

Česká pojišťovna Yielded Record Profit

Prague (Feb 28th, 2006) – Česká pojišťovna yielded a net profit of CZK 4.6 thousand million in the year 2005, according to preliminary non-consolidated, non-audited results based on international accounting standards. In accordance with Czech accounting standards, the profit yielded in the previous year amounted to CZK 4.2 thousand million. In 2005, the total insurance premiums prescribed by Česká pojišťovna under the methodology of the Czech Insurance Companies Association amounted to 41.5 thousand million crowns; an increase of CZK 576 million over the previous year.

"As in previous years, the development of the economic results was influenced above all by revenue from investment. A decrease in the administrative expenses of the company resulting from the successfully completed inner transformation of the firm also had a positive effect," explains Ladislav Bartoniček, chairman of the ČP board of directors. "Thanks to the new model for settling claims, we also managed to effectively reduce the number of insurance frauds", added Mr Bartoniček.

In comparison with the previous year, the premiums prescribed for insurance other than life insurance increased by CZK 1.5 thousand million to CZK 26.5 thousand million, i.e. 6 per cent more than last year. This time, the most successful category was liability insurance, which increased by 26 per cent in the area of personal insurance and by 32 per cent in the area of industrial insurance. "The insurance of large risks has increased by 17 per cent and accident insurance by 10 per cent," added Mr Bartoniček.

In the sphere of common life insurance, the insurance premiums prescribed have increased by 12 per cent. Due to a decrease in the market interest in single-premium insurance, however, there has been a 5.5 per cent decline in the total life insurance premiums prescribed. "The decrease was caused above all by a temporary depletion of the market potential in the sphere of single-premium insurance policies. Nevertheless, the trend in the sphere of common insurance, which forms the backbone of the stability of the insurance market, is much more important for insurance companies," explains Tomáš Machanec, deputy manager for ČP life insurance.

In comparison with the previous year, the company's equity capital has increased by 27 per cent, thus amounting to CZK 20.7 thousand million. By December 31st 2005, ČP had a balance amounting to CZK 131 thousand million and the net technical reserves amounted to CZK 83 thousand million.

Česká pojišťovna is the only insurance company in this country to publish its results according to international accounting standards. It received this obligation in 2005, as did all issuers of marketable securities, on the basis of an amendment to the Accounting Act.

Česká pojišťovna is the largest insurance company in this country with a total market share amounting to 36 per cent. It manages more than 13 million insurance policies. On the basis of voting by a panel of expert judges, ČP won first place for the second time in a row in the competition 'Insurance Company of the Year 2005' run by the company Fincentrum. The ability of Česká pojišťovna to retain its dominant market share in life and non-life insurance is also evaluated by rating agencies: Standard & Poor's gave ČP the grade BBB with a stable outlook; Moody's Investors Service assesses the financial strength of Česká pojišťovna with the grade Baa3, also with a stable outlook. The above evaluations belong

to the investment level and ČP thus ranks among the highest-rated financial institutions in this country. Apart from its leading market position and the successful introduction of a new level of client service, both agencies also highlight the company's good operational income.