

POJIŠŤOVNA ČESKÉ SPOŘITELNY, a. s.

It is easy to find your way to life insurance

Annual Report 2008

Pojišťovna České spořitelny

IČ/ ID 47452820

Date of entry into the Register of Companies

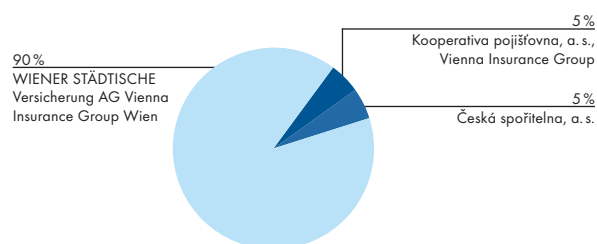
administered by the Regional Court in Hradec Králové:
October 1, 1992, part B, file 855.

Authorization to pursue insurance activities

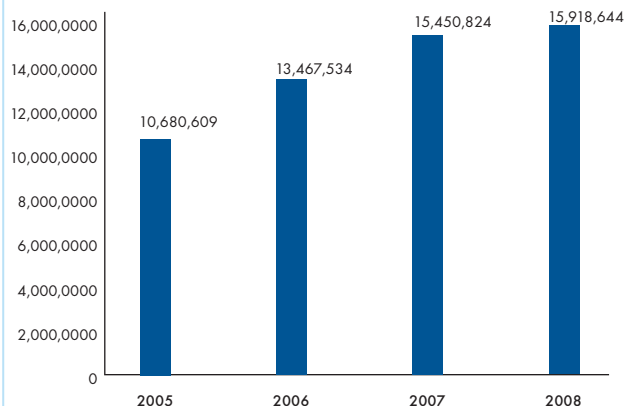
issued by the Ministry of Finance of the Czech Republic,
proceeding No. 103/68361/92 of December 16, 1992.
In accordance with § 42 section 5 of Act No. 363/1999 Coll.
on insurance business, the Ministry of Finance of the Czech
Republic (proceeding 322/16811/2002 of February 20, 2002)
issued authorization to pursue insurance activities, reinsurance
activities and connected activities.

Auditor Deloitte Audit s. r. o.

Shareholding structure of Pojišťovna České spořitelny Balance at 31 Dec 2008



Technical provisions (CZK thousand)



Selected financial indicators of the year 2008

CZK thousand

	2008
Assets	18,058,922
Equity	1,639,464
Total technical provisions	15,918,644
Business result for the period	220,522
Premium written total	6,680,097
of which: life insurance	6,593,163
non-life insurance	86,934
Total claims paid	4,577,394
of which: life insurance	4,540,368
non-life insurance	37,026

It is easy to find your way to life insurance

Complete sales of Pojišťovna České spořitelny products and client services are secured by means of two distribution networks.

Subsidiary network of Česká spořitelna

Pojišťovna České spořitelny is the leading insurance company on the market in the Czech Republic. Over 650 subsidiaries of Česká spořitelna secure the clients full accessibility to insurance products as well as complete sale and after-sale service.

External network of Pojišťovna České spořitelny

High accessibility of the company products is further secured by almost 200 external contractual partners providing both sale of insurance products and expert client service.

WE KNOW EXACTLY WHICH LIFE INSURANCE FITS YOU BEST

Flexible life insurance

Flexible life insurance represents a combination of comprehensive life insurance and an opportunity to appreciate financial resources, supplemented by a wide range of additional insurance products, as well as high variability of constituent insurance parameters.

- FLEXI life insurance
- Flexible life insurance JUNIOR

Capital insurance

Capital insurance is used mainly to secure a single-deposit investment for a determined term, combined with basic life insurance.

- Capital life insurance KAPITÁL

Credit risk insurance

This product provides assurance in cases of unexpected life situations resulting in the clients' inability to pay their financial obligations.

- Credit life insurance HYPOTÉKA
- Group insurance within the Financial Group of Česká spořitelna

Complex programme for holders of the supplementary pension plans of PFČS

Favourable risk life insurance for the clients of Penzijní fond České spořitelny

Employee programmes

Wide range of favourable life insurance with employers' benefits

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Company Profile

1992

Pojišťovna České spořitelny was established in 1992 with private Czech capital and began its insurance activities in January 1993 as Živnostenská pojišťovna. The primary objective of the company was to provide insurance services, namely for the newly emerging entrepreneur sphere. With the growth of the insurance activities portfolio, the company started to broaden its offer of insurance products to the general public. In 1995, Pojišťovna České spořitelny was the first insurance company in the Czech Republic to introduce dread disease insurance, where benefits are paid already after such a disease has been diagnosed.

1995

The 1995 capital entry of Česká spořitelna marked an important turning point in the company's development, which brought both the necessary financial resources as well as backing of the strongest financial group in the Czech Republic. The importance of an efficient shareholder structure proved crucial in 1997, when the whole insurance market was struck by the aftermath of widespread floods.

2000

In the course of the privatization of Česká spořitelna, Pojišťovna České spořitelny underwent a thorough legal and financial inspection, and as a consequence, the company recorded the entry of a new shareholder **at the end of 2000. The largest Austrian life insurance company Sparkassen Versicherung, member of the Financial group of Erste Bank** gained a 45 percent share in the company through a CZK 500 million increase in the share capital. The current amount of the

share capital, reaching over CZK 1.1 billion ranks Pojišťovna České spořitelny among the financially strongest insurance companies on the market in the Czech Republic and together with its strong shareholders' backing make for the company's standing as a reliable and secure insurance company.

2001

As a part of the transformation of Česká spořitelna and the whole of its financial group into a modern, client-oriented financial institution of European standards, **the shareholders of the insurance company agreed to pursue insurance activities under the new name of Pojišťovna České spořitelny as of September 17, 2001.** The change of the company name went hand in hand with changes of corporate colours, names and logos of the whole of the Financial Group of Česká spořitelna, which reflected those of the majority owner – Erste Bank. Changes in the areas of providing client services and in company management policy positively influenced the growth of sales of insurance products offered by Pojišťovna České spořitelny through the Česká spořitelna subsidiary network, service known as bancassurance, which became a characteristic feature of Pojišťovna České spořitelny.

2003

Considering the current and expected future development on the Czech and the European Union insurance markets and with regard to the specialisation of Česká spořitelna and the Erste Bank group on life insurance and bancassurance, **the shareholders of Pojišťovna České spořitelny agreed on a tender sale of the non-life insurance part of the company to Kooperativa pojišťovna, a.s. as of the end of 2003.**

2004

As of 2004, Pojišťovna České spořitelny focuses entirely on life insurance, through the Česká spořitelna subsidiary network and selected external networks.

2005

This year was marked mainly by product innovations. Financial services of the Financial Group of Česká spořitelna were supplemented with two new insurance products – **credit life insurances KVATRO** and **HYPOTÉKA**. Another product portfolio innovation was represented by the **FLEXI INVEST²⁰⁰⁸ unit linked life insurance** product offering three different insurance programmes and a wide range of risk life insurances. At the end of the year, the product portfolio was further supplemented with a new insurance product **JUNIOR**, **focusing on children** and characterized by high flexibility reflecting the needs of children and family life.

2006

This year was marked by great success. Pojišťovna České spořitelny recorded a year-on-year growth in the volume of profit as well as premium written and the number of clients reached over 500,000. In the course of the year, the company strengthened its position on the life insurance market and with its market share of 9.36 percent secured a place among the five most influential life insurance companies. Pojišťovna České spořitelny also became a founding member of the Czech Insurance Association.

2007

In 2007, Pojišťovna České spořitelny recorded significant business success. The year was also marked by important **product portfolio changes**. The company innovated one of its most successful products – the flexible life insurance **FLEXI**, introduced a new unit linked life insurance product **FLEXI H-FIX** and prepared innovations of the **FLEXI INVEST²⁰⁰⁸** flexible unit linked life insurance for the oncoming year.

2008

In September 2008, Pojišťovna České spořitelny became a member of the Vienna Insurance Group. The WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group Wien became a 90 percent shareholder with Kooperativa pojišťovna, a. s. retaining its 5 percent share and the original majority owner Česká spořitelna also retaining a 5 percent share of the company. The principles of cooperation with Česká spořitelna and the whole of the Erste Bank Group were determined in a long-term distribution contract. According to this contract, the sale of Pojišťovna České spořitelny products through the Česká spořitelna subsidiary network remains intact. The **FLEXI INVEST²⁰⁰⁸** insurance was chosen as the best life insurance product of 2008 in the MasterCard Bank of the Year competition 2008.

Selected Financial Indicators

CZK thousand	2006	2007	2008
Assets	15,772,413	17,574,973	18,058,922
Equity	1,830,040	1,553,754	1,639,464
Total financial placements	15,482,708	17,178,340	17,267,897
Total technical provisions	13,467,534	15,450,824	15,918,644
Business result for the period	307,547	369,212	220,522
Total premiums written	4,427,575	6,453,589	6,680,097
of which: life insurance	4,403,684	6,400,876	6,593,163
non-life insurance	23,891	52,713	86,934
Total claims paid	1,188,879	3,596,406	4,577,394
of which: life insurance	1,180,083	3,574,376	4,540,368
non-life insurance	8,796	22,030	37,026
Number of insurance contracts as of December 31	509,291	540,510	597,304
of which: life insurance	498,436	517,098	562,084
non-life insurance	10,855	23,412	35,220
Average number of employees	137	140	154

Chairman's Statement

Dear clients, shareholders and business partners,

Pojišťovna České spořitelny has been through another very successful year, in which the company strengthened its position on the Czech market, despite the fact that 2008 was a year full of challenge and difficulty in the functioning of our insurance company.

The most important event of the year was the change of the majority owner. Our membership in the Vienna Insurance Group is a great opportunity for our company. Our previous membership within a bank network reduced insurance services only as part of the financial services and activities provided, whereas now, we are a part of a strong insurance group. We can efficiently use our experience and knowledge of the banking sector and combine these with the backing and know-how of a large insurance institution. Nevertheless, we maintain as our priority close cooperation with Česká spořitelna.

In the second half of 2008, the financial sector was struck by crisis. Although it initially seemed that its devastating effects would not significantly influence financial markets in the Czech Republic, a number of Czech companies suffered from the depression. Thanks to its strategy based on the sale of current paid insurance, Pojišťovna České spořitelny managed to minimize the impacts of the crisis on the company's development. As opposed to 2007, when the market was most interested in single paid premium, the life insurance market in 2008 was driven by current paid insurance. With regard to current paid premium, the company's premium written in 2008 grew by CZK 548 million and Pojišťovna České spořitelny became the leading insurance institution in this category on the Czech market.

The total volume of premium was CZK 6.68 billion, representing 3.5 percent growth. The number of clients exceeded one million, for the first time in the company's history. The above mentioned figures and the 11.7 percent market share rank Pojišťovna České spořitelny among the four most prominent life insurance companies in the Czech Republic.

Moreover, on the bancassurance market, Pojišťovna České spořitelny ranks first, as a great part of the current paid insurance is sold through a bank network and this distribution



Petr Zapletal
Chairman of the Board of Directors and CEO

source represents great growth dynamics. Thanks to the cooperation with Česká spořitelna, we are also a long-term leader in the sphere of single paid insurance.

Among all the insurance products offered by Pojišťovna České spořitelny, the FLEXI insurance represents our flagship. Over 370 thousand clients enjoy one of the FLEXI programmes, and last year its parameters were also repeatedly appreciated by experts. As Pojišťovna České spořitelny strives to be always a step ahead of its competitors, we decided to innovate our product portfolio. We used all the best of the FLEXI, FLEXI H-FIX and FLEXI INVEST²⁰⁰⁸ products and since the beginning of 2009 we have been offering our clients a new combined FLEXI life insurance. In addition to the already known and expected services, the product brings a number of unique improvements.

Product portfolio changes are implemented on the bases of both client and business partners feedback. We cannot but greatly appreciate cooperation with our business partners and evaluate it as very efficient.

On behalf of Pojišťovna České spořitelny, I would like to thank all our clients for their trust in our company and its products. I sincerely hope that they will maintain the trust even in the troublesome period of the world economic depression. I would also like to thank all our business partners, namely Česká spořitelna, for their outstanding cooperation. We maintain our objective to preserve and further develop long-term business cooperation based on mutual trust and success.

Last but not least, I feel obliged to thank all employees of Pojišťovna České spořitelny, whose work and effort form the basis of the company's success. In 2009, we will all strive to keep the name and status of Pojišťovna České spořitelny as a reliable partner and respected institution on the market.



Petr Zapletal
Chairman of the Board of Directors and CEO

Members of the Company's Executive Bodies as of December 31, 2008

SUPERVISORY BOARD

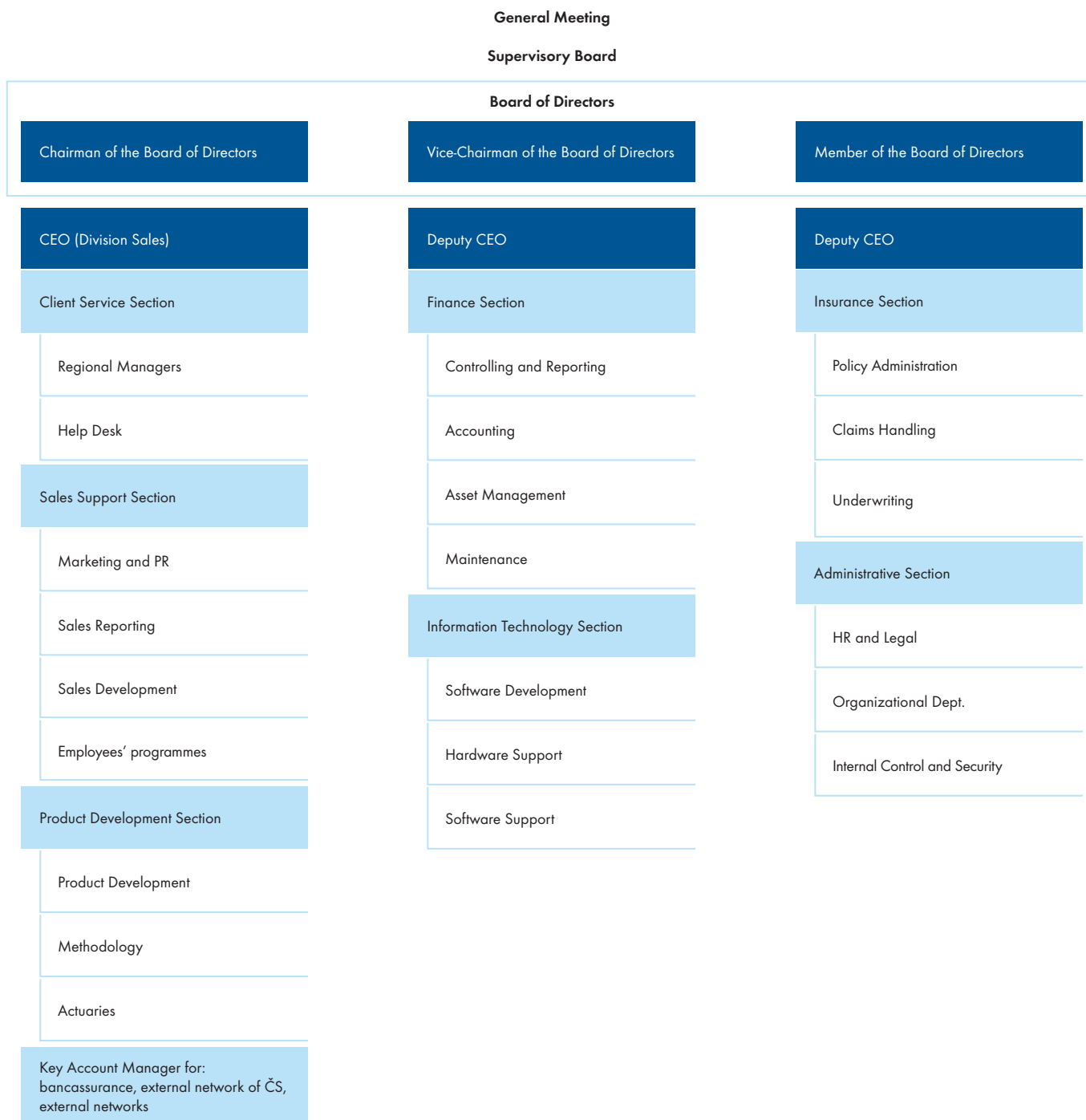
- Petr Bobysud,
Chairman of the Supervisory Board, Česká spořitelna
- Oliver van Best,
Deputy Chairman of the Supervisory Board,
Sparkassen Versicherung
- Karel Kopecký,
Member of the Supervisory Board, Pojišťovna
České spořitelny

BOARD OF DIRECTORS

- Petr Zapletal,
Chairman of the Board of Directors
- Jaroslav Kulháněk,
Deputy Chairman of the Board of Directors
- František Mareš,
Member of the Board of Directors

Organizational Chart

as of December 31, 2008



Report of the Board of Directors

In 2008 the Board of Directors of the company focused on fulfillment of the company's strategy targeted mainly at further growth of the share of the current paid premium and at continual increase of the client service. The activity of the Board of Directors was considerably influenced by the financial crisis, which heavily hit in 2008 mainly by its negative development on financial markets. Another significant activity of the Board of Directors in the evaluated year was managing the processes connected with the change in shareholders' structure.

On September 15, 2008, Pojišťovna České spořitelny became a part of the strong insurance concern Wiener Städtische Versicherung AG Vienna Insurance Group.

A component part of this change was also the conclusion of an agreement about long term mutual cooperation for support and sales of insurance products of the VIG group in the Czech Republic in branches of Česká spořitelna, a. s.

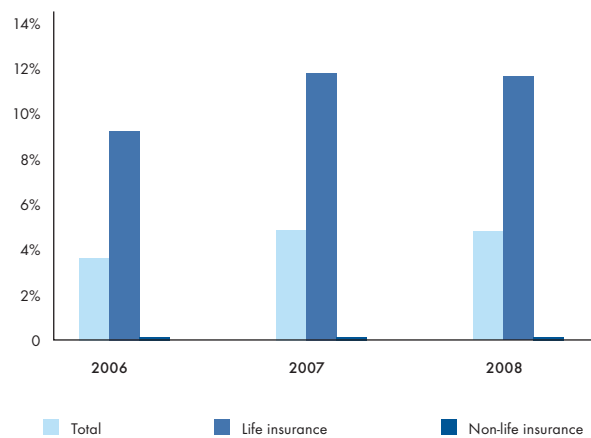
In 2008, life insurance sales slightly slowed on the Czech insurance market. The volume of premium written reached CZK 56.29 billion, which means the year-on-year growth by 4.5% (growth in 2007 was 14.4%). In absolute figures, the growth in premium written was CZK 2.4 billion. Analyzing the structure of premium growth according to payment mode, we can state that current paid premium grew by 7.9% (CZK 2.9 billion) and the single paid premium went down by 2.89% (CZK -0.5 billion) compared to 2007.

Pojišťovna České spořitelny copied this development of premium with the year-on-year growth of 3.51%. In the followed year, we realized the strategy of growth of current paid premium and we managed to overcome more than four times the market growth with the year-on-year growth of 32.58%. In single paid premium, although we surpassed our expectation, the premium sank by 7.6%.

Business results

Pojišťovna České spořitelny very good sales results in 2008. Total premium written amounted to CZK 6.68 billion. Single paid premium amounted to CZK 4.3 billion and contributed by 64.5% to the total premium written of the company. The volume of single paid premium thus confirmed also in the year

Development of the insurance market share according to the premium written



2008 the leading position our insurance company on the life insurance market in this category. We have noted very significant growth also in the area of current paid premium. The total volume of this kind of insurance reached CZK 2.4 billion (growth by 32.58%). By this performance, we have managed to shift our position on the current paid insurance market from 6th to 5th place.

These excellent sales results meant strengthening our market position with the total market share of 11.71%. This market share ranks Pojišťovna České spořitelny fourth on the Czech life insurance market.

The sales successes of Pojišťovna České spořitelny, mode of communication and sales service for clients and business partners were awarded two first places in 2008:

Association of Czech insurance brokers appraised Pojišťovna České spořitelny by a title "Insurance company of the year 2007". Within the contest Master Card Bank of the year, Pojišťovna České spořitelny was appraised as the best on the market in the category "Life insurance of the year 2008".

Products

2008 can be characterized mainly by growth of the share of risk insurance, represented by the popular family of flexible life insurance. In 2008, we launched a new product Flexi Invest 2008 with enlarged insurance protection and a wide range of investment funds. At the end of the year, we realized an emission of the single paid product Flexi Premium 152 in connection with the hedge fund of the Erste Group.

Also in the commented year, cooperation with Česká spořitelna developed in a form of so-called group insurance types, which secure the risks of death and invalidity of the bank's clients, who were provided by various forms of bank loans.

Our offer is completed by capital life insurance. This product forms a convenient alternative mainly thanks to its saving effect for clients, whose insurance contracts expire.

In 2008 flexible life insurance also represents the top of our offer and covers through its features both requirements for securing life risks as well as requirements for the long-term investments of financial means. Moreover, the flexible life insurance was widely innovated in 2008, and that both in its risk and investment parts. This insurance is currently able to

cover any individual request for risks defined by a client, and that without any limitations. The fact that this life insurance is very sophisticated, was appreciated by professionals of the Financial Academy on the 6th year of its "Golden crown" contest through the title "Silver crown".

The effects of the development of financial markets in 2008 led inevitably to a slowing down of the growth of appreciation of financial means of our clients and these means were appreciated according to various products in the range of 2–4.0%.

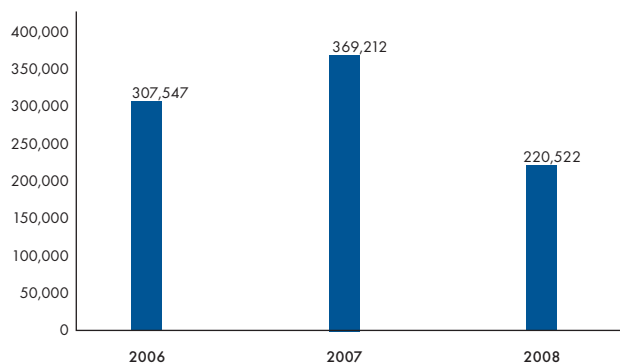
Financial results

The business performance of the company in 2008 ended with profit amounting to CZK 220.5 million.

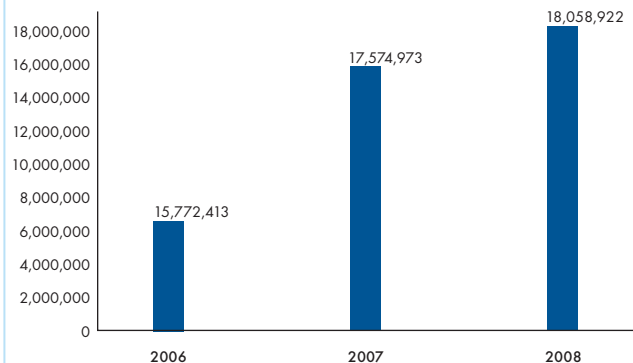
The attained business result is influence mainly by growth of premium written, and that in a positive sense. The crisis on financial markets reflected negatively on the profit creation. The impact of this crisis negatively influenced the dynamics of profit growth compared to 2007.

Technical reserves amounted to CZK 14,631.3 million structured as follows: unearned premiums CZK 134.5, life insurance provision 13,551.2 million, outstanding claims

Development of the economic result for the accounting period (CZK thousand)



Balance sheet amount development (CZK thousand)



provision CZK 856.3 million and other provisions amounting to CZK 89.3 million. In 2008, the provisions grew by a total of CZK 526.8 million compared to 2007. The growth of provisions was lower due to the high share of payments from insurance contracts expiring.

The reached provisions amount is created in accordance with the existing legislation and represents the necessary security for covering future insurance claims.

Technical provisions for life insurance in cases, when the policy holder bears the investment risk, decreased year-on-year by 4.4% to the total amount of CZK 1,287.4 million. The decrease of provisions was caused by the decline of clients' interest in insurance, when the policy holder bears the investment risk, while the yields from investment funds sank due to the financial crisis in 2008.

The volume of technical provisions determined the volume of financial placement of these means. The portfolio of financial placement is split among individual types of financial

instruments in accordance with the existing legislation and in accordance with the requirements of the regulator (the Czech National Bank). The portfolio structure of the means of financial placement is set up in such a manner so that it covers the long-term perspective of the insurance obligations and at the same time ensures security of the invested means of our clients. The asset management of the means is administered in cooperation with specialist departments of the investment banking of Česká spořitelna.

Pojišťovna České spořitelny fulfils requirements and demands in respect of solvency and exceeds the stipulated limits of solvency in life insurance. Thus, sufficient security for its clients in respect of covering future obligations from concluded insurance contracts has been created. In reinsurance, Pojišťovna České spořitelny based its approach on the careful structure of reinsurance and on long-term cooperation with the prestigious reinsurance company SWISS RE.

Report of the Supervisory Board

In 2008, the Supervisory Board of Pojišťovna České spořitelny, a. s., continuously performed the tasks assigned to it by law and the Company's Articles of Association. As the supervision and controlling body of the Company, the Supervisory Board oversaw the Board of Directors' exercise of its authority as well as the Company's business operations. The Supervisory Board was kept regularly informed of the Company's operations, financial situation, checked fulfillment of General Meeting resolutions, reviewed reports of the external auditor and provided the Company's management with suggestions and recommendations on how to improve the situation in the Company. The Supervisory Board has reviewed the submitted financial statements of Pojišťovna České spořitelny, a. s., as of December 31, 2008 and came to the conclusion that the accounting records were kept in a clearly supportable manner in accordance with valid accounting regulations and the Company's Articles of Association.

The annual financial statements were audited by Deloitte Audit s.r.o., which confirmed that the financial statements present fairly, in all substantial respects, the assets, liabilities and shareholders' equity of Pojišťovna České spořitelny, a. s., as of December 31, 2008 and the result of its business operations for 2008 in accordance with the Accounting Act and other applicable regulations of the Czech Republic. The Supervisory Board took the auditor's report into account.

The Supervisory Board also checked the Report on Relations in accordance with Section 66a Paragraph 9 of the Commercial Code submitted by the Board of Directors of the Company and stated that Pojišťovna České spořitelny, a. s. did not incur any damage as a consequence of contracts, other legal acts or other measures concluded, taken or adopted by Pojišťovna České spořitelny, a. s. during the accounting period of 2008 in favour or at instigation of individual related persons.

Based on all these facts, the Supervisory Board recommends that the General Meeting approves the state of the Company's assets and liabilities as of December 31, 2008 and the proposed distribution of the Company's profit for 2008 in accordance with the proposal submitted by the Board of Directors of Pojišťovna České spořitelny, a. s. for discussion at the General Meeting.



Petr Bobysud
Chairman of the Supervisory Board

Financial Section

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Independent Auditor's Report

to the Shareholders of Pojišťovna České spořitelny, a. s.

Having its registered office at: nám. Republiky 115, 530 02 Pardubice
Identification number: 47452820
Principal activities: Insurance

Report on the Financial Statements

Based upon our audit, we issued the following audit report dated 16 February 2009 on the financial statements which are included in this annual report on pages 16 to 43:

"We have audited the accompanying financial statements of Pojišťovna České spořitelny, a. s., which comprise the balance sheet as of 31 December 2008, and the profit and loss account and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Pojišťovna České spořitelny, a. s. as of 31 December 2008, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic."

Report on the Related Party Transactions Report

We have also reviewed the factual accuracy of the information included in the related party transactions report of Pojišťovna České spořitelny, a.s. for the year ended 31 December 2008 which is included in this annual report on pages 44 to 63. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Pojišťovna České spořitelny, a.s. for the year ended 31 December 2008 contains material factual misstatements.

Report on the Annual Report

We have also audited the annual report for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

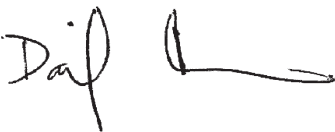
In our opinion, the information included in the annual report is consistent, in all material respects, with the financial statements referred to above.

In Prague on 31 May 2009



Audit firm:

Deloitte Audit s.r.o., Certificate No. 79



Represented by:

David Ondroušek, authorised employee



Statutory auditor:

David Ondroušek, certificate No. 2127

Balance Sheet

as of 31. 12. 2008

CZK thousand	Line No.	Gross	Adjustment	Net	Prior period
ASSETS					
B. Intangible fixed assets, of which:	2	200,210	146,547	53,663	45,542
C. Financial placements (investments)	5	15,980,529		15,980,529	15,832,018
I. Land and buildings (real estate), of which:	6	45,300		45,300	43,500
a) Real estate used in operations	7	45,300		45,300	43,500
III. Other financial placements	13	15,935,229		15,935,229	15,788,518
1. Shares and other variable yield securities, other equity holdings	14	555,855		555,855	634,045
2. Bonds	15	14,020,774		14,020,774	13,877,697
3. Financial placements in investment associations	16	507,188		507,188	471,149
6. Deposits placed with financial institutions	18	859,393		859,393	805,627
7. Other financial placements	19	-7,981		-7,981	0
D. Financial placements of life insurance, if investment risk borne by the policyholder	21	1,287,368		1,287,368	1,346,322
E. Debtors	22	132,021	34,700	97,321	143,320
I. Receivables arising from direct insurance transactions	23	73,504	34,568	38,936	39,004
1. Policyholders	24	63,465	25,201	38,264	38,041
2. Brokers	25	10,039	9,367	672	963
II. Receivables arising from reinsurance transactions	26	1,870		1,870	755
III. Other receivables	27	56,647	132	56,515	103,561
F. Other assets	28	121,505	53,796	67,709	61,758
I. Tangible fixed assets, other than land, buildings (real estate), and inventory	29	100,573	53,796	46,777	37,279
II. Cash on accounts with financial institutions and cash on hand	30	20,932		20,932	24,479
G. Temporary assets	32	572,332		572,332	146,014
I. Accrued interest and rents (income)	33	125		125	1,051
II. Deferred acquisition costs of insurance policies, of which separately:	34	494,125		494,125	88,824
a) Life insurance	35	493,578		493,578	88,329
b) Non-life insurance	36	547		547	495
III. Other temporary assets, of which:	37	78,082		78,082	56,139
a) Estimated receivables	38	48,727		48,727	45,270
TOTAL ASSETS	39	18,293,965	235,043	18,058,922	17,574,973

CZK thousand	Line no.	Gross	Adjustment	Net	Prior period
LIABILITIES					
A. Equity	40			1,639,464	1,553,754
I. Share capital	41			1,117,200	1,117,200
IV. Other capital funds	45			119,605	-96,785
V. Reserve fund and other funds from profit	46			182,137	164,127
VII. Profit or loss for the period	49			220,522	369,212
C. Technical reserves	50	14,645,629	14,353	14,631,276	14,104,502
1. Reserve for unearned premiums of which:	51	148,804	14,267	134,537	198,957
a) Reserve for unearned premiums relating to life insurance	52	123,691	14,267	109,424	180,457
b) Reserve for unearned premiums relating to non-life insurance	53	25,113	0	25,113	18,500
2. Life insurance reserve	54	13,551,158	0	13,551,158	13,074,682
3. Reserve for claims of which:	55	856,377	86	856,291	737,643
a) Reserve for life insurance claims	56	787,823	86	787,737	680,357
b) Reserve for non-life insurance claims	57	68,554	0	68,554	57,286
4. Reserve for bonuses and discounts of which:	58	16,081	0	16,081	7,352
a) Reserve for life insurance bonuses and discounts	59	16,081	0	16,081	7,352
7. Reserve for the fulfillment of commitments from the technical interest rate applied	63	73,209	0	73,209	85,868
D. Technical life insurance reserve of investment risk borne by the policyholder	67	1,287,368		1,287,368	1,346,322
E. Reserves for other risks and losses	68			56,833	116,117
2. Reserve for taxation	70			56,833	116,117
G. Creditors	73			359,175	375,561
I. Payables arising from direct insurance transactions	74			297,381	347,151
II. Payables arising from reinsurance transactions	75			8,622	10,037
V. Other payables, of which:	79			53,172	18,373
a) Tax liabilities and social security payables	80			3,140	3,687
H. Temporary liabilities	82			84,806	78,718
I. Accrued expenses and deferred income	83			12	12
II. Other temporary liabilities, of which:	84			84,794	78,706
a) Estimated payables	85			84,794	78,706
TOTAL LIABILITIES	86			18,058,922	17,574,973

Statement of Changes in Equity

for the Year Ended 31 December 2008

CZK thousand	Share capital	Reserve funds	Capital funds	Valuation differences	Funds from profit	Accumulated losses	Retained earnings	Net profit for the period	Total
Balance at 1 January 2006	1,117,200	134,447	0	312,358	5,601	0	0	187,232	1,756,838
FX differences and revaluation differences not included in the profit or loss				-56,203					-56,203
Dividends								-176,228	-176,228
Allocations to funds		9,362			1,642			-11,004	0
Use of funds					-1,914				-1,914
Allocation of prior year's profit									0
Profit for the period								307,547	307,547
Balance at 31 December 2006	1,117,200	143,809	0	256,155	5,329	0	0	307,547	1,830,040
Balance at 1 January 2007	1,117,200	143,809	0	256,155	5,329	0	0	307,547	1,830,040
FX differences and revaluation differences not included in the profit or loss				-352,940					-352,940
Dividends								-290,422	-290,422
Allocations to funds		15,377			1,748			-17,125	0
Use of funds					-2,136				-2,136
Allocation of prior year's profit									0
Profit for the period								369,212	369,212
Balance at 31 December 2007	1,117,200	159,186	0	-96,785	4,941	0	0	369,212	1,553,754
Balance at 1 January 2008	1,117,200	159,186	0	-96,785	4,941	0	0	369,212	1,553,754
FX differences and revaluation differences not included in the profit or loss				216,390					216,390
Dividends								-348,623	-348,623
Allocations to funds		18,461			2,128			-20,589	0
Use of funds					-2,579				-2,579
Allocation of prior year's profit									0
Profit for the period								220,522	220,522
Balance at 31 December 2008	1,117,200	177,647	0	119,605	4,490	0	0	220,522	1,639,464

Profit and Loss

for the Year Ended 31 December 2008

CZK thousand	Line no.	Basis	Sub-total	Result	Profit period
I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE					
1. Earned premium, net of reinsurance:	1	x	x	x	x
a) Gross premium written	2	86,934	x	x	x
b) Premium ceded to reinsurers	3	0	86,934	x	x
c) Change in the gross balance of the reserve for unearned premium (+/-)	4	6,613	x	x	x
d) Change in the balance of the reserve for unearned premium, reinsurers' share (+/-)	5	0	6,613	80,321	42,811
2. Income from financial placements (investments) transferred from a non-technical account (item III.6.)	6	x	x	3,594	553
3. Other technical income, net of reinsurance	7	x	x	29,872	28,869
4. Costs of claims, net of reinsurance:	8	x	x	x	x
a) Costs of claims:	9	x	x	x	x
aa) Gross amount	10	37,026	x	x	x
ab) Reinsurers' share	11	0	37,026	x	x
b) Change in the balance of the reserve for claims (+/-):	12	x	x	x	x
ba) Gross amount	13	11,268	x	x	x
bb) Reinsurers' share	14	0	11,268	48,294	62,635
5. Change in the balance of other technical reserves, net of reinsurance (+/-)	15	x	x	0	0
6. Bonuses and discounts, net of reinsurance	16	x	x	0	0
7. Net operating expenses:	17	x	x	x	x
a) Acquisition costs of insurance policies	18	x	27,319	x	x
b) Change in the balance of deferred acquisition costs (+/-)	19	x	-52	x	x
c) Administrative overheads	20	x	2,096	x	x
d) Commission from reinsurers and shares of profit	21	x	0	29,363	26,794
8. Other technical costs, net of reinsurance	22	x	x	560	290
9. Change in the balance of the equalisation reserve (+/-)	23	x	x	0	
10. Sub-total, result of the non-life insurance technical account (item III.1.)	24	x	x	35,570	-17,486

CZK thousand	Line No.	Basis	Sub-total	Result	Prior period
II. TECHNICAL ACCOUNT – LIFE INSURANCE					
1. Earned premium, net of reinsurance:	25	x	x	x	x
a) Gross premium written	26	x	6,593,163	x	x
b) Premium ceded to reinsurers	27	x	31,283	x	x
c) Change in the balance of the reserve for unearned premium, net of reinsurers' share (+/-)	28	x	-71,033	6,632,913	6,451,455
2. Income from financial placements (investments):	29	x	x	x	x
a) Income from equity investments, with specific reference to income from controlled entities	30	x		x	x
b) Income from other financial placements (investments) with specific reference to income from controlled entities, of which:	31	x	x	x	x
ba) Income from land and buildings (real estate)	32	0	x	x	x
bb) Income from other investments	33	777,785	777,785	x	x
c) Change in the value of financial placements (investments)	34	x	0	x	x
d) Income from the realisation of financial placements (investments)	35	x	2,083,967	2,861,752	2,384,559
3. Additions to financial placements (investments)	36	x	x	226,783	135,630
4. Other technical income, net of reinsurance	37	x	x	37,891	48,403
5. Costs of claims, net of reinsurance:	38	x	x	x	x
a) Costs of claims:	39	x	x	x	x
aa) Gross amount	40	4,540,368	x	x	x
ab) Reinsurers' share	41	6,073	4,534,295	x	x
b) Change in the balance of the reserve for claims (+/-):	42	x	x	x	x
ba) Gross amount	43	104,487	x	x	x
bb) Reinsurers' share	44	-2,894	107,381	4,641,676	3,679,005
6. Change in the balance of other technical reserves, net of reinsurance (+/-):	45	x	x	x	x
a) Change in the balance of the life insurance reserve:	46	x	x	x	x
aa) Change in the gross balance	47	476,476	x	x	x
ab) Reinsurers' share	48	0	476,476	x	x
b) Other technical reserves, net of reinsurance	49	x	-62,884	413,592	1,907,557
7. Bonuses and discounts, net of reinsurance	50	x	x	107,548	31,162
8. Net operating expenses:	51	x	x	x	x
a) Acquisition costs of insurance policies	52	x	1,084,982	x	x
b) Change in the balance of deferred acquisition costs (+/-)	53	x	-405,250	x	x
c) Administrative overheads	54	x	304,116	x	x
d) Commission from reinsurers and shares of profits	55	x	11,054	972,794	772,631
9. Costs of financial placements (investments):	56	x	x	x	x
a) Costs of administering financial placements (investments), including interest	57	x	256,334	x	x
b) Change in the balance of financial placements (investments)	58	x	0	x	x
c) Costs attributable to the realisation of financial placements (investments)	59	x	2,121,062	2,377,396	1,798,569
10. Disposals of financial placements (investments)	60	x	x	967,484	291,589
11. Other technical costs, net of reinsurance	61	x	x	17,260	29,310
12. Sub-total, result of the life insurance technical account (item III.2.)	63	x	x	261,589	510,224

CZK thousand	Line No.	Basis	Sub-total	Result	Prif period
III. NON-TECHNICAL ACCOUNT					
1. Result of the non-life insurance technical account (item I.10.)	64	x	x	35,570	-17,486
2. Result of the life insurance technical account (item II.13.)	65	x	x	261,589	510,224
3. Income from financial placements (investments):	66	x	x	x	x
a) Income from equity investments, with special reference to income from controlled entities	67	x		x	x
b) Income from other financial placements (investments) with special reference to income from controlled entities, of which:	68	x	x	x	x
ba) Income from land and buildings (real estate)	69	58	x	x	x
bb) Income from other investments	70	15,089	15,147	x	x
c) Change in the balance of financial placements (investments)	71	x	0	x	x
d) Income from the realisation of financial placements (investments)	72	x	50,000	65,147	132,633
Income from financial placements (investments) transferred from the life insurance technical account (item II.12.)	73	x	x	0	
4. Costs of financial placements (investments):	74	x	x	x	x
a) Costs of administering financial placements (investments), including interest	75	x	1,238	x	x
b) Changes in the balance of financial placements (investments)	76	x	0	x	x
c) Costs attributable to the realisation of financial placements (investments)	77	x	50,101	51,339	107,215
6. Income from financial placements (investments) transferred to the non-life insurance technical account (item I.2.)	78	x	x	3,594	553
7. Other income	79	x	x	658	0
8. Other expenses	80	x	x	30,664	30,807
9. Income tax on current activities	81	x	x	56,638	117,026
10. Profit or loss on current activities after taxation	82	x	x	220,729	369,770
15. Other taxes not reported above	87	x	x	207	558
16. Profit or loss for the period (item III.3.)	88	x	x	220,522	369,212

Notes to the Financial Statements for the Year 2008

1. GENERAL INFORMATION

1.1 Description and Principal Activities

Pojišťovna České spořitelny, a. s. (henceforth the “Company”) was recorded in the Register of Companies on 1 October 1992 under Corporate ID: 47452820.

The table below summarises information about the Company’s shareholders:

Table No. 1

Name of shareholder Address	Corporate ID No.	No. of shares	Ownership %
Česká spořitelna, a. s. Olbrachtova 1929/62, Prague 4	45244782	569	5
Kooperativa pojišťovna, a. s., Vienna Insurance Group Templová 747, Prague 1	47116617	569	5
Wiener Städtische Versicherung AG Vienna Insurance Group Schottenring 30, Vienna, Austria	-	14,522	90

Through its decision of 22 July 2008, the Company’s Board of Directors agreed to transfer registered shares in compliance with Section 5 (4) of the Company’s Articles of Association. Based on this decision, the shares were transferred as of 15 September 2008 and the shareholders and their ownership percentages changed accordingly.

The table below summarises information about the Company’s shareholders and their ownership percentages as of the date of the sale of the shares:

Name of shareholder Address	Corporate ID No.	No. of shares	Ownership %
Česká spořitelna, a. s. Olbrachtova 1929/62, Prague 4	45244782	10,660	55.2
Sparkassen Versicherung AG Wipplingerstrasse 36-38, Vienna, Austria	-	5,000	44.8

The Company is licensed to undertake insurance activities pursuant to Czech Finance Ministry Resolution No. 103/68361/92

dated 16 December 1992. The Company has been carrying out its business as an insurer since 1993. In accordance with the amended Act 363/1999 Coll. on Insurance, the Finance Ministry, acting as the state supervision authority in insurance in terms of Section 42 (5) of Act 363/1999 Coll. on Insurance and Changes to Several Related Acts, as amended, has licensed the Company to undertake insurance activities, reinsurance activities and related activities ref No. 322/16811/2002.

The resolution (ref. No. 322/16811/2002) took effect on 20 February 2002.

The scope of activities listed in the licence granted by the Finance Ministry dated 20 February 2002 was recorded in the Register of Companies on 4 December 2002.

With effect from 2 January 2004, the Company has been specialising only in providing personal insurance in the scope defined in the Insurance Act 363/1999 Coll., as amended, Appendix 1 – Insurance segments and groups, Part A – life insurance segments and Part B – non-life insurance segments, Segment 1 – Accident insurance and Segment 2 – Sickness insurance, specifically as follows:

- Capital life insurance – life insurance associated with a conservative financial investment. The main benefits include a zero risk of financial loss combined with an advantageous interest rate, which is achieved through the combination of a guaranteed interest rate and a share of the Company’s income, and the optimal use of available cash without the need to make additional payments;
- Insurance with an investment fund – flexible insurance and investment programme offering a choice between a guaranteed income scheme or one of the investment funds where a policyholder bears the investment risk. The key advantages include comprehensive protection against a wide range of insurance risks and the ability to accommodate changing requirements of clients in every-day situations. Another benefit of the product relates to the high appreciation of the capital value and the possibility of obtaining insurance coverage for another adult and as many as five children per policy;
- Credit life insurance – products designed to insure risks associated with the repayment of consumer and cash loans and loans to finance real estate purchases. The benefits of

this insurance predominantly involve having a reputable guarantor, Pojišťovna České spořitelny, securing the loan in the event of health problems of a debtor. The credit life insurance is primarily intended for sale in combination with the loan products of the Česká spořitelna Financial Group; and

d) Accident insurance.

In addition, the Company's principal activities include non-life insurance Nos. 3, 5, 11, 13, 15, 16 and 18 listed in Part B of the Appendix to Act No. 363/1999 Coll., Group C) of non-life insurances listed in Part C of the Appendix to the Insurance Act and reinsurance activities in accordance to Section 3 (3) of the Act on Insurance only in the scope of facultative reinsurance activities in accordance with Section 9 (5) of the Insurance Act for non-life insurance Nos. 5, 7, 8, 9, 11, 13 and 16 listed in Part B of Appendix to the Act on Insurance. However, it has not actively provided these services since 2 January 2004.

Following the registration made on 23 December 2004, the Company is allowed to provide training to insurance brokers and independent loss adjusters.

1.1.1 Registered Office of the Company

Pojišťovna České spořitelny, a. s.
 nám. Republiky 115
 530 02 Pardubice

1.1.2 Board of Directors

Set out below is the composition of the Company's Board of Directors as of 31 December 2008:

Chairman of the Board:

Petr Zapletal, residing at Ke Kurtům 378, Prague 4, Písnice

Vice Chairman of the Board:

Jaroslav Kulhánek, residing at Zalomená 175,
 Hradec Králové 11 – Roudnička

Member of the Board:

František Mareš, residing at Palackého 1932, Pardubice – Zelené Předměstí

The dealings of Board members that are binding for the Company must take written form and must be signed by the acting member of the Board and another member of the Board who attach their signatures to the business name of the Company.

1.1.3 Supervisory Board

Set out below is the composition of the Company's Supervisory Board as recorded in the Register of Companies held at the Regional Court in Hradec Králové as of 31 December 2008:

Chairman:

Petr Bobysud, residing at Hrádecká 57, Plzeň

Vice Chairman:

Oliver Van Best, residing at Ossiacherzeile 11/24,
 Villach, Austria

Member:

Karel Kopecký, residing at Mladých 184, Pardubice

1.2 Summary of Significant Accounting Policies

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., and Regulation 502/2002 Coll., as amended, which establishes the classification, identification and substance of the components of financial statements and consolidated financial statements, the guiding chart of accounts, accounting policies and their adoption, consolidation methods and procedures to be followed in including entities in the consolidated group and Czech Accounting Standards for Businesses which follow the accounting rules of Regulation No. 502/2002 Coll., as amended.

The accounting books and records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis with certain exceptions as described in Note 1.2, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ("CZK '000"). These financial statements have been prepared as of and for the year ended 31 December 2008.

1.2.1 Financial Placements

Carrying Value

Land and buildings are carried at cost when included in the Company's assets. In accordance with the guidance set out in Regulation 502/2002 Coll., the Company does not depreciate land and buildings.

Securities and equity investments are carried at cost upon acquisition.

Loans, other long-term receivables and bank deposits are recorded at nominal values.

Fair Value

The Company remeasures its land and buildings to fair value on the basis of a reasonable estimate in accordance with the Accounting Act.

In addition, the Company remeasures other components of financial placements at fair value at the balance sheet date. The fair value of securities is determined as follows:

- For publicly tradable securities and equity investments, the fair value is defined as the value at which the securities and equity investments were traded on the stock exchange markets on the last day prior to the balance sheet date;
- For securities and equity investments that are traded on the RM-System or on any other financial market, the fair value is defined as the average price at which the securities and equity investments were traded on these markets on the last day prior to the balance sheet date; and
- For all other financial placements, the fair value is determined based upon a reasonable estimate of their probable realisable (selling) value.

If the fair value of certain components of financial placements established as outlined above is different from the carrying value, the Company remeasures the financial placement components as follows:

- a) Gains or losses arising from the fair value remeasurement of non-current financial placement (that is, securities held to maturity and land and buildings) are recognised as a value increase or decrease through "Other capital funds" as equal to the difference between the fair value and the

carrying value adjusted to reflect a deferred tax asset/liability with a corresponding entry to the relevant accounts of financial placements and an account of deferred tax liability or deferred tax asset. When realised, the remeasurement is credited to the "Increase in financial placements" account or debited to the "Decrease in financial placements" account with an impact on the profit or loss for the period; and

- b) Gains or losses arising from the fair value remeasurement of current financial placements (that is, other financial placements not stated above) are recognised as a value increase or decrease through "Increase or decrease in financial placements" with an impact on the profit or loss for the period.

1.2.2 Tangible and Intangible Assets

Tangible and intangible assets are stated at cost.

Intangible and tangible fixed assets with a cost lower than CZK 40 thousand and CZK 60 thousand, respectively, are expensed in the period in which they were acquired.

Annual depreciation and amortisation rates for accounting purposes are based on the estimated useful lives of tangible and intangible fixed assets. Depreciation and amortisation is provided on a monthly basis.

Accounting depreciation plans for individual categories of assets are as follows:

Table 2

Assets	Method	Depreciation period in years
	not	
Industrial and similar rights	depreciated	-
Software	straight line	4
Movable assets – cars	straight line	4
Movable assets – computers	straight line	3
Movable assets – office equipment	straight line	4
Movable assets – furniture and fixtures	straight line	8

Tax depreciation pursuant to the Income Taxes Act is recorded on a straight line basis.

1.2.3 Inventory

Inventory is stated at cost. The cost includes the cost of acquisition, freight charges and other expenses directly attributable to the acquisition.

1.2.4 Cash and Vouchers

Cash and vouchers are recorded at nominal values.

1.2.5 Foreign Currency Translation

Transactions conducted during the year are translated using the CNB exchange rate prevailing as of the transaction date.

At the balance sheet date (that is, as of 31 December 2008), assets and liabilities denominated in a foreign currency (the only exception being securities, which are a component of financial placements, acquired in a foreign currency) are translated at the exchange rate notified by the CNB as of that date. In translating foreign currencies that are not included in the exchange rates published by the CNB, the Company uses official mid-rates of central banks and/or current rates in the interbank market, to USD or EUR.

With respect to assets and liabilities measured at fair value (that is, specifically securities that are reported as a component of financial placements), foreign exchange rate differences are included in this value and are not accounted for separately.

Foreign currency translation gains and losses arising from the re-translation of assets and liabilities, the exception being financial placements, are credited to other technical income or debited to overhead technical expenses as appropriate.

Foreign currency translation gains and losses arising from the revaluation of financial placements are credited to income from financial placements or debited to costs of financial placements as appropriate.

1.2.6 Provisioning

Provisioning requirements in respect of the amounts due from clients are established by reference to the aging analysis of receivables. Receivables, that are past due by greater than two months,

are provisioned at 5 percent, past due greater than three months at 20 percent, past due greater than six months at 50 percent and past due by greater than 12 months at 100 percent. Amounts due from entities that are placed into bankruptcy or settlement proceedings are provisioned in full, irrespective of the age of the debt.

The Company charges provisions against other assets if the inventory count highlights that there is a temporary impairment in the carrying value.

1.2.7 Written Premiums

Gross written premiums include all premium amounts stated in insurance policies, regardless of whether these amounts relate partly or wholly to the following accounting periods.

1.2.8 Costs of Insurance Claims

Costs of insurance claims also include "indirect costs" defined as the costs incurred by the insurer in processing claims. Costs of insurance claims are reduced by claims of recourse or other similar entitlements of the Company. Insurance claims are recorded when the amount of the claim is determined/recognised. Indirect costs are recognised on an accruals basis in the period to which they relate, the latest period being the period in which they were determined.

1.2.9 Reserve for Unearned Premiums

The reserve for unearned premiums consists of a portion of written premiums that relates to following accounting periods. The balance of the reserve is shown as the sum of reserves calculated for each individual insurance policy using the "pro rata temporis" method.

1.2.10 Life Insurance Reserve

The life insurance reserve is created as a sum of reserves calculated under individual life insurance policies.

The life insurance reserve represents the amount of the Company's payables, calculated by actuarial methods including the awarded and declared profit shares (share of premium surpluses) and reserves for costs connected with policy management, net of the value of future premiums.

In accordance with the conditions of the licence to provide insurance services, reinsurance services and related services,

the Company recognises a zillmerised reserve on the basis that the negative values of the reserves are substituted with zero. Taking into account the expected cancellation of insurance policies, the resulting amount of “nullification” of negative values of reserves’ is capitalised as deferred acquisition costs of life insurance policies.

1.2.11 IBNR and RBNS Reserves

Reserves for insurance claims under life and non-life insurance policies are as follows:

- a) Reserves for insurance claims reported but not settled during the year (“RBNS reserves”); and
- b) Reserves for insurance claims incurred but not reported during the year (“IBNR reserves”).

The RBNS reserve is calculated as equal to the sum of reserves established in respect of individual insured events. The reserve is also recorded for all estimated costs involved in processing claims. The RBNS reserve also comprises reserves established in respect of legal disputes where the Company acts as a defendant.

Reserves for all claims that were incurred prior to the year-end but were not reported to the Company are determined using the chain-ladder method.

1.2.12 Reserve for Bonuses and Discounts

The reserve for bonuses and discounts is recorded in compliance with general insurance terms and conditions or contractual arrangements.

1.2.13 Equalisation Reserve

In relation to the focus of the Company on personnel insurance, the equalisation reserve was not recognised as of the balance sheet date (i. e. 31 December 2008).

1.2.14 Reserve for the Fulfilment of Commitments from the Technical Interest Rate Applied

A reserve for the fulfilment of commitments arising from the used technical interest rate pursuant to Section 13 (2) (f) of the Insurance Act, as amended, as set out in Section 18a of the Insurance Act is created when it is noted that the current or anticipated yield on the Company’s assets will not be sufficient to settle the Company’s liabilities arising from the used technical interest rate in respect of insurance policies sold

by the Company in the past. The approved methodology of calculating this reserve is based on Expert Guideline No. 3 of the Czech Society of Actuaries – Test of the Sufficiency of Life Insurance Technical Reserves.

1.2.15 Other Technical Reserve

Other technical reserves in terms of Section 13 (2) (h) and Section 3 (g) of the Insurance Act 363/1999 Coll., as amended, were not created at the balance sheet date, that is, 31 December 2008.

1.2.16 Allocation of Income and Costs between the Technical Accounts and Non-Technical Account

Income from Financial Placements

Income from financial placements that is directly related to life insurance activities is recorded through the life insurance technical account.

Other income from financial placements is recorded through the non-technical account during the year. Income arising from financial placements of non-life insurance technical reserves is subsequently reallocated from the non-technical account to the non-life insurance technical account.

Expenses and Revenues

Clearly identifiable expenses and revenues are recorded directly through the technical accounts during the year. Expenses and revenues that are not clearly identifiable are primarily posted to the non-technical account and subsequently reallocated between the technical and non-technical accounts in accordance with the treatment outlined in Section (42) (2) of Insurance Act 363/1999, by the Insurance and Retirement Benefit Programme Supervision Office of the Czech Finance Ministry, under reference number 322/90877/2000. This treatment does not apply to taxes and fees, costs of non-life insurance financial placements and other expenses unrelated to insurance and reinsurance.

The Company principally uses the proportion of written premiums and written insurance claims for individual insurance segments to the aggregate written premiums and aggregate written insurance claims as a basis for allocating expenses and revenues between life and non-life insurance.

1.2.17 Deferred Acquisition Costs of Insurance Policies

Pursuant to Section 30 of Regulation 502/2002 Coll., acquisition costs of insurance policies are recorded as deferred expenses. This treatment involves debiting the costs related to future periods to the account “Deferred acquisition costs of insurance policies”. The balance of deferred acquisition costs of insurance policies is debited to the account “Acquisition costs of insurance policies” and credited to the account ‘Deferred acquisition costs of insurance policies’ at the beginning of the accounting period in respect of life insurance policies, and at the accounting period-end in respect of non-life insurance policies.

Acquisition costs of non-life insurance policies are deferred in the same proportion as written premiums, that is, depending on the proportion of the gross reserve for unearned premiums to written premiums for the relevant accounting period.

Acquisition costs of life insurance policies are deferred through the recognition of the life insurance reserve. Taking into account the expected cancellation of insurance policies, the negative balance of this technical reserve and not-yet-paid initial costs are recognised in the account “Deferred acqui-

sition costs of insurance policies” according to the principle of prudence.

1.2.18 Deferred Taxation

The Company calculates deferred income tax balances taking into account all temporary differences arising between accounting and tax values of assets and liabilities and the balance of the unutilised tax losses carried forward using the income tax rate effective for the following year. The change in the deferred income tax balance was recorded as income or expense as appropriate, the only exception being the portion of deferred taxation that relates to the remeasurement of financial placements which was charged against equity accounts.

1.2.19 Changes in Accounting Policies or Accounting Estimates

No significant changes occurred during the reporting period.

2. SPECIAL INFORMATION

2.1 Non-Life Insurance

The following table shows an analysis of non-life insurance for the periods from 2006 through 2008:

Table 3

Direct insurance CZK thousand	Year	Gross premiums written	Gross premiums earned	Gross costs of claims	Gross operating expenses
	2008	86,934	80,321	48,172	29,363
	2007	52,713	42,811	62,585	26,794
Total non-life insurance	2006	23,891	19,134	14,364	20,023
	2008	86,934	80,321	48,172	3,938
	2007	52,713	42,811	62,585	1,817
Accident insurance	2006	23,891	19,134	14,364	884
	2008	0	0	0	25,425
	2007	0	0	0	24,977
Other	2006	0	0	0	19,139

As compared to 2007, premiums and the relevant operating expenses increased principally due to increased sales of the comprehensive accident insurance for retirement benefit policyholders. Gross operating expenses include expenses for paid mediation commissions relating to the contract for cooperation in the sale of non-life insurance products of Kooperativa pojišťovna, a. s., Vienna Insurance Group through Česká spořitelna's branches. Gross costs of claims do not include additional costs of claims which amounted to CZK 122,000 in the year ended 31 December 2008 (CZK 50,000 in 2007 and CZK 17,000 in 2006).

The non-life accident insurance was not assigned to the reinsurer in the year ended 31 December 2008.

2.2 Life Insurance

The following table shows an analysis of gross written life premiums:

Table 4

Item CZK thousand	Balance at 31 December 2008	Balance at 31 December 2007	Balance at 31 December 2006
Total gross premiums written	6,593,163	6,400,876	4,403,684
individual premiums	6,314,198	6,307,222	4,393,053
of which: premiums under group policies	278,965	93,654	10,631
current premiums	2,280,544	1,732,980	1,467,740
of which: single paid premiums	4,312,619	4,667,896	2,935,944
premiums from policies without profit sharing arrangements	635,967	453,604	310,026
premiums from policies with profit sharing arrangements	5,018,920	5,139,863	3,182,757
of which: premiums from policies where the policyholder bears the investment risk	938,276	807,409	910,901
Total reinsurance balance	-19,808	-18,840	-20,661

In 2008, the positive trends which started in 2006 continued. These trends were further enhanced by the adoption of the growth strategy of the insurance portfolio of current premiums based on the new motivation of vendors. The slight year-on-year decrease in single paid premiums was principally attributable to developments on the capital markets and the sales network orientation on selling more comprehensive current premiums. The flexible life insurance with possible extraordinary premiums continues to be popular with clients and business representatives of the Company.

2.3 Aggregate Amount of Gross Written Premium by Country

All insurance policies have been entered into in the Czech Republic.

2.4 Summary of Commissions Paid

The following table shows the aggregate direct insurance commissions, specifically commissions paid in acquiring, renewing, collecting and managing the insurance portfolio:

Table 5

Insurance class CZK thousand	Year	First year commission	Following years commission	Total
	2008	1,935	1,433	3,368
	2007	1,449	301	1,750
Non-life insurance	2006	677	56	733
	2008	944,416	81,438	1,025,854
	2007	406,404	57,433	463,837
Life insurance	2006	235,729	52,978	288,707
	2008	946,351	82,871	1,029,222
	2007	407,853	57,734	465,587
Total	2006	236,406	53,034	289,440

The Company pays the commissions only to external business representatives. The continuous growth in the following years commissions reflects the growing insurance portfolio for the management and development of which they are paid. The dynamic development in the first year commissions is caused by the sales structure, i.e. focus on current premiums. The year-on-year increase in commissions in 2008 is further impacted by the change in the commission system predominantly focused on the support of current premiums and maintaining the competitiveness of the Company with respect to the development on the insurance broker market.

3. OTHER INFORMATION

3.1 Intangible Assets

Intangible assets of the Company are composed of the following balances:

Table 6

CZK thousand	Net book value as of 31 December		
	2008	2007	2006
Industrial and similar rights	295	295	295
Software	53,368	45,247	39,789
Total	53,663	45,542	40,084

3.2 Financial Placements

3.2.1 Fair Values of Equity Investments

As was the case in previous periods, the Company carries no equity investments in any businesses.

3.2.2 Fair Values of Other Financial Placements

Set out below is a summary of financial placements at fair values (representing also the fair value for all the reporting periods):

Table 7

CZK thousand	Carrying value at 31 December		
	2008	2007	2006
Land and buildings	45,300	43,500	43,500
Fixed income securities	14,020,774	13,877,697	12,741,290
Variable yield securities	1,063,043	1,105,194	1,167,252
Deposits	859,393	805,627	572,892
Other financial placements	-7,981	0	0
Sub-total	15,980,529	15,832,018	14,524,934
Securities if the policyholder is the bearer of investment risk	1,287,368	1,346,322	957,774
Total	17,267,897	17,178,340	15,482,708

As of 31 December 2008, the Company owned one building located at Zelené Předměstí 115, Pardubice (plot of land 2636/1) and plot of land 1065.

Other financial placements include a cross currency swap at a fair value of CZK (7,981) thousand as of 31 December 2008.

Set out below is a summary of securities and deposits (by individual currencies) held by the Company:

Table 8

Currency CZK thousand	Variable yield securities			Fixed income securities			Deposits (including other financial placements)			Securities if the policyholder is the bearer of investment risk		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
CZK	468,283	361,214	457,527	13,908,948	13,497,772	12,361,556	797,057	713,400	506,400	1,287,368	1,346,322	957,774
EUR	147,388	193,027	183,339	81,170	276,897	283,075	35,009	53,240	52,240	0	0	0
GBP	19,073	40,855	29,452	0	0	0	0	0	0	0	0	0
USD	410,491	477,210	469,061	0	0	21,519	19,346	0	0	0	0	0
HUF	2,634	8,307	24,622	30,656	31,738	0	0	0	0	0	0	0
PLN	8,763	13,062	3,251	0	71,290	75,140	0	38,987	0	0	0	0
SKK	0	0	0	0	0	0	0	0	0	0	0	0
TRY	6,411	11,519	0	0	0	0	0	0	14,252	0	0	0
Total	1,063,043	1,105,194	1,167,252	14,020,774	13,877,697	12,741,290	851,412	805,627	572,892	1,287,368	1,346,322	957,774

The structure of the financial placement portfolio is selected to meet the Company's liability structure and the requirements of long-term stable appreciation of financial placement which stems from technical reserves. The increase in the total volume is in line with the increase in the insurance portfolio and the client portfolio. Variable yield securities also reflect investments in 28 mutual funds and totalled CZK 507,188 thousand, of which CZK – denominated were CZK 330,427 thousand, EUR – denominated were CZK 88,003 thousand, GBP – denominated were CZK 4,724 thousand and USD – denominated were CZK 84,034 thousand

(in the year ended 31 December 2007, there were seventeen mutual funds which totalled CZK 471,149 thousand, of which the CZK – denominated were CZK 259,595 thousand, the EUR – denominated were CZK 90,855 thousand, GBP – denominated were CZK 5,843 thousand and the USD – denominated were CZK 114,856 thousand). Investments in seventeen mutual funds in the aggregate amount of CZK 238,390 thousand were held for the purposes of the FLEXI INVEST investment life insurance with respect to client needs (in 2007, investments in seven mutual funds in the aggregate amount of CZK 155,654 thousand).

3.3 Receivables

Provisions were primarily made against amounts due from policyholders and brokers. These provisioning charges were recognised regularly during the reporting period reflecting the current balances of receivables.

Set out below is an analysis of the provisions against receivables:

Table 9

CZK thousand	31 Dec 2008	31 Dec 2007	31 Dec 2006
Total gross receivables (including prepayments made)	132,021	174,561	131,950
Provisions against receivables	34,700	31,241	28,752
Total net receivables (including prepayments made)	97,321	143,320	103,198

Set out below is an aging analysis of the receivables from direct insurance (from policyholders):

Table 10 a)

Product	Before maturity at 31 December		Within 3 months		Within 6 months		Within 12 months		Past due at 31 December		Total receivables	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
FZ (Flexi)	2,789	1,320	4,907	2,811	2,685	1,785	3,412	3,220	20,149	18,891	33,942	28,027
SD (Death, life annuity)	5,245	9,773	9,475	11,308	1,017	1,042	499	550	1,479	995	17,715	23,668
SV (wedding)	0	0	631	612	53	63	0	0	0	0	684	676
ZU (life personal accident)	155	255	3,730	4,250	346	433	179	198	366	224	4,776	5,360
U (non-life personal accident)	520	64	2,301	1,785	90	100	200	100	230	108	3,341	2,157
UL (Flexi invest)	839	197	1,123	226	275	144	365	150	405	157	3,007	874
Total	9,548	11,609	22,167	20,992	4,466	3,568	4,655	4,218	22,629	20,375	63,465	60,762

Other receivables primarily comprise the following items:

Table 10 b)

Item CZK thousand	Balance at 31 Dec 2008	Balance at 31 Dec 2007	Balance at 31 Dec 2006
Receivables from clients	4,796	5,033	1,487
Deferred tax asset	0	20,352	0
Tax receivables	51,662	78,062	62,903
Other receivables	189	246	167
Provisions against other receivables	132	132	84
Total	56,515	103,561	64,473

3.4 Other Assets and Temporary Assets/Liabilities

3.4.1 Deferred Acquisition Costs of Insurance Policies

The balance of deferred acquisition costs of insurance policies determined as outlined in Note 1.2.17 is set out below:

Table 11

CZK thousand	31 Dec 2008	31 Dec 2007	31 Dec 2006
Non-life insurance	547	495	241
Life insurance	493,578	88,329	62,075
Total	494,125	88,824	62,316

The increase in the balance of deferred acquisition costs is attributable to the Company's revised approach to assessing the negative balance of the life insurance reserve. The Company made this change in response to the historical development of this item.

3.4.2 Other Temporary Assets

As of 31 December 2008, the balance of temporary assets was CZK 78,082 thousand (2007: CZK 56,139 thousand). This consists of deferred expenses (principally deferrals for paid commissions) and estimated receivables (principally the trailer fee for December 2008, profit commissions from the reinsurance company, written premiums relating to the year ended 31 December 2008 but not recognised until that date).

3.5 Balances and Amounts of Transactions Executed with Group Entities

With effect from 16 September 2008, the Company has been a member of the consolidation group Wiener Städtische Versicherung AG Vienna Insurance Group.

Until 15 September 2008, the Company was a member of the Česká spořitelna Group.

Set out below is an analysis of balance sheet transactions executed within the consolidation group Wiener Städtische Versicherung AG Vienna Insurance Group as of 31 December 2008:

Table 12 a)

CZK thousand	Balance at 31 December		
	2008	2007	2006
Amounts due from:			
Kooperativa pojišťovna, a. s.	2,840	0	0
Amounts owed to and temporary liabilities to:			
Kooperativa pojišťovna, a. s.	583	0	0

The amounts due from Kooperativa pojišťovna, a. s., Vienna Insurance Group are principally attributable to the written insurance mediation commissions for December 2008.

Set out below is an analysis of the profit and loss account transactions executed from the date of the Company's incorporation into Wiener Städtische Versicherung AG Vienna Insurance Group to 31 December 2008:

Table 12 b)

CZK thousand	Balance at 31 December		
	2008	2007	2006
Expenses			
Kooperativa pojišťovna, a. s.	917	0	0
Income			
Kooperativa pojišťovna, a. s.	7,154	0	0

Expenses principally include rental payments and prepayments for rent-related services (CZK 888 thousand). Income principally includes commissions for mediating the sale of non-life insurance in Česká spořitelna, a. s.'s branches (CZK 6,253 thousand).

Set out below is an analysis of balance sheet transactions executed with the Česká spořitelna Group's entities as of 31 December 2007:

Table 12 c)

CZK thousand	Balance at 31 December		
	2008	2007	2006
Amounts due from:			
Česká spořitelna, a. s.	0	1,293,500	1,053,893
Investiční společnost ČS, a. s.	0	310	0
s Autoúvěr, a. s.	0	260	0
Penzijní fond České spořitelny, a. s.	0	0	90
Stavební spořitelna České spořitelny, a. s.	0	365	99
Amounts owed to and temporary liabilities to:			
Česká spořitelna, a. s.	0	38,707	35,966
Informatika České spořitelny, a. s.	0	59	2,648

The amounts of CZK 1,293,500 thousand due from Česká spořitelna, a. s. as of 31 December 2007 principally comprised current account deposits and term placements of CZK 798,761 thousand (2006: CZK 565,020 thousand), mortgage bonds of CZK 20,089 thousand (2006: CZK 20,552 thousand), debt securities of CZK 441,324 thousand (2006: CZK 466,900 thousand) and estimated receivables for unwritten insurance premiums until the end of the reporting period in the amount of CZK 30,864 thousand (2006: CZK 730 thousand).

Set out below is an analysis of the profit and loss account transactions executed with the Česká spořitelna, a. s. Group's entities before the date of the Company's incorporation into Wiener Städtische Versicherung AG Vienna Insurance Group in 2008:

Table 12 d)

CZK thousand	Balance at 31 December		
	2008	2007	2006
Expenses			
Česká spořitelna, a. s.	299,156	271,297	184,493
Informatika České spořitelny, a. s.	0	291	43
s Autoúvěr, a. s.	1,065	1,132	96
s Autoleasing, a. s.	0	30	5
brokerjet České spořitelny, a. s.	0	35	0
Income			
Česká spořitelna, a. s.	125,820	158,782	53,865
Informatika České spořitelny, a. s.	0	606	636
Factoring České spořitelny, a. s.	125	183	140
Investiční společnost ČS, a. s.	1,926	2,038	0
s Autoúvěr, a. s.	0	260	32
s Autoleasing, a. s.	0	159	130
brokerjet České spořitelny, a. s.	0	40	28
Penzijní fond České spořitelny, a. s.	0	194	76
REICO investiční společnost České spořitelny, a. s.	0	78	0
Stavební spořitelna České spořitelny, a. s.	3,736	2,207	736

Expenses reported in individual years with respect to Česká spořitelna predominantly comprise external commissions for the sale of insurance policies at the counters of Česká spořitelna, a. s. Income from Česká spořitelna, a. s. and other companies of the ČS Group relate namely to written premiums and income from financial placements issued by Česká spořitelna, a. s.

3.6 Share Capital and Capital Funds

3.6.1 Share Capital

Set out below is an analysis of the Company's share capital:

Table 13

Balance at CZK thousand	Total number of issued shares	Number of shares By class	Form of shares	Nominal value per share in CZK	Share capital	Total
		8,160	book-entry	45,000	367,200	
31 Dec 2008	15,660	7,500	book-entry	100,000	750,000	1,117,200
		8,160	book-entry	45,000	367,200	
31 Dec 2007	15,660	7,500	book-entry	100,000	750,000	1,117,200
		8,160	book-entry	45,000	367,200	
31 Dec 2006	15,660	7,500	book-entry	100,000	750,000	1,117,200

The share capital has been paid up.

During the year ended 31 December 2008, no changes were made to the Company's share capital balance.

3.6.2 Capital Funds

As of 31 December 2008, capital funds included gains and losses arising from the revaluation of assets and liabilities amounting to CZK 119,605 thousand (2007: CZK (96,785) thousand).

3.6.3 Funds from Net Profit

As of 31 December 2008, the Company reported the balance of the statutory reserve fund created from the net profit of CZK 177,647 thousand (2007: CZK 159,186 thousand) and the social fund balance of CZK 4,490 thousand (2007: CZK 4,941 thousand).

3.6.4 Allocation of Profit for the Year Ended 31 December 2007

In the years ended 31 December 2008, 2007 and 2006, the Company made profit allocations to the statutory reserves fund and the social fund and the remaining profit balance was paid out to the shareholders as dividends according to their proportion of the Company's share capital.

3.7 Technical Reserves

3.7.1 Life Insurance Reserve

In calculating the balance of the life insurance technical reserve, the Company uses the zillmerisation method in accordance with the conditions of the licence to provide insurance services, reinsurance services and related services. The results of this treatment, together with the limitations set out in Section 18 (3) of the Insurance Act 363/1999 Coll., which states that negative values of insurance reserves in respect of individual life insurance products arising as a result of the use of the actuarial method will be replaced with zero, are summarised as follows:

Table 14

CZK thousand	31 Dec 2008	31 Dec 2007	31 Dec 2006
Unzillmerised reserve	4,151,266	4,571,059	4,970,870
Zillmerisation deduction	14,646	17,281	19,761
Nullification of negative reserves	22	60	26
Balanced zillmerised reserve for life insurance	4,136,642	4,553,838	4,951,135
Reserve for life insurance – Flexi	9,297,862	8,364,713	6,259,978
Reserve for life insurance – profit share commitments	107,163	146,384	184,388
Reserve for life insurance – pensions	9,491	9,747	10,001
Reserve for life insurance – exemption from payment	0	0	19,021
Sub-total	13,551,158	13,074,682	11,424,523
Reserve for life insurance if the policyholder is the bearer of investment risk – Flexi Invest	1,287,368	1,346,322	957,774
Total technical reserves	14,838,526	14,421,004	12,382,297

3.7.2. RBNS and IBNR Reserves

The difference between the RBNS reserve and the IBNR reserve as of 1 January, the sum of payments relating to insurance claims covered by these reserves and the balance of these reserves as of 31 December represents the result of the claims adjustment. Set out below is a calculation of this result:

Table 15

CZK thousand	2008	2007	2006
Insurance claim reserves at 1 January	683,337	586,930	459,301
Payments effected during the year in respect of insurance claims for the past years	207,270	191,945	159,630
The RBNS and IBNR reserve at 31 December related to insurance claims for the past years	307,160	287,823	222,207
The result of the insurance claims adjustment for the past years	168,906	107,162	77,464

The result of the insurance claims adjustment is impacted by the level of claims paid in respect of prior years' damage, revised estimates of damage impacting the balance of the RBNS reserve for prior years' damage, the change in the IBNR reserve maintained for prior years' damage and indirect costs involved in processing claims. Indirect costs involved in processing insurance claims are reflected in the balances of the RBNS and IBNR reserves but are not included in paid claims.

The year-on-year change in the figures presented in Table 15 is due to the increase in the insurance portfolio and, specifically, risk insurance products, which result in greater IBNR reserving requirements. The figures reflect the developments in the insurance portfolio and client portfolio structure.

3.7.3 Reserve for the Fulfilment of Commitments from the Technical Interest Rate Applied

The reserve for the fulfilment of commitments arising from the used technical interest rate has been recognised to cover the anticipated insufficient yield on the Company's assets amounting to CZK 73,209 thousand as required under Section 13 (2) (f) of the Insurance Act, as amended, in accordance with the wording of Section 18a of the Insurance Act, as stipulated in Expert Guideline No. 3 of the Czech Society of Actuaries. The balance of this technical reserve was CZK 85,868 thousand as of 31 December 2007.

3.7.4 Equalisation Reserve

In accordance with the ruling wording of Regulation 303/2004 Coll., the Company did not create an equalisation reserve as of 31 December 2008 and 2007.

3.8 Payables

3.8.1 Payables Arising from Direct Insurance

Payables resulting from direct insurance primarily consist of payables to policyholders arising from payments the Company received in its accounts before the insured period and payables to mediators arising from commissions.

Set out below is a summary of payables arising from direct insurance:

Table 16

Item CZK thousand	Balance at 31 December		
	2008	2007	2006
Policyholders	174,120	293,401	155,463
Mediators	123,261	53,750	28,877
Total	297,381	347,151	184,340

At the balance sheet date, the Company does not report payables with remaining maturity exceeding five years or payables covered by a full guarantee issued by the Company.

3.8.2 Payables and Receivables from Passive Reinsurance

Set out below is a summary of payables and receivables from passive reinsurance:

Table 17

Item CZK thousand	Balance at 31 December		
	2008	2007	2006
Receivables from passive reinsurance	1,870	755	752
Payables from passive reinsurance	8,622	10,037	10,875
Balance (+ receivable, – payable)	–6,752	–9,282	–10,123

3.8.3 Other Payables

Other payables are as follows:

Table 18

Item CZK thousand	Balance at 31 Dec		
	2008	2007	2006
Payables to employees	4,808	3,592	3,654
Payables to social security institutions	1,997	2,400	2,514
Payables to suppliers	9,885	11,095	14,029
Deferred tax liability	35,339	0	83,684
Other tax liabilities	1,143	1,287	1,984
Total	53,172	18,373	105,865

3.8.4 Temporary Liabilities

The balance of temporary liabilities of CZK 84,806 thousand (2007: CZK 78,718 thousand) represent estimated payables, primarily consisting of estimated outstanding staff costs for the year ended 31 December 2008, costs of unbilled services, costs of unbilled rent-related services, costs of unpaid external commissions, and deferred income (CZK 12 thousand).

3.8.5 Transactions Not Included in the Balance Sheet

The Company reports no transactions with significant risks or benefits not included in the balance sheet.

3.9 Additional Information on the Profit and Loss Account

3.9.1 Premium Bonuses and Discounts

The Company provided the following premium bonuses and discounts pursuant to insurance conditions and terms and insurance policies. These bonuses and discounts are summarised as follows:

Table 19

CZK thousand	2008			2007		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Total provided bonuses and discounts	107,548	0	107,548	31,162	0	31,162
of which: Life insurance	107,548	0	107,548	31,162	0	31,162
Non-life insurance	0	0	0	0	0	0
Change in total reserves for bonuses and discounts	8,729	0	8,729	5,994	0	5,994
of which: Life insurance	8,729	0	8,729	5,994	0	5,994
Non-life insurance	0	0	0	0	0	0
Total bonuses and discounts	116,277	0	116,277	37,156	0	37,156
of which: Life insurance	116,277	0	116,277	37,156	0	37,156
Non-life insurance	0	0	0	0	0	0

3.9.2 Administrative Expenses

The substance of the accounts 'Administrative Expenses' is established by the Company's Internal Regulation. Administrative expenses principally include costs involved in collecting premiums and managing insurance policies. The following table provides a summary overview of the expenses:

Table 20

Item CZK thousand	Year ended 31 December		
	2008	2007	2006
Staff costs of employees that principally negotiate or manage insurance policies and secure the operations of the Company. Total expenses include social security and health insurance costs.	68,321	68,364	73,546
Following years commissions	82,871	57,734	53,034
Travel expenses	389	396	381
Depreciation and costs of repair and maintenance of tangible assets	16,819	15,790	18,349
Fuel consumption	453	541	548
Costs of services of a material and non-material nature	81,439	68,935	72,404
Rent for non-residential premises	2,624	1,687	2,729
Services related to rental of non-residential premises	2,845	1,854	2,251
Costs of consumed low value tangible and intangible assets and other materials	8,540	10,432	5,507
Other costs included in administrative overheads	39,815	39,081	34,196
Total	304,116	264,813	262,944

Costs of services of a material and non-material nature also include audit costs totalling CZK 2,839 thousand, of which the statutory audit costs amount to CZK 1,577 thousand and other consulting services represent CZK 1,262 thousand (in 2007, only the statutory audit costs of CZK 1,577 thousand were incurred).

3.9.3 Staff and Management

Set out below is a summary of staff costs and staff structure:

Table 21

Staff costs by type CZK thousand	Year	Staff category			Total
		Acquisition, sales	Claims settlement	Administration	
Payroll costs	2008	36,397	5,063	54,577	96,037
	2007	32,895	4,892	50,526	88,313
	2006	20,450	4,133	54,426	79,009
	2008	8,565	1,285	10,168	20,018
Social security	2007	8,848	1,341	13,239	23,428
	2006	5,328	1,061	14,215	20,604
	2008	3,007	447	3,576	7,030
	2007	3,051	459	4,599	8,109
Health insurance	2006	1,844	381	4,904	7,129
	2008	384	128	790	1,302
	2007	353	103	573	1,029
	2006	246	94	650	990
Company meals contribution	2008	48,353	6,923	69,111	124,387
	2007	45,147	6,795	68,937	120,879
	2006	27,868	5,669	74,195	107,732
	2008	55	14	85	154
Total staff costs	2007	48	14	78	140
	2006	34	13	90	137
	2008				
	2007				
Average headcount	2006				
	2008				
	2007				
	2006				

3.9.4 Remuneration to Members of Statutory, Management and Supervisory Bodies

The members of the Company's Board of Directors are employees of the Company and act in the capacity as either Deputy CEOs or the CEO of the Company.

The members of the Board of Directors receive monthly bonuses of CZK 5,000. Members of the Supervisory Board received no bonuses.

The Company made no prepayments or loans to the members of the Board of Directors or Supervisory Board nor did the Company provide any retirement benefits.

3.9.5 Allocation of Costs between Technical and Non-Technical Accounts

The aggregate amount of expenses that were allocated between the technical account of life insurance, non-life insurance and the non-technical account on the basis of the methodology disclosed in Note 1.2.16 amounted to CZK 43,742 thousand at the balance sheet date (2007: CZK 44,293 thousand, 2006: CZK 38,849 thousand).

3.9.6 Non-Technical Account Result

The non-technical account result was CZK (76,637) thousand for the year ended 31 December 2008 (2007: CZK (123,526) thousand, 2006: CZK (59,447) thousand).

3.9.7 Profit or Loss before Taxation

The Company generated a pre-tax profit of CZK 277,160 thousand for the year ended 31 December 2008 (the net profit was adjusted to reflect a due tax liability). The Company generated pre-tax profits of CZK 486,238 thousand and CZK 402,975 thousand for the years ended 31 December 2007 and 2006, respectively.

3.9.8 Taxation

For the year ended 31 December 2008, the Company calculated its corporate income tax base at CZK 259,449 thousand. Given the possibility of deducting the cost of tax-deductible gifts of CZK 780 thousand under Section 20 (8) of Income Taxes Act 586/1992 Coll. a tax liability of CZK 54,320 thousand is reported; the tax payable according to Section 20b of the Income Taxes Act amounted to CZK 2,513 thousand. The aggregate corporate income tax for the year ended 31 December 2008 amounted to CZK 56,833 thousand. In 2008, the reserve for the 2007 income tax was released to expenses in the amount of CZK (195) thousand. The aggregate corporate income tax charge in the year ended 31 December 2008 amounted to CZK 56,638 thousand.

The balance of the deferred tax liability as of 31 December 2008 is reported as a component of other payables (balance sheet line 83). Set out below is the structure of the deferred income tax balances:

Deferred income tax arising from CZK thousand	Balance at 31 December		
	2008	2007	2006
Reserves and provisions	540	483	600
Depreciation of fixed assets	(7,963)	(8,001)	(5,524)
Other temporary differences	1,985	2,143	2,131
Total temporary differences	(5,438)	(5,375)	(2,793)
Unutilised tax losses brought forward	0	0	0
Deferred tax asset (liability) from temporary differences impacting profit or loss	(5,438)	(5,375)	(2,793)
Portfolio held to maturity and real estate	(29,901)	25,727	(80,891)
Deferred tax asset (liability) after including temporary differences not impacting profit or loss	(35,339)	20,352	(83,684)

The deferred income tax charge of CZK 62 thousand for the year ended 31 December 2008 principally involves the increase in the deferred tax liability arising from the differences between depreciation charges for accounting and tax purposes of intangible fixed assets and buildings and the decrease in the deferred tax asset arising from tax non-deductible provisions for receivables of CZK 606 thousand offset by the decrease in deferred tax liabilities or the increase in the deferred tax asset with regard to tangible fixed assets and other components of temporary differences of CZK 544 thousand.

4. OTHER SIGNIFICANT MATTERS

In the year ended 31 December 2008, the insurance activities of the Erste Bank Group were sold to Vienna Insurance Group. As part of this transaction, Wiener Städtische Versicherung AG Vienna Insurance Group and Kooperativa pojišťovna, a. s., Vienna Insurance Group became the Company's new shareholders with the shares in the Company's share capital of 90 percent and 5 percent, respectively. Česká spořitelna, a. s. maintained a 5-percent share.

5. OFF BALANCE SHEET COMMITMENTS

The Company presently acts as a defendant in lawsuits with potential damages amounting to CZK 1,464 thousand. Contingent liabilities arising from these disputes are estimated at CZK 1,591 thousand. The Company has established the RBNS reserve in respect of these contingent liabilities.

The Company is not aware of the existence of any other contingent liabilities or off balance sheet commitments.

6. SIGNIFICANT POST BALANCE SHEET EVENTS

No significant events occurred between the balance sheet date and the date of the issuance of the financial statements.

Report on Relations

in Accordance with Section 66a Paragraph 9 of the Commercial Code for the 2008 Accounting Period

Pojišťovna České spořitelny, a.s., seated in Pardubice, nám. Republiky 115, zip code 530 02, reg. No.: 47452820, entered into the Commercial Register kept at the Regional Court in Hradec Králové, file B item 855 (hereinafter only “submitter”) was a part of a business group (group of companies) of Česká spořitelna, a.s. till September 15, 2008. Till this date, the following relations between the submitter and controlling persons existed and further between the submitter and persons controlled by the same controlling persons (hereinafter only “related persons”).

With effect from September 15, 2008 the shareholders structure has changed, and as a consequence the submitter has become part of a business group (concern) Wiener Städtische Versicherung AG Vienna Insurance Group, in which relations exist as stated in appendix No. 3 between the submitter and controlling persons and

further between the submitter and persons controlled by the same controlling persons (hereinafter only “related persons”).

This Report on Relations between persons mentioned below was elaborated in accordance with Section 66a Paragraph 9 of Act No. 513/1991 Coll., the Commercial Code, in its valid wording, for the accounting period January 1, 2008 to December 31, 2008 (hereinafter only “accounting period”). Between the submitter and persons mentioned below, the following contracts were concluded and the following legal acts and other actual measures were accepted or taken:

A. OVERVIEW/CHART OF THE WHOLE GROUP OF COMPANIES, RESP. PERSONS, THE RELATIONS OF WHICH ARE BEING DESCRIBED

Česká spořitelna, a.s.			
brokerjet České spořitelny	Informatika České spořitelny	Pojišťovna České spořitelny	s Autoleasing
Consulting České spořitelny	Investiční společnost České spořitelny	Realitní společnost České spořitelny	s Autoúvěr
Erste Corporate Finance	Penzijní fond České spořitelny	REICO investiční společnost České spořitelny	Stavební spořitelna České spořitelny
Factoring České spořitelny			

A. A. CONTROLLING PERSONS

Česká spořitelna, a.s.,

located at Olbrachtova 1929/62, zip code 140 00, Praha 4,
ID: 45244782

Relation to the company: directly controlling person
Description of relations – see **Appendix 1**

A.B. OTHER RELATED PERSONS

brokerjet České spořitelny, a.s.,

located at Evropská 2609-17, zip code 160 00 Praha 6,
ID: 27088677

Relation to the company: affiliated company
Description of relations – see **Appendix 2**

Consulting České spořitelny, a.s.,

located at Vinohradská 1632/180, zip code 130 00, Praha 3,
ID: 63079798

Relation to the company: affiliated company
Description of relations – see **Appendix 2**

Erste Corporate Finance, a.s.,

located at Evropská 2690/17, zip code 160 00 Praha 6,
ID: 61058769

Relation to the company: affiliated company
Description of relations – see **Appendix 2**

Factoring České spořitelny, a.s.,

located at Pobřežní 46, zip code 186 00, Praha 8,
ID: 25629352

Relation to the company: affiliated company
Description of relations – see **Appendix 2**

Informatika České spořitelny, a.s.,
located at Antala Staška 32/1292, zip code 140 00, Praha 4,
ID: 25631519
Relation to the company: affiliated company
Description of relations – see **Appendix 2**

Investiční společnost České spořitelny, a.s.,
located at Evropská 2609-17, zip code 160 00 Praha 6,
ID: 44796188
Relation to the company: affiliated company
Description of relations – see **Appendix 2**

Penzijní fond České spořitelny, a.s.,
located at Poláčkova 1976/2, zip code 140 21, Praha 4,
ID: 61672033
Relation to the company: affiliated company
Description of relations – see **Appendix 2**

Realitní společnost České spořitelny, a.s.,
located at Vinohradská 180/1632, zip code 130 00, Praha 3,
ID: 26747294
Relation to the company: affiliated company
Description of relations – see **Appendix 2**

REICO investiční společnost České spořitelny, a.s.,
located at A. Staška 2027/79, zip code 140 00, Praha 4,
ID: 27567117
Relation to the company: affiliated company
Description of relations – see **Appendix 2**

s Autoleasing, a.s.,
located at Střelničná 8/1680, zip code 182 00, Praha 8,
ID: 27089444
Relation to the company: affiliated company
Description of relations – see **Appendix 2**

s Autoúvěr, a.s.,
located at Střelničná 8/1680, zip code 182 00, Praha 8,
ID: 26688999
Relation to the company: affiliated company
Description of relations – see **Appendix 2**

Stavební spořitelna České spořitelny, a.s.,
located at Vinohradská 180/1632, zip code 130 11, Praha 3,
ID: 60197609
Relation to the company: affiliated company
Description of relations – see **Appendix 2**

B. OVERVIEW/CHART OF THE WHOLE GROUP OF COMPANIES OF WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP, RESP. PERSONS, THE RELATIONS OF WHICH ARE BEING DESCRIBED

B.A. CONTROLLING PERSONS

Wiener Städtische Versicherung AG Vienna Insurance Group, Schottenring 30, A 1010 Wien, entered into the Commercial Register kept at the Business Court in Vienna, file FN, item 75687 F (hereinafter Wiener Städtische)

B.B. OTHER RELATED PERSONS

Insurance companies in Austria	Address	Number in trade register	Total share of Wiener Städtische	Character
Bank Austria Creditanstalt Versicherung AG	Schottenring 27-29, 1010 Wien	103364 g	60.54	Insurance
DONAU Versicherungs AG Vienna Insurance Group	Schottenring 15, 1010 Wien	32002 m	89.47	Insurance
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	Schottenring 30, 1010 Wien	75687 f	XXX	Insurance

Insurance companies in other countries	Address	Number in trade register	Total share of Wiener Städtische	Character
BENEFIA Towarzystwo Ubezpieczeń Na Życie S. A. Vienna Insurance Group	Ul. Puławska 405, 02-801 Warszawa	RHB No. 33168	100.00	Insurance
BENEFIA Towarzystwo Ubezpieczeń Majątkowych S. A. Vienna Insurance Group, Warschau	Ul. Puławska 405, 02-801 Warszawa	RHB 59942 Ф.д. 6100/1995	100.00	Insurance
BULGARSKI IMOTI LIFE Insurance Company,	Balscha Strasse No. 8, 1408 Sofia	CFC Ф.д. 6100/1994	98.35	Insurance
Bulgarski Imoti Non-Life Insurance Company Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Balscha Strasse No. 8, 1408 Sofia Budějovická 5, CZ-140 21 Praha	CFC 639 98 530	98.36	Insurance
Towarzystwo Ubezpieczeń "Compensa" Spółka Akcyjna Vienna Insurance Group	Ul. Aleje Jerozolimskie 162, 02-342 Warszawa	00000 06691	99.87	Insurance
Towarzystwo Ubezpieczeń Na Życie Compensa Spółka Akcyjna Vienna Insurance Group	Ul. Aleje Jerozolimskie 162, 02-342 Warszawa	00000 43309	100.00	Insurance
Cosmopolitan Life Vienna Insurance Group – dionicko društvo za osiguranje	Jurisiceva 9, HR-1000 Zagreb	80260803	96.00	Insurance
InterRisk Versicherungs-AG, Vienna Insurance Group	Karl-Bosch-Strasse 5, 65203 Wiesbaden	8043	100.00	Insurance
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Karl-Bosch-Strasse 5, 65203 Wiesbaden	12059	100.00	Insurance
Komunálna Poisťovňa a.s. Vienna Insurance Group	Ul. Dr. Vladimíra Clementisa 10, 821 02 Bratislava	31 595 545	95.72	Insurance
KONTINUITA poisťovňa, a.s. Vienna Insurance Group	Rajská 15/A, 811 08 Bratislava	35 709 600	100.00	Insurance
Kooperativa poisťovňa, a.s., Vienna Insurance Group	Templová 747, 11001 Praha 1	471 16 617	87.67	Insurance
KOOPERATIVA poisťovňa a.s. Vienna Insurance Group	Štefanovičova 4, 816 23 Bratislava	00 585 441	100.00	Insurance
Kvarner Vienna Insurance Group dionicko društvo za osiguranje	Osječka 46, HR-51000 Rijeka	080026313	98.75	Insurance
AGRAS VIENNA INSURANCE GROUP S. A.	Bd. Dacia 30, Sector 1, RO-010 403 Bucuresti	80000340	88.86	Insurance
UNION Vienna Insurance Group Biztosító Rt.	1082 Budapest, Baross u. 1.	01-10-041566/66	100.00	Insurance
UNITA VIENNA INSURANCE GROUP S. A.	Bd. Dacia, Nr 30 sect. 1, Bucuresti	J 40 / 13092	100.00	Insurance
Vienna-Life Lebensversicherung AG Vienna Insurance Group	Industriestraße 2, FL-9487 Bendern	FL-0002.010.458-6	100.00	Insurance
"WIENER STÄDTISCHE OSIGURANJE" akcionarsko društvo za osiguranje	Mihajla Pupina 165G, YU-11070 Novi Beograd	4 - 101 - 00	100.00	Insurance
OMNIASIG VIENNA INSURANCE GROUP S. A.	B-dul Aviatorilor, Nr. 28 RO-010 403 Bucuresti	J40/8364/1994	98.30	Insurance
Omniasig Asigurari de Viata SA	Str. Pechea Nr. 13, Buc. sect. 1 Ul., Rydygiera 21,	J40/8364/1994	50.01	Insurance
Royal Polska Towarzystwo Ubezpieczeń na Życie S. A.	01-793 Warszawa	RHB 46347	100.00	Insurance

Insurance companies in other countries	Address	Number in trade register	Total share of Wiener Städtische	Character
Towarzystwo Ubezpieczeń InterRisk Spółka Akcyjna	Ul. Noakowskiego 22, 00-668 Warszawa	RHB No. 40197	99.93	Insurance
GESCHLOSSENE AKTIENGESELLSCHAFT JUPITER LEBENSVERSICHERUNG VIENNA INSURANCE GROUP	Zolotoustivska Str. 10-12 A Top 83, 01135 Kiev	30434963	73.00	Insurance
IC Globus Insurance Company with Added Liability "Globus"	vul. Andriya Ivanova, 21-17-1, 01010 Kiev	20448234	51.00	Insurance
Geschlossene Aktiengesellschaft "Ukrainische Versicherungsgesellschaft "KNIASHA"	Glybtschyska Str. 44, 04050 Kiev	24175269	80.00	Insurance
VIG RE zajišťovna, a. s.	Celetná 590/25, 110 01 Praha 1	28445589	98.97	Re-insurance
Pojišťovna České spořitelny, a. s.	Nám. Republiky 115, 530 02 Pardubice	47452820	95.00	Insurance

Other companies (consolidated)	Address	Number in trade register	Total share of Wiener Städtische	Character
ARITHMETICA Versicherungs- und Finanz-mathematische Beratungs-GesmbH	Schottenring 17, 1010 Wien	93505 h	100.00	Consulting
BML Versicherungsmakler GmbH	Schottenring 30, 1010 Wien	190445 t ф.д. 3693/2003	100.00	Holding
Bulgarski Imoti Asistans EOOD	Balscha Strasse No. 8, 1408 Sofia	CFC	98.36	Properties
Businesspark Brunn Entwicklungs GmbH	Schottenring 30, 1010 Wien	46301 s	100.00	Properties
CAPITOL, a. s.	Ružová dolina 6, 821 09 Bratislava	35750448	100.00	Broker
CENTER Hotelbetriebs GmbH	Schottenring 30, 1010 Wien	107099 z	85.00	Running a hotel
COMPENSA Holding GmbH	Bahnhofplatz, 96450 Coburg	HRB 3514	100.00	Holding
DBR-Friedrichscarree GmbH & CO KG	Kronenstrasse 30, 70174 Stuttgart	HRA 12938	100.00	Properties
DBR-Friedrichscarree Liegenschaftsverwaltung GmbH	Kronenstrasse 30, 70174 Stuttgart	HRB 20796	100.00	Properties
DBR-Liegenschaften Verwaltungs-GmbH	Kronenstrasse 30, 70174 Stuttgart	HRB 20306	100.00	Properties
DBR-Liegenschaften Verwaltungs-GmbH & CO KG	Kronenstrasse 30, 70174 Stuttgart	HRA 12824	100.00	Properties
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Wien	Schottenring 15, 1010 Wien	38898 d	100.00	Properties
Gesundheitspark Wien-Oberlaa Gesellschaft m. b. H.	Schottenring 30, 1010 Wien	72298 x	100.00	Properties
"Grüner Baum" Errichtungs- und Verwaltungsges. m. b. H.	Sparkassenplatz 1, 6020 Innsbruck	55386 a	100.00	Properties
Andel Investment Praha s. r. o.	Prag 6, Evropská 370/15, PLZ 160 41	271 28 881	100.00	Hotel
I.V. s. r. o	Hlavné námestie 5, 811 01 Bratislava	35733811	100.00	Properties
Kalvin Tower Kft.	Baross u. 1., 1082 Budapest	01-09-674742	100.00	Properties
KAPITOL pojišťovací a finanční poradenství, a. s.	Rašínova 692/4, 602 00 Brno	60751070	100.00	Broker

Other companies (consolidated)	Address	Number in trade register	Total share of Wiener Städtische	Character
Kvarner Wiener Städtische Nekretnine d.o.o	Osječka 46, HR-51000 Rijeka	080453781	98.75	Properties
LVP Holding GmbH	Schottenring 30, 1010 Wien	84740 v	100.00	Holding
Business Insurance Application Consulting GmbH	Schottenring 30, 1010 Wien	80111 k	100.00	Consulting
Neue Heimat Oberösterreich Holding GmbH	Schottenring 30, 1010 Wien	142391 z	100.00	Holding
PFG Holding GmbH	Schottenring 30, 1010 Wien	282493 g	94.62	Holding
PFG Liegenschaftsbewirtschaftungs-GmbH & Co KG	Schottenring 30, 1010 Wien	248931 a	95.13	Properties
PROGRESS Beteiligungsges.m.b.H.	Hegergasse 7/5, 1030 Wien	33662 d	60.00	Holding
Projektbau GmbH	Schottenring 30, 1010 Wien	145953 m	95.00	Properties
Projektbau Holding GmbH	Schottenring 30, 1010 Wien	282489 a	89.50	Holding
		35 706 627; Vložka číslo:		
Securia majetkovosprávná a podielova s.r.o.	Gajova 11, 811 09 Bratislava	12892/B	100.00	Holding
Seniorenresidenz Fultererpark Errichtungs- und Verwaltungs GmbH	Südtiroler Platz 4, 6020 Innsbruck	129720 s	100.00	Properties
Seniorenresidenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Neuhauserstraße 7, 6020 Innsbruck	41618 d	66.70	Properties
VLTAVA majetkovosprávní a podílová spol. s r. o.	Radlická 14, 150 00 Praha 5	256 21 181	100.00	Holding
Wiener Städtische Beteiligungs GmbH	Schottenring 30, 1010 Wien	162344 t	100.00	Holding
Wiener Städtische Finanzierungsdienstleistungs GmbH	Schottenring 30, 1010 Wien	157968 g	100.00	Holding
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H.	Obere Donaustraße 53, 1020 Wien	45685 i	100.00	Broker
Alpenländische Heimstätte, gemeinn. Wohnungsbau-Siedlungsges.	Viktor-Dankl-Straße 6, 6020 Innsbruck	33828 y	94.00	Housing construction
Erste gemeinnützige Wohnungsgesellschaft-"Heimstätte GmbH"	Emil-Kralik-Gasse 3, 1050 Wien	84481 m	73.18	Housing construction
"Neue Heimat" Gemeinnützige Wohnungs- und SiedlungsgmbH	Gärtnerstraße 9, 4020 Linz	75578 w	99.81	Housing construction
GEMYSAG Gemeinnützige Mürz-Ybbs-Siedlungsanlagen - GmbH	Otto Haubergersstraße 39, 8605 Kapfenberg	FN 54318 f	34.57	Housing construction
GIWOG Gemeinnützige Industrie-Wohnungs-AG	Welser Straße 41, 4060 Leonding	FN 75584 d	34.60	Housing construction
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH	Seilerstätte 17, 1010 Wien	FN 90067 b	34.68	Housing construction

Companies consolidated by an equivalent method	Address	Number in trade register	Total share of Wiener Städtische	Character
CROWN-WSF spol.s r. o.	Stepanska 40/623, 110 00 Praha 1	63077931	30.00	Hotel
Gewista-Werbegesellschaft mbH	Litfaßstraße 6, 1030 Wien	69991 d	33.00	Advertizing
IMPERIAL Ungarn GmbH	Dévai u. 26–28, 1143 Budapest	01-09-682509	25.00	Properties
Medial Beteiligungs-GmbH	Dr. Karl Lueger-Ring 14, 1010 Wien	117154 k	29.63	Holding
PKB Privatkliniken Beteiligungs GmbH	Schottenring 30, 1010 Wien	73066 a	25.00	Holding
TECH-GATE VIENNA Wissenschafts- und Technologiepark GmbH	Donau City Straße 1, 1220 Wien	38102 h	60.00	Properties
KIP, a.s.	Templová 5, Praha 1, PSČ 110 01	49241788	86.43	Consulting and intermediary activity in investments, economic and structured consulting
SURPMO, a.s.	Opletalova 1626/36, Praha 1, PSČ 110 00	45274886	99.91	Planning and consulting in capital construction, dealing in properties, administration and maintenance of properties etc.
Česká Kooperativa London	201 Waterloo Gardens, 2 Milner Square, London	3144381	100.00	Services
KÁMEN OSTROMĚŘ s. r. o.	Nádražní 414, Ostroměř, PSČ 507 52	62024663	100.00	Mining and processing of sandstone, simple constructions, reconstruction and preserving of stone structures, cleaning of facades
Sanatorim Astoria a.s.	Vřídelní č. p. 92, Karlovy Vary, PSČ 360 01	45357242	86.32	Providing large spa and hotel services
UNIGEO a.s.	Místecká 329/258, Ostrava–Hrabová, PSČ 720 00	45192260	100.00	Activity in the area of geology and environment, mining earth gas and oil
KOORDITA, a.s.	Místecká 329/258, Ostrava–Hrabová, PSČ 720 00	27821650	100.00	Properties
Global Expert, s. r. o.	Jana Palacha 1552, Pardubice, PSČ 530 02	27472850	100.00	Activity of an independent claims liquidator according to a special legal regulation
Benefita, a.s.	U nákladového nádraží č. p. 3265/10, Praha 3, PSČ 130 00	27225038	100.00	Intermediation
HOTELY SRNÍ, a.s.	Moskevská 1/14, Most, PSČ 434 01	44569891	92.65	Sales activity, running hotels, renting non-residential spaces
AIŠ Servis, s. r. o.	Provazníková 84, č. p. 1578, Brno, PSČ 613 00	26264315	70.00	Providing software and consultancy in the area of hardware and software
Mělnická zdravotní a.s.	Celetná 590, Praha 1, PSČ 110 00	27958639	100.00	Running a non-state medical institution

Other companies (non-consolidated)	Address	Number in trade register	Total share of Wiener Städtische	Character
Capitol Spolka z. o. o.	Aleje Jerozolimskie 162, Warschau	0000120133	100.00	Sales
Direct-Line Direktvertriebs-GmbH	Schottenring 30, 1010 Wien	123513 m	100.00	Sales
Eurocenter-Immorent d. o. o.	Zelinska 3, Zagreb	80409218	100.00	Properties
Experta Schadenregulierungs- Gesellschaft m. b. H.	Maria Theresien Strasse 19/5, 1090 Wien	110053 v	100.00	Services
Horizont Personal-, Team- und Organisationsentwicklung GmbH	Schottenring 17, 1010 Wien	140341 i	100,00	Services
Humanocare gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH	1100 Wien, Fontanastraße 10	148127 i	100.00	Services
Humanocare Management-Consult GmbH	1100 Wien, Fontanastraße 10	62406 z	75,00	Services
Joint Belarus-Austrian Insurance Company Kupala	Ul. Nemiga 40, 220004 Minsk	5000 48 039	94.50	Insurance
Neutorgasse 2-8 Projektverwertungs GmbH	1010 Wien, Schottenring 30	255799 a	90.00	Properties
PFG Liegenschaftsbewirtschaftungs GmbH	Schottenring 30, 1010 Wien	247772 x	77.00	Properties
Realitätenverwaltungs- und Restaurantbetriebs-Gesellschaft m. b. H.	Franz Josef-Kai 63, 1010 Wien	93258 w	100.00	Services
Renaissance Hotel Realbesitz GmbH	Schottenring 30, 1010 Wien	33351 x	67.00	Properties
Ringturm Kapitalanlagegesellschaft m. b. H.	Schottenring 30, 1010 Wien	72097 a	91.00	Funds
Risk Consult Sicherheits- und Risiko-Managementberatung Gesellschaft m. b. H.	Engelsberggasse 4/2, 1030 Wien	92241 z	51.00	Services
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia	Al. Jerozolimskie 162, 02-342 Warschau	0000 260353	100.00	Consulting
Zaso Victoria Non-Life	Ul. Temerjajewa 65-A, 220035 Minsk	100219658	100.00	Insurance

C. CONCLUSION

The submitter neither took nor realized any factual measures in the interest or at the instigation of Česká spořitelna, a.s., or Wiener Städtische Versicherung AG Vienna Insurance Group.

In view of the legal relations between the submitter and related persons checked by us it is obvious that the submitter suffered no damage as a consequence of contracts, other legal acts or other measures concluded, taken or adopted by the submitter during the 2008 accounting period in the interest or at the instigation of individual related persons.

In Pardubice, February 2, 2009

Pojišťovna České spořitelny, a. s.



Petr Zapletal
Chairman of the Board
and Chief Executive Officer



Jaroslav Kulháněk
Vice-Chairman of the Board
and Deputy CEO



František Mareš
Member of the Board
and Deputy CEO

APPENDIX 1 TO THE REPORT ON RELATIONS

DESCRIPTION OF RELATIONS TO THE CONTROLLING PERSON: ČESKÁ SPOŘITELNA, A. S.

1. CONTRACTS

1.1 Sales of services

During the accounting period, the submitter provided services based on the following contracts concluded in previous accounting periods:

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Contract on cooperation in the area of fulfilling Act No. 38/2004 Coll., No. 49/05	Česká spořitelna	18. 7. 2005	18. 7. 2005	Testing professional knowledge of Česká spořitelna's employees in terms of Act No. 38/2004	
Contract on cooperation No. 45244782	Česká spořitelna	30. 6. 2005	30. 6. 2005	Contract on cooperation in the area of private life insurance	Contribution to employees
Ditto	Česká spořitelna	Ditto	Ditto	Ditto	Contribution to managers
Insurance contracts of the Board of Directors of the company	Česká spořitelna	according to individual contracts	according to individual contracts	Individual insurance contracts Flexi	Contribution to the Board of Directors
Contribution from the social fund to insurance	Česká spořitelna	according to individual contracts	according to individual contracts	Individual insurance contracts Flexi	Contribution to employees
Insurance contract No. 5900030202	Česká spořitelna	30. 9. 2002	1. 10. 2002	Insurance of clients of Česká spořitelna (drawing loans)	Mortgage BONUS
Framework insurance contract No. ČSH 1/2006	Česká spořitelna	2. 8. 2006	2. 8. 2006	Framework insurance contract for Snadná půjčka/Easy Loan	
Executing contract No. ČSHP 1/2006	Česká spořitelna	Ditto	Ditto	Ensuring relevant processes of the framework insurance contract	Insurance of clients of Česká spořitelna
Framework insurance contract No. ČSHYP 1/2007	Česká spořitelna	25. 9. 2007	29. 9. 2007	Framework contract for Hypoték insurance	
Executing contract No. ČSHYPP 1/2007	Česká spořitelna	Ditto	Ditto	Ensuring relevant processes of the framework insurance contract	Insurance of clients of Česká spořitelna
Framework insurance contract No. ČSBU 1/2007	Česká spořitelna	23. 3. 2007	23. 3. 2007	Framework contract for insurance – Osobní účet/Personal account	
Executing contract No. ČSBUP 1/2007	Česká spořitelna	Ditto	Ditto	Ensuring relevant processes of the framework insurance contract	Insurance of clients of Česká spořitelna
Framework insurance contract No. ČSK 1/2006	Česká spořitelna	3. 11. 2006	3. 11. 2006	Framework contract for insurance – Kreditní karty/Credit cards	

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Executing contract No. ČSKP 1/2006	Česká spořitelna	Ditto	Ditto	Ensuring relevant processes of the framework insurance contract	Insurance of clients of Česká spořitelna
Framework insurance contract No. ČSAMHYPP 1/2007	Česká spořitelna	18. 12. 2007	1. 1. 2008	Framework contract for insurance of american mortgages	Regulates insurance-technical relations of the participating parties
Executing contract No. ČSAMHYPP 1/2007	Česká spořitelna	Ditto	1. 1. 2008	Ensuring relevant processes of the framework insurance contract	Insurance of clients of Česká spořitelna

1.2 Purchase of services

During the accounting period, the submitter was provided with services based on the following contracts concluded in previous accounting periods:

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Contract on administration of securities	Česká spořitelna	30. 12. 2005	1. 1. 2006	Administration of the assets – securities and funds designated for investments	
Contracts on establishment and administration of current accounts and on conditions of establishment and administration of time deposits	Česká spořitelna	1997–2004	1997–2004	Establishment and administration of current accounts in the Czech currency and determination of conditions of establishment and administration of time deposits	
Contract on establishment and administration of the current account 1210836329/0800 (20/2005)	Česká spořitelna	1. 2. 2005	1. 2. 2005	Establishment and administration of a current account in the Czech currency	
Contract on establishment and administration of the current account 910442	Česká spořitelna	9. 1. 2008	9. 1. 2008	Establishment and administration of a current account in the Czech currency	
Contract on establishment and administration of the current account 1766702/0800 (45/2005)	Česká spořitelna	18. 4. 2005	18. 4. 2005	Establishment and administration of a current account in the Czech currency	

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Contract on establishment and administration of the current account 2378752/0800 (112/06)	Česká spořitelna	2. 11. 2006	2. 11. 2006	Establishment and administration of a current account in the Czech currency	
Contract on establishment and administration of a special current account for financial markets trading	Česká spořitelna	13. 2. 2001	13. 2. 2001	Establishment of a special current account for financial markets trading and stipulation of conditions for administration of this current account	
Framework contract on conditions of using contractual rates for foreign currencies transactions	Česká spořitelna	18. 11. 1999	18. 11. 1999	Determination of conditions for conclusion, execution and settlement of prompt, term and swap transactions with foreign currencies	
Contracts on providing a bank guarantee	Česká spořitelna	2002–2003	2002–2003	Obligation of the saving bank to provide a client with a bank guarantee for securing the obligation stemming from participation in a public commercial bid	Contract terminated as at 31. 3. 2008
Framework contracts on administration of deposit accounts	Česká spořitelna	1999–2000	1999–2000	Establishment of deposit accounts with individual interest rates	Deposit accounts are opened individually from financial means remitted through current and foreign currency accounts
Contract on current account in foreign currency	Česká spořitelna	25. 11. 1997	25. 11. 1997	Establishment and administration of a current account in a foreign currency (account kept in EUR)	In the wording of amendment No. 3 of 9. 1. 2001
Contract on renting of the safe-deposit box 270/F	Česká spořitelna	20. 11. 1998	20. 11. 1998	Renting of a safe-deposit box for storing valuables and documents	Contract for an undetermined period
Agreement on changing the Contract on renting of safe-deposit box 270/F	Česká spořitelna	6. 12. 2004	6. 12. 2004	Renting of a safe-deposit box for storing valuables and documents	Contract for an undetermined period. The agreement completes the Contract by article VIII – General business conditions of Česká spořitelna.
Contract on renting of safe-deposit box 429/C	Česká spořitelna	4. 1. 1995	4. 1. 1995	Renting of a safe-deposit box for storing valuables and documents	Contract for an undetermined period

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Agreement on changing the Contract on renting of safe-deposit box 429/C	Česká spořitelna	6. 12. 2004	6. 12. 2004	Renting of a safe-deposit box for storing valuables and documents	The agreement completes the Contract by article VIII - General business conditions of Česká spořitelna.
Contract on renting of safe-deposit box 324/F	Česká spořitelna	7. 12. 2005	7. 12. 2005	Renting of a safe-deposit box for storing valuables and documents	Contract for an undetermined period
Framework contracts on providing electronic banking services	Česká spořitelna	2001 - 2004	2001 - 2004	Providing electronic banking services HOME BANKING, FAX BANKING	Contracts apply to selected current accounts
Amendment No. 3 to the Contract on providing electronic banking services No. 306/2003	Česká spořitelna	15. 12. 2005	15. 12. 2005	Providing electronic banking services HOME BANKING, FAX BANKING	Amendment applies to selected current accounts
Contract on trading on financial markets	Česká spořitelna	6. 12. 2004	6. 12. 2004	The contract defines the rights and obligations of the contractual parties while concluding deals on financial markets	
Contract on renting non-residential spaces No. 93/05	Česká spořitelna	1. 10. 2005		For an indefinite period with three months notice	Contract on renting non-residential spaces in the building of Palackého 2882/16, Přerov
Contract on renting non-residential spaces and renting of movable assets No. 73/06	Česká spořitelna	30. 6. 2006		For an indefinite period with three months notice	Contract on renting non-residential spaces in the building Poláčkova 1976, Praha 4 and renting movable assets (i. e. phone devices)
Contract on renting non-residential spaces and renting of movable assets No. 73/06	Česká spořitelna	30. 6. 2006	30. 6. 2006	Prices for types of rented spaces are stipulated according to market conditions in the relevant area	Non-residential spaces in the building of Palackého 2882/16, Přerov
Executing contract to the Basic contract on mutual cooperation	Česká spořitelna	14. 9. 2001	14. 9. 2001	Services by KCP Prostějov for the insurance company for toll free phone calls and operators	

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Amendment No. 1 to the executing contract on securing services of the clients centre by Česká spořitelna for the insurance company of 14. 9. 2001	Česká spořitelna	26. 6. 2002	1. 1. 2002	Specification of services and update of costs – phone charges, price for an operator + back office activities	In the wording according to amendment No. 2 of 25. 4. 2003
Agreement on access to the Intranet of Česká spořitelna	Česká spořitelna	18. 9. 2002	18. 9. 2002	Regulation of rights and obligations regarding access to the Intranet of Česká spořitelna for employees of the insurance company	
Contract on the protection of confidential information No. 236/03	Česká spořitelna	8. 7. 2003	8. 7. 2003	Mutual access to confidential information – regulations	
Contract on data migration No. 259/03	Česká spořitelna	30. 10. 2003	30. 10. 2003	Migration of the client data of the insurance company into the client files of Česká spořitelna	
Contract on handover of data No. 62/04	Česká spořitelna	15. 4. 2005	15. 4. 2005	Contract on handing over client data to DWH between Pojišťovna České spořitelny and Česká spořitelna	
Contract on cession of the right to use the company's logo – trademark, contract No. 456/02	Česká spořitelna	4. 12. 2002	31. 12. 2002	Entitlement to exercise the right to use the logo	In the wording of amendment No. 2 of 27. 9. 2006
Contract on providing outsourced services for the area of internal audit, marketing and corporate communication	Česká spořitelna	19. 5. 2005	1. 1. 2006	Executing of internal audit, marketing and corporate communication	Contract terminated by an agreement as of 31. 12. 2008
Framework agreement on cooperation in the area of education	Česká spořitelna	17. 12. 1997	1. 1. 1998	Providing services in education of employees (renting classrooms)	
Contract on providing service	Česká spořitelna	1. 12. 2003	1. 12. 2003	Based on single orders for printing and completing mail consignments including giving them over to Česká pošta to be distributed.	
Contract on intermediation of payments No. 94/07	Česká spořitelna	30. 10. 2007	30. 10. 2007	Payout of insurance benefits through branches of Česká spořitelna	Beginning of the fulfillment of the contract subject in 02/2008

1.3 Contracts on intermediation of activities

In the commented accounting period, the submitter provided the following activity based on the below mentioned contracts concluded in previous accounting periods:

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Contract on business representation No. OPČS 86/07	Česká spořitelna	30. 3. 2007	1. 4. 2007	Intermediation of sales of life insurance by Česká spořitelna employees	In the wording according to amendment No. 1 of 30. 9. 2008 effective since 1. 10. 2008
Contract on business representation NŽ 141/04	Česká spořitelna	30. 12. 2004	1. 1. 2005	Intermediation of sales of non-life insurance	In the wording according to amendment No. 1 of 31. 3. 2008, effective since 1. 4. 2008
Contract on business representation No. EPaK 25/07	Česká spořitelna	30. 3. 2007	1. 4. 2007	Intermediation of sales of life insurance by external partners of Česká spořitelna	In the wording according to amendment No. 1 of 28. 12. 2007 effective since od 1. 1. 2008
Agreement on stipulation of conditions for payment of extraordinary commission for increased sales of FLEXI life insurance	Česká spořitelna	24. 9. 2007	1. 10. 2007	motivation for securing the plan fulfillment of premium written in 2008	

Comments:

All relations listed in this Appendix were defined by the related persons, namely Česká spořitelna and Pojišťovna České spořitelny. When concluding these relations, laws valid in the Czech Republic were respected and prices were stipulated with respect to regulations of the Income Tax Act, i. e. prices usual on the marketplace at the time of conclusion of these contractual relations. During the accounting period none of the parties claimed financial damages. As regards the contracts listed in the Appendix regulating the sales or purchase of services (e. g. insurance contracts, contract on establishment and administration of current accounts, contracts on withdrawal of money in the short term, contracts on current account), these are homogenous contracts.

Intermediation of insurance in accordance with Act No. 38/2004 Coll. is regulated in contractual relations by setting mutual rights and obligations of contractual parties and at the same time conditions of the course, rights and payment of remuneration is defined for provided services connected with the sale of insurance. Authorization granted to the controlling person for providing these services forms a part of these contracts in accordance with the conditions set in the above-mentioned Act.

In connection with the transition of the whole Česká spořitelna Financial Group to a uniform corporate identity, among others, conditions were defined regulating the use of the logo related to the pursued business activity of the members of this Financial Group, including Pojišťovna České spořitelny, a. s.

APPENDIX NO. 2 TO THE REPORT ON RELATIONS

REPORT ON RELATIONS TO THE RELATED PERSONS IN CONCERN:

ČESKÁ SPOŘITELNA, A. S.

1.1 Sales of services

During the accounting period, the submitter delivered services based on the following contracts concluded in previous accounting periods:

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Contract on cooperation No. 27088677	brokerjet České spořitelny	22. 7. 2005	18. 7. 2005	Contract on cooperation in the area of private life insurance	Contribution to managers
Contract on cooperation No. 63079798	Consulting České spořitelny	15. 11. 2005	15. 11. 2005	Contract on cooperation in the area of private life insurance	Contribution to managers
Contract on cooperation No. 61058769	Erste Corporate Finance	24. 10. 2005	24. 10. 2005	Contract on cooperation in the area of private life insurance	Contribution to employees
Ditto	Erste Corporate Finance	Ditto	Ditto	Ditto	Contribution to managers
Insurance contract No. 5900034401	Factoring České spořitelny	15. 8. 2003	18. 8. 2003	Insurance of employees	Contribution to employees
Contract on cooperation No. 25629352	Factoring České spořitelny	12. 12. 2005	12. 12. 2005	Contract on cooperation in the area of private life insurance	Contribution to managers
Contract on cooperation No. 25631519	Informatika České spořitelny	5. 9. 2005	5. 9. 2005	Contract on cooperation in the area of private life insurance	Contribution to employees
Ditto	Informatika České spořitelny	Ditto	Ditto	Ditto	Contribution to managers
Contract on cooperation No. 44796188	Investiční společnost České spořitelny	13. 7. 2005	13. 7. 2005	Contract on cooperation in the area of private life insurance	Contribution to employees
Ditto	Investiční společnost České spořitelny	Ditto	Ditto	Ditto	Contribution to managers
Contract on cooperation No. 61672033/2005	Penzijní fond České spořitelny	8. 8. 2005	8. 8. 2005	Contract on cooperation in the area of private life insurance	Contribution to employees
Ditto	Penzijní fond České spořitelny	Ditto	Ditto	Ditto	Contribution to managers

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Insurance contract No. 5900035033	Penzijní fond České spořitelny	13. 2. 2004	13. 2. 2004	Insurance of management	Individual accident insurance
Insurance contract No. 5900019113	Penzijní fond České spořitelny	21. 12. 2000	1. 1. 2001	Insurance of clients of the pension fund	Loyalty program of the clients of Penzijní fond České spořitelny
Contract on cooperation while using the service Office Connector Plus No. 71/06	Penzijní fond České spořitelny	13. 10. 2006	13. 10. 2006	Using services and the mobile application Office Connector	In the wording of amendment No. 1 of 11. 12. 2007
Contract on cooperation No. 26747294	Realitní společnost České spořitelny	21. 6. 2005	21. 6. 2005	Contract on cooperation in the area of private life insurance	Contribution to managers
Ditto	Realitní společnost České spořitelny	Ditto	Ditto	Ditto	Contribution to employees
Contract on cooperation No. 27567117	REICO investiční společnost České spořitelny	29. 10. 2007	29. 10. 2007	Contract on cooperation in the area of private life insurance	Contribution to employees
Ditto	REICO investiční společnost České spořitelny	Ditto	Ditto	Ditto	Contribution to managers
Framework insurance contract No. SAU 1/2006	s Autoúvěr	29. 3. 2006	29. 3. 2006	Framework insurance contract to Autoúvěr	
Executing contract No. SAUP 1/2006	s Autoúvěr	29. 3. 2006	29. 3. 2006	Ensuring relevant processes of the framework insurance contract	Stipulates price, terms and policy administration
Contract on cooperation No. 63999579	s Autoleasing	30. 6. 2005	30. 6. 2005	Contract on cooperation in the area of private life insurance	Contribution to employees
Ditto	s Autoleasing	Ditto	Ditto	Ditto	Contribution to managers
Contract on cooperation No. 60197609	Stavební spořitelna České spořitelny	12. 10. 2005	12. 10. 2005	Contract on cooperation in the area of private life insurance	Contribution to employees
Ditto	Stavební spořitelna České spořitelny	Ditto	Ditto	Ditto	Contribution to managers
Framework insurance contract No. SSČS 1/2005	Stavební spořitelna České spořitelny	16. 5. 2005	16. 5. 2005	Framework insurance contract for KVATRO insurance	
Executing contract No. SSČS 1/2005	Stavební spořitelna České spořitelny	16. 5. 2005	16. 5. 2005	Ensuring relevant processes of the framework insurance contract	Stipulates price, terms and policy administration
Framework insurance contract No. SSČS 1/2007	Stavební spořitelna České spořitelny	27. 12. 2007	Framework insurance contract to insurance for credit products of SSČS clients		Regulates business conditions of the participating parties.
Executing contract No. SSČSP 1/2007	Stavební spořitelna České spořitelny	27. 12. 2007	Ensuring relevant processes of the framework insurance contract		Stipulates price, terms and policy administration

1.2 Purchase of services

During the accounting period, the submitter was provided with services based on the following contracts concluded in previous accounting periods:

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Service contract on providing IT service No. 84/02	Informatika České spořitelny	15. 5. 2002	1. 6. 2002	Service contract on PCs, notebooks, printers	In the wording of amendment No. 1 of 30. 6. 2002
Contract on renting non-residential spaces	Stavební spořitelna České spořitelny		31. 1. 2008	Rent of office space and services of back-up working station of PCS	
Agreement on regulation of relations between the investment company and the investor No. 23/07	Investiční společnost České spořitelny	29. 3. 2007	29. 3. 2007	Sales support of allotment certificates	In the wording of amendment of 16. 10. 2007
Contract on cooperation in pension fund schemes with state contribution	Penzijní fond České spořitelny	31. 1. 2000	31. 1. 2000	Mutual cooperation while transferring contributions paid by the employer for pension insurance of his employees	Reciprocal fulfillment does not follow from this contract
Agreement on cooperation No. 159/04	Penzijní fond České spořitelny	30. 12. 2004	1. 1. 2005	Mutual cooperation in the area of development, offering and selling products	
Framework agreement on intermediation of sales of vehicles owned by the company No. 60/06	s Autoleasing	11. 7. 2006	11. 7. 2006	Intermediation of sales of vehicles included in Pojišťovna České spořitelny property by an intermediary	A separate contract on intermediation is issued for sales of single vehicles being discarded from the company's property under business conditions stipulated by this contract

1.3 Purchase of goods

In the accounting period the submitter purchased goods based on the following contracts:

Title	Contractual party	Date of conclusion	Effective date	Description and amount of delivery	Comment
Purchase contracts based on orders according to HN of IT purchases	Informatika České spořitelny		1. 1. 2008	notebooks, monitors, servers, cables IT	
Service contract No. 84/02	Informatika České spořitelny	15. 5. 2005	od 1. 1. 2002	Service work and spare parts above the lump sum	

Comments:

Cooperation between related persons within the Česká spořitelna Financial Group, where Česká spořitelna in the 100% or majority owner, is also regulated by contractual relations respecting laws in force in the Czech Republic and in the event of evaluation is based on the requirement of application of usual prices in the scope defined in the Income Tax Act. These relations are aimed at using services provided to related persons, namely for support of business activities of these persons, i. e. the submitter provides support to the clients of the related persons through the insurance of selected risks.

During the accounting period, none of the parties claimed financial damages.

APPENDIX NO. 3 TO THE REPORT ON RELATIONS

REPORT ON RELATIONS TO THE RELATED PERSONS IN CONCERN: WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP

1.1 Sales of services

The submitter provided during the accounting period services based on the following contracts:

Title	Contractual party	Date of conclusion	Effective date	Description of delivery	Comments
Contract on cooperation by using building No. 115 and 1400 in Pardubice, No. 12/04	Kooperativa, pojišťovna, a. s., Templová 747, 110 01 Praha	5. 2. 2004	since 2. 1. 2004	Regulation of mutual rights and obligations while using non-residential space in both building serving both parties	
Contract on sub-renting non-residential spaces for definite period	Kooperativa, pojišťovna, a. s., Templová 747, 110 01 Praha	10. 12. 2004	since 2. 1. 2004	Renting offices No. 361 and 431 of the total area of 919,16 m ² in the building nám. Republiky 115, Pardubice	
Third party motor insurance	Kooperativa, pojišťovna, a. s., Templová 747, 110 01 Praha	17. 12. 1999	since 1. 1. 2000	Third party motor insurance of company cars	
Insurance contract No. 2266829982	Kooperativa, pojišťovna, a. s., Vienna Insurance Group, Templová 747, 110 01 Praha	28. 2. 2008	since 1. 3. 2008	Motor hull insurance for company cars	
Insurance contract No. 7720229908	Kooperativa, pojišťovna, a. s., Vienna Insurance Group, Templová 747, 110 01 Praha	19. 12. 2007	since 1. 1. 2008	Contract on property insurance concluded by Česká spořitelna, a. s. in favour of other companies of the ČS financial group	Validity of the contract terminated as at 31. 12. 2008.

1.2 Contracts on intermediation of activities

In the commented accounting period, the submitter provided the following activity based on the below mentioned contracts concluded in previous accounting periods:

Title	Contractual party	Date of conclusion	Effective date	Description of delivery	Comments
Contract on business representation No. 4600-400500/12-2003-A	Kooperativa, pojišťovna, a. s.	2. 1. 2004	2. 1. 2004	Intermediation of non-life insurance sales	In wording of amendment No. 4 of 18. 3. 2008, effective since 1. 4. 2008

Comments:

All relations listed in this Appendix were defined by the related persons, namely Pojišťovna České spořitelny and Wiener Städtische Versicherung AG Vienna Insurance Group. When concluding these relations, laws valid in the Czech Republic were respected and prices were stipulated with respect to regulations of the Income Tax Act, i. e. prices usual on the marketplace at the time of conclusion of these contractual relations. During the accounting period none of the parties claimed financial damages. As regards the contracts listed in the Appendix regulating the sales or purchase of services (e. g. insurance contracts, contract on establishment and administration of current accounts, contracts on withdrawal of money in the short term, contracts on current account), these are homogenous contracts.

Intermediation of insurance in accordance with Act No. 38/2004 Coll. is regulated in contractual relations by setting mutual rights and obligations of contractual parties and at the same time conditions of the course, rights and payment of remuneration is defined for provided services connected with the sale of insurance. Authorization granted to the controlling person for providing these services forms a part of these contracts in accordance with the conditions set in the above-mentioned Act.

Non-financial Section

1. EXPECTED DEVELOPMENT IN THE COMPANY BUSINESS ACTIVITIES

In the future, Pojišťovna České spořitelny will focus on improvement of the product portfolio as well as sale and after-sale services. In 2009, our clients will be offered an innovated life insurance product based on the Flexi life insurance programme.

This product is characterized by an improved structure of insurance risks for the whole family with an almost unlimited flexibility of constituent insurance parameters.

In the unit linked sphere, our clients can choose from a variety of investment possibilities, from guarantee funds to a wide range of other funds, according to their investment preferences. The obvious advantage of such life insurance is the possibility to combine the structure of both investment and risk with regard to changing circumstances in the course of life at one cost.

Improvement in the product portfolio goes hand in hand with bettering client service and responding to clients' inquiries and demands. This focuses on labour productivity with an emphasis on the use of technology. Another objective is improved quality of insurance contracts processing, elimination of errors and enhancement of control regarding insurance contracts processing and insurance event settlement.

In close cooperation with Česká spořitelna, the company will improve the quality of services and product portfolio to meet the financial needs and expectations of the two companies' common clients. With membership in the Vienna Insurance Group, this cooperation will further deepen.

2. RESEARCH AND DEVELOPMENT ACTIVITIES

Given the character of the company's activities, its involvement in the area of research and development is rather limited with emphasis on the use of new information technologies in the process of providing insurance services. The company will consider further financial support of this area.

3. ENVIRONMENTAL PROTECTION AND LABOUR RELATIONS

The company, by nature of its business activity, burdens the environment to a minimal extent. Through its activities, the company fulfils requirements given by legal regulations in the Czech Republic. The company has decided to financially support selected projects in this area.

In the area of labour relations, the company pays permanent high attention to the development of employment policy and social programmes with the aim of being an attractive employer on the labour market. When setting up and innovating motivational systems, the company uses modern methods for HR management including regular research of remuneration realized in cooperation with the Hay Group. The company provides its employees with a wide offer of financial and non- financial benefits. The company cares about increasing the quality of the work environment, which sufficiently meets the conditions for doing the job while following the regulations of labour safety, including regular and contractually secured health care for its employees. Education and professional growth of employees rank among priorities of the company's development. As a part of evaluation and development of its employees, the company provides educational programmes for increasing and improving qualification of the employees including development of the corporate culture.

4. ORGANIZATIONAL UNITS OF THE COMPANY ABROAD

The company does not have any organizational units abroad.

5. OTHER REQUIREMENTS ACCORDING TO SPECIAL LEGAL PROVISIONS

The company meets requirements for its business activities – insurance activities, stipulated mainly by the Insurance Act and by the Act on Insurance Intermediaries and Independent Claim Liquidators. No further special requirements are stipulated for the company's activities.

6. OTHER SIGNIFICANT FACTS

As stated in the Notes to Financial Statements for 2008, the Board of Directors approved the transfer of company shares, which was a prerequisite for the introduction of a new majority owner. In mid-September 2008, the company became a member of the strong insurance concern Vienna Insurance Group. This change was conditioned by an agreement between the two financial groups (Erste Bank and the Vienna Insurance Group) on a fifteen-year cooperation in mutual support and sale of bank and insurance products. This agreement secures stability and offer of first-rate financial products to the clients of these two institutions.

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