	8,882,614	(10,029,722)	(57,737)	7,661,454
Securities	991,222	645,121	(552,365)	(12,704)	1,071,274
Fixed assets	354	1,500	(11,054)	10,700	1,500
	9,857,875	9,529,235	(10,593,142)	(59,741)	8,734,228

### (c) Collateral received at 31 December 2002

	'SYU	SKK '000
Pledge on assets	168	2,554,515
Bank guarantees	915	774,546
Guarantees of the Slovak government	921	10,590,351
Guarantees of other entities	922	18,152
Other values	976	51 065 388
		65,002,952

\* Account number according to Slovak chart of accounts

**(d) Deferred tax assets**

Deferred tax assets at 31 December 2002 were SKK 1,903 thousand.

Temporary differences between tax and accounting depreciation/amortization arise mainly from:

- (a) selected software is amortized individually,
- (b) technical improvement of leased assets used since 1992 is depreciated for tax purposes over the life of leasing contracts, which is 14 years, however, over 12 years for accounting purposes,
- (c) certain group of devices (air conditioning) is depreciated for tax purposes over 12 years, for accounting purposes over 15 years,
- (d) certain groups of devices (routers, modems) are depreciated for accounting purposes individually, however, they are depreciated over 4 years for tax purposes.

**(e) Related parties**

At 31 December 2002 the Bank reported the following receivables from related parties:

	<b>SKK '000</b>
Loans	194,979
Other receivables	7,583
	<u>202,562</u>

The Bank also issued guarantees totaling SKK 700,000 thousand.

No loans were provided to members of the Supervisory Board or the Management Board as at 31 December 2002.

**(f) Various debtors**

	Nominal value SKK '000	Provisions SKK '000	Net book value SKK '000
Ceded receivables	849,025	(333,691)	515,334
Receivables arising from pledged assets	2,551,727	-	2,551,727
Operating receivables	47,716	(29,593)	18,123
Other receivables	38,234	(34,376)	3,858
	3,486,702	(397,660)	3,089,042

**13. Prepayments and accrued income****Deferred expenses**

This account includes prepayments, which relate to the following accounting period, e.g. interest paid in advance to customers or fees paid in advance to correspondent banks.

Deferred expenses of the Bank at 31 December 2002 were SKK 83,694 thousand.

**Accrued income**

This account covers amounts that were not cashed by the Bank at the year-end, which relate directly to revenues of the current accounting period and are not directly booked as receivables to legal entities or natural persons.

The account includes mainly interest income, commissions receivable and provided and uninvoiced services.

Accrued income of the Bank at 31 December 2002 was SKK 638,875 thousand.

**Estimated receivables**

The account includes items, the amounts of which can only be reasonably estimated and which directly relate to revenues of the current accounting period.

Estimated receivables of the Bank at 31 December 2002 were SKK 19,055 thousand.

## 14. Loans and advances to banks and customers

### (a) According to contractual maturity at 31 December 2002

	Slovak crowns SKK '000	Foreign currencies SKK '000	Total SKK '000
<b>Loans and advances to banks</b>			
Up to 1 year	20,389	136,122	156,511
1 year to 5 years	-	443,321	443,321
	20,389	579,443	599,832
<b>Loans and advances to customers</b>			
Up to 1 year	12,020,630	1,978,128	13,998,758
1 year to 5 years	23,368,006	2,760,576	26,128,582
Over 5 years	10,191,424	2,965,819	13,157,243
	45,580,060	7,704,523	53,284,583
	45,600,449	8,283,966	53,884,415

### (b) According to remaining maturity at 31 December 2002

	Slovak crowns SKK '000	Foreign currencies SKK '000	Total SKK '000
<b>Loans and advances to banks</b>			
1 year to 5 years	-	372,126	372,126
Unspecified*	20,389	207,317	227,706
	20,389	579,443	599,832
<b>Loans and advances to customers</b>			
Up to 3 months	5,276,477	1,283,727	6,560,204
3 months to 1 year	9,227,015	1,752,458	10,979,473
1 year to 5 years	13,774,526	3,069,922	16,844,448
Over 5 years	7,784,603	787,778	8,572,381
Unspecified*	9,517,437	810,638	10,328,075
	45,580,060	7,704,523	53,284,583
	45,600,449	8,283,966	53,884,415

\* includes mainly overdue loans

## 15. Loans from banks and customers

### (a) According to contractual maturity at 31 December 2002

	Slovak crowns SKK '000	Foreign currencies SKK '000	Total SKK '000
<b>Loans from banks</b>			
1 year to 5 years	12,715	630,951	643,666
Over 5 years	19,472	56,780	76,252
	32,187	687,731	719,918
<b>Loans from customers</b>			
Up to 1 year	1,642,400	-	1,642,400
	1,642,400	-	1,642,400
	1,674,587	687,731	2,362,318

### (b) According to remaining maturity at 31 December 2002

	Slovak crowns SKK '000	Foreign currencies SKK '000	Total SKK '000
<b>Loans from banks</b>			
Up to 3 months	820	50,769	51,589
3 months to 1 year	6,371	34,296	40,667
1 year to 5 years	20,322	602,666	622,988
Over 5 years	4,674	-	4,674
	32,187	687,731	719,918
<b>Loans from customers</b>			
Up to 3 months	707,400	-	707,400
3 months to 1 year	935,000	-	935,000
	1,642,400	-	1,642,400
	1,674,587	687,731	2,362,318



## 16. Syndicated loans

The Bank participates on three syndicated loans totaling SKK 10,451,492 thousand, of which the VUB share represents SKK 5,225,746 thousand. The risk of the Bank represents 50 %.

## 17. Write offs of receivables

Receivables can be written off based on the decision of the court or the statutory body in accordance with the Decree of the Ministry of Finance SR No. 65/355/1996 as amended, paragraph XIII, section 9, letter b). Receivables considered remotely recoverable are recorded in the off balance sheet of the Bank.

In 2002, the Bank wrote off receivables from customers totaling SKK 1,548,726 thousand and revenues from receivables written off reached SKK 3,902 thousand. Receivables from banks that were written off in 2002 represented SKK 2,238 thousand and revenues from receivables written off amounted to SKK 11 thousand.

## 18. Breakdown of accounts 241, 242, 243 and 249

	Non- standard 241 SKK '000	Doubtful 242 SKK '000	Loss 243 SKK '000	Total classified SKK '000
Slovak crowns	1,371,833	535,675	7,020,698	8,928,206
Foreign currencies	312,019	297,022	184,339	793,380
	1,683,852	832,697	7,205,037	9,721,586
Provisions (account 249)	(207,852)	(202,006)	(6,654,858)	(7,064,716)
	1,476,000	630,691	550,179	2,656,870

	Non- standard 241 SKK '000	Doubtful 242 SKK '000	Loss 243 SKK '000	Total classified SKK '000
<b>According to segments:</b>				
Slovak crowns				
Non-financial organizations:	1,310,622	492,186	6,057,890	7,860,698
Public (state, municipal)	-	1,313	253,417	254,730
Private	1,310,621	484,218	5,777,333	7,572,172
Foreign investors	1	6,655	27,140	33,796
Financial corporations	-	-	109,202	109,202
Insurance companies	-	-	10,846	10,846
State administration	-	1	-	1
Households	26,990	33,697	832,130	892,817
Private individuals	34,221	9,791	10,495	54,507
Other	-	-	135	135
Foreign currencies				
Non-financial organizations	312,019	297,022	143,986	753,027
Non-residents	-	-	40,353	40,353
	<u>1,683,852</u>	<u>832,697</u>	<u>7,205,037</u>	<u>9,721,586</u>
<b>According to contractual maturity:</b>				
Short-term	310,090	22,201	2,201,503	2,533 794
Mid-term	1,030,412	408,210	1,882,691	3,321 313
Long-term	343,350	402,286	3,120,843	3,866 479
	<u>1,683,852</u>	<u>832,697</u>	<u>7,205,037</u>	<u>9,721 586</u>

**19. Breakdown of account 712 - Revenues from transactions with customers**

	SKK '000
<b>Interest income from loans and advances to customers</b>	
Forfaiting	3,553
Other short-term loans	414,182
Mid-term loans	928,213
Long-term loans	675,366
Debit balances on current accounts	114,527
Special mention claims	1,289,556
Classified loans	766,588
	<u>4,191,985</u>
Commission and fee receivable	1,328,373
<b>Interest income on loans provided to state administration and government funds</b>	
State administration	69,141
Municipalities	22,534
Social security funds	29
	<u>91,704</u>
	<u>5,612,062</u>
<b>Interest income segmentation</b>	
Non-financial organizations	
Public (state, municipal)	1,064,167
Private	2,138,433
Foreign investors	10,483
	<u>3,213,083</u>
Financial corporations	47,106
Insurance companies	61
State administration	91,704
Non-profit organizations	52
Households	168,776
Private individuals	563,576
Non-residents	89,934
Unspecified	11
Branch Prague	109,386
	<u>4,283,689</u>

**20. Liabilities****(a) Aging of liabilities at 31 December 2002**

	Due SKK '000	Overdue SKK '000	Total SKK '000
Deposits by banks and customers	160,571,928	-	160,571,928
Other liabilities	308,065	5,643	313,708
	160,879,993	5,643	160,885,636

**(b) Deposits by banks and customers according to contractual maturity at 31 December 2002**

	Slovak crowns SKK '000	Foreign currencies SKK '000	Total SKK '000
<b>Deposits by banks</b>			
Up to 1 year	8,500,338	5,114,567	13,614,905
1 year to 5 years	600,000	-	600,000
	9,100,338	5,114,567	14,214,905
<b>Customer accounts and certificates of deposit</b>			
Up to 1 year	118,817,670	24,313,669	143,131,339
1 year to 5 years	3,213,566	-	3,213,566
Over 5 years	12,118	-	12,118
	122,043,354	24,313,669	146,357,023
	131,143,692	29,428,236	160,571,928

**(c) Deposits by banks and customers according to remaining maturity at 31 December 2002**

	Slovak crowns SKK '000	Foreign currencies SKK '000	Total SKK '000
<b>Deposits by banks</b>			
Up to 3 months	6,920,338	5,114,567	12,034,905
3 months to 1 year	2,180,000	-	2,180,000
	9,100,338	5,114,567	14,214,905
<b>Customer accounts and certificates of deposit</b>			
Up to 3 months	113,454,572	21,597,935	135,052,507
3 months to 1 year	7,412,077	2,707,553	10,119,630
1 year to 5 years	1,173,891	8,181	1,182,072
Over 5 years	2,814	-	2,814
	122,043,354	24,313,669	146,357,023
	131,143,692	29,428,236	160,571,928

**(d) Liabilities secured by pledge**

On 31 December 2002, the Bank did not report any balance in account 972 – Values given to pledge.

**(e) Deferred tax liabilities**

No deferred tax liability is reported at 31 December 2002.

**(f) Related parties**

On 31 December 2002, the Bank reported the following liabilities to related parties:

- statutory bodies totaling SKK 12,000 thousand;
- group companies: deposits of SKK 339,184 thousand, issuance of bonds of SKK 423,641 thousand and other liabilities of SKK 13,577 thousand;
- other individuals and legal entities totaling SKK 9,900 thousand.

**(g) Bank bonds and mortgage bonds ('MB') outstanding at 31 December 2002**

	Nominal value SKK '000	Interest rate %	Issued at %	Maturity
MB VÚB I	100,000	10.00	100	15 Jan 2004
MB VÚB II	100,000	10.00	100	15 Nov 2004
MB VÚB III	100,000	9.00	100	15 May 2005
MB VÚB IV	250,000	8.50	100	15 Aug 2005
MB VÚB V	250,000	7.80	100	15 Dec 2005
MB VÚB VI	750,000	7.30	100	10 Dec 2006
		Discount NBS		
Bond VÚB VII	340,900	+ 3.20	100	29 Jan 2004
Bond VÚB IX	1,000,000	9.10	100	4 July 2003
	2,890,900			

On 31 December 2002, the Bank kept unsold bonds VUB VII totaling SKK 159,100 thousand. Bond with the nominal value of SKK 100 thousand is due on 29 January 2004 and bears a variable interest of discount rate of the National bank of Slovakia plus 3.20 % per annum.

**(h) Various creditors**

	SKK '000
DDP Tatry Sympatia	1,335
Operating accounts payable	72,455
Other liabilities	6,028
	79,818

## 21. Deferred income and accrues expenses

### Accrued expenses

The account includes expenses that relate to the current accounting period and the payments will incur in the following accounting period. The main part consists of interest expense from deposits.

At 31 December 2002 the accrued expenses were SKK 743,037 thousand.

### Deferred income

The account includes cash received, which directly relates to the following accounting period. The most significant part consists of interest income received in advance.

At 31 December 2002 deferred income was SKK 73,028 thousand.

### Estimated payables

The account represents payables the value of which can only be estimated. The main part is undrawn vacations.

At 31 December 2002 estimated paybles were SKK 575,477 thousand.

## 22. Legal and other reserves

	1. 1. 2002 SKK '000	Additions SKK '000	Use/ release SKK '000	FX gains/ (losses) SKK '000	31.12. 2002 SKK '000
Legal reserves	576,069	169,376	(35,700)	(33)	709,712
Other reserves	6,189,820	2,844,191	(3,046,598)	(277)	5,987,136
	6,765,889	3,013,567	(3,082,298)	(310)	6,696,848

Specific provisions (see Note 12b) and general reserve reported in the part Other reserves created as at 31 December 2002 contain also reserves for loans and guarantees of the companies in the group to the total amount of SKK 723 million.

## 23. General administrative expenses

	SKK '000
Salaries and employees benefits	1,449,340
Social expenses	563,046
Other operating expenses	2,876,612
	4,888,998



## 24. Income of the statutory bodies

	2002 SKK '000	2001 SKK '000
The Board of Directors	59,968	20,649
The Supervisory Board	2,041	3,658
	62,009	24,307
Loans outstanding	-	1,404

Loans were provided under standard market conditions.

## 25. Extraordinary income and expenses

The Bank reported extraordinary expenses of SKK 205,408 thousand and extraordinary revenues of SKK 113,672 thousand on 31 December 2002. Both balances include a lot of small-value items that are not material and have no significant impact on the financial position of the Bank at year-end.

## 26. Off balance sheet items at 31 December 2002

### (a) Issued guarantees

	SKK '000
In favour of banks	114,013
In favour of customers	1,542,873
Classified in favour of customers	1,607,733
	3,264,619

### (b) Contingencies

	Slovak crowns SKK '000	Foreign currencies SKK '000	Total SKK '000
Issued guarantees	1,680,366	1,584,253	3,264,619
Undrawn credit facilities	5,636,363	1,982,161	7,618,524
	7,316,729	3,566,414	10,883,143

## 27. Values in custody

At 31 December 2002 the values in custody were SKK 4,154,398 thousand.

## 28. Social fund

	Created from expenses SKK '000	Created from profit SKK '000	Total SKK '000
At 1 January 2002	10,072	125	10,197
Creation in 2002	16,266	50,667	66,933
	26,338	50,792	77,130
Use in 2002:			
Food contribution	(15,539)	(3)	(15,542)
Regeneration	(4,708)	(27,307)	(32,015)
Pension scheme	(3,025)	-	(3,025)
Social assistance	(4)	(1,825)	(1,829)
Contribution to branch Prague	-	(750)	(750)
Other	(3,017)	(1,946)	(4,963)
	26,293	31,831	58,124
At 31 December 2002	45	18,961	19,006

The average number of employees in 2002 was 4,867 (2001: 5,509), of which the number of executives was 180 (2001: 177).

## 29. Profit distribution

### (a) 2001 profit distribution

General Assembly of Shareholders of the Bank approved on 23 May 2002 distribution of 2001 profit of SKK 1,428,900 thousand as follows:

	SKK '000
Contribution to social fund	50,000
Retained earnings	1,378,900
	1,428,900

On 5 December 2002, General Assembly of Shareholders approved retained earnings totalling SKK 1,378,900 thousand to be used for repayment of retained losses. Additionally to that, retained losses from previous years were also decreased by SKK 2,382,998 thousand used from other capital funds and by SKK 1,352,756 thousand from legal reserve fund.

### (b) Proposal for 2002 profit distribution

The Management Board will propose to the Supervisory Board and shareholders of the Bank the following 2002 profit distribution:

	SKK '000
Contribution to social fund	40,000
Legal reserve fund	168,599
Dividends	752,730
Retained earnings	724,656
	1,685,985

Bratislava, 31 January 2003



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board

## Consolidated Financial Statements under Slovak Accounting Standards

**Deloitte  
& Touche**

### Independent Auditor's Report

To the Shareholders and the Board of Directors of Všeobecná úverová banka, a. s.:

We have audited the accompanying consolidated financial statements of Všeobecná úverová banka, a.s. ("the Bank") and consolidated companies ("the Group") for the year ended 31 December 2002. The Bank's Management is responsible for these financial statements and for maintaining accounting records in accordance with the valid Act on Accounting. Our responsibility is to express an opinion on these financial statements based on our audit.


The consolidated financial statements of the Group for the year ended 31 December 2001, were audited by another auditor whose report dated 6th May 2002 expressed an unqualified opinion on those financial statements.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Všeobecná úverová banka, a. s. and consolidated companies as at 31 December 2002, and the results of their operations for the year then ended in accordance with the valid Act on Accounting in the Slovak republic (No. 563/1991, as amended).

Bratislava, 4 March 2003

*Deloitte & Touche*



Deloitte & Touche spol. s r.o.  
Licence No. SKAÚ 014



*Zuzana Letková*

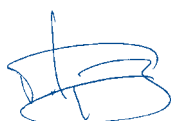
Ing. Zuzana Letková  
Responsible auditor  
Decree No. SKAÚ 865

## Consolidated Balance Sheet

of Všeobecná úverová banka, a. s., and Group companies as at 31 December 2002 (in SKK '000)

Line no.	Description	Balance sheet line Úč B 1-01	Current accounting period (net)	Previous accounting period (net)	
a	b	c	d	1	2
x	<b>Assets</b>				
1	Cash and accounts with banks of issue and post check accounts (lines 2 + 3), thereof:	1	14 707 827	8 878 240	
2	a) Cash in hand	2	3 464 944	5 066 302	
3	b) Accounts with banks of issue and post check accounts	7	11 242 883	3 811 938	
4	State treasury bills and other treasury bills accepted by National Bank of Slovakia for refinancing	12	26 423 317	13 399 554	
5	Receivables from other values	15	0	0	
6	Receivables from securities	19	0	0	
7	Loans and deposits of other banks (lines 8 + 9 + 10 ), thereof:	26	23 545 780	19 468 405	
8	a) Loans of other banks	27	428 177	1 087 086	
9	b) Deposits of other banks	30	23 047 259	17 915 295	
10	c) Fund transfers between banks	33	70 344	466 024	
11	Loans to customers, thereof:	34	49 489 764	44 140 514	
12	a) Standard loans	35	25 720 938	22 363 438	
13	b) Other receivables from customers	36	178 746	131 664	
14	c) Watch receivables	38	18 018 840	15 241 393	
15	d) Classified receivables	39	2 856 510	4 979 743	
16	e) Other restricted receivables	40	177 176	351	
17	f) Loans to Slovak Government agencies, municipalities, state and other funds of SR	41 to 44	670 588	814 449	
18	g) Classified loans to municipality authorities and other funds	45	76 759	1 038	
19	h) Savings accounts and other demand or time deposits	46, 47	861	67	
20	Bonds and other fixed-income securities	48	9 266 050	7 662 901	
21	Shares and other securities with floating income	56	49 401	944 136	
22	Call option contracts	57	0	0	
23	Own shares for trading	58	0	0	
24	Clearing accounts with subjects on stock market and customers	59	1 236	665	
25	Shares and participation with controlling interest	60	207 627	268 826	
26	Shares and participation with substantial interest	63	29 261	132 134	
27	Other shares and participation	66	144 769	156 087	
28	Other investment securities	69	67 622 729	76 106 276	
29	Goodwill		x		
30	Receivables from shareholders and partners	72	0	0	
31	Long-term financing provided to branches abroad	74	540 425	542 861	
32	Long-term special purpose loans	75	0	0	
33	Intangible fixed assets	76	721 848	511 999	
34	Total tangible fixed assets	83	6 309 078	6 693 378	
35	Thereof: a) Land and constructions	84, 85	5 053 817	5 202 967	
36	Other assets		8 198 580	5 655 819	
37					
38					
39					
40	Total assets	117	207 257 692	184 561 795	
x	Off-balance sheet accounts (lines 41 to 48)	121	241 387 169	92 243 396	
41	Receivables relating to guarantees to banks	122	1 212 368	456 595	
42	Receivables relating to guarantees to customers	126	13 261 092	7 482 575	
43	Receivables relating to spot transactions	131	1 144 384	91 210	
44	Receivables relating to forward transactions	135	162 910 120	32 131 179	
45	Receivables relating to option contracts	139	0	0	
46	Other receivables	143	0	0	
47	Values deposited or accepted into custody	147	124 159	395 439	
48	Memorandum accounts	152	62 735 046	51 686 398	
	Check total (lines 1 to 48)	x	x	988 297 564	630 692 136

Line no.	Description	Balance sheet line Úč B 1-01	Current accounting period (net)	Previous accounting period (net)	
a	b	c	d	1	2
49	Payable to banks (lines 50 + 51), thereof:	159	16 396 546	8 511 956	
50	a) Loans and deposits of banks of issue	160	1 482 386	3 331 590	
51	b) Loans and deposits of other banks	163	14 914 160	5 180 366	
52	Payable to customers, thereof:	167	149 369 982	142 645 755	
53	a) Savings accounts, loans accepted and other deposits	169	44 377 052	41 418 544	
54	b) Other payables to customers	173	66 250 677	65 794 119	
55	Deposit certificates and similar debt securities	178	744 700	1 095 561	
56	Liabilities relating to securities entrusted to the Bank	182	0	0	
57	Put option contracts	183	0	0	
58	Issue of bonds	184	2 682 845	2 253 164	
59	Liabilities relating to other values	187	2 554 515	3 539 484	
60	Liabilities relating to securities	192	4 947 300	984 306	
61	Subsidies and similar recourses	200	0	0	
62	Reserves (lines 63 + 64), thereof:	204	6 245 563	7 126 054	
63	a) Legal reserves	205	740 659	607 016	
64	b) Other reserves	210	5 504 904	6 519 038	
65	Negative goodwill		x	0	0
66	Other liabilities		5 760 904	2 072 509	
67	Total registered capital less shares of other partners	243 part	13 518 533	13 526 104	
68	Share premium and other capital funds less shares of other partners	249 part	407 811	2 790 809	
69	Gain/loss from translation of shares and participation denominated in foreign currencies less shares of other partners	252 part	4 930	0	
70	Reserve funds and funds created from profit less shares of other partners	253 part	1 708 055	3 041 349	
71	Gain/loss from revaluation of shares and participation less shares of other partners	256 part	461	475	
72	Profit/loss from previous years less shares of other partners	267 part	656 243	-6 905 289	
73	Profit/loss from current accounting period less shares of other partners	270 part	2 578 710	2 541 486	
74	Share in profit/loss in equivalence		x	-319 406	1 338 072
75	Shares of other partners (lines 76 + 77 + 78 + 79 + 80 + 81 + 82), thereof:		x	0	0
76	a) Total registered capital	243 part	x	0	0
77	b) Share premium and other capital funds	249 part	x	0	0
78	c) Gain/loss from translation of shares and participation denominated in foreign currencies	223 part	x	0	0
79	d) Reserve funds and funds created from profit	253 part	x	0	0
80	e) Gain/loss from revaluation of shares and participation	256 part	x	0	0
81	f) Profit/loss from previous years	267 part	x	0	0
82	g) Profit/loss from current accounting period	270 part	x	0	0
83					
84					
85					
86	Total liabilities	271	207 257 692	184 561 795	
x	Off-balance sheet accounts (lines 87 to 95)	275	241 387 169	92 228 396	
87	Liabilities relating to guarantees to banks	276	774 546	903 443	
88	Guarantees received from Government and other entities	279	10 608 503	11 885 118	
89	Liabilities relating to guarantees to customers	282	1 105 992	1 009 982	
90	Liabilities relating to spot transactions	285	1 261 433	91 165	
91	Liabilities relating to forward transactions	289	162 537 113	31 432 518	
92	Liabilities relating to option contracts	293	0	0	
93	Other liabilities	297	55 989 282	44 722 724	
94	Values deposited or accepted into custody	302	4 394 658	2 183 446	
95	Memorandum accounts	306	4 715 642	0	
	Check total (lines 49 to 95)	x	1 030 559 560	676 431 054	



Tomas Spurny  
Chairman of the Management Board




Domenico Cristarella  
Member of the Management Board

## Consolidated Profit and Loss Statement

of Všeobecná úverová banka, a. s., and Group companies as at 31 December 2002 (in SKK '000)

Line no.	Description	Profit and Loss Statement line Úč B 2-01	Current accounting period (net)	Previous accounting period (net)	
a	b	c	d	1	2
1	Interest income	72+75+76+77+79	6 545 279	6 641 250	
2	Interest expense	3+6+7+8+9	6 491 593	7 285 389	
3	Fee and commission income	73+78	1 768 251	1 557 594	
4	Fee and commission expense	4+10	241 122	204 470	
5	Finance lease income	80	0	0	
6	Finance lease expense	11	0	0	
7	General operating expenses less depreciation	27-(35+36)	4 085 153	3 884 400	
8	Depreciation of tangible and intangible fixed assets	35+36	991 532	977 727	
9	Creation of reserves and provisions	37	11 584 942	21 198 771	
10	a) Provisions created	38	9 148 110	15 217 793	
11	b) Legal reserves created	44	169 376	55 261	
12	c) Other reserves created	49	2 267 456	5 925 717	
13	Release of reserves and provisions	96	13 544 707	24 344 394	
14	a) Provisions distributed	97	10 454 644	20 260 464	
15	b) Legal reserves distributed	103	35 700	905 117	
16	c) Other reserves distributed	108	3 054 363	3 178 813	
17	Extraordinary income	115	341 155	94 774	
18	Negative goodwill		x	0	0
19	Extraordinary expenses	60	206 382	201 788	
20	Goodwill		x	109 194	19 490
21	Other income		28 901 575	21 564 688	
22	Other expenses		24 812 339	17 889 179	
23					
24					
25					
26	Share in profit/loss in equivalence		x	-319 406	1 338 072
27	Profit/loss for accounting period less shares of other partners		x	2 578 710	2 541 486
28	Profit/loss attributable to shares of other partners		x		0
	Check total (lines 1 to 28)			127 012 177	155 286 637



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board



## Notes to the Consolidated Financial Statements

### (1) Scope of business

Všeobecná úverová banka, a.s. ('the Bank'), is a joint stock company with its legal seat in Bratislava, Mlynské nivy 1. The Bank was established on 1 April 1992. The Bank has a general banking licence issued by the National bank of Slovakia on 23 March 1992.

Activities of the Bank are as follows:

- taking deposits,
- providing loans,
- conducting clearing and payments,
- investing into securities on own account,
- trading/dealing on own or customer account:
  1. with financial instruments on money markets in Slovak crowns and foreign currencies, including foreign exchange activities,
  2. with financial instruments on capital markets in Slovak crowns and foreign currencies,
  3. with golden and silver coins, commemorative bank notes and coins,
- administrating custody of receivables and securities for customers and relating advisory services,
- financial leasing,
- providing guarantees, opening and confirming letters of credit,
- issuing and administrating payment media,
- providing business consulting services,
- issuing securities, participating in securities issues and provision of relating services,
- financial administration,
- depositing of securities and other values,
- renting safes,
- providing banking information,
- providing mortgage loans according § 67 sec.1 of the Banking Act,
- functioning as depository according to special regulations,
- processing of bank notes, coins and commemorative bank notes and coins.

Members of the Bank's statutory bodies are at 31 December 2002 as follows:

### Supervisory Board

Chairman	Luigi Carnelli
Vice-Chairmen	Gianfranco Mandelli György Surányi
Members	Adriano Arietti Carlo Boffito Pavel Kárász Ján Mikušinec Massimo Pierdicchi Milan Sedláček

### Management Board

Chairman	Tomas Spurny
Members	Jan Blaho Franco Brambilla Domenico Cristarella Mário Drosc Roman Klaban Bohuslav Šolta

The structure of the Bank's shareholders is as follows:

	Value of shares SKK '000	Voting rights %
IntesaBci Holding International S.A.	12,260,071	94,4673 %
Penta Investments Limited	148,791	1,1464 %
Domestic shareholders below 1 %	539,129	4,1541 %
Foreign shareholders below 1 %	30,117	0,2320 %
Issued and fully paid share capital	12,978,108	100 %
Long-term payables of the foreign branch to head office	540,425	-
	13,518,533	-

The Bank is a parent company of the consolidated group ('the VUB Group') as follows:

<b>Company</b>	<b>Address</b>	<b>Activities</b>	<b>Audited by</b>
Realitná spoločnosť VÚB, s.r.o.	Záhradnícka 27, Bratislava	Real estate	SLOVAUDIT
Finech, a.s.*	Záhradnícka 27, Bratislava	Real estate	SLOVAUDIT
VÚB REAL, a.s.*	Záhradnícka 27, Bratislava	Consulting	SLOVAUDIT
Capital Servis, a.s.*	Záhradnícka 27, Bratislava	Consulting	SLOVAUDIT
VÚB Asset Management, správ. spol. a.s.	Mlynské nivy 1, Bratislava	Asset management	Deloitte & Touche
Spoločnosť pre bankovú ochranu, a.s.	Háľkova 3, Žilina	Security services	D.E.A.Consult
Technický servis, a.s.	Mlynské nivy č. 1 Bratislava	Real estate administration	S B A Consult
RS, a.s.	Stará Lesná 153, Tatranská Lomnica	Accommodation and catering	Ing. Marián Tropp
VÚB Leasingová, a.s.	Mlynské nivy 1, Bratislava	Leasing	Deloitte & Touche
Leasreal, a.s.	Záhradnícka 27, Bratislava	Leasing	Deloitte & Touche
VÚB Factoring, a.s.	Křížna 54, Bratislava	Factoring and forfaiting	Deloitte & Touche
Stavebná spoločnosť VÚB Wüstenrot, a.s.	Grosslingova 77, Bratislava	Construction savings	Deloitte & Touche
VÚB Wüstenrot Servis, s.r.o. **	Grosslingova 77, Bratislava	Housing projects	DE-CRED
Burza cenných papierov, a.s.	Vysoká 17, Bratislava	Securities brokerage	Deloitte & Touche

\* Consolidated in Realitná spoločnosť VUB, s.r.o.

\*\* Consolidated in Stavebna sporiteľňa VUB WÜSTENROT, a.s.

Main changes in the consolidated group during 2002 were as follows:

The Bank decreased the share capital of Realitná spoločnosť VUB, spol. s r.o. by SKK 178,000 thousand. Realitná spoločnosť repaid to the Bank SKK 148,000 thousand and the remaining SKK 30,000 thousand was used for the settlement of accumulated losses.

The Bank decreased the share capital of VUB Asset Management, správ. spol. a.s. by SKK 35,000 thousand as a result of the settlement of accumulated losses. Consequently, the Bank increased share capital by the same amount of SKK 35,000 thousand.

Leasreal, a.s. was consolidated for the first time in 2002.

VUB Factoring, a.s. and VUB Leasingová, a.s. were not consolidated in 2001 due to the intention of the VUB Group to liquidate them. In 2002 the VUB Group reassessed its intention and the companies were restructured. These companies are now being considered to be a strategic part of the Group. The following transactions were conducted during restructuring:

- The Bank decreased the share capital of VUB Factoring by settlement of accumulated losses of SKK 262,000 thousand. Share capital was consequently increased by SKK 199,000 thousand by transforming the existing loans provided by the Bank to the company's equity. As a result of these transactions, the Group's share in share capital of VUB Factoring increased from 84.28 % to 97.37 %.
- The Bank increased the share capital of VUB Leasingová by SKK 184,000 thousand by transforming the existing loans provided by the Bank to the company's equity.

The VUB Group sold in 2002 its share in Univerzálna banková poisťovňa, a.s.

## **(2) Basis of preparation and consolidation**

Consolidated financial statements of the VUB Group consist of the balance sheet as at 31 December 2002, the income statement and notes to the consolidated financial statements, and were prepared in accordance with the Act on Accounting and the accounting procedures applicable for banks in the Slovak Republic.

The consolidated financial statements were prepared by the Bank in compliance with the Slovak legislation applicable to consolidations. Consolidated financial statements were prepared under the going concern principle.

### **Consolidation principles**

The consolidated financial statements include the financial statements of Všeobecná úverová banka, a.s. and of other Group companies which were consolidated using the methods detailed below, taking into account the following principles:

#### **a) Consolidation method**

The non-banking subsidiaries of the Bank were consolidated using the equity method of consolidation despite the fact that the Bank holds greater than 50 % share of their share capitals, due to a different scope of their business pursuant to Chapter I, Section 4, Article 2, Clause 3, Letter a) of Appendix 1 to the Provision of the Ministry of Finance of SR No. 65/252/1994 as amended.

The method of proportional consolidation was used to consolidate Stavebná sporiteľňa VUB Wüstenrot, a.s., a joint venture.

The equity method of consolidation was also used for the companies, in which the Bank does not hold a controlling but a significant interest (one or more group companies hold at least a 20 % share in this company).

The method of book value was used for the consolidation of capital (Article 4, Chapter IV of Appendix 1 to the Provision of the Ministry of Finance of the SR no. 65/252/1994 as amended).

#### **b) Group balances and intercompany transactions**

All significant intercompany receivables and payables, revenues and expenses, and profits from operations were eliminated in the proportional method of consolidation. Profit from transactions between the Bank and the consolidated companies was eliminated at equity consolidation (refer to Profit for the year of the VUB Group).

#### **c) Differences in the initial consolidation**

Goodwill arises when the cost of acquisition is higher than the book value of identified assets and liabilities as at the transaction date.

Until 2001, the Group wrote off goodwill in the year subsequent to the initial consolidation. This principle was changed in 2002 and goodwill is fully written off at the initial consolidation. The management of the Group believes that this change ensures a more accurate view of the financial position and the results of the operations of the VUB Group presented in the consolidated financial statements.

The Group in 2002 wrote off goodwill as follows (SKK '000):

	<b>Goodwill</b>
VÚB Factoring, a.s.	6 261
Spoločnosť pre bankovú ochranu, a.s.	1 849
RS, a.s.	969
Technický servis, a.s.	356
Leasreal, a.s.	99 759
	109 194

#### **d) Harmonisation of the accounting principles**

The accounting principles and procedures used in the consolidated companies were harmonised in consolidation and correspond to the principles set by the Bank.

### **(3) Key Accounting policies**

The Group changed the following accounting principles in 2002 in comparison with the previous accounting period:

- The provisioning method to the non-performing loans was adjusted in 2002. The provisions are provided to each loan individually and were also provided to the accrued interest on these loans. The loans, including accrued interest, collateral and provisioning are evaluated and recorded daily.
- In 2002, the Group adopted a new provisioning policy for the loan losses following a comprehensive review of the portfolio and bases for the effective classification of individual borrowers and a balanced and objective view of the likely recoverable value of collateral in the Slovak market. The objective is to ensure an appropriate level of specific provision for individual exposures. In addition to the revised policies and procedures relating to specific provisions, the Group also calculates a general reserve safety margin (refer to Loans below).

Accounting policies applied by the Group in 2002 were as follows:

#### **a) Cash and cash equivalents**

Cash and cash equivalents include banknotes and coins in Slovak and foreign currency and other cash and cash equivalents – traveler's cheques, invalid coins, Slovak duty stamps. Foreign currency cash is converted daily at the NBS exchange rate. The balance sheet presents the cash and cash equivalents denominated in SKK in Assets – Cash and cash equivalents.

### b) Deposits in/from banks

Deposits in/from banks are reported as received or deposited non-term and term deposits with the NBS and other banks or VUB. The balance sheet presents them either in assets or liabilities. The Group created the compulsory minimum reserves in compliance with the defined NBS regulations.

### c) Loans

Loans to customers and other banks are presented based on their outstanding principal, classified interest and fees less provisions provided for potential losses. The provisions are created with respect to loan repayment, performance and financial conditions of a debtor and collateral received. Interest on the non-performing loans is accrued and the provisions are provided to such an amount.

General reserve, representing the legal and other reserves for losses from loans, is included in the item "Reserves" in the Group's liabilities.

Specific provisions are based on the classification of a borrower into one of the five categories.

A percentage of provision is allocated to each category based on the rules defined by the National bank of Slovakia. Specific provisions take into account the payment discipline of the borrower, its financial standing and the realisable value of the collateral received.

The categories and percentages applied for specific provisions are as follows:

Category	% of specific provisions
Pass	0
Watch	0
Substandard	20
Doubtful	50
Loss	100

In addition to specific provisions, the Group calculates the general reserve or safety margin. Due to the level of past defaults and losses and the difficulties experienced in the realisation of collaterals resulting from the current legal system in The Slovak Republic, the Group calculates general reserve on the gross credit exposure based on the following criteria:

Category	% of reserves
Pass	4.5
Watch	4.5
Substandard	80
Doubtful	80
Loss	80



Total provisions and reserves created and posted in the current accounting period, less the released provisions to the loans, are posted to the profit of the current year.

The Group writes off receivables based on a valid decision to stop its recovery made by a court or Management Board of the Group. The receivables still being recovered are recorded in the off balance sheet.

A statutory body makes a decision to write off the receivable if it is deemed uncollectable and it can be proved that all steps were taken to collect the receivable from a debtor or it is obvious the recovery expenses would exceed the value of the receivable.

#### **d) Trading shares and variable income securities**

Trading shares and variable income securities are recorded at cost. If the market value is lower than the book value, the cost of securities is adjusted by specific provision. If the securities market value cannot be reliably obtained from the liquid market, the Group uses a professional judgement.

Unconsolidated investment shares and variable income securities are recorded at cost less provisions provided for a potential loss in the securities value.

#### **e) Fixed income securities**

The Group records securities government bonds, corporate bonds, bank bonds, T-bills and NBS bills as a fixed income. Bonds held in trading and investment portfolio are recorded at cost. Discount and premium on investment securities is amortised evenly through the profit and loss account during the period when securities are held by the Group.

The Group evaluates the coupon repayment and issuer's financial conditions regularly. If the value of debt securities decreases due to the issuer's insolvency to repay the coupon or principal or due to the change in market interest rates, the Group creates provisions or reserves amounting to the estimated loss.

In case of absence of a liquid market, the market value of a fixed income security is calculated by discounting the future cash flows. The discount rate is calculated from interest rates available in the market as at the date of consolidated financial statements, taking into account the individual risk resulting from the financial standing of the issuer.

Interest income, discount and premium, of the fixed income securities are accrued during the period until their maturity.

#### **f) Repo transactions**

Repo transactions are used for managing treasury and trading positions of the Group.

Repo transactions made according to the framework contracts on loan provision with fiduciary transfer of securities from a debtor to a creditor, specified in a resolution of the National bank of Slovakia, are accounted for as a provided loan in compliance with the notification of the Ministry of Finance SR No. 72/2000. The related securities are recorded in the accounts of the Group and in the attached balance sheet presented as receivables and payables from/to the NBS. The related receivables or payables are included in loans to banks or customers or amounts due to banks or customers.

Profit or loss generated from repo transactions is booked as an interest income or expense.

As at 31 December 2002, VUB had the framework contract on loan provision with fiduciary transfers of securities signed with the National Bank of Slovakia only.

Repo transactions with other securities, without having signed the framework contract on loan provision with fiduciary transfer of securities, are posted as an independent purchase and subsequent sale of securities following the directive of the National bank of Slovakia.

#### **g) Derivatives**

During the course of regular activities, the Group enters into derivative transactions for trading and hedging purposes.

The contracting receivables and payables from currency derivatives that were not repaid at year-end were recorded at notional values. Derivatives in foreign currency were revalued at the NBS rate as at 31 December 2002. The accrued profit or loss was posted to income or expense depending on the nature of the contract (foreign exchange rate gain or loss).

The Group records proportional accruals of interest to be paid to the counterparty and of interest to be received from the counterparty on the following change of interest payments. Interest rate swaps are not revalued mark-to-market and are not reported in the consolidated financial statements at their fair values.

FRA derivatives are revalued to the FRA rates available in the market as at the date of consolidated financial statements in the consolidated financial statements. Revaluation stated above differs from the revaluation to its fair value and FRA derivatives are not reported at their fair value in the consolidated financial statements.

Underlying asset of interest rate derivatives in foreign currency is revaluated at NBS rate.

**h) Investment securities**

Investment securities include shares in companies with controlling influence, significant influence and ownership interest of the Group in subsidiaries, associated and joint companies, other shares and ownership interests and bonds.

Investments of the Group to daughter companies and associates are consolidated by using the methods specified in caption 2.

Investments are recorded at cost reduced by provisions provided to the potential decrease of their value.

**i) Tangible fixed assets**

Tangible fixed assets recorded at cost, net of accumulated depreciation.

Cost is increased by expansion, modernization and reconstruction expenses, which increase the performance, capacity or service life of these assets. Operating, maintenance and repair expenses are posted to the profit and loss account.

The Group applies a straight-line and accelerated method for the depreciation of the tangible fixed assets during a period of its life. Low-value tangible fixed assets of up to SKK 20 thousand are posted to assets and fully depreciated in the first month of its use.

VUB depreciates its tangible fixed assets for tax purposes in compliance with articles 28 to 33 of the Act No. 366/1999 on income taxes as amended. These depreciation rates are identical with the rates applied for the accounting purposes. There are immaterial differences generated between the accounting and tax depreciation for certain types of assets for which the Group created a deferred tax receivable.

Estimated life of assets is as follows:

	Years
Buildings	40
Transportation means and PCs	4
Furniture and office equipment	8
Cables and wiring	30
Air-conditioning	15

**j) Intangible fixed assets**

Intangible fixed assets are recorded at cost net of accumulated amortisation. Low value intangible fixed assets of up to SKK 40 thousand are fully amortised in the first month of its use.

The Group applies the same amortisation method for accounting and tax purposes as stated in the Act No. 563/1991 Coll. on Accounting as amended and in article 26(8) of the Act No. 366/1999 Coll. on Income Taxes as amended. The amortisation period is of maximum of 5 years.

Estimated life of assets is as follows:

	Years
Software	4
Other intangible assets	4

**k) Liabilities to customers and banks**

Liabilities to customers and banks include all current accounts, term deposits, savings accounts, certificates of deposit, issue of bonds and mortgage bonds. Interest on all deposits is accrued and charged to interest expense.

**l) Foreign currency transactions**

Foreign currency transactions are converted into Slovak currency at NBS rate valid for the date of an accounting transaction.

Assets and liabilities in foreign currency are converted at a valid NBS daily rate in compliance with provisions of the Act on accounting and in the consolidated financial statements, at NBS rate valid on the date of the consolidated financial statements.

The gains and losses from the current transactions made in foreign currency and those from daily revaluation are posted to exchange rate losses or gains that are part of net profit. The open spot FX transactions are converted to Slovak currency at a spot NBS rate valid on the date of the consolidated financial statements. Open term-forward FX transactions are converted to Slovak currency at spot NBS rate valid on the date of the consolidated financial statements.

**m) Interest income, fees and commissions**

Interest income, fees and commissions are posted to the period they belong to, with respect to the time and content of the transaction. Interest accruing, in particular for loans and deposits, is done daily.

**n) Taxation**

The tax liability of the Bank and consolidated companies is calculated from the accounting net profit in a current period prepared according to the Slovak accounting principles in compliance with the valid tax law and after an adjustment for tax purposes.

The Group posts the deferred tax in compliance with the applicable accounting principles. The deferred tax is calculated as the income tax rate valid in the following period multiplied by the temporary difference between the tax and accounting depreciation.

**o) Regulatory requirements**

The Bank and VUB Wustenrot follow the regulations of the National Bank of Slovakia. The regulatory areas cover the capital adequacy, liquidity, credit exposures and FX position. The NBS also limits the volume of loans provided to customers.

The most significant limits are as follows:

- I. capital adequacy must be at least 8 %,
- II. credit exposure to one customer cannot exceed 25 % of the capital,
- II. credit exposure to a Slovak bank or a bank with its residence in A zone country cannot exceed 125 % of the capital,
- IV. credit exposure to a related party cannot exceed 20 % of the capital,
- V. total open FX position cannot exceed 25 % of the capital.

Capital for the purposes stated above includes shareholder's equity (excluding the net profit of the current year), subordinated debt and general reserve for risk assets.

VUB Asset Management, správ. spol. a.s., is regulated by the Act no. 385/95 on collective investing.

**p) Accounting for revenues and expenses**

The Group charges expenses and revenues to a period to which they belong in respect of time and/or content aspect, i.e. regardless of the their payment date.

In compliance with the prudent principle, the Group charges realised revenues only, while all potential expected losses and probable losses are posted to expenses immediately after the Group learns about them. The rule is not valid for specific transactions, for example all unrealized FX differences reported in consolidated financial statements in the profit of current year.

**q) Health, pension, sickness and unemployment insurance**

The Group pays health, pension, sickness and unemployment insurance at a level of the legally set rates valid during the year applied on the base set by the law. Social security costs are accounted for to a period when the respective salaries were recorded. The Group does not record for any insurance funds for the employees.

#### (4) Additional information to the consolidated balance sheet and consolidated income statement

##### Trading securities

The VUB Group owned at 31 December 2002 the following trading securities (SKK '000):

	VUB	VUB Wüstenrot	VUB Group total
Treasury bills	5,829,347	-	5,829,347
NBS bills	20,593,970	-	20,593,970
Bonds	9,352,908	-	9,352,908
Shares	256,133	-	256,133
Mutual share certificates	63,740	-	63,740
Provisions	(357,330)	-	(357,330)
	35,738,768	-	35,738,768

##### Loans and advances to banks

Loans and advances to banks are as follows (SKK '000):

	VUB	VUB Wüstenrot	VUB Group total
Loans not overdue	23,039,729	450,000	23,489,729
Overdue loans	227,706	-	227,706
Gross exposures total	23,267,435	450,000	23,717,435
Provisions	(171 655)	-	(171 655)
	23,095,780	450,000	23,545,780

##### Loans to customers

Loans to customers are as follows (SKK '000):

	VUB	VUB Wüstenrot	VUB Group total
Loans not overdue	47,793,815	3,029,096	50,822,911
Overdue loans	5,647,064	165,314	5,812,378
Gross exposures total	53,440,879	3,194,410	56,635,289
Provisions	(7,088,879)	(56,646)	(7,145,525)
	46,352,000	3,137,764	49,489,764

Loans to customers are secured by the following collaterals (SKK '000):

	VUB	VUB Wüstenrot	VUB Group total
Guarantees received from banks	774,545	-	774,545
Guarantees received from state	10,590,351	-	10,590,351
Fiduciary transfer of ownership rights	2,554,515	-	2,554,515
Other collaterals	51,083,540	4,922,600	56,006,140
	65,002,951	4,922,600	69,925,551

Other collaterals include pledge on real estate, blocked deposits and other guarantees.

## Shares and ownership interests in consolidated companies

The VUB Group reported on 31 December 2002 the following investments in consolidated companies (SKK '000):

Company	Ownership	Consolidation method	Cost	Adjustments	Net book value
<b>Subsidiaries</b>					
Realitná spoločnosť VÚB, s.r.o.	100 %	Equity	53,000	(22,733)	30,267
VÚB Asset Management, správ.spol. a.s.	100 %	Equity	50,000	(1,540)	48,460
Spoločnosť pre bankovú ochranu, a.s.	100 %	Equity	40,000	(1,837)	38,163
Technický servis, a.s.	100 %	Equity	7,000	(320)	6,680
RS, a.s.	100 %	Equity	1,000	(964)	36
VÚB Leasingová, a.s.	100 %	Equity	234,000	(22,562)	11,438
Leasreal, a.s.	100 %	Equity	110,000	(99,759)	10,241
VÚB Factoring, a.s.	97.37 %	Equity	234,119	(171,962)	62,157
VÚB Wüstenrot Servis, spol. s r.o.	50 %	Equity	105	80	185
			729,224	(521,597)	207,627
<b>Associates</b>					
Burza cenných papierov, a.s.	20.20 %	Equity	23,180	6,081	29,261
			23,180	6,081	29,261

Basic information on subsidiaries and associates on 31 December 2002 (SKK '000):

Company	Ownership	Share capital	Income/(loss) for the year	Share-holders' equity total	Shareholders' equity of the Group
<b>Subsidiaries</b>					
Realitná spoločnosť VÚB, s.r.o.	100 %	52,000	249	30,267	30,267
VÚB Asset Management, správ. spol. a.s.	100 %	50,000	(5,268)	48,460	48,460
Spoločnosť pre bankovú ochranu, a.s.	100 %	40,000	524	38,163	38,163
Technický servis, a.s.	100 %	7,000	37	6,680	6,680
RS, a.s.	100 %	1,000	9	36	36
VÚB Leasingová, a.s.	100 %	50,000	(147,157)	11,438	11,438
Leasreal, a.s.	100 %	1,000	(95,882)	10,241	10,241
VÚB Factoring, a.s.	97.37 %	238,912	(174,228)	63,836	62,157
VÚB Wüstenrot Servis, spol. s r.o.	50 %	200	100	370	185
		440,112	(421,616)	209,491	207,627
<b>Associates</b>					
Burza cenných papierov, a.s.	20.20 %	113,850	8,889	144,852	29,261
		113,850	8,889	144,852	29,261



## Other investment securities

The VUB Group owned on 31 December 2002 (SKK '000):

	VUB Group VUB	VUB Wüstenrot	Total
State bonds	62,919,286	465,533	63,384,819
Other bonds	4,305,015	33,592	4,338,607
Unconsolidated companies	66,914	-	66,914
Other investment securities total	67,291,215	499,125	67,790,340
Provisions	(163,064)	(4,547)	(167,611)
	67,128,151	494,578	67,622,729

The Bank acquired a significant part of state bonds through the restructurisation of its loan portfolio. Following the resolution of the Government of the Slovak Republic, on 31 January 2001 the Bank converted loan receivables to the state restructuring bonds. During 2002, the Bank exercised an option under the Share purchase agreement between the Government of the Slovak Republic and IntesaBci to obtain an early redemption of SKK 9,100 million of 5-year state bonds originally maturing in March 2006 and bearing a fixed interest rate of 8 % per annum.

On 31 December 2002, the Group kept in its portfolio the following state restructuring bonds:

- 5-year state bonds amounting to a nominal value of SKK 22,650 million due on 31 January 2006 bearing a fixed interest rate of 8 % per annum;
- 7-year state bonds amounting to a nominal value of SKK 11,300 million due on 31 January 2008 bearing a variable interest rate of 6M BRIBOR;
- 10-year state bonds amounting to a nominal value of SKK 11,045 million due on 31 January 2011 bearing a variable interest rate of 6M BRIBOR;
- 7-year state bonds amounting to a nominal value of SKK 4,700 million due on 29 March 2011 bearing a variable interest rate of 6M BRIBOR.
- 10-year state bonds amounting to a nominal value of SKK 7,497 million due on 29 March 2011 bearing a variable interest rate of 6M BRIBOR.

On 31 December 2002, the Group reported the following restructuring bonds (excl. accrued interest, in SKK '000):

	Cost
Trading	5,402,164
Investment	52,047,237
	57,449,401

### Other receivables from third parties

Other receivables from third parties, reported in other assets, consisted of (SKK '000):

	VUB Group		Total
	VUB	VUB Wüstenrot	
Other receivables not overdue	3,466,695	173,402	3,640,097
Overdue receivables	57,890	-	57,890
Other receivables total	3,524,585	173,402	3,697,987
Provisions	(400,920)	-	(400,920)
	3,123,665	173,402	3,297,067

### Liabilities to banks, customers and other third parties

The VUB Group had no significant overdue liabilities to banks, customers and other third parties at 31 December 2002. None of these liabilities were secured by pledged assets of the VUB Group.

### Shareholders' equity

Movements in 2002 were as follows (SKK '000):

	Share capital	Capital funds	FX differences	Funds created from profit	Revaluation difference
1 January 2002	13,526,104	2,790,809	-	3,041,349	475
Profit distribution	-	-	-	49,999	-
Use of funds for settlement of accumulated losses	(2,382,998)	-	-	(1,352,756)	-
Dividends	-	-	-	(4)	-
Social fund movements	-	-	-	(30,533)	-
Other	(7,571)	-	4,930	-	(14)
Profit for the year	-	-	-	-	-
31 December 2002	13,518,533	407,811	4,930	1,708,055	461

	Retained earnings/(losses)	Profit/(loss) from equity consolidation	Profit/(loss) for the year	Total
1 January 2002	(6,905,289)	1,338,072	2,541,486	16,333,006
Profit distribution	3,829,559	(1,338,072)	(2,541,486)	-
Use of funds for settlement of accumulated losses	3,735,754	-	-	-
Dividends	(600)	-	-	(604)
Social fund movements	(1,883)	-	-	(32,416)
Other	(1,298)	-	-	(3,953)
Profit for the year	-	(319,406)	2,578,710	2,259,304
31 December 2002	656,243	(319,406)	2,578,710	18,555,337

### Retained earnings/(losses)

Contribution of the consolidated companies to retained earnings/(losses) at 31 December 2002 were as follows:

Company	SKK '000
VÚB, a.s.	298,423
VÚB Wüstenrot, a.s.	298,287
Realitná spoločnosť VÚB, s.r.o.	-
VÚB Asset management, sprav.spol.	(804)
VÚB Factoring, a.s.	-
VÚB Leasingova, a.s.	-
UBP, a.s.	52,059
BCPB, a.s.	5,074
SBO, a.s.	1,849
TS, a.s.	356
RS, a.s.	969
VÚB Wüstenrot Servis, spol. s r.o.	30
Retained earnings/(losses)	656,243

### Profit for the year of the VUB Group

Companies within Group contributed to the Profit for the year as follows:

	SKK '000
VÚB, a.s.	1,655,985
VÚB, a.s. – Movements in provisions*	55,811
VÚB, a.s. – Elimination of loss from transactions in the Group**	735,295
VÚB, a.s. – Write off of goodwill	(109,194)
VÚB, a.s. – Other	(10,080)
VÚB Wüstenrot, a.s.	250,893
Profit for the year	2,578,710
Realitná spoločnosť VÚB, s.r.o.	249
VÚB Asset management, sprav.spol.	(5,268)
VÚB Factoring, a.s.	(169,646)
VÚB Leasingova, a.s.	(147,157)
BCPB, a.s.	1,796
SBO, a.s.	524
Technický servis, a.s.	37
RS, a.s.	9
VÚB Wüstenrot Servis, spol. s r.o.	50
Loss from equity consolidation	(319,406)
Profit for the year of the Group	2,259,304

\* The item represents elimination of change in provisions to consolidated companies in 2002 in books of VUB.

\*\* Profit from elimination of transactions between VUB and consolidated companies.

In preceding years, VUB Wustenrot, in which the Group holds a 50 % shareholding, created a technical reserve for housing loans, the Group's share in which amounted to SKK 226 million as at 31 December 2001. Management established this reserve to cover the potential cost to the Group in the event that it was required to obtain financing from the capital markets at interest rates above those at which it was obliged to lend to its customers in accordance with existing constructions savings and loans agreements.

The reserve was created at a time at which the management of VUB Wustenrot foresaw an insufficient level of customer savings–deposits to fund–loans to customers. The calculation of the reserve was previously based on the criteria used at similar institutions offering constructions savings accounts in Germany and Austria, that is in the amount of about 5 % of gross client deposits.

During 2002, the management of VUB Wustenrot re-assessed the need for such reserve in the light of changing economic developments, interest rate reductions, revisions to legislation and the expected borrowing patterns of its customers. Management took these factors into account when reviewing its medium term plans. It is now expected that a sufficient level of customer savings will be available to meet the funding requirements of qualified loan applications from the Group's customers. As a result, the management of VUB Wustenrot released the reserve in its full amount of SKK 226 million.

#### Average number of employees

	<b>Average</b>
Všeobecná úverová banka, a.s.	4,867
Realitná spoločnosť VÚB, s.r.o.	10
VÚB Asset Management, správ. spol. a.s.	13
Spoločnosť pre bankovú ochranu, a.s.	444
Technický servis, a.s.	77
RS, a.s.	23
VÚB Leasingová, a.s.	11
VÚB Factoring, a.s.	12
Stavebná spoločnosť VÚB Wüstenrot, a.s.	240
Leasreal, a.s.	3
Burza cenných papierov, a.s.	40

### Balances and transactions with Related parties

The Bank reported at 31 December 2002 the following receivables from Group companies (SKK '000):

Loans	194,979
Other receivables	7,583
	<u>202,562</u>

The Bank also reported guarantees of SKK 700,000 thousand issued for Group companies.

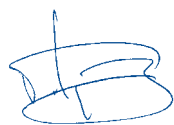
On 31 December 2002, the VUB Group had the following liabilities to:

- statutory and supervisory bodies of SKK 12,000 thousand,
- consolidated companies from received deposits of SKK 318,520 thousand and other liabilities of SKK 13,577 thousand,
- other related parties of SKK 9,900 thousand.

The above shown balances were not eliminated because they relate to companies, which were consolidated by the equity method.

On 31 December 2002, the VUB Group had no outstanding loans provided to members of the Board of Directors and the Supervisory Board. The total amount of compensation paid in 2002 to members of the Board of Directors and the Supervisory Board was SKK 69,415 thousand.

Bratislava, 4 March 2003



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board

## Profit Distribution

### (a) 2001 profit distribution

The General Assembly of Shareholders of the Bank approved on 23 May 2002 the distribution of the 2001 profit of SKK 1,428,900 thousand as follows:

	SKK '000
Contribution to social fund	50,000
Retained earnings	1,378,900
	1,428,900

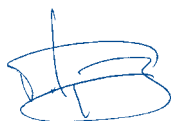
On 5 December 2002, the General Assembly of Shareholders approved retained earnings totalling SKK 1,378,900 thousand to be used for repayment of retained losses. Additionally to that, retained losses from previous years were also decreased by SKK 2,382,998 thousand used from other capital funds and by SKK 1,352,756 thousand from the legal reserve fund.

### (b) Proposal for 2002 profit distribution

The Board of Directors will propose to the Supervisory Board and shareholders of the Bank the following 2002 profit distribution:

	SKK '000
Contribution to social fund	40,000
Legal reserve fund	168,599
Dividends	752,730
Retained earnings	724,656
	1,685,985

Bratislava, 31 January 2003



Tomas Spurny  
Chairman of the Management Board



Domenico Cristarella  
Member of the Management Board

## Management Board Review on Economic and Financial Situation

### (based on unconsolidated SAS numbers)

In 2002, VUB was undergoing a thorough restructuring of all aspects of its activities. This process was aimed at strengthening the Bank and transforming it into the best universal bank in Slovakia. The financial plan for 2002 fully reflected this situation, expecting growth of operating profit of 7.3 % compared to 2001 situation.

Actual results exceeded these expectations as the planned operating profit was exceeded by 18 %; it means more than 26 % growth year-to-year. This growth was driven mainly by the revenue side that surpassed the 2001 result by nearly 15 %. Contrary to revenues, we were not fully satisfied with our costs dynamics even though costs grew by SKK 130 million less than was expected in the plan.

VUB's management decided to use this favorable development to fully cover the bank's credit risk resulting from the pre-privatization period. SKK 790 million of additional provisions was created, bringing the coverage of gross non-performing credit book value above 80 %. Despite this prudent increase of provisions, the bank posted a SKK 210 million higher net profit compared to 2001.

During 2003, the management aims to strengthen the value creation and productivity of the bank through successfully building upon the restructuring achievements delivered throughout 2002 and continue in the positive year. The target is to further strengthen VUB's market position and to become the best bank within the context of the Slovak market namely in terms of productivity, quality of assets and profitability.

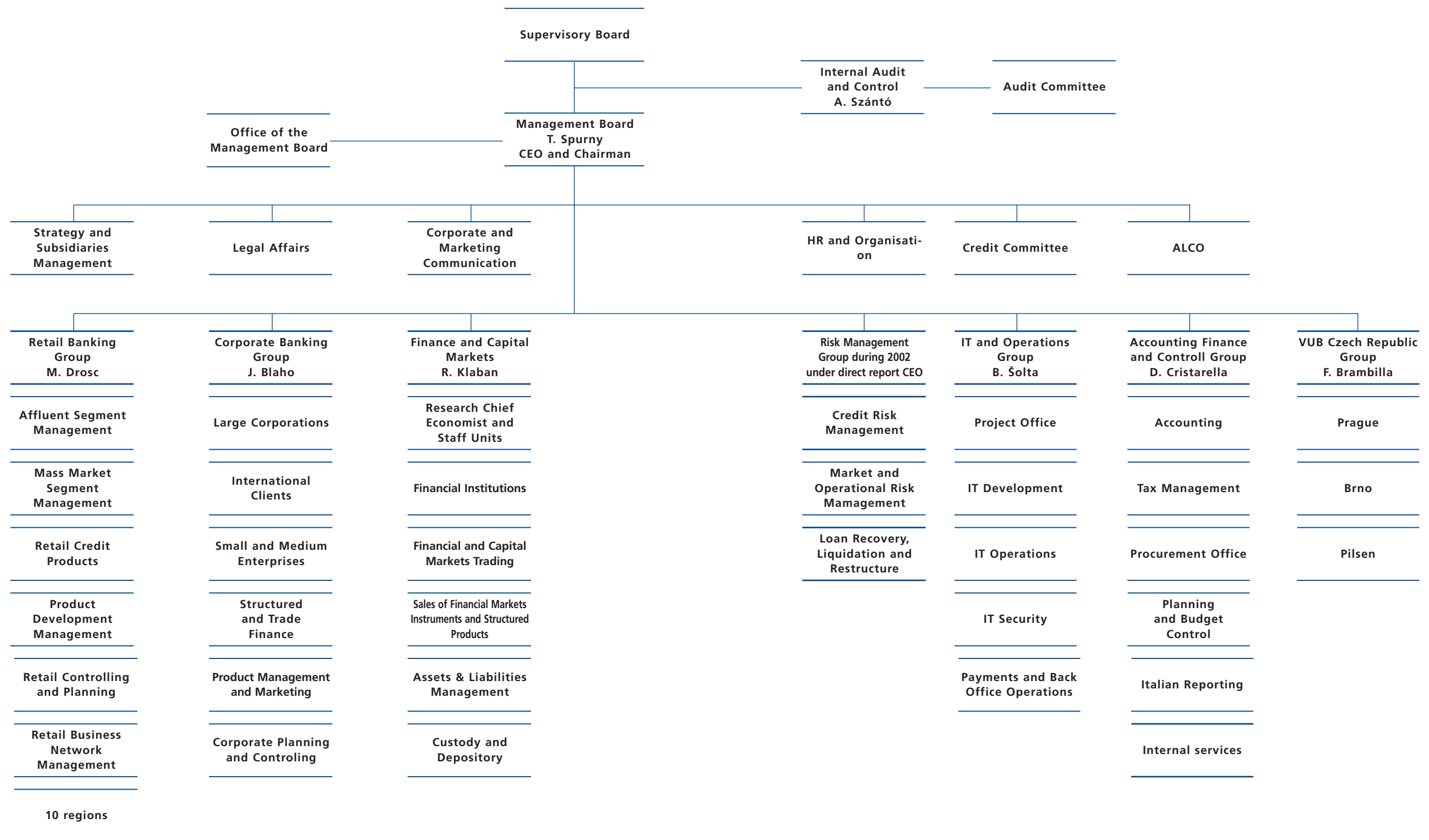
During 2003 the bank shall aim at the delivery of results in three key objectives :

- focus on development of fee generating, stable sources of income (i.e., consumer credits, mortgages, cards and payments)
- focus on continued effort to reduce costs associated with internal services and support functions
- focus on continued restructuring of its branch network operations to deliver improvements in distribution and client care capabilities.

The management targets to deliver a 20 % growth of earnings, bringing the net profit to SKK 2.4 billion, through the execution of the bank's strategic plan. The plan stipulates a minimum revenue increase of SKK 260 million, and at the same time mandates a reduction of operating costs of SKK 200 million during 2003. Achievements of such objectives should increase the operating profit of the bank to the level of SKK 2.9 billion. Therefore a successful execution of prospective and current initiatives targets significant improvements, both in the profitability and productivity of the bank.



## Organisational Chart of VUB



## List of VUB Branches

## Retail branches

Name	Address	ZIP code	Telephone	Fax
Bánovce nad Bebravou	Námestie Ľ. Štúra 5/5	957 01	038/760 41 47, 760 41 26	760 29 93
Banská Bystrica	Dolná 17	975 55	048/412 39 06	412 39 08
	Námestie slobody 1	975 55	048/450 11 11	414 42 85
	Rudohorská 33	974 11	048/417 69 92	417 69 92
Banská Štiavnica	Radničné námestie 15	969 01	045/692 11 07	692 10 47
Bardejov	Kellerova 1	085 61	054/472 62 15-6	474 63 89
Bátorove Kosihy	Oslobodenia 618	946 34	035/779 76 06	779 76 06
Bojnice	Hurbanovo námestie 10	972 01	046/543 05 70	543 05 71
Bratislava	Bajkalská 4	821 08	02/554 23 421	554 23 423
	Borská 3	841 04	02/654 25 840	654 25 825
	Detvianska 3	831 06	02/448 71 034, 448 71 028	448 71 025
	Dulovo nám. 1	821 08	02/559 69 707	647 80 726
	Dunajská 24	815 79	02/505 57 165	529 67 136
	Einsteinova - Aupark	850 03	02/634 54 310	634 54 308
	Eisnerova 48	841 07	02/647 76 485	647 76 550
	Gorkého 7	813 20	02/505 51 111, 595 57 509	541 31 028
	Jašíkova 8	827 61	02/505 51 111	433 31 135
	Kazanská 41	821 06	02/455 22 859 (28 61)	452 58 300
	Krížna 54	821 08	02/502 23 300	554 25 941
	Ľ. Fullu 5	841 05	02/653 16 606	653 16 602
	Limbová 1	833 40	02/547 72 846	547 88 084
	Malokarpatské nám. 9	841 03	02/647 80 722	647 80 726
	Mierová 66	821 05	02/434 26 838	434 29 639
	Miletičova 21	821 09	02/555 65 802	555 77 306
	Mostová 8	811 02	02/544 34 421	544 34 419
	Nobelovo námestie 5	851 01	02/634 54 232	634 54 231
	Obchodná 74	811 04	02/527 33 898	527 33 897
	Obišťské námestie 1	851 04	02/624 14 280	624 14 278
	Páričkova 2	821 08	02/505 52 608-9	555 66 636
	Poštová 1	811 01	02/505 58 532	544 17 939
	Račianska 54	831 03	02/445 53 890	445 53 888
	Račianske Mýto 3	831 02	02/444 42 130 a 32	444 42 131
	Rovniankova 3/A	851 02	02/638 21 627, 638 21 685	638 21 608
	Schneidera Trnavského 6/A	841 01	02/642 86 005	642 86 205
	Šintavská 24	851 01	02/638 37 160, 638 37 163	638 37 097
	Šíravská 7	822 02	02/455 22 006	455 22 138
	Špitálska 10	811 01	02/529 23 016	529 65 422
	Vajnorská 100 - Polus	831 03	02/444 41 184	444 41 185
	Vlastenecké námestie 6	851 01	02/622 48 040	622 48 138
	Vlčie hrdlo	821 03	02/455 22 969	452 47 729
	Zámocká ulica 38	811 01	02/544 11 811	544 11 835
Brezno	Štúrova 1	977 01	048/611 55 96-7	611 55 95
Bytča	Sídónie Sakalovej 138/1	014 01	041/553 35 58	553 35 79
Cífer	Námestie A. Hlinku 31	919 43	033/559 92 72	559 91 11
Čadca	Fraňa Kráľa 1504	022 24	041/432 28 11-2, 430 35 50	432 40 79
Detva	M.R. Štefánika 65	962 11	045/545 58 71	545 54 61
Dobšiná	Zimná 126	049 25	058/794 16 40	794 16 39
Dolné Vestenice	M. R. Štefánika 300	972 23	046/549 81 25	549 83 08
Dolný Kubín	Na Sihoti 1168	026 01	043/586 51 77	586 51 75
	Radlinského 1712/34	026 12	043/586 46 91-4, 581 38 76	586 49 22
Dubnica nad Váhom	Nám. Matice slov. 1293	018 41	042/442 50 37	442 50 27
Dudince	Dudince 212	962 71	045/558 34 32	558 34 32
Dunajská Lužná	Nové Košariská	821 08	02/459 81 238	459 81 239
Dunajská Streda	Alžbetínske nám. 328	929 35	031/552 25 21, 557 01 42	552 72 11
Dvory nad Žitavou	Veľká komárňanská 5	941 31	035/648 40 52	648 40 53
Fíľakovo	Biskupická 1	986 01	047/438 12 75	438 22 27
Gabčíkovo	Športová 583	930 39	031/559 48 45	559 48 44
Galanta	Mierové námestie 2	924 41	031/780 52 41-4, 783 8355	780 46 82
Gelnica	Banické nám. 52	056 01	053/482 14 81, 482 11 05	482 11 04

Name	Address	ZIP code	Telephone	Fax
Giraltovce	Dukelská 70	087 01	054/732 26 81	732 26 25
Hajnáčka	Hajnáčka 105	980 33	047/569 22 95	569 22 95
Handlová	Potočná 22	972 51	046/547 66 40	547 64 18
Hanušovce nad Topľou	Komenského 52	094 31	057/445 26 20	445 28 05
Hlohovec	Podzámska 37	920 01	033/742 55 29	742 56 97
Hnúšťa	Hlavná 377	981 01	047/542 32 37	542 22 41
Holíč	Bratislavská 7	908 51	034/668 23 89, 668 44 93	668 44 73
Hriňová	Hriňová 1612	962 05	045/549 72 21	549 72 21
Humenné	Chemlonská 1	066 01	057/776 47 59, 776 35 95	776 35 95
	Námestie slobody 26/10	066 80	057/770 51 11	766 31 87
Hurbanovo	Komárňanská 98	947 01	035/770 26 44	760 22 16
Ilava	Mierové námestie 92/24	019 01	042/446 58 01	446 59 02
Ivanka pri Dunaji	Štefánikova 25/A	900 28	02/459 45 042-3	459 45 042
Kežmarok	Hviezdoslavova 9	060 01	052/452 48 00	452 48 06
Kolárovo	Palkovitchova 34	946 03	035/777 13 23	777 25 50
Komárno	Tržničné námestie 1	945 23	035/790 45 11, 790 45 83	773 13 99
Košice	Americká trieda 15	040 13	055/636 60 62	636 60 63
	Bačíkova 2	042 81	055/681 87 93, 622 41 81	678 60 83
	Cottbuská 36	040 23	055/642 96 74	642 96 73
	Československej armády 18	042 31	055/623 32 12, 681 89 33	625 99 79
	Hlavná 8	042 31	055/622 62 50	622 62 03
	Spišské námestie 1	040 12	055/674 52 48	674 62 53
	Strojárska 11	042 31	055/681 83 70, 622 93 33	681 83 64
	Trieda L. Svobodu 22	040 22	055/671 81 59	671 81 60
	Vstupný areál VSŽ, a. s.	044 54	055/673 03 29, 673 03 41	673 04 23
Krásno nad Kysucou	1. mája 1255	023 02	041/438 52 85	438 53 94
Kremnica	Medzibránie 11	967 01	045/674 30 67-8	674 38 61
Krompachy	Lorencova 20	053 41	053/447 27 57, 447 00 52-53	447 22 51
Krupina	Svätotrojičné námestie 8	963 01	045/551 10 93	551 14 31
Kúty	Nám. Radlinského 981	908 01	034/659 77 87	659 77 90
Kysucké Nové Mesto	Čsl. armády 1305	024 01	041/421 29 39, 421 37 60	421 36 87
Lednické Rovne	Námestie slobody 32	020 61	042/469 32 15-6	469 32 17
Leopoldov	Hlohovecká 104/2	920 41	033/734 20 42	734 22 90
Levice	Štúrova 21	934 01	036/631 27 23-7, 637 44 28	631 28 06
Levoča	Mierové nám. 28	054 01		
Lipany	Nám. sv. Martina 8	082 71	051/457 48 48	457 27 77
Liptovský Hrádok	Martinkova 740/56	033 01	044/522 14 02	522 13 97
			08, 522 16 39	
Liptovský Mikuláš	Štúrova 19	031 31	044/551 49 20-4, 550 32 22,	552 51 49
Lučenec	T. G. Masaryka 24	984 35	047/432 52 41	433 15 01
Malacky	Záhorácka 60	901 01	034/772 38 47, 772 43 90	772 38 48
Marcelová	Nám. Slobody 1199	946 32	035/779 84 05	779 84 05
Martin	Čs. armády 3	036 01	043/413 27 53	413 47 13
	Osloboditeľov 2	036 53	043/413 28 11, 413 29 47-9	413 18 91
			413 29 47-9	424 73 69
Medzev	Štóska 187	044 25	055/466 38 05	466 34 55
Medzilaborce	Mierová 289/1	068 10	057/732 15 48	732 15 46
Michalovce	Hollého 60 OC IDEA	071 01	056/643 57 74	643 61 78
	Nám. osloboditeľov 18	071 01	056/644 21 55	642 42 81
	Námestie slobody 3	071 80	056/644 10 76-7, 644 10 83	643 29 22
			644 10 83	642 09 35
Modra	Štúrova 117	900 01	033/647 55 79 - 80	647 55 35
Modrý Kameň	Jarmočná 307	992 01	047/487 00 53, 487 02 33	487 00 00
Moldava nad Bodvou	Hviezdoslavova 13	045 01	055/460 73 83	460 29 92
Myjava	Nám. M.R.Štefánika 525/21	907 01	034/621 25 85, 621 25 92,94	621 25 95
Námestovo	Hviezdoslavovo nám. 200	029 01	043/552 31 83	552 31 75
Nitra	Novozámocká 216	949 01	087/741 14 54, 74 14 52	741 14 28
	Štefánikova 44	949 31	037/690 42 22, 690 43 27	652 87 54
	Štefánikova 7	949 31	037/651 20 58, 652 53 73	741 20 57

Name	Address	ZIP code	Telephone	Fax
Nitrianska Blatnica	Obecný úrad	956 04	038/539 41 94	539 41 94
Nitrianske Pravno	SNP 389	972 13	046/544 64 37	544 64 39
Nižná	Závodná 459	027 43	043/538 21 62	538 21 63
Nová Baňa	Námestie slobody 11	968 01	045/685 04 14-6	685 51 15
Nová Dubnica	Trenčianska 764/42	018 51	042/443 23 88	443 40 32
Nováky	Andreja Hlinku 457	972 71	046/546 14 31	546 14 26
Nové Mesto nad Váhom	Čsl. armády 74/12	915 01	032/771 14 41-4	771 50 70
Nové Zámky	Hlavné námestie 5	940 33	035/690 45 55, 690 45 00	640 04 77
Partizánske	L. Svobodu 4	958 01	038/749 58 22, 749 39 84	749 72 47
Pezinok	Štefánikova 14	902 01	033/641 30 73-6	641 30 77
Piešťany	Námestie slobody 11	921 01	033/774 18 17, 772 10 80	772 35 34
Podolíneč	Svätej Anny 1	065 03	052/439 12 90	439 12 95
Poltár	Železničná 289/05	987 01	047/422 35 29	422 33 70
Poprad	Mnoheľova 2832/9	058 17	052/713 11 11, 713 50 48	772 11 82
	Námestie sv. Egidia 23	058 01	052/772 29 78	772 32 66
Považská Bystrica	Nám. A. Hlinku 23/28	017 21	042/430 91 11, 432 73 70	432 73 66, 432 69 25
Preseľany	Obecný úrad	956 12	038/531 51 22	531 51 22
Prešov	Hlavná 133	080 01	051/772 24 76	772 36 17
	Masarykova 13	081 86	051/773 33 61-5, 735 64 65	772 28 08, 772 15 53
Prievidza	Námestie slobody 10	971 23	046/515 51 11	542 67 85
Púchov	Námestie slobody 1657	020 01	042/464 20 65	464 23 68
Rajec	Hollého 25	015 01	041/542 32 32	542 28 77
Revúca	Námestie slobody 3	050 01	058/442 25 71	442 15 15
Rimavská Sobota	Francisciho 1	979 01	047/562 16 79	563 12 13
Rožňava	Šafárikova 21	048 73	058/732 52 54-8, 786 69 50	732 42 40
Ružomberok	Dončova 2	034 01	044/432 27 72, 432 29 80	432 35 21
Sabinov	Námestie slobody 623	083 01	051/452 40 81	452 34 92
Senec	Námestie 1. mája 25	903 01	02/459 26 167, 459 26 246	459 24 248
Senica	Nám. Oslobodenia 8	905 01	034/651 45 51-3, 694 39 52	651 53 64
Sereď	Cukrovarská 3013/1	926 00	031/ 789 33 22, 789 37 00	789 46 50
Skalica	Mallého 1	909 01	034/664 61 94 , 664 45 07-8	664 67 78
Skalité	Obv. zdrav. stred. 1149	023 14	041/437 63 67	437 63 66
Sládkovičovo	Fučíkova 698	925 21	031/784 19 97, 784 22 27	784 18 35
Slovenská Ľupča	Námestie SNP 12	976 13	048/418 72 29	418 72 29
Smolenice	SNP 12	919 04	033/558 62 52	558 66 10
Snina	Strojárska 2524	069 01	057/762 36 09	762 23 28
Sobrance	Tyršova 287/45	073 01	056/652 40 47	652 40 48
Spišská Belá	Zimná 3	059 01	052/459 10 31	458 10 22
Spišská Nová Ves	Letná 33	052 14	053/418 41 01-3, 418 42 01	441 04 22
Spišská Stará Ves	SNP 57	061 01	052/482 25 51	482 25 66
Spišské Podhradie	Mariánske nám. 34	053 04	053/454 11 49	454 12 57
Stará Ľubovňa	Obchodná 2	064 01	052/432 23 95, 432 32 51	432 34 91
Stará Turá	SNP 275/67	916 01	032/776 35 80	776 34 45
Starý Smokovec	OD Mladosť	062 01	052/442 50 89	442 32 24
Strážske	Okružná 441	072 22	056/649 16 33	649 16 86
Stropkov	Mlynská 692/1	091 01	054/742 37 21-2	742 37 14
Štupava	Mlynská	900 31	02/659 36 734 a 36	659 36 735
Svidník	Centrálna 584/5	089 27	054/752 22 59	752 16 91
Svit	Štefánikova 7	059 21	052/775 51 52	775 51 54
Šahy	Hlavné námestie 27	936 01	036/741 12 86, 741 15 71	741 17 23
Šaľa	Hlavná 48	927 00	031/770 56 47, 770 71 22-3	770 45 76
Šamorín	Hlavná 64	932 01	031/562 43 01	562 43 05
Šaštín – Stráže	Námestie slobody 648	908 41	034/659 23 50	658 05 91
Štúrovo	Hlavná 2	943 01	036/751 13 06-7	751 13 08
Šurany	SNP 25	942 01	035/650 00 42-3, 640 00 17	650 00 44
Timáče	Námestie odborárov 7	935 21	036/634 15 36,	634 11 95
Topoľčany	Moyzesova 585/2	955 19	038/532 62 53-5, 532 76 54	532 52 06
Tornaľa	Hurbanova 19	982 01	047/552 26 46	552 26 76

Name	Address	ZIP code	Telephone	Fax
Trebišov	M.R. Štefánika 3197/32	075 17	056/672 23 41-3	672 68 13
Trenčianske Teplice	T. G. Masaryka 3	914 51	032/655 34 56	655 34 44
Trenčín	Mierové námestie 37	911 62	032/741 71 11	743 14 50
	Námestie sv. Anny	911 62	032/640 16 47-8	640 16 49
	Zlatovská 2610	911 05	032/652 33 21	----
Trnava	Dolné bašty 2	917 68	033/556 98 11, 556 98 32	551 15 11
	Hlavná 31	917 68	033/556 98 02	556 79 06
Trstená	Štefánika 15	028 01	043/539 24 78	539 25 30
Turany	Obchodná 13	038 53	043/429 22 55	429 25 29
Turčianske Teplice	Hájska 3	039 01	043/492 40 17	492 40 18
Turzovka	Krátka 210	023 54	041/435 22 06	435 25 79
Tvrdošín	Vojtaššákova 640	027 44	043/532 20 54	532 20 52
Tvrdošovce	Bratislavská cesta 3	941 10	035/649 27 00-2,	649 22 01
Veľký Krtíš	Novohradská 7	990 20	047/483 14 92	483 10 74
Veľký Meder	Železničná 63	932 01	031/555 39 00	555 33 00
Vinica	Cesta slobody 466/41	991 28	047/489 15 01	489 15 02
Vráble	Hlavná 14	952 01	037/783 38 36, 783 30 22	783 30 23
Vranov nad Topľou	Námestie slobody 6	093 01	057/442 17 41-4	442 36 32
Vrbové	Nám. Slobody 285/9	922 03	033/779 26 86	779 26 96
Vrútky	1. čl. brigády 12	038 61	043/428 43 29, 428 43 07	428 41 33
Zákamenné	Zákamenné 18	029 56	043/559 22 93	559 22 95
Zemianska Oľča	Kultúrny dom	946 14	035/779 64 08	779 64 08
Zlaté Klasy	Zlaté Klasy 781	930 39	031/569 20 72	569 20 73
Zlaté Moravce	Župná 2	953 00	037/ 632 12 09, 632 12 07	632 12 66
Zvolen	Námestie SNP 2093/13	960 94	045/530 79 82	533 35 32
	Námestie SNP 26	966 81	045/681 21 05	681 23 80
Želiezovce	Komenského 8	937 01	036/771 13 06	771 10 88
Žiar nad Hronom	Námestie Matice slov. 21	965 01	045/670 71 11	672 25 61
Žilina	L. Štúra 3	010 01	041/562 43 59	564 31 63
	Na bráne 1	010 43	041/724 61 26,	724 71 36,
			567 81 11, 567 80 50	567 81 53
	Nám. A. Hlinku 1	010 01	041/567 82 10	567 82 71
	Vysokoškolská 52	010 08	041/500 03 05, 500 03 09	500 03 16

#### Corporate branches

Name	Address	ZIP code	Telephone	Fax
Banská Bystrica	Námestie slobody 1	975 55	048/ 450 55 06	450 55 23
Bardejov	Kellerova 1	085 74	054/ 471 16 19	471 16 19
Bratislava	Jašíkova 8	827 61	02/ 485 68 625	432 96 250
Galanta	Mierové námestie 2	924 41	031/ 783 83 51	780 46 82
Košice	Strojárska 11	042 31	055/ 622 93 36	681 83 67
Levice	Štúrova 21	934 01	036/ 637 43 77	631 28 06
Liptovský Mikuláš	Štúrova 19	031 31	044/ 550 32 11	552 51 49
Lučenec	T. G. Masaryka 24	984 35	047/ 469 54 72	432 41 49
Martin	Osloboditeľov 2	036 53	043/ 424 73 30	424 73 69
Michalovce	Námestie slobody 3	071 80	056/ 640 60 06	642 23 46
Nitra	Štefánikova 44	949 31	037/ 690 43 24	658 45 12
Nové Zámky	Hlavné námestie 5	940 33	035/ 690 45 01	640 04 77
Poprad	Mnoheľova 2832/9	058 17	052/ 713 50 45	713 50 92
Považská Bystrica	Nám. A. Hlinku 23/28	017 21	042/ 430 97 55	430 98 37
Prešov	Masarykova 13	080 70	051/ 735 63 86	772 28 08
Prievidza	Námestie slobody 6	971 11	046/ 515 57 64	542 68 78
Senica	Nám. Oslobodenia 8	905 33	034/ 694 39 59	694 39 88
Spišská Nová Ves	Letná 33	052 14	053/ 418 41 80	441 04 32
Topoľčany	Moyzesova 585/2	955 19	038/ 536 47 00	532 52 06
Trenčín	Mierové námestie 37	911 62	032/ 741 76 87	741 76 23
Trnava	Dolné bašty 2	917 68	033/ 556 98 34	556 98 95
Vranov nad Topľou	Námestie slobody 6	093 01	057/ 440 64 03	442 37 00

Name	Address	ZIP code	Telephone	Fax
Zvolen	Námestie SNP 2093/13	960 94	045/ 530 79 32	530 79 36
Žiar nad Hronom	Nám. Matice slovenskej 21	965 56	045/ 670 78 48	672 25 61
Žilina	Na bráne 1	010 43	041/ 567 80 52	724 71 36

**Foreign branches in Czech Republic**

Name	Address	ZIP code	Telephone	Fax
Praha	Celetná 31	111 21	+420/221 865 111	+420/22186 5555
Brno	Dvořákova 1	602 00	+420/542 215 833	+420/54221 5835
Plzeň	Kopeckého sady 12	301 36	+420/377 236 032	+420/37723 5127



## Major Subsidiaries

### **REALITNÁ SPOLOČNOSŤ VÚB, spol. s r. o.**

Záhradnícka 27, 811 07 Bratislava

Shareholders:	VUB
Share of VUB:	100 %
List of business:	Brokerage of real estate
Telephone:	+421 2 5557 7447
Fax:	+421 2 5542 2766
General Manager:	Terézia Straková

### **VÚB ASSET MANAGEMENT, správ. spol., a. s.**

Mlynské nivy 1, 829 90 Bratislava

Shareholders:	VUB
Share of VUB:	100 %
List of business:	Mutual investment
Telephone:	+421 2 5055 2292
Fax:	+421 2 5441 0583
General Manager:	Marian Matušovič

### **VÚB LEASINGOVÁ, a. s.**

Mlynské nivy 1, 829 90 Bratislava

Shareholders:	VUB
Share of VUB:	100 %
List of business:	Leasing
Telephone:	+421 2 5055 2848
Fax:	+421 2 5556 7824
General Manager:	Rastislav Noskovič

### **LEASREAL, a. s.**

Mlynské nivy 1, 829 90 Bratislava

Shareholders:	VUB
Share of VUB:	100 %
List of business:	Workout of non-performing receivables
Telephone:	+421 2 5055 2848
Fax:	+421 2 5556 7824
General Manager:	Rastislav Noskovič



**VÚB FACTORING, a. s.**

Mlynské nivy 1, 829 90 Bratislava

Shareholders:	VUB Slovenská konsolidačná, a. s. Slovenská záručná a rozvojová banka, š.p.ú.
Share of VUB:	97.38 %
List of business:	Factoring and forfaiting
Telephone:	+421 2 5055 2858
Fax:	+421 2 5556 6651
General Manager:	Miroslav Bernát

**STAVEBNÁ SPORITELŇA VÚB-WÜSTENROT, a. s.**

Grösslingova 77, 824 68 Bratislava

Shareholders:	VUB Wüstenrot Salzburg Wüstenrot Ludwigsburg
Share of VUB:	50 %
List of business:	Building society
Telephone:	+421 2 5927 5351
Fax:	+421 2 5292 0912
General Manager:	Róbert Kubinský

## Structure of VUB Shareholders

### Structure of VUB Shareholders as at December 31, 2002

Shareholders	Share in the registered capital	
	in SKK ths	in %
IntesaBci Holding International S.A.	12,260,071	94.47
Other legal entities	433,558	3.34
Individuals	284,479	2.19
<b>T O T A L</b>	<b>12,978,108</b>	<b>100.00</b>