

[Annual Report 2001
(Editorial)
Česká pojišťovna a.s.]



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Česká pojišťovna focuses on retail clients in personal lines insurance and on mid-sized and large clients in the area of industrial and business risks insurance.

[Description
of the Company]

Registered Security Issuer Information

Company name	Česká pojišťovna a.s.
Legal form	Joint stock company
Company seat	Spálená 75/16, 113 04 Praha 1, Czech Republic
ID number	452 72 956
Tax ID number	001-452 72 956
Bankers	Komerční banka, a.s., Praha 1
Account number	174 33-021/0100
Date of inception	1 May 1992 Company was founded for an indefinite period.
Legal regulation	The company was founded (pursuant to Section 11(3) of Act No. 92/1991 Coll. on the Conditions for the Transfer of State Property to Other Entities, as amended) by the National Property Fund of the Czech Republic under a Founder's Deed dated 28 April 1992 and was incorporated by registration in the Commercial Register on 1 May 1992.
Registered	Prague Municipal Court Commercial Register Part B, Entry No. 1464

Company's Principal Businesses According to Current Articles of Association and Types of Insurance Written by Company

Česká pojišťovna a.s. (hereinafter referred to as "Česká pojišťovna" or the "company") is a composite insurer offering a wide range of life and non-life insurance classes.

The company's principal businesses are:

- insurance, reinsurance and prevention activities and activities related thereto, pursuant to the general insurance terms and conditions approved by the Supervising Authority,
- entering into agency agreements with natural persons and legal entities domiciled in the Czech Republic for the writing of insurance for the benefit of the company,
- currency exchange (purchase and sale of foreign currency),
- writing insurance and providing services in exchange for amounts denominated in foreign currency,
- leasing of residential and non-residential space,
- printing and printing-related services,
- road haulage services,
- lending activity,
- purchase of merchandise for purposes of re-sale, sale of goods, accommodation services, including operation of pubs and restaurants,
- accepting deposits from employees,
- providing loans out of technical provisions.

Furthermore, the company engages in all activities related to its ownership participations in other legal entities.

Within the time period given under the Insurance Act (363/1999 Coll.), Česká pojišťovna provided to the Ministry of Finance documentation that the company's legal affairs had been brought into compliance with said Act and on 11 April 2002 it received a decision of the Ministry of Finance, as the State Supervisory Authority in the insurance industry, granting the company, in accordance with Section 42(5) of said Act, license to engage in insurance activity, reinsurance activity, and related activities. The appropriate filing for these new facts to be recorded in the Commercial Register was made without unnecessary delay after the Ministry of Finance decision entered into legal force.

Company History

Česká pojišťovna has a long, rich tradition. It is the oldest insurance institution in the Czech lands and the legal successor to First Czech Mutual Insurance Company (První česká vzájemná pojišťovna), which was founded in 1827. It was part of the original State Insurance Company until 1969 when, on the basis of the territorial principle, Státní pojišťovna was broken up into Česká státní pojišťovna and Slovenská státní pojišťovna. Česká pojišťovna a.s. was founded by the National Property Fund of the Czech Republic under a Founder's Deed dated 28 April 1992 and was incorporated by registration in the Commercial Register on 1 May 1992. The company's shares were listed on the Main Market of the Prague Stock Exchange in 1993.

Company Profile and Position in the Czech Insurance Market

For a long time now, Česká pojišťovna has maintained its position as the Czech market leader in insurance. According to Czech Insurance Association preliminary figures, its 2001 overall market share in terms of premiums written reached 39.2%. In life assurance our market share was 42.3%, while in non-life insurance it was 37.4%.

Mission, Principal Strategic Goals

In personal lines, the company focuses on retail clientele while in the area of industrial and business risks our focus is on medium- and large-sized corporate clients. One of the most important strategic goals for 2002 is to maintain the growth trend in the operating result. Another major priority is to bring about a change of our basic processes by implementing a new system for our operations in non-life insurance. We will focus on further developing the company's financial group with the aim of offering a complete set of financial services.

Ratings

Česká pojišťovna's ability to maintain its dominant market position in both life and non-life has not gone unnoticed by the rating agencies Fitch and Standard & Poor's, which regularly evaluate the company's financial strength. We first underwent the rating process at our own request in 1998, when we were rated by DCR (Duff and Phelps, now called Fitch). In March 2001, Fitch gave Česká pojišťovna a financial strength rating of A- and a long-term rating of BBB with a stable outlook, a rating that it reaffirmed in December 2001. In January 2001, Standard & Poor's rated Česká pojišťovna's long-term financial strength and credit at BB+ and gave this rating a stable outlook. These ratings were reaffirmed in February, 2002. In addition to our position as market leader, both agencies also made reference to the good operating performance, profitability, and excellent liquidity of Česká pojišťovna.

Financial Situation in 2001 and Outlook for 2002

2001

Premiums Written

Gross premiums written reached a total of CZK 31 billion, of which CZK 19 billion is attributable to non-life insurance and the remaining CZK 12 billion to life assurance.

Earnings Before Tax

Earnings before tax totaled CZK 5.5 billion.

Net Earnings

The company posted net after-tax earnings of CZK 4.2 billion.

2002

Premiums Written

Overall gross premiums written in 2002 are expected in the range of CZK 29.9 billion to CZK 30.7 billion, i.e. slightly less than in 2001. In non-life insurance, gross premiums written are expected to be between CZK 18.2 billion and CZK 18.6 billion, while in life assurance we expect to see gross premiums written in the range of CZK 11.7 billion to CZK 12.1 billion.

Earnings Before Tax

Earnings before tax for 2002 are estimated at between CZK 2.5 and CZK 3.0 billion.

Chairman's Statement

Dear shareholders and business friends

In many aspects the year 2001 was an important milestone for Česká pojišťovna. Ownership relations in the company were consolidated, the high earnings trend was maintained, our market share grew for the first time since we became a joint stock company 10 years ago, and we continued successfully to build up the Česká pojišťovna Financial Group. In late September 2001, the Government approved the sale of 30.25% of the shares of Česká pojišťovna held by the National Property Fund of the Czech Republic and 10% of the shares held by Komerční banka, a.s. to PPF Group, Česká pojišťovna's majority shareholder. After the transaction was settled, the stake of PPF Group/CESPO in the basic capital of Česká pojišťovna was over 85%.

According to the audited results Česká pojišťovna posted net earnings in 2001 of CZK 4.2 billion (2000: CZK 4.3 billion). While in 2000 a large portion of the earnings (CZK 2.7 billion) consisted of the one-off effect of legislative changes in accounting regulations concerning deferred income taxes, the high profit in 2001 was driven by an improved operating result from the company's core insurance functions and in particular by increased income from investments of technical provisions. Despite the payment of a dividend decided upon by the shareholders at an extraordinary General Meeting held late last year, the earnings result boosted the shareholders' equity of Česká pojišťovna by nearly one billion CZK to over CZK 11 billion. Nearly CZK 3.4 billion was paid out in dividends; the gross dividend amount paid per CZK 1,000 nominal value share was CZK 1,140.

During the course of the 2001 accounting period, Česká pojišťovna acquired a total of 81,777 employee shares each with a nominal value of CZK 1,000 for a total nominal value of CZK 81,777,000 and an aggregate purchase price of CZK 81,960,800. The lowest purchase price paid for employee shares was CZK 800 per share and the highest was CZK 1,300 per share. During 2001 Česká pojišťovna sold 81,126 employee shares, each with nominal value of CZK 1,000 for a total nominal value of CZK 81,126,000 and the aggregate selling price of the shares was CZK 81,126,000. All the shares were sold for CZK 1,000 per share.

The main reason why the company acquired employee shares during the year was to fulfill its obligations under the Articles of Association and the Commercial Code, as well as for reasons ensuing from the unique nature of employee shares as a share category. Effective 28 November 2001 the registered employee shares in documentary form were converted into bearer shares of common stock and in accordance with Section 186a(3) Commercial Code, Česká pojišťovna bought back these shares.

The balance of employee shares held by the company at the beginning of the accounting period – i.e. at 1 January 2001 – was 80,854 shares for a total nominal value of CZK 80,854,000 or 2.37% of the company's basic capital. At the end of the accounting period – i.e. at 31 December 2001 – the company held 81,505 of these shares with a total nominal value of CZK 81,505,000 or 2.39% of the company's basic capital. Since the type and form of these shares was changed and the change was recorded in the Commercial Register on 28 November 2001, as of 31 December 2001 these shares were no longer employee shares but rather shares of common stock.

Furthermore on 19 November 2001 Česká pojišťovna acquired a total of 349,988 shares each with nominal value CZK 1,000 for a total nominal value of CZK 349,988,000 and an aggregate purchase price of CZK 1,672,837,000. The unit purchase price was CZK 4,779.70 per share. At 31 December 2001, the company still held these shares. Česká pojišťovna was required to buy back these shares under a decision of the Supervisory Board made on 5 August 1998 in which the Supervisory Board refused to grant its consent for the transfer of shares from PPF investiční holding a.s. to another company. The consent of the Supervisory Board was required under the Articles of Association of Česká pojišťovna.

As of 31 December 2001 the company held a total of 431,493 treasury shares representing 12.64% of the company's basic capital.

Premiums written by Česká pojišťovna grew by 16% in 2001 to CZK 31 billion and the company's market share according to preliminary figures of the Czech Insurance Association increased to 39.2% from last year's figure of 38.8%.

The growth in our overall market share was mainly the result of positive performance in life assurance, an area where Česká pojišťovna was able to take advantage of a market opportunity given by the introduction of tax advantages to increase premiums written by 28% to CZK 12 billion. Thanks to this, our market share in life assurance grew from 41.2% to 42.3%. Overall Česká pojišťovna wrote nearly 370,000 life and retirement insurance policies, bringing our policy base in this insurance class to over 4 million policies at year end.

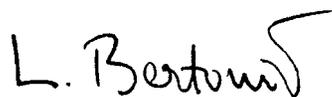
In the non-life area, Česká pojišťovna wrote premiums of CZK 19 billion, an increase of nearly 9% over the previous year. The principal source of this growth was motor third party liability insurance in which premiums written grew by 15% to CZK 6.2 billion. The number of vehicles insured by Česká pojišťovna for motor third party liability grew during the year by nearly 150,000 to almost 2.4 million while the overall number of insured vehicles grew during the year by only 110,000. Thus Česká pojišťovna's market share in this segment expressed in terms of the number of vehicles insured increased to 45%. Positive development in 2001 was also achieved in motor damage insurance, insurance of buildings and structures, accident insurance and agricultural insurance.

Česká pojišťovna's ability to maintain its dominant market position in both life and non-life has not gone unnoticed by the rating agencies Fitch and Standard & Poor's which regularly evaluate the company's financial strength. In March 2001, Fitch gave Česká pojišťovna a financial strength rating of A- and a long-term rating of BBB with a stable outlook, a rating that it reaffirmed in December 2001. In January 2001 Standard & Poor's rated Česká pojišťovna's long-term financial strength and credit at BB+ and gave this rating a stable outlook. These ratings were reaffirmed in February 2002. In addition to our position as market leader both agencies also made reference to the good operating performance, profitability and excellent liquidity of Česká pojišťovna.

Česká pojišťovna managed to deal effectively with a number of weather-related events in 2001, although their size and scope did not reach the levels seen in previous years. Even so, in 2001 Česká pojišťovna paid out CZK 18.6 billion in claims, two billion more than in 2000.

One of the top priorities of 2001 was to launch several major projects focused on increasing the efficiency of the company's operations and to introduce a new way of working with our partners – both clients and suppliers. For example we successfully launched a new method of handling claims in motor vehicle insurance which has improved client service and made the claims handling process more efficient. A similar project was launched for other non-life insurance classes. Major changes also took place in insurance and risk underwriting for medium- and large-sized corporations, which saw the formation of a specialized unit to work intensively with clients and brokers, as well as units for underwriting risks and for risk management. The company also paid close attention to further building and improving the sales force and developing alternative distribution channels. One example of this is our new collaboration with the Czech Post in the over-the-counter sale of life assurance at post offices. Effective 10 October 2001 Česká pojišťovna teamed up with Penzijní fond České pojišťovny on a joint project to serve large and medium-sized corporate clients in capital life assurance and supplemental pension insurance under a new banner: the "ČP Employee Benefits Program".

In 2001 Česká pojišťovna continued to build its financial group with the aim of providing clients comprehensive financial services and to take maximum advantage of synergies and cross-selling opportunities. For example very successful development in 2001 was seen in our cooperation with eBanka through the program ČP Finance. Stable good performance was posted by Penzijní fond České pojišťovny, which became the second largest pension fund in the country with 322,000 participants. In 2001 Česká pojišťovna reinforced its position as a financially strong insurer and the domestic market leader. This year the principal goal remains the same: to increase the company's value by growing profits and improving the range and quality of services provided to clients of Česká pojišťovna and throughout the Česká pojišťovna Financial Group.



Ladislav Bartoníček
Chairman of the Board of Directors



[Most Important Events in 2001]

General Meetings

The Annual General Meeting (AGM) was held on 28 June 2001 and its agenda included in particular the approval of the company's financial statements for 2000 and the allocation of the company's net earnings. The AGM also approved a change in the type, form and class of 87,497 registered employee shares of the company – all of CZK 1,000 nominal value and issued in documentary form – into booked, bearer shares of common stock. An amendment of the company's Articles of Association to this effect was also approved. The AGM also gave its consent for the above mentioned shares to be accepted for trading on public markets, i.e. the second tier of the Prague Stock Exchange and the RM-SYSTEM, a. s., and for these shares to become registered securities. Further, the AGM was informed of the resignation of Zdeňka Němcová from the company's Supervisory Board. Zdeněk Kabilka was elected to the Supervisory Board.

An extraordinary General Meeting was held on 17 December 2001. Among other items, this General Meeting approved the Board of Directors' report on the company's business operations and the state of its assets, an amendment of the company's Articles of Association reducing the number of Supervisory Board members from nine to six, a decision doing away with transfer restrictions on registered shares, a revision of dividend rights, rules for dividend payment, and a resolution concerning fulfillment of conditions given by insurance regulations by members of the Board of Directors, Supervisory Board and the Company Proxy. Further, the extraordinary General Meeting approved a change in the company's principal businesses and approved an allocation of earnings as follows: a portion of retained earnings in the amount of CZK 3,890,125,740 shall be distributed to shareholders in the form of a dividend of CZK 1,140 per share of nominal value CZK 1,000. The General Meeting was informed of the resignation of Vlastimil Uzel, Jan Škurek and Zdeněk Kabilka from the Supervisory Board.

Impact of Commercial Code Amendment

In accordance with an amendment to the Commercial Code, starting on 1 January 2001 Česká pojišťovna changed both its own management structure and that of its financial group. Česká pojišťovna entered into a control agreement with PPF a.s., which increased the transparency of the relations between Česká pojišťovna and the representative of its majority shareholders. This control agreement remained in force and effect until 31 December 2001. In the interests of improving coordination in the management of companies controlled by Česká pojišťovna, further control agreements were entered into between the company ČP finanční servis a.s. and companies that are part of the Česká pojišťovna Financial Group.

Changes in the Company's Ownership Structure

On 26 September 2001, the Government approved the sale of a 40.25% equity stake in Česká pojišťovna to the company's majority shareholder, PPF Group. Based on the cabinet's decision, PPF Group obtained 30.25% of Česká pojišťovna's shares held by the National Property Fund and 10% that was held by Komerční banka, a.s., and when the transaction was complete it consolidated the ownership structure of Česká pojišťovna.

On 19 November 2001, Česká pojišťovna bought back 349,988 of its own shares for a total purchase price of TCZK 1,672,836. Česká pojišťovna was required to buy back these shares under a decision of the Supervisory Board taken on 5 April 1998, in which the Supervisory Board refused to give its consent for the transfer of shares from PPF investiční holding a.s. to another company. The Supervisory Board's consent was and is required by the Articles of Association of Česká pojišťovna (see Note III.7.(b)) of the Notes to the Financial Statements).

During December 2001, the company commenced a mandatory buy-back of employee shares for the purpose of exchanging them for shares of common stock. The conversion was decided on by the General Meeting on 28 June 2001 in accordance with a requirement laid down by an amendment to the Commercial Code. The public buy-back was carried out through Česká pojišťovna's personnel units at a price of CZK 3,720/share.

Shareholder	Ownership Structure as of	
	31. 12. 2000	31. 12. 2001
Česká pojišťovna a.s.	2.37	12.64
National Property Fund	30.25	-
PPF Group (except CESPO)	22.05	1.82
Komerční banka, a.s.	10.00	-
CESPO B.V.	12.03	83.51
CESPO HOLDINGS B.V.	19.87	-
Others	3.43	2.03
Total	100.00	100.00

CESPO B.V. is a company domiciled in the Kingdom of the Netherlands and is part of the PPF Group.

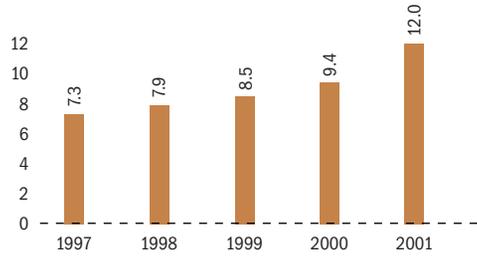
[Financial Highlights]

Basic Indicators	Units	2001	2000	1999	1998	1997
Highlights from the financial statements						
Total assets	CZK millions	108,626	97,816	96,198	89,376	90,892
Basic capital	CZK millions	3,412	3,412	3,412	3,412	3,412
Shareholders' equity	CZK millions	11,108	10,326	6,012	4,915	4,077
Financial placements (investments)	CZK millions	93,027	83,075	80,935	76,451	69,612
Dividend	CZK	1,140	0	0	0	0
Retained earnings	CZK millions	1,269	2,242	1,237	444	0
Net earnings	CZK millions	4,180	4,315	1,058	834	468
Performance indicators						
Total premiums written, gross	CZK millions	31,036	26,911	33,076	32,509	28,762
- non-life insurance	CZK millions	19,026	17,533	24,551	24,621	21,497
- life assurance	CZK millions	12,010	9,378	8,525	7,888	7,265
Total claims paid, gross	CZK millions	18,625	16,635	23,920	23,054	24,149
- non-life insurance	CZK millions	9,382	9,248	15,634	14,891	16,595
- life assurance	CZK millions	9,243	7,387	8,287	8,163	7,554
Total technical provisions	CZK millions	81,055	75,163	80,542	77,430	79,712
- non-life insurance	CZK millions	19,442	16,278	23,649	21,630	24,438
- life assurance	CZK millions	61,613	58,885	56,893	55,800	55,274
Number of claims processed	thousands	1,298	1,251	1,721	1,764	1,820
Policy portfolio	thousands	11,187	11,013	10,837	10,871	10,274
Other figures						
Market share in terms of gross premiums written *2)	%	39.2	38.9	53.0	59.0	60.0
- non-life insurance	%	37.4	37.7	57.7	61.6	61.0
- life assurance	%	42.3	41.2	42.8	52.1	57.1
Average number of employees	number	6,158	6,543	7,340	8,299	8,529
Number of agencies *1)	number	74	74	76	76	143
Number of regions *1)	number	8	8	8	8	0
Performance ratios						
ROA	%	3.8	4.4	1.1	0.9	0.5
ROE	%	37.6	41.8	17.6	17.0	11.5
Shareholders' equity per share		3,256	3,026	1,762	1,441	1,195
Earnings per share	CZK	1,225	1,265	310	244	137
Premiums written/number of employees	CZK millions	5.0	4.1	4.5	3.9	3.4

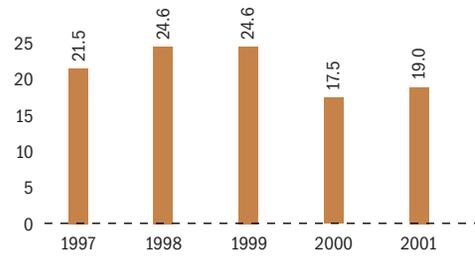
*1) In 1998 the company began a reorganization that involved gradually closing down branches and replacing them with regions.

*2) Year 2001 data is based on preliminary figures from the Czech Insurance Association.

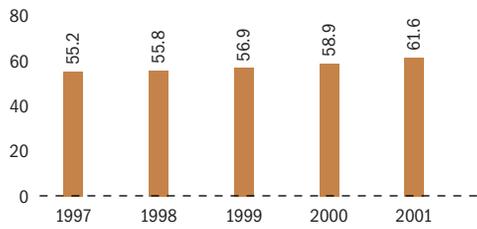
Life Assurance Gross Premiums Written (CZK billions)



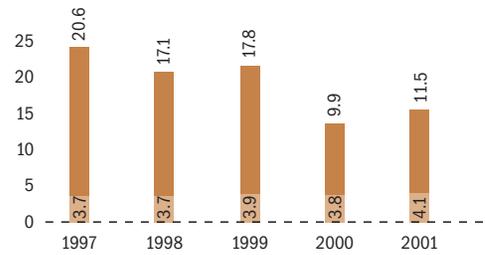
Non-Life Insurance Gross Premiums Written (CZK billions)



Life Assurance Provisions (CZK billions)

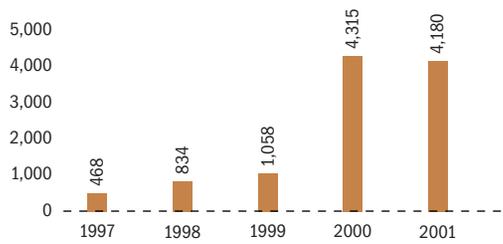


Non-Life Insurance Technical Provisions (CZK billions)

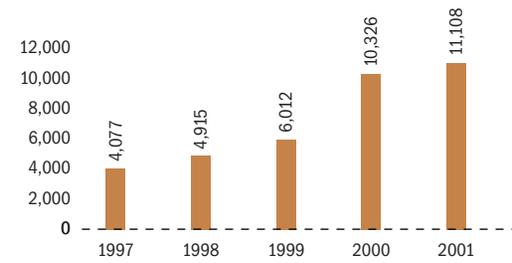


- Non-life insurance claims provision
- Non-life insurance unearned premiums provision

Earnings (CZK millions)



Shareholders' Equity (CZK millions)



[Outstanding Securities]

Securities Issued by Česká pojišťovna

The company was founded in a single action by the National Property Fund of the Czech Republic as sole founder based on a decision of the Ministry of Finance of the Czech Republic dated 13 April 1992. At inception the company's basic capital was TCZK 1,749,944 and was divided into 314,990 bearer shares and 1,434,954 registered shares, 87,497 of which were employee shares. On 15 December 1994 a basic capital increase was recorded in the Commercial Register, adding 524,983 bearer shares to bring the basic capital to TCZK 2,274,927.

Based on a decision of the General Meeting of Česká pojišťovna dated 5 September 1996 the basic capital was increased again, this time by 1,137,464 booked bearer shares to today's level of TCZK 3,412,391. The share issue premium was 400% of the nominal value per share. The company's capital swelled by TCZK 5,687,320 of which the share issue premium accounted for TCZK 4,549,856. This share issue premium was used in 1997 to settle losses carried forward from previous years.

Both issues were paid in full. The issue based on the decision of Česká pojišťovna's General Meeting dated 5 September 1996 was fully subscribed and paid.

Information on the company's outstanding shares including their type, form, nominal value, issue number and number of shares is given in the following table:

Issue	CZ0008017688	CZ0008002755	Česká pojišťovna employee shares
Type of security	shares of common stock	shares of common stock	employee (common stock as of 28 November 2001)
Class	registered	bearer	registered (bearer as of 28 November 2001)
Form	booked	booked	documentary (booked as of 28 November 2001) ¹⁾
Nominal value	1,000	1,000	1,000
Number of securities	1,347,457	1,977,437	87,497
Total volume	CZK 1,347,457,000	CZK 1,977,437,000	CZK 87,497,000
Public tradability	Not publicly tradable; restricted negotiability was cancelled by General Meeting decision on 17 December 2001	publicly tradable - no restrictions	not publicly tradable ²⁾

¹⁾ As of the annual report closing date, no change had taken place in the legal standing of the shareholders pursuant to Section 173(5) Commercial Code.

²⁾ Will be listed for trading on public markets during 2002 in accordance with a General Meeting decision dated 28 June 2001.

The change in the employee shares to publicly listed securities is described in the chapter entitled "Most Important Events in 2001". This change had not been completed as of the time the 2001 Annual Report was published.

As of 31 December 2001 a total 6,597 company shares were held by the company's governance bodies. Of that amount members of the Board of Directors held 6,582 shares and members of the Supervisory Board held 15 shares.

Rights and obligations of company shareholders are set forth in the Commercial Code (513/1991 Coll.), as amended, and in the Articles of Association of Česká pojišťovna which are accessible in the Commercial Register's document archives. These rights include in particular:

- right to a share in the company's earnings;
- right to attend the General Meeting as well as cast votes, demand explanations and raise motions at the General Meeting
- pre-emptive right to subscribe shares in cases when the company's basic capital is being increased by the issue of new shares in proportion to the number of shares held by them in relation to the basic capital prior to increase. Conditions for changing the basic capital amount are set forth in the company's Articles of Association;
- right to a share in the liquidation remainder following the deletion of the company from the Commercial Register.

Income from the shares is subject to taxation pursuant to generally binding laws of the Czech Republic, i.e. the Income Tax Act (586/1992 Coll.), as amended. Dividend income from shares is taxed at a special tax rate of 15%. Possible exceptions to this exist under international double taxation treaties.

In 2001 the shares of Česká pojišťovna were traded on the Prague Stock Exchange and in the RM-SYSTÉM, a. s. as well as on the Munich Stock Exchange and the NEWEX exchange.

On 16 July 2001, Česká pojišťovna issued floating-rate bonds that mature in 2006 in a total nominal value of TCZK 4,000,000 under ISIN CZ0003700569. The bonds were issued in booked form (registered in the Securities Center) as bearer securities. They were accepted for trading on the Prague Stock Exchange and in the RM-SYSTÉM, a. s. The interest yield is due semi-annually as of January 16 and July 16 of each year. The first interest payment fell due on 16 January 2002. Provided the bonds are not repaid early or bought back by the issuer, thereby canceling them in accordance with the terms and conditions of issue, the nominal value of the bonds will be repaid by the issuer on 16 July 2006. Further information on these bonds is contained in the issue prospectus which was approved by a decision of the Czech Republic Securities Commission on 20 June 2001 under ref. no. 45/N/123/2001/1.

Public Call to Buy Back Shares

On 28 November 2001, Česká pojišťovna was required to make a public call for buy-back of its own shares (the "Buy-back"). The reason for the Buy-back was to satisfy the company's statutory obligation under Section 186a(3) Commercial Code in conjunction with a decision of the company's Annual General Meeting of 28 June 2001 concerning a change in the share class (from employee shares to shares of common stock) and in conjunction with the registration of this change in the Commercial Register. The registration of the change entered into legal force on 28 November 2001.

Subject to the Buy-back are all shares of common stock (originally employee shares) in documentary form that exist as bearer shares (originally registered shares) with nominal value of CZK 1,000 per share with no restrictions on negotiability. The purchase price per share was set pursuant to Section 183c(3) Commercial Code at CZK 3,720.

The full text of the Buy-back offer was published in the nationwide dailies Hospodářské noviny and Lidové noviny on 19 December 2001. The Buy-back expired on 11 February 2002.

Selected Indicators Relating to the Shares of Česká pojišťovna

		31. 12. 2001	31. 12. 2000	31. 12. 1999	31. 12. 1998
Shares	number of shares outstanding	3,412,391	3,412,391	3,412,391	3,412,391
	number eligible for dividends	3,412,391	3,412,391	3,412,391	3,412,391
Capitalization	capitalization	10,151,863,225	7,268,392,830	7,677,879,750	4,606,727,850
	change in %	39.67%	-5.33%	66.67%	-43.87%
		in 2001	in 2000	in 1999	in 1998
Share price	year-end	2,975	2,130	2,250	1,350
	highest	3,512	3,030	2,250	3,050
	lowest	2,130	2,130	1,064	1,140
Financial indicators	earnings per share	1,225	1,265	310	244
	P/E	2.43	1.68	7.26	5.53
	shareholders' equity	11,108,286,000	10,326,000,000	6,012,000,000	4,915,000,000
	shareholders' equity/share	3,256	3,026	1,762	1,441
	share price/shareholders' equity per share	0.91	0.7	1.28	0.94
PSE trading in CZK	total volume for year	15,036,145	41,969,909	17,105,466	12,069,632
	daily average	60,157	168,554	67,344	48,279
In shares	total volume for year	5,514	14,970	9,925	5,397
	daily average	22.06	60.12	39.07	21.59

Česká pojišťovna Share Price and Trading Volume on the PSE



Beginning share price:	2. 1. 2001	CZK 2,130
Ending share price:	31. 12. 2001	CZK 2,975
Highest share price:	30. 11. 2001	CZK 3,512
Lowest share price:	2. 1. 2001	CZK 2,130
Number of shares traded:	5,514 shares for the year	

[Structure of Corporate Group and Position of Česká pojišťovna]

In the 2001 accounting period, Česká pojišťovna was part of a contractual group of companies led by PPF a.s. and which includes not just companies that belong to the Česká pojišťovna Financial Group but also companies that are part of PPF Group.

Within this contractual group of companies, Česká pojišťovna's position was that of an entity controlled by the controlling entity PPF a.s. The structure of the contractual grouping that Česká pojišťovna belonged to during the 2001 accounting period is illustrated by the chart below.

Above and beyond the contractual grouping referred to above, the companies mentioned in the Notes to the Financial Statements of Česká pojišťovna and companies in which Česká pojišťovna holds controlling or substantial equity stakes also belong to the same group of companies as Česká pojišťovna.

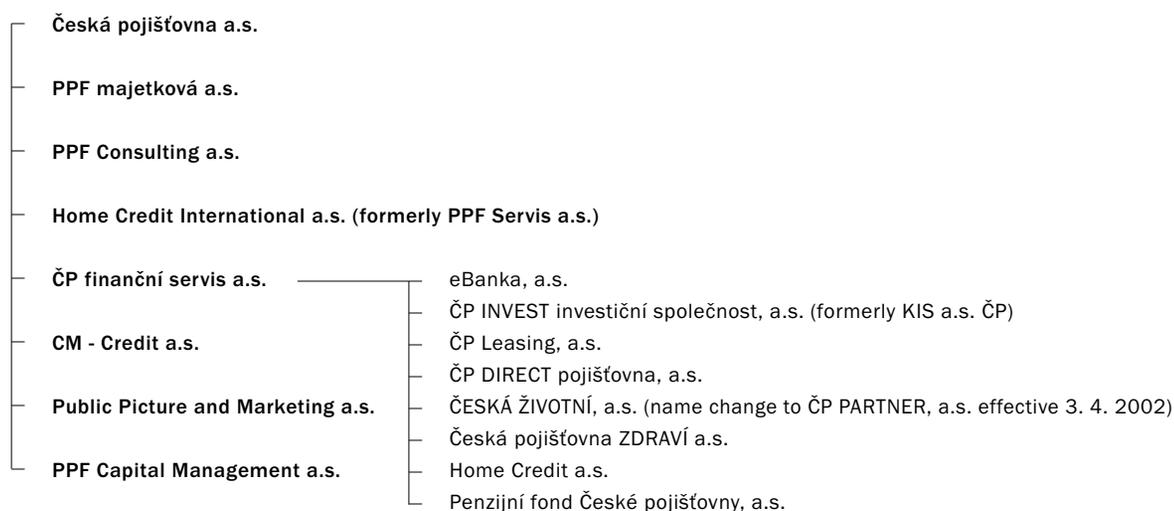
Reasons for Creating a Contractual Group of Companies

Since the beginning of the 1990s, Česká pojišťovna has been building a strong financial group that offers clients a unified range of financial services – not just insurance. The first company to become part of the future financial group was KIS a.s. kapitálová investiční společnost České pojišťovny (now ČP INVEST investiční společnost, a.s.) which joined in 1991. In 2000 the ranks of the financial group were swelled by the leading domestic financial institution specializing in direct banking (eBanka, a.s.) and Home Credit a.s., a consumer lending company, was integrated in 2001.

The group's goal is to provide comprehensive top-quality client service while at the same time exploiting synergies in the areas of finance, human resources, know-how sharing, distribution channels, etc. Special emphasis is placed on cross-selling. The strategic plan is to build up a financial group that holds a strong position not just in the domestic market but also in other countries of Central and Eastern Europe.

In conjunction with an amendment to the relevant provisions of the Commercial Code that took effect on 1 January 2001 and upon an agreement amongst the major shareholders of Česká pojišťovna and PPF a.s., the management structure of Česká pojišťovna and its financial group was changed. Česká pojišťovna and PPF a.s. signed a control agreement that made more transparent the relationships between Česká pojišťovna and the representative of the majority shareholders. This control agreement, in which PPF a.s. is the Controlling Entity and Česká pojišťovna is the Controlled Entity, was in force and effect until 31 December 2001. In the interests of improving coordination in the management of companies that Česká pojišťovna controls, additional control agreements were entered into among ČP finanční servis a.s. (as controlling entity) and the various companies of the Česká pojišťovna Financial Group (as controlled entities). Also, under a control agreement entered into with PPF a.s., ČP finanční servis a.s. itself is a controlled entity. The above mentioned control agreements were entered into for an indefinite period.

PPF a.s. (Controlling Entity)



Description of Companies in the Česká pojišťovna Group

In addition to the companies managed by ČP finanční servis a.s. significant group members include Česká poist'ovna – Slovensko a. s. and ČESCOB, úv'ěrová pojišťovna, a.s.

Česká pojišťovna ZDRAVÍ a.s.

Česká pojišťovna ZDRAVÍ a.s. (ČPZ) was established on 22 December 1992 by two shareholders: Česká pojišťovna and Vereinte Krankenversicherung – Germany's second largest private health insurer. Since November 1997 Česká pojišťovna a.s. has been the company's sole shareholder. As of 31 December 2001 the basic capital was CZK 100 million. The company's principal business is insurance in the area of health, accident and travel expenses insurance.

ČPZ offers supplementary health insurance products that go beyond what is covered by the State's health care plan. In its commercial health insurance segment, the company holds a market share of around 70%. Until now the company has offered its services through its own network of business partners as well as the extensive network of Česká pojišťovna. Effective 1 March 2002, the ČPZ sales network was merged with that of ČESKÁ ŽIVOTNÍ, a.s. (which became ČP PARTNER, a.s. as of 3 April 2002).

In 2001 the company wrote over CZK 190 million in premiums, up over 9% from the previous year.

Česká poist'ovna – Slovensko, a. s.

Česká poist'ovna – Slovensko, a. s. (ČPS) is a composite insurer offering to the Slovak market a comprehensive range of insurance cover for both private individuals and corporate entities in both the life and non-life areas. The company was formed on 8 April 1993. Its basic capital was SKK 450 million as of 31 December 2001 and it is wholly owned by Česká pojišťovna a.s.

In 2001 ČPS grew its overall premiums written by 17.8% over the previous year to SKK 960 million. In life assurance, premiums written grew at a breathtaking rate of 96% for the year. In late 2001 ČPS became one of the first insurers in Slovakia to obtain a license to write mandatory third party motor liability insurance.

ČP DIRECT pojišťovna, a.s.

ČP DIRECT pojišťovna, a.s. (ČP DIRECT) was established on 1 January 1998: its basic capital at 31 December 2001 was CZK 80 million and its sole shareholder is Česká pojišťovna a.s. ČP DIRECT is a service organization that provides information on all products and services offered by Česká pojišťovna and its subsidiaries. It takes in claims under motor vehicle insurance, household effects insurance, buildings and structures insurance and deals with client filings related to the activities of Česká pojišťovna. It carries out market research studies and sells insurance over the telephone (e.g. travel insurance, motor third party liability). During 2001 the company's operators made over 350,000 telephone calls, 10% more than the previous year.

In late 2001 ČP DIRECT, acting with the permission of Česká pojišťovna as its sole shareholder, applied to the Ministry of Finance to withdraw its insurance license that was granted to it on 30 April 1999 (the license was withdrawn on 30 April 2002). The reason for this step was a strategic decision not to hold two licenses for non-life insurance within the Česká pojišťovna Financial Group and to use ČP DIRECT as a specialized distribution channel and service center for the Group.

ČESKÁ ŽIVOTNÍ, a.s. (renamed to ČP PARTNER, a.s. effective 3 April 2002)

ČESKÁ ŽIVOTNÍ, a.s. (now ČP PARTNER, a.s.) was established on 25 June 1998. Its basic capital as of 31 December 2001 was CZK 25 million and it is a wholly owned subsidiary of Česká pojišťovna a.s. It focuses on insurance activity with a specialization in life assurance products. It offers its services primarily to higher income groups through professionally trained insurance advisers, thereby creating another distribution channel for the sale of Česká pojišťovna's integrated financial services.

In 2001 the company grew its policy sales to CZK 174 million; 90% of the sales were for Česká pojišťovna. The remaining 10% was for Penzijní fond České pojišťovny, a.s. and to a lesser extent for ČPZ.

ČP INVEST investiční společnost, a.s.

One of the oldest and largest domestic investment companies - KIS a.s. kapitálová investiční společnost České pojišťovny - was established on 19 November 1991. Since 26 November 2001 it has been doing business under a new name: ČP INVEST investiční společnost, a.s. As of 31 December 2001 its basic capital was CZK 91 million and its sole shareholder was Česká pojišťovna a.s. Effective 28 January 2002 its 100% shareholder is ČP finanční holding a.s., a company owned by Česká pojišťovna. The company's principal business, in the course of which it has participated successfully in both waves of voucher privatization, is collective investment through the management of investment and mutual funds.

The company manages the open-end mutual funds Global Brands Fund (Fond globálních značek) and Corporate Bonds Fund (Fond korporátních dluhopisů), which were formed in 2001 by conversion from the closed-end funds AAA and Thesaurus, along with six more open-end mutual funds: Money Market Fund (Fond peněžního trhu), Government Bonds Fund (Fond státních dluhopisů), Mixed Fund (Smíšený fond), Pharmaceuticals and Biotechnology Fund (Fond farmacie a biotechnologie), New Economy Fund (Fond nové ekonomiky) and Petroleum and Energy Fund (Fond ropného a energetického průmyslu). Assets under management at 31 December 2001 totaled CZK 1.3 billion, up 9.8% from the previous year.

Penzijní fond České pojišťovny, a.s.

Penzijní fond České pojišťovny, a.s. was established on 19 September 1994. As of 31 December 2001 its basic capital was CZK 110 million and it is a 100% subsidiary of Česká pojišťovna a.s. The company recently increased its basic capital by a figure of CZK 100 million to a total of CZK 210 million (recorded in the Commercial Register on 6 February 2002). The company's principal business is supplemental pension insurance. It is one of the largest and financially strongest pension funds in the Czech Republic and is the number-two pension fund in the Czech Republic in terms of number of participants. Its assets at year end 2001 stood at CZK 5.5 billion. The number of clients at year end 2001 was 322,000, a 9% increase on the previous year, and client contributions together with State support in 2001 reached nearly CZK 1.9 billion.

ČP Leasing, a.s.

Established on 27 June 1997, ČP Leasing, a.s. is a universal leasing company. Its basic product range includes both car/truck and other vehicle leasing as well as lease financing of machinery and industrial equipment installations. Nevertheless vehicle leasing is its main focus. In addition to its core area of finance leases the company has been successful in becoming a major player in operative leasing (i.e. long-term rental) as well. The company's basic capital at 31 December 2001 was CZK 200 million and it is a wholly-owned subsidiary of Česká pojišťovna a.s. As the sole shareholder of ČP Leasing, a.s., Česká pojišťovna decided in 2001 to increase the company's basic capital by CZK 100 million to CZK 300 million (the new basic capital amount was recorded in the Commercial Register in December 2001).

eBanka, a.s.

eBanka, a.s. (which operated under the name Expandia Banka until April 2001) was established on 29 December 1990 and is currently one of the youngest banks in the Czech Republic and, for the time being, also the smallest. The process of eBanka's integration into the Česká pojišťovna Financial Group began in the autumn of 1999. The company's shareholder structure at 31 December 2001 was as follows: 89.1% Česká pojišťovna a.s., 9.5% ČP finanční služby a.s. and the rest was held by small shareholders. As of 31 December 2001 the bank's basic capital was over CZK 1 billion. Its principal business encompasses all types of bank transactions and services. eBanka, a.s. is unique in the Czech market for its exclusive focus on direct banking products (i.e. banking over the Internet, phone banking, GSM banking). However, in 2001 it also focused on further developing its business network and built 18 new points of sale. Since late 2000 it has been working with Česká pojišťovna under the banner "ČP Finance" to bring to market new banking products targeted at the insurer's clients. The bank has also substantially developed its small and mid-sized corporate lending business. During 2001 the bank's client base rose from 40,000 to nearly 200,000 and client deposits more than doubled from CZK 2.7 billion to CZK 6.2 billion.

ČESCOB úvěrová pojišťovna, a.s.

ČESCOB úvěrová pojišťovna, a.s. (ČESCOB) was established on 21 August 1997 and the name is a combination of the names of its two founders: Česká pojišťovna a.s. and COBAC, S.A., the largest Belgian credit insurer which is part of the multinational Euler Group. As of 31 December 2001 the company's equity was divided equally among the joint venture partners – 50% held by Česká pojišťovna a.s. and 50% by EULER-COBAC S.A. Euler Group is the world's largest corporate grouping in the credit insurance segment. Thus ČESCOB is represented either directly or indirectly in all the major business centers in the world. Since late 2000 it has been offering its products – insurance of credit risks as well as reinsurance and prevention activity – in Slovakia as well through the company Česká poisťovňa - Slovensko, a. s. The basic capital of ČESCOB as of 31 December 2001 was CZK 156 million.

With insured transactions in 2001 of well over CZK 20 billion, the company reinforced its position as the largest private credit insurer in the Czech Republic. According to preliminary figures, the company's premiums written rose by more than 28% over the previous year to CZK 111 million.

Home Credit a.s.

Home Credit a.s. was formed on 5 February 1997. As of 31 December 2001 its basic capital totaled CZK 82 million. In December 2001 the company subscribed new shares worth CZK 170 million in a capital increase, taking the basic capital up to CZK 252 million. The increased basic capital was recorded in the Commercial Register on 7 February 2002. The sole shareholder was Česká pojišťovna a.s. Home Credit a.s. specializes in sales of consumer goods on installment plans and is one of the biggest companies in this area in both the Czech and Slovak markets. In 2001 the number of active contracts rose from 170,000 to over 330,000.



For a long time now, Česká pojišťovna has been the leader in the Czech insurance market.

Directors and Officers

Board of Directors (as of 31 May 2002)



Chairman

Ladislav Bartoníček

Term of office since 28 December 2000

Born in 1964

Domicile: Praha 4, Slepá II/458

Education: Czech Technical University, Electrical Engineering Faculty
Master of Business Administration
Rochester Institute of Technology

Experience: ČKD Elektrotechnika
PPF investiční společnost a.s.



Vice-Chairman

Jan Blaško

Term of office since 28 December 2000

Born in 1964

Domicile: Praha 4, Nad Lesním divadlem 18/1113

Education: Czech Technical University, Electrical Engineering Faculty
Master of Business Administration
University of Chicago

Experience: ČKD, s.p., IPB, a.s.,
Stratego Invest, a.s.,
PPF burzovní společnost a.s.



Member

Jan Ježdík

Term of office since 28 December 2000

Born in 1955

Domicile: Liberec, Hálkova 1368/7

Education: Charles University Law Faculty

Experience: Česká státní pojišťovna
Česká pojišťovna a.s.

Changes in the Board of Directors during 2001 and 2002

Petr Prokop resigned from his positions in the Česká pojišťovna Board of Directors effective 26 February 2002.

On 18 March 2002 the Česká pojišťovna Board of Directors elected Jan Blaško to the office of Vice-Chairman of the Board of Directors.

On 18 March 2002 the Česká pojišťovna Board of Directors discussed – in accordance with the Insurance Act – a request by Milan Maděryč to be released from the office of Vice-Chairman of the Board of Directors of Česká pojišťovna.

Some changes in the composition of the company's governance bodies had not yet been recorded in the Commercial Register as of the Annual Report closing date.

Company Management (as of 31 May 2002)



Chief Executive Officer

Ladislav Bartoníček

Term of office since 1 May 2002

Born in 1964

Domicile: Praha 4, Slepá II/458

Education: Czech Technical University, Electrical Engineering Faculty
Master of Business Administration
Rochester Institute of Technology

Experience: ČKD Elektrotechnika, PPF investiční společnost a.s.



Deputy Director for Investment Policy

Jan Blaško

Term of office since 1 May 2002

Born in 1964

Domicile: Praha 4, Nad Lesním divadlem 18/1113

Education: Czech Technical University, Electrical Engineering Faculty
Master of Business Administration, University of Chicago

Experience: ČKD, s.p., IPB, a.s., Stratego Invest, .s.
PPF burzovní společnost a.s.



Deputy Director for Non-Life Insurance

Jan Ježdík

Term of office since 26 February 2002

Born in 1955

Domicile: Liberec, Hálkova 1368/7

Education: Charles University Law Faculty

Experience: Česká státní pojišťovna
Česká pojišťovna a.s.



Deputy Director for Life Insurance

Ivo Foltýn

Term of office since 1 October 2001

Born in 1970

Domicile: Praha 9, Trytova 1123/1

Education: Brno Technical University, Mechanical Engineering Faculty
Prague University of Economics, Corporate Finance Faculty

Experience: PPF investiční společnost a.s., PPF Capital Management a.s.
Penzijní fond České pojišťovny, a.s., Česká pojišťovna a.s.



Deputy Director

Roman Stupka

Term of office since 1 August 2000

Born in 1961

Domicile: Praha 4, Korandova 2

Education: Prague University of Economics, Commerce Faculty

Experience: PZO Polytechna, CONVATEC s.r.o.
BRISTOL – MYERS SQUIBB s.r.o.
RINGIER Praha a.s.



Deputy Director for Financial Management and Human Resources**Lubomír Bušek**

Term of office since 26 June 2000

Born in 1970

Domicile: Praha 4, Jeremenkova 14

Education: Czech Technical University, Civil Engineering Faculty
Master of Business Administration
Rochester Institute of Technology

Experience: Beton Lafarge s.r.o.



Deputy Director for Operations and IT**Jiří Huml**

Term of office since 1 May 2002

Born in 1964

Domicile: Černošice, Pardubická 1230

Education: Prague University of Economics, Operations and Finance Faculty
New York State University/CEU

Experience: Czech Agricultural Economics Institute, Federal Ministry of the Economy
McKinsey & Company, Inc., Komerční banka, a.s.



Deputy Director for Underwriting and Assurance**Miroslav Matocha**

Term of office since 20 June 2000

Born in 1964

Domicile: Brno-Bohunice, Neužilova 4

Education: Prague University of Economics, Commerce Faculty

Experience: INCOTEX spol. s r.o., Brno, FMZV Praha, ARISA, s.r.o., Brno
MORAVSKOSLEZSKÁ KOOPERATIVA, družstevní pojišťovna, a.s., Brno
WINTERTHUR pojišťovna, a.s., Praha

Changes in the company's management during 2001 and 2002

Due to changes in the company's management, the Executive Director position was done away with effective 1 March 2002. As a result Petr Prokop left the terminated position of Executive Director as of the same date.

A new position – Deputy Director for Non-Life Insurance – was established to which the Board of Directors appointed Jan Ježdík effective 26 February 2002.

As of 28 February 2002, the Deputy Director for Motor Vehicles Insurance position was terminated and vacated by Milan Houžvíc. Furthermore it was decided to do away with the position of Deputy Director for Human Resources Management effective 31 March 2002 when Radoslav Tesař voluntarily resigned from the position and from his employment with the company.

As of 30 April 2002 Jaroslav Kafka left the Deputy Director for IT position which was terminated. The new position, Deputy Director for Operations and IT, was filled by Jiří Huml as of 1 May 2002.

The organization changes at the Head Office, which took effect 1 May 2002, replace the previous position of Executive Chairman of the Board with a Chief Executive Officer position in which Ladislav Bartoníček will continue to serve. The previous position of Executive Member of the Board for Investment Policy was terminated and a new position Deputy Director for Investment Policy was created and filled by Jan Blaško. The new organization chart of the Head Office is included in the appendices to the Annual Report.

Supervisory Board (as of 31 May 2002)

Chairman

Ivan Kočárník

Term of office since 20 June 2000
Born in 1944
Domicile: Vonoklasy, K Bukovce 161

First Vice-Chairman

Aleš Minx

Term of office since 20 June 2000
Born in 1964
Executive Director and Company Proxy,
PPF investiční společnost a.s.
Domicile: Praha 5, Pod Víkem 121

Member

Eva Dytrychová

Term of office from 26 February 2002
Born in 1958
Česká pojišťovna, a.s.
Domicile: Chomutov, Přemyslova 1798

Member

Marie Kortová

Term of office from 26 February 2002
Born in 1956
Česká pojišťovna a.s.
Domicile: Bruntál, U rybníka 10

Member

Petr Kellner

Term of office from 4 April 2000
Born in 1964
Chairman of the Board, PPF a.s.
Domicile: Vrané nad Vltavou, Březová 509

Member

Jaromír Prokůš

Term of office from 28 December 2000
Born in 1964
Member of the Supervisory Board, PPF a.s.
Domicile: Praha 7, U Letenského sadu 10

Changes in the Supervisory Board during 2001 and 2002

At the General Meeting held on 28 June 2001, Zdeněk Kabilka was nominated to the Supervisory Board by the National Property Fund and elected in place of Zdeňka Němcová, who resigned as member of the Supervisory Board on 8 June 2001.

On 12 December 2001, the Supervisory Board of Česká pojišťovna accepted the resignations of Zdeněk Kabilka, Jan Škurek and Vlastimil Uzel from the Supervisory Board. As of the same date, their Supervisory Board seats were terminated pursuant to the company's Articles of Association.

On 17 December 2001, an extraordinary General Meeting of the company approved an amendment to the Articles of Association reducing the number of Supervisory Board seats from nine to six.

On 31 December 2001, the terms of office of Supervisory Board members Václav Kubišta and Gabriel Eichler expired. Since these were Supervisory Board members elected by the company's employees, elections were held for the positions as a result of which Marie Kortová and Eva Dytrychová (both of whom are employees of the company) were elected to the Supervisory Board. Their terms of office began on 26 February 2002.

Certain changes in the company's governance bodies had not yet been recorded in the Commercial Register as of Annual Report closing date.



Report of the Board of Directors on the Company's Operations and Financial Situation

Czech Republic Macroeconomic Development in 2001

The average inflation rate in 2001 increased to 4.7% from 3.9% in 2000. Inflation growth was driven primarily by the ongoing deregulation of energy prices and rents and by higher prices of certain foods. According to Czech Statistical Office data, prices in the insurance industry grew in 2001 by 5.7 percentage points over the previous year's levels. As of year end 2002 the country's Labor Offices had 462,000 unemployed on their books, which corresponds to an unemployment rate of 8.9%. In year-on-year terms the unemployment rate remained essentially flat, rising by only 0.1 of a percentage point.

Especially the latter portion of 2001 was characterized by a further decline in the Czech National Bank's interest rates and declining money market rates. The CNB discount rate fell from 5.0% in 2000 to 3.8% at year end 2001 and then fell further to 3.3% in February 2002. Average interest rates in the market for inter-bank deposits (3M PRIBOR) fell from 5.4% in 2000 to 5.2% in 2001 and the 3M PRIBOR declined to 4.6% at year end.

Share prices on the Prague Stock Exchanges, fluctuated widely during the year but in year-on-year terms they posted a decline of nearly 17%. The PX 50 stock market index fell from 474.70 at the beginning of the year to 394.60 at year end 2001.

Underwriting Performance – Summary

Overall Data for Česká pojišťovna

As of 31 December 2001 overall gross premiums written by Česká pojišťovna totaled CZK 31.0 billion for a year-on-year growth of 15.3% or CZK 4.1 billion, thanks primarily to growth in premiums written in life assurance although positive development in compulsory motor third party liability insurance also played a role. This fact also had an impact on overall claims paid and technical provisions.

Premiums written in non-life insurance totaled CZK 19.0 billion, up CZK 1.5 billion or 8.5% from the previous year due especially to growth in premiums written (by nearly CZK 1 billion) in compulsory motor third party liability insurance.

Life assurance premiums written grew from CZK 9.4 billion to CZK 12.0 billion, an increase of 28.1% thanks on the one hand to improved performance by the company's sales force and, on the other hand, to greater client interest in life assurance as a result of amended income tax legislation which made life assurance premiums tax deductible up to an amount of CZK 12,000.

Overall claims paid net of technical provisioning grew by 12.0% over the previous year to CZK 18.6 billion. The growth in claims was driven in particular by life assurance which saw claims paid rise by 25.1% (i.e. by CZK 1.9 billion) as a result of contract revisions made to insurance contracts to ensure that they qualify for the new tax deduction. Even in non-life insurance there was slight growth over 2000 by 1.4% or CZK 134 million.

During 2000 Česká pojišťovna's overall technical provisions grew to CZK 81.1 billion (up by CZK 5.9 billion), of which non-life provisions totaled CZK 19.4 billion (up CZK 3.2 billion) while life assurance provisions grew by CZK 2.7 billion to a total of CZK 61.6 billion.

Non-life Insurance

Description

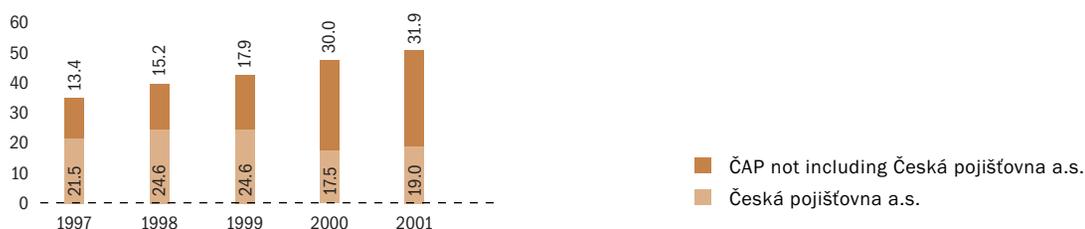
In 2001, Česká pojišťovna managed to grow its non-life insurance sales performance by one fifth compared to the previous year thanks in particular to positive new-policy sales performance in compulsory motor third party liability insurance. Also contributing to the good 2001 performance were other classes of non-life insurance such as our new household effects and buildings/structures insurance products, which are competitively priced and easy for clients to understand.

Position in the Non-life Insurance Market

According to Czech Insurance Association preliminary figures, Česká pojišťovna's share in the non-life insurance market measured in terms of premiums written remained practically unchanged compared to 2000, standing at 37.4% at year end 2001. This result was due mainly to good performance in compulsory motor third party liability insurance and the new property insurance products of which household effects and buildings/structures insurance have given Česká pojišťovna a major edge over our competition in these areas.

Česká pojišťovna Market Share in Non-life Insurance	1997	1998	1999	2000	2001
	61.0%	61.6%	57.7%	37.7%	37.4%

Non-life Premiums Written by Czech Insurance Association (ČAP) Member Insurers (CZK billions)



Underwriting and Sales

Non-life insurance premiums written in 2001 exhibited positive development in all areas of insurance reaching an aggregate total of CZK 19.0 billion, up CZK 1.5 billion from 2000's figure. Gross premiums written grew thanks to higher premiums in compulsory motor third party liability insurance, where premiums written grew from CZK 5.4 billion in 2000 to CZK 6.2 billion. In motor damage insurance we were able to reverse the previous declining trend in premiums written, and posted a year-on-year growth of CZK 98 million to end the year at CZK 3 billion. In accident insurance we could see the positive effects of writing this type of insurance together with life insurance as part of sales initiatives in 2001, focused on increasing the number of life insurance products to address the introduction of income tax breaks for life insurance. Accident insurance premiums written grew by CZK 183 million from the previous year's figure to a total of CZK 2.5 billion. Also in 2001 we managed to grow agricultural insurance premiums written by CZK 57 million to CZK 769 million in conjunction with the threats of foot-and-mouth disease and BSE in livestock insurance, on the one hand, and increased sales in crop insurance, on the other.

New Products

One of Česká pojišťovna's goals for 2001 was to improve our position in the market for motor damage insurance. Throughout the year, to support this goal we offered clients a modular comprehensive motor vehicle insurance product that combines motor vehicle insurance with compulsory motor third party liability insurance. Also in 2001 we began to see the performance boost provided by the new household effects and buildings/structures insurance products launched in the second half of 2000.

Claims Paid

Claims paid grew from CZK 9.2 billion in 2000 to CZK 9.4 billion (an increase of CZK 134 million). Claims in 2001 were not seriously affected by large-scale catastrophic events as in past years. The number of claims processed in contractual non-life insurance classes declined by 10,000 to 762,000. On the other hand the number of claims grew in compulsory motor third party liability insurance. Several large claims occurred in property insurance for large industrial enterprises; however they did not have any significant impact on earnings, thanks to our well-thought-out reinsurance programs. Flood and hail damage to crops – a yearly occurrence – was less extensive in 2001 than in previous years.

Outlook

The number-one task for 2002 and 2003 is to step up the underwriting effort in insurance for business and industry. A simple product for the smallest businesses has been prepared and during the year we will launch a product compliant with the new compulsory liability insurance for serious accidents.

Life Assurance

Description

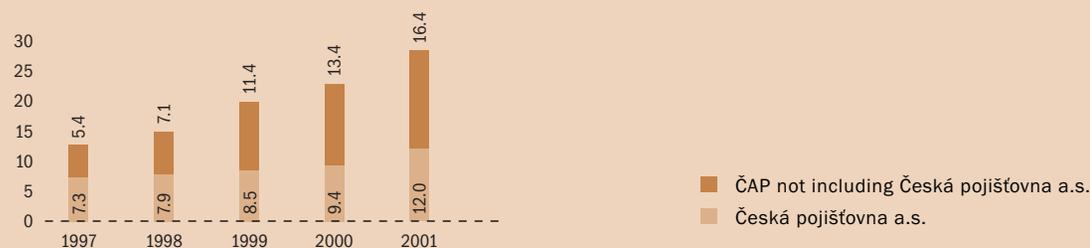
Life assurance played a key role in the company's sales strategy for 2001. Attesting to our success in putting this into practice is the fact that new business increased by 43%. Contributing to the growth in new business was increased public interest in life assurance spurred by new tax advantages, as well as single premium products supported by the favorable interest rates available on the savings components of life policies.

Position in the Life Assurance Market

According to Czech Insurance Association preliminary figures, in 2001 Česká pojišťovna grew life assurance premiums written by 28.1%, our best performance in the past 10 years. This led to a slight increase in market share last year. At year end Česká pojišťovna's market share in life assurance was 42.3%.

Česká pojišťovna Life Assurance Market Share	1997	1998	1999	2000	2001
	57.1 %	52.1 %	42.8 %	41.2 %	42.3 %

Life Premiums Written by Czech Insurance Association (ČAP) Member Insurers (CZK billions)



Underwriting

Česká pojišťovna wrote gross premiums of over CZK 12 billion in 2001, which is 28.1% more than in 2000. The largest assurance category was capital assurance at 60.3% of life assurance premiums written.

Overall new life insurance business in 2001 was up 32.0% from 2000 and the number of new policies signed grew by 43.4% over the previous year. The average premium per life assurance policy (not including single-premium policies) rose by 6% in 2001 to CZK 5,500.

In terms of the number of policies the proportion of conventional (one premium per year) policies is still high – in 2001 it was 86%. The growth in new business was due partially to the re-working of existing insurance contracts in the policy portfolio into new contracts that are eligible for the new tax advantages. This campaign, prepared and managed by Česká pojišťovna, brought about an increase in insurance terms as well as of the average annual premium.

New Products

Effective 1 January 2001 we introduced new rates for new retirement insurance policies. This is a simple regular premium product based on the Záruka (guarantee) retirement program. The product was created to address the recent amendment to the Income Tax Act.

For insurance policies dated 1 May 2001 and later we introduced an option of having capital life insurance with 100% of the premium paid for by the employer. The products offered must satisfy the eligibility conditions to be tax-deductible under the Income Tax Act (the policy must last at least until the age of 60 and the policyholder and the insured must be the same person).

Effective 10 October 2001 Česká pojišťovna teamed up with Penzijní fond České pojišťovny, a.s. to create a joint project to serve large and mid-sized corporate clients in the areas of capital life insurance and supplemental pension insurance. The program – known as the “ČP Employee Benefits Program” – allows corporate clients to offer their employees tax-advantaged capital life assurance in addition to supplemental pension insurance. The program is supported by a set of incentives.

Claims Paid

Claims paid in 2001 rose by 25.1% from the same period last year. The increase in claims paid owed substantially to the re-working of the existing policy portfolio to terminate old policies and replace them with new ones eligible for the new tax advantages. Overall a total of 512,000 life assurance claims were processed in 2001.

Outlook

Effective 1 January 2001, the amendment to the Income Tax Act gives both private individuals and legal entities the opportunity to deduct premiums paid under private life assurance policies from their income tax base. This gave a major impetus to further growth in the life assurance market that Česká pojišťovna had prepared itself for as early as 2000 with the aim of positioning itself to respond to increased client interest both in terms of new business and in the area of re-working existing policies to take full advantage of the new tax advantages. The tax incentives will likely continue to drive growth in premiums written compared to 2001's performance.

Reinsurance

Česká pojišťovna's principal business partners in the reinsurance area are the biggest and most important global reinsurers. We placed business with them partly on a direct basis and partly through leading brokerage firms. In reinsuring risks from the company's primary businesses, the reinsurance section is governed by requirements set by management concerning business partner solvency and financial strength. The main requirement for reinsurer security is a minimum rating of A- although the selection of reinsurers was also influenced by other considerations such as flexibility, availability and reinsurer know-how in the given reinsurance segment.

During 2001, and especially following the events of September 11 in the USA, substantial changes occurred in the international reinsurance market. Certain smaller reinsurers foundered and a large portion of the reinsurance market posted net losses for the year. Certain smaller reinsurers went out of business or were acquired by stronger partners. In most segments, the prices of reinsurance coverage rose dramatically and reinsurers are watching technical rate levels more closely. The complicated situation in the capital markets also exerted a substantial influence on reinsurer underwriting policies. For the most part, Česká pojišťovna was spared from these market fluctuations thanks to advantageous three-year reinsurance contracts signed last year, even though in some cases we were forced to accept higher reinsurance rates. Our policy of working with top-rated partners turned out to be a good one since when several reinsurers failed Česká pojišťovna was essentially unaffected.

The performance in outwards reinsurance was not affected by any catastrophic damages. Damages caused by floods and tornadoes did not reach the lower limits of the reinsurance program.

Česká pojišťovna provides inwards reinsurance primarily to its subsidiaries. Their business is then partially retroceded within our own reinsurance programs.

For the renewal of our reinsurance contracts for the 2003 period we must expect higher reinsurance rates in most segments. Therefore Česká pojišťovna intends to re-evaluate and restructure its reinsurance program in light of the new situation in the reinsurance markets.

Investments

Investment Activities

In 2001, Česká pojišťovna posted total net income on financial placements – after set-off of a proportion of administrative costs – of CZK 7.3 billion, compared to CZK 4.6 billion in 2000.

The increase in income over last year resulted in particular from a reversal in the performance of equities which brought in a return of 10.8% p.a., a remarkable performance considering the difficult situation in the global capital markets.

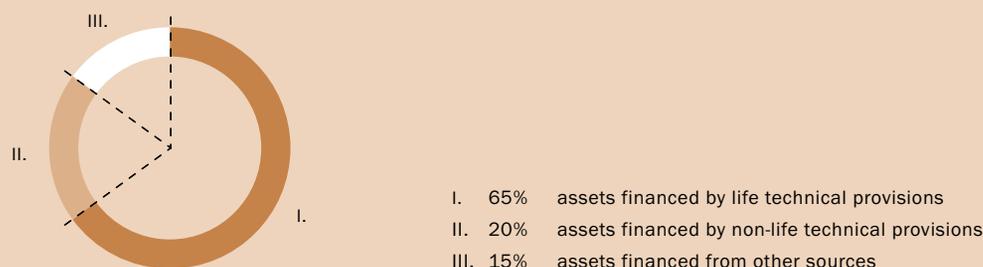
Also performing very well were fixed income instruments, whose return (9% p.a.) was influenced by falling interest rates world-wide caused by a sharp downturn in the global economy. This fact led to substantial growth in the values of long-term fixed income instruments held in Česká pojišťovna's portfolio, as these instruments bear interest at substantially higher rates than can currently be found in the markets.

Overall assets financed by technical provisions gained in value by a weighted average of 8.1% p.a. in 2001, since the performance of the instruments mentioned above was partially dampened by lackluster performance of other assets in the portfolio (real estate, etc.) which gained only 1.7% for the year. Nevertheless even when this is taken into account the performance was well above average.

In 2001 there was moderate growth in the volume of assets financed by life and non-life technical provisions. The main factors driving this growth were positive performance in life assurance, driven by the newly available tax advantages and the stabilized market shares in motor vehicles insurance and other classes of non-life insurance.

The distribution of Česká pojišťovna financial placements of all sources is shown in the graph "Net Assets Structure by Source of Financing". Net assets is defined as book value less value adjustments and accumulated depreciation.

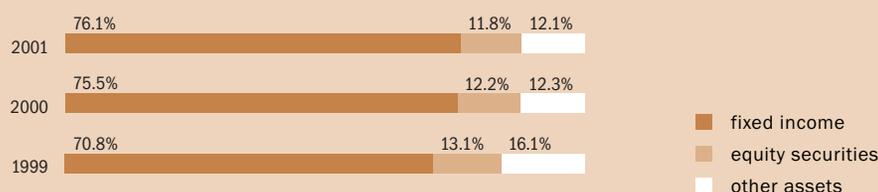
Net Assets Structure by Source of Financing



Financial Placements of Life Assurance Provisions

At 31 December 2001 a majority of life assurance technical provisions was invested in debt instruments (76%, CZK 50.6 billion), i.e. in bonds, treasury bills and term deposits. This portion of the portfolio is composed mainly of domestic and foreign government securities and securities of first-class issuers, as well as deposits with heavily capitalized domestic and foreign banks. In order to fulfill the primary aim of investment, i.e. to ensure the comprehensive coverage of future obligations towards insured parties at any given moment, we implemented a new system of investment portfolio management that is more closely correlated to the maturity structure of technical provisions.

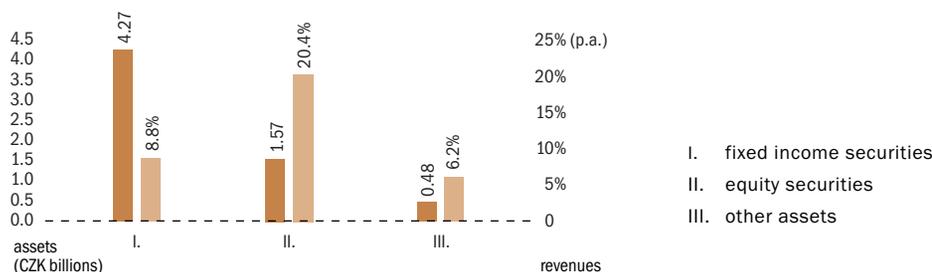
Net Assets Structure Financed by Life Assurance Provisions



The second largest asset category in life assurance funds is "Other assets" (12%, CZK 8.0 billion). In 2001, real property comprised 100% of this category.

The share of equity securities (shares and unit certificates) in overall assets was 12% at year end 2001 (3% of which was unit certificates of open-end mutual funds and the remaining 9% of which was in shares). Shares and unit certificates are investments that give the portfolio its long-term growth potential and are a suitable complement to the debt-heavy portfolio in terms of optimizing income and diversifying risk. At year end 2001 they accounted for CZK 7.9 billion and made up the remaining portion of the life assurance funds portfolio structure as seen in the graph “Revenues from Assets Financed by Life Assurance Provisions”.

Revenues from Assets Financed by Life Assurance Provisions (CZK billions)

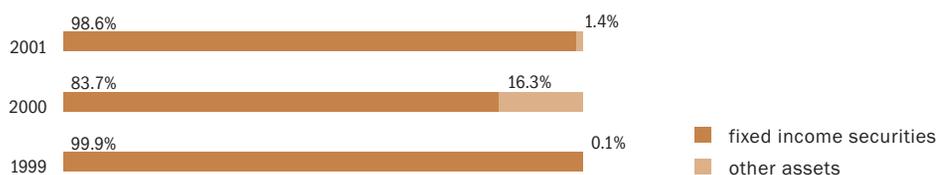


Overall revenues from financial placements financed by life assurance provisions reached CZK 6.32 billion in 2001. These revenues were composed in particular of high income from fixed-income instruments (mainly bonds and interest rate derivatives) totaling CZK 4.27 billion – thanks to falling interest rates and realization of capital gains on bonds and interest rate derivatives. Despite the unfavorable situation in international markets, equity securities generated a positive result of CZK 1.57 billion. “Other assets” contributed CZK 0.48 billion to the overall income figure. The revenues in the graph “Revenues from Assets Financed by Life Assurance Provisions” are shown net of the direct costs of the financial placements in question.

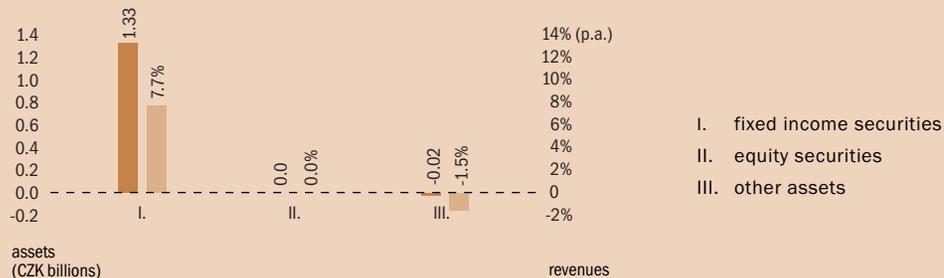
Financial Placements of Non-life Insurance Provisions

At 31 December 2001, the bulk of this portfolio was invested in fixed-income instruments (98%, CZK 19.2 billion), i.e. primarily in bills with shorter times to maturity (CZK 10.3 billion), treasury bills and term deposits. In accordance with the company’s current investment strategy, this portfolio is not invested in equities or similar instruments. In view of the implementation of an assets and liabilities management model for non-life insurance, there was a gradual lengthening of times to maturity of investments financed by non-life technical provisions, in an effort to bring these investments more into line with the maturities of the non-life technical provisions themselves. However, the investment of these funds continues to be largely short-term and the choice of instruments is governed by the necessity of having sufficient highly-liquid assets on hand to cover claims in the event of catastrophes.

Net Assets Structure Financed by Non-life Insurance Provisions



Revenues from Assets Financed by Non-life Insurance Provisions (CZK billions)



Overall revenues from financial placements financed by non-life provisions reached CZK 1.31 billion in 2001. The assets are structured such that the revenues were generated by fixed-income instruments (CZK 1.33 billion) – see the graph “Revenues from Assets Financed by Non-life Insurance Provisions”. The loss was caused by the “Other assets” category and by revaluation of foreign currencies.

Financial Performance Commentary

Earnings

The overall earnings result in 2001 was a profit of CZK 4.2 billion. Although in absolute terms this represents a year-on-year decrease of 3.1%, the result is double last year's profit when adjusted for the CZK 2.7 billion one-off impact of legislative amendments to accounting regulations on deferred tax. The company's total assets advanced to CZK 108.6 billion, partly in conjunction with a CZK 10 billion increase in the financial placements item on the assets side and a nearly CZK 6 billion increase in technical provisions on the liabilities and equity side.

Basic Capital and Funds

In 2001, Česká pojišťovna complied with a General Meeting resolution and used a portion of the 2000 profit to increase the legal reserve fund. The remaining profit was transferred to retained earnings. At year end 2001, CZK 3.4 billion of retained earnings was used to pay a dividend. At the same time, CZK 1.7 billion was transferred to the special reserve fund to cover buy-backs of the company's own shares. Overall, however, shareholders' equity increased slightly to over CZK 11 billion thanks to the earnings result.

Earnings Allocation Proposal

The extraordinary General Meeting held in late 2001 decided for the first time in company history on the payment of a dividend. The gross dividend was CZK 1,140 per CZK 1,000 nominal value share for a total amount of CZK 3.4 billion. The dividend was paid out of retained earnings. The dividend was not paid on shares that were held by Česká pojišťovna as of 19 December 2001, i.e. the strike date for dividend pay-out (i.e. 12.64% of the shares).

In 2002, Česká pojišťovna will transfer 5% of the earnings amount, i.e. CZK 209 million, to the legal reserve fund and CZK 3,971 million will be transferred to retained earnings. The earnings allocation proposal was submitted and approved at the Annual General Meeting held on 17 June 2002.

Technical Provisions

In 2001, technical provisions were increased by CZK 5.9 billion, to a total of CZK 81.1 billion.

Unearned Premiums Provision

The unearned premiums provision rose by 8% to CZK 4.1 billion. At 31 December 2001, the net unearned premiums provision for contractual non-life insurance was CZK 3.7 billion and for life assurance it stood at CZK 0.4 billion. This represents growth of approximately CZK 0.3 billion over the year-end 2000 figure. This relatively small shift was the result of several factors canceling each other out – especially in motor damage and compulsory motor third party liability insurance.

Life Assurance Provision

The life assurance provision grew by 5% to CZK 61.6 billion. The main cause of its growth was increased demand for life assurance driven by new tax advantages instituted by an amendment to the Income Tax Act.

Claims Provision

The net total claims provision for contractual non-life insurance at 31 December 2001 was CZK 11.5 billion, up CZK 1.7 billion over the same date one year before.

Provision for Bonuses and Rebates

The provision for bonuses and rebates in compulsory motor third party liability insurance grew slightly (by CZK 13 million) to CZK 172 million. Contributions to this provision from other classes of insurance stood at CZK 17 million at 31 December 2001, up CZK 8 million from the previous year.

Equalization Provision and Other Provisions

The equalization provision at 31 December 2001 totaled CZK 1.9 billion. Compared to year end 2000 this represents growth of approximately CZK 0.5 billion. The balance of other provisions (in particular the provision for Czech Insurers' Bureau obligations related to statutory motor third party liability insurance) at 31 December 2000 was nearly CZK 1 billion. In 2001 this class of provisions was increased by approximately CZK 0.7 billion, bringing it to CZK 1.7 billion at 31 December 2001.

Financial Placements

Development similar to that of technical provisions was seen in financial placements, the net total of which grew from CZK 83.1 billion to CZK 93.0 billion (up 12%). The growth was driven in particular by changes in individual items within the financial placements structure. For example, fixed-income securities grew by CZK 4.0 billion, participating interests with controlling influence grew by CZK 3.1 billion and deposits with banks grew by CZK 2.7 billion. On the other hand, floating-rate securities fell by CZK 2.2 billion.

Receivables

Receivables as a whole fell in year-on-year terms by 19.5%, or CZK 1.9 billion, although receivables from direct insurance and reinsurance grew by CZK 0.6 billion (to CZK 3.3 billion). The decline in the overall figure was caused in particular by drops in the deferred tax receivable (down by CZK 1.0 billion) and in receivables from financial placements.

Liabilities

The company's liabilities grew by 33.5% to CZK 12.8 billion. Hidden in this figure is a CZK 0.4 billion decline in liabilities from direct insurance and reinsurance and a growth in the "Other liabilities" category of approximately CZK 3.5 billion. A major factor in the growth in liabilities was a CZK 4 billion bond issue that took place on 16 July 2001.

Other Assets

The "Other assets" item grew by 93.3% to CZK 5.5 billion. The largest component contributing to this growth was cash on current accounts (growth of CZK 1.0 billion) and purchase of the company's own shares (growth of CZK 1.7 billion).

Human Resources

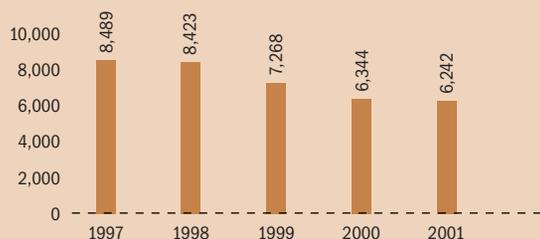
Česká pojišťovna's human resources policies play a critical role in laying the groundwork for meeting the company's strategic goals. They are built up on a foundation of top-quality highly qualified professionals willing and able to satisfy the company's wide-ranging clientele and the company's human resources development initiatives are designed and tailored to this end as well.

The average number of employees was 6,158 at December 31 and work force figures since 1997 are shown in the table "Financial Highlights" on p. 8. The physical head count in 2001 was 6,242, down 2,247 persons (26.5%) from 1997. The largest work force cuts took place in 1999 and 2000 as a result of the overall restructuring of Česká pojišťovna. The number of employees has been gradually reduced in all profession categories, but most of all in operations staff.

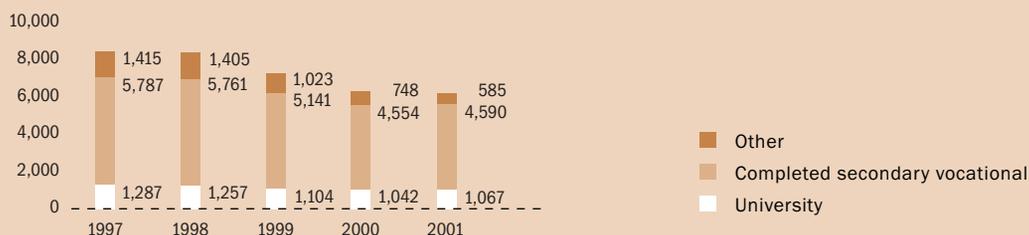
In order to improve the quality of employee teams, both new and recently vacated positions were filled through competitive internal or external searches. During the past five years, the number of university-educated employees has risen from 15.6% in 1997 to 17.1% in 2001. On the other hand the proportion of employees with lower completed levels of education fell from 16.7% in 1997 to 9.4% in 2001. The average employee age at Česká pojišťovna is 41.5 years.

Česká pojišťovna has signed a Collective Agreement that resulted from the collective bargaining process. In accordance with the Commercial Code, one third of the members of the company's Supervisory Board are elected by the employees.

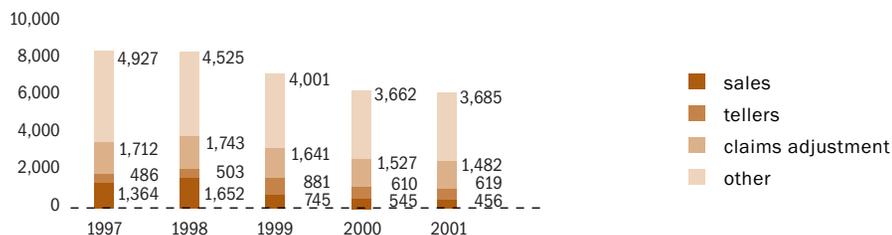
Employee Head Counts



Work Force Education Structure



Work Force Structure by Position Within the Company



Principal Marketing Initiatives and Public-Benefit Activities

Česká pojišťovna's marketing activities in 2001 had two strategic goals: first, to continually grow the market value of the corporate grouping and, second, to be a patron in various public-benefit and prevention-oriented activities.

In terms of marketing support the key focus in 2001 was life assurance. On 1 January 2001 an amendment of the Income Tax Act granting tax advantages to private life assurance (tax deductible status) came into force and effect. It was evident that most insurance companies that offer life assurance products would use the new tax advantages in their promotions, and that 2001 will be a very significant year in terms of the future distribution of market share in this insurance class. Česká pojišťovna not only defended its position – thanks to the good work of our marketing team and sales staff we increased our market share by 1.3 percentage points – but with nearly 370,000 new life assurance policies signed during the year, Česká pojišťovna strongly reaffirmed its leading role in this insurance segment. In addition, our subsidiary Penzijní fond České pojišťovny became the number-two pension fund in the Czech Republic in terms of number of active clients. According to market research, our life assurance marketing support was the most successful of the entire competitive field. 75% of the economically active population of the Czech Republic is familiar with the slogan “Někdo má a někdo nemá” (“Some People Have It, Some People Don't”) and associate it with Česká pojišťovna and our life assurance and pension insurance products.

Another marketing initiative came in the autumn to support sales of compulsory contractual motor third party liability insurance and motor damage insurance. This campaign contributed to a year-on-year increase of nearly 150,000 in the number of vehicles with compulsory contractual insurance from Česká pojišťovna.

Sponsorship and social activities are an integral part of the company's overall long-term strategy. In keeping with this we continued in our long-standing policy of donating money to support various areas to help shape the general public's positive perception of Česká pojišťovna.

Thus, Česká pojišťovna continued to support our principal sponsorship platforms, which we have been supporting for several years now and which are commensurate with our position in the Czech market: ice hockey, the Velké pardubické steeplechase, the Škoda Octavia Cup, the Czech Top 100, the Hollar Association of Czech Graphic Artists, and the Ypsilon Theatre. Thanks to our focus on motor racing, we were able to take advantage of the fact that top racer Tomáš Enge became the first ever Czech Formula 1 driver. Late in the year, we added a new project to the list of supported activities: a teen education project entitled Terra Club.

Support for prevention-oriented activities was provided by Česká pojišťovna through the “Česká pojišťovna Blue Wave” traffic reports, temperature displays on the motorways, and special projects such as a theft prevention program called “Lock Your Doors” carried out in cooperation with the Czech Republic Police.

Through our sponsorship activities that cover mainly the areas of culture, sports and education Česká pojišťovna endeavors to identify itself with basic society values – social responsibility and solidarity.

Supplemental Information on the Financial Situation and the Financial Performance

Consolidated Financial Statements

The Securities Commission, by its decision dated 12 February 2002 ref. no. 45/N/444/2002/1, permitted Česká pojišťovna to publish non-consolidated financial statements only, in compliance with the disclosure requirements of an issuer of registered securities for the year 2002 pursuant to Section 80a(1) Securities Act.

Summary of Movements on Equity During Past Three Accounting Periods

	Ending Balance at 31. 12. 1999 TCZK	Ending Balance at 31. 12. 2000 TCZK	Ending Balance at 31. 12. 2001 TCZK
Basic capital	3,412,391	3,412,391	3,412,391
Other capital funds	82,216	45,769	44,967
Profit from the current period	1,057,633	4,314,595	4,180,187
Retained earnings	1,236,820	2,241,572	1,269,297
Legal reserve fund	111,116	268,444	2,157,845
Other funds	110,239	43,192	43,599
Total	6,010,415	10,325,963	11,108,286

Court, Administration and Arbitration Proceedings

There are no pending court, arbitration or administrative proceedings that could have a material impact on the company's financial situation or operations. As part of its prudent approach, the company has created adjustments or a general provision for all disputed cases in an amount sufficient to off-set the risk.

Principal Investments

The non-financial investments set forth below were made primarily in constructing and renovation of buildings, furnishing buildings, and in computer technology.

Year / Category (TCZK)	Construction and renovation	Furnishings	Office and computer equipment	Other	Total
1998	458,939	58,171	101,942	156,444	775,496
1999	76,029	2,527	242,200	280,597	601,353
2000	581,906	6,544	195,423	85,981	869,854
1st Quarter 2001	10,181	-	40,192	11,929	62,302
2001	536,674	17,310	211,367	75,884	841,235
1st Quarter 2002	23,716	2,644	13,499	11,885	51,744

Česká pojišťovna makes non-financial investments only in the Czech Republic and from its own funds. Non-financial investments of Česká pojišťovna in future years are expected at an approximate level of CZK 1 billion.

Net Book Value of Land and Buildings

In view of the quantity of the real estate owned by the company (see, e.g., the number of structures given in the table), only aggregate figures are given. Due to excessive size, an item-by-item list could only be included at the expense of reduced ease of orientation in the annual report. None of the real estate owned by Česká pojišťovna is encumbered by mortgage.

Year	Land	Buildings and structures	In process and advance payments	Total
Value at 31. 12. 2000 (TCZK)	781,266	6,861,931	333,351	7,976,548
Number of buildings	-	225	-	225
Total area in m ²	1,235,809	-	-	1,235,809
Net book value at 31. 12. 2001 (TCZK)	743,117	7,351,795	435,909	8,530,821
Number of buildings	-	205	-	205
Total area	1,221,554	-	-	1,221,554

Note: this table supplements the information presented in Note III.2.(c) to the financial statements.

Information on Credits and Loans

Česká pojišťovna does not use credits or loans in its financing. Information on a bond issue is presented in the chapter "Outstanding Securities".

Information on Entities in Which Česká pojišťovna Holds a Participating Share Exceeding 10% of Its Own Net Profit for the Year

These are entities in which the net book value of Česká pojišťovna's participating share exceeds the amount of CZK 418 million.

Name	ID no.	Principal Businesses	Seat	Basic Capital (in TCZK unless stated otherwise)	Share in Basic Capital
ČP finanční služby a.s.	26117193	Organization and economic consulting, marketing – surveys and market research	Na Pankráci 1658, Praha 4	2,000,000	100%
Home Credit a.s.	25326201	Consumer lending	Kounicova 284, Brno	82,000	100%
Zeta Osteurope Holding S.A.	n.a.	Finance, investment companies and funds, corporations	23 Avenue Monterey, Luxembourg	22,100,000 EUR	74.25%
Česká spořitelna, a.s.	45244782	Carrying on of banking trades and provision of banking services in the Czech Republic and with foreign counterparties	Olbrachtova 1929/62, Praha 4	15,200,000	6.58%
eBANKA, a.s.	00562246	Carrying on of all banking trades and provision of all banking services in the Czech Republic and with foreign counterparties	Na Příkopě 19, Praha 1	1,042,302	89.06%

Name (TCZK)	Amount and type of provisions	Profit after tax	Unpaid amount of participating share if any	Income generated by participating share	Net book value of shares held by issuer	Amounts company owes to ČP	Amounts ČP owes to company
ČP finanční služby a.s.	-	97,903	-	-	2,000,000	21	90
Home Credit a.s.	Provision for foreign exchange losses (1,035)	4,205	447,371	-	2,019,141	5,914	1,862
Zeta Osteurope Holding S.A.	-	13,212	-	-	524,792	-	-
Česká spořitelna, a.s.	Provision for standard loans and guarantees, provision for foreign exchange losses, provision for other banking risks, other provisions (8,252,090)	3,034,044	-	-	2,887,706	-	-
eBANKA, a.s.	Provision for standard loans and guarantees (17,251) Other provisions (10,557)	7,252	324,144	-	1,674,794	358	6,640

Corporate Strategy and Outlook for 2002

Česká pojišťovna's principal short- and medium-term goal is to maintain its position as the leading domestic insurance company in both life and non-life insurance and, at the same time, to grow the company's operating profitability.

Česká pojišťovna intends to continue to position itself as an insurer that offers services to the widest possible clientele in personal lines. In addition, one of the priorities for 2002 is to bolster our position in the area of services for small and medium-sized corporations. Now as before, Česká pojišťovna will focus on the large industrial risks segment where our ambition is to be the principal national insurer.

Motor vehicles insurance continues to be a key segment; it accounts for roughly one third of the entire Czech insurance market in terms of premiums written. Česká pojišťovna will seek to maintain or increase its share of the market for motor third party liability insurance and the market for motor damage insurance.

The company sees considerable growth potential in the life assurance market where opportunities still remain to take advantage of the tax advantages available to both individual and corporate clients starting in 2001. Judging from past trends in more advanced countries, we can expect to see the share of life assurance premiums written in the Czech Republic's gross domestic product increase from the current one third to over one half during the years to come.

One of preconditions for meeting the company's ambitious sales goals in life and non-life insurance is further development of cross-selling of products and services throughout the entire Česká pojišťovna Financial Group. Therefore, in accordance with global trends, Česká pojišťovna will focus on offering comprehensive packages of financial services to both retail and corporate clients and on developing modern channels of communication that will enable us to better leverage the synergies inherent in the Group's scope of operations.

The envisioned goals cannot be achieved without further streamlining of internal processes, reductions in operating costs, and improvements in client services, especially in the underwriting and claims handling areas. In 2001 several key projects were implemented focusing, e.g., on improving services and streamlining the claims handling process in motor vehicles insurance. A similar project was launched for the other classes of non-life insurance as well. The most important project for 2002 is to implement a new system for non-life insurance operations.

The success of all Česká pojišťovna projects and goals is dependent upon high-quality work in human resources which represent and will continue to represent one of the company's crucial assets.

[Supervisory Board Report]

During 2001, the Supervisory Board discharged its duties under the law and the company's Articles of Association. The Supervisory Board oversaw the Board of Directors' exercise of its powers and the implementation of the company's business activities. Its oversight activity focused on determining whether the company's operations comply with applicable laws and regulations, the company's Articles of Association, and resolutions of the General Meeting.

At its meetings, the Supervisory Board discussed the company's financial performance, implementation of the financial and business plan, the investment policy, and the financial performance of the company's subsidiaries. The Supervisory Board also considered the company's strategic aims and those of the company's Financial Group.

At the company's General Meeting held 17 December 2001, an amendment to the Articles of Association was adopted under which the number of Supervisory Board members was reduced from 9 to 6. In February 2002, elections were held to fill two Supervisory Board positions elected by the company's employees. The following two new Supervisory Board members were elected: Marie Kortová and Eva Dytrychová.

The company's Board of Directors presented the Supervisory Board with the financial performance results for 2001. These results are part of the audited year-end financial statements. Further, the Board submitted its proposal for allocating the profit generated in 2001 as well as the consolidated financial performance results for 2000.

The Supervisory Board has reviewed the year-end financial statements for the year 2001, the proposed allocation of profit, and the consolidated financial statements for 2000 and recommends that the shareholders approve the year-end financial statements for 2001, the consolidated financial statements for 2000 and the allocation of the 2001 profit as proposed by the Board of Directors.

Prague, 12 June 2002



Ivan Kočárník

Chairman of the Supervisory Board





Auditor's report to the shareholders of Česká pojišťovna a.s.

On the basis of our audit, on 6 May 2002 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Česká pojišťovna a.s. for the year ended 31 December 2001. These financial statements are the responsibility of the Company's management. 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 the auditing standards of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, equity and financial position of Česká pojišťovna a.s. as of 31 December 2001 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

We have reviewed other financial information in the annual report for consistency with the audited financial statements. In our opinion, the information is consistent in all material aspects with the audited financial statements.

Prague, 14 June 2002

A handwritten signature in black ink, appearing to read 'KPMG Česká republika Audit'.

KPMG Česká republika Audit, spol. s r.o.
Licence number 71

A handwritten signature in black ink, appearing to read 'František Dostálek'.

František Dostálek
Licence number 176

[Financial Section]

[Balance Sheet]

as at 31 December

in TCZK	See Note*	2001	2000	1999		
ASSETS						
	Gross	Gross amount	Adjustment	Net amount	Net amount	Net amount
Intangible assets	III.1	694,892	538,945	155,947	254,151	347,401
Formation expenses						
Goodwill						
Financial placements (investments)		105,596,750	12,569,315	93,027,435	83,074,708	80,935,163
Land and buildings (real estate)	III.2.(c)	9,920,323	1,825,441	8,094,912	7,643,197	8,079,934
Land and buildings – self-occupied		104,890	56,308	48,582	158,700	2,757,985
Investments in third parties and other long-term receivables		14,888,382	2,855,481	12,032,901	7,854,934	8,752,284
Participating interests with controlling influence in undertakings	III.2.(a),(b)	8,214,098	181,476	8,032,622	4,913,136	3,732,176
Participating interests with significant influence in undertakings	III.2.(a),(b)	86,650	23	86,627	68,253	78,660
Bonds and other debt-securities issued by undertakings – controlling influence		299,322	299,322			174,386
Bonds and other debt-securities issued by undertakings – significant influence	III.2.(d)	37,250	37,250			
Other participating interests and other long-term receivables		6,251,062	2,337,410	3,913,652	2,873,545	4,767,062
Other financial placements	III.2.(d)	80,668,627	7,888,393	72,780,234	67,514,479	64,067,668
Variable-yield securities	III.2.(d)	3,351,129		3,351,129	5,557,167	3,481,118
Fixed-income securities	III.2.(d)	57,629,110	969,447	56,659,663	52,649,576	32,759,496
Financial placements in investments companies and funds	III.2.(d)	1,111,673		1,111,673	1,135,660	1,518,851
Financial placements in associations with legal personality						
Financial placements in associations without legal personality						
Mortgage loans						
Other loans	III.2.(d)	912,412	810,115	102,297	161,500	1,382,884
Deposits with banks	III.2.(d)	12,175,968	1,860,000	10,315,968	7,608,942	24,141,617
Other financial placements	III.2.(d)	5,448,335	4,248,831	1,239,504	401,634	783,702
Deposits with ceding undertakings	III.2.(d)	18,570		18,570	23,911	35,277
Fin. pl. for the benefit of policy holders who bear the investment risk		100,818		100,818	38,187	
Receivables		12,115,298	4,340,780	7,774,518	9,658,124	5,658,130
Receivables arising from direct insurance and reinsurance operations	III.3.(a)	5,242,937	1,924,342	3,318,595	2,709,721	2,129,379
Receivables due from the insured		4,602,970	1,924,342	2,678,628	1,942,673	1,799,672
Receivables due from intermediaries		13,465		13,465	11,362	3,363
Receivables arising from reinsurance operations		626,502		626,502	755,686	326,344
Capital subscriptions receivable						
Other debtors		6,872,361	2,416,438	4,455,923	6,948,403	3,528,751
Other assets		7,200,937	1,713,962	5,486,975	2,838,002	5,721,673
Movable tangible fixed assets	III.5.	2,354,726	1,713,962	640,764	662,213	709,204
Operational movable assets		2,301,859	1,713,962	587,897	610,713	658,623
Non-depreciable tangible fixed assets		52,867		52,867	51,500	50,581
Acquisition of assets	III.5.	452,810		452,810	366,693	284,983
Advance payments for intangible and tangible fixed assets		149,571		149,571	176,861	106,609
Other assets		197		197	257	2,561,488
Cash values and other financial assets		4,393,204		4,393,204	1,808,839	2,165,998
Current accounts	III.2.(e)	2,499,246		2,499,246	1,543,251	1,932,659
Cash and other cash values	III.2.(e)	115,841		115,841	161,142	129,746
Cheques						
Own shares	III.7.(b)	1,778,117		1,778,117	104,446	103,593
Temporary asset accounts		2,180,844		2,180,844	1,990,654	3,536,115
Interest and rent		11,569		11,569	3,443	9,489
Deferred acquisition costs		725,886		725,886	930,223	1,233,736
Other temporary asset accounts		1,443,389		1,443,389	1,056,988	2,292,890
Losses carried forward						
Current period loss						
TOTAL ASSETS		127,788,721	19,163,002	108,625,719	97,815,639	96,198,482

as at 31 December

in TCZK	See Note*	2001		2000	1999	
LIABILITIES						
	Gross	Gross amount	Adjustment	Net amount	Net amount	Net amount
Share capital and funds				5,658,802	3,769,796	3,715,962
Share capital	III.7.(a),(c)			3,412,391	3,412,391	3,412,391
Share issue premium						
Other capital accounts	III.7.(c)			44,967	45,769	82,216
Reserve fund from new re-valuation						
Legal reserve fund	III.7.(c),(e)			2,157,845	268,444	111,116
Other funds	III.7.(d)			43,599	43,192	110,239
Technical provisions		82,985,037	1,930,103	81,054,934	75,163,143	80,542,130
Provision for unearned premiums	III.8.(b)	4,622,066	503,542	4,118,524	3,832,837	3,900,149
Life assurance provision	III.8.(a)	61,612,737		61,612,737	58,885,371	56,893,332
Provision for outstanding claims	III.8.(c)	12,946,756	1,426,561	11,520,195	9,876,635	17,781,664
Provision for bonuses and rebates	III.8.(d)	172,133		172,133	158,983	29,294
Equalisation and other technical provisions	III.8.(e)	3,631,345		3,631,345	2,409,317	1,937,691
Provision for liabilities where the investment risk is borne by the insured		100,818		100,818	39,460	
Provisions for other risks and losses				705,346	659,602	432,745
Legal provisions				-	3,950	15,205
Other provisions	III.9.			705,346	655,652	417,540
Liabilities from deposits received				3,987	4,660	8,455
Subordinated liabilities						
Payables				12,776,492	9,567,309	7,610,019
Payables arising from direct insurance and reinsurance operations	III.3.(b)			2,807,942	3,247,965	4,281,926
Payables due to the insured				2,372,767	2,612,895	4,160,488
Payables due to intermediaries				987	98,855	1,711
Payables arising from reinsurance operations				434,188	536,215	119,727
Loans backed by debenture						
Loans backed by debenture denominated in convertible currency						
Bank loans					167,500	
Tax liabilities				502,608	206,023	190,889
Payables due to social security and health insurance institutions				73,451	70,073	88,034
Payables to group companies						
Payables to affiliated companies						
Other payables				9,392,491	5,875,748	3,049,170
Temporary liability accounts				2,875,856	2,055,502	1,594,718
Undistributed profits from previous periods				1,269,297	2,241,572	1,236,820
Profit from the current period	III.7.(e)			4,180,187	4,314,595	1,057,633
TOTAL LIABILITIES				108,625,719	97,815,639	96,198,482

* References relate only to 2000 and 2001.

[Profit and Loss Account]

as at 31 December

in TCZK	See Note*	2001	2000	1999
Technical account – non-life insurance				
Gross premiums written	II.1.	19,025,738	17,532,775	24,551,366
Outward reinsurance premiums		(1,544,299)	(1,504,721)	(1,250,669)
Change in the provision for unearned premiums		(288,450)	194,882	(324,717)
Change in the provision for unearned premiums – reinsurers' share		35,927	207,371	142,515
Earned premiums, net		17,228,916	16,430,307	23,118,495
Other technical income, net	III.11.(g)	1,084,101	262,050	345,790
Claims incurred, net	II.1.	(9,382,490)	(9,248,094)	(15,633,525)
Reinsurers' share of claims paid		575,184	885,993	683,978
Change in the provision for outstanding claims – reinsurers' share		(2,229,448)	(2,702,433)	(837,555)
Claims incurred, net		(10,450,866)	(10,568,603)	(15,668,713)
Change in other technical provisions, net		(711,252)	(586,911)	(517,151)
Bonuses and rebates, net		(162,824)	(19,021)	(20,540)
Acquisition costs	III.11.(b)	(2,657,329)	(2,605,801)	(2,991,649)
Deferred acquisition costs	III.11.(b)	(204,337)	(303,513)	925,730
Administrative expenses	III.11.(c)	(2,435,155)	(2,089,630)	(1,996,903)
Reinsurance commissions and profit participations, net	III.11.(b)	320,789	327,501	263,895
Net operating expenses	III.11.(b)	(4,976,032)	(4,671,443)	(3,798,927)
Other technical expenses, net	III.11.(h)	(1,437,304)	(908,420)	(996,351)
Change in the equalisation provision	III.6.(e),(f)	(523,907)	(14,404)	(600,000)
Result for the technical account for non-life insurance		50,832	(76,445)	1,862,603
Technical account – life assurance				
Gross premiums written	II.2.	12,009,548	9,377,556	8,525,269
Outward reinsurance premiums		(3,726)	(8,235)	(4,796)
Change in the provision for unearned premiums, net		(32,783)	(334,941)	
Earned premiums, net		11,973,039	9,034,380	8,520,473
Income from participating interests, of which: controlling influence		108,490	47,497	7,250
Income from other financial placements		6,571,438	5,555,989	7,262,639
Income from land and buildings		374,415	403,675	280,618
Income from other financial placements		6,197,023	5,152,314	6,982,021
Release of value adjustments on financial placements		3,244,889	1,623,145	4,226,732
Income from disposal of financial placements		58,784,924	46,768,814	36,909,159
Income from financial placements		68,709,741	53,995,445	48,405,780
Other technical income, net	III.11.(g)			175
Claims paid		(9,242,956)	(7,387,353)	(8,286,740)
Reinsurers' share of claims paid			104	
Change in provision for outstanding claims		(130,613)	603,080	929,046
Change in provision for outstanding claims – reinsurers' share				
Claims paid, adjusted		(9,373,569)	(6,784,169)	(7,357,694)
Change in life assurance provision		(2,768,047)	(3,284,800)	(2,200,055)
Change in life assurance provision – reinsurers' share				
Change in other technical provisions		(61,358)		
Change in other technical provisions, net		(2,829,405)	(3,284,800)	(2,200,055)
Bonuses and rebates, adjusted				
Acquisition costs	III.11.(b)	(1,367,218)	(1,068,572)	(1,123,763)
Administrative expenses	III.11.(c)	(798,133)	(739,010)	(959,237)
Reinsurance commissions and profit participations, net	III.11.(b)	698	678	642
Net operating expenses	III.11.(b)	(2,164,653)	(1,806,904)	(2,082,358)
Expenses connected with financial placements		(3,089,129)	(4,572,966)	(5,338,653)
Creation of value adjustments on financial placements		(1,621,615)	(3,541,940)	(2,690,895)
Book value of disposed financial placements		(57,640,051)	(42,892,182)	(35,382,078)
Expenses connected with financial placements, total		(62,350,795)	(51,007,088)	(43,411,626)
Unrealized diminutions in value of financial placements				
Other technical expenses, net	III.11.(h)	(28,412)	(23,505)	(18,500)
Income from financial placements transferred to non-technical account				
Result of the technical account for life assurance		3,935,946	123,359	1,856,195

as at 31 December

in TCZK	See Note*	2001	2000	1999
Non-technical account				
Result of the technical account for non-life insurance		50,832	(76,445)	1,862,603
Result of the technical account for life assurance		3,935,946	123,359	1,856,195
Income from participating interests				
Income from other financial placements				
Income from land and buildings				
Income from other financial placements		1,649,829	1,314,738	2,164,101
Release of value adjustments to financial placements		739,498	38,712	2,742,216
Income from the disposal of financial placements		23,435,722	7,502,420	15,077,371
Income from financial placements, total		25,825,049	8,855,870	19,983,688
Income from financial placements transferred from the life assurance technical account				
Expenses connected with financial placements		(756,167)	(326,257)	(559,829)
Creation of value adjustments on financial placements		(81,644)	(65,067)	(2,897,621)
Book value of disposed financial placements		(24,032,054)	(6,804,503)	(20,567,067)
Expenses connected with financial placements, total		(24,869,865)	(7,195,827)	(24,024,517)
Income from financial placements transferred from the non-life insurance technical account				
Other income	III.11.(i)	2,579,236	1,257,656	3,981,137
Other expenses	III.11.(j)	(2,106,790)	(1,535,594)	(1,465,744)
Income tax on ordinary activities	III.12.(a)	(1,256,866)	2,719,524	(1,129,103)
Earnings after tax		4,157,542	4,148,543	1,064,259
Extraordinary income		54,519	199,920	16,453
Extraordinary expenses		(12,452)	(15,326)	(11,219)
Extraordinary result		42,067	184,594	5,234
Income tax on extraordinary activities				
Other taxes and fees		(19,422)	(18,542)	(11,860)
Result for the accounting period		4,180,187	4,314,595	1,057,633

* References relate only to 2000 and 2001.

Notes to the Financial Statements

I. General Contents

I.1. Characteristics and Core business

Česká pojišťovna a.s. (hereafter the “Company”) is the successor to the former state owned insurance company, Česká státní pojišťovna. The Company was incorporated on 1 May 1992 as a joint stock company in the country’s first wave of privatisation.

Structure of shareholders:

As at 31 December 2001, the structure of shareholders was as follows:

CESPO B.V., The Kingdom of the Netherlands	83.51%
Česká pojišťovna a.s.	12.64% (own shares)
Others	3.85%

The own shares shown above were acquired by the Company in accordance with Section 161b of the Commercial Code, which sets forth statutory exceptions for cases when a company may own more than 10% of its own shares. For more information about the own shares owned by the Company, see Note III.7.(b) to the Financial Statements.

Registered office:

Spálená 75/16, 113 04 Praha 1, Czech Republic

The Company’s identification number (“IČO”): 45 27 29 56

The Company’s core business is providing composite insurance services, offering all major insurance classes, i.e. life assurance, non-life insurance, insurance of industrial and business risks, and agricultural insurance. The Company also insures international trade risks and engages in reinsurance activity and certain related activities.

Members of the Board of Director as of the balance sheet date:

Chairman:	Ladislav Bartoníček, Prague
Vice-Chairman:	Jan Blaško, Prague
Member:	Jan Ježdík, Liberec

Members of the Supervisory Board as of the balance sheet date:

Chairman:	Ivan Kočárník, Prague
Vice-Chairman:	Aleš Minx, Prague
Members:	Petr Kellner, Vrané nad Vltavou
	Jaromír Prokš, Prague
	Marie Kortová, Bruntál
	Eva Dytrychová, Chomutov

Vlastimil Uzel, Zdeněk Kabilka and Jan Škurek resigned from the Supervisory Board effective 12 December 2001. The terms of office of Václav Kubišta and Gabriel Eichler expired on 31 December 2001.

As of 17 December 2001, the Articles of Association stipulate that the Supervisory Board has six members. This ensues from an amendment to the Articles of Association that was passed by the extraordinary General Meeting of the same day. Two Supervisory Board seats were vacant until 26 February 2002, when two new Supervisory Board members were elected from among the Company’s employees in accordance with Section 200 of Commercial Code. The elections took place on 13 and 14 February 2002. The Board of Directors announced the results of the elections on 26 February 2002 and that date was also the beginning of the terms of office of the two newly elected Supervisory Board members, Marie Kortová and Eva Dytrychová.

Petr Prokop was Vice-Chairman of the Board of Directors until 26 February 2002, when the Board of Directors accepted his resignation from the positions of Vice-Chairman and Member of the Board of Directors. Jan Blaško took over as Vice-Chairman starting on 18 March 2002.

On 18 March 2002 the Company’s Board of Directors accepted the resignation of Milan Maděryč with reference to the conditions set forth in the Insurance Act (363/1999 Coll.).

As of the balance sheet date, the changes in the Board of Directors and Supervisory Board had not yet been recorded in the Commercial Register.

At least two members of the Board of Directors, of which one must be the Chairman or Vice-Chairman of the Board, must act together in the name of the Company towards third parties, the courts and other bodies. If the members of the Board sign in the name of the Company, the signatures and positions of at least two members of the Board of Directors, of which one must be the Chairman or the Vice-Chairman of the Board, are required to be added to the designated business name of the Company.

I.2. Consolidation

These financial statements have been prepared by the Company without consolidation. The data in the Company's financial statements are then consolidated with the financial statements of the Company's subsidiaries. The consolidated financial figures of the ČP Group are then consolidated into the financial statements of PPF Group N.V. The consolidated result for the accounting period may significantly differ from the non-consolidated result.

I.3. Legal Framework

On 1 April 2000, Act No. 363/1999 Coll. on Insurance and Amendments to Related Legislation, as amended (hereafter the "Act") became effective.

According to the Section 42(4) of the Act, the insurance company, which prior to the effect of the Act was granted the insurance license, is obliged to legally comply with the Act within two years after the effect of the Act (i.e., by 1 April 2002) and to submit written proof thereof to the Ministry of Finance (hereafter the "MF"). Based on the documentation submitted, the MF would then issue to the insurance company in question a decision in which it would set forth the extent to which its insurance and/or reinsurance operations are licensed.

As required by the MF, a description of the Company's full scope of business activities was approved by the extraordinary General Meeting of 17 December 2001. On 27 December 2001, the Company's Board of Directors submitted documentation to the MF proving compliance with the above-mentioned requirement.

On 11 April 2002 the MF issued a decision granting the Company a license to engage in insurance activities, reinsurance activities and related activities. This decision entered into legal force on 30 April 2002.

Regulation applicable to insurance companies

As at 31 December 2001, the insurance industry was regulated by the following legislation:

- Act No. 363/1999 Coll. on Insurance and Amendments to Related Legislation, as amended,
- Act No. 563/1991 Coll. on Accounting, as amended,
- Regulation of the Federal Ministry of Finance, Ref. No. V/2-25 430/1992 dated 12 December 1992, on the Chart of Accounts and Accounting Procedures for Insurance Companies, as amended,
- Regulation of the Federal Ministry of Finance, Ref. No. V/2-31 380/1992 dated 23 December 1992, on the Content of the Financial Statements of Insurance Companies, as amended,
- Decree of the MF No. 75/2000 Coll., which implements Act No. 363/1999 Coll. on Insurance and Amendments to Related Legislation,
- Act No. 168/1999 Coll. on Motor Third Party Liability Insurance and Amendments to Certain Related Legislation, as amended,
- Decree of the MF No. 205/1999 Coll., which implements Act No. 168/1999 Coll. on Motor Third Party Liability Insurance and Amendments to Certain Related Legislation, as amended,
- Act No. 65/1965 Coll. (the Labour Act) Section 205d, as amended,
- Decree No. 125/1993 Coll., which sets forth conditions and rates of Workmen's Compensation Insurance, as amended,
- Act No. 18/1997 Coll. on the Peaceful Use of Nuclear Energy and Ionizing Radiation (the Nuclear Act) and on Amendments to Certain Legislation (Section 36), as amended,
- Act No. 159/1999 Coll. on Certain Conditions for Doing Business in the Tourism Industry and on Amendments to Act No. 40/1964 Coll. (the Civil Code), as amended, and Act No. 455/1991 Coll. (the Trades Licensing Act), (Sections 6-8), as amended,

and other acts that deal with compulsory insurance.

I.4. Basic Accounting and Valuation Principles Used by the Company

The accounting records of the Company are maintained and financial statements of the Company have been prepared in accordance with Act No. 563/1991 Coll. on Accounting, Regulation of the Federal Ministry of Finance No. 430/1992 on the Chart of Accounts and Accounting Procedures for Insurance Companies, and Regulation of the Federal Ministry of Finance No. 380/1992 on the Content of the Financial Statements of Insurance Companies.

The accounting records are maintained in accordance with fundamental accounting principles, primarily the historical cost convention, the accruals principle, the principle of prudence, and the assumption going concern.

(a) Written premiums

Gross written premiums except for the non-life commercial long-term insurance include all amounts due according to insurance contracts during the accounting period, irrespective of whether these amounts relate wholly or partly to subsequent accounting periods.

Gross written premiums from non-life commercial insurance (industrial business and agricultural insurance) include the total annual premium due from one-off policies written irrespective of the due date of individual instalments.

The provision for unearned premiums includes all premiums relating to following accounting periods. Gross earned premium is that part of written premiums arising from policies written, which relates to the current accounting period irrespective of whether or not premiums were paid.

(b) Claims paid

Claims paid are recorded at the moment the associated loss event is recognized and processed to arrive at a claim amount. Claims paid are reduced by subrogation and other similar rights of the Company. Claims paid in non-life insurance are increased by claims handling costs.

(c) Gross operating expenses

Operating expenses consist of policy acquisition costs and administration expenses. Acquisition costs consist of promotion costs, commissions of both the sales force of the Company and the external sales force (exclusive internal agents, brokers, dealers, external agents, and organizations), the wages of the sales force excluding commissions, and other costs of the sales force.

Administration expenses include labour costs, consumption of energy and raw materials, and other cost items not included in policy acquisition costs. Other costs include in particular policy retention bonuses, costs of premium collection, claim settlement costs, policy portfolio management costs, and reinsurance costs (both outward and inward reinsurance). In addition to the above, administrative overheads in life assurance include ancillary costs associated with claims handling.

(d) Deferred acquisition costs

Acquisition costs include all direct and indirect costs arising from the conclusion of insurance contracts. Deferred acquisition costs include costs during the financial year, which relate partly to the revenues of subsequent financial years.

Acquisition costs are deferred only in non-life insurance. Life assurance acquisition costs are charged to the profit and loss account as incurred.

Acquisition costs are deferred according to the ratio of the gross unearned premium provision to actual gross written premiums net of employer's liability (workmen's compensation) insurance. Starting in 2001, the calculation of deferred acquisition costs is carried out separately for motor third party liability (hereafter "MTPL") and for all other classes of insurance.

MTPL acquisition costs incurred in 1999 (not including commissions) are deferred in a non-linear fashion: 40% of the costs were recognized in 1999, 30% in 2000, 20% in 2001, and 10% will be recognized in 2002.

(e) Provision for unearned premium

The amount of the unearned premium provision matches that portion of both life and non-life written premiums, which relates to future accounting periods and is calculated as the sum of the mentioned portions of premiums determined for each individual policy. If it is impossible to calculate the provision for unearned premium in the above manner, statistical methods are used.

(f) Provision for outstanding claims

The purpose of the provision for outstanding claims is to cover insurance liabilities:

- i) reported, but not settled in the current accounting period (RBNS),
- ii) incurred, but not reported during the current accounting period (IBNR).

Estimated claims handling costs are included in the provision for outstanding claims.

For i) mentioned above, the provision is usually calculated with reference to the sum of provisions calculated for individual claims.

For ii) mentioned above, the provision is calculated using an expert estimate using statistical methods (e.g., the triangle method).

If there is a claim settled in the form of an annuity in individual classes of business, the provision for outstanding claims is created using actuarial methods.

In MTPL insurance, agricultural and industrial insurance, part of the claims payment is in the form of an annuity. The provision for such claims is established as the sum of the expected payments over the full duration of the annuity, which is increased by the difference between expected increase of claims settlement and revenues generated by the financial placement of those provisions. The ratio in use is 3.0% annually.

Whilst the Board of Directors considers the gross provision for outstanding claims and the related reinsurance recoveries to be fairly stated, the ultimate liability may vary as a result of subsequent information and events and may result in a significant adjustment to the amounts provided. Adjustments to provision amounts are reflected in the financial statements for the period in which the adjustments are made. The methods used and the estimates made are reviewed regularly.

(g) Provision for bonuses and rebates

The provision for bonuses and rebates is created and released in accordance with insurance contracts in order to adequately provide for bonuses and rebates on non-life premiums. A detailed breakdown of the provision is shown in Note III.8 (d).

To record changes in the provision for bonuses and rebates, the Company uses the "Other provisions" creation and release accounts for non-life insurance.

(h) Equalization provision

The equalization provision is established for individual classes of non-life insurance and is intended to equalize increased claims costs that may arise due to fluctuations in the claims ratio caused by events beyond the Company's control. The creation and release of this provision is governed by Decree No. 75/2000 Coll. (hereafter the "Decree"). The calculation is based on data for the years 1998 – 2001 (see Note III.8 (e)).

The Decree prescribes the method and criteria for the calculation of the equalization provision, the amounts to be added to the provision and the amounts to be released, and also the maximum level of the provision for selected classes of non-life insurance (insurance of damage to property caused by storm, other natural forces, nuclear energy, landslide or land subsidence, hailstorm or frost; credit insurance).

For other insurance classes, the Company, in accordance with point (4) of Annex 1 of the Decree and the opinion of the MF in its capacity as the State Insurance Supervisory Authority dated 29 August 2000, uses the rates stipulated for the insurance class which is closest to the insurance class in question.

No provision is created for those insurance classes whose share of net premiums for all classes of non-life insurance written by the Company falls below 4% and, at the same time, the net premiums from said class of insurance did not exceed TCZK 1,000 in any of the years in the period concerned.

(i) Life assurance provision

The life assurance provision is created using the sum of the provisions calculated for individual life assurance policies. The calculation of the provisions is based on net premiums and uses the same mortality tables and rates of interest used to calculate the premium rates.

The life assurance provision represents the actuarially calculated liabilities of the Company, inclusive of profits already declared and allocated and provisions for insurance administration expenses after deducting the value of future premiums.

As a part of the life assurance provision as described above, an additional provision is established in respect of special bonuses. This provision corresponds to the value of special bonuses calculated using the prospective method using the same interest rate and mortality assumptions as used to calculate the basic life assurance provision.

The life assurance provision also contains a provision for outstanding claims. The provision includes the values of anticipated future requirements resulting from the lower mortality rate in pension insurance, as well as a provision covering the difference between actual and anticipated administrative overheads, a provision for waivers of premium and a provision for future shares in profits.

(j) Life assurance provision where the risk is borne by the insured

The life assurance provision where the risk is borne by the insured is intended to cover obligations of the insurance company due to the insured in those classes of life assurance where, based on the policy, the investment risk is borne by the insured.

The amount of the provision is calculated as the sum of the commitments due to the insured amounting to their share in financial placements of premiums from individual life assurance contracts and in accordance with the principles defined in the contracts.

If the life assurance, where the risk is borne by the insured, includes the claim payment in a guaranteed amount, the life assurance provision is created for this settlement at the same time.

(k) Non-life insurance provision

The non-life insurance provision is created for those classes of non-life insurance where the premium amount is dependent on the initial age or sex of the insured.

This provision represents the value of the Company's liabilities calculated using actuarial methods, including already declared profit shares and contractual claims for premium refunds, as well as provisions for policy administration costs, after deducting the value of future premiums.

Due to a discrepancy between the current Insurance Act and the statutory accounting procedures for insurance companies, the Company records the non-life insurance provision under "Other provisions" (see Note III.8.(f)).

(l) Other technical provisions

The Company creates other technical provisions in accordance with Section 13 of the Insurance Act (see Note III.8.(f)). The Company requested the MF's permission to create this class of provisions and the MF granted its permission on 2 January 2001.

The "Other technical provisions" item includes the provision for the Company's guarantee of the liabilities of the Czech Insurers' Bureau (hereafter the "Bureau") pursuant to Act No. 168/1999 Coll. on MTPL Insurance. The amount is determined based on documentation provided by the Bureau.

(m) Provisions for other risks

Provision for investment risks

This provision is established to reflect the level of general risk inherent within the investment portfolio.

Foreign exchange loss provision

This provision is created for unrealised foreign exchange losses. The Company creates this provision both during and at the end of the accounting period.

Maintenance provision

The maintenance provision is set up in accordance with Act No. 593/1992 Coll. on Provisions for the Purpose of Determining the Income Tax Base.

Other provisions

The Company creates other provisions in cases when it is aware of general risks and potential future costs associated with its operations.

(n) Reinsurers' share of technical provisions

Technical provisions are shown as a net liability, i.e. after deduction of the reinsurers' share. The amount of this share is calculated based on the terms of the appropriate reinsurance contracts, methods for effecting settlement with reinsurers, and with regard to the principle of prudence.

At the balance sheet date the Company discloses the reinsurers' share of the provision for unearned premiums and the provision for outstanding claims. Reinsurers do not participate in the other technical provisions.

(o) Financial placements

Land and buildings

Land and buildings are stated at acquisition cost. An independent expert assessment of the market value of land and buildings is performed every five years and an internal assessment is performed every year. Where an independent expert assessment or internal assessment results in price lower than the book value, the adjustment is created.

Market value is defined as the price that the land and buildings could be sold for, as of the date of the appraisal, based on a purchase contract entered into between a buyer and a seller at arm's length, i.e. assuming that the assets in question were offered for sale to the public through the market, that the market's conditions allow for proper sale and that the time period available to close the deal is commensurate to the character of the assets in question.

In the event it is impossible to determine the market value because there is no reliable basis for estimating the amount that could be raised from the sale of real property at arm's length terms between properly informed participants that are willing to enter into the transaction, the value is considered to be the real property's use value, i.e. an estimate of future cash flows produced by the property assuming no vacancy, with the application of the appropriate discount rate.

The Company provides for depreciation on a straight-line basis using the following rates:

Item	Depreciation rate (% of acquisition cost)
Land	0
Buildings (incl. technical improvement)	1.0 - 10.0

Securities and participation interests

Shares and other variable-yield securities are recorded at purchase price and adjusted for any temporary declines in their market value.

Participation securities which are traded on either the Prague Stock Exchange (hereafter the "PSE") or the RM-SYSTÉM are recorded at the lower of cost or market price as at year-end. Where the investment is listed on both the PSE and RM-SYSTÉM, the PSE price is used.

Participations and unlisted participation securities are valued at either their purchase price, value of equity falling to one share or participation certificate, or at the present value of future incomes, respectively.

Participation interest with controlling influence are defined as a participation in an undertaking of a third party in whose registered capital in the Company holds a share exceeding 50%. Participation interest with significant influence are those in which the Company's share in the third party's registered capital is greater than 20% and less than or equal to 50%.

"Other participation interests" are those in which the Company's share is less than 20% or in which the Company's influence is given by contract or articles of association.

Bonds and other long-term fixed-yield securities are recorded at purchase price less an adjustment, if any, for temporary decline in market value.

Debt securities intended to be held until maturity are not re-valued at market price. Instead, the Company amortizes the premium or discount over the time remaining to maturity. Adjustments are made only in cases when there is danger that the investment will generate a net loss.

Other debt securities are valued using PSE reference prices, if they are available, or based on an expert assessment.

Expert assessments are based on a model of the net present value of future cash flows from the particular debt security in question. The discount factors used to discount these cash flows are calculated from the interest rates attainable in the money and swap markets, adjusted by a particular credit spread. When determining the credit spreads, the Company acts in accordance with the principle of prudence. The applied credit spread should not, under any circumstances, be lower than the market spread of a bond with similar characteristics of the same or comparable issuer. In lieu of an expert appraisal, the price announced by a public securities market in the country where the issuer's home office is located, or any other foreign public securities market may be used.

Zero-coupon debt securities are recorded at amortized purchase price, i.e. including the amortized portion of the difference between the purchase price and the face value.

Securities traded on a foreign public market are valued at the price announced on the public market in the state where the office of the issuer is registered, or on other foreign public markets.

If those securities are denominated in a foreign currency, their price is translated into the Czech currency with the use of the up-to-date Czech National Bank exchange rate. The corresponding exchange rate difference is recorded in the accounting records of the Company and the provision is created for possible unrealised loss on foreign currency.

Treasury bills are carried at amortized acquisition cost, i.e. including the amortized portion of the difference between the acquisition cost and the face value.

Deposits and other financial placements

Bank deposits and loans granted are stated at nominal value. An adjustment is created when there is a temporary diminution in the value of loans on the basis of the expected recoverable amount.

Derivatives

When the Company makes use of derivatives for the purpose of interest rate and exchange rate hedging or against security price fluctuations, those transactions are accounted for at that time and in the same way as hedged instruments.

Flows of payments from closed derivative transactions are accounted for using costs for and incomes from investments made during the period to which they belong in terms of matter and time.

For derivatives that are part of the trading portfolio, provisions are made in the event of temporary diminution in value. The Company creates adjustments to purchased options in the event of temporary diminution in value.

Unrealised gains on financial placements

When the present value of certain financial placements exceed their book value, these unrealised gains are not accounted for, but the total amount of such unrealised gains is disclosed in the Notes to the Financial Statements.

(p) Costs of and income from financial placements

Allocation of income from financial placements between life assurance and non-life insurance

Income from financial placements, which is directly related to life assurance activities, is recorded in the technical account for life assurance.

Other income from financial placements, which is not related to life assurance, is recorded in the non-technical account.

Expenses for and income from disposal of financial placements

Except for the treasury bills and promissory notes, the Company uses the gross method to account for the realization of financial placements. In accordance with said method, all disposal proceeds are accounted for at the selling price of the financial instruments in question and costs are recorded separately as the book value of the financial placements in question.

To account for disposals of treasury bills and promissory notes, the net method is used. Under that method, only the net gain or loss realized on the sale of the financial instruments in question is recorded to the profit and loss account.

(q) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible fixed assets costing less than CZK 40,000 and intangible assets costing less than CZK 60,000 are charged to the profit and loss account in the period in which they are put in use. The annual depreciation rates for accounting purposes are based on estimates of the useful lifetimes of tangible and intangible assets.

The Company provides for depreciation on a straight-line basis using the following annual rates:

Item	Depreciation rate (% of acquisition cost)
Software	33.3
Equipment	6 – 33.3
Other tangible assets	10 – 25
Pieces of fine art	0

(r) Foreign exchange translations

Transactions during the year are recorded using the Czech National Bank rate effective on the transaction date.

At the balance sheet date, foreign currency monetary assets and liabilities are translated using Czech National Bank official rate for that date. Unrealised foreign exchange gains and losses are recognized in the balance sheet. A provision is made for unrealised foreign exchange losses; the creation and release of the provision are included in the non-technical account.

(s) Adjustments

The Company creates adjustments to financial placements, receivables, and other assets. Adjustments represent a temporary diminution in value of individual assets determined on the risk basis of a risk assessment carried by the management of the Company.

Adjustments to financial placements

Adjustments for financial instruments are created to reflect a temporary diminution in value and are calculated as the difference between the current value and book value. The amount of adjustments takes into account any derivative contracts entered into to secure the value of financial placements.

Adjustments to receivables

The Company makes adjustments to receivables based on an analysis of their recoverability and based on the age structure of receivables.

Adjustments to receivables can be broken down as follows:

- the creation and release of which is regulated by Act No. 586/1992 Coll. on Income Tax and Act No. 593/1992 Coll. on Provisions for the Purpose of Determining the Income Tax Base,
- the creation and release of which is regulated by internal guidelines of the Company based on an analysis of development of payment schedules and of recoverability of receivables.

(t) Allocation of items between life assurance and non-life insurance

Costs of and income from financial placements

Costs of and income from financial placements of non-life insurance provisions and shareholders' equity as well as other costs and income that are not directly related to the Company's own insurance and reinsurance activity are recorded on the non-technical account.

Costs of and income from financial placements are allocated between life assurance and non-life insurance in the manner set forth in Note I.4. (p).

Other costs

Throughout the year, costs of administrating all activities (administration costs) are charged first to the non-technical account, pursuant to approved accounting procedures.

The Company transfers costs from the non-technical account to the life assurance and non-life insurance technical accounts using a ratio that is stipulated on the basis of an internal cost analysis of life assurance and non-life insurance.

Acquisition costs, net of commissions, are allocated to the life assurance and non-life insurance technical accounts according to a ratio determined based on an internal cost analysis of life assurance and non-life insurance.

(u) Income tax

Corporate income tax for the period in question consists of taxes payable and the change in deferred tax.

Corporate income taxes payable

Corporate income taxes payable includes the tax calculated from the tax base using the tax rate valid in the current year as well as all additional tax levies and tax refunds for the current year and previous years. The tax base is decreased by the tax losses, if any, from previous accounting periods.

Deferred tax

Deferred tax is provided in the event the pre-tax profit differs from the tax base due to temporary differences and there is no doubt concerning its further tax realization in future tax periods.

When taking into account temporary differences, the Company assesses whether losses on individual transactions could be considered tax deductible in the future.

The amount of deferred tax asset or liability is set as the product of the total temporary differences amount multiplied by the income tax rate valid in the following accounting and tax period.

When computing deferred tax, the Company takes into account prior tax losses carried forward as well as temporary differences arising, inter alia, from:

- transactions relating to financial placements,
- adjustments to receivables and property,
- depreciation of property.

A detailed deferred tax breakdown is provided in Note III.12.(b).

II. Special Contents

II.1. Non-life Insurance

Direct insurance:	2001 (TCZK)	2000 (TCZK)
Accident		
Gross premiums written	2,525,749	2,343,172
Gross premiums earned	2,494,675	2,473,083
Gross claims paid	1,375,444	1,074,099
Gross operating expenses	700,541	771,297
Reinsurance outwards result	(15,374)	(6,772)
Contractual MTPL		
Gross premiums written	6,185,265	5,404,167
Gross premiums earned	5,898,069	5,162,335
Gross claims paid	3,473,343	3,806,419
Gross operating expenses	1,605,638	1,443,394
Reinsurance outwards result	(50,369)	(47,618)
Other motor (casco)		
Gross premiums written	2,981,436	2,882,891
Gross premiums earned	3,199,249	3,219,744
Gross claims paid	2,303,241	1,744,129
Gross operating expenses	928,265	788,898
Reinsurance outwards result	0	0
Marine, aviation and transport		
Gross premiums written	165,632	166,121
Gross premiums earned	170,508	177,862
Gross claims paid	34,937	30,077
Gross operating expenses	61,855	69,361
Reinsurance outwards result	(68,125)	1,241
Fire and property		
Gross premiums written	4,187,387	4,084,478
Gross premiums earned	4,107,744	4,014,294
Gross claims paid	2,970,663	2,832,866
Gross operating expenses	1,221,267	1,223,006
Reinsurance outwards result	175,620	159,899
Liability		
Gross premiums written	970,423	935,033
Gross premiums earned	945,290	940,777
Gross claims paid	289,070	1,443,620
Gross operating expenses	396,627	304,727
Reinsurance outwards result	(107,430)	98,987
Employers' liability		
Gross premiums written	778,003	743,884
Gross premiums earned	778,003	743,884
Gross claims paid	326,735	317,064
Gross operating expenses	194,500	185,971
Reinsurance outwards result	0	0
Credits and guarantees		
Gross premiums written	78,591	0
Gross premiums earned	8,329	0
Gross claims paid	(1,281)	(15,735)
Gross operating expenses	5,105	204
Reinsurance outwards result	(3,690)	1,205
Agricultural insurance		
Gross premiums written	768,977	712,071
Gross premiums earned	767,301	715,101
Gross claims paid	649,410	829,349
Gross operating expenses	173,819	202,555
Reinsurance outwards result	42,836	204,959
Inwards reinsurance		
Gross premiums written	384,275	260,958
Gross premiums earned	368,120	280,577
Gross claims paid	190,376	(111,361)
Gross operating expenses	9,204	9,531
Reinsurance result	0	0
Total		
Gross premiums written	19,025,738	17,532,775
Gross premiums earned	18,737,288	17,727,657
Gross claims paid	11,611,938	11,950,527
Gross operating expenses	5,296,821	4,998,944
Reinsurance outwards result	(26,532)	411,901

Gross premiums written and earned grew compared to the previous year's figures, thanks in particular to premium growth in MTPL insurance.

The year-on-year decline in gross claims paid reflects a change in the provision for outstanding claims. The largest factor in the decline in gross claims paid was a substantial increase in provisions that took place in 2000.

Inward reinsurance premiums are included in gross premiums written. The Company reinsures mainly its subsidiaries, which comprise over 99% of overall reinsurance premiums written.

II.2. Life Assurance

Gross premiums written in life assurance:

	2001 (TCZK)	(TCZK)
Contractual for individuals	11,991,013	9,358,030
Contractual for groups	18,535	19,526
Total	12,009,548	9,377,556
Recurring premiums	7,257,252	6,869,526
Single premiums	4,752,296	2,508,030
Total	12,009,548	9,377,556
Premiums from contracts without profit sharing	3,357,378	0
Premiums from contracts with profit sharing	8,562,846	9,305,217
Premiums from contracts, where investment risk is borne by the insured	89,324	72,339
Total	12,009,548	9,377,556
Reinsurance result	(3,028)	(7,453)

Premiums written in 2001 include TCZK 2,228,793 from contracts entered into before 2001. The Company has worked with clients to revise these contracts to ensure that clients can claim premiums paid on private life insurance policies as tax deductible.

II.3. Total amount of gross written premiums by country

99% of gross premium written arose out of contracts concluded in the Czech Republic.

II.4. Summary of commissions

The total amount of commissions for direct insurance amounted to TCZK 2,695,088 and is sub-divided as follows:

2001	Non-life insurance (TCZK)	Life assurance (TCZK)	Total (TCZK)
Individual agents	889,164	778,319	1,667,483
Brokers	408,546	14,906	423,452
Employees of the Company	316,851	57,715	374,566
Agencies	14,214	85,937	100,151
Part-time salesmen	5,235	1,210	6,445
Other	117,436	5,555	122,991
Total	1,751,446	943,642	2,695,088
2000	Non-life insurance (TCZK)	Life assurance (TCZK)	Total (TCZK)
Individual agents	715,615	455,459	1,171,074
Brokers	292,590	7,664	300,254
Agencies	192,017	24,130	216,147
Part-time salesmen	31,212	1,757	32,969
Employees of the Company	282,387	47,231	329,618
Other	11,818	0	11,818
Total	1,525,639	536,241	2,061,880

III. Other Data

III.1. Intangible assets

Intangible assets of the Company as at 31 December 2001 may be broken down as follows:

	Software (TCZK)	Other intangible assets (TCZK)	Intangible assets under development (TCZK)	Total (TCZK)
Acquisition cost as at 31. 12. 2000	641,657	1,994	19,535	663,186
Additions	35,808	0	8,943	44,751
Transfers	19,535	0	(19,535)	0
Disposals	(4,102)	0	0	(4,102)
Acquisition cost as at 31. 12. 2001	692,898	1,994	8,943	703,835
Accumulated depreciation as at 31. 12. 2000	389,093	406	0	389,499
Depreciation expense for 2001	149,048	594	0	149,642
Transfers	0	0	0	0
Disposals	(196)	0	0	(196)
Accumulated depreciation as at 31. 12. 2001	537,945	1,000	0	538,945
Net book value as at 31. 12. 2000	252,564	1,588	19,535	273,687
Net book value as at 31. 12. 2001	154,953	994	8,943	164,890

III.2. Financial placements

(a) Participating interests with controlling and significant influence

Participating interests with controlling influence

2001	Participating interest (TCZK)	Participating interest (%)	Equity (100%; TCZK)	Profit (loss) for the year (100%; TCZK)
Home Credit a.s. (2)	2,019,141	100.00	183,720	4,205
ČP finanční služby a.s. (2)	2,000,000	100.00	2,189,666	97,903
eBanka, a.s. *) (2)	1,674,794	89.06	1,159,812	7,252
Zeta Osteurope Holding S.A. (2)	524,792	74.59	750,980	13,212
Česká poisťovňa Slovensko, a.s. (1)	336,627	100.00	292,978	(50,497)
ČP Leasing, a.s. (1)	300,000	100.00	165,612	3,093
ČP finanční servis a.s. (2)	300,000	100.00	318,339	14,647
Krátký film Praha a.s. (2)	215,690	68.76	7,070	94,253
Penzijní fond České pojišťovny, a.s. (1)	198,000	100.00	5,703,081	179,594
Česká pojišťovna Zdraví a.s. (1)	191,250	100.00	116,816	(44,017)
ČP finanční holding a.s. (2)	150,000	100.00	162,460	10,752
ČP INVEST investiční společnost, a.s. **) (1)	119,514	99.99	158,938	(16,852)
ČP DIRECT pojišťovna, a.s. (1)	80,000	100.00	62,686	6,887
KabelCorp a.s. (2)	53,884	100.00	19,233	889
ČP Partner, a.s. ***) (1)	25,000	100.00	13,475	5,873
Pragosil a.s. v likvidaci ****) (3)	12,902	70.50	(43,383)	(130,942)
AZ stavební a.s. (4)	7,000	52.04	n/a	n/a
SB Holding, a.s. (2)	2,000	100.00	n/a	n/a
Univerzální správa majetku a.s. (1)	1,103	100.00	30,696	21,665
KIS a.s. – v likvidaci *****) (4)	1,000	100.00	n/a	n/a
Contractual Digital Floor, a.s. (2)	510	51.00	1,668	(14)
Pronica, s.r.o. (3)	400	100.00	(393,516)	191
Walpen, s.r.o. v likvidaci *****) (3)	350	100.00	87	(9)
Protěž, s.r.o. (4)	141	67.00	n/a	n/a
Adjustments	(181,476)			
Total	8,032,622			

The following information sources were used to determine “Equity” and “Profit (loss) for the year”:

- (1) audited financial statements
- (2) audit of company's 2001 financial statements was incomplete
- (3) financial statements at the date of entering into bankruptcy or liquidation proceedings
- (4) financial statements were not available

*) Expandia banka a.s. was renamed and has been doing business under its new name, eBanka, a.s. The change was recorded in the Commercial Register on 28 May 2001.

**) KIS a.s. kapitálová investiční společnost České pojišťovny was renamed and has been doing business under its new name, ČP INVEST investiční společnost, a.s. The change was recorded in the Commercial Register on 26 November 2001.

***) Česká životní, a.s. was renamed and has been doing business under its new name, ČP Partner, a.s. The change was recorded in the Commercial Register on 3 April 2002.

*****) During 2001 Pragosil a.s. entered into liquidation and its name was changed to Pragosil a.s. v likvidaci (effective 4 January 2001).

*****) During 2001 KIS a.s. entered into liquidation and its name was changed to KIS a.s. – v likvidaci (effective 29 March 2001).

*****) During 2000 Walpen, s.r.o. entered into liquidation and its name was changed to Walpen, s.r.o. v likvidaci (effective 12 July 2000).

2000	Participating interest (TCZK)	Participating interest (%)	Equity (100%; TCZK)	Profit (loss) for the year (100%; TCZK)
ČP finanční služby a.s. (1)	2,000,000	100.00	2,091,763	85,437
Expandia Banka, a.s. (1)	1,210,573	88.21	311,409	(208,942)
Hotel Esplanade a.s. (1)	398,441	99.95	303,280	(10,350)
ČP finanční servis a.s. (1)	300,000	100.00	303,692	2,970
Krátký film Praha a.s. (1)	213,994	61.65	(87,183)	(123,670)
ČP Leasing, a.s. (1)	200,000	100.00	62,519	(34,931)
Česká poisťovňa Slovensko, a.s. (1)	199,257	100.00	206,953	(9,495)
Penzijní fond České pojišťovny, a.s. (1)	198,000	100.00	4,262,644	153,621
Česká pojišťovna Zdraví a.s. (1)	191,250	100.00	161,230	(8,180)
ČP finanční holding a.s. (1)	150,000	100.00	151,708	1,369
KIS a.s. - kapitálová investiční společnost ČP (1)	119,514	99.99	175,885	203
ČP DIRECT pojišťovna, a.s. (1)	80,000	100.00	69,870	(21,197)
KabelCorp a.s. (2)	58,480	100.00	19,544	(15,496)
PM-Leasing a.s. (1)	41,000	100.00	(222,101)	(90,859)
Česká životní, a.s. (1)	25,000	100.00	7,602	47,730
Pragosil a.s. (2)	12,903	70.50	(43,383)	(130,942)
AZ stavební a.s. (2)	7,000	57.00	n/a	(12,614)
ASMO, s.r.o. (3)	7,000	68.63	n/a	n/a
Carolina, a.s. (2)	1,400	70.00	(20,923)	(1,970)
Univerzální správa majetku a.s. (1)	1,103	100.00	9,031	939
KIS a.s. (2)	1,000	100.00	1,030	(245)
Contractual Digital Floor, a.s. (1)	510	51.00	1,682	707
Pronica, s.r.o. (3)	400	100.00	n/a	n/a
Walpen, s.r.o. (2)	350	100.00	87	(9)
Protěž, s.r.o. (4)	141	67.00	n/a	n/a
Adjustments	(504,180)			
Total	4,913,136			

The following information sources were used to determine "Equity" and "Profit (loss) for the year":

- (1) audited financial statements
- (2) audit of company's 2000 financial statements was incomplete
- (3) financial statements at the date of entering into bankruptcy or liquidation proceedings
- (4) financial statements were not available

Participating interests with significant influence:

2001	Participating interest (TCZK)	Participating interest (%)	Equity (100%; TCZK)	Profit (loss) for the year (100%; TCZK)
ČESCOB, úvěrová pojišťovna, a.s. (1)	78,000	50.00	161,428	12,036
Home Credit B.V. (2)	7,967	50.00	n/a	n/a
Coris Praha a.s. (1)	660	29.86	15,203	4,159
Congress Hotel, s.r.o. (2)	23	23.00	n/a	n/a
Adjustments	(23)			
Total	86,627			

2000	Participating interest (TCZK)	Participating interest (%)	Equity (100%; TCZK)	Profit (loss) for the year (100%; TCZK)
ČESCOB, úvěrová pojišťovna, a.s. (1)	78,000	50.00	149,392	14,207
Interleasing a.s. (3)	16,200	30.00	(11,837)	3,466
Coris Praha a.s. (1)	660	29.86	12,359	1,329
ECS Leasing, a.s. (2)	250	25.00	(39,486)	(14,877)
Congress Hotel, s.r.o. (4)	23	23.00	n/a	n/a
Adjustments	(26,880)			
Total	68,253			

The following information sources were used to determine "Equity" and "Profit (loss) for the year":

- (1) audited financial statements
- (2) audit of company's 2000 (2001) financial statements was incomplete
- (3) financial statements at the date of entering into bankruptcy or liquidation proceedings
- (4) financial statements were not available

(b) Net book value and current value of participating interests

2001	Net book value (TCZK)	Current value (TCZK)
Shares and participating interests with controlling influence	8,032,622	8,150,084
Shares and participating interests with significant influence	86,627	88,326
Other participating interests	3,882,575	4,245,580
Other long-term receivables	31,077	31,077
Total	12,032,901	12,515,067

2000	Net book value (TCZK)	Current value (TCZK)
Shares and participating interests with controlling influence	4,913,136	5,013,340
Shares and participating interests with significant influence	68,253	70,732
Other participating interests	2,854,945	4,124,357
Other long-term receivables	18,600	18,600
Total	7,854,934	9,227,029

(c) Net book value and current value of land and buildings

	Land (TCZK)	Buildings (TCZK)	Land and buildings under construction and advances (TCZK)	Total (TCZK)
Acquisition cost as at 31. 12. 2000	826,105	9,008,001	333,351	10,167,457
Additions	26,195	368,254	126,007	520,456
Transfers	14,399	10,935	(18,381)	6,953
Disposals	(32,492)	(301,044)	(5,068)	(338,604)
Acquisition cost as at 31. 12. 2001	834,207	9,086,146	435,909	10,356,262
Accumulated depreciation as at 31. 12. 2000	0	1,067,670		1,067,670
Depreciation charge for 2001		177,321		177,321
Transfers	0	0		0
Disposals		(43,178)		(43,178)
Accumulated depreciation as at 31. 12. 2001	0	1,201,813	0	1,201,813
Net book value as at 31. 12. 2000	826,105	7,940,331	333,351	9,099,787
Net book value as at 31. 12. 2001	834,207	7,884,333	435,909	9,154,449
Adjustments as at 31. 12. 2000	44,839	1,078,400		1,123,239
Adjustments as at 31. 12. 2001	91,090	532,538		623,628
Net amount as at 31. 12. 2000	781,266	6,861,931	333,351	7,976,548
Net amount as at 31. 12. 2001	743,117	7,351,795	435,909	8,530,821
Current value of land and buildings as at 31. 12. 2001				8,530,821

Since no valuation of property was performed by an independent expert in the current period, the Company conducted an internal analysis to assess the appropriateness of the book values in comparison with the current market value. Where significant differences were identified, appropriate adjustments have been created.

(d) Net book value and current value of other financial placements, deposits retained by reinsurers and financial placements on behalf of the insured

2001	Net book value (TCZK)	Current value (TCZK)
Variable income securities	3,351,129	3,654,112
Fixed income securities	56,659,663	58,205,536
Other loans	102,297	102,297
Deposits with banks	10,315,968	10,315,968
Participations in investment funds and investment companies	1,111,673	1,421,717
Other financial placements	1,239,504	1,239,504
Deposits retained by reinsurers	18,570	18,570
Financial placements on behalf of the insured	100,818	101,079
Total	72,899,622	75,058,783

In 2001, the "Fixed income securities" item includes bonds issued by ČP Leasing, a.s. in a total amount of TCZK 1,924,000 and bonds issued by Home Credit a.s. in a total amount of TCZK 950,000.

In 2001, the "Deposits with banks" item includes deposits of Company employees with eBanka, a.s. in a total amount of TCZK 1,096,000. Against this item the Company has recorded a liability with respect to its employees.

2000	Net book value (TCZK)	Current value (TCZK)
Variable income securities	5,557,167	6,033,020
Fixed income securities	52,649,576	52,649,576
Other loans	161,500	161,500
Deposits with banks	7,608,942	7,608,942
Participations in investment funds and investment companies	1,135,660	1,275,762
Other financial placements	401,634	401,634
Deposits retained by reinsurers	23,911	23,911
Financial placements on behalf of the insured	38,187	39,460
Total	67,576,577	68,193,805

Fixed income securities held to maturity

Year	Purchase costprice (TCZK)	Amortized discount/premium (TCZK)	Adjustment (TCZK)	Face value (TCZK)
2001	6,251,398	25,948	(200,036)	7,744,448
2000	6,059,961	1,567	(76,072)	7,492,624

(e) Cash, cash equivalents and other financial assets

2001	Net book value (TCZK)	Current value (TCZK)
Current accounts	2,499,246	2,499,246
Cash and other cash equivalents	115,841	115,841
Treasury shares	1,778,117	1,778,117
Total	4,393,204	4,393,204

2000	Net book value (TCZK)	Current value (TCZK)
Current accounts	1,543,251	1,543,251
Cash and other cash equivalents	161,142	161,142
Treasury shares	104,446	104,446
Total	1,808,839	1,808,839

As of 31 December 2001 an amount of TCZK 239,058 (2000: TCZK 193,946) in the Current Accounts item consists of deposits of the Company's clients with eBanka, a.s.

III.3. Receivables and payables

(a) Receivables and adjustments

	2001 (TCZK)	2000 (TCZK)
Receivables from direct insurance and reinsurance	5,242,937	4,874,672
Other receivables:		
Deferred tax receivable	1,813,268	2,772,077
Receivables from financial placements	4,392,636	6,208,549
Other items	666,457	697,433
Total gross receivables	12,115,298	14,552,731
Adjustments to receivables from direct insurance	1,924,342	2,164,951
Adjustments to other receivables	2,416,438	2,729,656
Total adjustments	4,340,780	4,894,607
Total net receivables	7,774,518	9,658,124

(b) Payables

	2001 (TCZK)	2000 (TCZK)
Payables from direct insurance and reinsurance	2,807,942	3,247,965
Other payables	9,392,491	5,875,748
Of that: outstanding bonds	4,000,000	0
Tax, social security and health service payables	576,059	276,096
Of that: deferred tax payable	251,418	204,211
Bank credits (short-term loans)	0	167,500
Total	12,776,492	9,567,309

The amount of insurance and reinsurance payables is affected by the amount of MTPL reimbursements.

At 31 December 2000 the Company disclosed a short-term loan for transactions relating to financial placements.

On 16 July 2001 the Company issued TCZK 4,000,000 in five-year bonds with a variable interest yield of 6M PRIBOR plus 0.40% p.a. The bonds were issued in booked form as bearer bonds, registered in the Securities Center and listed on the PSE.

(c) Long-term receivables and payables (maturity over five years)

As of the balance sheet date, the Company carried a total of TCZK 104,595 (2000: TCZK 155,505) in long-term receivables with maturity of over five years.

As of the same date, the Company carried a total of TCZK 248 (2000: TCZK 248) in long-term payables.

(d) Receivables and payables from inward and outward reinsurance

The Company's balance of payables/receivables from inward and outward reinsurance is as follows (not including receivables and payables from the Nuclear Pool):

	2001 (TCZK)	2000 (TCZK)
Inwards reinsurance		
Reinsurance receivables	218,191	143,142
Reinsurance payables	10,534	9,044
Foreign exchange differences	(34,311)	(28,631)
Receivables/payables balance	173,346	105,467

The substantial, TCZK 75,049 increase in receivables from inward reinsurance is related to growth in inward reinsurance for Česká poisťovňa Slovensko, a.s.

	2001 (TCZK)	2000 (TCZK)
Outwards reinsurance		
Reinsurance receivables	231,132	331,643
Reinsurance payables	74,527	63,740
Foreign exchange differences	9,994	14,055
Receivables/payables balance	166,599	281,958

In outward reinsurance, the substantial, TCZK 100,511 decrease in receivables is given by the fact that claims payments ceded fell from TCZK 885,993 in 2000 to TCZK 575,184 in 2001.

III.4. Inter-company receivables and payables

Receivables and payables with respect to companies in which the Company has controlling or significant influence

Receivables Company	2001 (TCZK)	2000 (TCZK)
Česká poisťovňa – Slovensko, a. s.	203,146	83,263
ČP Leasing, a.s.	111,202	100,000
Krátký film Praha, a.s.	79,491	68,055
Univerzální správa majetku a.s.	51,311	17,657
Česká pojišťovna Zdraví a.s.	14,885	21,664
ČP DIRECT pojišťovna, a.s.	12,602	2,439
ČESCOB, úvěrová pojišťovna, a.s. (1)	7,381	3,119
Home Credit a.s.	5,914	-
ČP Partner, a.s. **)	3,361	72,579
Penzijní fond České pojišťovny, a.s.	430	2,390
eBanka, a.s. *)	358	131
ČP finanční servis a.s.	355	157
ČP INVEST investiční společnost, a.s. ***)	307	30
ČP finanční holding a.s.	99	78
ČP finanční služby a.s.	21	1,046
Zeta Osteurope Holding S.A.	0	-
Pragosil a.s. v likvidaci *****)	-	37,177
Protěž, s.r.o.	-	0
PM - Leasing a.s. *****)	-	265,870
ASMO, s.r.o.	-	8,939
Hotel Esplanade a.s.	-	3,537
Total	490,863	688,131

(1) The Company has significant influence in ČESCOB, úvěrová pojišťovna, a.s.

*) Expandia banka a.s. was renamed and has been doing business under its new name, eBanka, a.s. The change was recorded in the Commercial Register on 28 May 2001

**) Česká životní, a.s. was renamed and has been doing business under its new name, ČP Partner, a.s. The change was recorded in the Commercial Register on 3 April 2002

***) KIS a.s. kapitálová investiční společnost České pojišťovny was renamed and has been doing business under its new name, ČP INVEST investiční společnost, a.s. The change was recorded in the Commercial Register on 26 November 2001

*****) During 2001 Pragosil a.s. entered into liquidation and its name was changed to Pragosil a.s. v likvidaci (effective 4 January 2001)

*****) During 2001 PM – Leasing a.s. entered into liquidation and its name was changed to PM – Leasing a.s. v “likvidaci” (effective 13 November 2001)

Payables Company	2001 (TCZK)	2000 (TCZK)
Česká poisťovňa – Slovensko, a. s.	274,876	92
Krátký film Praha, a.s.	143,693	0
ČP Leasing, a.s.	100,627	211
Česká pojišťovna Zdraví a.s.	52,356	4,374
ČESCOB, úvěrová pojišťovna, a.s. (1)	46,989	301
Univerzální správa majetku a.s.	21,845	1,500
ČP DIRECT pojišťovna, a.s.	13,680	6,736
eBanka, a.s. *)	6,640	4,448
ČP finanční servis a.s.	4,155	210,000
ČP Partner, a.s. **)	2,959	30,914
Home Credit a.s.	1,862	0
Penzijní fond České pojišťovny, a.s.	1,185	398
ČP finanční holding a.s.	1,080	105,113
ČP finanční služby a.s.	90	200,000
ČP INVEST investiční společnost, a.s. ***)	0	245
Total	672,037	564,332

(1) The Company has significant influence in ČESCOB, úvěrová pojišťovna, a.s.

*) Expandia banka a.s. was renamed and has been doing business under its new name, eBanka, a.s. The change was recorded in the Commercial Register on 28 May 2001.

**) Česká životní, a.s. was renamed and has been doing business under its new name, ČP Partner, a.s. The change was recorded in the Commercial Register on 3 April 2002.

***) KIS a.s. kapitálová investiční společnost České pojišťovny was renamed and has been doing business under its new name, ČP INVEST investiční společnost, a.s. The change was recorded in the Commercial Register on 26 November 2001.

III.5. Tangible moveable assets

The Company's tangible moveable assets as at 31 December 2001 may be broken down as follows:

	Tangible moveable assets (TCZK)	Assets under construction and advances (TCZK)	Total (TCZK)
Acquisition cost as at 31. 12. 2000	2,369,135	13,807	2,382,942
Additions	269,109	6,409	275,518
Transfers	5,305	(12,258)	(6,953)
Disposals	(288,823)	0	(288,823)
Acquisition cost as at 31. 12. 2001	2,354,726	7,958	2,362,684
Accumulated depreciation as at 31. 12. 2000	1,706,922	-	1,706,922
Depreciation expense for 2001	290,535	-	290,535
Transfers	0	-	0
Disposals	(283,495)	-	(283,495)
Accumulated depreciation as at 31. 12. 2001	1,713,962	-	1,713,962
Net book value as at 31. 12. 2000	662,213	13,807	676,020
Net book value as at 31. 12. 2001	640,764	7,958	648,722

III.6. Other assets and temporary assets and liability accounts

(a) Deferred acquisition costs in non-life insurance

	2001 (TCZK)	2000 (TCZK)
Opening balance as at 1. 1.	930,223	1,233,736
Additions	639,500	671,065
Release	843,837	974,578
Closing balance as at 31. 12.	725,886	930,223

Of the total deferred acquisition costs amounting to TCZK 725,886 for 2001, TCZK 86,386 (2000: TCZK 259,158) relates to costs that were incurred during 1999 in relation to the launch of MTPL insurance. These costs are deferred on a non-straight-line basis (see Note I.3.(d)).

(b) Unrealised foreign currency exchange gains and losses

As at 31 December 2001 the Company has recorded unrealised currency exchange losses of TCZK 652,672 (2000: TCZK 293,814) and unrealised foreign exchange gains of TCZK 477,727 (2000: TCZK 394,012).

The Company created a provision for foreign exchange losses (see Note III.9.).

III.7. Equity

(a) Basic capital

The Company's basic capital consists of 1,347,457 registered shares, 1,977,437 bearer shares, and 87,497 bearer shares in documentary form (originally employee shares). All the shares have a par value of CZK 1,000 per share. As at 31 December 2001, 100% of the registered capital, i.e. TCZK 3,412,391, had been fully paid-up.

Further, at as 31 December 2001 the Company holds 81,505 own shares (2000: 80,854). These were originally employee shares, a total of 87,497 of which were issued. On 28 June 2001 the Company's General Meeting decided to change the employee shares into shares of common stock. This change took effect on 28 November 2001, the day it was recorded in the Commercial Register. In 2001 and 2002, in addition to exchanging the original employee shares, which were in documentary form, for shares of common stock in booked form, the Company also organized a compulsory buy-back of these shares in compliance with the Commercial Code (513/1991 Coll.). As of the balance sheet date, the change in the documentary-form shares to booked shares had not yet been recorded in the Commercial Register.

The amount of the Company's registered capital is in compliance with legal requirements applicable to licensed insurance undertakings.

The basic capital is as follows:

	Number of shares	Basic capital (TCZK)	Total (TCZK)
Balance as at 31. 12. 2000	3,412,391	3,412,391	3,412,391
Balance as at 31. 12. 2001	3,412,391	3,412,391	3,412,391

(b) Own shares

On 20 August 1998 PPF investiční holding a.s. (hereafter "PPF") requested an approval from the Supervisory Board of the Company for a transfer of 349,988 shares of the Company, which according to the Company's Articles of Incorporation are transferable only on condition of such approval. The Supervisory Board did not grant the approval. Consequently the Company itself became obliged on 28 August 1998 to purchase its own shares.

On 12 November 2001, the Company received an option call notice from PPF to purchase the shares. The transfer of the 349,988 shares to the Company took place on 19 November 2001. The total purchase price of TCZK 1,672,837 was fully paid-up by the Company before the financial statements approval date.

(c) Reconciliation of equity movements

	Balance as at 31. 12. 2000 (TCZK)	Allocations (TCZK)	Release or profit distribution (TCZK)	Profit for the 2001 (TCZK)	Dividends (TCZK)	Total as at 31. 12. 2001 (TCZK)
Basic capital	3,412,391					3,412,391
Other capital funds	45,769	32	834			44,967
Profit from the current period	4,314,595		4,314,595	4,180,187		4,180,187
Retained earnings	2,241,572	4,098,865	1,672,837		3,398,303	1,269,297
Statutory reserve fund	268,444	1,889,401				2,157,845
Other funds	43,192	407				43,599
Total	10,325,963	5,988,705	5,988,266	4,180,187	3,398,303	11,108,286

Note: During the current accounting period, the account of share premium showed a zero balance, no shares were issued and no bonuses were paid to members of the company's governance bodies..

In 2001, the Company allocated TCZK 1,673,671 to a special reserve fund for treasury shares. The obligation to create a reserve fund for shares carried in assets is given by Section 161d of the Commercial Code amendment No. 370/2000 Coll.

At the extraordinary General Meeting that took place on 17 December 2001, the Company's shareholders decided to pay out a portion of the Company's retained earnings in the form of a share dividend.

The gross dividend per share was CZK 1,140. As of the balance sheet date, TCZK 3,396,987 was paid out in dividends.

(d) Other funds

2001	Opening balance at 1. 1. 2001 (TCZK)	Allocations 2001 (TCZK)	Release 2001 (TCZK)	Closing balance at 31. 12. 2001 (TCZK)
Social care fund	24,909	407		25,316
Bonuses fund	17,283			17,283
Other capital funds	1,000			1,000
Total	43,192	407		43,599
2000	Opening balance at 1. 1. 2000 (TCZK)	Allocations 2000 (TCZK)	Release 2000 (TCZK)	Closing balance at 31. 12. 2000 (TCZK)
Social care fund	23,956	953		24,909
Bonuses fund	17,283			17,283
Other capital funds	69,000		68,000	1,000
Total	110,239	953	68,000	43,192

(e) Proposed distribution of current year profit

	Plan 2001 (TCZK)	Actual 2000 (TCZK)
Profit for the current period	4,180,187	4,314,595
Transfer to statutory reserve fund	209,009	215,730
Retained earnings	3,971,178	4,098,865

III.8. Technical provisions

(a) Life-assurance provision

	2001 (TCZK)	2000 (TCZK)
Opening balance as at 1. 1.	58,885,371	56,893,332
Change in provision	2,727,366	1,992,039
Closing balance as at 31. 12.	61,612,737	58,885,371

(b) Provision for unearned premium

Life assurance	2001 (TCZK)	2000 (TCZK)
Opening balance as at 1. 1.	334,942	0
Change in provision	32,782	334,942
Closing balance as at 31. 12.	367,724	334,942

Until 31 December 1999, the life assurance provision for unearned premiums was included in the life assurance provision.

Non-life insurance	2001 (TCZK)	2000 (TCZK)
Opening balance as at 1. 1.	3,497,895	3,900,149
Change in provision	252,905	(402,254)
Closing balance as at 31. 12.	3,750,800	3,497,895

The non-life insurance provision for unearned premiums is shown here as a net value.

(c) Provision for outstanding claims

In the following tables the gross provisions for outstanding claims including claims handling costs are shown:

Gross amount of the provision for outstanding claims:

	2001 (TCZK)	2000 (TCZK)
Gross amount of the provision for outstanding claims reported but not settled (RBNS)	8,371,100	7,170,710
Gross amount of the provision for outstanding claims incurred but not reported (IBNR)	4,575,656	3,546,598
Total	12,946,756	10,717,308

In 2001 the provision for outstanding claims was increased by an amount of TCZK 2,229,448. The largest component in the provision increase was for MTPL insurance, property insurance, motor damage insurance, and inward reinsurance.

Run-off analysis

The table below shows the run-off analysis as at 31 December 2000.

The difference between the provision for outstanding claims as at 31 December 2000, payments (in respect of claims included within this provision) and the balance of this provision as at 31 December 2001 gives claims the run-off result.

The analysis was performed using a method that additionally reflects the level of the IBNR provision at the end of the year relating to loss events that arose before the beginning of the year. To ensure that the values are comparable, the data for the accounting period ended 31 December 2000 were adjusted using the same method.

The following gross amounts are net of settlement costs:

	2001 (TCZK)	2000 (TCZK)
Provision for outstanding claims as at 1. 1.	9,059,615	6,415,610
Claims paid in the current account period for insured events that occurred in past accounting periods	2,872,614	2,281,365
Amount of provision for outstanding claims as at 31. 12. designated to cover claims for insured events of past accounting periods	5,327,898	3,774,324
Settlement result for claims relating to past accounting periods	859,103	359,921

(d) Provision for bonuses and rebates

The provision for bonuses and rebates is created based on the contract and conditions according to methods described in Note I.3.(g). Classification of the provision according to classes of insurance is as follows:

	2001 (TCZK)	2000 (TCZK)
Contractual MTPL	155,000	150,000
Other	17,133	8,983
Total	172,133	158,983

The provision for bonuses in contractual MTPL was determined on the basis of detailed data on specific policies and claims arising from those policies.

(e) Equalization provision

The equalization provision is created based on contract conditions according to methods established in the Decree. The procedures for creation and release of this provision are described in Note I.3.(h).

Class of insurance	2001 (TCZK)	2000 (TCZK)
Accident and medical expenses	348,605	274,255
Contractual MTPL	219,667	44,388
Other motor	577,193	483,354
Marine, aviation and transport	18,388	14,841
Fire and property	432,232	346,295
Liability	94,865	76,925
Agricultural insurance	12,974	23,508
Inward reinsurance	56,207	51,917
Czech Nuclear Pool	177,945	98,921
Credit insurance	254	0
Total	1,938,330	1,414,404

For calculation of the provision in non-life classes of insurance, the Company used the following ratios:

Rate	Czech Nuclear Pool	Credit Insurance	Other classes
Provision building-up ratio	0.75	0.12	0.03
Ultimate level ratio of equalization provision	6.00	1.50	0.20
Ultimate level of claims ratio for individual classes of business	0.25	0.95	0.65

In the following table, the division of insurance into classes according to the Decree is used.

Class of insurance	2001 (TCZK)	2000 (TCZK)
Insurance of property damage due to storm, other natural forces, nuclear energy, landslide or land subsidence	401,577	282,811
Insurance of property damage due to hail or frost	192,717	167,610
Credit insurance	254	0
Subtotal	594,548	450,421
Other classes of insurance ¹⁾	1,343,782	963,983
Total	1,938,330	1,414,404

¹⁾ Other classes include classes that are not dealt with by the Decree.

(f) Other provisions

The creation and release of the provisions described in Note I.3.(l) is presented in the following table:

	Provision for guarantee of Bureau obligations (TCZK)	Non-life insurance provision (TCZK)	Other provisions total (TCZK)
Opening balance as at 1. 1. 2001	994,913	0	994,913
Creation 2001	675,893	22,209	698,102
Release 2001	0	0	0
Closing balance as at 31. 12. 2001	1,670,806	22,209	1,693,015

On 12 October 1999 the Company obtained a license to write MTPL insurance pursuant to Act No. 168/1999 Coll. and became a member of the Bureau.

On 1 January 2000 all rights and duties relating to the pursuit of MTPL were transferred to the Bureau. Under Section 18 (6) of Act No. 168/1999 Coll., a member of the Bureau “guarantees that portion of the liabilities of the Bureau which corresponds to the amount of Bureau membership dues paid by that member and shall create technical provisions for this purpose.”

In accordance with Section 13 of the Act, the Company applied to the MF for approval to create other provisions for obligations arising out of its membership in the Bureau and on 2 January 2001 it obtained the approval.

The Board of Directors of the Company, based on the information available to them, is of the opinion that the amount of established provision is adequate to cover expenses associated with claims likely incurred in relation to the payable ceded by the Company on account of statutory liability.

The final and exact amount of expenses incurred for claims will be known only after several years. Consequently, the funds necessary to settle these claims will depend on the revenues obtained from financial placements. The Company’s share of these expenses for outstanding claims will be determined according to its share of the market for this class of insurance at the time of the final settlement of these claims.

Based on a newly concluded reinsurance contract with Česká pojišťovna Zdraví a.s. effective 1 January 2001 the Company’s share in setting up a general non-life insurance provision (“old age” provision) was TCZK 22,209.

III.9. Provisions for other risks

The creation and release of provisions for other risks is shown in the following table:

Type of provision:	Opening balance as at 1. 1. 2001 (TCZK)	Creation (TCZK)	Release (TCZK)	Closing balance at 31. 12. 2001 (TCZK)
Provision for foreign exchange losses	293,814	1,320,483	1,041,916	572,381
Provision for other risks and losses	278,944	78,120	278,944	78,120
Employer’s liability provision	56,686	7,424	9,265	54,845
Provision for bad investments	26,208	0	26,208	0
Provision for repair of fixed assets	3,950	0	3,950	0
Total provisions for other risks	659,602	1,406,027	1,360,283	705,346

In 2000 the Company set up a TCZK 278,944 provision for other risks and losses, which was completely released in 2001. This provision was created to cover the difference between estimated claims settlement costs in MTPL insurance included in the provision for outstanding claims ceded to the Bureau and actual costs arising out of the agreement entered into between the Company and the Bureau. In 2001 the Company recorded a provision for other risks and losses relating to MTPL insurance in the amount of TCZK 78,120.

III.10. Off-balance sheet receivables and liabilities

(a) Payables from leases

In the following years the Company will pay the following rents arising from long-term leases for which no provision was created.

	2001 (TCZK)	2000 (TCZK)
Up to one year	61,710	97,052
1 - 2 years	46,145	55,981
2 - 3 years	21,920	40,737
3 - 4 years	20,189	17,629
4 - 5 years	17,566	15,910
Over 5 years	119,832	117,780
Total	287,362	345,089

(b) Potential future payables

Membership in the Czech Insurers Bureau

As a member of the Office, the Company has committed itself to guarantee the liabilities of the Office pursuant to Section 18(6) of the Act No. 168/1999 Coll. on MTPL. For this purpose the Company makes contributions to the guarantee fund and creates Other technical provisions. The amount of contributions and the Other technical provision is determined based on the Office's calculation.

In the event of a fellow member of the Office being unable to meet its liabilities arising from MTPL because of its insolvency, the Company may be required to make additional contributions to the guarantee fund.

The Czech Nuclear Pool

As a member of the Czech Nuclear Pool, the Company has assumed a pro-rata guarantee covering the eventuality of the insolvency of one or more of the other pool members. The potential liability of the Company for any given insured risk is contractually capped at twice the Company's retention for that risk.

(c) Payables secured by tangible security and guarantees

As at 31 December 2001, the Company's records showed no Company payables secured by tangible security.

In 2001, the Company issued a guarantee in favour of MasterCard International Incorporated in the amount of USD 2,000,000 and accepted a guarantee for eBanka, a.s. in the amount of USD 1,115,000 in favour of Europay International S.A.

Further, the Company provided a guarantee for CM-Credit a.s. to secure financing of the management of a portfolio of classified assets owned by the City of Prague in favour of První městská banka, a.s. The guarantee amount as at 31 December 2001 was TCZK 181,849.

(d) Swaps

The fair value of swaps represents the value of expected cash flow from these swaps. The expected future cash flows are based on forward interest rates and exchange rates. Forward interest rates are based on the swap yield curve as at 31 December.

The notional value is the total principal value of assets to which swap agreements relate. The Company records notional value and fair value as off-balance items and additional records. The book value is the balance of all items as of the balance sheet date relating to the swaps, i.e. deferred expenses and accrued income, receivables and payables, unrealised foreign exchange differences and, if applicable, a provision for any temporary diminution in the value of these instruments.

Swaps	2001 (TCZK)	2000 (TCZK)
Notional value	26,047,305	28,444,838
Book value	6,452	468,340
Fair value estimate	115,463	733,788

Interest rate swaps

The Company enters into interest rate swaps as part of its interest rate risk management strategy and in order to improve its matching of the interest profiles of its investments and technical liabilities.

An interest rate swap is a contract, which commits two counter parties to exchange at least twice, over an agreed period, two flows of interest payments calculated with reference to fixed or periodically reset interest rates applied to a specific notional principal amount. The notional principal is the amount upon which interest rates are applied to determine the payment flows under interest rate derivatives. Such notional principal amounts are often used to express the volume of these transactions but are not actually exchanged between counter parties.

Constant Maturity Swap (hereafter "CMS") is a contract to exchange payments calculated with reference to periodically reset short-term interest rates calculated with reference long term interest rates and then applied to the notional amount.

The notional amounts of interest rate swaps are set forth in the following tables:

Interest swaps, incl. CMS 2001		Notional amount (TCZK)	Fair value (TCZK)	Basis Point Value ¹⁾ (TCZK)
Residual maturity	- up to 1 year	1,500,000	9,973	
	- 1 - 5 years	17,399,900	(66,836)	
	- over 5 years	3,700,000	3,603	
Total		22,599,900	(53,259)	(630)

¹⁾ Basis Point Value is the change in the instrument's value brought about by a shift in the yield curve.

Interest swaps, incl. CMS 2000		Notional amount (TCZK)	Fair value (TCZK)	Basis Point Value ¹⁾ (TCZK)
Residual maturity	- up to 1 year	0	0	
	- 1 - 5 years	12,441,000	277,948	
	- over 5 years	12,400,000	(48,595)	
Total		24,841,000	229,353	745,363

¹⁾ Basis Point Value is the change in the instrument's value brought about by a shift in the yield curve.

Cross Currency Swaps

A Cross Currency Swap is a contract which commits two counter parties to exchange, over an agreed period, two flows of interest payments in different currencies and, at the beginning and end of the period, to exchange the corresponding principal amounts at an exchange rate agreed at the trade date. The reference interest rates may be fixed or variable.

2001		Notional amount (TCZK)	Fair value (TCZK)	Basis Point Value ¹⁾ (TCZK)
Residual maturity	- up to 1 year	487,440	0	
	- 1 - 5 years	788,000	52,692	
	- over 5 years	1,302,395	(41,694)	
Total		2,577,835	10,999	(95)

¹⁾ Basis Point Value is the change in the instrument's value brought about by a shift in the yield curve.

2000		Notional amount (TCZK)	Fair value (TCZK)	Basis Point Value ¹⁾ (TCZK)
Residual maturity	- up to 1 year	0	0	
	- 1 - 5 years	1,065,000	51,955	
	- over 5 years	1,345,000	(55,020)	
Total		2,410,000	(3,065)	(203)

¹⁾ Basis Point Value is the change in the instrument's value brought about by a shift in the yield curve.

Equity Swaps and Total Return Swaps (Equity derivatives)

An Equity Swap is a contract under which the parties agree for a certain period to exchange two flows of payments. One flow is calculated based on the development of the price of a pre-determined underlying asset applied to the agreed notional amount. The second flow is calculated using a regularly re-valued short-term interest rate applied to the same notional amount.

A Total Return Swap (TRS) is a contract in which the first party provides one-off consideration to the second party for the purpose of acquiring a certain asset and the second party cedes to the first party all proceeds and risks arising from the holding and sale/redemption of the asset in question.

Equity derivatives 2001		Notional amount (TCZK)	Fair value (TCZK)
Residual maturity:	- up to 1 year	0	0
	- 1 - 5 years	693,200	(18,647) ^{1, 2)}
	- over 5 years	176,370	176,370
Total		869,570	157,723

1) The rate obtained from the TRS is tied to the yield from a basket of equity indices.

2) Fair value only for the for-consideration side of the trade.

Equity derivatives 2000		Notional amount (TCZK)	Fair value (TCZK)
Residual maturity:	- up to 1 year	0	0
	- 1 - 5 years	693,200	(57,500) ^{1, 2)}
	- over 5 years	500,638	565,000
Total		1,193,838	507,500

1) The rate obtained from the TRS is tied to the yield from a basket of equity indices.

2) Fair value only for the for-consideration side of the trade.

(e) FRA - Forward Rate Agreement

A forward rate agreement ("FRA") enables a party to lock in a desired interest rate for a given interest period in the future. On the transaction settlement date, the net difference between the agreed interest rate and the current reference rate for the given interest period is settled amongst the counter parties.

FRA 2001		Notional amount (TCZK)	Fair value (TCZK)	Basis Point Value ¹⁾ (TCZK)
FRAs purchased				
Residual maturity:	- up to 1 year	0	0	
	- 1 - 5 years	2,000,000	(5,219)	
	- over 5 years	0	0	
Total		2, 000, 000	(5,219)	123
FRAs sold				
Residual maturity:	- up to 1 year	457,500	2,948	
	- 1 - 5 years	1,000,000	11,398	
	- over 5 years	-	-	
Total		1,457,500	14,347	(83)

1) Basis Point Value is the change in the instrument's value brought about by a shift in the yield curve.

FRA 2000		Notional amount (TCZK)	Fair value (TCZK)	Basis Point Value ¹⁾ (TCZK)
FRAs purchased				
Residual maturity:	- up to 1 year	0	0	
	- 1 - 5 years	500,000	(497)	
	- over 5 years	0	0	
Total		500, 000	(497)	133
FRAs sold				
Residual maturity:	- up to 1 year	0	0	
	- 1 - 5 years	1,500,000	1,198	
	- over 5 years	-	-	
Total		1,500,000	1,198	(45)

1) Basis Point Value is the change in the instrument's value brought about by a shift in the yield curve.

(f) Options

Interest rate options

An interest rate option is a contract that gives one party the right to receive payments calculated on a specific notional amount with reference to a periodically reset interest rate on the condition that the reference reset rate is above/below a specified limit.

The notional values of option contracts are shown in the following table:

Interest rate options	2001 (TCZK)	2000 (TCZK)
Purchases	925,180	700,000
Disposals	925,180	1,200,000

As at 31 December 2001 the Company recorded only collar transactions; as at 31 December 2000 the Company recorded off-balance sheet collar, swaption and cap transactions.

Currency options

A currency option is a contract that gives one party the right to purchase or sell a predetermined amount in foreign currency at a predetermined exchange rate.

Currency options	2001 (TCZK)	2000 (TCZK)
Purchases	0	0
Disposals	1,119,300	1,287,200

(g) Financial instruments

Interest rate risk

For assets whose value is dependent on interest rates, the Company measures the degree of this dependence and manages the overall portfolio exposure to ensure that it is commensurate to the Company's liabilities, i.e. the Company matches the duration of its assets and liabilities. Interest rate swaps are utilized as needed to effect said management.

Credit risk

Credit risk is the potential loss that could be suffered where counter parties are unable to meet their obligations under signed contracts. To lower exposure to credit risk, the Company conducts ongoing credit evaluations of its clients, but as a rule it does not require collateral.

The Company is exposed to credit risk from financial instruments with respect to the possible default of counter parties. Nevertheless, management does not expect any significant loss to arise, other than as provided for in the financial statements.

III.11. Additional disclosures in respect of the profit and loss account

(a) Bonuses and rebates

Based on non-life policy conditions, the Company granted premium bonuses and rebates of TCZK 162,824 (2000: TCZK 19,021).

(b) Operating costs

2001	Non-life insurance (TCZK)	Life assurance (TCZK)
Acquisition costs (non-deferred)	2,657,329	1,367,218
Administration costs	2,435,155	798,133
Deferred acquisition costs	204,337	0
Commissions from reinsurers and profit shares	(320,789)	(698)
Total net operating costs	4,976,032	2,164,653

2000	Non-life insurance (TCZK)	Life assurance (TCZK)
Acquisition costs (non-deferred)	2,605,801	1,068,572
Administration costs	2,089,630	739,010
Deferred acquisition costs	303,513	0
Commissions from reinsurers and share in profits	(327,501)	(678)
Total net operating costs	4,671,443	1,806,904

(c) Administration costs

	2001 (TCZK)	2000 (TCZK)
Personnel expenses	1,765,390	1,850,411
Material	592,123	166,303
Other administration costs	346,006	148,770
Consultancy	215,321	155,830
Rents	205,565	428,526
Energy	108,883	78,800
Total administration costs	3,233,288	2,828,640
Of which: Non-life insurance expenses	2,435,155	2,089,630
Life assurance expenses	798,133	739,010

(d) Employees and executives

The average number of employees and executives and remuneration paid in 2001 and 2000 is shown in the following table:

	Average number of employees	Payroll expense (TCZK)	Social security insurance (TCZK)	Social expense (TCZK)
Employees	6,083	1,551,180	538,462	84,377
Executives	75	166,159	58,274	1,790
Total 2001	6,158	1,717,339	596,736	86,167
Employees	6,466	1,692,752	588,202	89,061
Executives	77	145,477	50,043	2,052
Total 2000	6,543	1,838,229	638,245	91,113

(e) Remuneration of statutory and supervisory board members

During the 2001 accounting period, members of the Company's statutory and supervisory boards received the following remuneration:

	Members of the Board of Directors (TCZK)	Members of Supervisory Board (TCZK)	Total (TCZK)
Remuneration budgeted	23,156	9,015	32,171
Remuneration paid	23,156	9,015	32,171

During 2000 the current and past members of the Company's statutory and supervisory boards received the following remuneration:

	Members of the Board of Directors (TCZK)	Members of Supervisory Board (TCZK)	Total (TCZK)
Remuneration budgeted	45,126	11,478	56,604
Remuneration paid	35,957	11,391	47,348

(f) Loans and advances granted to current statutory and supervisory board members

Neither in 2001 nor in 2000 did the Company record any loans or advances granted to members of the Company's statutory and supervisory boards.

(g) Other technical income

	Non-life insurance (TCZK)	Life assurance (TCZK)
Release of adjustments for receivables	1,056,510	0
Other items	27,591	0
Total 2001	1,084,101	0
Release of adjustments for receivables	258,133	0
Other items	3,917	0
Total 2000	262,050	0

(h) Other technical expenses

	Non-life insurance (TCZK)	Life assurance (TCZK)
Addition of adjustments for receivables	854,066	14,484
Surplus from employer's liability insurance	256,766	0
Bad debts written-off	101,133	13,785
Commissions from inward reinsurance	81,623	143
Other items	143,716	0
Total 2001	1,437,304	28,412
Addition of adjustments for receivables	474,856	11,234
Surplus from employer's liability insurance	240,848	0
Bad debts written-off	52,718	11,172
Commissions from inward reinsurance	50,947	1,099
Other items	89,051	0
Total 2000	908,420	23,505

(i) Other income

	2001 (TCZK)	2000 (TCZK)
Release of provision for risks and losses	1,360,283	383,951
Release of adjustments	742,272	60,797
Revenues on services, rents and sales	203,856	197,293
Current accounts interest yields	58,468	68,934
Exchange rate gains	22,318	77,554
Other items	192,039	469,127
Total	2,579,236	1,257,656

In other items the Company records reimbursements received from the Bureau relating to claims settlement, which it settles on behalf and at the expense of the Bureau.

(j) Other costs

	2001 (TCZK)	2000 (TCZK)
Addition of provision for risks and losses	1,406,027	610,808
Adjustments creation	280,349	316,133
Other items	420,414	608,653
Total	2,106,790	1,535,594

(k) Expense allocation between technical accounts and non-technical account

The total amount of expenses allocated between the technical accounts for life assurance, non-life insurance and the non-technical account in accordance with method described in Note 1.3.(t) as at balance sheet date is as follows:

	2001 (TCZK)	2000 (TCZK)
Life assurance technical account	1,151,678	1,199,531
Non-life insurance technical account	3,614,468	3,550,490
Total amount transferred from non-technical account	4,766,146	4,750,021

(l) Profit shares

In 2001, the Company received profit shares from participating interests amounting to TCZK 108,490 (2000: TCZK 47,497).

(m) Result of non-technical account

The result of the non-technical account as at 31 December 2001 was TCZK 1,469,697 (2000: TCZK 1,566,699).

(n) Profit before tax

Profit before tax as at 31 December 2001 was TCZK 5,456,475 (2000: TCZK 1,613,613).

III.12. Taxation

Corporate income tax recorded in the profit and loss account in the amount of TCZK 1,256,866 includes current income tax for the 2001 tax period in the amount of TCZK 250,791, settlement of withholding tax in the amount of TCZK 59, and a reduction in the balance of deferred tax in the amount of TCZK 1,006,016.

(a) Current tax

At 31 December 2001 the Company recorded corporate income tax payable of TCZK 250,791.

(b) Deferred tax

Recorded deferred tax assets and liabilities

2001	Receivable (TCZK)	Payable (TCZK)	Difference (TCZK)
Tangible assets		251,418	(251,418)
Adjustments to financial placements	1,343,916		1,343,916
Adjustments to receivables	126,827		126,827
Provisions	177,438		177,438
Other temporary differences	165,087		165,087
Losses from past years	0		0
Deferred tax receivable/payable	1,813,268	251,418	1,561,850

2000	Receivable (TCZK)	Payable (TCZK)	Difference (TCZK)
Tangible assets		204,211	(204,211)
Adjustments to financial placements	1,422,877		1,422,877
Adjustments to receivables	159,355		159,355
Provisions	87,473		87,473
Other temporary differences	310,666		310,666
Losses from past years	792,706		792,706
Deferred tax receivable/payable	2,772,077	204,211	2,567,866

Changes in temporary differences during the year

2001	Opening balance at 1. 1. 2001 (TCZK)	Profit and Loss Account (TCZK)	Closing balance at 31. 12. 2001 (TCZK)
Tangible and intangible fixed assets	(204,211)	(47,207)	(251,418)
Adjustments to financial placements	1,422,877	(78,961)	1,343,916
Adjustments to receivables	159,355	(32,528)	126,827
Provisions	86,473	90,965	177,438
Other temporary differences	310,666	(145,579)	165,087
Losses from past previous years	792,706	(792,706)	0
Total	2,567,866	(1,006,016)	1,561,850

2000	Opening balance at 1. 1. 2000 (TCZK)	Profit and Loss Account (TCZK)	Closing balance at 31. 12. 2000 (TCZK)
Tangible and intangible fixed assets	(151,658)	(52,553)	(204,211)
Adjustments to financial placements	0	1,422,877	1,422,877
Adjustments to receivables	0	159,355	159,355
Provisions	0	86,473	86,473
Other temporary differences	0	310,666	310,666
Losses from past previous years	0	792,706	792,706
Total	(151,658)	2,719,524	2,567,866

III.13. Material and subsequent events

Changes in the Commercial Register

During 2001 the Company, as the sole shareholder of ČP Leasing, a.s., decided to increase the registered capital of said company from TCZK 200,000 to TCZK 300,000. This decision was recorded in the Commercial Register on 20 December 2001. The registered capital increase was fully paid up.

Acquisition of Home Credit a.s.

On 13 November 2001, the Company exercised, with respect to PPF (CYPRUS) Limited, a call option for the purchase of 100% of the shares of Home Credit a.s. in accordance with a resolution of the Company's extraordinary General Meeting held on 28 December 2000. On 19 November 2001, these shares valued at TCZK 1,849,141 were transferred to the Company, which paid 85% of the "initial price" pursuant to the Share Transfer Option Agreement dated 29 December 2000. As at the balance sheet date, the Company carried a payable of TCZK 277,371 with respect to the seller in this transaction.

On 21 December 2001, the Company subscribed new shares of Home Credit a.s. in the framework of a TCZK 170,000 registered capital increase. The increase was recorded in the Commercial Register on 7 February 2002. The registered capital increase was fully paid up.

Bond issues by subsidiaries

In 2001, the Company subscribed issues of bonds for its subsidiaries Home Credit a.s., Home Credit Finance a.s. and ČP Leasing, a.s. Investments in these bonds fluctuated during the year. As at 31 December 2001 the Company recorded the following bonds in its assets:

ČP Leasing VAR/05, CZ0003501223, total issue volume: TCZK 2,000,000, amount owned by the Company: TCZK 1,039,000.
ČP Leasing VAR/06, CZ0003501249, total issue volume: TCZK 2,000,000, amount owned by the Company: TCZK 885,000.
Home Credit VAR/05, CZ0003501215, total issue volume: TCZK 950,000, amount owned by the Company: TCZK 950,000.
Home Credit Finance VAR/06, CZ0003501264, total issue volume: TCZK 2,500,000, amount owned by the Company: TCZK 2,000,000.

As at the balance sheet date, the Company did not own any of the above-mentioned bonds.

Acquisition of První městská banka, a.s.

On 29 March 2001, the Assembly of the City of Prague named the Company as the winner of a tender for the purchase of První městská banka, a.s. The Board of Directors of the Company approved the signing of the Purchase Agreement on 28 June 2001. The Company made an advance payment toward the total purchase price in the amount of TCZK 514,840 to an escrow account. On 29 April 2002 the ČNB approved the acquisition of the participating interest in První městská banka, a.s. As of the balance sheet date, neither transfer, i. e. of the shares or of the purchase price, had been settled.

Merger of investment company undertakings

On 10 September 2001, the Company's Board of Directors approved a plan to merge PPF investiční společnost a.s. and KIS a.s. kapitálová investiční společnost České pojišťovny (renamed to ČP INVEST a.s. effective 26 November 2001). Based on a permit received from the Securities Commission, the closed-end mutual funds PPF Český and PPF Moravskoslezský were placed under the management of the investment company ČP INVEST a.s. on 22 March 2002.

Company's entry on the Russian insurance market

On 16 July 2001, the Company decided to establish an insurance company in Russia, in which it will hold a direct stake of 49% and the remaining 51% stake will be held indirectly through its subsidiary, ČP finanční servis a.s. The new company was incorporated by registration in the Commercial Register in Moscow on 18 January 2002. The initial contribution to the Company's registered capital of USD 151,740 was fully paid up.

Control relations

The control agreements between PPF a.s. and Česká pojišťovna a.s. and between ČP finanční servis a.s. and eBanka, a.s. expired on 31 December 2001. All the other control agreements in the Company's group entered into in 2000 were approved in accordance with the Commercial Code and remain in force. In December 2001, new control agreements were entered into between ČP finanční servis a.s. on the one hand and Univerzální správa majetku a.s., SB Holding, a.s., ČP finanční služby a.s. and ČP finanční holding a.s. on the other; these agreements took effect on 6 February 2002.

Litigation with minority shareholder

The Company is involved in two court cases with a minority shareholder relating to resolutions of General Meetings held in 2001. No hearing has yet been scheduled in the case in which the minority shareholder is suing for the resolution of the General Meeting that approved the 2000 financial statements and profit allocation to be declared invalid. In the other case, which concerns the payment of dividends, proceedings were suspended.

Equity stake in eBanka, a.s.

Since April 2001 the Company has been involved in arbitration proceedings with a counterparty to determine a discount from the purchase price of shares of eBanka, a.s. obtained by purchase. The Company is still waiting for the arbitration tribunal to make a decision in the case.

Changes in the Commercial Register for subsidiaries

On 5 February 2002, the Company as the sole shareholder of Česká životní a.s. decided to change that company's name to ČP PARTNER, a.s. The change was recorded in the Commercial Register on 3 April 2002.

On 10 September 2001, the Company decided to increase the registered capital of Penzijní fond České pojišťovny, a.s. by TCZK 100,000 to TCZK 210,000. This change was recorded in the Commercial Register on 6 February 2002.

[Appendices to
the Annual Report]

Head Office Organization Chart as of 1 May 2002

Chief Executive Officer	Deputy Director Investment Policy	Deputy Director Non-life Insurance	Deputy Director Life Assurance	Deputy Director Sales	Deputy Director Financial Management and Human Resources	Deputy Director Operations and IT	Deputy Director Underwriting and Reinsurance
Ladislav Bartoníček	Jan Blaško	Jan Ježdík	Ivo Foltýn	Roman Stupka	Lubomír Bušek	Jiří Huml	Miroslav Matocha
Direct Mail	Internal Liquidity Management	Motor Vehicles Insurance	Life Assurance Operations Support	Sales	Finance	Program Office	Reinsurance
Internal Audit	Portfolio Management	Property and Casualty Insurance	Life Assurance Product Management	Corporate Clients	Controlling and Accounting	Regions Management Support	Office of the Czech Nuclear Pool
Security and Controlling	Strategic Assets Management	Non-life Claims Handling	Life and Accident Assurance Client Service	Marketing	Actuarial Mathematics and Product Analysis	IT	Underwriting
Restructuring	Financial Risk Management and Control	Non-life Client Care and Administration	Life Assurance Actuarial Mathematics and Profitability Analysis		Human Resources		Administration
Communi-cations	Assets and Liabilities Management	Non-life Analysis and Risk Control					
		Legal Department					

Česká pojišťovna Financial Group Directory

ČESCOB, úvěrová pojišťovna, a.s.

Address: Palác KOVO, Jankovcova 2
170 00 Praha 7
Tel.: 02 / 6671 0152
Fax: 02 / 6671 0291
E-mail: RasochoH@cescob.cz
Internet Address: www.cescob.cz

ČP DIRECT pojišťovna, a.s.

Address: Kodaňská 46, 100 10 Praha 10
Tel.: 02 / 8309 3413
Fax: 02 / 8309 3600
E-mail: mail@cpdirect.cz
Internet Address: www.cpdirect.cz

ČP INVEST investiční společnost, a.s.

Address: nám. Hrdinů 1635/4, 140 21 Praha 4
Tel.: 02 / 6718 5918
Fax: 02 / 6718 5841
E-mail: info@cp-invest.cz
Internet Address: www.cp-invest.cz

eBanka, a.s.

Address: Na Příkopě 19, 117 19 Praha 1
Tel.: 0800 / 124 100
Fax: 0800 / 124 300
E-mail: info@ebanka.cz
Internet Address: www.ebanka.cz

Penzijní fond České pojišťovny, a.s.

Address: Truhlářská 1106/9, 110 00 Praha 1
Tel.: 02 / 2110 9111
Fax: 02 / 2231 4191
E-mail: pfcp@pfcp.cz
Internet Address: www.pfcp.cz

Česká poisťovňa – Slovensko, a. s.

Address: Prievozská 6 824 79 Bratislava 1
Slovenská republika
Tel.: (+421 7) 5827 6230
Fax: (+421 7) 5341 9200
E-mail: cps@cps.sk
Internet Address: www.cps.sk

Česká pojišťovna ZDRAVÍ a.s.

Address: Kodaňská 1446/46, 100 10 Praha 10
Tel.: 02 / 6715 8181
Fax: 02 / 6715 8482
E-mail: pojistovna@zdravi.cz
Internet Address: www.zdravi.cz

ČESKÁ ŽIVOTNÍ, a.s.

(name change to ČP PARTNER, a.s. effective 3 April 2002)
Address: Kodaňská 1441/46, 100 10 Praha 10
Tel.: 02 / 6715 8103
Fax: 02 / 6715 8309
E-mail: info@cppartner.cz
Internet Address: www.cppartner.cz

ČP Leasing, a.s.

Address: nám. Hrdinů 1634, 140 61 Praha 4
Tel.: 02 / 6718 5664
Fax: 02 / 6718 5959
E-mail: info@cpleasing.cz
Internet Address: www.cpleasing.cz

Home Credit a.s.

Address: Kounicova 284, 602 00 Brno
Tel.: 05 / 4159 8111
Toll-free infoline: 0800 / 113 113
Fax: 05 / 4121 1893
E-mail: homecredit@homecredit.cz
Internet Address: www.homecredit.cz

Directory of Česká pojišťovna Regions and Agencies

Central Bohemian Region

Address: Regionální ředitelství
Bezručova 605
276 77 Mělník
Tel.: 0206 / 615 111
Agencies: Benešov, Beroun, Kladno, Kolín,
Kutná Hora, Mělník, Mladá Boleslav,
Nymburk, Praha východ-západ, Příbram,
Rakovník

South Bohemian Region

Address: Regionální ředitelství
Pražská 1280
370 04 České Budějovice
Tel.: 038 / 7738 111
Agencies: České Budějovice, Jindřichův Hradec,
Pelhřimov, Písek, Strakonice, Tábor

West Bohemian Region

Address: Regionální ředitelství
Slovanská alej 24A
326 63 Plzeň
Tel.: 019 / 74 14 111
Agencies: Domažlice, Cheb, Karlovy Vary, Klatovy,
Plzeň, Sokolov, Tachov

North Bohemian Region

Address: Regionální ředitelství
Felberova 4/8
460 95 Liberec
Tel.: 048 / 52 45 111
Agencies: Česká Lípa, Děčín, Chomutov, Jablonec
nad Nisou, Liberec, Litoměřice, Most,
Teplice, Ústí nad Labem, Žatec

East Bohemian Region

Address: Regionální ředitelství
tř. Míru 2647
532 12 Pardubice
Tel.: 040 / 68 14 111
Agencies: Havlíčkův Brod, Hradec Králové,
Chrudim, Jičín, Náchod, Pardubice,
Rychnov nad Kněžnou, Svitavy, Turnov,
Vrchlabí, Vysoké Mýto

South Moravian Region

Address: Regionální ředitelství
Rašínova 7
601 66 Brno
Tel.: 05 / 4218 1111
Agencies: Blansko, Brno, Břeclav, Jihlava,
Kroměříž, Kyjov, Prostějov, Třebíč,
Uherské Hradiště, Vyškov, Zlín, Znojmo,
Žďár nad Sázavou

North Bohemian Region

Address: Regionální ředitelství
28. října 60
702 86 Ostrava
Tel.: 069 / 62 74 111
Agencies: Bruntál, Frýdek-Místek, Havířov,
Hranice, Nový Jičín, Olomouc, Opava,
Ostrava, Šumperk, Vsetín

Prague Region

Address: Regionální ředitelství
Litevská 8
100 00 Praha 10
Tel.: 02 / 6722 2411
02 / 6722 2460
Agencies: Revoluční 2, Hráského 2231,
Štefánikova 10, Sokolovská 55,
Litevská 8, Kaplanova 8

[Persons Responsible
for Annual Report]

Annual Report compilers

Name: Ondřej Huslar
Address: Jaselská 38, Praha 6
Title: Head of Compliance Department

Name: Josef Krunčik
Address: Květnového vítězství 492, Praha 4
Title: Methodology Specialist

Statement

We hereby declare that the information disclosed in this Annual Report is factual and that no substantive information was omitted that could influence the correct and accurate evaluation of the issuer and the securities issued by it.



Ladislav Bartoniček
Chairman of the Board of Directors



Jan Blaško
Vice-Chairman of the Board of Directors

Audit of the financial statements

Since 1993, the company's financial statements have been audited by KPMG Česká republika Audit, spol. s r.o. The audit of the 2001 financial statements was completed on 6 May 2002.

ID no.: 49619187
Seat: Jana Masaryka 12, 120 00 Praha 2
Statutory auditing firm: license no. 71
Auditor-in-charge: František Dostálek
License no.: 176
Birthdate: 23 November 1949
Address: Tatarkova 731, 149 00 Praha 4

The Annual General Meeting held 17 June 2002 approved the Report of the Board of Directors on the Company's Operations and Financial Situation in 2001, the 2001 Financial Statements and the Earnings Allocation Proposal for 2001.

This "Annual Report 2001 (Editorial)" does not replace the original "Annual Report 2001" which was drafted and published in accordance with the Securities Act.

Name: Česká pojišťovna a.s.
Seat: Spálená 75/16, 113 04 Praha 1, Czech Republic
Head Office: Na Pankráci 121, 140 00 Praha 4, Czech Republic
Telephone: +420 2 / 6131 9111
Facsimile: +420 2 / 2405 2200
E-mail: cpas@cpoj.cz
Web site: www.cpoj.cz
Bankers: KB Praha, 17433-021/0100
Auditors: KPMG Česká republika Audit, spol. s r.o.