

Profit and Loss Account

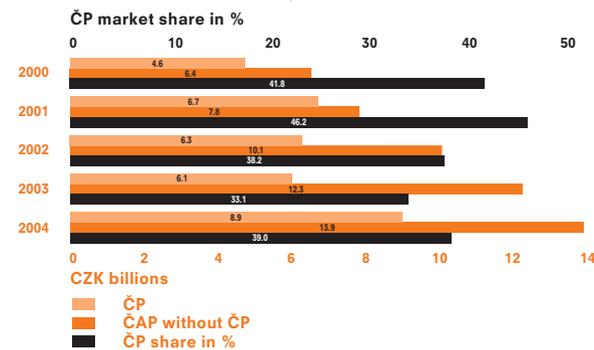
as at 30 June 2004 (in TCZK)

| | Current Period |
|--|-------------------|
| Technical account for non-life insurance | |
| Earned premiums, net of reinsurance | 11,449,197 |
| Gross premiums, net | 12,949,004 |
| gross premiums written | 14,611,353 |
| premiums ceded to reinsurers | 1,662,349 |
| Change in provision for unearned premiums, net | 1,449,807 |
| change in gross amount of provision | 2,126,158 |
| change in provision, reinsurers' share | 626,351 |
| Income from financial placements (investments) allocated from the Non-technical account (item III.6.) | 0 |
| Other technical income, net of reinsurance | 11,932 |
| Claims incurred, net of reinsurance | 6,154,528 |
| Claims incurred | 6,222,125 |
| gross | 7,140,397 |
| reinsurers' share | 918,272 |
| Change in provision for outstanding claims | (67,597) |
| gross | (877,538) |
| reinsurers' share | (809,941) |
| Change in other technical provisions, net of reinsurance | 254,073 |
| Bonuses and rebates, net of reinsurance | 180,871 |
| Net operating expenses | 3,059,121 |
| Acquisition costs | 1,967,928 |
| Change in accrued acquisition costs | 0 |
| Administrative expenses | 1,302,664 |
| Reinsurance commissions and profit participations | 211,471 |
| Other technical expenses, net of reinsurance | 625,908 |
| Change in equalization provision | 0 |
| Subtotal, balance (result) of Technical account for non-life insurance (item III.1.) | 1,186,628 |

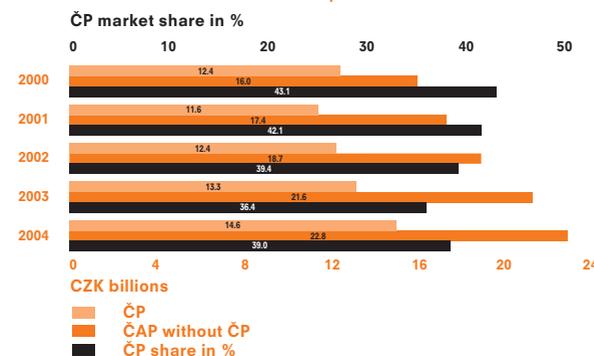
| | |
|---|--------------------|
| Technical account for life assurance | |
| Earned premiums, net of reinsurance | 8,882,989 |
| Gross premiums written | 8,895,921 |
| Premiums ceded to reinsurers | 4,003 |
| Change in provision for unearned premiums, reinsurers' share | 8,929 |
| Income from financial placements (investments), total | 22,598,721 |
| Income from participating interests, with that coming from undertakings with controlling influence listed separately | 20,588 |
| Income from other financial placements, with that coming from undertakings with controlling influence listed separately | 4,676,685 |
| income from land and buildings (real estate) | 154,224 |
| income from other investments | 4,522,461 |
| Proceeds from financial placements (investments) sold | 17,901,448 |
| Unrealized gains on financial placements (investments) | 2,527,361 |
| Other technical income, net of reinsurance | 66,291 |
| Claims incurred, net | 9,233,848 |
| Claims incurred | 8,927,855 |
| gross amount | 8,927,855 |
| Change in provision for outstanding claims | 305,933 |
| gross amount | 305,933 |
| Change in other technical provisions, net of reinsurance | (1,193,569) |
| Life assurance provision | (1,211,693) |
| gross amount | (1,211,693) |
| Other technical provisions, net of reinsurance | 18,124 |
| Net operating expenses | 1,714,922 |
| Acquisition costs | 1,004,771 |
| Administrative expenses | 711,749 |
| Reinsurance commissions and profit participations | 1,598 |
| Expenses connected to financial placements (investments), total | 20,027,697 |
| Management costs relating to financial placements (investments), including interest | 2,781,858 |
| Cost of financial placements (investments) sold | 17,245,839 |
| Unrealized losses on financial placements (investments) | 3,229,244 |
| Other technical expenses, net of reinsurance | 32,397 |
| Subtotal, balance (result) of Technical account for life assurance (item III.2.) | 1,030,823 |

| | Current Period |
|---|-------------------|
| Non-technical account | |
| Result of Technical account for non-life insurance (item I.10.) | 1,186,628 |
| Result of Technical account for life assurance (item II.13.) | 1,030,823 |
| Income from financial placements (investments), total | 13,352,564 |
| Income from participating interests, with that coming from undertakings with controlling influence listed separately | 22,948 |
| Income from other financial placements, with that coming from undertakings with controlling influence listed separately | 1,824,025 |
| income from other investments | 1,824,025 |
| Proceeds from financial investments (investments) sold | 11,505,591 |
| Expenses connected to financial placements (investments), total | 12,834,533 |
| Management costs relating to financial placements (investments), including interest | 1,306,311 |
| Cost of financial placements (investments) sold | 11,528,222 |
| Income from financial placements (investments) allocated to Technical account for non-life insurance (item I.2.) | 0 |
| Other income | 696,087 |
| Other expenses | 783,927 |
| Income tax on ordinary activities | 791,514 |
| Profit/(loss) on ordinary activities after tax | 1,856,128 |
| Extraordinary expenses | 1,199 |
| Extraordinary income | 18,627 |
| Extraordinary profit/(loss) | 17,428 |
| Other taxes and fees not included above | 12,465 |
| Result for the accounting period | 1,861,091 |

Česká pojišťovna (ČP) and Czech Insurance Association (ČAP) Gross Life Premiums Written, ČP Market Share as at 30 June 2004

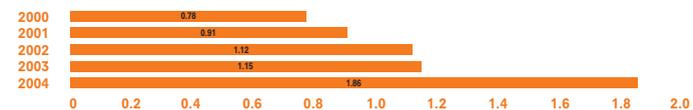


Česká pojišťovna (ČP) and Czech Insurance Association (ČAP) Gross Non-life Premiums Written, ČP Market Share as at 30 June 2004



Remark: ČAP – Czech Insurance Association, in this case premiums written of ČAP member insurance companies
ČP – Česká pojišťovna

Earnings as at 30 June 2004 (CZK billions)



Shareholders' Equity as at 30 June 2004 (CZK billions)



ČESKÁ POJIŠŤOVNA

Česká pojišťovna a.s.
Information from the 2004 Half-Year Report

Chairman's Statement

Dear shareholders, dear business friends

In the first half of 2004, Česká pojišťovna continued to carry out major changes, building on the successes of 2003. Changes in the client services area were completed, and this was reflected in the company's organizational structure and in improved services to our customers. The processes of entering new policies into the system, policy portfolio management, and loss adjustment administration were concentrated in our newly built centers in Prague, Brno, and Pardubice. The widespread network of Česká pojišťovna agencies remains in place, but now specializes primarily in selling insurance and in face-to-face contacts with clients. The most important goal for all employees and managers of Česká pojišťovna for the coming period is to reinforce our position as the insurance company with the highest quality services in the market.

The first half was also a time when we got acquainted with legislative changes brought about by the Czech Republic's accession to the European Union. In the area of legislation directly or indirectly affecting the insurance industry, entire new laws were passed, as well as extensive amendments to existing ones. Through our membership in the Czech Insurance Association, Česká pojišťovna played an active role in the legislative process. Currently, we are in the process of implementing compliance with the new statutory requirements in the company's day-to-day activities.

The company's net profit rose in year-on-year terms from CZK 1.15 billion to CZK 1.86 billion in the first half of this year, an increase of 62%. This growth was made possible, among other factors, by an improved operating result from our direct insurance operations and positive developments in the area of financial placements (investments). The overall gross premiums written of Česká pojišťovna in the first half totaled CZK 23.5 billion, which equates to growth of 21% compared to the same period of last year. Thus, the insurance sales performance in the first half of 2004 indicates a continuation in the growth trend established in past years.

In non-life insurance, gross premiums written grew by 9.6% compared to the comparable period of 2003, i.e. to CZK 14.6 billion. A major factor contributing to this performance was favorable development in the motor damage insurance product, which was up 24.2%, thanks on one hand to our transparent approach to automobile dealers and leasing companies and, on the other hand, to the level of services that Česká pojišťovna provides to these companies. In the first half of 2004, the results of previous revisions to insurance rates for used vehicles and stricter conditions for acceptance of risks (reduced loss ratio) can already be seen. In MTPL insurance, Česká pojišťovna is continuing to implement its policy of risk differentiation of clients using a bonus system and individual assessment of large fleets based on past loss experience. Premiums written for this insurance product grew by 4.8% year-on-year. Other types of non-life insurance also played a role in the good results posted in the first half of 2004. For example, growth in insurance of households and buildings was 10.7%, and in large risks insurance growth was even higher at 17%. In the former, performance was boosted by indexing of premiums on legacy policy types, which from today's perspective were entered into at very low premium levels and with insufficient insurance coverage. In total, over 1.5 million insurance contracts had their premiums increased in this process. Long-term clients were offered more advantageous terms than those available for similar insurance policies offered to first-time customers. The vast majority of clients accepted the new proposed policy terms. This year, Česká pojišťovna is beginning to implement a program to support sales in insurance for industry and business.

The year 2003 and the first half of 2004 were extraordinarily favorable in terms of the loss experience in all areas of non-life insurance – no major catastrophes occurred, nor were there any extraordinarily large-scale loss events. There were no significant fluctuations in the frequency of insured loss events or their amount. The overall results in loss adjustment are in line with our expectations, and the number of claims pending settlement has been declining following the roll-out of the new centralized system.

The life assurance market grew at a dynamic pace in 2003, and this continued in the first half of 2004 as well. Česká pojišťovna saw substantial growth in overall life assurance premiums written compared to the same period of 2003 – 46% – i.e., to CZK 8.9 billion. The growth was influenced by the continued active sales policy, which was received well by clients. The new life assurance product line is especially popular, as its features and level of insurance coverage better meet current needs. Premiums written in accident insurance grew by nearly 6% over the comparable period of 2003.

The ratio of life assurance premiums written to the Gross Domestic Product (GDP) indicates, compared to the "old" European Union countries, a clear and very large potential for further growth in the entire market, and Česká pojišťovna aims to participate as much as possible in meeting the new demand as it materializes.

Česká pojišťovna's reinsurance operations are focused primarily on outwards reinsurance, in which Česká pojišťovna passes a portion of its insured risks to reinsurers. Almost all of these risks are in non-life insurance. In order to renew reinsurance contracts for the year 2004, Česká pojišťovna took into account a shift in the strategies of certain reinsurers, and reassessed and adapted its reinsurance program to the new conditions. This meant expanding the reinsurance protection of its portfolio.

Starting from the beginning of 2004, the company entered into new tour operator bankruptcy and air hull reinsurance contracts. In addition, Česká pojišťovna's share in cumulative property damages caused by a possible natural disaster was reduced. The existing reinsurance contracts were renewed in the same scope, while savings compared to 2003 were realized in insurance premiums ceded in the case of certain non-proportional reinsurance contracts in property insurance.

Česká pojišťovna's principal business partners in reinsurance are the world's largest and most significant reinsurance houses, and a portion of our business was placed with them through leading insurance brokerage firms. When reinsuring risks, great emphasis is placed on the solvency and financial strength of our business partners, who are selected on the basis of their ratings, service quality, sales strategy, and capability and willingness to provide specialized know-how.

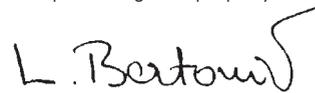
Česká pojišťovna provides inwards reinsurance primarily to its subsidiaries and some of their business is then retroceded within our own reinsurance programs, as needed.

The company's capital strength continued to grow: shareholders' equity rose to CZK 13.7 billion. Česká pojišťovna's assets as at 30 June 2004 reached a level of CZK 120.8 billion and its technical provisions totaled CZK 90.2 billion.

The main short- and medium-term goal of Česká pojišťovna is to continue to maintain its position as the leading domestic insurer in the area of life and non-life insurance, while at the same time growing the company's shareholder value.

To leverage the potential of the new operations system, which was implemented to centralize company management, we are preparing a number of modernized products and services for our clients. We expect to begin rolling these out late this year with the rest to follow next year. The current priority is expanding our sales efforts both among existing clients and toward acquiring new ones.

We anticipate that the positive market growth trends in most insurance segments will continue into the second half of 2004. This growth is driven both by rising purchasing power in the population and by the fact that people are becoming more and more aware of the necessity of providing for their family and protecting their property.



Ladislav Bartoniček
Chairman of the Board

Balance Sheet

as at 30 June 2004 (in TCZK)

| I. ASSETS | Gross amount | Adjustment | Net amount |
|---|--------------------|-------------------|--------------------|
| Intangible assets | 1,152,786 | 909,432 | 643,354 |
| Financial placements (investments) | 107,516,912 | 0 | 107,516,912 |
| Land and buildings (real estate) | 6,576,473 | 0 | 6,576,473 |
| land and buildings – self-occupied | 40,647 | 0 | 40,647 |
| Investments in related entities | 18,236,774 | 0 | 18,236,774 |
| participating interests | | | |
| with controlling influence | 13,547,103 | 0 | 13,547,103 |
| bonds issued by and loans extended to undertakings with controlling influence | 4,607,642 | 0 | 4,607,642 |
| participating interests | | | |
| with significant influence | 82,029 | 0 | 82,029 |
| Other financial placements | 82,700,180 | 0 | 82,700,180 |
| shares and other variable-yield securities, other participating interests | 10,621,765 | 0 | 10,621,765 |
| debt securities | 47,464,573 | 0 | 47,464,573 |
| financial placements | | | |
| in investment associations | 0 | 0 | 0 |
| other loans | 10,502,820 | 0 | 10,502,820 |
| deposits with financial institutions | 13,174,686 | 0 | 13,174,686 |
| other financial placements | 936,336 | 0 | 936,336 |
| Incoming reinsurance deposits | 3,485 | 0 | 3,485 |
| Life assurance investments where investment risk is borne by the insured | 152,233 | 0 | 152,233 |
| Debtors | 18,486,529 | 10,546,356 | 7,940,173 |
| Receivables arising from direct insurance operations | 7,413,056 | 2,049,578 | 5,363,478 |
| Receivables due from insureds | 7,381,727 | 2,032,860 | 5,348,867 |
| undertakings – controlling influence | 215,559 | 0 | 215,559 |
| Receivables due from brokers | 31,329 | 16,718 | 14,611 |
| undertakings – controlling influence | 564 | 0 | 564 |
| Receivables arising from reinsurance operations | 1,123,013 | 36,438 | 1,086,575 |
| undertakings – controlling influence | 299,325 | 0 | 299,325 |
| undertakings – significant influence | 0 | 0 | 0 |
| Other receivables | 9,950,460 | 8,460,340 | 1,490,120 |
| undertakings – controlling influence | 26,375 | 0 | 26,375 |
| undertakings – significant influence | 447 | 0 | 447 |
| Other assets | 4,647,076 | 2,053,194 | 2,593,884 |
| Tangible fixed assets, other than land and buildings (real estate), and inventories | 4,286,926 | 2,053,194 | 2,233,732 |
| Cash at bank and on hand | 360,106 | 0 | 360,160 |
| Treasury shares | 0 | 0 | 0 |
| Other assets | 46 | 0 | 46 |
| Temporary asset accounts | 1,976,963 | 0 | 1,976,963 |
| Accrued interest and rent | 38,033 | 0 | 38,033 |
| Deferred acquisition costs | 769,992 | 0 | 769,992 |
| non-life | 769,992 | 0 | 769,992 |
| Other temporary asset accounts | 1,168,938 | 0 | 1,168,938 |
| estimated receivables | 666,503 | 0 | 666,503 |
| TOTAL ASSETS | 134,332,501 | 13,508,982 | 120,823,519 |

| II. LIABILITIES AND EQUITY | Net amount |
|---|--------------------|
| Equity | 13,728,212 |
| Basic share capital | 2,980,963 |
| Own shares or own interim certificates, own participating interests | 0 |
| Other capital accounts | 1,918,466 |
| Statutory reserve fund and other funds | 726,521 |
| Profit/loss brought forward | 6,241,171 |
| Profit/loss of the current period | 1,861,091 |
| Subordinated debt | 2,500,000 |
| Technical provisions | 90,222,341 |
| Unearned premiums provision | 6,895,052 |
| gross amount | 8,093,208 |
| reinsurers' share | (1,198,156) |
| Life assurance provision | 61,130,769 |
| gross amount | 61,130,769 |
| Provision for outstanding claims | 13,194,454 |
| gross amount | 14,474,560 |
| reinsurers' share | (1,284,106) |
| Provision for bonuses and rebates | 390,593 |
| gross amount | 390,593 |
| Equalization provision | 2,490,010 |
| gross amount | 2,490,010 |
| Non-life premiums provision | 35,460 |
| gross amount | 35,460 |
| Other technical provisions | 6,090,003 |
| gross amount | 6,090,003 |
| Life assurance technical provision where investment risk is borne by the insured | 152,233 |
| gross amount | 152,233 |
| Provisions for other risks and losses | 906,355 |
| Provision for annuities and similar obligations | 24,763 |
| Provision for taxes | 756,592 |
| Other provisions | 125,000 |
| Outwards reinsurance deposits | 0 |
| Creditors | 10,586,340 |
| Payables arising from direct insurance operations | 1,458,842 |
| undertakings – controlling influence | 11,379 |
| undertakings – significant influence | 729 |
| Payables arising from reinsurance operations | 880,299 |
| Other payables | 8,247,199 |
| taxes and social security payable | 1,307,473 |
| undertakings – controlling influence | 92,369 |
| undertakings – significant influence | 0 |
| Temporary liability accounts | 2,728,038 |
| Accrued expenses and deferred income | 1,277,487 |
| Other temporary liability accounts | 1,450,551 |
| estimated liabilities | 1,450,551 |
| TOTAL LIABILITIES AND EQUITY | 120,823,519 |