



Annual Report 2009

Key Figures

Pojišťovna České spořitelny, a.s. Vienna Insurance Group

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

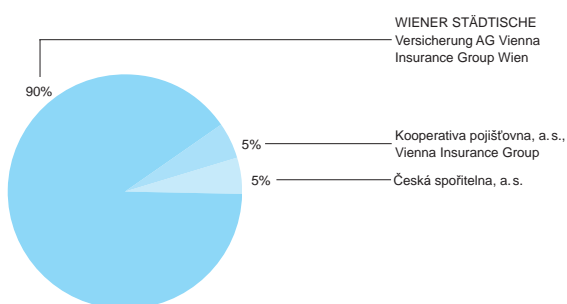
issued by the Ministry of Finance of the Czech Republic,
proceeding No. 103/68361/92 of December 16, 1992.
In accordance with § 42 section 5 of Act No. 363/1999 Coll.
on insurance business, the Ministry of Finance of the Czech
Republic (proceeding 322/16811/2002 of February 20, 2002)
issued authorization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

Auditor Deloitte Audit s. r. o.

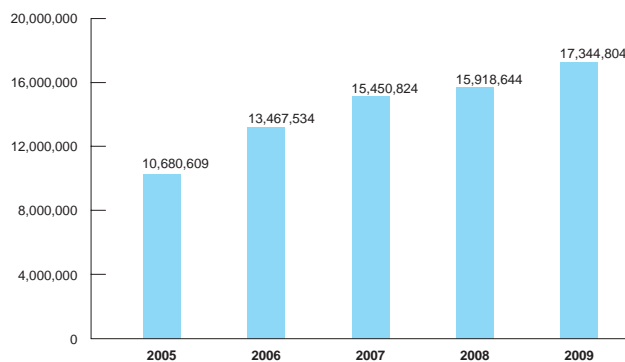
Selected financial indicators of the year 2009

CZK thousand	2009
Assets	20,421,310
Equity	2,209,387
Total technical provisions	17,344,804
Business result for the period	619,151
Premium written total	6,962,601
of which: life insurance	6,855,813
non-life insurance	106,788
Total claims paid	4,058,139
of which: live insurance	4,005,190
non-life insurance	52,949

Shareholding structure of Pojišťovna České spořitelny, a.s. Vienna Insurance Group



Technical provisions (CZK thousand)



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.

Branch network of Česká spořitelna

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

External network of Pojišťovna České spořitelny

The 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

Comprehensive 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

2009

At the beginning of 2009, Pojišťovna České spořitelny introduced its new comprehensive FLEXI Life Insurance, combining the previous three versions of the FLEXI, FLEXI INVEST²⁰⁰⁸ and FLEXI H-FIX products and unifying them into just one product. An indicator of the quality of the insurance is not only the fact that more than 200,000 individuals enjoyed insurance coverage under the FLEXI Life Insurance in 2009, but also the number of awards that the insurance won.

For example, the FLEXI Life Insurance won the 2009 Life Insurance of the Year category of the Bank of the Year competition organised by the Fincentre, it was awarded two top prizes in the Life Insurance and the Innovation of the Year categories in the Zlatá koruna (Golden Crown) competition. In the 2008 Insurance Company of the Year competition, Pojišťovna České spořitelny won all the categories related to life insurance. The Association of Czech Insurance Brokers awarded the Insurance Company the highest prize in the categories of the 2008 Insurance Company of the Year in the Life Insurance category, Innovation of Insurance Products, Cooperation with Insurance Brokers, and in the Claims Adjustment category. The FLEXI Life Insurance product was the crowning success of the Insurance Company, winning the 2008 Insurance Product of the Year category.

In 2009, the Company's name was changed to Pojišťovna České spořitelny, a. s., Vienna Insurance Group. The change lies in adding a supplement to the current corporate name to highlight the affiliation to the Vienna Insurance Group.

2008

Pojišťovna České spořitelny became a member of the Vienna Insurance Group in September 2008.

In the same year, the FLEXI INVEST²⁰⁰⁸ Unit Linked Life Insurance was declared the winner of the 2008 Life Insurance of the Year category in the 2008 Bank of the Year competition organised by MasterCard. For 2008, Pojišťovna České spořitelny innovated its product FLEXI INVEST²⁰⁰⁸ Flexible Unit Linked Life Insurance, for which it was awarded the Stříbrná koruna (Silver Crown) prize in the Life Insurance category. In 2008, it was also awarded the prize of the 2007 Insurance Company of the Year in the life insurance category by the Association of Czech Insurance Brokers, and the FLEXI product won the top award in the Insurance Product category. Furthermore, the Company was also acknowledged as the best insurance company in the areas of claim settlement and insurance products innovation.

2007

The course of 2007 was characterized by significant product changes. Pojišťovna České spořitelny innovated one of its most successful products – the FLEXI Flexible Life Insurance, introduced a new type of the FLEXI H-FIX Unit Linked Life Insurance, and prepared the innovation of the Flexible Unit Linked Life Insurance – FLEXI INVEST.

2006

During 2006, Pojišťovna České spořitelny strengthened its position in the life insurance market, thus retaining its ranking among the five most significant life insurance companies. In addition, it won the title of the 2006 Insurance Company of the Year in the life insurance and accident insurance categories in the survey organised by the Association of Czech Insurance Brokers. The number of clients of Pojišťovna České spořitelny exceeded the threshold of half a million.

2005

In 2005, Pojišťovna České spořitelny introduced many newcomers to its product range. The KVATRO and HYPOTÉKA (Mortgage) Credit Life Insurance ranked among the representatives of insurance products. The FLEXI INVEST Unit Linked Life Insurance, offering its clients a choice from among three investment programmes on one hand, and a wide range of life risk insurance on the other hand, was a significant addition to the products. Towards the end of the year, the product portfolio was enlarged by a new insurance targeting children, characterized by high flexibility matching the ongoing needs of the child and the family and offered under the title JUNIOR Flexible Life Insurance.

2004

Since 2004, Pojišťovna České spořitelny has been specialising in selling life insurance products through the network of branches of Česká spořitelna and selected external networks. However, the Financial Group of Česká spořitelna continues to offer selected products of non-life insurance to its clients through its strategic partner. Pojišťovna České spořitelny operates as the “competence centre” of the Financial Group of Česká spořitelna, offering, together with its strategic partner, highly standardized non-life insurance products.

2003

Taking into account the development of the insurance market in the Czech Republic and European Union, and also with respect to the fact that Česká spořitelna and the Erste Bank Group specialise in the areas of life insurance and bank-assurance, the shareholders of Pojišťovna České spořitelny decided towards the end of 2003 to sell the non-life unit of the insurance company to Kooperativa.

2001

Because of the transformation of Česká spořitelna and its whole financial group, the insurance company began operating under the new name Pojišťovna České spořitelny from 17 September 2001. The change in the trade name is related to the change of corporate colours, names and logos of the whole Financial Group of Česká spořitelna, which is based on the image design of its majority owner – Erste Bank. Changes were introduced also in the area of services provided to clients and the Company's management culture. The sale of the insurance products offered by Pojišťovna České spořitelny in the network of Česká spořitelna branches developed into "bank-assurance".

2000

As a part of the Česká spořitelna privatization process, Pojišťovna České spořitelny also underwent an in-depth due diligence analysis, resulting in a new shareholder entering the Company at the end of 2000. The largest Austrian life insurance company Sparkassen Versicherung, a member of the Erste Bank Group, obtained a 45 percent share in the Company by increasing the authorized capital by CZK 500 million.

1995–1999

In 1995, Pojišťovna České pojišťovny as the first insurance company in the Czech Republic introduced to the market the critical illness insurance under which insurance benefit is paid as soon as an illness is diagnosed. Česká spořitelna buying into the insurance company in 1995 was an important milestone in the history of the Company as it brought, in addition to the necessary capital, also the background of the strongest financial group in the Czech Republic. The importance of the quality shareholders structure was proven as early as 1997 when the whole insurance market was negatively affected by the consequences of vast flooding in some parts of the CR.

1992–1994

Pojišťovna České spořitelny was established by Czech private capital in 1992. In January 1993, it began its insurance activities under the corporate name Živnostenská pojišťovna. Its objective was to provide insurance services particularly to the emerging business sphere. With the development of insurance activities, the offer of insurance programmes for the general public also began to be expanded.

Opening Statement by the Chairman of the Board of Directors



Petr Zapletal
Chairman of the Board of
Directors and CEO

Dear clients, shareholders, and business partners,

From an economic point of view, 2009 may be listed among the most difficult years in the history of our country since November 1989, yet it was still successful for us in many aspects. Despite the continuing economic crisis we managed to strengthen our position on the domestic market, win a number of awards and innovate the insurance products we offer.

The main newcomer among the product range of 2009 was the new comprehensive FLEXI Life Insurance, combining in itself the previous three versions of the FLEXI, FLEXI INVEST²⁰⁰⁸ and FLEXI H-FIX products and unifying them into just one product, thus acquiring a completely new form. The FLEXI Life Insurance reflected the suggestions of our clients; however, the core idea remains the same – to offer comprehensive life insurance for the whole family with parameters that everybody can adjust exactly according to their current needs. Thanks to these product changes, among other things, we managed to increase the number of insured by more than 230,000 individuals in 2009. The indicator of the quality of the insurance is not only its success with respect to clients, but also the professional

public. The insurance won for example the top awards in the professional competitions Zlatá koruna 2009 (Golden Crown 2009) and Pojišťovna roku 2008 (2008 Insurance Company of the Year).

Another important event of 2009 was changing the Company's name to Pojišťovna České spořitelny, a.s., Vienna Insurance Group. The change lies in adding a supplement to the current corporate name to highlight the affiliation to the Austrian insurance group enabling us to make use of our experience within the banking environment and interconnect it with the background and know-how of a large insurance institution.

Of course, the fact that the Vienna Insurance Group in the Czech Republic comprises three companies operating in the same sector allows us to make use of many synergic advantages. By setting our processes more efficiently and introducing cost-saving measures, we managed to achieve substantial savings. Pojišťovna České spořitelny and Kooperativa cooperate closely for example on insurance products innovation and development, marketing support and preparation of incentive events designed for brokers at the bank's branches.

I consider the trend of the growth of our turnover at this complicated time, when the economy falters and companies and households tend to economize, to be a great success. In total, our Insurance Company wrote premiums in the amount of CZK 6.96 billion in 2009, which is 4 per cent more than in the previous year. The very good profit of our Insurance Company is, leaving aside the extraordinary profit from the sale of the non-life part of the Insurance Company in 2004, the highest in the history of our Insurance Company.

I am glad that I can express my thanks here first of all to our clients for the confidence they have put in us by concluding policies with us. Our Company makes every effort to fulfil their expectations and provide them with assistance whenever they need it. We hope they will continue to favour us in the years to come.

Special thanks also go to all our partners for providing our clients with high-quality advisory services, talking to them and being able to offer them a tailor-made solution. I express my thanks for high quality cooperation to our strategic partner Česká spořitelna, allowing us to be the number one provider in the area of bank insurance.

Last but not least, I would like to appreciate our employees without whom we would have never achieved the aforementioned results. Together with my colleagues, we will strive to further maintain the position of Pojišťovna České spořitelny among the reliable partners and respected institutions in our market in 2010.

I am glad I can still keep insisting, as I did in past years, that the Company – its management and employees are able to meet the objectives that have been and will be set for them.



Petr Zapletal
Chairman of the Board of Directors
and CEO

Selected Financial Indicators

CZK thousand	2006	2007	2008	2009
Assets	15,772,413	17,574,973	18,058,922	20,421,310
Equity	1,830,040	1,553,754	1,639,464	2,209,387
Total financial placements	15,482,708	17,178,340	17,267,897	18,953,205
Total technical provisions	13,467,534	15,450,824	15,918,644	17,344,804
Business result for the period	307,547	369,212	220,522	619,151
Total premiums written	4,427,575	6,453,589	6,680,097	6,962,601
of which: life insurance	4,403,684	6,400,876	6,593,163	6,855,813
non-life insurance	23,891	52,713	86,934	106,788
Total claims paid	1,188,879	3,596,406	4,577,394	4,058,139
of which: life insurance	1,180,083	3,574,376	4,540,368	4,005,190
non-life insurance	8,796	22,030	37,026	52,949
Number of insurance contracts as of December 31	509,291	540,510	597,304	673,978
of which: life insurance	498,436	517,098	562,084	631,332
non-life insurance	10,855	23,412	35,220	42,646
Average number of employees	137	140	154	173

Members of the Company's Executive Bodies

as of 31 December 2009

The Supervisory Board Structure

The Chairman of the Supervisory Board

Martin Diviš – Chairman of the Board of Directors and CEO of Kooperativa pojišťovna, a. s., Vienna Insurance Group

Member of the Supervisory Board

Erwin Hammerbacher – Member of the Board of Directors of Sparkassen Versicherung AG

Member of the Supervisory Board

Karel Kopecký – Head of the HR & Legal Department of Pojišťovna České spořitelny, a. s., Vienna Insurance Group

Member of the Supervisory Board

Petr Kohoutek – Head of the Claims Settlement Department of Pojišťovna České spořitelny, a. s., Vienna Insurance Group

The Board of Directors Structure

Chairman of the Board of Directors

Petr Zapletal

Deputy Chairman of the Board of Directors

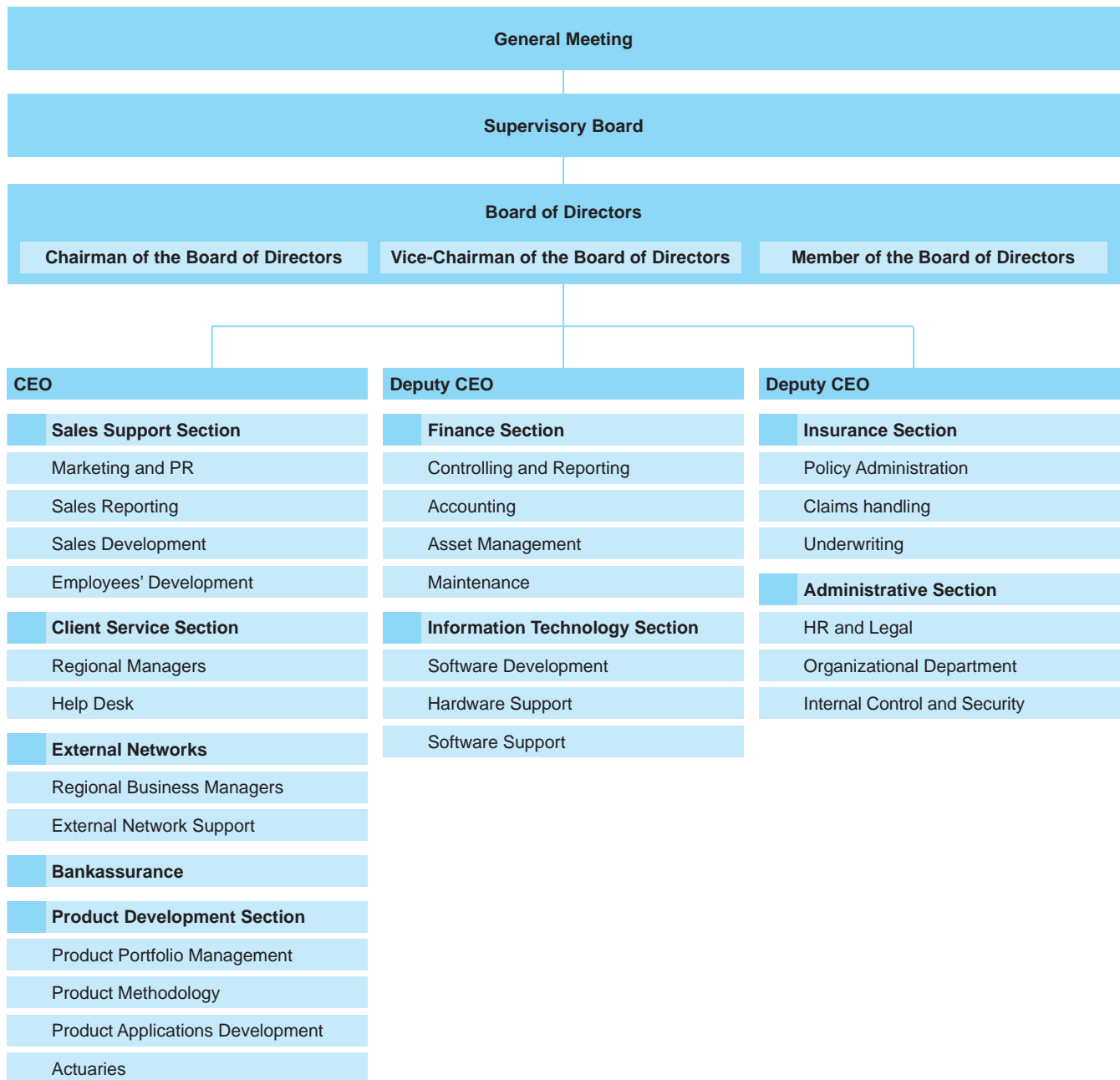
Jaroslav Kulhánek

Member of the Board of Directors

František Mareš

Organisational Chart

as of 31 December 2009



The Board of Directors' Report

on the Company's Operations for 2009

In the past year, the pessimistic viewpoint that the financial crisis would also have an impact on the insurance market proved to be true and the year-on-year growth of premiums slowed to 2.3 per cent. This premium growth was the lowest achieved in the last 9 years.

At the beginning of 2009, the Board of Directors of the Insurance Company therefore faced the complicated task of accomplishing, in a not very favourable environment, the strategy of growth of the share of current paid premium and further increasing the quality of services provided to clients and business partners. On 15 September 2008, Pojišťovna České spořitelny became a part of the strong insurance concern Wiener Städtische Versicherung AG Vienna Insurance Group. This change also included an agreement on long-term mutual cooperation to support and sell insurance products of the VIG Česká republika Group within the network of branches of Česká spořitelna, a.s. Hence, 2009 brought another significant challenge for the Board of Directors lying in the Insurance Company's full and efficient integration into the organisational structures not only of the Wiener Städtische Versicherung AG Vienna Insurance Group, but also the group of insurance companies operating on the territory of the Czech Republic. The evaluation of 2009 and the achieved results are evidence proving the Board of Directors' success in fulfilling this task.

In 2009, the life insurance market in the Czech Republic was growing on the same level as in the previous year. The volume of premium written amounted to CZK 59.15 billion, which represents the year-on-year growth of 5.11 per cent (the growth in 2008 was 4.5 per cent). The absolute volume of premium written grew by CZK 2.87 billion. If we analyse the structure of growth of the premium written according to the manner of payment, then the current paid premium grew by 2.6 per cent (CZK 1.0 billion) and the single paid premium grew by 9.2 per cent (CZK 1.8 billion) as compared to 2008.

The development of the sale of insurance in Pojišťovna České spořitelny copied market development only as regards the total premium written for life insurance, with a year-on-year increase of 3.59 per cent. In the structure of premium billing according to the manner of payment, extraordinary growth was achieved on the side of current paid premium, where the market was significantly outperformed by the year-on-year growth in the amount of nearly 40 per cent. At the beginning of the year, the development of single paid premium was influenced by the necessity of adjusting the terms and conditions governing the sale of insurance in Česká spořitelna arising from the change in the ownership relations in the Insurance Company. The single paid premium did not develop favourably, especially at the beginning of the year, dropping to 85 per cent of the 2008 volume year-on-year.

In 2009, Pojišťovna České spořitelny enhanced the share of current paid premium by nearly 12 percentage points, up to the level of 46 per cent of the total portfolio. The total premium written amounted to CZK 6.85 billion. The single paid premium amounted to CZK 3.7 billion, contributing by 54 per cent to the total premium written by the Insurance Company. The volume of the single paid premium secured the leading position in the life insurance market for the Insurance Company, despite the continuing loss of growth dynamics in 2009. We recorded very significant growth in the segment of current paid premium. The total volume of premium paid in this manner amounted to CZK 3.2 billion (39-per-cent growth). This performance shifted us from 5th to 4th position on the market of current paid premium.

The excellent sales results helped us to keep the market position with the total market share amounting to 11.6 per cent. The achieved market share shifts Pojišťovna České spořitelny from fourth to third position on the life insurance market.

The amount of trading success achieved by Pojišťovna České spořitelny, its communication style and sale services provided to clients and business partners were proven by the Insurance Company achieving first place in 2009 in the following three competitions:

- The FLEXI Life Insurance from Pojišťovna České spořitelny won in the Fincentrum competition for The Bank of the Year in the category Life Insurance 2009. This was achieved in the strong competition among insurance products of more than 20 domestic insurance companies. Pojišťovna České spořitelny has already won this award in the Life Insurance of the Year category for two years in a row.
- The FLEXI Life Insurance was evaluated as the best life insurance and newcomer among financial products in 2009. The decision was issued by the expert committee of the Zlatá koruna (Golden Crown) competition who awarded the FLEXI insurance two top prizes in the Life Insurance and Innovation of the Year categories.
- In the results of the Insurance of the Year 2008 competition announced in 2009, Pojišťovna České spořitelny won in all three categories related to life insurance. The Association of Czech Insurance Brokers awarded the Insurance Company the highest prize in the categories of the 2008 Insurance Company of the Year in the Life Insurance category, Innovation of Insurance Products, Cooperation with Insurance Brokers, and in the Claims Settlement category. The FLEXI Life Insurance product was the crowning success of the Insurance Company, winning the 2008 Insurance Product of the Year category.

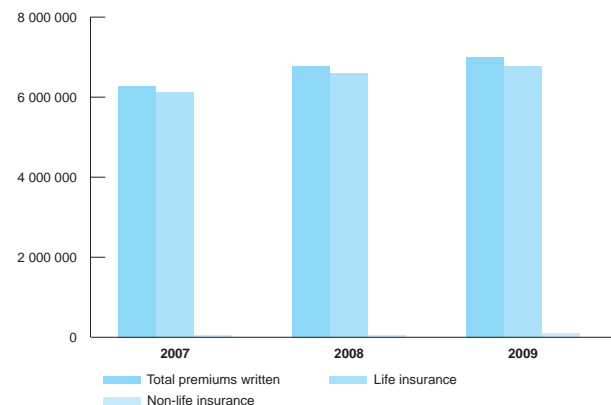
Products

2009 was characterized especially by the growth of the share of risk life insurance represented by the group of favourite flexible life insurance products.. In 2009, we launched the sale of the new product Flexi Life Insurance with extended coverage and a wide offer of investment funds, including the fund with a guaranteed yield. Towards the end of the year, we issued the single paid product Flexi Premium 133 in connection with the secured fund of the Erste Group.

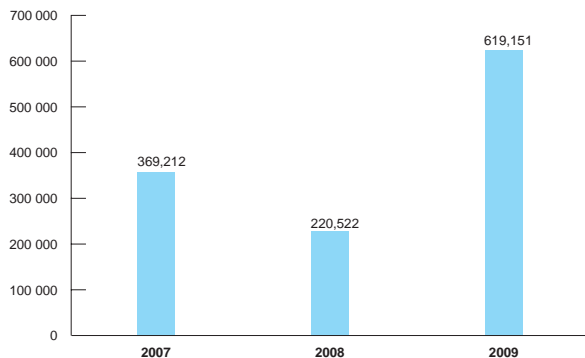
The Flexi Life Insurance therefore continues to represent the top of our offer range in 2009, covering with its features the requirements for insurance of life risks as well as requirements for long-term investing of deposited financial means. In addition, the flexible life insurance underwent an extensive innovation in 2009 both in its risk and investment part. Currently, this insurance has the capacity to cover any and all individual requirements with respect to risks defined by the client without any limitations. In addition, the scope of insurance coverage is complemented with the above-standard possibility of meeting requirements for deposited money investing. The possibility to make arbitrary decisions about the level of investment risk under one insurance policy (the guaranteed fund and a range of non-guaranteed funds) allows not only saving money with respect to purchasing such a policy, but also adjusting an investment profile in the course of time according to one's personal conditions and requirements.

Also in the evaluated year the cooperation with Česká spořitelna further continued in the form of "group insurance policies" covering risks of death and disability for bank clients who have been provided with various forms of banking products. Towards the end of the year, based on the agreement with our contractual partner Cardif Pro Vita, a. s., insurance company, we decided to terminate our cooperation in the field of risk insurance, loss of employment insurance, and disability insurance. These risk insurance policies provided by this insurance company will gradually be fully covered by Pojišťovna České spořitelny, together with other life risks coverage, for the clients of Česká spořitelna, starting from November and with respect to all types of group insurance policies.

Development of the Written Premium (CZK ths.)



Development of the profit/loss for an accounting period (CZK ths.)



Our offer is completed with capital life insurance. Thanks especially to its saving function; this product is a suitable alternative for clients whose insurance policies terminate by duration.

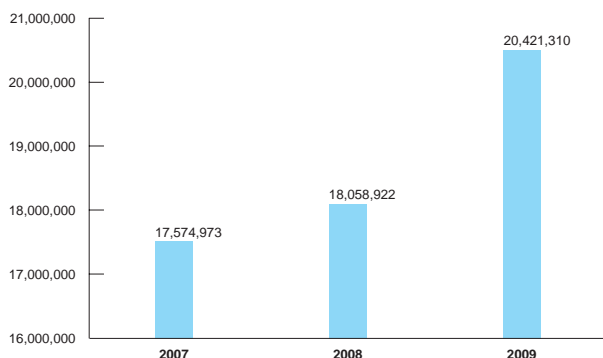
In 2009, we appreciated our clients' financial means in the range from 2.29 to 5.73 per cent, depending on the product type. The favourable development in financial markets ensured that the losses caused by the financial crisis to the financial means invested by our clients in insurance products where the policyholder bears the risk were not only covered, but in the case of some funds the investments even increased in value.

Profit/Loss

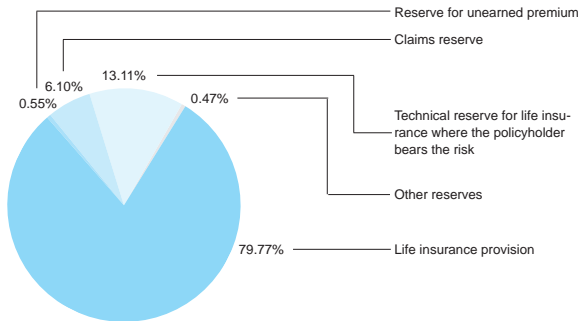
The profit of the Insurance Company from its business in 2009 was CZK 619.15 million.

The achieved economic result is influenced especially by the growth of premium written and the favourable development of financial markets in the second half of 2009. Taking into account the concerns related to the unfavourable development of the economic environment, we have additionally adopted measures to save resources in the area of operational costs. These influences and measures finally generated significant growth in

The development of the balance sheet total (CZK ths.)



The structure of technical reserves in 2009



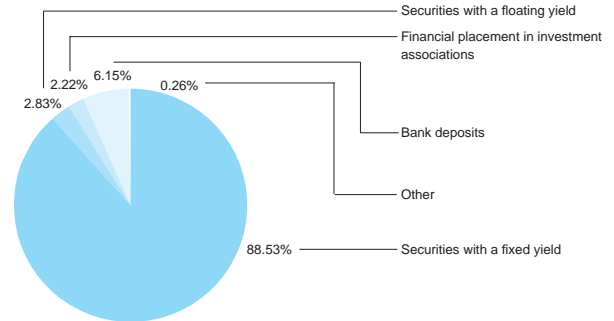
profit as compared to 2008. Technical provisions amounted to CZK 15,070 million in the following structure: the provision for unearned premium at the amount of CZK 94.9 million, the life insurance provision CZK 13,835.2 million, the claims provision CZK 1,058.4 million, and other provisions at the amount of CZK 81.4 million. In 2009, the provisions grew by CZK 438.8 million as compared to 2008.

The achieved amount of reserves was created in compliance with legal regulations in force and provides necessary certainty with respect to the coverage of future insurance payments.

The technical provisions for life insurance where the policyholder bears the investment risk have increased by 77.5 per cent year-on-year up to the total amount of CZK 2,274.8 million. The important increase in the reserves was generated by the sale of two issues of the Flexi Premium product and also yields of individual funds considerably contributed to the increase in this reserve.

The volume of technical provisions determined the level of the

The structure of the financial placement in 2009



financial placement of these funds, which represents more than 80% of the Company's assets. The financial placement portfolio is divided among individual types of financial instruments in accordance with legal regulations in force and in compliance with the requirements of the regulatory authority (ČNB). The structure of the portfolio of the financial placement means has been constructed so that it covers insurance obligations in the long-term and concurrently ensures the safety of the financial means invested by our clients. The Asset Management is administered in cooperation with expert divisions of the investment banking of Česká spořitelna.

Pojišťovna České spořitelny meets the requirements and demands with respect to solvency and exceeds the set limits of the solvency ratio required from life insurance. Thus, it creates sufficient certainty for its clients as regards the coverage of obligations arising from affected policies. In the reinsurance area, Pojišťovna České spořitelny based its operations on a circumspect structure of reinsurance and long-term cooperation with the renowned reinsurance company Swiss Re.

Report of the Supervisory Board

In 2009, the Supervisory Board of Pojišťovna České spořitelny, a.s., Vienna Insurance Group 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 reviewed the submitted financial statements of Pojišťovna České spořitelny, a.s., Vienna Insurance Group as at December 31, 2009 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., Vienna Insurance Group as of December 31, 2009 and the result of its business operations for 2009 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 checked the Report on Relations in accordance with § 66a section 9 of the Commercial Code submitted by the

Board of Directors of the Company and stated that Pojišťovna České spořitelny, a.s., Vienna Insurance Group 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., Vienna Insurance Group during the accounting period of 2009 in favour or at instigation of individual related persons.

The Supervisory Board also discussed and took into account the Report on activity of the Committee for Audit of Pojišťovna České spořitelny, a.s., Vienna Insurance Group including recommendation to the General Meeting for appointing an auditor for years 2010 and 2011.

Based on all these facts, the Supervisory Board recommended that the General Meeting approve the state of the Company's assets and liabilities as at December 31, 2009 and the proposed distribution of the Company's profit for 2009 in accordance with the proposal submitted by the Board of Directors of Pojišťovna České spořitelny, a.s., Vienna Insurance Group for discussion of the General Meeting.



Martin Diviš
Chairman of the Supervisory Board

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Independent Auditor's Report

To the Shareholders of Pojišťovna České spořitelny, a.s.,
Vienna Insurance Group

Having its registered office at: Pardubice, nám. Republiky 115, 530 02
Identification number: 474 52 820

Report on the Financial Statements

Based upon our audit, we issued the following audit report dated 17 February 2010 on the financial statements which are included in this annual report on pages 16 to 36:

„We have audited the accompanying financial statements of Pojišťovna České spořitelny, a.s., Vienna Insurance Group which comprise the balance sheet as of 31 December 2009, 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., Vienna Insurance Group as of 31 December 2009, 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., Vienna Insurance Group for the year ended 31 December 2009 which is included in this annual report on pages 37 to 42. 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., Vienna Insurance Group for the year ended 31 December 2009 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

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 5 May 2010

Audit firm:



Deloitte Audit s.r.o.
certificate no. 79

Statutory auditor:



Diana Rádi Rogerová
certificate no. 2045

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Balance Sheet

As of 31. December 2009

Assets

CZK thousand	Line no.	Gross	Adjustment	Net	Prior period
A. Receivables for subscribed share capital	1				
B. Intangible fixed assets, of which:	2	223 678	169 949	53 729	53 663
C. Financial placements (investments)	5	16 678 435	0	16 678 435	15 980 529
I. Land and buildings (real estate), of which:	6	45 300	0	45 300	45 300
a) Real estate used in operations	7	45 300	0	45 300	45 300
III. Other financial placements	13	16 633 135	0	16 633 135	15 935 229
1. Shares and other variable yield securities, other equity holdings	14	480 005		480 005	555 855
2. Debt securities, of which:	15	14 743 001	0	14 743 001	14 020 774
a) Securities at fair value through profit or loss	15.1.	4 452 638		4 452 638	3 459 319
b) „OECD“ debt securities held to maturity	15.2.	7 034 806		7 034 806	7 467 871
c) Other securities held to maturity	15.3.	3 255 557		3 255 557	3 093 584
3. Financial placements in investment associations	16	370 864		370 864	507 188
6. Deposits placed with financial institutions	18	1 043 423		1 043 423	859 393
7. Other financial placements	19	-4 158		-4 158	-7 981
D. Financial placements of life insurance, if investment risk borne by the policyholder	21	2 274 770		2 274 770	1 287 368
E. Debtors	22	160 859	45 757	115 102	97 321
I. Receivables arising from direct insurance transactions	23	95 249	45 625	49 624	38 936
1. Policyholders	24	81 266	36 262	45 004	38 264
2. Brokers	25	13 983	9 363	4 620	672
II. Receivables arising from reinsurance transactions	26	316		316	1 870
III. Other receivables	27	65 294	132	65 162	56 515
F. Other assets	28	124 928	53 545	71 383	67 709
I. Tangible fixed assets, other than land, buildings (real estate), and inventory	29	96 496	53 545	42 951	46 777
II. Cash on accounts with financial institutions and cash on hand	30	28 432		28 432	20 932
G. Temporary assets	32	1 227 891	0,00	1 227 891	572 332
I. Accrued interest and rents (income)	33	96		96	125
II. Deferred acquisition costs of insurance policies, of which separately:	34	1 111 189	0	1 111 189	494 125
a) Life insurance	35	1 110 829		1 110 829	493 578
b) Non-life insurance	36	360		360	547
III. Other temporary assets, of which:	37	116 606		116 606	78 082
a) Estimated receivables	38	65 485		65 485	48 727
Total assets	39	20 690 561	269 251	20 421 310	18 058 922

Liabilities

CZK thousand	Line no.	Gross	Adjustment	Net	Prior period
A. Equity	40			2 209 387	1 639 464
I. Share capital	41			1 117 200	1 117 200
a) Changes in share capital	42				
IV. Other capital funds	46			72 620	119 605
V. Reserve fund and other funds from profit	47			193 309	182 137
VI. Retained earnings or accumulated losses brought forward	48			207 107	0
VII. Profit or loss for the period	49			619 151	220 522
C. Technical reserves	51	15 083 195	13 161	15 070 034	14 631 276
1. Reserve for unearned premiums	52	107 192	12 244	94 948	134 537
Of which: a) Reserve for unearned premiums relating to life insurance	53	78 596	12 244	66 352	109 424
b) Reserve for unearned premiums relating to non-life insurance	54	28 596	0	28 596	25 113
2. Life insurance reserve	55	13 835 244	0	13 835 244	13 551 158
3. Reserve for claims	56	1 059 361	917	1 058 444	856 291
Of which: a) Reserve for life insurance claims	57	957 842	917	956 925	787 737
b) Reserve for non-life insurance claims	58	101 519	0	101 519	68 554
4. Reserve for bonuses and discounts	59	20 744	0	20 744	16 081
Of which: a) Reserve for life insurance bonuses and discounts	60	20 671	0	20 671	16 081
b) Reserve for non-life insurance bonuses and discounts	61	73	0	73	0
7. Reserve for the fulfillment of commitments from the technical interest rate applied	63	60 654	0	60 654	73 209
D. Technical life insurance reserve of investment risk borne by the policyholder	71	2 274 770		2 274 770	1 287 368
E. Reserves	72			157 653	56 833
2. Reserve for taxation	74			157 653	56 833
G. Creditors	77			496 288	359 175
I. Payables arising from direct insurance transactions	78			444 597	297 381
II. Payables arising from reinsurance transactions	79			14 107	8 622
V. Other payables, of which:	83			37 584	53 172
a) Tax liabilities and social security payables	84			3 202	3 140
H. Temporary liabilities	86			213 178	84 806
I. Accrued expenses and deferred income	87			0	12
II. Other temporary liabilities, of which:	88			213 178	84 794
a) Estimated payables	89			213 178	84 794
Total liabilities	90			20 421 310	18 058 922

Profit and Loss

For the Year Ended 31 December 2009

CZK thousand	Line no.	Basis	Sub-total	Result	Prior period
I. Technical account – non-life insurance					
1. Earned premium, net of reinsurance:	1	x	x	x	x
a) Gross premium written	2	106 788	x	x	x
b) Premium ceded to reinsurers	3	0	106 788	x	x
c) Change in the gross balance of the reserve for unearned premium (+/-)	4	3 483	x	x	x
d) Change in the balance of the reserve for unearned premium, reinsurers' share (+/-)	5	0	3 483	103 305	80 321
Income from financial placements (investments) transferred from a non-technical account (item III.6.)	6	x	x	3 854	3 594
3. Other technical income, net of reinsurance	7	x	x	27 261	29 872
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	52 949	x	x	x
ab) Reinsurers' share	11	0	52 949	x	x
b) Change in the balance of the reserve for claims (+/-):	12	x	x	x	x
ba) Gross amount	13	32 965	x	x	x
bb) Reinsurers' share	14	0	32 965	85 914	48 294
5. Change in the balance of other technical reserves, net of reinsurance (+/-)	15	x	x	73	0
6. Bonuses and discounts, net of reinsurance	16	x	x	323	0
7. Net operating expenses:	17	x	x	x	x
a) Acquisition costs of insurance policies	18	x	23 010	x	x
b) Change in the balance of deferred acquisition costs (+/-)	19	x	187	x	x
c) Administrative overheads	20	x	4 173	x	x
d) Commission from reinsurers and shares of profit	21	x	0	27 371	29 363
8. Other technical costs, net of reinsurance	22	x	x	1 068	560
9. Change in the balance of the equalisation reserve (+/-)	23	x	x	0	0
10. Sub-total, result of the non-life insurance technical account (item III.1.)	24	x	x	19 671	35 570

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	6 855 813	x	x
b) Premium ceded to reinsurers	27	x	48 505	x	x
c) Change in the balance of the reserve for unearned premium, net of reinsurers' share (+/-)	28	x	-43 071	6 850 379	6 632 913
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	956 134	956 134	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	2 673 111	3 629 245	2 861 752
3. Additions to financial placements (investments)	36	x	x	768 725	226 783
4. Other technical income, net of reinsurance	37	x	x	56 268	37 891
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	4 005 190	x	x	x
ab) Reinsurers' share	41	2 942	4 002 248	x	x
b) Change in the balance of the reserve for claims (+/-):	42	x	x	x	x
ba) Gross amount	43	170 019	x	x	x
bb) Reinsurers' share	44	832	169 187	4 171 435	4 641 676
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	284 086	x	x	x
ab) Reinsurers' share	48	0	284 086	x	x
b) Other technical reserves, net of reinsurance	49	x	979 437	1 263 523	413 592
7. Bonuses and discounts, net of reinsurance	50	x	x	190 658	107 548
8. Net operating expenses:	51	x	x	x	x
a) Acquisition costs of insurance policies	52	x	1 842 930	x	x
b) Change in the balance of deferred acquisition costs (+/-)	53	x	-617 251	x	x
c) Administrative overheads	54	x	316 744	x	x
d) Commission from reinsurers and shares of profits	55	x	16 817	1 525 606	972 794
9. Costs of financial placements (investments):	56	x	x	x	x
a) Costs of administering financial placements (investments), including interest	57	x	378 626	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	2 976 842	3 355 468	2 377 396
10. Disposals of financial placements (investments)	60	x	x	0	967 484
11. Other technical costs, net of reinsurance	61	x	x	44 535	17 260
12. Income from financial placements (investments) transferred to a non-technical account (item III.4.)	62	x	x		
13. Sub-total, result of the life insurance technical account (item III.2.)	63	x	x	753 392	261 589

CZK thousand	Line no.	Basis	Sub-total	Result	Prior period
III. Non-technical account					
1. Result of the non-life insurance technical account (item I.10.)	64	x	x	19 671	35 570
2. Result of the life insurance technical account (item II.13.)	65	x	x	753 392	261 589
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	65	x	x	x
bb) Income from other investments	70	3 886	3 951	x	x
c) Change in the balance of financial placements (investments)	71	x	890	x	x
d) Income from the realisation of financial placements (investments)	72	x	0	4 841	65 147
4. Income from financial placements (investments) transferred from the life insurance technical account (item II.12.)	73	x	x	0	0
5. Costs of financial placements (investments):	74	x	x	x	x
a) Costs of administering financial placements (investments), including interest	75	x	273	x	x
b) Changes in the balance of financial placements (investments)	76	x	120	x	x
c) Costs attributable to the realisation of financial placements (investments)	77	x	0	393	51 339
6. Income from financial placements (investments) transferred to the non-life insurance technical account (item I.2.)	78	x	x	3 854	3 594
7. Other income	79	x	x	2 605	658
8. Other expenses	80	x	x	0	30 664
9. Income tax on current activities	81	x	x	156 813	56 638
10. Profit or loss on current activities after taxation	82	x	x	619 449	220 729
15. Other taxes not reported above	87	x	x	298	207
16. Profit or loss for the period	88	x	x	619 151	220 522

Statement of Changes in Equity

for the Year Ended 31 December 2009

	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 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
Balance at 1 January 2009	1 117 200	177 647	0	119 605	4 490	0	0	220 522	1 639 464
FX differences and revaluation differences not included in the profit or loss				-46 985					-46 985
Dividends									0
Allocations to funds		11 026			2 389			-13 415	0
Use of funds					-2 243				-2 243
Allocation of prior year's profit							207 107	-207 107	0
Profit for the period								619 151	619 151
Balance at 31 December 2009	1 117 200	188 673	0	72 620	4 636	0	207 107	619 151	2 209 387

Notes to the Financial Statements

For the Year Ended 31 December 2009

1. General information

1.1 Description and Principal Activities

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

Based on the decision of General Meeting on 20 March 2009, the name of the Company was changed from Pojišťovna České spořitelny, a. s. to Pojišťovna České spořitelny, a. s., Vienna Insurance Group. The change was recorded in the Register of Companies on 18 May 2009.

The table below summarises information about the Company’s shareholders as of 31 December 2009:

Table 1

Name of the shareholder	Address	Corporate ID	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

The transferability of registered shares has been restricted since March 2009. The Supervisory Board must approve the transfer of shares to a third party.

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 in particular 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 and Segment 16 – Insurance of various financial losses, specifically as follows:

a) 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;

b) Insurance with an investment fund – flexible insurance and investment programme offering a possibility of setting up level of investment risk via combination of guaranteed income scheme and possibility of choice from offer 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;

c) Credit 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 a. s., Vienna Insurance Group, securing the loan in the event of health problems or involuntary unemployment of a debtor. The credit 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, 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.,
Vienna Insurance Group
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 2009:

Chairman of the Board: Petr Zapletal,
residing at Na Zahrádkách 307, Prague 4, Šeberov

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

Statements of will and signing documents on behalf of the Company must always be conducted jointly by two members of the Board. No authorisation for individual representation in any matter related to operation of the Company is possible. While signing documents on behalf of the Company, the required number of representatives must add their signatures and description of their functions to the printed or written 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 2009:

Chairman: Martin Diviš, residing at Divoká Šárka 39, Prague 6 Liboc 164 00 (until 19 March 2009) **Petr Bobysud** residing at Hrádecká 57, Plzeň)

Vice Chairman: vacant, until 15 December 2009 **Martin Techman,** residing at Lhotecká 336, Ohrobec 252 45 (until 19 March) **Oliver Van Best** residing at Ossiacherzeile 11/24, Villach, Austria)

Member: Erwin Hammerbacher, residing at Seyring, Helmweg 29, 2201, Austria (from 20 March 2009)

Member: vacant, until 15 December 2009 **Aleš Sloupenský,** residing at Slunečná 2038, Říčany 251 01 (from 20 March 2009)

Member: Karel Kopecký, residing at Mladých 184, Pardubice 530 09

Member: Petr Kohoutek, residing at Vaňkova 1341, Pardubice 537 01 (from 17 June 2009)

1.1.4 Audit Committee

With effect from 22 October 2009, an extraordinary General Meeting elected the following members of the Audit Committee for the period of one year:

Martin Diviš
Petr Hagen
Hynek Vodička

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.

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 2009.

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.

Valuation at the Balance Sheet Date

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

In addition, the Company measures other components of financial placements as follows:

a) Financial placements in the form of securities held to maturity issued by an Organisation for Economic Co-Operation and Development member state that have been rated at the level of the Czech

Republic or higher by at least two internationally renowned rating agencies (hereinafter “OECD securities”) are stated at amortised cost; and

b) Other financial placements are stated at fair value.

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 placements (that is, land, buildings and securities held to maturity with the exception of OECD securities) 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 the account of a 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 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 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
Industrial and similar rights	not 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 charge 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’s exchange rate prevailing as of the transaction date.

At the balance sheet date (that is, as of 31 December 2009), 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 promulgated 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 retranslation 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%, past due greater than three months at 20%, past due greater than six months at 50% and past due by greater than 12 months at 100%. Amounts due from entities that are placed into bankruptcy or settlement proceedings are provisioned in full, irrespective of the age of the debt.

Provisions for financial placements are established only for debt securities held to maturity which are not valued at fair value according to Section 27(1)(c) of the Act (ie, OECD securities), in circumstances when objectively determined issuer's decreased ability to settle the principal and accrued charges is not of a permanent nature.

Provisions for other accounts of assets are charged based on the results of the inventory taking, to the extent that the carrying value temporarily does not match the actual 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 Cost 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 the portion of written premiums that related 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 personal insurance, the equalisation reserve was not recognised as of the balance sheet date (ie 31 December 2009).

1.2.14 Reserve for 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 363/1999 Coll., 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 2009.

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 acquisition 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 the 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

Act 230/2009 Coll. amended Act 563/1991 Coll., as amended, 27 (1) (c) excluded the financial placements in the form of debt securities held to maturity issued by an Organisation for Economic Co-operation and Development member state that have been rated to the level of the Czech Republic or higher by at least two internationally renowned rating agencies ("OECD securities") from fair value measurement.

No other 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 2007 through 2009:

Table 3

Direct Insurance (CZK '000)	Year	Gross premiums written	Gross premiums earned	Gross costs of claims	Gross operating expenses
	2009	106 788	103 305	85 704	27 371
	2008	86 934	80 321	48 172	29 363
Total non-life insurance	2007	52 713	42 811	62 585	26 794
	2009	106 706	103 223	85 699	5 046
	2008	86 934	80 321	48 172	3 938
Accident insurance	2007	52 713	42 811	62 585	1 817
	2009	82	82	5	22 325
	2008	0	0	0	25 425
Other	2007	0	0	0	24 977

Compared to 2008, accident insurance increased by CZK 19,864 thousand, and operating expenses decreased by CZK 1,992 thousand due to the decrease in the mediation commission paid in relation to the contract for cooperation in the sale of non-life insurance products of Kooperativa pojišťovna, a.s., Vienna Insurance Group through Česká spořitelna, a.s. branches. Gross costs of claims do not include indirect costs of claims which amounted to CZK 210 thousand in the year ended 31 December 2009 (CZK 122 thousand in 2008 and CZK 50 thousand in 2007).

The non-life insurance was not assigned to the reinsurer in the year ended 31 December 2009.

2.2 Life Insurance

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

Table 4

Item (CZK '000)	Balance at 31 December		
	2009	2008	2007
Total gross premiums written	6 855 813	6 593 163	6 400 876
of which: individual premiums	6 381 686	6 314 198	6 307 222
premiums under group policies	474 127	278 965	93 654
of which: current premiums	3 171 793	2 280 544	1 732 980
single paid premiums	3 684 020	4 312 619	4 667 896
of which: Premiums from policies without profit sharing arrangements	1 311 441	635 967	453 604
Premiums from policies with profit sharing arrangements	3 850 776	5 018 920	5 139 863
Premium from policies where the policyholder bears the investment risk	1 693 596	938 276	807 409
Reinsurance result	-29 938	-19 808	-18 840

In 2009, 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 capital markets and the sales network focus on selling more sophisticated current premium products. 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 in the Czech Republic.

2.4 Summary of Provisions 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 '000)	Year	First year commission	Following years provision	Total
Non-life insurance	2009	1 381	2 935	4 316
	2008	1 935	1 433	3 368
	2007	1 449	301	1 750
Life insurance	2009	1 665 316	101 537	1 766 853
	2008	944 416	81 438	1 025 854
	2007	406 404	57 433	463 837
Total	2009	1 666 697	104 472	1 771 169
	2008	946 351	82 871	1 029 222
	2007	407 853	57 734	465 587

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, ie focus on current premiums. The year-on-year increase in commissions in 2009 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 carried out in 2008 and also business results that helped to reach the year-on-year increase in current written premiums of 39%.

3. Other information

3.1 Intangible Assets

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

Table 6

(CZK '000)	Net book value as of 31 December		
	2009	2008	2007
Industrial and similar rights	295	295	295
Software	53 434	53 368	45 247
Total	53 729	53 663	45 542

3.2 Financial Placements

3.2.1 Fair Values of Equity Investments

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

3.2.2 Fair Value of Other Financial Placements

Set out below is a summary of financial placements at fair values:

Table 7

(CZK '000)	Fair value			Carrying amount		
	2009	2008	2007	2009	2008	2007
Land and structures	45 300	45 300	43 500	45 300	45 300	43 500
Debt securities held to maturity:	10 561 958	10 561 455	9 502 435	10 290 363	10 561 455	9 502 435
„OECD“ debt securities with fixed income	7 306 401	7 467 871	7 513 500	7 034 806	7 467 871	7 513 500
Other debt securities with fixed income	3 255 557	3 093 584	1 988 935	3 255 557	3 093 584	1 988 935
Debt securities at fair value through profit or loss	4 452 638	3 459 319	4 375 262	4 452 638	3 459 319	4 375 262
Securities with variable yield	850 869	1 063 043	1 105 194	850 869	1 063 043	1 105 194
Deposits with financial institutions	1 043 423	859 393	805 627	1 043 423	859 393	805 627
Other financial placements	-4 158	-7 981	0	-4 158	-7 981	0
Sub-total	16 950 030	15 980 529	15 832 018	16 678 435	15 980 529	15 832 018
Financial placements of life insurance, if investment risk borne by the policyholder	2 274 770	1 287 368	1 346 322	2 274 770	1 287 368	1 346 322
Total	19 224 800	17 267 897	17 178 340	18 953 205	17 267 897	17 178 340

As of 31 December 2009, the Company owned one building located at Zelené Předměstí 115, Pardubice (plot of land 2636/1) and plot of land 1065.

The fixed income securities include the fair value of debt securities held to maturity issued by an Organisation for Economic Co-operation and Development member state that have been rated to the level of the Czech Republic or higher by at least two internationally renowned rating agencies (“OECD securities”) that are stated in the financial statements at amortised cost.

Other financial placements include a cross currency swap at a fair value of CZK (4,158) thousand as of 31 December 2009 (CZK (7,981) thousand as of 31 December 2008).

Set out below is the currency structure of financial placements:

Table 8

Currency (CZK '000)	Variable yield securities			Fixed income securities			Deposits (including other financial placements)			Securities if the policyholder is the bearer of investment risk		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
CZK	240 764	468 283	361 214	14 655 084	13 908 948	13 497 772	1 039 135	797 057	713 400	2 274 770	1 287 368	1 346 322
EUR	190 128	147 388	193 027	87 917	81 170	276 897	-4 158	35 009	53 240	0	0	0
GBP	25 308	19 073	40 855	0	0	0	0	0	0	0	0	0
USD	381 453	410 491	477 210	0	0	0	0	19 346	0	0	0	0
HUF	0	2 634	8 307	0	30 656	31 738	0	0	0	0	0	0
PLN	4 119	8 763	13 062	0	0	71 290	4 288	0	38 987	0	0	0
TRY	9 097	6 411	11 519	0	0	0	0	0	0	0	0	0
Total	850 869	1 063 043	1 105 194	14 743 001	14 020 774	13 877 697	1 039 265	851 412	805 627	2 274 770	1 287 368	1 346 322

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 '000)	31 Dec 2009	31 Dec 2008	31 Dec 2007
Total gross receivables (including prepayments made)	160 859	132 021	174 561
Provisions against receivables	-45 757	-34 700	-31 241
Total net receivables (including prepayments made)	115 102	97 321	143 320

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

Table 10 a)

Product (CZK '000)	Before maturity at 31 December		Past due at 31 December								Total receivables	
			Within 3 months		Within 6 months		Within 12 months		Past due greater than 12 months			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
FZ (flexi)	1 562	2 789	3 554	4 907	4 208	2 685	8 590	3 412	24 786	20 149	42 700	33 942
SD (death, life annuity)	1 780	5 245	6 137	9 475	674	1 017	456	499	1 980	1 479	11 027	17 715
SV (wedding)	0	0	453	631	35	53	1	0	0	0	489	684
ZU (life personal accident)	108	155	2 503	3 730	285	346	159	179	520	366	3 575	4 776
U (non-life personal accident)	325	520	2 263	2 301	193	90	367	200	418	230	3 566	3 341
UL (Flexi invest)	4 068	839	5 533	1 123	2 846	275	3 001	365	1 449	405	16 897	3 007
Other (PN+ZZ)	3 012	0	0	0	0	0	0	0	0	0	3 012	0
Total	10 855	9 548	20 443	22 167	8 241	4 466	12 574	4 655	29 153	22 629	81 266	63 465

Other receivables primarily comprise the following items:

Table 10 b)

Item (CZK '000)	Balance at 31 Dec		
	2009	2008	2007
Receivables from clients	3 638	4 796	5 033
Deferred tax asset	0	0	20 352
Tax receivables	61 459	51 662	78 062
Other receivables	196	189	246
Provisions against other receivables	-132	-132	-132
Total	65 162	56 515	103 561

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 '000)	31 Dec 2009	31 Dec 2008	31 Dec 2007
Non-life insurance	360	547	495
Life insurance	1 110 829	493 578	88 329
Total	1 111 189	494 125	88 824

The increase in the balance of deferred acquisition costs as of 31 December 2009 is attributable to the production of current premium and updating of the calculation model with regard to the parameters of innovated products. The increase in 2008 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 2009, the balance of temporary assets was CZK 116,606 thousand (CZK 78,082 thousand as of 31 December 2008). This consists of deferred expenses (principally deferrals for paid commissions) and estimated receivables (principally the trailer fee for December 2009, profit commissions from the reinsurance company, written premiums relating to the year ended 31 December 2009 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 of Wiener Städtische Versicherung AG Vienna Insurance Group.

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

Set out below is an analysis of balance sheet transactions executed within the Wiener Städtische Versicherung AG Vienna Insurance Group as of 31 December 2009:

Table 12 a)

Amounts due and temporary assets from: (CZK '000)	Balance at 31 December		
	2009	2008	2007
Kooperativa pojišťovna, a.s. Vienna Insurance Group	2 752	2 840	0
Amounts owed to and temporary liabilities to:			
Kooperativa, pojišťovna, a.s. Vienna Insurance Group	997	583	0

The amounts due from Kooperativa pojišťovna, a.s., Vienna Insurance Group are principally attributable to the written insurance mediation commissions for December 2009.

Set out below is the analysis of the profit and loss account transactions for the reporting period ended 31 December 2009:

Table 12 b)

Expenses (CZK '000)	2009	2008	2007
Kooperativa pojišťovna, a. s. Vienna Insurance Group	6 171	917	0
Income			
Kooperativa pojišťovna, a. s. Vienna Insurance Group	27 907	7 154	0

Expenses principally include rental payments and prepayments for rent-related services (CZK 3,779 thousand), paid insurance (CZK 1,070 thousand) and outsourced services (CZK 1,322 thousand). Income principally includes commissions for mediating the sale of non-life insurance in Česká spořitelna, a. s.'s branches (CZK 26,073 thousand) and the rebilling of costs of services related to rented premises (CZK 1,369 thousand) and compensation for damage to the Company (CZK 465 thousand).

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

(CZK '000) Balance at	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 2009	15 660	7 500	book-entry	100 000	750 000	1 117 200
		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

The share capital has been fully paid up.

During the year ended 31 December 2009, no changes were made to the Company's share capital balance.

3.6.2 Capital Funds

As of 31 December 2009, capital funds included gains and losses arising from the revaluation of assets and liabilities amounting to CZK 72,620 thousand (CZK 119,605 thousand as of 31 December 2008).

3.6.3 Funds from Net Profit

As of 31 December 2009, the Company reported a balance of the statutory reserve fund created from net profit of CZK 188,673 thousand (CZK 177,647 thousand as of 31 December 2008) and the social fund balance of CZK 4,636 thousand (CZK 4,490 thousand as of 31 December 2008).

3.6.4 Allocation of Profit for the Year Ended 31 December 2008

In 2009, the profit for the year ended 31 December 2008 of CZK 220,522 thousand was allocated as follows: CZK 11,026 thousand was allocated to the statutory reserve fund, CZK 2,389 thousand to the social fund and the remaining amount of CZK 207,107 thousand was allocated to retained earnings from previous years. In 2007, after allocations to the statutory reserve and social funds, the Company paid the profit to the shareholders according to their equity investments in the form of dividends.

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 individual insurance services, reinsurance services and related services. The results of this treatment, together with limitations set out in Section 18 (3) of the Insurance Act 363/1999 Coll., which states that negative values of insurance reserves 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 '000)	31 Dec 2009	31 Dec 2008	31 Dec 2006
Unzillimerised reserve	4 467 637	4 151 266	4 571 059
Zillmerisation deduction	12 218	14 646	17 281
Nullification of negative reserves	11	22	60
Balanced zillmerised reserve for life insurance	4 455 430	4 136 642	4 553 838
Reserve for life insurance – Flexi	9 191 961	9 297 862	8 364 713
Reserve for life insurance – profit share commitments	178 620	107 163	146 384
Reserve for life insurance – pensions	9 233	9 491	9 747
Sub-total	13 835 244	13 551 157	13 074 682
Reserve for life insurance if the policyholder is the bearer of investment risk	2 274 770	1 287 368	1 346 322
Total technical reserves	16 110 014	14 838 525	14 421 004

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 results of the claims adjustment. Set out below is a calculation result:

Table 15

(CZK '000)	2009	2008	2007
Insurance claim reserves at 1 January	856 377	683 337	586 930
Payments effected during the year in respect of insurance claims for the past years	332 670	207 270	191 945
The RBNS and IBNR reserves at 31 December related to insurance claims for the past years	320 173	307 160	287 823
The result of the insurance claims adjustment for the past years	203 534	168 906	107 162

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 continued increase in the insurance portfolio and, specifically, risk insurance products, which result in greater IBNR reserving requirements and greater payments of insurance claims. 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 60,654 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 73,209 thousand as of 31 December 2008.

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 2009 and 2008.

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 '000)	Balance at 31 December		
	2009	2008	2007
Policyholders	244 049	174 120	293 401
Mediators	200 548	123 261	53 750
Total	444 597	297 381	347 151

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 '000)	Balance at 31 December		
	2009	2008	2007
Receivables from passive reinsurance	316	1 870	755
Payables from passive reinsurance	14 107	8 622	10 037
Balance (+receivable, -payable)	-13 791	-6 752	-9 282

3.8.3 Other Payables

Other payables as follows:

Table 18

Item (CZK '000)	Balance at 31 Dec		
	2009	2008	2007
Payables to employees	4 955	4 808	3 592
Payables to social security institutions	2 279	1 997	2 400
Payables to suppliers	9 559	9 885	11 095
Deferred tax liability	19 867	35 339	0
Other tax liabilities	924	1 143	1 287
Total	37 584	53 172	18 373

3.8.4 Temporary Liabilities

The balance of temporary liabilities of CZK 213,178 thousand (CZK 84,806 as of 31 December 2008) represents estimated payables, primarily consisting of estimated outstanding staff costs for the year ended 31 December 2009, costs of unbilled services, costs of unbilled rent-related services and costs of unpaid external commissions.

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 '000)	2009			2008		
	Gross	Reinsu- rance	Net	Gross	Reinsu- rance	Net
Total provided bonuses and discount:	190 981	0	190 981	107 548	0	107 548
of which: Life insurance	190 658		190 658	107 548		107 548
Non-life insurance	323		323	0		0
Changes in total reserves for bonuses and discounts	4 663	0	4 663	8 729	0	8 729
of which: Life insurance	4 590		4 590	8 729		8 729
Non-life insurance	73		73			0
Total bonuses and discounts	195 644	0	195 644	116 277	0	116 277
of which: Life insurance	195 248		195 248	116 277		116 277
Non-life insurance	397		397	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 '000)	Year ended 31 December		
	2009	2008	2007
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.	65 900	68 321	68 364
Following years commissions	104 472	82 871	57 734
Travel expenses	190	389	396
Depreciation and costs of repair and maintenance of tangible assets	16 921	16 819	15 790
Fuel consumption	334	453	541
Cost of services of a material and non-material nature	82 979	81 439	68 935
Rent for non-residential premises	1 555	2 624	1 687
Services related to rental of non-residential premises	2 884	2 845	1 854
Costs of consumed low value tangible and intangible assets and other materials	12 459	8 540	10 432
Other costs included in administrative overheads	33 223	39 815	39 081
Total	320 917	304 116	264 813

Cost of services of a material and non-material nature also include audit costs totalling CZK 1,503 thousand, of which the statutory audit costs amount to CZK 1,503 thousand (in 2008, statutory audit costs of CZK 1,577 thousand and other consulting activities of CZK 1,262 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 '000)	Year	Staff category			Total
		Acquisition, sales	Claims settlement	Adminis- tration	
Payroll costs	2009	47 472	7 255	53 103	107 830
	2008	36 397	5 063	54 577	96 037
	2007	32 895	4 892	50 526	88 313
Social security	2009	11 210	1 814	9 366	22 390
	2008	8 565	1 285	10 168	20 018
	2007	8 848	1 341	13 239	23 428
Health insurance	2009	4 058	653	3 431	8 142
	2008	3 007	447	3 576	7 030
	2007	3 051	459	4 599	8 109
Company meals contributions	2009	623	186	684	1 493
	2008	384	128	790	1 302
	2007	353	103	573	1 029
Total staff costs	2009	63 363	9 908	66 584	139 855
	2008	48 353	6 923	69 111	124 387
	2007	45 147	6 795	68 937	120 879
Average headcount	2009	79	14	80	173
	2008	55	14	85	154
	2007	48	14	78	140

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 thousand. The Chairman and Vice Chairman of the Supervisory Board receive annual bonuses of EUR 5 thousand; the other Members of the Supervisory Board receive an annual bonus of EUR 4 thousand.

The Members of the Audit Committee receive annual bonuses of EUR 500 under the condition they are not members of any other remunerated management or supervisory body of the Company.

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 44,668 thousand (2008: CZK 43,742 thousand, 2007: CZK 44,293 thousand).

3.9.6 Non-Technical Account Result

The non-technical account result was CZK (153,912) thousand for the year ended 31 December 2009 (2008: CZK (76,637) thousand, 2007: CZK (123,526) thousand).

3.9.7 Profit or Loss before Taxation

The Company generated a pre-tax profit of CZK 775,964 thousand for the year ended 31 December 2009 (the net profit was adjusted to reflect a due tax liability). The Company generated pre-tax profits of CZK 277,160 thousand and CZK 486,238 thousand for the years ended 31 December 2008 and 2007, respectively.

3.9.8 Taxation

For the year ended 31 December 2009, the Company calculated its corporate income tax base at CZK 777,909 thousand. Given the possibility of deducting the tax-deductible gifts of CZK 121 thousand under Section 20 (8) of Income Taxes Act 586/1992 Coll. a tax liability of CZK 155,557 thousand is reported; the tax payable according to Section 20b of the Income Taxes Act amounted to CZK 2,096 thousand. The aggregate corporate income tax for the year ended 31 December 2009 amounted to CZK 157,653 thousand. In 2009, the reserve for the 2008 income tax was released to expenses in the amount of CZK (840) thousand. The aggregate corporate income tax charge in the year ended 31 December 2009 amounted to CZK 156,813 thousand.

The balance of the deferred tax liability as of 31 December 2009 is reported as a component of other payables (balance sheet line 83). Set out below is the structure of the deferred tax balances:

Table 22

Deferred income tax arising from (CZK '000)	Balance at 31 Dec		
	2009	2008	2007
Reserves and provisions	456	540	483
Depreciation of fixed assets	(8 708)	(7 963)	(8 001)
Other temporary differences	5 419	1 985	2 143
Total temporary differences	(2 833)	(5 438)	(5 375)
Unutilised tax losses brought forward	0	0	0
Deferred tax asset (liability) from temporary differences impacting profit or loss	(2 833)	(5 438)	(5 375)
Portfolio held to maturity and real estate	(17 034)	(29 901)	25 727
Deferred tax asset (liability) after including temporary differences not impacting profit or loss	(19 867)	(35 339)	20 352

The decrease in the deferred income tax charge of CZK 2,605 thousand for the year ended 31 December 2009 principally involves the increase in the deferred tax asset arising from the differences between the accounting and tax values of deferred expenses of CZK 3,434 thousand offset by the increase in deferred tax liabilities or the decrease in the deferred tax asset with regard to tangible and intangible fixed assets and provisions for receivables of CZK 829 thousand.

4. Other significant matters

No significant matters that are not reflected in the financial statements occurred in the year ended 31 December 2009.

5. Off balance sheet commitments

The Company presently acts as a defendant in lawsuits with potential damages amounting to CZK 1,492 thousand. Contingent liabilities arising from these disputes are estimated at CZK 1,553 thousand. The Company has established an 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 issuance of the financial statements that would require adjustment to the financial statements.

Report on Relations

in accordance with § 66a sect. 9 of the Commercial Code for the 2009 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 maintained at the Regional Court in Hradec Králové, file B item 855 (hereinafter only "submitter") is a part of a business group (concern) Wiener Städtische Versicherung AG Vienna Insurance Group, in which relations exist as stated in appendix No.1 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 prepared 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 Concern Wiener Städtische Versicherung AG Vienna Insurance Group, and Persons, the Relations of which Are Being Described

A.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)

A.B. Other Related Persons

Related persons WIENER STÄDTISCHE Versicherung AG as at 31. 12. 2009

Company	Location	Share (%)
Fully consolidated companies		
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Wien	Austria	100,00
Anděl Investment Praha s. r. o., Praha	Czech Republic	100,00
ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Wien	Austria	100,00
Blizzard Real Sp. z o.o., Varšava	Poland	100,00
BML Versicherungsmakler GmbH, Wien	Austria	100,00
Businesspark Brunn Entwicklungs GmbH, Wien	Austria	100,00
CENTER Hotelbetriebs GmbH, Wien	Austria	80,00
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100,00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH, Wien	Austria	100,00
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Wien	Austria	100,00
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100,00
LVP Holding GmbH, Wien	Austria	100,00
MAP Bürodienstleistung Gesellschaft m.b.H., Wien	Austria	100,00
Passat Real Sp. z o.o., Varšava	Poland	100,00
PFG Holding GmbH, Wien	Austria	89,23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Wien	Austria	92,88
Projektbau GesmbH, Wien	Austria	90,00
Projektbau Holding GmbH, Wien	Austria	90,00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	100,00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66,70
VERSA-Beteiligungs AG, Wien	Austria	100,00
WIENER STÄDTISCHE Beteiligungs GmbH, Wien	Austria	100,00
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Wien	Austria	100,00
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Wien	Austria	100,00
WPWS Vermögensverwaltung GmbH, Wien	Austria	100,00

Company	Location	Share (%)
Companies consolidated by the equivalent method equity accounting		
CROWN-WSF spol. s.r.o., Praha	Czech Republic	30,00
Medial Beteiligungs-Gesellschaft m.b.H., Wien	Austria	29,63
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Wien	Austria	60,00
Non-consolidated companies		
AREALIS Liegenschaftsmanagement GmbH, Wien	Austria	50,00
Beteiligungs- und Immobilien GmbH, Linz	Austria	25,00
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25,00
DIRECT-LINE Direktvertriebs-GmbH, Wien	Austria	100,00
EXPERTA Schadenregulierungs- Gesellschaft m.b.H., Wien	Austria	100,00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Wien	Austria	100,00
HUMANOCARE gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH, Wien	Austria	100,00
Österreichisches Verkehrsbüro Aktiengesellschaft, Wien	Austria	31,52
Palais Hansen Immobilienentwicklung GmbH, Wien	Austria	26,57
VBV – Betriebliche Altersvorsorge AG, Wien	Austria	23,24
VIG REAL ESTATE DOO, Bělehrad	Serbia	100,00

Related persons VIENNA INSURANCE GROUP

Company	Location	Share (%)
Fully consolidated companies		
NEUE HEIMAT Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99,81
„Schwarzatal“ Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Wien	Austria	44,91
„WIENER RE“ akcionarsko društvo ze reosiguranje, Bělehrad	Serbia	100,00
„WIENER STÄDTISCHE OSIGURANJE“ akcionarsko društvo za osiguranje, Bělehrad	Serbia	100,00
Alpenländische Heimstätte Gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94,00
ASIGURAREA ROMANEASCA – ASIROM VIENNA INSURANCE GROUP S.A., Bukurešť	Romania	99,04
BENEFIA Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Varšava	Poland	100,00
BENEFIA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Varšava	Poland	100,00
Bulgarski Imoti Asistans EOOD, Sofie	Bulgaria	99,91
BULGARSKI IMOTI LIFE Insurance Company AD, Sofie	Bulgaria	99,97
Bulgarski Imoti Non-Life Insurance Company AD, Sofie	Bulgaria	99,91
BULSTRAD LIFE VIENNA INSURANCE GROUP Joint Stock Company, Sofie	Bulgaria	95,49
BULSTRAD VIENNA INSURANCE GROUP PUBLIC LIMITED COMPANY, Sofie	Bulgaria	97,29
Business Insurance Application Consulting GmbH, Wien	Austria	100,00
CAME Holding GmbH, Wien	Austria	100,00
CAPITOL, a. s., Bratislava	Slovakia	100,00
Česká podnikatelská pojišťovna, a. s., Vienna Insurance Group, Praha	Czech Republic	91,72
COMPENSA Holding GmbH, Wiesbaden	Germany	100,00
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100,00
Compensa Towarzystwo Ubezpieczeń Na Życie Spolka Akcyjna Vienna Insurance Group, Varšava	Poland	100,00
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Varšava	Poland	99,86
Cosmopolitan Life Vienna Insurance Group – dioničko društvo za osiguranje, Zagreb	Croatia	100,00
DONAU Versicherung AG Vienna Insurance Group, Wien	Austria	94,43
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Wien	Austria	73,18
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95,00
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95,00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	44,83
Gemeinnützige Mürz-Ybbs-Siedlungsanlagen-GmbH, Kapfenberg	Austria	44,80
Geschlossene Aktiengesellschaft „Ukrainische Versicherungsgesellschaft „KNIAZHA“, Kyjev	Ukraine	99,99
Geschlossene Aktiengesellschaft Jupiter Lebensversicherung Vienna Insurance Group, Kyjev	Ukraine	73,00
Helios Vienna Insurance Group d.d. Zagreb	Croatia	100,00
Insurance Company with Added Liability „Globus“, Kyjev	Ukraine	74,00

Company	Location	Share (%)
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
InterRisk Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Varšava	Poland	99,97
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
Joint Stock insurance company WINNER – Vienna Insurance Group, Skopje	Macedonia	100,00
Kapitol pojišťovací a finanční poradenství, a. s., Brno	Czech Republic	100,00
Komunálna poisťovňa, a. s. Vienna Insurance Group, Bratislava	Slovakia	100,00
KOOPERATIVA poisťovňa, a. s. Vienna Insurance Group, Bratislava	Slovakia	100,00
Kooperativa pojišťovna, a. s. Vienna Insurance Group, Praha	Czech Republic	91,72
Kvarner Vienna Insurance Group dioničko društvo za osiguranje, Rijeka	Croatia	98,75
Kvarner Wiener Städtische Nekretnine d.o.o., Zagreb	Croatia	98,75
Neue Heimat Oberösterreich Holding GmbH, Wien	Austria	100,00
Omniasig Asigurari de Viata SA, Bukurešť	Romania	98,86
OMNIASIG VIENNA INSURANCE GROUP S.A., Bukurešť	Romania	98,86
Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group, Bratislava	Slovakia	95,00
Pojišťovna České spořitelny, a. s. Vienna Insurance Group, Praha	Czech Republic	95,00
PROGRESS Beteiligungsges.m.b.H., Wien	Austria	60,00
S.C. BCR Asigurări de Viață Vienna Insurance Group S.A., Bukurešť	Romania	88,47
S.C. BCR Asigurări Vienna Insurance Group S.A., Bukurešť	Romania	93,17
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100,00
SIGURIA E MAHDE VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	87,01
Sparkassen Versicherung AG Vienna Insurance Group, Wien	Austria	95,00
TBI BULGARIA AD, Sofie	Bulgaria	100,00
UNION Vienna Insurance Group Biztoító Zrt., Budapešť	Hungary	100,00
VERSA-Beteiligungs AG, Wien	Austria	100,00
Vienna-Life Lebensversicherungs AG Vienna Insurance Group, Bendorf	Liechtenstein	100,00
VIG RE zajišťovna, a. s., Praha	Czech Republic	100,00
VLTAVA majetkovosprávní a podílová spol.s.r.o., Praha	Czech Republic	100,00
Companies consolidated by method of proportional consolidation		
Ray Sigorta A.Ş., Istanbul	Turkey	50,56
Companies consolidated by an equivalent method		
AIS Servis, s.r.o., Brno	Czech Republic	91,72
Benefita, a. s., Praha	Czech Republic	91,72
Česká Kooperativa Londýn Ltd., London	Great Britain	91,72
ČPP Servis, s.r.o., Praha	Czech Republic	91,72
Gewista-Werbegesellschaft m.b.H., Wien	Austria	33,00
Global Expert, s.r.o., Pardubice	Czech Republic	91,72
HOTELY SRNÍ, a. s., Most	Czech Republic	66,44
Kámen Ostroměř, s.r.o., Ostrava-Hrabová	Czech Republic	91,72
KIP, a. s., Praha	Czech Republic	79,45
KOORDITA, a. s., Ostroměř	Czech Republic	91,72
Mělnická Zdravotní a. s., Praha	Czech Republic	91,72
Sanatorium Astroria, a. s., Karlovy Vary	Czech Republic	77,76
Sparkassen Immobilien AG, Wien (Konzernabschluss)	Austria	10,04
SURPMO a. s., Praha	Czech Republic	91,64
Unigeo, a. s., Ostrava-Hrabová	Czech Republic	91,72
Non-consolidated companies		
CAPITOL Spolka z o.o., Varšava	Poland	99,96
Geschlossene Aktiengesellschaft „Strachowaja kompanija „MSK-Life“, Moskva	Russia	25,01
Polski Związek Motorowy Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Varšava	Poland	95,83
Private Joint-stock company „VAB Life“, Kyjev	Ukraine	100,00
RISK CONSULT Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H., Wien	Austria	34,33
TBIH Financial Services Group N.V., Amsterdam	Holland	60,00
Versicherungsaktiengesellschaft „Kupala“, Minsk	Belorussia	96,76
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Varšava	Poland	100,00
Vienna International Underwriters GmbH, Wien	Austria	100,00
ZASO Victoria Non-Life, Minsk	Belorussia	99,99

B. Conclusion

In view of the legal relations between the submitter and related persons reviewed 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 2009 accounting period in the interest or at the instigation of individual related persons.

Our company decided not to articulate values of fulfilling within the mentioned contracts referring to business confidentiality.

In Pardubice February 26, 2010

Pojišťovna České spořitelny, a. s., Vienna Insurance Group



RNDr. Petr Zapletal, MBA
Chairman of the Board
and Chief Executive Officer



Ing. Jaroslav Kulháněk
Vice-Chairman of the Board
and Deputy CEO



Ing. František Mareš
Member of the Board
and Deputy CEO

Description of Relations to the Persons Controlled by Wiener Städtische Versicherung AG Vienna Insurance Group

Attachment No. 1 to the Report on Relations

1. Contracts

1.1 Sales of services

The submitter provided/accepted during the accounting period services based on the following contracts concluded in previous accounting periods

Name of the contract	Contractual party	Date of conclusion	Effective date	Subject	Remark
Contract on cooperation while using building No. 115 and No. 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-dwelling spaces in both buildings serving to both parties	
Contract on sublease of non-dwelling space for a definite period	Kooperativa, pojišťovna, a. s., Templová 747, 110 01 Praha	10. 12. 2004	since 2. 1. 2004	Lease of offices No. 361 and 431 with total space of 919,16 m ² in the building nám. Republiky 115, Pardubice	
MTPL insurance	Kooperativa, pojišťovna, a. s., Templová 747, 110 01 Praha	17. 12. 1999	since 1. 1. 2000	Obligatory motor third party liability insurance of company car fleet	
Insurance contract No. 2266829982		28. 2. 2008	since 1. 3. 2008		
Insurance contract No. 2260923767	Kooperativa, pojišťovna, a. s., Vienna Insurance Group, Templová 747, 110 01 Praha	23. 2. 2009	since 1. 3. 2009	Motor hull insurance of the company car fleet	
Insurance contract No. 860268354	Kooperativa, pojišťovna, a. s., Vienna Insurance Group, Templová 747, 110 01 Praha	17. 12. 2008	since 1. 1. 2009	Contract on the company's property and liability insurance	
Contract on providing services in the area of internal audit	Kooperativa, pojišťovna, a. s., Vienna Insurance Group, Templová 747, 110 01 Praha	30. 4. 2009	1. 1. 2009	Outsourcing in the area of internal audit including continuous monitoring of management and control system	
Contract on cooperation No. 70/09	Kooperativa, pojišťovna, a.s	26. 5. 2009	1. 6. 2009	Sales support of non-life insurance by organizing motivational events within ČS branch network	Valid till 31. 12. 2009

1.2. Contracts on intermediation of activities

The submitter concluded in previous accounting periods contracts on intermediation, based on which he provided the following activities :

Name of the contract	Contractual party	Date of conclusion	Effective date	Subject	Remark
Contract on sales representation No. 4600-400500/01-2005-A (134/04)	Kooperativa, pojišťovna, a. s.	29. 12. 2004	1. 1. 2005	Intermediation of sales of non-life insurance	Replaces fully the contract 4600-400500/12-2003-A of 30. 12. 2003. as amended by supplement No. 1, 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 sought possible financial damage payments.

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 by the related person for providing these services forms a part of these contracts in accordance with the conditions set in the above-mentioned Act.

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

Non-Financial Report

1. Further Anticipated Development of the Company's Operations

During the last three years, Pojišťovna České spořitelny (hereinafter only the Company) significantly strengthened its position on the insurance market, particularly in the market of periodically paid premiums. This success resulted from a focused trade policy. On the other hand, the growth of the insurance portfolio binds the Company to provide its clients with quality, particularly after sales services on a long-term basis. Being aware of this obligation, the Company will concentrate its attention on stabilizing the insurance policies portfolio. The goal of this strategy is to develop communication with clients, increase the knowledge of clients' demands and create conditions along with the system of the long-term process of innovation of the current insurance policy portfolio. To secure the long-term stability of the Company, another medium-term goal has been set to complete the process related to strengthening the Company's management in accordance with the rules of the management of risks that the Company may be exposed to through influences from both the internal and external environment. An integral part of this process is the securing of the requirements and processes related to the fulfilment of tasks arising from the planned transfer to Solvency II.

The Company adopted a medium-term plan of communication with the slogan "We Enjoy Changes" based on the Flexi Life Insurance as the principal product. Thanks to its characteristic features, the Flexi Life Insurance will meet the requirements for both life risk coverage and the long-term investing of deposited financial means. This life insurance has undergone an extensive innovation, both in its risk and investment part. Currently, it is capable of covering any individual requirements with respect to risks defined by the client without any restrictions. In addition, the insurance coverage dimension is completed with an above-standard option to cover requirements as regards the investment of deposited financial means.

The products development is also supported by the after sales service and the speed of the response to our clients' requirements. This service continues to monitor the possibilities of how to increase labour productivity; here we focus on replacing human labour with automated labour. Another objective is the higher quality of processing insurance policies, accompanied by an effort to eliminate errors, to achieve efficiency with respect to the control system, processing insurance policies and claims settlement.

The commercial cooperation with Česká spořitelna has been governed by a distribution contract in the long-term and our common objective is to secure comprehensive financial services at the bank's branches. Besides this purely commercial cooperation, the importance of cooperation among the Vienna Insurance Group insurance companies operating on the territory of the Czech Republic has been growing. The objective of this strategic cooperation is to find synergic advantages particularly with the aim of cost saving and other ef-

fects related to the operation of insurance activities in the relatively small and concentrated territory of the Czech Republic.

2. Research and Development Activities

Due to its line of business, the Company's potential in the R & D area is limited. Therefore, the development focuses on the area of introducing new information technologies into the process of providing insurance services.

3. Environmental Protection and Industrial Relations

Thanks to the character of its line of business, the Company's burden on the environment is minimal. In performing its operations, the Company complies with the requirements set by legal norms in the Czech Republic. For the upcoming period, the Company has decided to provide financial support to selected projects in this area.

In the area of labour relations, the Company continuously pays significant attention to developing its employee policy and social programmes with the aim of being an attractive employer on the labour market. When constructing and innovating its incentive systems, it applies modern methods in human resources management, including regular surveys of remuneration, organised in cooperation with the Hay Group. The Company provides a wide range of financial as well as non-financial benefits to its employees. The Company pays attention to increasing the quality of the working environment which sufficiently meets the conditions for fulfilling work assignments, including compliance with the principles of health and safety at work and regular and contractually guaranteed health care for its employees. Education and professional development of employees rank among the priorities of the Company's development. As a part of its system of evaluation and professional growth of employees, the Company offers training programmes to increase and deepen its employees' qualifications, including corporate culture development.

4. The Company's Branches Abroad

The Company has no branches abroad.

5. Other Requirements According to Special Legal Regulations

The Company has been meeting the requirements concerning its line of business – the insurance business, set particularly by the Insurance Act or Act on Insurance Intermediaries and on Independent Loss Adjusters. No other specific requirements have been set with respect to the Company's activities.

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