

Annual report

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I. FOREWORD BY THE CHAIRMAN OF THE BOARD

Dear clients, business partners and shareholders,

In evaluating the year 2004, I took into consideration the changes and results that determined the last stage of the company's transformation. The transformation started with the structural change in shareholding in 2002, followed by the series of developments that aimed to build up the company as a professional member of the multinational KBC Group NV. The year 2004 was characterised primarily by rebranding from the small ERGO poisťovňa to ČSOB Poisťovňa and by beginning our product distribution through the branches of our sister ČSOB Bank. Today ČSOB Poisťovňa takes its place amongst the modern and successful companies of the Slovak insurance market.

Allow me to submit the results that ČSOB Poisťovňa achieved in 2004, which placed our company eighth amongst 23 commercial insurance companies in Slovakia. Joining the strongest financial group in Central Europe brought ČSOB Poisťovňa new opportunities for providing insurance and financial services. The international experience, wider scope and cooperation possibilities within the Group make the fulfilment of our business goals and the increase in quality of our insurance services easier and more efficient.

In 2004, ČSOB Poisťovňa reached the total written premium of 1,234.3 mil Sk, of which 492.1 mil Sk was produced in non-life and 742.2 mil Sk in life insurance. Thus the ratio between non-life and life insurance was 40% to 60% in 2004. Our market share in non-life insurance grew significantly. In order to strengthen our company in the future, we have created additional reserves in life and non-life insurance by 102.5 mil Sk and increased the share capital by 100 mil Sk.

The quality of our services, the know-how of our strong mother company KBC Insurance NV, our individual tailor-made insurance solutions and our employees' professionalism are the four most important factors that influence our operation in the insurance market. I am convinced that ČSOB Poisťovňa will continue to provide European quality services for the European client and that our results will lead to client satisfaction, loyalty and trust.

Allow me to thank our partners for their approach when dealing with their daily tasks, our shareholders for their consistent support, and our clients for their confidence in us, and I wish us all professional growth and satisfaction in the future.



Nik Vincke
Chief Executive Officer
Chairman of the Board of Directors

II. SHAREHOLDERS OF ČSOB POIŠŤOVŇA

The Shareholders of ČSOB Poistovňa as of December 31, 2004:

KBC Insurance N.V.	75%
Československá obchodní banka, a. s.	13.67%
Prvá slovenská investičná skupina, a. s.	11.33%
Registered capital SKK 450 million	

Corporate Bodies of ČSOB Poistovňa

Board of Directors:

Nik VINCKE	Chairman of the Board Chief Executive Officer (Since November 30, 2004)
JUDr. Boris ČUCHARAN	Chairman of the Board Chief Executive Officer (Until August 18, 2004)
Ing. Vladimír KOŽUCH	Member of the Board
Ing. Ludovít KRISTINIČEK	Member of the Board
Ludo SWINNEN	Member of the Board (Until December 02, 2004)

Supervisory Board:

Chris F.R.M. DEFRANCO	Chairman of Supervisory Board Managing Director of KBC Insurance NV
Walter BOGAERTS	Member of Supervisory Board
Jeroen Karel van LEEUWEN	Member of Supervisory Board
Ing. Vladimír RAJČÁK	Member of Supervisory Board
Ing. Peter VAJDA CSc.	Member of Supervisory Board
Phillipe Marc MOREELS	Member of Supervisory Board (Since November 16, 2004)
Mgr. Jan LAMSER	Member of Supervisory Board (Until October 13, 2004)

III. HISTORY OF ČSOB POIŠŤOVŇA

Creation

The history of ČSOB Poistovňa, a. s., dates back to 1992 when the insurance company started activities under the name ERGO.

Scope of Business

The substantial capital input of ČSOB Pojišťovna, a. s., Pardubice, into ERGO poistovňa in 1995 enabled it to expand its activities in the area of life and non-life insurance.

Rating

In 2001, the company was the first insurance company in the Slovak Republic to obtain a rating of Ba, the second highest level of international rating for companies in the Slovak Republic. The said rating expresses the financial standing and quality of the insurer, its ability to fulfil its liabilities towards customers. The rating was accredited by the CRA RATING AGENCY, an affiliate of Moody's Investor Service, the ratings leader.

Membership

ČSOB Poistovňa, a. s., is one of the founding members of the Slovak Association of Insurers.

Shareholders

On the basis of acquisition contracts, the Belgian insurer KBC Insurance NV, a member of the KBC Bank & Insurance Holding Bank and Insurance group, became a new shareholder in August 2002. KBC is also the major shareholder of Československá obchodní banka, a. s. (ČSOB). The subsidiaries of the bank in the Slovak Republic are ČSOB Stavebná sporiteľňa, a. s., ČSOB Leasing, a. s., and OB HELLER Factoring, a. s. In Central Europe, the KBC Group includes the major insurers Warta in Poland, Argosz and K&H Életbiztosító in Hungary and ČSOB Pojišťovna Pardubice in the Czech Republic.

KBC Group

KBC Group was formed in 2005 by uniting the bank and insurance holding companies (in 1998, the ABB insurance group, the Almanij-Kredietbank and the CERA bank group united) and their parent company Almanij.

The KBC financial group has 5 direct subgroups – KBC bank, KBC insurance, KBC asset management, Kredietbank Luxembourgoise and Gavaert.

The KBC Group concentrates on bank insurance for small and private customers and is also active in assets management and corporate services. Geographically, it performs its activities in Europe. In Belgium, it ranks among the top three banks and insurers and is considered to be one of the largest in the Central Europe – which is thanks to its subsidiaries in the Czech Republic, Slovakia, Poland, Hungary and Slovenia. The KBC Group is currently active in more than 30 countries, employing over 51,000 people.

III. HISTORY OF ČSOB POIŠŤOVŇA

Main Companies of the KBC Group as of December 31, 2004

Country	Company	Share Percentage (direct and indirect)
Czech Republic	ČSOB (bank)	90%
	ČSOB Pojišťovna	98%
	Patria Finance (investment bank)	100%
Hungary	K&H Bank (bank)	59%
	K&H Life (insurer)	80%
	Argosz (insurer)	99%
Poland	Kredyt Bank (bank)	85%
	Warta (insurer)	75%
Slovakia	ČSOB (bank)	see Czech Republic
	ČSOB Poist'ovňa	89%
Slovenia	NLB (bank)	34%
	NLB Vita (insurer)	67%

Information on KBC valid as of December 31, 2004

Total assets (million)	249,234
Market activation (million)	17,600
Net profit (million)	1,758
KBC Bank capital ratio	12,9%
Payment ratio of KBC Insurance	389%
Number of employees	51,000

Rating	Fitch	Moody's	S&P's
KBC Bank	AA-	Aa3	A+
KBC Insurance	AA	-	A+

IV. PROFILE OF ČSOB POIŠŤOVŇA

Registered office: Vajnorská 100/B
Bratislava

Start of operations: June 09, 1992
Registered capital: SKK 450 million

Orientation of the Insurer:

ČSOB Poist'ovňa, a. s., is a universal insurance company providing a large variety of insurance products in the area of life and non-life insurance and of insurance of property of citizens. It also insures entrepreneurs, their assets, corporate risks and liability. Good-quality insurance services are also provided to large industrial and business organisations.

Reinsurance

The reinsurance program of ČSOB Poist'ovňa is managed by Benfield Greig, the third largest insurance and reinsurance broker, based in London.

ČSOB Poist'ovňa uses the services of major world reinsurers with the highest Standard & Poors rating – AAA, AA or A, able to securely cover the underwriting capacity of the insurer.

Agencies and Representation

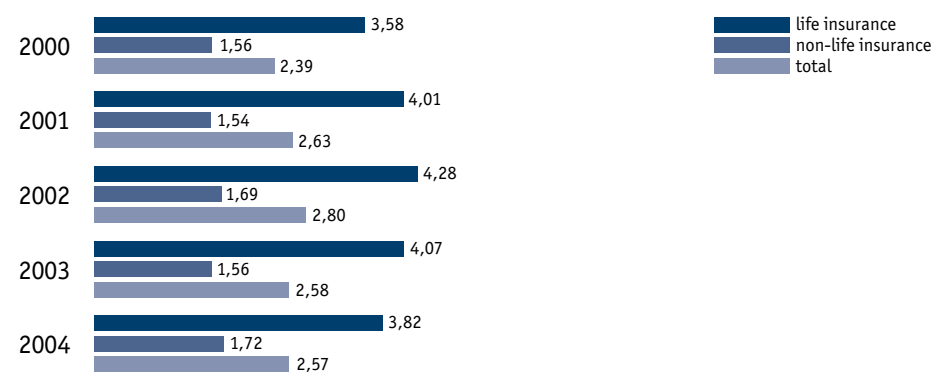
Currently, the branch network of ČSOB Poist'ovňa, a. s., spreads over 44 towns of Slovakia and includes other partners. The services of exclusive financial advisors, insurance brokerage companies and the branches of ČSOB bank in Slovakia are being used to provide these services.

IV. PROFILE OF ČSOB POISTOVŇA

Market Share

Development of the Market Share of ČSOB Poistovňa in the Slovak Insurance Market

Year	Life Insurance	Non-Life Insurance	Total
2000	3,58	1,56	2,39
2001	4,01	1,54	2,63
2002	4,28	1,69	2,80
2003	4,07	1,56	2,58
2004	3,82	1,72	2,57



IV. PROFILE OF ČSOB POISTOVŇA

Vision and Strategy after Joining the ČSOB Financial Group

The entry of ČSOB Poistovňa into the strongest and most experienced financial group in Central Europe brings new qualitative opportunities in the provision of insurance and financial services.

The main strategic aims for the coming period are:

- Stabilisation of the financial background of the insurer,
- Modern products and a full product range offered at a single point of sale,
- Best quality services at a reasonable price,
- Pleasant, responsible and professional attitude of employees to our customers.

Inside the company, we want to concentrate on caring about the growth of the professional potential of our employees. We consider the improvement of communication techniques and culture to be one of the key moments in customer contact. We believe that real interest in our own employees is a priceless investment into the future of our company.

The resulting growth of our internal value and our profitability will make us a reliable and financially advantageous investment for our shareholders as well.

Rebranding

The rebranding process in the company started in association with the inclusion of the ERGO poisťovňa into the ČSOB Financial Group in August 2002, after the entry of the new shareholder, KBC Insurance. The first step in August 2003 was to change the logo, without changing the business name of the company.

The rebranding culminated at the end of August 2004 when the business name was changed to ČSOB Poistovňa.



Graphically, the change was implemented as follows:

V. ČSOB FINANCIAL GROUP IN THE SLOVAK REPUBLIC

Besides the bank, the ČSOB Financial Group also includes the ČSOB Stavebná sporiteľňa, ČSOB Leasing and OB Heller Factoring. The youngest company is the ČSOB Asset Management and the newly established ČSOB d.s.s., active as the capitalization pillar of the pension system. The creation of a strong financial group that covers products and services from various areas of the financial market gives us the opportunity to provide individuals and companies with a complete range of services with favourable terms.

VI. LIFE INSURANCE

For ČSOB Poistovňa, the life insurance in year 2004 was positive despite certain influences that affected the life insurance technical account during 2004. One of these influences was the creation of an additional provision life insurance due to a decrease of the financial market interest rates. Despite this fact, the technical account is highly profitable over the long term and provides our customers with a guarantee of covering all liabilities from life insurance policies in the future.

The 2004 results in life insurance were also supported by good results in business activities. ČSOB Poistovňa reached SKK 130.9 million of new life insurance products which is a 14% increase. In 2004, ČSOB Poistovňa fully developed a new sales concept through affiliated companies within the ČSOB Financial Group. The aim of this concept is to start the sale of bank insurance products.

The first systematic steps in product distribution under this concept resulted in a widening of the supply of quality products for our customers who can now get bank, leasing and insurance products at a single point of sale. Our aim is to optimise these offers in order to achieve the maximum benefit for the customer. The introduction of consumption loans insurance and mortgage loan insurance are proving that we are aiming at our targets.

In 2004, ČSOB Poistovňa reached a 3.82% market share in life insurance, ranking 7th out of 21 insurers associated in the Slovak Association of Insurers.

Thanks to forward looking and conservative investment, the insurer achieved a beneficent 4.67% increase in the value of the technical insurance reserves for its customers.

In the future we would like to address our customers concerns by making our own sales network more professional, increasing cooperation with broker companies (ZFP, OVB...), but mainly by continuing to sell products through our sister companies. Central to this is intensification of the sale of insurance products through the ČSOB bank.

Written premium

In the life insurance area (including accident rider insurance), ČSOB Poistovňa reached a premium of SKK 742.2 million, representing a 7.3% increase when compared to 2003.

Comparison of Written Premium Development (SKK million)

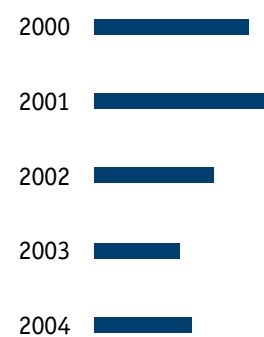
2000	2001	2002	2003	2004
404,0	565,5	665,5	691,8	742,2

VI. LIFE INSURANCE

The Optimus product accounted for the largest share in life insurance. However, new products, such as Kwarteto and Štvorlístok, also covering critical illness risk, were successful as well. Kwarteto formed 22.5% of the life insurance policies signed in 2004. The Štvorlístok product for children replaced the Juventus product, the sale of which was terminated in 2004.

Development of Business Production in Life Insurance from 2000 to 2004 (SKK million)

2000	2001	2002	2003	2004
193,2	206,8	158,9	114,6	130,9



VI. LIFE INSURANCE

Claims settlement

In 2004, the number of claims reported increased by 6.9% compared to the previous year. With the same number and configuration of staff, the claims settlement ratio increased to 93.9%.

The company paid 15.7% more in insurance claims when compared to the previous year due to growth in the reports of permanent consequences from accidents and regular premium waiver payments arisen from previous years.

Reinsurance

The reinsurance part of the life insurance portfolio continues the trend of the previous years and maintains the traditional cooperation with the major re-insurers. Co-operation with the participating reinsurers is developing hand in hand with the growing portfolio and increasing supply of life insurance products.

VII. NON-LIFE INSURANCE

In 2004, the main aim in the non-life insurance area was to increase the volume of the products sold. We continued with projects aimed at improving the claim settlement services and to optimise the insurance administration activities. These specific aims were set in order to reduce costs.

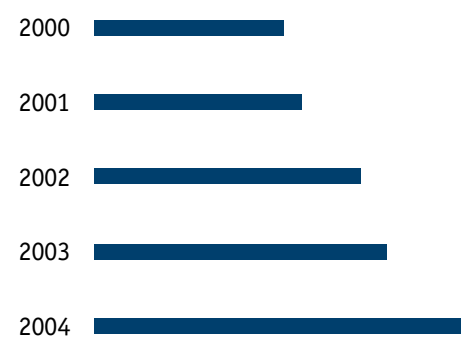
In the previous year, we continued the success of bank insurance – development of the portfolio of products offered by the ČSOB bank and the sales channels of other sister companies within the ČSOB financial group.

The year 2004 also brought an improvement in the quality of our customer services. We made an effort for all the products of ČSOB Poistovňa, a. s. to meet the basic criteria – they must be easily understandable and interesting for both the customer and our sales network, and at the same time need to fulfil our shareholders' expectations.

We used the change of our business name from ERGO poisťovňa to ČSOB Poistovňa to launch an attractive offer on MTPL – motor third party liability insurance for 2005, significantly improving the position of our insurance company in the Slovak insurance market.

Comparison of Written Premium Development (SKK million)

2000	2001	2002	2003	2004
251	275	352	387	492



In 2004, we updated, launched or started development of the following products:

MTPL – Motor third party liability insurance – a change of the method used to calculate rates basing it on the kW rating of the engine and segmentation of the car owners (by age and place of residence) allowed us to offer highly attractive and fairer premiums. The result is a several times larger portfolio of vehicles insured. During the previous year, we strictly followed

our underwriting policy which resulted in an excellent loss ratio, lower than the Slovak average.

Variant – Casco insurance – in 2004 we successfully completed the transformation of the ERGO CAR product portfolio to the highly flexible Variant. Modifications in the methodology of underwriting risks improved and simplified the quality of the product sales.

VII. NON-LIFE INSURANCE

Credit card travel insurance – from January 01, 2004, travel insurance is sold in conjunction with ČSOB bank credit cards. It is a range of travel insurance packages for credit card holders.

Pohoda accident insurance – from February 01, 2004, ČSOB bank started offering 3 types of product and service packages to its current account holders. Two of these packages include accident insurance.

Profit Klúčik accident insurance – at the end of February 2004, ČSOB Stavebná sporiteľňa started offering accident insurance to its Profit Klúčik building society account holders (people who are saving for the purpose of buying/building property).

Reinsurance

The reinsurance program of ČSOB Poistovňa is carried out through the Benfield Group, a reinsurance broker based in London. The leading reinsurer for non-life insurance is GE Insurance Solutions Reinsurance (GE Frankona). All reinsurers participating in the reinsurance program of ČSOB Poistovňa have the highest Standard & Poor's rating.

It is high quality reinsurance that allows ČSOB Poistovňa to participate in the insuring of companies with high value assets and that significantly supports the reliable and fast settlement of liabilities of the insurer towards its customers in case of claims.

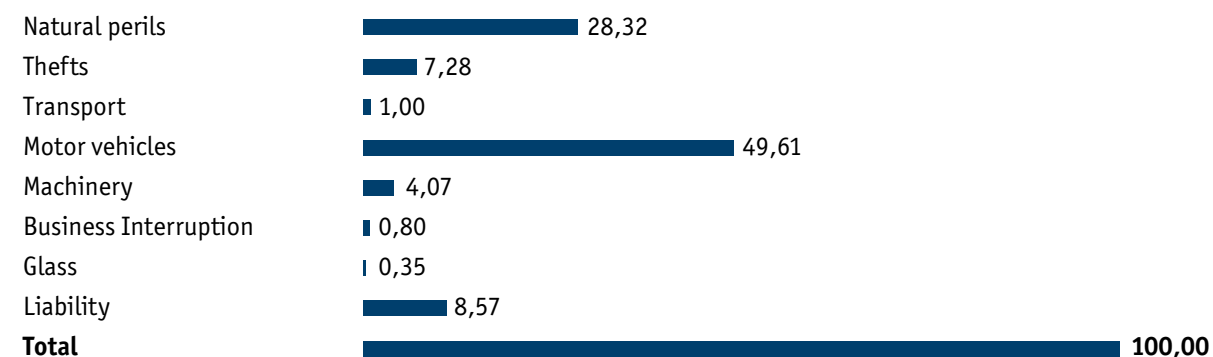
VIII. COMPANY INSURANCE

Within the long-term strategy of Corporate Insurance and Insurance of Entrepreneurs, ČSOB Poistovňa aims at the quality of underwriting risks. Our primary aim in this insurance is to provide the customers with a tailor-made service according to their needs. The first step in concluding the insurance is the active evaluation of customer risks, which influence the scope and conditions of the insurance. Regular inspections of risks and of the quality and completeness of the fulfilment of our recommendations are crucial for the safety of the deal done. Complete customer service throughout the insured period is targeted to achieve quality insurance of entrepreneurial risks.

VIII. COMPANY INSURANCE

Business Production in Corporate Insurance and Insurance of Entrepreneurs (SKK million)

Insured Risk	Business Production
Natural perils	73,835
Thefts	18,977
Transport	2,596
Motor vehicles	129,348
Machinery	10,603
Business Interruption	2,098
Glass	0,903
Liability	22,352
Total	260,715



Claims settlement

In 2004, ČSOB Poistovňa, a. s., registered 7,328 claims in non-life insurance. Due to the increase in this number in comparison with previous years, a project was carried out during the year in order to optimise the claims settlement processes and specifically to aim at reducing the time taken for claims settlement compared to the previous year.

IX. BALANCE SHEET

Amendment no. 1 to decree no. 22 213/2002-92
Balance Sheet Úč POI 1-01

BALANCE SHEET (in thousand Sk)
as at 31 December 2004

No.	Item	Line	Current period		Previous period	
			Gross amount	Adjustment	Net amount	
a	b	c	1	2	3	4
	ASSETS					
A.	Intangible Assets, of which	1	43 956	38 348	5 608	7 738
I.	Start up costs	2	-	-	-	-
II.	Goodwill	3	-	-	-	-
B.	Financial Placement	4	2 494 638	2 609	2 492 029	1 820 118
I.	Land and buldings	5	23 730	2 609	21 121	22 125
1.	Land and buildings for operating activity	6	23 730	2 609	21 121	22 125
II.	Financial placements in enterprises and other long term receivables	7	-	-	-	-
1.	Shares and deposits in enterprises with majority interest	8	-	-	-	-
2.	Shares and deposits in enterprises with significant interest	9	-	-	-	-
3.	Bonds issued by enterprises with majority interest	10	-	-	-	-
4.	Bonds issued by enterprises with significant interest	11	-	-	-	-
5.	Other long term receivables	12	-	-	-	-
III.	Other financial placements	13	2 470 908	-	2 470 908	1 797 993
1.	Securities with variable interest rates	14	15 070	-	15 070	18 090
2.	Securities with fixed interest rates	15	2 179 621	-	2 179 621	1 720 670
3.	Debentures and other bonds purchased in primary issues determined not for trading	16	-	-	-	-
4.	Other loans	17	-	-	-	-
5.	Deposits in banks	18	276 217	-	276 217	59 233
6.	Other financial placements	19	-	-	-	-
IV.	Reinsurance placements	20	-	-	-	-
C.	Financial placement from unit link	21	-	-	-	-

IX. BALANCE SHEET

No.	Item	Line	Current period		Previous period	
			Gross amount	Adjustment	Net amount	
a	b	c	1	2	3	4
D.	Receivables, of which	22	185 619	57 400	128 219	65 918
I.	Receivables from insurance	23	105 979	56 639	49 340	61 389
1.	Receivables from direct insurance of which	24	98 890	50 528	48 362	60 889
1a.	Receivables from enterprises in which the company owns majority interest	25	-	-	-	-
1b.	Receivables from enterprises in which the company owns significant interest	26	-	-	-	-
2.	Receivables from agents, of which	27	7 089	6 111	978	500
2a.	Receivables from enterprises in which the company owns majority interest	28	-	-	-	-
2b.	Receivables from enterprises in which the company owns majority interest	29	-	-	-	-
II.	Receivables from reinsurance, of which	30	5 301	-	5 301	609
1.	Receivables from enterprises in which the company owns majority interest	31	-	-	-	-
2.	Receivables from enterprises in which the company owns significant interest	32	-	-	-	-
III.	Other receivables, of which	33	4 339	761	3 578	3 920
1.	Receivables from enterprises in which the company owns majority interest	34	-	-	-	-
2.	Receivables from enterprises in which the company owns significant interest	35	-	-	-	-
IV.	Receivables from subscribed share capital	36	70 000	-	70 000	-
E.	Other assets	37	167 654	94 244	73 410	67 573
I.	Tangible assets and inventory	38	129 547	94 244	35 303	30 787
II.	Cash, bank accounts, other financial assets	39	5 417	-	5 417	36 523
III.	Other assets	40	32 690	-	32 690	263
F.	Accruals and prepayments	41	167 888	-	167 888	179 164
I.	Rent	42	17 415	-	17 415	49 831
II.	Acquisition costs for insurance policies	43	130 049	-	130 049	123 881
III.	Other accruals and prepayments	44	20 424	-	20 424	5 452
	Total Assets	45	3 059 755	192 601	2 867 154	2 140 511
	Control Number	998	11 735 926	598 703	11 137 223	8 295 302

IX. BALANCE SHEET

	Item	Line	Current period	Previous period
No.	Description			
a	b	c	5	6
	LIABILITIES	x		
A.	Equity	46	273 416	314 837
I.	Share capital, of which	47	450 000	350 000
1.	Subscribed capital, paid-up	48	380 000	350 000
II.	Own shares (-)	49	-	-
III.	Share premium	50	17 000	17 000
IV.	Other capital funds	51	-	-
V.	Revaluation differences from assets and liabilities	52	-	-
VI.	Reserve funds and other funds created from profit	53	-	-
VII.	Retained earnings	54	-90 317	-37 094
VIII.	Current period result	55	-103 267	-15 069
B.	Sub-ordinated liabilities	56	-	-
C.	Technical reserves	57	2 089 184	1 639 577
I.	Unearned premium reserve	58	86 686	63 818
1.	Gross Amount	59	102 194	72 975
2.	Reinsured Amount (-)	60	-15 508	-9 157
II.	Life insurance reserve	61	1 815 332	1 455 061
1.	Gross Amount	62	1 815 332	1 455 061
2.	Reinsured Amount (-)	63	-	-
III.	Claims reserve	64	174 441	107 772
1.	Gross Amount	65	205 399	146 907
2.	Reinsured Amount (-)	66	-30 958	-39 135
IV.	Bonuses and discounts reserve	67	12 725	10 049
1.	Gross Amount	68	12 725	10 997
2.	Reinsured Amount (-)	69	-	-948
V.	Extraordinary risk reserve	70	-	2 805
VI.	Other technical reserves	71	-	72
1.	Gross Amount	72	-	72
2.	Reinsured Amount (-)	73	-	-
D.	Unit link reserve	74	-	-
1.	Gross Amount	75	-	-
2.	Reinsured Amount (-)	76	-	-
E.	Reserves	77	48 687	24 000
F.	Deposits from reinsurers	78	-	-

IX. BALANCE SHEET

	Item	Line	Current period	Previous period
No.	Description			
a	b	c	5	6
G.	Liabilities, of which	79	287 170	119 867
I.	Liabilities from direct insurance, of which	80	171 424	32 787
1a.	Liabilities against enterprises in which the company owns majority interest	81	-	-
1b.	Liabilities against enterprises in which the company owns significant interest	82	-	-
II.	Liabilities from reinsurance, of which	83	36 048	11 598
1a.	Liabilities against enterprises in which the company owns majority interest	84	-	-
1b.	Liabilities against enterprises in which the company owns significant interest	85	-	-
III.	Loans guaranteed by bonds, of which	86	-	-
1.	Loans guaranteed by bonds in convertible currency	87	-	-
1a.	Liabilities against enterprises in which the company owns majority interest	88	-	-
1b.	Liabilities against enterprises in which the company owns significant interest	89	-	-
2.	Other loans guaranteed by bonds	90	-	-
2a.	Liabilities against enterprises in which the company owns majority interest	91	-	-
2b.	Liabilities against enterprises in which the company owns significant interest	92	-	-
IV.	Bank Loans	93	-	-
V.	Other Liabilities, of which	94	79 698	75 487
1.	Tax liabilities	95	1 250	6 289
2.	Liabilities from social and health insurance	96	3 225	2 424
H.	Accruals and deferred income	97	168 697	42 229
	Total Liabilities	98	2 867 154	2 140 511
	Control Number	999	10 857 737	8 350 792

X. PROFIT AND LOSS STATEMENT

Appendix no.2 to decree no. 22 213/2002-92
Profit and Loss Statement Úč POI 2-01

PROFIT AND LOSS STATEMENT (in thousand Sk)
as at 31 December 2004

No.	Description	Gross amount	Subtotal	Net amount	
a	b	c	1	2	3
I.	GENERAL INSURANCE TECHNICAL ACCOUNT				
1.	Insurance premium, net				
1a.	Insurance premium, gross amount	492 119	x	x	x
1b.	Insurance premium gross amount transferred to reinsurers	122 680	369 439	x	x
1c.	Change in unearned premium reserve	26 800	x	x	x
1d.	Change in unearned premium reinsured	6 350	20 450	348 989	211 333
2.	Revenues from financial placement transferred from non-technical account			7 655	0
3.	Other technical revenues, net			6 122	3 803
4.	Cost of claims, net				
4a.	Cost of claims	205 382	x	x	x
4aa.	Cost of claims transferred to reinsurers	13 110	192 272	x	x
4b.	Change in claims reserve, gross	52 517	x	x	x
4ba.	Change in claims reserve, reinsured	8 178	60 695	252 967	140 100
5.	Change in other technical reserves, net			2 677	1 022
6.	Bonuses and discounts, net			16 034	0
7.	Net operating costs			x	x
7a.	Acquisition costs of insurance policies		58 729	x	x
7b.	Change in acquisition costs, reinsured		0	x	x
7c.	Administration overheads		175 326	x	x
7d.	Commissions from reinsurers and received share on profit		22 160	211 895	166 030
8.	Other technical costs, net			15 398	15 388
9.	Change in extraordinary risk reserve			2 805	0
10.	Result from general insurance			133 400	107 405

X. PROFIT AND LOSS STATEMENT

No.	Description	Gross amount	Subtotal	Net amount	
a	b	c	1	2	3
	LIFE INSURANCE TECHNICAL ACCOUNT				
24.		x	x	x	x
1.	Earned premium, gross				
1a.	Insurance premium, gross amount		742 252	x	x
1b.	Insurance premium gross amount transferred to reinsurers		341	x	x
1c.	Change in unearned premium reserve, gross		2 418	739 493	689 514
2.	Revenues from financial placement				
2a.	Revenues from shares and deposits in enterprises with majority interest		0	x	x
2b.	Revenues from other financial placement in enterprises with majority interest		0	x	x
2ba.	Revenues from lands and buildings		0	x	x
2bb.	Revenues from other financial placement	107 883	107 883	x	x
2c.	Utilisation of provisions against financial placement		0	x	x
2d.	Revenues from realisation of financial placement		0	107 883	700 778
3.	Unrealised additions to financial placement				23 874
4.	Other technical revenues, net				375
5.	Cost of claims, net				
5a.	Cost of claims	232 277	x	x	x
5aa.	Cost of claims transferred to reinsurers		0	232 277	x
5b.	Change in claim reserve	5 974	x	x	x
5ba.	Change in insurance claims reserve reinsured		0	5 974	238 251
6.	Change in other technical reserves, net				
6a.	Change in life insurance reserve, net	360 271	x	x	x
6aa.	Change in life insurance reserve reinsured		0	360 271	x
6b.	Change in other technical reserves, net		72	360 199	311 765
7.	Commissions and rebates, net				0
8.	Net operating costs				
8a.	Acquisition costs of insurance policies		49 852	x	x
8b.	Change in acquisition costs reinsured		0	x	x
8c.	Administration overheads		151 202	x	x
8d.	Commission from reinsurers and shares on profit received		0	201 054	199 012
9.	Cost of financial placement				
9a.	Cost of financial placement		7 582	x	x
9b.	Creation of provisions to financial placement		0	x	x
9c.	Costs of realisation of financial placement		6 301	13 883	599 385

X. PROFIT AND LOSS STATEMENT

No.	Item	Line	Current Period			Previous period
			Gross amount	Subtotal	Net amount	
a	b	c	1	2	3	4II.
10.	Unrealised losses from financial placement	57	x	x	11 728	0
11.	Other technical costs, net	58	x	x	1 646	4 948
12.	Revenues from financial placement transferred to non-technical account	59	x	x	0	0
13.	Result of life insurance technical account	60	x	x	44 864	102 04
III.	NON-TECHNICAL ACCOUNT	61	x	x	x	x
1.	General insurance technical account result	62	x	x	-133 400	-107 405
2.	Life insurance technical account result	63	x	x	44 864	102 046
3.	Revenues from financial placement	64	x	x	x	x
3a.	Revenues from shares and deposits in enterprises with majority interest	65	x	0	x	x
3b.	Revenues from other financial placement in enterprises with majority interest	66	x	x	x	x
3ba.	Revenues from lands and buildings	67	0	x	x	x
3bb.	Revenues from other financial placement	68	3 622	3 622	x	x
3c.	Utilisation of provisions against financial placement	69	x	0	x	x
3d.	Revenues from realisation of financial placement	70	x	142	3 764	151 628
4.	Unrealised additions to financial placements	71	x	x	1 561	2 615
5.	Revenues from financial placements transferred	72	x	x	0	0
6.	Cost of financial placement	73	x	x	x	x
6a.	Cost of financial placement	74	x	845	x	x
6b.	Creation of provisions to financial placement	75	x	0	x	x
6c.	Costs of realisation of financial placement	76	x	126	971	135 084
7.	Unrealised losses from financial placement	77	x	x	283	0
8.	Result from financial placements transferred	78	x	x	0	0
9.	Other revenues	79	x	x	2 932	3 183
10.	Other costs	80	x	x	25 198	24 616
11.	Other taxes and fees	81	x	x	1 961	1 970
12.	Income tax from ordinary activities	82	x	x	-5 425	5 466
13.	Profit or loss after taxation from ordinary activities	83	x	x	-103 267	-15 069
14.	Extraordinary revenues	84	x	x	0	0
15.	Extraordinary costs	85	x	x	0	0
16.	Profit or loss from extraordinary activities	86	x	x	0	0
17.	Income tax from extraordinary activities	87	x	x	0	0
18.	Profit or loss for the period	88	x	x	-103 267	-15 069
	Control number	999	1 637 163	2 570 231	2 210 567	3 555 620

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

1. GENERAL

a) ČSOB Poistovňa, a.s. ("the Company"), was established on 9 June 1992 and incorporated in the Commercial Register on 9 June 1992. The Company was granted a permit to perform insurance activities on 4 September 1995. At 31 December 2004 the Company's registered seat was at Drieňová 7, 821 02 Bratislava, IČO (Corporate identification number) 31 325 416. On 1 July 2004 the Company became a VAT payer and was allocated the following VAT identification number: SK 2020 851 767.

At 1 January 2005 the Company changed its registered address to: Polus Millennium Tower II, Vajnorská 100/B, 831 04 Bratislava.

b) Business activities of the Company as per the extract from the Commercial Register are:

- Insurance activities in life and non-life and accident business
- Conclusion of mediation contracts with individuals and legal entities
- Intermediation activities for banks, building and loan associations and additional old-age pension insurance agencies under a permit granted by a body supervising the insurance businesses

c) Composition of the Board of Directors at 31 December 2004:

Name	Position
Nik Vincke	Chairman
Ing. Ľudovít Kristiník	Member
Ing. Vladimír Kožuch	Member

d) Composition of the Supervisory Board at 31 December 2004:

Name	Position
Christian F.R.M. Defranq	Chairman
Jeroen Karel van Leeuwen	Member
Walter Bogaerts	Member
Ing. Peter Vajda CSc.	Member
Ing. Vladimír Rajčák	Member
Phillipe Marc Moreels	Member

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

1. GENERAL (continued)

e) Shareholders' structure at 31 December 2004:

Name	Share in the registered capital		
	Absolute value	Percentage	Voting rights
KBC Insurance N.V.	337 500 000 Sk	75,00	75,00
ČSOB, a.s.	61 500 000 Sk	13,67	13,67
Prvá slovenská investičná skupina, a.s.	51 000 000 Sk	11,33	11,33

On 11 February 2004, ČSOB Pojišťovna, a.s. having seat at Masarykovo náměstí 1458, Zelené předměstí, 532 18 Pardubice, Czech Republic transferred 246 booked registered shares with a nominal value per of SKK 500,000 issued by the Company to KBC Insurance. This represented 35.14 % share in the registered capital of the Company. As a result of this transfer, KBC Insurance became an owner of 526 shares of the Company, which is 75.14 % of the share capital.

Based on an agreement between Československá obchodní banka, a.s., with the seat Na Příkopě 854/14, 115 20 Praha 1 – Nové Město, Czech Republic and Prvá slovenská investičná skupina, a.s., 72 of the booked registered shares with nominal value of SKK 500,000 per share, issued by the Company and representing 10.29% share in the registered capital, were transferred from PSIS, a.s. to ČSOB, a.s.

At the extraordinary General Meeting held on 16 November 2004 the shareholders agreed on the increase of the share capital through the subscription of ordinary shares (as registered shares in the form of booked securities) with nominal value of SKK 500,000 per share as follows: KBC Insurance N.V.- 149 shares, ČSOB Pojišťovna, a.s.- 51 shares; PSIS, a.s. did not participate in the subscription.

The Company is part of ČSOB Group, ultimately KBC Group. Consolidated financial statements are available at KBC Bank and Insurance Holding Company, Havenlaan 2 – SEE, B - 1080 Brussels, Belgium.

f) Average staff number for 2004 was 251 (246 in 2003), of that management: 12.

g) The 2003 financial statements of the Company were approved by the ordinary General Meeting held on 13 May 2004.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

2. ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES

a) Principle accounting policies

The ordinary financial statements of the Company have been prepared on the going concern basis in accordance with the requirements of Act 431/2002 Coll. on Accounting as amended.

b) Transaction date

The transaction date is the date of acquisition or termination of ownership title, acquisition of the right to third party items, decision of a state body on origination of a receivable or payable. The transaction date of receivables from insurance and reinsurance at the amount of prescribed gross premium is the date of insurance policy, co-insurance contract or reinsurance contract or any other date specified in these contracts.

The Company accounts for the acquisition or sale of securities on a settlement day basis.

c) Non-current tangible and intangible assets

Purchased non-current tangible assets are valued at acquisition cost which includes the acquisition price and the related costs.

Non-current intangible assets are amortised in accordance with amortisation plan using a straight-line method, on the basis of estimated economic useful life of the asset, subject to a maximum of 5 years. Amortisation starts as of the first day of the month when the asset is put in use.

Low-value, non-current intangible assets with an acquisition cost not exceeding SKK 50,000 are written off when put into use.

Non-current tangible assets are depreciated according to a depreciation plan prepared on the basis of estimated economic useful life of the asset and its expected wear-and-tear. Amortisation starts as of the first day of the month when the asset is put in use.

Low-value non-current tangible assets with acquisition cost not exceeding SKK 30,000 are written off when put into use.

Estimated economic useful life and depreciation method are shown in the following table

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)

c) Non-current tangible and intangible assets (continued)

	estimated operational life (in years)	depreciation method
Buildings, halls and constructions	20	Straight-line
Machinery and equipment	4, 6, 12	Straight-line
Vehicles	4	Straight-line
Office equipment	6	Straight-line

d) Financial placement

The Company uses funds from the financial placements to cover the technical reserves. The financial placements are structured as follows:

- 1) Buildings
- 2) Term deposits in banks
- 3) Securities:
 - I) held to maturity - bill of exchange, state, bank and corporate bonds, mortgage bonds
 - II) available for sale - state bonds, investment funds

Term deposits represent 11.08% from total financial placement and are as follows:

- a) term deposits in ČSOB, a.s.,
- b) term deposits in ČSOB, a.s. - restricted,
- c) term deposits in Tatra banka, a.s.

Buildings are valued as described in c).

When acquired, securities are stated at cost, which includes direct costs on transactions with securities.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)

d) Financial placement (continued)

Subsequently, securities are stated as follows:

I) Securities held to maturity maturity are stated at amortised cost. The value used at the transaction date is adjusted for the amount of interest expense or interest income and premium/discount, calculated using the effective interest rate.

Effective interest rate method is the way of calculating the amortisation. This method is used to exactly express future cash flows discounted to present value at the valuation or maturity date.

A provision is created in the case of temporary diminution in the value of securities held to maturity to reflect their realisable value. A provision is created for individual bonds held to maturity only in the case of increased credit risk of the bond issuer. A provision is not created for interest rate fluctuations related to the risk free financial instruments.

II) Available for sale securities are stated at fair value Changes in the fair value. Are posted directly to current year revenues and costs with corresponding entries on securities accounts.

e) Receivables

When originated, receivables are stated at their nominal value. A provision is set up for bad and doubtful debts as well as for receivables from debtors in bankruptcy, based on receivables ageing analysis and analysis of credit worthiness of customers as follows: for receivables outstanding more than one year 100% provision is created. For receivables outstanding between 180 and 360 days 35% provision is created.

The Company writes off the receivables based on the court decision or the decision of the statutory body of relevant accounting unit on waiving the collection of the receivables because they are lapsed or because the costs relating to the collection exceed the amount of the receivable, or due to debtor's death.

f) Reinsurance

The Company accounts for reinsurance on accrual basis

g) Deferred tax

Deferred tax (deferred tax asset and deferred tax liability) relates to:

- a) temporary differences between the carrying value of assets and carrying value of liabilities shown in the balance sheet and their tax base,
- b) the possibility to carry forward a tax loss to future periods, which means the possibility to deduct the tax loss from the tax base in the future,

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)

g) Deferred tax (continued)

- c) the possibility to transfer unused tax deductions and other tax claims to future periods.

A deferred tax asset arising from deductible temporary differences is only recognised, there is a probability, that future taxable profits will arise, against which these deductible differences could be utilized.

There was deferred tax liability as to 31 December 2003 of SKK 5,425 thousands, which was released during 2004 as deferred tax assets arose as to 31 December 2004.

The Company decided not to record deferred tax assets as it is not probable that tax base will be recorded in near future, against which this deferred tax assets could be utilized.

h) Foreign currency translation

Assets and liabilities in foreign currency are converted to Slovak crowns using the foreign exchange rate of the National Bank of Slovakia at the transaction date and in the financial statements at the balance sheet date. The resulting foreign exchange differences are posted to the profit and loss account.

When buying and selling foreign currency, the foreign exchange rate at which this currency was purchased or sold is used when converting it to Slovak crowns.

i) Deferred acquisition costs

Non-life insurance

Acquisition costs related to non-life policies are amortised for a maximum period of one year.

Life insurance

Acquisition costs related to life policies are amortised over 7 years based on average policy duration for policies underwritten from the year 2003. Acquisition costs for policies underwritten before the year 2002 are amortised for 4 years.

Acquisition costs related to life policies where technical provision for life insurance is created using Zillmer method, are deferred during periods when Life provision using this method is negative.

j) Technical reserves

In accordance with the requirements of Act No. 95/2002 Coll. on Insurance Business as amended, the Company creates the following technical reserves:

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)

Unearned premium reserve

Unearned premium reserve is created in both, life and non-life insurance, except for one-off life insurance products, from that part of written premium that relates to future accounting periods. The reserve is calculated as a sum of reserves based on individual insurance policies using the 1/365th method.

Claims reserve

1) Non life insurance

Claims reserve is created for insured events

- reported before the end of the accounting period but not settled in that period
- that occurred but were not reported in the current period (IBNR).

Claims reserve reported but not settled is calculated as a sum of reserves for individual insured events based on the claims administrator estimate. The reserve includes all anticipated costs related to the settlement of the insured events.

Claims reserve for events that occurred but were not reported is calculated based on actuarial methods. In property insurance is used Chain-Ladder method, IBNR for MTPL is calculated based on estimated loss ratio as recommended by MTPL Office.

2) Life insurance

A provision is set up for insurance benefit in the life insurance, for announced and outstanding insurance events. The amount of the provision is determined as a sum of all provisions calculated for each insurance event, and includes expected costs relating to the settlement of the insurance events.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

2 ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES (continued)

Bonuses and discounts reserve

Bonuses and discounts reserve is created in non-life insurance in accordance with the general insurance terms and conditions. The reserve provides for the bonuses and discounts in car insurance for no claim.

Life insurance reserve

Life insurance reserves are created for:

- Individual life
- Collective life
- Premium deficiency

Individual life insurance reserve is calculated using actuarial methods for each individual insurance policy. Zillmer method is only used in case of surrender or decrease of insurance policy period. Reserve includes also interest benefit from related financial placement.

Collective life insurance reserve is calculated for death insurance, insurance of the exemption from paying insurance premiums due to permanent disability for live insurance contracts and for pensions. The reserve is determined by actuarial calculations, including estimated future cash flows.

Deficiency reserve is a reserve for covering the deficit arising from disproportion between future expected income from financial placements and technical interest rate guaranteed in life products. Its value is calculated according to methodology of calculation approved by Financial Market Authority (UFT). In accordance with this methodology, deficiency reserve is settled as the present value of pure interest losses incepted in consequence of difference between technical interest and risk free rate adjusted by loading for uncertainty.

k) Allocation of costs and revenues

Costs and revenues are allocated directly to technical account for life and non-life insurance based on estimated time spent by employees dealing with life and non- life business respectively.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

3 FINANCIAL PLACEMENT

The movements on the accounts of financial placement in 2004 were as follows:

Type SKK '000	1. 1. 2004	Additions	Disposals/ Depreciation	31. 12 2004
Land and buildings (net book value)	22,125	-	1,004	21,121
Securities with floating interest	33,187	-	18,117	15,070
Securities with fixed interest	1,705,573	1,276,178	802,130	2,179,621
Deposits in banks	59,233	9,850,293	9,633,309	276,217
Total	1,820,118	11,126,471	10,454,560	2,492,029

Land and buildings are financed from own sources of insurance company.

Company has in its portfolio securities classified as held to maturity and available for sale.

Their structure is as follows:

A. Securities held to maturity:	2004	2003
Securities held to maturity SKK '000		
State treasury bills	70,546	167,800
Mortgage loans	332,271	300,029
State bonds	893,064	476,089
Bill of Exchange	37,100	-
Domestic bonds	50,177	-
Foreign bonds	304,163	88,763
Total	1 687,321	1 032,681
B. Securities available for sale	2004	2003
Unit trusts SKK '000		
Investment funds	-	18,090
State bonds	507,370	687,988
Spolu	507,370	706,078

The Treasury bills in the held-to-maturity portfolio have been issued by the Slovak Ministry of Finance with the purpose to cover the state budget deficit. The Treasury bills market is organised by the National Bank of Slovakia, whilst the primary sale is usually performed through an auction.

Mortgage bonds in the held-to-maturity portfolio are a special form of bonds issued by the Slovak banks (VÚB banka, a. s., ČSOB, a.s., Istrobanka, a. s., Slovenská sporiteľňa, a. s.), and are covered by a lien on immovable assets.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

3 FINANCIAL PLACEMENT (continued)

State bonds in held to maturity and available for sale portfolios are traded on Bratislava stock Exchange (BCPB).

Foreign bonds included in held to maturity represent corporate and bank bonds traded on Luxemburg stock exchange.

Financial placement is divided to Life, Non-life, Own sources, in relation to technical reserves as follows:

Financial placement at 31.12.2004 SKK '000	Life reserves	Non-life reserves	Own sources	Total
Land and buildings	-	-	21,121	21,121
State bonds and NBS bonds granted by state	1,254,343	146,091	-	1,400,434
Bank bonds	215,227	-	-	215,227
State treasury bills	-	70,546	-	70,546
Bonds on KT BCP	88,936	-	50,177	139,113
Term deposits	124,022	-	152,195	276,217
Mortgage loans	299,812	32,459	-	332,271
Bills of exchange granted by bank	37,100	-	-	37,100
Total	2,019,440	249,096	223,493	2,492,029

Income from financial placement SKK '000	2004
Income from securities	110,011
Interest from term deposits	6,424
Interest from bills of exchange	2,206
Other income	519
Total	119,160

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

4 NON CURRENT INTANGIBLE ASSETS

Type of asset SKK '000	1. 1. 2004	Additions	Disposals	31. 12. 2004
Software	39,636	-	3,896	43,532
Accumulated depreciation	31,898	6,450	-	38,348
Assets not yet in use	130	4,190	(3,896)	424
Net book value	7,868	2,260	-	5,608

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

5 NON CURRENT TANGIBLE ASSETS AND STATIONARY

Non current tangible assets SKK '000	1. 1. 2004	Additions	Disposals	31. 12. 2004
Depreciated non-current tangible assets:	103,421	22,384	8,733	117,072
Computers	57,858	10,272	4,020	64,110
Office equipment	13,894	914	63	14,745
Cars	13,062	9,311	4,147	18,226
Low value assets	18,607	1,887	503	19,991
Accumulated depreciation	84,976	17,722	8,454	94,244
Computers	47,380	7,815	3,952	51,243
Office equipment	9,019	2,404	45	11,378
Cars	9,970	5,679	3,954	11,695
Low value assets	18,607	1,824	503	19,928
Asset not yet used	6,208	20,504	20,500	6,212
Net book value	24,653	25,166	20,779	29,040

Inventory SKK '000	1. 1. 2004	Additions	Disposals	31. 12. 2004
Stationary	5,891	10,082	11,838	4,135
Acquisition	113	10,220	8,204	2,129
Net book value	6,004	20,302	20,042	6,264

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

6 RECEIVABLES, ACCRUALS AND PREPAYMENTS

Receivables SKK '000	31. december 2004		31. december 2003	
Receivables from direct insurance	98,890		107,351	
of which due	35,603		56,280	
overdue	63,287		51,071	
Receivables from reinsurance	5,301		609	
of which due	5,301		609	
Other receivables	7,089		6,610	
of which due	869		499	
overdue	6,220		6,111	
Total	<u>111,280</u>		<u>114,570</u>	

Bad debt provision SKK '000	1.1.2004	Additions	Disposals	31.12.2004
Bad debt provision from direct insurance				
-policyholders	46,162	4,577	511	50,528
-other receivables	6,111	-	-	6,111
Total	<u>52,573</u>	<u>4,577</u>	<u>511</u>	<u>56,639</u>

The entire amount of the provision for other receivables relates to overdue receivables. During 2004 the Company did not make any correction to the provision for other receivables, since it is expected that their ageing structure will not change.

As to 31 December 2004, the Company wrote off the receivables based on a court decision or a decision of the statutory body of relevant accounting unit on waiving the collection of receivables because they were lapsed or because the costs relating to the collection exceeded the amount of the receivable, or due to debtor's death. As to 31 December 2004, the amount of receivables written off in this way was SKK 599 thousand.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

6 RECEIVABLES, ACCRUALS AND PREPAYMENTS (continued)

Accruals and Prepayments SKK '000	31. 12. 2004	31. 12. 2003
Interest and rent	17,415	26,649
Acquisition costs of insurance policies	130,049	123,881
Capitalised software	14,301	21,402
Other accruals and prepayments	6,123	7,232
Total	<u>167,888</u>	<u>179,164</u>

Other than capitalised costs of software development, which is amortised over 4 years, all accruals and prepayments will be settled within one year.

Deferred acquisition costs of policies SKK '000	2004	2003
Life insurance	114,014	122,261
Non-life insurance	16,035	1,620
Spolu	<u>130,049</u>	<u>123,881</u>

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

7 LIABILITIES, ACCRUALS AND DEFERRED INCOME

Liabilities	31.12.2004	31.12.2003
SKK '000		
Due	287,170	119,867
Overdue	-	-
Total	287,170	119,867
Liabilities, accruals and deferred income	31.12.2004	31.12.2003
SKK '000		
Liabilities from direct insurance, out of which	207,472	44,380
to policyholders	152,169	23,800
to intermediary	19,255	8,982
to reinsurance	36,048	11,598
Other liabilities, out of which	79,698	75,487
to employees	10,191	7,400
trade liabilities	16,757	6,733
Accruals, out of which	44,253	43,204
Untaken holiday and bonuses	16,918	21,399
Total liabilities	287,170	119,867
Deferred income, out of which	168,697	42,229
Life insurance received in advance	9,279	8,582
Non-life insurance received in advance	159,376	33,645
Other	42	2
Total liabilities, accruals and deferred income	455,867	162,096

The liabilities to the insured arising from direct insurance, relate particularly to the liabilities from insurance events liquidated, however not paid, in total SKK 489 thousand at 31 December 2004 (SKK -6 thousand at 31.12.2003) and to the liabilities of SKK 151,275 thousand at 31 December 2004 (at SKK 23,436 thousand at 31.12.2003) arising from temporary failure to identify the received payments by the system.

An increase of liabilities from re-insurance resulted from the recognition of operations relating to the re-insurance, using the accrual principle.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

8 TECHNICAL RESERVES

Technical reserves (after reinsurance)	1.1.2004	Additions	Disposals	31.12.2004
SKK '000				
Unearned premium reserve	63,818	144,228	121,360	86,686
life insurance	20,165	5,343	2,925	22,583
non-life insurance	43,653	138,885	118,435	64,103
Life reserve	1,455,061	542,469	182,198	1,815,332
Claim reserve	107,772	360,457	293,788	174,441
life insurance	42,930	83,925	77,951	48,904
non-life insurance	64,842	276,532	215,837	125,537
Bonuses and discounts reserve	10,049	20,243	17,567	12,725
Other technical reserves	72	-	72	-
Provision for extraordinary risks	2,805	-	2,805	-
Total	1,639,577	1,067,397	617,790	2,089,184

Overview of the re-insurer's share in the technical reserves:

Technical reserves	Gross		Reinsurance		Net	
	2004	2003	2004	2003	2004	2003
SKK '000						
Unearned premium reserve	102,193	72,975	15,507	9,157	86,686	63,818
Life reserve	1,815,332	1,455,061	-	-	1,815,332	1,455,061
Claim reserve	205,398	146,907	30,957	39,135	174,441	107,772
Bonuses and discounts reserve	12,725	10,997	-	948	12,725	10,049
Provision for extraordinary risks		2,805				2,805
Other technical provision	-	72	-	-	-	72
Total	2,135,648	1,688,817	46,464	49,240	2,089,184	1,639,577

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

8 TECHNICAL RESERVES (continued)

Claim reserve	1.1.2004	Additions	Disposals	31.12.2004
SKK '000				
RBNS	54,537	349,907	302,993	101,451
life insurance	9,134	72,708	74,093	7,749
non-life insurance	45,403	227,199	228,900	93,702
Counter claims non-life insurance	(9,566)	(49,627)	(38,226)	(20,967)
IBNR	62,801	60,177	29,021	93,957
life insurance	33,795	11,217	3,857	41,155
non-life insurance	29,006	48,960	25,164	52,802
Total	107,772	360,457	293,788	174,441

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

9 NON TECHNICAL RESERVE

Non-technical reserves	1. 1. 2004	Creation SKK	Transfer*	31. 12. 2004
SKK '000				
Reserve for shortfall in MTPL	24,000	17,417	7,270	48,687

*Provision was part of claim reserve in 2003.

ČSOB Poistovňa has provided MTPL business since 2001 after the demonopolisation process was finalised. All rights and obligations related to MTPL were transferred to the MTPL Office from 1 January 2002, of which ČSOB Poistovňa is a member responsible for loss covering. There exists a shortfall in technical reserves transferred to MTPL Office.

ČSOB Poistovňa share of SKK 48,687 thousands was computed based on market share in MTPL business which ČSOB achieved in 2004 and estimate of total future claims the MTPL Office will have to settle based on a report produced by KPMG for the MTPL Office in October 2003.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004**10 SHAREHOLDERS' EQUITY**

Registered capital of the Company represents SKK 450,000 thousand at 31 December 2004 (31 December 2003: SKK 350,000 thousand). Nominal value of each share is SKK 500,000.

Shareholders' equity

	1.1.2004	Transfer of prior year loss	Current year result	Share capital increase	Securities revaluation	31.12.2004
Registered capital	350,000	-	-	100,000	-	450,000
Share premium	17,000	-	-	-	-	17,000
Retained earnings	(37,094)	(15,069)	-	-	(38,154)	(90,317)
Current year results	(15,069)	15,069	(103,267)	-	-	(103,267)
Equity	314,837	-	(103,267)	100,000	(38,154)	273,416

The increase of the share capital resulted from the requirements of the provisions of §4 para.12 of Act 95/2002 Coll. on the Insurance Business in the wording of an amendment effective from 1 May 2004.

In 2004, the loss carried forward from previous years was increased as follows:

- Decision of the General Meeting on 13 May 2004 on the settlement of the 2003 loss through the transfer to the loss carried forward from previous years at SKK 15,069 thousand,
- Correction in 2004 of an error from the previous accounting period, relating to the valuation of securities at SKK 38,154 thousand.

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004**11 TECHNICAL REVENUES AND EXPENSES****Non-life insurance**

Direct insurance	31. 12. 2004	31. 12. 2003
SKK '000		
Gross written Premium	492,119	386,956
Premium received	502,765	384,149
Claims expenses	205,382	179,549
Operational costs	211,895	166,030

Insurance group	Gross written premium	Premium received	Claims expenses
SKK '000			
Injury and illness	3,565	3,643	716
MTPL	106,867	109,178	31,114
CASCO	149,443	152,676	76,505
Cargo	6,728	6,027	2,809
Property and fire	217,524	223,075	90,835
Travel	7,992	8,166	3,403
Total	492,119	502,765	205,382

Bonuses for CASCO mainly for no claims represented SKK 16,034 thousands (2003: SKK 26,661 thousands)

Structure of direct life insurance is as follows:

Life insurance

Direct insurance	31.12.2004	31.12.2003
SKK '000		
Individual insurance	734,432	691,274
Group insurance	7,820	551
Current (periodical) insurance	715,618	673,917
One-off insurance	26,634	17,908
Premium without the share on profit	9,821	1,758
Premium with the share on profit	732,431	690,067
Gross written premium total	742,252	691,825

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

11 TECHNICAL REVENUES AND EXPENSES (continued)

The Company concluded all policies in the Slovak Republic.

Acquisition costs SKK '000	31.12.2004	31.12.2003
Commissions	88,369	86,173
Renewal commissions	22,122	37,985
Total	110,491	124,158

Results of reinsurance (revenue +/expense -) SKK '000	2004	2003
Reinsurance share on gross written premium	(123,021)	(155,413)
Life	(341)	(755)
Non-life	(122,680)	(154,658)
Commissions from reinsurance	22,160	32,560
Life	-	187
Non-life	22,160	32,373
Reinsurance share on UPR reserve	6,350	(24,366)
Life	-	18
Non-life	6,350	(24,384)
Reinsurance share on claims		
Non-life	13,110	65,990
Reinsurance share on changes in claims reserve		
Non-life	(8,178)	(1,595)
Reinsurance share on changes in reserve for bonuses and discounts		
Non-life	(948)	(12,593)
Total	(90,527)	(95,417)
Life	(341)	(550)
Non-life	(90,186)	(94,867)

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

11 TECHNICAL REVENUES AND EXPENSES (continued)

Administration overhead SKK '000	2004	2003
Personnel and payroll costs	142,584	125,711
Social insurance	27,852	24,028
Audit and other advisory services	6,557	4,934
Re-branding	13,544	-
Depreciation	28,926	29,157
Rent and office maintenance	21,332	19,727
Travel costs	19,996	16,063
IT costs	5,894	2,851
Mailing costs	28,844	26,567
Other	30,999	24,407
Total administration costs (Line 19 and 51)	326,528	273,444

Other operational costs SKK '000	2004	2003
Other technical costs	17,046	20,336
Commissions for administration of investments portfolio	3,796	3,497

Expenses related to the members of statutory bodies and management SKK '000	2004	2003
Salary	18,145	22,028
Bonuses	9,174	9,165
Social insurance	2,697	7,756
Total	30,016	38,949

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

12 RELATED PARTIES

The Company carried out transactions with related parties on an arm's length basis as follows:

- a. ČSOB, a.s.
- b. ČSOB leasing, a.s.
- c. V-Brokers, o.c.p.,a.s.
- d. PSIS, a.s.
- e. BOF,a.s.
- f. Petit Press
- g. Drôtovňa Holding, a.s.

Receivables/payables to related parties SKK '000	Receivables	Payables
B.O.F, a.s.	-	219
ČSOB, a.s.	17,850	-
ČSOB Leasing, a.s.	-	1,389
KBC Insurance NV	52,150	-
Petit Press	-	40
PSIS, a.s.	67	-
Total	70,067	1,648

XI. NOTES TO FINANCIAL STATEMENTS 31. DECEMBER 2004

13 OTHER FINANCIAL LIABILITIES

Contingent liabilities

The Company does not have any material obligations or financial liabilities, that are not recorded in the current bookkeeping and are not shown in these financial statements.

Many areas of Slovak tax law have not been sufficiently tested in practice, so there is some uncertainty as to how the tax authorities would apply them. The extent of this uncertainty cannot be quantified. It will be reduced only if legal precedents or official interpretations are available. Company's management is not aware of any circumstances, which may give rise to a future material expense in this respect.

14 OFF BALANCESHEET

At 31 December 2004 the Company recorded the certificated securities of SKK 2,194,691 thousand given to the custody of ČSOB on the off balance sheet accounts.

15 POST-BALANCE SHEET EVENTS

After 31 December 2004, no significant events have occurred that would require recognition or disclosure in the 2004 financial statements.

XII. REPORT OF INDEPENDENT AUDITOR



PricewaterhouseCoopers
Slovensko, s.r.o.
Hlavné námestie č. 20
812 22 Bratislava
Slovak Republic
Telephone +421 (0)2 99250 111
Facsimile +421 (0)2 99250 222

REPORT OF INDEPENDENT AUDITORS

To the shareholders of ČSOB poisťovňa, a.s.:

1. We have audited the accompanying financial statements of ČSOB poisťovňa, a.s. („the Company“) for the year 2004, that comprises the balance sheet as of 31 December 2004, the related statement of income for the year then ended and the notes thereto. These financial statements are the responsibility of the Company's Board of directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.
3. In our opinion, the financial statements present fairly, in all material respects, the financial position of ČSOB poisťovňa, a.s. as of 31 December 2004 and the results of its operations for the year then ended in accordance with the Accounting Act of the Slovak Republic and related accounting regulation.

PricewaterhouseCoopers Slovensko, s.r.o.
SKAU licence No.: 161



Eva Hupková
SKAU licence No.: 672

16 February 2005

The company's ID (IČO) No. 31339417
Tax identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (IDČ) 2830779021
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IC DPH) SK2102276021
Spoločnosť je registrovaná v Obchodnom registri Okresného súdu Bratislava I, pod číslo 4/2011/3, oddiel 06
The company is registered in the Commercial Register of Bratislava I District Court, ref. No. 14611/3, Section 06.

XIII. LIST OF PRODUCTS OFFERED

PRODUCTS OFFERED THROUGH THE FINANCIAL ADVISORS OF ČSOB POISŤOVŇA AND OTHER COOPERATING ENTITIES

LIFE INSURANCE – INSURANCE OF PERSONS

Kvarteto – capital life insurance with additional insurance of critical illness

It is a modern product that, due to the high ratio of insurance protection to the premium, is one of the top insurance products. The Kvarteto insurance provides insurance of 4 risks – besides from death and endowment, it includes the risk of critical illnesses and premium waiver.

Optimus – variable capital life insurance

It is an insurance for an unlimited period up to the 70th year of age, which, when combined with accident rider and daily compensation additional insurance, covers the risks and provides the customers with a high interest rate.

Štvorlístok – comprehensive insurance for children and parents

It provides complete insurance coverage not only for the child insured but also for both parents, thereby allowing financial resources to accumulate to start ones' own adult life. Besides from accident rider, it also includes additional critical illness insurance and premium waiver in case of disability of one or both parents.

Plus – special insurance, loan insurance

Insurance for directors, managers and entrepreneurs that completely covers risks without active formation of capital value. It also fulfils the requirements for securing a loan.

Profit – pension insurance

Various forms and methods of payment of pension insurance and survivors' pensions provide security for the insured person in their old age.

Depozit – deposit life insurance with accident insurance

Insurance in case of death or endowment, with accident insurance paying a lump sum for a period of 5 years, but not over 70 years of age.

Accident rider

It provides insurance protection in the event of death caused by an accident or permanent consequences of any accident, as long as the permanent consequences of a single accident are at least 1%. It can be bought with any insurance for adults or children.

XIII. LIST OF PRODUCTS OFFERED

Accident rider of daily compensation

Provides coverage during the medical treatment of an accident.

Group life insurance and accident insurance

Increases the loyalty of employees and provides the staff with a guarantee of social security.

NON-LIFE INSURANCE

Variant – Casco insurance

Insurance of personal cars and vans made in Slovakia and abroad. The insurance covers the risks of damage or destruction of the vehicle from an accident, natural perils, vandalism or theft of the vehicle.

MTPL - motor third party liability insurance

Insurance against damage caused to a third party by operation of a motor vehicle when the damage was caused by the insured and occurred during the insured period.

Domos Kompakt – comprehensive insurance of family houses, flats and households

Taken out to cover damage or destruction of real estate (family houses, flats) by natural disaster, water from waterworks and damage resulting from third party liability. It also covers damage or destruction of household contents by a natural disaster, water from waterworks, theft and damage resulting from third party liability.

Travel insurance

It is intended for all who travel abroad. Travel insurance provides comprehensive coverage when travelling. The basis of the travel insurance is the insurance of medical expenses up to SKK 2 million. Additional accident insurance, liability, luggage and journey cancellation can be taken out.

Travel insurance connected to credit cards

We offer 5 insurance alternatives for international credit cards offered by ČSOB bank, containing insurance of medical expenses, liability insurance and optionally also accident insurance.

Accident insurance available within product and service packages from ČSOB Bank

It is offered in cooperation with ČSOB bank. Selected packages include accident insurance.

Accident insurance for individuals – in the ČSOB Stavebná sporiteľňa product

Provides insurance coverage for the customers of ČSOB Stavebná sporiteľňa within its Profit Klúčik product.

XIII. LIST OF PRODUCTS OFFERED

Products offered through branches of ČSOB bank in Slovakia

Individual travel insurance

Travel insurance connected to credit cards

Accident insurance available within the product and service packages ČSOB Pohoda Plus and ČSOB Extra Pohoda

Insurance of consumption loans, mortgage loans and multiloans

Domos Kompakt – comprehensive insurance of family houses, flats and household contents

Casco insurance

Products offered through branches of ČSOB Stavebná sporiteľňa in Slovakia

Accident insurance for private persons – the Profit Klúčik product

OFFER OF INSURANCE OF ENTREPRENEURIAL RISKS AND ASSETS

Insurance for the case of damage or destruction of assets by natural perils

Covers losses caused by fire, explosion, lightning, crash or fall of a piloted flying object, floods, windstorm, mudslides, earthquake, damage by vehicle crash, supersonic wave and water from waterworks.

Insurance of damages caused by theft by burglary or banditry

Taken out to protect against the theft of objects by burglary or banditry and intentional damage to property by others – vandalism.

Insurance of construction and assembly

Offers a complete and adequate protection against all risks present during construction works and during assembly of machinery and equipment as well as of steel constructions and industrial furnishings.

Insurance of machinery

Taken out for the case of sudden damage or destruction of an insured machine by an accident which limits or prevents its' functioning.

Insurance of machinery and electronic devices

Taken out for the case of sudden damage or destruction of an insured device by an accident which limits or prevents its' functioning.

XIII. LIST OF PRODUCTS OFFERED

Insurance of general liability for damage to individuals and companies

Relates to the liability for damage caused to property and/or the health of others resulting from the activities of the insured during the insured period.

Casco insurance

Taken out to cover sudden destruction or damage to a vehicle due to an accident, natural peril, vandalism or theft of the vehicle.

Passenger insurance

Taken out to provide coverage against death or permanent consequences arising from an accident that occurs during transportation of persons by a motor vehicle.

Insurance of cargo

Taken out to cover against accidental damage or destruction by natural disaster, theft and damage resulting from an accident.

Insurance of glass

Taken out to cover against damage or destruction of glass if the insured's mounted glass was broken, cracked or was damaged to the extent that its replacement is necessary.

XIII. LIST OF PRODUCTS OFFERED

SPECIAL TYPES OF INSURANCE

Insurance of defective product liability

Insurance of authorised architects and construction engineers liability

Insurance of accountants, tax advisors and auditors liability

Insurance of liability of official experts, interpreters and translators

Insurance of operators of a medical facility liability

Insurance of liability of members of statutory or other bodies of companies and cooperatives

Insurance of authorised topographers and cartographers liability

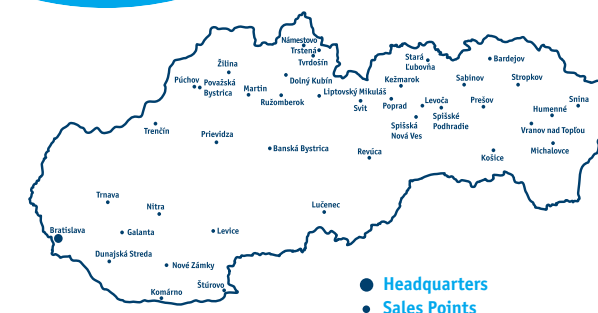
Insurance of business interruption due to fire or machine breakdown

Insurance of exhibitions

Insurance of national and international road carrier's liability

XIII. LIST OF PRODUCTS OFFERED

XIV. POINTS OF SALE OF ČSOB POISTOVŇA



Town	Street, Address	Telephone
Banská Bystrica	Národná 8	048 471 53 11
Bardejov	Dlhý rad 16	054 472 49 08
Bardejov	Radničné nám. 7	0907 632 404
Bratislava	Prievozská 2/A, Apollo BC	02 582 750 88
Bratislava	Drieňová 27	02 433 301 48
Bratislava	Radlinského 10	02 526 326 31
Dolný Kubín	Radlinského 1712/34	043 586 23 10
Dubnica nad Váhom	Pod hájom 952/1	042 442 03 03
Dunajská Streda	Korzo Bélu Bartóka 14/B	031 552 94 74
Galanta	Vajanského 871/7	031 780 66 53
Hlohovec	Pribinova 46	033 772 41 08
Humenné	Nám. slobody 19	057 775 07 35
Kežmarok	Baštová 6	052 452 53 60
Komárno	Rozmarínová 24	035 770 02 10
Košice	Mäsiarska 55	055 622 33 53
Levice	Sv. Michala 4	036 631 35 09
Levoča	Vetrová 2	053 451 00 73
Liptovský Mikuláš	Tranovského 2	044 551 41 22
Lučenec	Dr. Vodu 6	047 433 22 02
Malacky	Radlinského 5281	034 772 31 58
Martin	A. Kmeťa 19	043 422 33 92
Martin	M. R. Štefánika 66	0908 908 334
Michalovce	Jaroslawská 7	056 644 26 08
Námestovo	Červeného kríža 62/30	043 552 26 20
Nitra	Kmeťkova 27	037 741 02 26
Nové Zámky	Podzámska 32	035 640 31 08
Poltár	ul. Slobody 492/24	0908 825 123
Poprad	Hviezdoslavova 28	052 788 02 11
Považská Bystrica	M. R. Štefánika 157/45	042 432 49 20
Prešov	Konštantínova 17	051 746 09 01
Prievidza	Matice slovenskej 12	046 542 34 38
Púchov	F. Urbánka 816	042 463 12 35
Revúca	M. R. Štefánika 4	058 442 63 90
Rimavská Sobota	Bélu Bartóka 2-4	047 563 18 49
Ružomberok	Podhora 48	044 432 57 11
Sabinov	Nám. slobody 46	0905 927 978
Senica	Hollého 742	034 652 00 16
Snina	Študentská 1442	057 762 12 22
Snina	Strojárska 2525	057 758 35 40
Spišská Belá	SNP 2363	0907 979 926
Spišská Nová Ves	Letná 49	053 442 22 09
Spišské Podhradie	Mariánske nám. 34	053 454 10 54
Stará Ľubovňa	17. novembra 14	052 432 43 68
Stropkov	Hviezdoslavova 26/17	0905 488 728
Šaľa	Hlavná 14	031 770 00 74
Štúrovo	Hlavná 43	036 751 14 18
Topoľčany	Obchodná 1321/6	0905 946 375
Trenčín	Rozmarínová 3	032 748 44 20
Trnava	Pekárska 11	033 551 23 71
Trstená	M. R. Štefánika 518/5	043 539 15 64
Tvrdošín	Trojličné nám. 191	043 532 88 92
Veľké Kapušany	Hlavná 195	0908 648 398
Vranov nad Topľou	Nám. slobody 2	057 446 40 87
Žilina	Revolučná 2	041 507 89 10