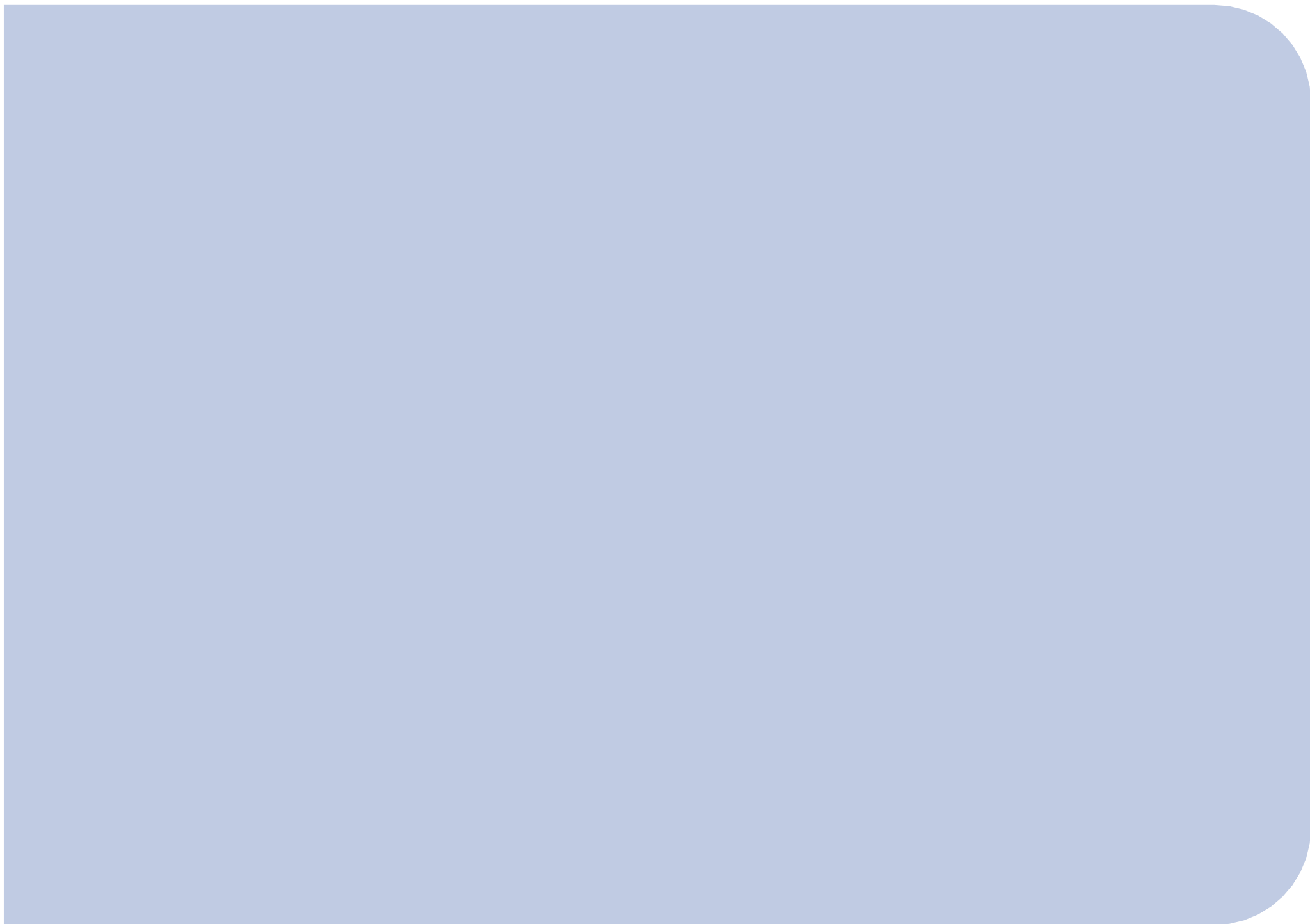




VIENNA INSURANCE GROUP

ANNUAL REPORT
2007



Your key...





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ABOUT THE COMPANY

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Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group

(hereinafter referred to as "Česká podnikatelská pojišťovna" or "ČPP")

Profit before tax: CZK 207 million
Written premium: CZK 4.75 billion
700,000 insured motor vehicles
Vienna Insurance Group

This past year has been the most successful in the recent history of ČPP.

In 2007 gross premium written increased by 9.4% in comparison with 2006.

The Company is the third largest provider of motor third party liability insurance in the Czech Republic.

Česká podnikatelská pojišťovna is a member of one of the largest insurance groups in Central and Eastern Europe.

3

Company name:

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group

Registered capital:

CZK 1 billion

Registered office:

Budějovická 5, 140 21 Prague 4

Client Infoline:

841 444 555

E-mail:

pojistovna@cpp.cz

Website:

www.cpp.cz

Identification number:

639 98 530

Establishment and registration:

The Company was established on 22 June 1995 and was recorded in the Commercial Register on 6 November 1995

Sole shareholder (since 1 July 2005):

Kooperativa pojišťovna, a.s., Vienna Insurance Group

Templová 747, 110 01 Prague 1

Identification number: 471 16 617

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Number of full-time employees

as at 31 December 2007:

938

SHAREHOLDER DESCRIPTION

1

Kooperativa pojišťovna, a.s., Vienna Insurance Group

(hereinafter referred to as "Kooperativa")

Net profit: CZK 1,087 million

Written premiums: CZK 29.11 billion

Market share: 22.3%

Vienna Insurance Group

The Company achieved the best profit after tax in its history.

Kooperativa's turnover reached a record EUR 1 billion.

Kooperativa is the second largest domestic insurance company.

Kooperativa is a member of one of the largest insurance groups in Central and Eastern Europe.

Company name:

Kooperativa pojišťovna, a.s., Vienna Insurance Group

Registered capital:

CZK 3 billion

Registered office:

Templová 747, 110 01 Prague 1

Client Infoline:

800 105 105

E-mail:

info@koop.cz

Website:

www.koop.cz

Identification number:

471 16 617

Commercial Register entry:

Kooperativa pojišťovna, a.s., Vienna Insurance Group is recorded in the Commercial Register maintained by the Municipal Court in Prague, file no. B 1897.

Company shareholders (as at 31 December 2007): WIENER STÄDTISCHE Versicherung AG

VIENNA INSURANCE GROUP

89.65%

VLTAVA majetkoprávní a podílová spol. s r. o., Praha

2.07%

Svaz českých a moravských výrobních družstev

8.28%

Number of full-time employees

as at 31 December 2007:

3,704

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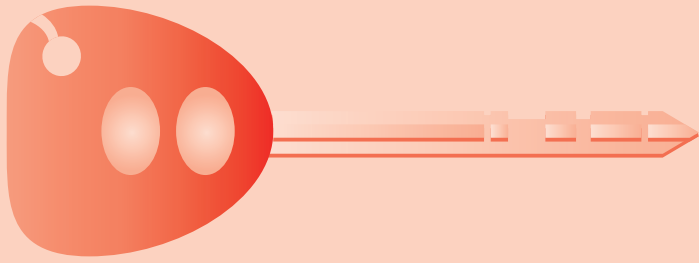
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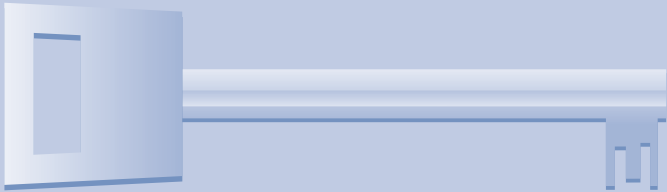
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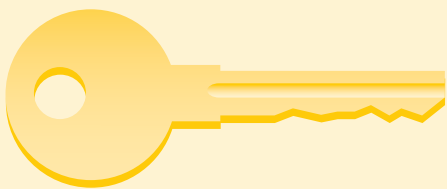
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... to a carefree journey!





INTRODUCTION BY THE CHAIRMAN OF THE SUPERVISORY BOARD



I am pleased to report that 2007 was the most successful year not only in the history of ČPP and its 100% owner, Kooperativa, but also – as its profits show – exceptionally successful for the whole Vienna Insurance Group, of which both insurance companies are members. Vienna Insurance Group strengthened its position and is the leading provider of non-life insurance in Central and Eastern Europe's key markets. It is also the second largest insurance group in this region, and the Vienna Insurance Group insurance market share in the Czech Republic is almost 26%. ČPP and Kooperativa achieved significant year-on-year profit growth of CZK 1.6 billion before tax.

The year 2007 was characterised by progressive and dynamic growth for Česká podnikatelská pojišťovna. One of a number of stable and strong companies, operating on a highly competitive domestic insurance market, ČPP has excellent business results. At the same time, the 9.4% year-on-year increase in gross premium written signifies that the growth rate of the insurance market as a whole was exceeded. The positive development of the Company is reflected also in the ROE indicator, which has tripled over the past two years and reached according to IFRS 32.9% at the end of 2007.

The insurance market is constantly growing, and the total gross premium written increased to CZK 130.3 billion according to the information provided by the Czech Insurance Association. In particular, the increase in the life insurance segment is very gratifying – premium grew by 14% in comparison with the previous year, up to CZK 53.9 billion. ČPP flourished in this field mainly in respect of the regularly paid premium, and with its dynamic growth of 9.1%, the Company significantly outperformed the market, which grew only by 6.4%. The non-life insurance market has been showing a rather low growth rate – by 4.4% up to CZK 76.4 billion. ČPP enjoyed the most success in the motor vehicle insurance segment, where the gross premium written increased by 9% to CZK 2.8 billion. In the motor third party liability insurance segment, gross premium written increased by 7.4% in comparison with the previous year,

ranking ČPP third among all insurance companies in respect of the gross premium written. The Company also increased its market share in this insurance segment to 10.7%.

The long-term aims of ČPP and Kooperativa include continuing to develop their role as the most active players on the Czech market and, by strict application of their business strategy, to meet the ambitious goals of the Vienna Insurance Group in the years to come. We want to encourage the interest of clients and business partners in our high-quality products, and will do so by increasing the level of services provided with emphasis on speed, flexibility and professionalism.

Last year was a very difficult year for ČPP, but it was also extremely successful. In conclusion, I would like to express my gratitude to all those who contributed to the achievement of these excellent results – my colleagues, business partners, brokers and, of course, all our employees. I would like to thank our clients for the confidence they showed us, because thanks to them ČPP is becoming a dynamically developing and significant financial institution on the Czech market.

A handwritten signature in blue ink, consisting of a large, flowing 'V' followed by a stylized 'M' and a trailing flourish.

Ing. Vladimír Mráz
Chairman of the Supervisory Board

INTRODUCTION BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

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In 2007 Česká podnikatelská pojišťovna achieved many major successes, and its positive growth trend of the past years continued. I am proud to report that in 2007 we crossed several symbolic thresholds – we now administer 1 million contracts and our services are used by more than 600,000 clients.

Throughout the year ČPP was growing faster than the insurance market, thereby strengthening its market position. Overall, we are in eighth place on the market and in non-life insurance we rank sixth. In terms of motor third party liability insurance, ČPP strengthened its position as the third largest provider of this type of insurance. Almost every eighth vehicle in the Czech Republic has motor third party liability insurance with ČPP. As a result of a wide segmentation ČPP offers its clients significantly more attractive terms and high-quality insurance cover for the optimum price.

However, ČPP is not successful only in the motor vehicle insurance sector. Life insurance products make up as much as 25% of the total premium. In spring 2007 ČPP launched its own unit-linked life insurance product for the first time, called Evropská penze – Důchodový program. This product enables the client to choose, combine and modify investment strategies as he/she wishes. Thanks to this unit-linked life insurance ČPP enjoyed the most successful product launch in its history – no other product has seen stronger sales following its introduction. Based on this success, which greatly exceeded all our expectations, we responded to our clients' needs, and in autumn 2007 we extended the offer in this area in the form of a modified product called Evropská jistota.

With a growth rate of + 9.4% in comparison with 2006 and a premium volume totalling CZK 4.75 billion, ČPP achieved the best result in its 12-year history in 2007. This premium includes non-life insurance of CZK 3.54 billion (+ 8.4%) and life insurance of CZK 1.22 billion (+ 12.2%). More than 14% of premium in the non-life insurance sector, totalling CZK 500 million, is comprised by industrial and business insurance. We succeeded in exceeding the profit for the whole of 2006 as soon as the end of the third quarter of 2007. At the end of the year profit before tax was CZK 207 million (+ 166%) according to Czech Accounting Standards, which corresponds to the IFRS result of CZK 303 million (+ 64%).

One of our principles is to be as close to our clients as possible and to focus on the quality of services we provide. ČPP clients have at their disposal 291 sales points all over the Czech Republic, where they can obtain comprehensive advice. At the end of 2007 more than 900 employees contributed to the successes of ČPP, of which more than half worked in the commercial services.

In connection with the multi-channel strategy, ČPP is relying, apart from internal sales, on cooperation with renowned brokers. In 2007 the Company focused on broadening both of these business routes. In order to ensure that our clients receive the best possible advisory services, we developed a multi-level education system for the professional training of our own employees and partners. In addition, our internal and external sales networks both work with a unique application for concluding insurance contracts, which is characterised by user-friendly features. Our employees and business partners are therefore able to present a specific and competitive offer to the clients at any time. By implementing the system, the whole process of drawing up contracts was speeded up and the error rate in processing them was reduced as much as possible. Our efforts in installing the system and developing it was worth it – more than 90% of all insurance contracts are concluded using this sales software.

Concluding insurance contracts over the Internet is the thriving business channel and sales route for the future. ČPP offers a very fast and simple on-line conclusion of motor third party liability insurance, travel and liability insurance, and, now, household insurance, which is offered by very few insurance companies.

In addition to providing professional and comprehensive advisory during selection of the insurance coverage, we are particular mainly about providing client care of high quality and standard when an insurance claim arises. At the same time, we believe that it is extremely important for the whole claims settlement process to be as fast as possible and without any complications. Our Client Infoline – 841 444 555 – is open every working day between 7:00 a.m. and 7:00 p.m., with trained operators willing to answer all client queries relating to products and reporting claims. Following the introduction of digitalisation we have managed to speed up the processing and settlement of all insurance claims.

Since 2005 ČPP has been a member of the Vienna Insurance Group. With a premium volume of almost EUR 7 billion and profit before tax of EUR 437 million, this group is the leading Austrian insurance group in Central and Eastern Europe. As a part of its multi-brand strategy, the Vienna Insurance Group relies on local, proven brands, which are proud to declare their membership of a successful and international group by adding the “Vienna Insurance Group” to their names. In connection with the unified external presentation of the group, the Company name was lengthened to “Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group” in 2007.

The numbers clearly confirm that we are on the right track and it is our goal again in year 2008 to continue with our well-proven strategy taking into account the latest trends and know-how in insurance practice. One of our priorities in the forthcoming year is to continue extending the internal sales network and strengthen our cooperation with external partners. We have set the same goal for 2008, which is to increase our sales by supporting cross-selling. The first significant steps in this area were already taken in 2007. On the market ČPP is seen and valued as an insurance company for all situations in life.

This success would not be possible without the contribution of our employees and business partners. I would like to extend a special thanks to them, because due to their maximum involvement, huge work effort, and their approach and professional behaviour, focusing primarily on services to clients, it is the client and his/her needs that are always in the centre of our focus.

In addition, I would like to take this opportunity to cordially thank our clients for their loyalty and trust – they will always receive “The best from us” in the future too!

We have set ambitious goals for ourselves also for the forthcoming year. With our attractive range of products, new unit-linked life insurance products, as well as the Autopojištění Combi Plus product, newly introduced in 2008, we are not only on the right track to continue systematically increase the Company’s profits and enhance our market share in the Czech Republic, but in particular, we are ready to respond to the wishes and the needs of our clients. “Come over to us!”

Dr. Franz Kosyna

General Manager and Chairman of the Board of Directors

MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

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MEMBERS OF THE BOARD OF DIRECTORS 2007



Dr. Franz Kosyna

Chairman of the Board of Directors and General Manager since 24 May 2006

Education: University degree in law

24 years of experience in the insurance business



RNDr. Jakub Strnad, Ph.D.

Deputy Chairman of the Board of Directors and Deputy General Manager since 28 March 2006

Education: University degree (Faculty of Mathematics and Physics)

12 years of experience in the insurance business



Ing. Jaroslav Besperát

Member of the Board of Directors since 11 March 2005

Education: University degree (Czech Technical University)

12 years of experience in the insurance business



Mag. Gerhard Lahner

Member of the Board of Directors since 1 November 2007

Education: University degree in economics

10 years of experience in the insurance business

MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2007

Ing. Vladimír Mráz

Chairman of the Supervisory Board since 22 July 2005

Ing. Konstantín Alexejenko

Member of the Supervisory Board since 1 October 2006

Prof. Ing. Jaroslav Daňhel, CSc.

Member of the Supervisory Board since 1 April 2005

Mag. Peter Höfner

Member of the Supervisory Board since 23 November 2005

Jiří Nedvídek

Member of the Supervisory Board from 1 April 2005 until 30 June 2007

Ing. Jaroslav Sirotek

Member of the Supervisory Board since 1 April 2005

Ing. Zdeněk Srp

Member of the Supervisory Board since 1 April 2005

Note:

1) As at 1 April 2008, the Board of Directors confirmed the position of RNDr. Jakub Strnad, Ph.D. as the Chairman of the Board of Directors and General Manager.

2) As at 1 April 2008, the Board of Directors confirmed the position of Ing. Jaroslav Besperát as the Deputy General Manager.

CHANGES IN THE COMPANY MANAGEMENT IN 2007

In June 2007 the Board of Directors of Česká podnikatelská pojišťovna approved the changes in Company's organisational structure. The sales division manager and the member of the Board of Directors, Ing. Jaroslav Besperát, was appointed the Head Director as of this date. Mgr. Tomáš Ženíšek (external networks division), Ing. Jiří Zahálka (internal networks division) and Pavel Wiesner (business risks division) became managers of the newly created divisions. The newly established business controlling department is managed by Ing. Zdeněk Kolář.

Jiří Nedvídek terminated his employment relationship in ČPP as at 30 June 2007, and at the same time his membership of the Supervisory Board also expired.

Mag. Gerhard Lahner, who is also a member of the Board of Directors of Kooperativa pojišťovna, a.s., Vienna Insurance Group, became a new member of the Company's Board of Directors. Since 1 November 2007 the Company has had a four-member Board of Directors comprising Dr. Franz Kosyna, General Manager and Chairman of the Board of Directors, RNDr. Jakub Strnad, Ph.D., Deputy General Manager and Deputy Chairman of the Board of Directors, Ing. Jaroslav Besperát, Head Director and member of the Board of Directors, and Mag. Gerhard Lahner, Finance Director and member of the Board of Directors.

In autumn 2007, ČPP announced the forthcoming changes in the Company's top management through a press release. The General Manager and Chairman of the Board of Directors, Dr. Franz Kosyna, who became a member of the Board of Directors of a major Austrian insurance company, Donau Versicherung AG Vienna Insurance Group in November 2007, will be replaced by RNDr. Jakub Strnad, Ph.D., the current Deputy General Manager and Deputy Chairman of the Board of Directors in 2008; at the same time, Ing. Jaroslav Besperát will be promoted to the position of Deputy General Manager.

In 2007 the Company name was lengthened – as of 1 September 2007 it is Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.

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... to business success!





- ČPP is the third largest provider of motor third party liability insurance on the Czech insurance market.
- ČPP administers more than one million client contracts and negotiates approximately 45,000 new insurance contracts each month.
- In 2007 the ČPP gross premium written totalled CZK 4.75 billion, which is 9.4% more than in 2006. Company profit before tax was CZK 207 million which was a year-on-year increase of 166%.
- The Company's registered capital totals CZK 1 billion.
- The Company is a full member of the Czech Insurance Association, the Czech Insurer's Bureau and other associations.
- ČPP is reinsured by renowned international reinsurance companies.
- Since 2005 ČPP has been a member of one of the major insurance groups in Central and Eastern Europe – the Vienna Insurance Group ("VIG").
- The sole shareholder of Česká podnikatelská pojišťovna is Kooperativa pojišťovna, a.s., Vienna Insurance Group.
- The sole shareholder of Kooperativa is WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP.
- The Vienna Insurance Group is the leading Austrian insurance group in Central and Eastern Europe. Outside the key market in Austria, the Vienna Insurance Group is active in Albania, Belarus, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Macedonia, Poland, Romania, Russia, Serbia, Slovakia, Turkey and Ukraine through shares in insurance companies. In addition, it has branches in Italy and Slovenia.
- The Vienna Insurance Group is one of the leading insurers in Austria, the Czech Republic, Slovakia, Romania, Albania, Bulgaria and Georgia.
- The Vienna Insurance Group was rated "A+" by Standard & Poor's rating agency, with a positive outlook.

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group is a general insurance company, offering clients modern products and comprehensive life insurance and non-life insurance solutions.

Motor vehicle insurance, motor third party liability insurance in particular, remains one of the most important sectors for ČPP. The Company applies insurance premium "segmentation", which takes into account multiple risk criteria. The rates are determined not only by the vehicle's engine size or its weight, but also by its age, the age of the insured driver and the region where the driver comes from. The only insurance company on the domestic market to do so, ČPP offered the **Extra bonus PROFI** product in 2007, entitling drivers to a no claims bonus in advance. With regard to motor vehicle insurance, the comprehensive **Autopojištění Combi Plus** product was introduced in 2008, for the first time, with above standard assistance services.

In terms of the life insurance segment, in 2007, for the first time, ČPP prepared unit-linked life insurance products for its clients. **Evropská penze – Důchodový program** and **Evropská jistota** provide high-quality insurance coverage and an opportunity for clients to earn above standard returns on deposited funds. In the areas of household, real estate and liability insurance, ČPP offers several special products in various forms, based on the clients' individual needs and interests. Industrial and business insurance forms a significant part of the ČPP portfolio.

The Company has 10 regional centres, more than 70 branches and 220 offices, across the Czech Republic. Details of the full product offer, including the possibility of concluding motor third party liability insurance, travel insurance and now property insurance online, are available at www.cpp.cz. Telephone inquiries are handled by the client telephone line – 841 444 555.

YEAR-ON-YEAR COMPARISON FOR THE 2006–2007 PERIOD

Gross premium written: CZK 4.75 billion (year-on-year increase of CZK 406 million CZK)

Results of operation – profit before tax of CZK 207 million (year-on-year increase of CZK 129.8 million)

Significant strengthening of financial stability in 2007:

- Registered capital – CZK 1 billion
- Technical provisions – CZK 6.7 billion (increase of CZK 1.1 billion)
- Financial placements – CZK 6.6 billion (increase of CZK 914 million)
- Balance sheet total – CZK 7.6 billion (increase of CZK 949 million)

ČPP'S STRATEGIC PARTNERS IN THE INSURANCE SECTOR

- **Všeobecná zdravotní pojišťovna ČR**
branch network, joint marketing events
- **Pojišťovna VZP, a.s.**
joint products, joint marketing events
- **Hasičská vzájemná pojišťovna, a.s.**
joint products, joint marketing events
- **Makler Service Bohemia International s.r.o.**
sale of joint life insurance product
- **Broker Consulting, a.s.**
sale of joint life insurance product
- **GLOBAL ASSISTANCE a.s.**
motor vehicle insurance assistance service
- **Partners For Life Planning, a.s.**
sale of life insurance and non-life insurance products
- **ŠKODA AUTO a.s.**
employee insurance, joint marketing events
- **SAZKA, a.s.**
premium payments through Sazka payment terminals

REINSURANCE

As in the previous year, the 2007 reinsurance programme was a significant stabilising factor for ČPP, helping it meet its liabilities to clients. The main characteristic of the reinsurance coverage was again a very conservative approach to the net own retention levels. It was also important to negotiate sufficient capacity to cover natural disaster risks, based on the flood models of two renowned reinsurance brokers, Benfield and AON. The selection of reinsurance partners focused solely on reinsurers with the highest rating. Most of the reinsurance coverage was placed with reinsurers that have an AA- rating according to the Standard & Poor's rating agency. The most important partners were the two largest international reinsurance companies, Swiss Re and Munich Re. Other major international reinsurers participating in the programme were SCOR, Hannover Re, XL Re and Transatlantic Re.

MARKETING

ČPP is aware of the importance of its role and social responsibility in supporting projects that benefit the public. In the long-term it has been focusing mainly on cultural and sports activities and charity programmes, and it helps to organise educational projects in the area of road safety.

Most important sponsorship activities:

- **Theater Ta Fantastika**
general partner
- **Theater Hybernia**
sponsor of the Golem musical
- **Václav Hübš Christmas concerts**
- **Czech Ski Association – cross-country skiing section**
- **Fan Club of the Czech National Football Team Prague**
- **FK Jablonec 97**
sponsorship of the first division football club
- **AK Markéta**
ČPP supports a speedway stadium
- **Rally Team Subaru ČR**
sponsorship of rally driver Vojtěch Štajf

- **Medea Kultur s.r.o.**

ČPP supports an information programme series focused on primary drug prevention.

- **Horská služba ČR, o.p.s. (Mountain Rescue Service)**

ČPP is working with the Mountain Rescue Service on producing educational videos and organising competitions and seminars.

- **Czech Red Cross Lifeguard Service**

ČPP is working with the Czech Red Cross Lifeguard Service on projects for training rescue workers all over the Czech Republic.

- **Police and Firefighters Foundation – mutual emergency assistance**

ČPP supports a foundation whose aim is to improve the living conditions of the orphaned children of policemen and firefighters who lost their lives on duty or as a direct consequence of their work.

- **SDH – Volunteer Fire Brigades**

ČPP supports individual fire brigade units in organising competitions and balls; it contributes to the purchase of equipment.

ROAD SAFETY ACTIVITIES:

Motor vehicle insurance is an important part of the ČPP insurance portfolio. For several years the Company has been actively involved in projects concerning damage prevention, and education of all affected by road safety issues, including children and young people.

- **MALINA Foundation**

ČPP has been the main partner of the foundation since 2004. The goal of this foundation of the rally driver Roman Krest and the singer Daniel Landa is to improve the traffic safety on Czech roads. The foundation distributes high-quality instructional films free of charge and, in cooperation with experts, it is involved in developing projects aimed not only at drivers, but also children, who, in terms of road safety, are the group most at risk.

- **HCT.CZ, a.s.**

Safe driving school – Skid school

The “Safe driving courses” training is focused on learning skills which help to deal with crisis situations and safe driving methods. HCT organises courses and training for car or truck drivers at special training circuits. It also provides practical driving lessons on special slippery surfaces.

- **MAX CARS s.r.o.**

Based on a contractual arrangement, ČPP gives preferential treatment to those who have completed the “Safe driving courses” at MAX CARS s.r.o. by offering a 10% discount on motor third party liability insurance and motor casco insurance. Through this, ČPP wants to support drivers who help increase road safety through their active involvement.

SELECTED REGIONAL ACTIVITIES:

Apart from projects organised centrally, a number of sponsor activities are supported by regional centres.

- **Jan Saudek exhibition**

Galerie Brno

- **Young pianists competition AMADEUS 2007**

Brno

- **Rost'a Čapek Benefit concert for the blind**

ABC theatre, Prague

- **Golden cross for rescuers**

Prague

- **Snail house**

painting exhibition for handicapped children

- **Brick action 2007 in South Bohemia**

benefit campaign to support the integration of mentally handicapped

- **62nd annual – Run through Lužánky ČPP 2007**

- **13th annual – Terry Fox run**

- **Czech badminton championship**

Český Krumlov

- **Brněnská laťka International high jump competition 2007**

- **International championship of the Czech Republic for road motorcycles**

support of the motorcycle rider Igor Kaláb

- **FC Slovan Liberec**

MOTOR VEHICLE INSURANCE

Motor third party liability insurance

ČPP is the third largest provider of motor third party liability insurance not only in terms of the number of insured vehicles, but also in terms of the gross premium written. The number of contracts in this segment showed a year-on-year increase of more than 80,000, and at the end of 2007 the Company had nearly 700,000 insured vehicles in its database. Almost every eighth vehicle in the Czech Republic has motor third party liability insurance with ČPP.

ČPP continued its tariff segmentation strategy and was one of the first insurance companies on the Czech market to do so in 2005. This method of rate setting takes into account a number of risk criteria and therefore enables a more equitable approach to premium setting. Segmentation rates are determined by the engine size or vehicle weight, region where the driver comes from, the vehicle age and the driver age. In addition, ČPP offers clients who are car owners a choice of eight tariff groups based on the engine size, compared to the five standard groups.

In 2007 ČPP offered segmented motor third party liability insurance products **Speciál Plus** and **Super Plus**, with higher insurance limits for damage to health and property. The products included a free 24-hour assistance service, including vehicle breakdown, with the option of calling the infoline in Czech outside the Czech Republic. In addition, Speciál Plus included free accident insurance for the driver, and the Super Plus product offered not only extended assistance service, but also reimbursement of the driver's treatment expenses abroad.

As a part of the motor third party liability insurance in 2007, ČPP launched a special new product, **Sporopov**. It included basic insurance meeting all the statutory requirements, with insurance limits of CZK 35 million for damage to health and CZK 18 million for property damage. The product was priced competitively for the target group of drivers

with a favourable claims experience and frequency, i.e. those over 35 years of age, with a vehicle older than eight years and permanent residence in a municipality with population lower than 10,000 inhabitants. In addition to this product, the Company offered insurance of a motorcycle under 50cc, or a trailer under 750 kg, free of charge.

At the beginning of 2007 ČPP introduced digitalised claim processing. This speeded up the whole insurance claims handling process, improving its quality. ČPP is currently one of the fastest insurance companies on the market in this very important client area.

In October 2007 the Company launched an appealing **Extra bonus PROFI** marketing tool on the MTPL insurance market. As the only insurance company in the Czech Republic to do so, ČPP offer drivers the opportunity to draw their no claims bonus in advance. All policyholders can apply for confirmation of 36 claims-free months, thereby receiving a 15% premium discount for a three-year period under the bonus system. Drivers who have just gained their licence and all other motorists who believe that they will make no claim in the following three years can take advantage of this benefit. The aim of this offer was, among other things, to encourage drivers to drive more safely. In this way the Company is stressing efforts to reduce accident frequency on Czech roads, thereby fulfilling a damage prevention goal in this insurance sector.

At the end of 2007 ČPP launched a motor third party liability insurance product on the market as a part of the prepared **Autopojištění Combi Plus** product line. The upgraded Sporopov, Speciál Plus and Super Plus products are provided within a single insurance contract; they have new insurance limits and include a number of new modern features and benefits.

An expert panel comprising representatives from financial and insurance intermediaries, academics, entrepreneurs and media representatives ranked the Speciál Plus motor third party liability insurance product one of the top 10 products on the market in the Golden Crown (Zlatá koruna) competition. Its qualities were ranked highest (first place) by academics and by salespeople and insurance intermediaries (third place).

Motor casco insurance

ČPP also offered motorists comprehensive motor casco insurance in 2007. As with motor third party insurance, segmentation criteria are applied in this product.

There are three variants of this simple motor casco insurance product, based on the following combinations of risk covered:

1. All risk

- damage or destruction caused during an accident
- theft and vandalism
- damage or destruction caused by a natural disaster

2. Accident + natural disaster

- damage or destruction caused during an accident
- damage or destruction caused by a natural disaster

3. Theft + natural disaster

- theft and vandalism
- damage or destruction caused by a natural disaster

All three variants include accident insurance for passengers in the vehicle, free of charge, at the same amount as the insurance coverage.

Supplementary insurance

If the client did not require motor casco insurance, he/she was offered the **Balíček pojištění** product, with a 30% discount, including car windscreen insurance, insurance covering a collision involving a wild animal and extended accident insurance for the driver's seat, as an alternative, in combination with the motor third party liability insurance. Owners of older vehicles could also choose a separate **Pojištění rizika odcizení** product for older vehicles, with a maximum insurance limit of CZK 50,000 and an excess of CZK 5,000.

At the end of 2007, the Company was working intensively on developing a brand new product line, **Autopojištění Combi Plus**, with new products of motor casco insurance and supplementary insurance. It will be possible to negotiate these together with motor third party liability insurance in a single insurance contract.

NON-LIFE INSURANCE

The non-life insurance offer includes a wide range of products for both individuals and companies. In this area the Company achieved a year-on-year increase of 5.8%. Overall, the non-life insurance segment – including the motor vehicle insurance – grew by 8.4% in 2007.

ČPP offers insurance of business risks, i.e. insurance for businesses and industry through a “free universal product” with very wide insurance coverage. It enables an insurance contract to be drawn up on an individual basis, in accordance with specific client requirements. ČPP is involved in the insurance of almost 40% of the 100 largest industrial companies.

In respect of property and liability insurance for businesses ČPP focuses mainly on covering the insurance risks of the **FLEXA type**, which includes insurance against fire, lightning, explosions, an aeroplane fall or part of it, coverage against theft, high water caused by other reasons than flooding and high water as a consequence of flooding, etc. Liquid leakage from industrial equipment is a very frequently insured risk.

Last year ČPP recorded successful sales of its latest business insurance product **Podnikatel PLUS and Podnikatel KOMPLEX**. With this product the Company responded to small and medium businesses and created a unique “package” of insurance against the most frequently requested insurance risks. In the Golden Crown (Zlatá koruna) competition the Podnikatel Plus product was ranked among the best by the academics and experts, as well as by those for whom this product was designed in the first place – businesses themselves (second and third place).

In respect of business risks we insure not only clients in the industrial sector, but also businesses providing services (non-manufacturing companies and premises, such as hotels, business companies, and local and regional government).

We also have a wide range of high-quality **property and liability insurance products for individuals**. ČPP offers insurance coverage for households, recreational facilities or houses, in three basic modules. The household insurance is set up using the “modular system” – the client can personally choose the extent of insurance and the sum insured, as he/she wishes.

In 2007 ČPP paid close attention to the development of new products and continued to introduce innovations to its property and liability insurance. ČPP is one of the few insurance companies in the Czech Republic to offer **property insurance negotiation via the Internet**. By means of navigation, the contract can be concluded very quickly, simply and from the comfort of your home.

ČPP, as the very first insurance company on the domestic market, introduced **insurance to cover veterinary treatment of dogs MAZLÍK**, at the end of August 2007. ČPP designed this product based on the fact that veterinary care for dogs is currently connected with payments made on the spot and in many emergency situations the owner is not able to cover the required expenses. The offer included also supplementary insurance of liability for damage relating to dog ownership, with an insurance limit up to CZK 500,000. In addition, ČPP offered also separate insurance to cover veterinary treatment of dogs, cats and ferrets abroad, as a part of travel insurance.

In terms of the travel insurance segment, ČPP continued cooperating with the Pojišťovna VZP insurance company. Statistics show that an increasing number of clients are arranging travel insurance. This corresponds with the growing number of contracts concluded online. Travel insurance is available to individuals, families and groups. The premium amount relates to the type of insurance selected and the insurance limit; high-quality and extensive assistance service is provided free of charge. The special travel insurance offer includes insurance for organisations and companies, schools, tour operators and travel agents, as well as supplementary insurance to cover mountain rescue service expenses incurred in Slovakia.

In relation to the natural disasters from 2007, ČPP has handled more than 1000 reported insurance claims; the total amount of damages reached CZK 50 million. In view of similar and other unexpected events the Company will address procedures in and outlooks for property and liability insurance in connection with new insurance risks in the future.

In the following years ČPP expects the potential of this segment to dramatically increase in line with the increasing general awareness and interest of people and businesses and the greater impact of related external and internal factors.

LIFE INSURANCE AND ACCIDENT INSURANCE

Life insurance showed a significant increase in 2007, resulting in an overall year-on-year increase of 12.2%, while the extraordinary premium grew by 16.4%, the single premium by 15.2% and the regular premium by 9.1%. The total gross premium written for 2007 reached CZK 1.22 billion. In 2007 the most successful product of the segment was unit-linked life insurance.

ČPP is continuously expanding and introducing innovations to its product offer. In terms of production volume and market position ČPP has always been significantly stronger in the non-life insurance sector. However, the life insurance segment is becoming increasingly important to the Company, as it presents a great opportunity to using modern and progressive products in this segment. In April 2007 ČPP launched a new insurance product – **unit-linked life insurance Evropská penze – Důchodový program**. It is designed for those who are interested in ensuring their own financial security and who expect a significantly higher revenue potential in the long-term. The product offers an opportunity to combine insurance against various life risks with high revenues, generated by funds invested in investment instruments according to the client's own choice. The funds are not deposited in one particular fund or company share only, but in portfolios, which significantly reduces the investment risk. Clients can use two or three investment strategies with different return potentials. A great advantage is maximum flexibility depending on the client's current life situation – practically all product parameters can be adjusted – e.g. the sum insured, premium amount, etc. The programme allows for regular savings, as well as one-off extraordinary contributions of premium; one can influence the placement of deposited funds, time the payment from insurance for the best time, suspend premium payments. In comparison with the competition the fee system of Evropská penze is simple, transparent and inexpensive. Broker Consulting, a.s. is the exclusive intermediary for this product and the investment partner was CONSEQ Investment Management, a.s. ČPP offered clients a modified version of this product, called **Evropská jistota**, in autumn 2007. In the Golden Crown (Zlatá koruna) competition the unit-linked life insurance product Evropská penze – Důchodový program was ranked among the best by the academics as well as by sales and intermediary representatives (second and third place).

Together with unit-linked life insurance, ČPP also offers capital life insurance products under the brand name Filip. The most successful is **Life insurance with Filip PLUS**, which includes five separate products. In addition to the basic capital and risk component of life insurance, these products also offer a wide range of supplementary insurance against other risks, e.g. accidents, illnesses, etc. They also cover other risks associated

with human life, not only the risk of death, and provide the client with comprehensive coverage against various extraordinary and unexpected life situations. In terms of the number of insured risks **Life insurance with Filip VARIANT** is less comprehensive; however it is more flexible in terms of choosing the total premium and its breakdown into the insurance on survival to a certain age and insurance on death. This product is offered exclusively with great success by a cooperating intermediary company Makler Service Bohemia International s.r.o. (hereinafter referred to as "MSBI").

Accident insurance can be arranged separately or as a rider attached to life insurance, motor vehicle insurance and travel insurance. **Accident insurance with Filip Plus** includes individual, group and discounted, "family", insurance. It is designed to cover the risk of accident-related death and permanent injuries caused by the accident. Daily compensation for the period of injury treatment is also available should the client be interested. In cooperation with the broker MSBI ČPP offers individual **Accident insurance with Filip Variant** which offers also daily compensation during hospital stay following an accident and fixed amount insurance rider covering children fractures.

Other capital products – **Savings with Filip, Life insurance with Filip KOMFORT** and **Life insurance Budoucnost** – have been developed for a specific target group and the structure of insured risks has been designed according to the current market requirements. The first two products are successful mainly due to their simplicity; Budoucnost is focused on young clients.

ČPP offers high-quality insurance coverage supported by professional services in respect of life insurance and accident insurance. In accordance with market requirements, targeted products are constantly innovated to comply with specific, insurance market segments which are not yet covered. We concentrate primarily on individual needs of people and companies which make contributions to the private life insurance of their employees.

The Company will respond to the development in the state pension and health insurance sectors by gradually introducing relevant products.

Motor vehicle insurance

- Motor third party liability insurance
- Motor casco insurance
- Insurance package (windscreen, collision involving a wild animal and extended driver accident insurance)
- Insurance against theft for older vehicles

Life insurance

- Unit-linked life insurance Evropská penze – Důchodový program
- Unit-linked life insurance Evropská jistota
- Life insurance with Filip Plus
- Life insurance with Filip Variant (MSBI)
- Savings with Filip
- Life insurance Budoucnost

Accident insurance

- Accident insurance with Filip Plus (individual, family, group)
- Accident insurance with Filip Variant (MSBI)
- Health insurance VZP

Property and liability insurance for individuals

- Household and property insurance
- General liability insurance for private individuals
- General liability insurance for property owner, occupier, tenant or property manager
- General liability insurance caused to an employer in carrying out its profession
- General liability as an animal owner or handler
- Liability insurance for hunters
- Insurance to cover veterinary treatment of dogs MAZLÍK

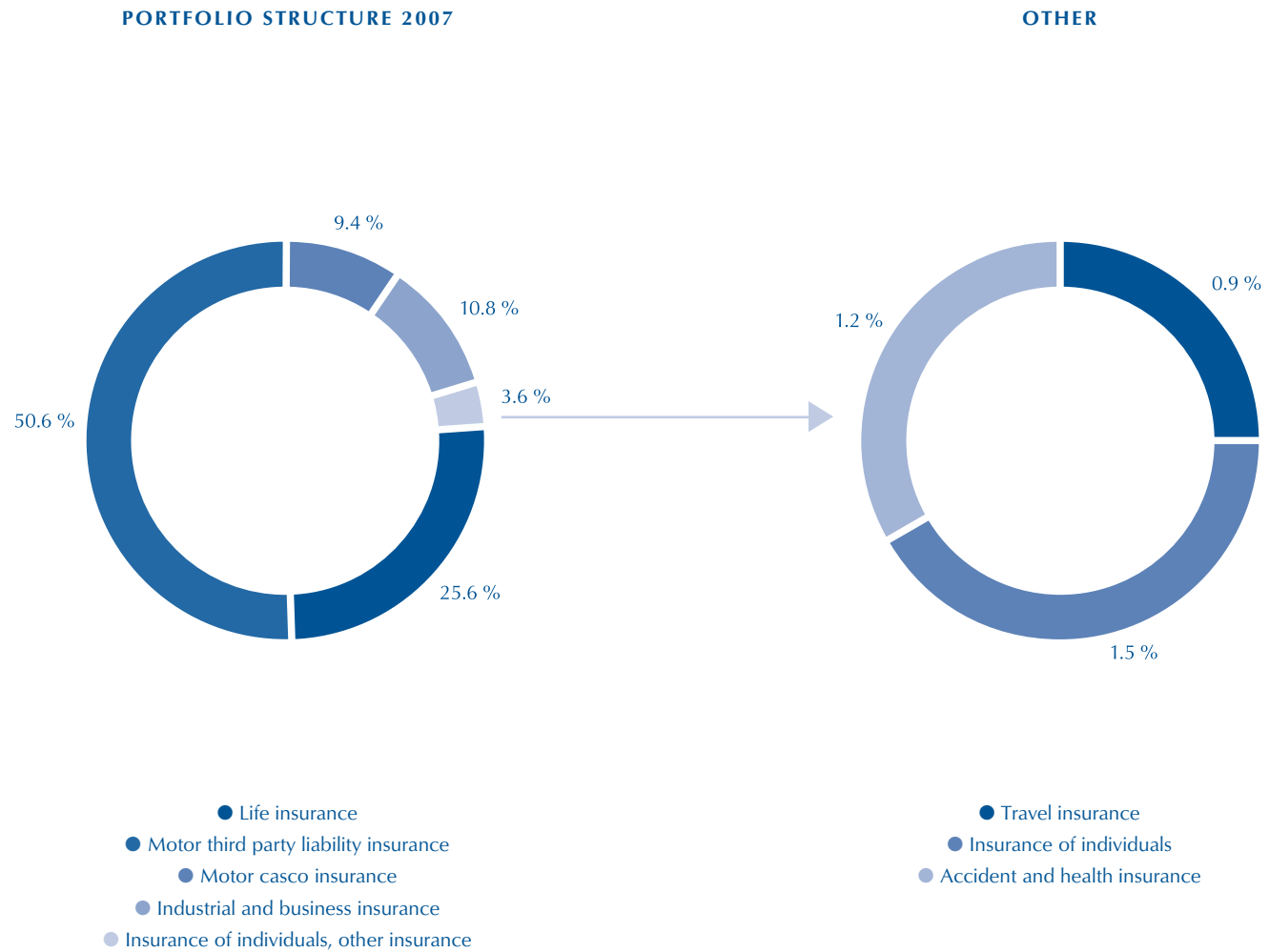
Property and liability insurance for business people

- Property insurance for businesses as a result of natural disaster, technology breakdown, theft and vandalism
- General liability insurance
- Professional liability insurance
- Faulty product liability insurance
- Liability insurance for road carriers
- Business interruption insurance
- Construction and assembly insurance
- Cargo and shipment insurance
- Exhibitions insurance including liability insurance
- Financial adequacy insurance for transport companies

Travel insurance

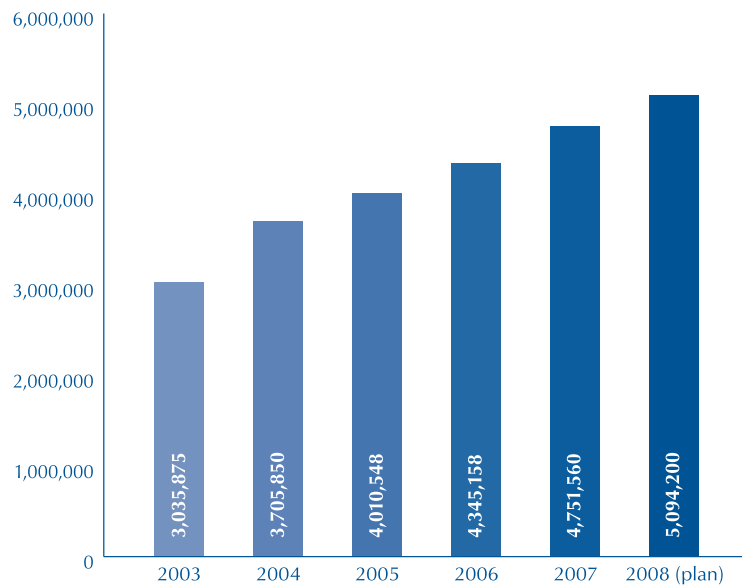
- Acquisition through travel agencies
- Over the counter and on-line insurance sales

Compulsory bankruptcy insurance for travel agencies



In 2007 ČPP recorded a year-on-year increase of 9.4% in the total gross premium written, which is again higher than the total growth on the domestic market. ČPP achieved its best result in its recent history. Motivational measures designed to increase the business service activity resulted in a marked increase in the growth rate. ČPP achieved and even exceeded the planned trade volume and strengthened its market share. Overall, the Company was ranked eighth among all insurance companies on the Czech market in 2007. In respect of non-life insurance it achieved sixth place; as usual the Company achieved very good results in the motor vehicle insurance segment. In terms of the MTPL insurance segment, ČPP improved its position and for the gross premium written: it finished third.

ČPP – total gross premium written (TCZK)

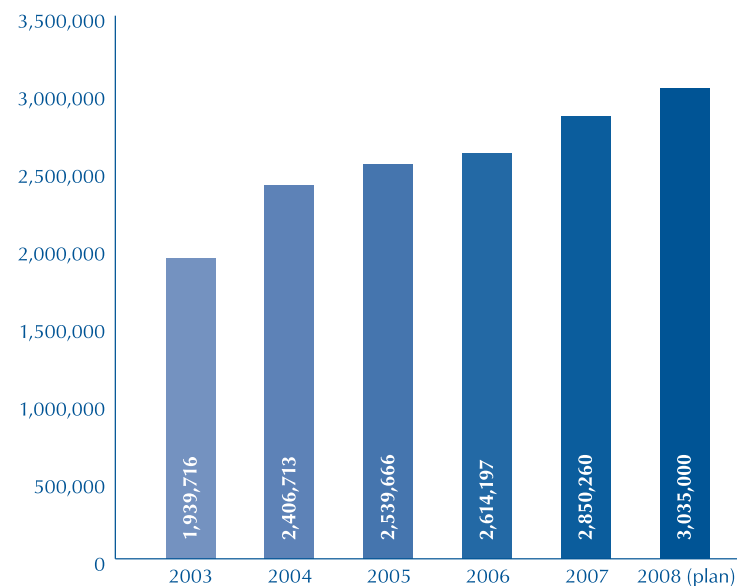


TRADING ACTIVITIES ACCORDING TO INSURANCE AREAS

Motor vehicle insurance

In respect of motor vehicle insurance the gross premium written increased by 9% to CZK 2.8 billion, of which CZK 2.4 billion relates to MTPL insurance, with a growth rate of 7.4%, and CZK 447 million relates to motor casco insurance, with a growth rate of 18.7%. ČPP ranked third among all insurance companies in the MTPL insurance segment, not only in terms of the total number of vehicles insured, but now also in the gross premium written.

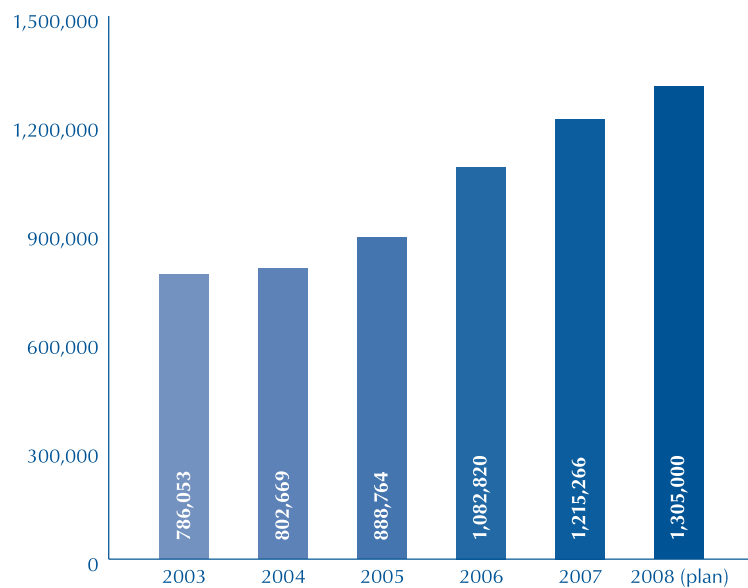
Motor vehicle insurance
gross premium written (TCZK)



Life insurance

ČPP also achieved major success in the life insurance segment. The gross premium written showed a year-on-year increase of 12.2%. ČPP flourished in this segment mainly in respect of the regularly paid premium, with a growth rate of 9.1% in 2007, while the market grew only by 6.4%. ČPP retained a market share of 2.3%.

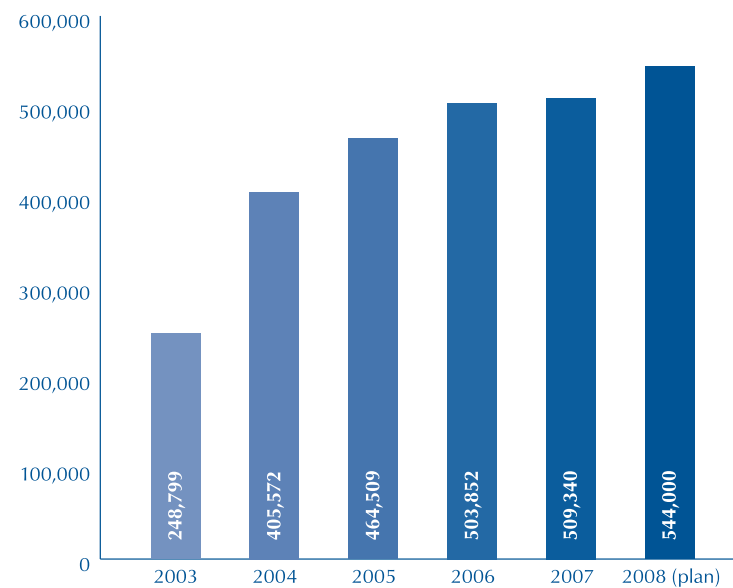
Life insurance
gross premium written (TCZK)



Industrial and business insurance

In the segment of property and liability insurance for businesses and business risks insurance, ČPP managed to maintain growth despite the continuing market decline.

Insurance of businesses
gross premium written (TCZK)



INTERNAL AND EXTERNAL INTERMEDIARY NETWORKS, COOPERATION WITH BUSINESS PARTNERS

In 2007 the regional centres continued the further development of their employee sales network and strengthening cooperation with other business partners, insurance brokers and agents on the regional level. Further cooperation with car dealers, in particular those of used vehicles also continued to flourish. On the regional level, the Company was also successful in recruiting new applicants interested in the insurance intermediary activities. We provided them with comprehensive support in processing their registration applications, acquiring the necessary qualification conditions and their subsequent involvement in insurance activities for our Company.

Throughout the year the Company continued to improve the quality of its sales points, not only on the level of regional centres but also branches and insurance offices. In a number of cases, the sales point was moved to better premises in a more attractive part of the particular town, which was the case of the regional centre in Ostrava in mid-2007. The majority of our sales points were re-branded and the interiors were improved. In line with the adopted development strategy, the number of sales points increased, in particular in municipalities with a population lower than 10,000 inhabitants. At the end of the year there were 82 branches in operation, located at the regional centres and branches with full client service, and another 220 insurance offices, operated by our business partners across the Czech Republic, where the majority of client requests and insurance inquiries could be handled.

Our operational systems for client service underwent further quality improvements, and we managed to introduce the digitalisation process of insurance claims at the sales points very successfully, which resulted in a reduction in time needed to settle insurance claims and an opportunity for better informing clients about the insurance claims handling status. All these factors helped to achieve the planned business results for 2007 in the business network of regional offices and in several regional offices, they were exceeded greatly.

One of ČPP's major business partners for negotiating insurance remains Makler Service Bohemia International s.r.o. (MSBI). The business emphasis of this partner is mainly on the life insurance segment and gradually it is expanding its field of activities to sell also other types of insurance. The cooperation with Hasičská vzájemná pojišťovna and Sdružení hasičů Čech, Moravy a Slezska in respect of negotiating MTPL contracts continued equally well. The cooperation with PVZP and VZP developed in the form of joint travel and health insurance products. In 2007 ČPP started to

cooperate with two other major partners – financial advisory companies Broker Consulting, a.s. and Partners For Life Planning, a.s. The development of cooperation with Broker Consulting, a.s. in particular brought significant increase in business production and based on the achieved results, the company became the most successful partner company in respect of the sale of unit-linked life insurance.

In 2007 the cooperation with more than 300 insurance brokers and agents ensured the increase in sales volume, mainly in the motor vehicle insurance and industrial and business insurance. As for the property and liability insurance for businesses the broker companies are the main and principal seller of our products and at the same they provide valuable advice when addressing insurance coverage of our clients. The year 2007 was a very successful year for the life insurance segment.

Due to an individual approach, fast service and system support as well as various motivation contests, regular meetings and training, ČPP is further increasing the number of major business partners.

STRATEGY FOR 2008

Gross premium written of CZK 5.1 billion

- Market share increase
- Implementation of a new organisational structure at regional centres, with the objective of achieving an increase in the quality of sales and provided services, and higher efficiency of management processes
- Sales support for new products Evropská jistota, Autopojištění Combi Plus, Podnikatel KOMPLEX
- Using the cross-selling effect when selling other products of property and liability insurance for individuals, and insurance of individuals (accident, health and travel insurance)
- Further development of products sales via sales software
- Sales support for selected products via the Internet
- Recruitment of new regional brokers and insurance agents in order to strengthen sales of life insurance, property and liability insurance for individuals, insurance of individuals and medium-size enterprises
- Intensive development of service for external networks



3 ... to stress-free travel!



Austria  WIENER STÄDTISCHE VIENNA INSURANCE GROUP  Ionau VIENNA INSURANCE GROUP Bank Austria Creditanstalt Versicherung	Czech Republic  Kooperativa VIENNA INSURANCE GROUP  ČPP VIENNA INSURANCE GROUP	Slovakia  Kooperativa VIENNA INSURANCE GROUP  KOMUNÁLNA poisťovňa VIENNA INSURANCE GROUP  KONTINUITA VIENNA INSURANCE GROUP	Croatia  KVARNER VIENNA INSURANCE GROUP  Life VIENNA INSURANCE GROUP  OSIGURANJE HELIOS VIENNA INSURANCE GROUP	Bulgaria  BULSTRAD VIENNA INSURANCE GROUP  Life BULSTRAD VIENNA INSURANCE GROUP  БЪЛГАРСКИ ИКОНИ VIENNA INSURANCE GROUP <i>in redesign</i>	Romania  OMNIASIG VIENNA INSURANCE GROUP  OMNIASIG VIENNA INSURANCE GROUP  ASIROM VIENNA INSURANCE GROUP  UNITA VIENNA INSURANCE GROUP  AGRAS VIENNA INSURANCE GROUP	Poland  COMPENSA VIENNA INSURANCE GROUP  InterRisk VIENNA INSURANCE GROUP  BENEFIA VIENNA INSURANCE GROUP  ROYAL Polska VIENNA INSURANCE GROUP  PZM VIENNA INSURANCE GROUP
Germany  InterRisk VIENNA INSURANCE GROUP	Hungary  UNION BIZTOSÍTÓ VIENNA INSURANCE GROUP	Slovenia (branch)  WIENER STÄDTISCHE VIENNA INSURANCE GROUP	Estonia  SEESAM <i>in redesign</i>	Ukraine  КНЯЖА VIENNA INSURANCE GROUP  ГЛОБУС VIENNA INSURANCE GROUP  ЮПІТЕР VIENNA INSURANCE GROUP  УКРАЇНСЬКА СТРАХОВА ТРУВА <i>in redesign</i>	Russia  МСК-Лайф VIENNA INSURANCE GROUP	Georgia  GPIA VIENNA INSURANCE GROUP  IRAO VIENNA INSURANCE GROUP
Italy (branch)  WIENER STÄDTISCHE VIENNA INSURANCE GROUP	Serbia  WIENER STÄDTISCHE VIENNA INSURANCE GROUP	Albania  SIGMA VIENNA INSURANCE GROUP	Latvia  SEESAM <i>in redesign</i>	Turkey  RAY SIGORTA <i>in redesign</i>		
Liechtenstein  VIENNA-LIFE VIENNA INSURANCE GROUP	Belarus  КУПАЛА VIENNA INSURANCE GROUP  Victoria VIENNA INSURANCE GROUP	Macedonia  SIGMA VIENNA INSURANCE GROUP	Lithuania  SEESAM <i>in redesign</i>			

THE VIENNA INSURANCE GROUP

The Vienna Insurance Group is the leading insurance Group in Austria and a top-player in Central and Eastern Europe (CEE). The Group is a composite insurer that offers its customers innovative products and modern insurance solutions in the property/casualty, life insurance and health insurance business.

Leading position in CEE

The Vienna Insurance Group was one of the first insurance groups to recognise and quickly take advantage of the growth opportunities offered by a unified Europe. Today, the Group is one of the most important players in the CEE region. The Vienna Insurance Group now operates in 23 markets, extending from Turkey in the south to Estonia in the north, and Vaduz in the west to Vladivostok in the east, thereby achieving broad geographic diversification. In Austria, the Czech Republic, Slovakia, Romania, Albania, Bulgaria and Georgia the Vienna Insurance Group is one of the leading insurers in the markets.

Clear growth strategy

The Vienna Insurance Group has followed a clear strategy of value-oriented growth for many years. The central objective has been to be the leader. This applies at the level of the Group as a whole, to management and to each employee. The strategy of the Vienna Insurance Group has been to push forward expansion in the high-growth CEE region using selective market entries and organic growth, and to develop its leading positions in service and customer satisfaction through continuous improvements to the range of services offered. In addition to its strong market position, the Group is also using multi-channel distribution, systematic utilisation of synergies and broad risk diversification to optimise its access to customers. For example, the broad diversification over markets and products creates a correspondingly solid business structure, which is also reflected in an excellent rating, among other things (Standard & Poor's: A+; positive outlook). Another key success factor of the Vienna Insurance Group is its multibrand policy, which relies on the effectiveness of using proven brand names with a rich tradition in all markets.

Pure play in the CEE region

The Vienna Insurance Group is well positioned to participate in the increasing needs for insurance accompanying the rising standard of living in the countries of the CEE region. In 2007, the proportion of total Group premiums contributed by group companies in the CEE already exceeded 40 %, even rising to rough 58 % in the property/casualty area. No other international insurance company generates such a high proportion of its premiums in this high-growth region.

Listing on the Vienna and Prague Stock Exchanges

Since 2005 the Vienna Insurance Group has been listed on the Prime Market sector of the Vienna Stock Exchange and is a part of the ATX leading share index. The company's very pleasing performance over the past few years reflects the confidence felt by financial markets towards the business. In order to make the Group even more attractive to investors and reflecting its CEE presence also on capital markets, the shares have also been listed on the Prague Stock Exchange since the beginning of February 2008. As of February 1, 2008 the Group's shares will be traded under its international name Vienna Insurance Group using the ticker symbol VIG.

Objectives and strategy of the Vienna Insurance Group

We keep our promises

The figures for recent years show that the Vienna Insurance Group is implementing its strategy successfully. The average annual growth in premiums of 19% for the Vienna Insurance Group as a whole during the 2004–2007 period is even surpassed by the profit before taxes, which grew on average by 41% per year during the same period, thereby exceeding the Group's original targets by a wide margin. Dynamic growth in the CEE region also made a decisive contribution to this result. The Vienna Insurance Group is benefiting from its early involvement in CEE, which is already providing a solid contribution to profit. In particular, premiums written in the CEE region increased on average by 36% per year during the 2004–2007 period, while the average growth in profit before taxes was 39.4% over the same period.

Central and Eastern Europe – our growth market with a future

The CEE region represents a significant growth opportunity for the insurance industry. The development of business potential resulting from the Vienna Insurance Group's expansion into the CEE countries is based primarily on two factors: The insurance density in the CEE region (premiums per capita) is considerably below the Western European level, and the insurance markets exhibit above-average growth rates. In addition, rapid economic growth and continuing integration of the CEE countries into the European Union is increasing the wealth of the population. The demand for financial services to insure the assets that have been created and safeguard the standard of living has been growing at an above-average rate. The insurance market in a dynamically growing economy such as the CEE region therefore exhibits greater growth potential than the overall market. These are the factors that make Central and Eastern Europe so attractive for the Vienna Insurance Group.

Our plans for the future are manifold

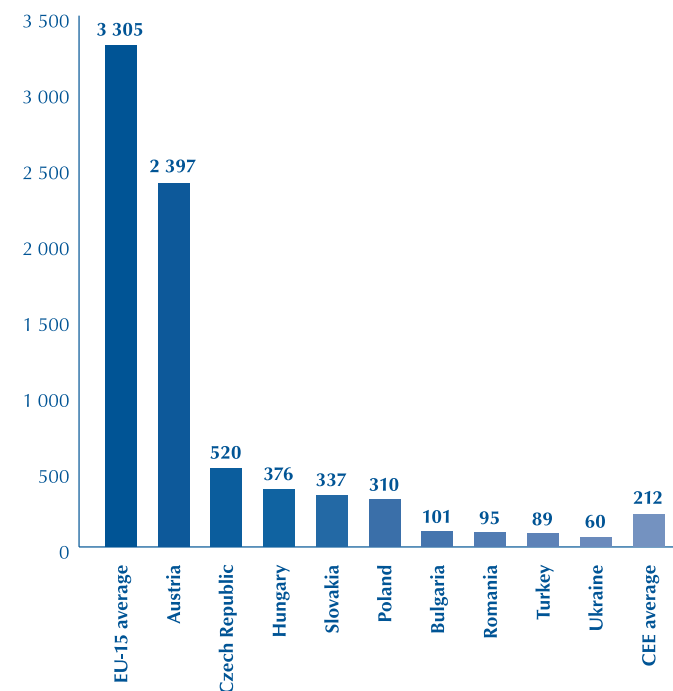
Due to the potential conditions of the Office for the Protection of Competition in connection with the acquisition of the insurance activities of Erste Bank, the Vienna Insurance Group will sell its shares in BACA Versicherung and in the Romanian insurance company Unita. After deducting the expected insurance premium and profit before tax of both these companies, the Vienna Insurance Group is setting new ambitious goals for 2011. In 2011 it will attempt to achieve a group profit before tax of more than EUR 1 billion and an insurance premium of more than EUR 12 billion. The share of insurance premium from the CEE countries in the total insurance premium volume should increase to more than 50%.

More detailed information on individual Group companies is available on the www.viennainsurancegroup.com website under "About Us – The Group" or in the WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP Annual Report.

Insurance density 2007

Long-term growth potential in the CEE markets

Per capita insurance premiums in USD



(Source: Sigma 4/2007)

LIST OF COMPANIES IN THE GROUP 2007

WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP

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Insurance companies in Austria

	Address	Code in registry of companies	Share of WSV AG (%)	Description
Bank Austria Creditanstalt Versicherung AG	Schottenring 27-29, 1010 Wien	103364 g	60,54	insurance
DONAU Versicherung AG Vienna Insurance Group	Schottenring 15, 1010 Wien	32002 m	89,47	insurance
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	Schottenring 30, 1010 Wien	75687 f	–	insurance

Insurance companies in other countries

	Address	Code in registry of companies	Share of WSV AG (%)	Description
BENEFIA Towarzystwo Ubezpieczen Na Zycie S.A. Vienna Insurance Group	Ul. Pulawska 405, 02-801 Warszawa	RHB No. 33168	100,00	insurance
BENEFIA Towarzystwo Ubezpieczen Majatkowych S.A. Vienna Insurance Group, Warschau	Ul. Pulawska 405, 02-801 Warszawa	RHB 59942	100,00	insurance
BULGARSKI IMOTI LIFE Insurance Company,	Balscha StraÙe No. 8, 1408 Sofia	Ф.Д. 6100/1995 CTC	98,35	insurance
Bulgarski Imoti Non-Life Insurance Company	Balscha StraÙe No. 8, 1408 Sofia	Ф.Д. 6100/1994 CTC	98,36	insurance
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Budějovická 5, 140 21 Praha 4	639 98 530	87,67	insurance
Towarzystwo Ubezpieczen "Compensa" Spolka Akcyjna Vienna Insurance Group	ul. Aleje Jerozolimskie 162, 02-342 Warszawa	00000 06691	99,87	insurance
Towarzystwo Ubezpieczen Na Zycie Compensa Spolka Akcyjna Vienna Insurance Group	ul. Aleje Jerozolimskie 162, 02-342 Warszawa	00000 43309	100,00	insurance
Cosmopolitan Life Vienna Insurance Group – dionicko drustvo za osiguranje	Jurisceva 9, HR-1000 Zagreb	80260803	96,00	insurance
InterRisk Versicherungs-AG, Vienna Insurance Group	Karl-Bosch-Strasse 5, 65203 Wiesbaden	8043	100,00	insurance
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Karl-Bosch-Strasse 5, 65203 Wiesbaden	12059	100,00	insurance
Komunálna Poistovna a.s. Vienna Insurance Group	ul. Dr. Vladimíra Clementisa 10, 821 02 Bratislava	31 595 545	95,72	insurance
KONTINUITA poist'ovná, a.s. Vienna Insurance Group	Rajská 15/A, 811 08 Bratislava	35 709 600	100,00	insurance
Kooperativa pojišťovna, a.s., Vienna Insurance Group	Templová 747, 110 01 Praha 1	471 16 617	87,67	insurance
KOOPERATIVA poist'ovna a.s. Vienna Insurance Group	Stefanovicova 4, 816 23 Bratislava	00 585 441	100,00	insurance
Kvarner Vienna Insurance Group dionicko drustvo za osiguranje	Osjecka 46, HR-51000 Rijeka	080026313	98,75	insurance
AGRAS VIENNA INSURANCE GROUP S.A.	Bd. Dacia 30, Sector 1, RO-010 403 Bucuresti	80000340	88,86	insurance
UNION Vienna Insurance Group Biztosító Rt.	1082 Budapest, Baross u. 1.	01-10-041566/66	100,00	insurance

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UNITA VIENNA INSURANCE GROUP S.A.	Bd. Dacia, nr 30 sect 1, Bucuresti	J 40 / 13092	100,00	insurance
Vienna-Life Lebensversicherung AG Vienna Insurance Group	Industriestraße 2, FL-9487 Benden	FL-0002.010.458-6	100,00	insurance
"WIENER STÄDTISCHE OSIGURANJE" akcionarsko drustvo za osiguranje	Mihajla Pupina 165G, YU-11070 Novi Beograd	4 - 101 - 00	100,00	insurance
OMNIASIG VIENNA INSURANCE GROUP S.A.	B-dul Aviatorilor, Nr. 28 RO-010 403 Bucuresti	J40/8364/1994	98,30	insurance
Omniasig Asigurari de Viata SA	Str. Pechea nr. 13, Buc. sect. 1	J40/8364/1994	50,01	insurance
Royal Polska Towarzystwo Ubezpiecen na Zycie S.A.	Ul., Rydygiera 21, 01-793 Warszawa	RHB 46347	100,00	insurance
Towarzystwo Ubezpiecen InterRisk Spolka Akcyjna	ul. Noakowskiego 22, 00-668 Warszawa	RHB No.40197	99,93	insurance
GESCHLOSSENE AKTIENGESELLSCHAFT JUPITER				
LEBENSVERSICHERUNG VIENNA INSURANCE GROUP	Zolotoustivska Str. 10-12 A Top 83, 01135 Kiev	30434963	73,00	insurance
IC Globus Insurance Company with Added Liability "Globus"	ul. Andreyka Ivanova, 21-17-1, 01010 Kiev	20448234	51,00	insurance
Geschlossene Aktiengesellschaft "Ukrainische Versicherungsgesellschaft "KNAZHA"	Glybotschytska Str. 44, 04050 Kiev	24175269	80,00	insurance

Other companies (consolidated)	Address	Code in registry of companies	Share of WSV AG (%)	Description
ARITHMETICA Versicherungs- und Finanz-mathematische Beratungs-GesmbH	Schottenring 17, 1010 Wien	93505 h	100,00	counselling
BML Versicherungsmakler GmbH	Schottenring 30, 1010 Wien	190445 t	100,00	holding
Bulgarski Imoti Asistans EOOD	Balscha Straße No. 8, 1408 Sofia	ф.д. 3693/2003 CTC	98,36	real estate
Businesspark Brunn Entwicklungs GmbH	Schottenring 30, 1010 Wien	46301 s	100,00	real estate
CAPITOL, a.s.	Ruzova dolina 6, 821 09 Bratislava	35750448	100,00	broker
CENTER Hotelbetriebs GmbH	Schottenring 30, 1010 Wien	107099 z	85,00	hotel operation
COMPENSA Holding GmbH	Bahnhofplatz, 96450 Coburg	HRB 3514	100,00	holding
DBR-Friedrichscarree GmbH & CO KG	Kronenstraße 30, 70174 Stuttgart	HRA 12938	100,00	real estate
DBR-Friedrichscarree Liegenschaftsverwaltung GmbH	Kronenstraße 30, 70174 Stuttgart	HRB 20796	100,00	real estate
DBR-Liegenschaften Verwaltungs-GmbH	Kronenstraße 30, 70174 Stuttgart	HRB 20306	100,00	real estate
DBR-Liegenschaften Verwaltungs-GmbH & CO KG	Kronenstraße 30, 70174 Stuttgart	HRA 12824	100,00	real estate
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Wien	Schottenring 15, 1010 Wien	38898d	100,00	holding
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H.	Schottenring 30, 1010 Wien	72298 x	100,00	real estate
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H.	Sparkassenplatz 1, 6020 Innsbruck	55386 a	100,00	real estate
Andel Investment Praha s.r.o.	Prag 6, Evropsk_ 370/15, PLZ 160 41	271 28 881	100,00	hotel
I.V.s.r.o	Hlavné námestie 5, 811 01 Bratislava	35733811	100,00	real estate
Kalvin Tower Kft.	Baross u. 1., 1082 Budapest	01-09-674742	100,00	real estate
KAPITOL pojišťovací a finanční poradenství, a.s.	Rasínova 692/4, 602 00 Brno	60751070	100,00	broker
		oddíl B., vložka 1604		
Kvarner Wiener Städtische Nekretnine d.o.o	Osječka 46, HR-51000 Rijeka	080453781	98,75	real estate
LVP Holding GmbH	Schottenring 30, 1010 Wien	84740 v	100,00	holding
Business Insurance Application Consulting GmbH	Schottenring 30, 1010 Wien	80111 k	100,00	counselling

Neue Heimat Oberösterreich Holding GmbH	Schottenring 30, 1010 Wien	142391 z	100,00	holding
PFG Holding GmbH	Schottenring 30, 1010 Wien	282493g	94,62	holding
PFG Liegenschaftsbewirtschaftungs-GmbH & Co KG	Schottenring 30, 1010 Wien	248931a	95,13	real estate
PROGRESS Beteiligungsges.m.b.H.	Hegergasse 7/5, 1030 Wien	33662 d	60,00	holding
Projektbau GmbH	Schottenring 30, 1010 Wien	145953 m	95,00	real estate
Projektbau Holding GmbH	Schottenring 30, 1010 Wien	282489a	89,50	holding
Securia majetkovosprávná a podielova s.r.o.	Gajova 11, 811 09 Bratislava	35 706 627	100,00	holding
		Vlozka cislo: 12892/B		
Seniorenresidenz Fultererpark Errichtungs- und Verwaltungs GmbH	Südtiroler Platz 4, 6020 Innsbruck	129720 s	100,00	real estate
Seniorenresidenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Neuhauserstraße 7, 6020 Innsbruck	41618 d	66,70	real estate
VLTAVA majetkovosprávní a podilova spol. s.r.o.	Radlická 14, 150 00 Praha 5	25 62 11 81, oddíl C, vložka 55507	100,00	holding
Wiener Städtische Beteiligungs GmbH	Schottenring 30, 1010 Wien	162344 t	100,00	holding
Wiener Städtische Finanzierungsdienstleistungs GmbH	Schottenring 30, 1010 Wien	157968g	100,00	holding
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H.	Obere Donaustraße 53, 1020 Wien	45685 i	100,00	broker
Alpenländische Heimstätte, gemeinn. Wohnungsbau-Siedlungsges.	Viktor-Dankl-Straße 6, 6020 Innsbruck	33828y	94,00	housing development
Erste gemeinnützige Wohnungsgesellschaft-"Heimstätte GmbH"	Emil-Kralik-Gasse 3, 1050 Wien	84481 m	73,18	housing development
"Neue Heimat" Gemeinnützige Wohnungs- und SiedlungsgmbH	Gärtnerstraße 9, 4020 Linz	75578 w	99,81	housing development
GEMYSAG Gemeinnützige Mürz-Ybbs-Siedlungsanlagen – GmbH	Otto Haubergerstraße 39, 8605 Kapfenberg	FN 54318f	34,57	housing development
GIWOG Gemeinnützige Industrie-Wohnungs-AG	Welser Straße 41, 4060 Leonding	FN 75584 d	34,60	housing development
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH	Seilerstätte 17, 1010 Wien	FN 90067b	34,68	housing development

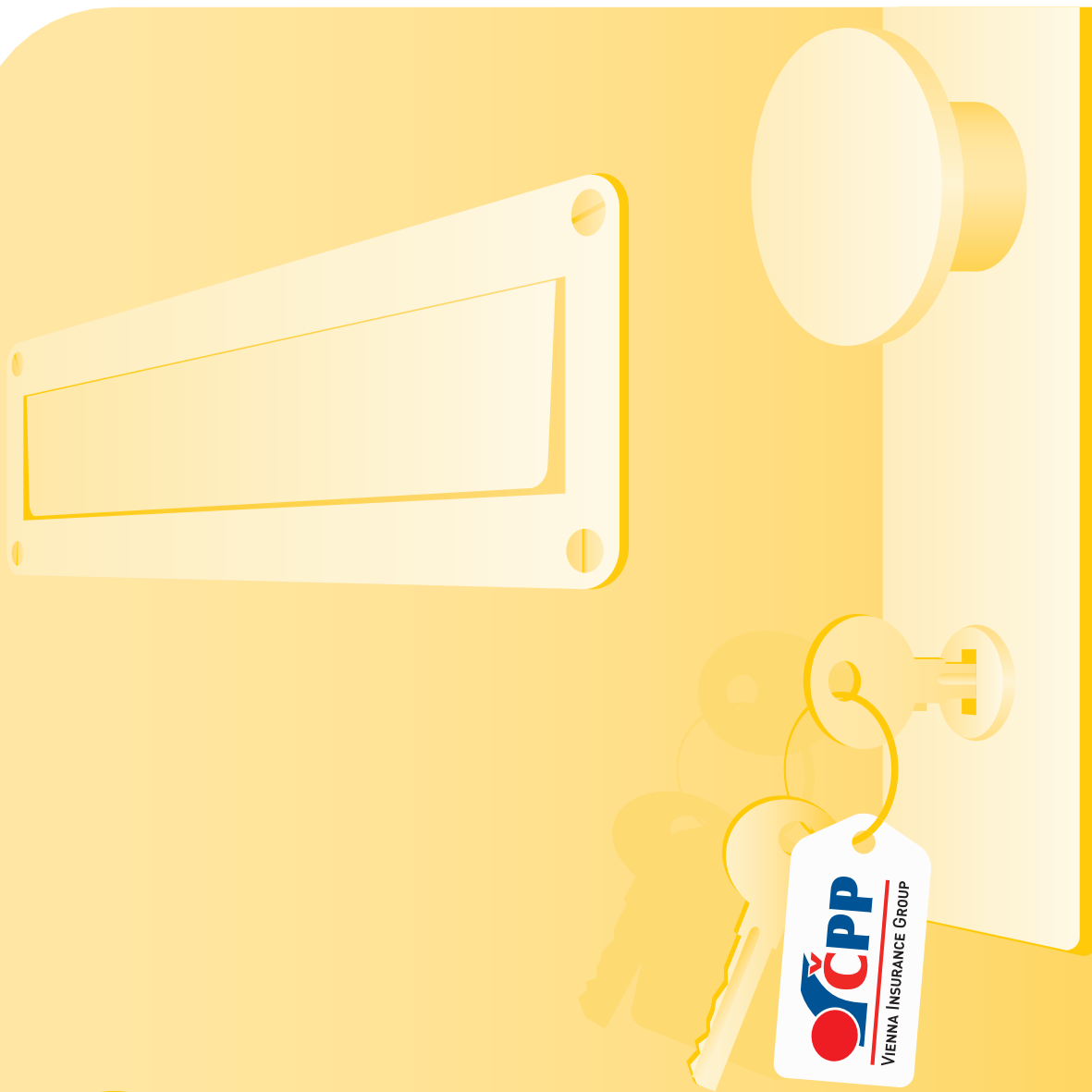
Companies consolidated through equity method

	Address	Code in registry of companies	Share of WSV AG (%)	Description
CROWN-WSF spol. Sr. GmbH	Štěpánská 40/623, 110 00 Praha 1	63077931	30,00	hotel
Gewista-Werbegesellschaft mbH	Litfaßstraße 6, 1030 Wien	69991 d	33,00	advertising
IMPERIAL Ungarn GmbH	Dévai u. 26-28, 1143 Budapest	01-09-682509	25,00	real estate
Medial Beteiligungs-GmbH	Dr. Karl Lueger-Ring 14, 1010 Wien	117154 k	29,63	holding
PKB Privatkliniken Beteiligungs GmbH	Schottenring 30, 1010 Wien	73066 a	25,00	holding
TECH-GATE VIENNA Wissenschafts- und Technologiepark GmbH	Donau City Straße 1, 1220 Wien	38102 h	60,00	real estate
KIP, a.s.	Templová 5, 110 01 Praha 1	49241788	86,43	counselling
SURPMO, a.s.	Opletalova 1626/36, 110 00 Praha 1	45274886	99,91	real estate

Česká Kooperativa London	201 Waterloo Gardens, 2 Milner Square, London	3144381	100,00	services
KÁMEN OSTROMĚŘ s.r.o.	Nádražní 414, 507 52 Ostroměř	62024663	100,00	raw materials processing
Sanatorim Astoria a.s.	Vřídelní čp. 92, 360 01 Karlovy Vary	45357242	86,32	spa
UNIGEO a.s.	Místecká 329/258, 720 00 Ostrava - Hrabová	45192260	100,00	geology and environment
KOORDITA, a.s.	Místecká 329/258, 720 00 Ostrava - Hrabová	27821650	100,00	real estate
Global Expert, s.r.o.	Jana Palacha 1552, 530 02 Pardubice	27472850	100,00	claims adjustment
Benefita, a.s.	U nákladového nádraží č.p. 3265/10, 130 00 Praha 3	27225038	100,00	brokering activities
SHD - KOMES a.s.	Moskevská 1/14, 434 01 Most	44569891	46,33	hotel operation
AIS Servis, s.r.o.	Provazníková 84, č.p.1578, 613 00 Brno	26264315	70,00	hardware/software counselling
Mělnická zdravotní a.s.	Celetná 590, 110 00 Praha 1	27958639	70,00	non-governmental medical centre

Other companies (non-consolidated)	Address	Code in registry of companies	Share of WSV AG (%)	Description
Capitol Spolka z.o.o.	Aleje Jerozolimskie 162, Warschau	0000120133	100,00	sales
Direct-Line Direktvertriebs-GmbH	Schottenring 30, 1010 Wien	123513m	100,00	sales
Eurocenter-Immorent d.o.o.	Zelinska 3, Zagreb	80409218	100,00	real estate
Experta Schadenregulierungs- Gesellschaft m.b.H.	Maria Theresien Strasse 19/5, 1090 Wien	110053v	100,00	services
Horizont Personal-, Team- und Organisationsentwicklung GmbH	Schottenring 17, 1010 Wien	140341i	100,00	services
Humanocare gemeinnützige Betriebsgesellschaft für Betreuungseinrichtungen GmbH	1100 Wien, Fontanastraße 10	148127i	100,00	services
Humanocare Management-Consult GmbH	1100 Wien, Fontanastraße 10	62406z	75,00	services
Joint Belarus-Austrian Insurance Company Kupala	ul. Nemiga 40, 220004 Minsk	5000 48 039	94,50	insurance
Neutorgasse 2-8 Projektverwertungs GmbH	1010 Wien, Schottenring 30	255799a	90,00	real estate
PFG Liegenschaftsbewirtschaftungs GmbH	Schottenring 30, 1010 Wien	247772x	77,00	real estate
Realitätenverwaltungs- und Restaurantbetriebs-Gesellschaft m.b.H.	Franz Josef-Kai 63, 1010 Wien	93258w	100,00	services
Renaissance Hotel Realbesitz GmbH	Schottenring 30, 1010 Wien	33351 x	67,00	real estate
Ringturm Kapitalanlagegesellschaft m.b.H.	Schottenring 30, 1010 Wien	72097a	91,00	funds
Risk Consult Sicherheits- und Risiko-Managementberatung Gesellschaft m.b.H.	Engelsberggasse 4/2, 1030 Wien	92241z	51,00	services
Vienna Insurance Group Polska Spolka z organiczona odpowiedzialnoscia	Al.Jerozolimskie 162, 02-342 Warschau	0000 260353	100,00	counselling
Zaso Victoria Non-Life	ul. Temerjazzjewa 65-A, 220035 Minsk	100219658	100,00	insurance





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BALANCE SHEET OF THE INSURANCE COMPANY AS AT 31 DECEMBER 2007

2

Description (in TCZK)	2007 Gross	2007 Adjustment	2007 Net	2006 Net
ASSETS				
A. Receivables for subscribed registered capital	0	0	0	0
B. Intangible fixed assets, thereof	126 670	115 205	11 465	30 009
a) Incorporation expenses				
b) Goodwill				
C. Financial placements (investments)	6 609 510	0	6 609 510	5 695 137
I. Land and buildings (real estate), thereof	71		71	634
a) Land and buildings - self-occupied	71		71	634
II. Investments in affiliated undertakings and participating interests				
1. Participating interests with controlling influence				
2. Debt securities issued by, and loans to, undertakings - controlling influence				
3. Participating interests with significant influence				
4. Debt securities issued by, and loans to, undertakings - significant influence				
III. Other financial placements	6 609 439		6 609 439	5 694 504
1. Shares and other variable-yield securities, other participating interests	238 939		238 939	175 208
2. Bonds and other fixed-income securities	6 032 923		6 032 923	4 583 998
3. Financial placements in investment associations				
4. Other loans				
5. Deposits with financial institutions	337 577		337 577	935 298
6. Other financial placements				
IV. Deposits with ceding undertakings				
D. Financial placements for the benefit of life assurance policyholders who bear the investment risk	17 793	0	17 793	0

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Description (in TCZK)	2007 Gross	2007 Adjustment	2007 Net	2006 Net
E. Debtors	728 675	238 591	490 084	527 187
I. Receivables arising from direct insurance operations	643 466	232 844	410 622	377 665
1. Receivables due from the policyholders, thereof	639 264	231 816	407 448	376 360
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
2. Receivables due from intermediaries, thereof	4 202	1 028	3 174	1 305
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
II. Receivables arising from reinsurance operations, thereof	2 593		2 593	36 514
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
III. Other receivables, thereof	82 616	5 747	76 869	113 008
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
F. Other assets	173 979	97 331	76 648	82 404
I. Tangible fixed assets other than land and buildings (real estate), and inventories	134 985	97 331	37 654	42 467
II. Cash on accounts in financial institutions and cash in hand	38 994		38 994	39 937
III. Other assets				
G. Temporary asset accounts	386 786	0	386 786	308 428
I. Accrued interest and rent	172		172	329
II. Deferred acquisition costs	282 589		282 589	221 735
a) in life assurance business	131 791		131 791	48 403
b) in non-life insurance	150 798		150 798	173 332
III. Other temporary asset accounts, thereof	104 025		104 025	86 365
a) Estimated receivables	66 442		66 442	79 570
TOTAL ASSETS	8 043 413	451 127	7 592 286	6 643 166

Description (in TCZK)	2007	2006
LIABILITIES		
A. Equity	939 469	925 832
I. Registered capital, thereof	1 000 000	1 000 000
a) Changes in registered capital		
b) Own shares or own scrips, own share in a business (with an indication of their nominal value or, in the absence of a nominal value, their accounting par value)		
II. Share premium		
III. Revaluation fund		
IV. Other capital funds	-136 675	2 010
V. Statutory reserve fund and other funds from profit	6 524	1 220
VI. Profit or loss brought forward	-82 702	-183 464
VII. Profit or loss for the financial year	152 322	106 066
B. Subordinated liabilities		
C. Technical provisions	6 034 137	5 058 975
1. Provision for unearned premiums		
a) gross amount	891 423	804 480
b) reinsurance share (-)	87 896	803 527
2. Life assurance provision		
a) gross amount	2 316 474	1 890 399
b) reinsurance share (-)	2 316 474	1 890 399
3. Provision for outstanding claims		
a) gross amount	2 848 008	2 314 109
b) reinsurance share (-)	569 264	2 278 744
4. Provision for bonuses and rebates		
a) gross amount	21 504	17 742
b) reinsurance share (-)	3 246	18 258
5. Equalization provision	28 467	2 866
6. Provision for liabilities arising from the applied technical interest rate		14 876
a) gross amount		
b) reinsurance share (-)		
7. Non-life insurance provision		
a) gross amount	109	288
b) reinsurance share (-)	54	55
8. Other technical provisions		
a) gross amount	588 612	562 330
b) reinsurance share (-)	588 612	562 330

Description (in TCZK)	2007	2006
D. Life assurance technical provision where the investment risk is borne by the policyholders	17 793	0
a) gross amount		
b) reinsurance share (-)		
E. Other provisions	25 490	0
1. Provisions for pensions and similar obligations		
2. Provisions for taxation	1 068	
3. Other provisions	24 422	
F. Deposits received from reinsurers	16 974	15 424
G. Creditors	258 791	340 511
I. Payables arising from direct insurance operations, thereof	181 562	208 179
a) Payables to entities in which the Company has a controlling influence		
b) Payables to entities in which the Company has a significant influence		
II. Payables arising from reinsurance operations, thereof	7 546	40 278
a) Payables to entities in which the Company has a controlling influence		
b) Payables to entities in which the Company has a significant influence		
III. Debenture loans		
a) Payables to entities in which the Company has a controlling influence, thereof		
aa) Convertible loans		
b) Payables to entities in which the Company has a significant influence, thereof		
ba) Convertible loans		
IV. Amounts owed to credit institutions, thereof		
a) Payables to entities in which the Company has a controlling influence		
b) Payables to entities in which the Company has a significant influence		
V. Other payables, thereof	69 683	92 054
a) Tax liabilities and payables due to social security and health insurance institutions	13 432	18 580
b) Payables to entities in which the Company has a controlling influence		
c) Payables to entities in which the Company has a significant influence		
VI. Guarantee Fund of the Office		
H. Temporary liability accounts	299 632	302 424
I. Accrued expenses and deferred revenues	161 705	203 934
II. Other temporary liability accounts, thereof	137 927	98 490
a) Estimated payables	137 927	98 490
TOTAL LIABILITIES	7 592 286	6 643 166

PROFIT AND LOSS ACCOUNT FOR 2007

3

Description (in TCZK)	2007 Base	2007 Subtotal	2007 Result	2006 Result
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	3 536 294	x	x	x
b) outward reinsurance premiums (-)	368 326	3 167 968	x	x
c) change in the gross provision for unearned premiums (+/-)	86 340	x	x	x
d) change in the provision for unearned premiums, reinsurers' share (+/-)	12 515	73 825	3 094 143	2 730 045
2. Allocated investment return transferred from the non-technical account	x	x	102 771	86 646
3. Other technical income, net of reinsurance	x	x	50 933	69 480
4. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	1 709 885	x	x	x
bb) reinsurers' share (-)	215 859	1 494 026	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	526 170	x	x	x
bb) reinsurers' share (-)	100 598	425 572	1 919 598	1 699 109
5. Changes in other technical provisions, net of reinsurance (+/-)	x	x	26 192	47 620
6. Bonuses and rebates, net of reinsurance	x	x	11 121	5 808
7. Net operating expenses:	x	x	x	x
a) acquisition costs	x	666 768	x	x
b) change in deferred acquisition costs (+/-)	x	22 459	x	x
c) administrative expenses	x	444 844	x	x
d) reinsurance commissions and profit participation (-)	x	70 838	1 063 233	983 824
8. Other technical expenses, net of reinsurance	x	x	70 212	98 335
9. Change in the equalisation provision (+/-)	x	x	11 683	10 275
10. Sub-total on the technical account for non-life insurance	x	x	145 808	41 200

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Description (in TCZK)	2007 Base	2007 Subtotal	2007 Result	2006 Result
II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	x	1 215 266	x	x
b) outward reinsurance premiums (-)	x	5 472	x	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	x	604	1 209 190	1 075 010
2. Income from financial placements (investments):	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	x	x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings (real estate)	x	x	x	x
bb) income from other financial placements (investments)	88 093	88 093	x	x
c) value adjustments on financial placements	x	18 063	x	x
d) income from disposal of financial placements	x	12 640	118 796	77 542
3. Unrealised gains on financial placements	x	x	176	0
4. Other technical income, net of reinsurance	x	x	20 894	17 746
5. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	518 574	x	x	x
bb) reinsurers' share (-)	1 750	516 824	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	7 729	x	x	x
bb) reinsurers' share (-)	-100	7 829	524 653	293 630
6. Changes in other technical provisions, net of reinsurance (+/-):	x	x	x	x
a) life assurance provisions:	x	x	x	x
aa) gross amount	426 075	x	x	x
bb) reinsurers' share (-)	x	426 075	x	x
b) other technical provisions, net of reinsurance	x	17 793	443 868	564 822
7. Bonuses and rebates, net of reinsurance	x	x	-253	0
8. Net operating expenses:	x	x	x	x
a) acquisition costs	x	256 204	x	x
b) change in deferred acquisition costs (+/-)	x	-83 313	x	x
c) administrative expenses	x	82 369	x	x
d) reinsurance commissions and profit participation (-)	x	2 301	252 959	229 435
9. Expenses connected with financial placements (investments):	x	x	x	x
a) investment management charges, including interest	x	516	x	x
b) value adjustments on financial placements	x	14 488	x	x
c) book value of disposed financial placements	x	11 860	26 864	17 365

Description (in TCZK)	2007 Base	2007 Subtotal	2007 Result	2006 Result
10. Unrealised losses on financial placements (investments)	x	x	945	0
11. Other technical expenses, net of reinsurance	x	x	7 985	20 422
12. Allocated investment return transferred to the non-technical account (-)	x	x	0	0
13. Sub-total on the technical account for life assurance	x	x	92 035	44 624
III. NON-TECHNICAL ACCOUNT	x	x	x	x
1. Result of the technical account for non-life insurance	x	x	145 808	41 200
2. Result of the technical account for life assurance	x	x	92 035	44 624
3. Income from financial placements:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	x	x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings	x	x	x	x
bb) income from other financial placements (investments)	125 845	125 845	x	x
c) value adjustments on financial placements	x	46 603	x	x
d) income from disposal of financial placements	x	459 205	631 653	625 854
4. Allocated investment return transferred from the technical account for life assurance	x	x	0	0
5. Expenses connected with financial placements:	x	x	x	x
a) investment management charges, including interest	x	1 383	x	x
b) value adjustments on financial placements	x	68 309	x	x
c) book value of disposed financial placements	x	459 190	528 882	539 208
6. Allocated investment return transferred to the technical account for non-life insurance	x	x	102 771	86 646
7. Other income	x	x	0	2 005
8. Other expenses	x	x	30 681	9 806
9. Income tax on ordinary activities	x	x	54 279	-29 214
10. Profit or loss on ordinary activities after tax	x	x	152 883	107 237
11. Extraordinary income	x	x	86	706
12. Extraordinary expenses	x	x	0	0
13. Extraordinary profit or loss	x	x	-86	-706
14. Income tax on extraordinary activities	x	x	0	0
15. Other taxes not shown under the preceding items	x	x	475	465
16. Profit or loss for the financial year	x	x	152 322	106 066

<i>(in TCZK)</i>	Registered capital	Own shares	Share premium	Reserve funds	Capital funds	Changes in valuation	Profit (loss)	Total
BALANCE AT 1. 1. 2006	1 000 000			672		7 801	-182 916	825 557
Correction of fundamental errors								
FX gains (losses) and changes in valuation not included in the profit and loss statement								
Net profit/loss for accounting period							106 066	106 066
Dividends								
Transfers to funds				548		-5 791	-548	-5 791
Reduction of funds								
Shares issued								
Reduction in registered capital								
Own shares purchased								
Other changes								
BALANCE AT 31. 12. 2006	1 000 000			1 220		2 010	-77 398	925 832
 BALANCE AT 1. 1. 2007	 1 000 000			 1 220		 2 010	 -77 398	 925 832
Correction of significant errors								
FX gains (losses) and changes in valuation not included in the profit and loss statement								
Net profit/loss for accounting period							152 322	152 322
Dividends								
Transfers to funds				5 304		-138 685	-5 304	-138 685
Reduction of funds								
Shares issued								
Reduction in registered capital								
Own shares purchased								
Other changes								
BALANCE AT 31. 12. 2007	1 000 000			6 524		-136 675	69 620	939 469

I. GENERAL CONTENTS**I. 1. Description and principal activities**

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group ("the Company" or "the Insurance Company") was entered into the Commercial Register on 6 November 1995.

Identification Number of the Company:

639 98 530

Principal business activities:

1. insurance activities pursuant to Section 7 (3) of Act No. 363/1999 Coll., on Insurance and Amendments to Related Legislation (the Insurance Act), as amended
 - in the scope of life assurance classes 1, 2, 3, 4 and 6 listed in Part A of the Annex to the Insurance Act
 - in the scope of non-life assurance classes 14, 15, 16 and 18 listed in Part B of the Annex to the Insurance Act
 - in the scope of non-life assurance groups a), b), c), d) and e) listed in Part C of the Annex to the Insurance Act.
2. reinsurance activity pursuant to Section 3 (3) of the Insurance Act only in the scope of facultative reinsurance pursuant to Section 9 (5) of the Insurance Act
 - in the scope of non-life assurance classes 3 and 7 listed in Part B of the Annex to the Insurance Act.
3. activities related to insurance and reinsurance activities pursuant to Section 3 (4) of the Insurance Act
 - intermediary activity performed in relation to insurance activities in compliance with the Insurance Act
 - advisory activity related to insurance of natural persons and legal entities in compliance with the Insurance Act
 - investigation of claims performed based on a contract entered into with the insurance company in compliance with the Insurance Act
 - pursuit of intermediary activity
 - pursuit of intermediary activity in terms of construction savings
 - pursuit of intermediary activity in terms of supplementary pension insurance with state contribution
 - educational activities for insurance intermediaries and independent loss adjusters

Registered office of the Company

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group

Budějovická 5

140 21 Praha 4

Members of the Board of Directors and Supervisory Board as at 31 December 2007:

Members of the Board of Directors:

Chairman: Dr. Franz Kosyna, Vienna, Weimarerstrasse 93/1, 1190, Austria (since 19 May 2006)
 Members: RNDr. Jakub Strnad, Ph.D., Praha 9, Semilská 926/54a (Member of the Board of Directors since 22 July 2005 and Vice-chairman of the Board from 28 March 2006 to 1 November 2007)
 Ing. Jaroslav Besperát, Praha 9, Čenovická 2142 (since 11 March 2005)
 Mag. Gerhard Lahner, Mistelbach, Gartengasse 21. 2130, Austria (since 1 November 2007)

Supervisory Board:

Chairman: Ing. Vladimír Mráz, Praha 7, U letenského sadu 6/1294, (since 22 July 2005)
 Members: Prof. Ing. Jaroslav Daňhel, CSc., Praha 10, Vršovice, K louži 1261/9, (since 1 April 2005)
 Mag. Peter Höfinger, Dammhaufen 58a, Vienna, Austria (since 23 November 2005)
 Ing. Jaroslav Sirotek, Praha 8, Bojarova 1252, (since 1 April 2005)
 Ing. Zdeněk Srp, Praha 6, Nevanova 1053, (since 1 April 2005)
 Ing. Konštantín Alexejenko, Bratislava, Koprivnická 14, Slovak Republic (since 1 October 2006)

Sole shareholder:

Kooperativa pojišťovna, a.s., Vienna Insurance Group
 Templová 747, 110 01 Praha 1
 Identification number: 471 16 617

The Board of Directors acts in the name of the Company. Two members of the Board must always act together on behalf of the Board of Directors in the name of the Company outward and bind the Company together. In order to sign on behalf of the Company their signatures, their printed name, surname, title and function, are required alongside the printed or written name of the Company.

Organisation structure:

The Company has the following bodies: the General Meeting, the Board of Directors and the Supervisory Board. The Company exercises its activities through its organisational divisions. The organisational divisions comprise divisions of the first management level of the general director, the head office and the regional headquarters.

I. 2. Compliance with legislation

At the balance sheet date the Company fully complied with Act No. 363/1999 Coll., on Insurance, as amended ("the Insurance Act"), Act No. 37/2004 Coll., on Insurance Contracts, as amended, Act No. 38/2004 Coll., on Insurance Intermediaries and Independent Loss Adjusters, Act No. 168/1999 Coll., on Liability Insurance for Losses Caused by the Operation of a Motor Vehicle, as amended ("the Act on Motor Third Party Liability Insurance"), including the applicable implementing regulations, and with other related legislation in force.

I. 3. Basis of preparation of the financial statements

The accounting records of the Company are maintained and the financial statements of the Company have been prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended, Regulation No. 502/2002 Coll., to implement certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for accounting units, which are insurance companies as amended ("Regulation No. 502/2002 Coll."), and with the Czech Accounting Standards for accounting units that maintain their accounting records in compliance with Regulation No. 502/2002 Coll. and other relevant legislation.

The accounting records of the Company are maintained in such a manner that the financial statements prepared based on these records present a true and fair view of the accounting and financial position of the Company.

I. 4. Significant accounting policies

(a) Gross premiums written

Gross premiums written comprise all amounts due during the financial year in respect of insurance contracts regardless of the fact that such amounts may relate in whole or in part to future financial years.

(b) Claims paid

Claims paid comprise the amount assessed for payment based on the claims investigation process, external claims handling costs and a deduction for the salvage value and other recoveries.

Claims paid are recorded upon completion of the investigation of the claim and in the amount of the assessed settlement.

(c) Acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the conclusion of insurance contracts.

(d) Deferred acquisition costs

Deferred acquisition costs represent the proportion of the acquisition costs incurred during the current financial year that relates to the revenues of subsequent financial years.

Non-life insurance

In respect of non-life insurance, deferred acquisition costs are based on total acquisition costs incurred in the current accounting period and the ratio of the gross provision for unearned premiums at the balance sheet date to the total gross premiums written for the financial year. Deferred acquisition costs are determined for all individual classes of non-life insurance.

Life assurance (traditional products)

In life assurance the Company determines deferred acquisition costs using the zillmerisation method, which is the method used to calculate the life assurance provision, see point I.4.(f). As at the balance sheet date, the Company assesses the adequacy of the life assurance deferred acquisition costs using a life assurance liability adequacy test.

Unit-linked life insurance (life assurance where the investment risk is borne by the policyholder)

In unit-linked life insurance the Company determines deferred acquisition costs using actuarial methods.

(e) Provision for unearned premiums

The provision for unearned premiums represents that part of gross premiums written which is to be allocated to subsequent financial years. It represents the sum of all amounts calculated for individual contracts using the “pro rata temporis” method.

(f) Life assurance provision

The life assurance provision comprises the sum of the provisions for individual life assurance policies. The life assurance provision is calculated using actuarial methods, including profit shares declared and allocated and a provision for expenses, related to the administration of contracts, after deducting the value of future premiums. The Company accounts for the provision using the zillmerisation method in accordance with the calculation of individual tariffs approved by Czech National Bank (“CNB”). The zillmerisation method results in the deferral of acquisition costs for life assurance contracts. These costs are included within the life assurance provision through actuarial methods after eliminating temporary negative balances, which are capitalised and presented as deferred acquisition costs. The acquisition costs are capitalised and deferred in accordance with the prudence principle and taking into account the risk of lapses and cancellations.

(g) Provision for outstanding claims

The provision for outstanding claims in respect of both life and non-life insurance comprises the amount of expected costs in respect of claims:

- a) Reported but not settled during the period (RBNS),
- b) Incurred but not reported during the period (IBNR).

The provision for outstanding claims reported by the end of the year represents the sum of all amounts calculated for individual claims.

The provision for outstanding claims incurred but not reported as at the balance sheet date is determined using the actuarial methods. The Company uses the Chain Ladder method based on claims reported for all insurance types, except for motor third party liability insurance, for which the provision is determined using the claim ratio method.

The provision for outstanding claims includes all relating external and internal claims handling costs.

The provision is reduced by an estimate of the value of salvage and subrogation recoveries, which were or will be enforced against debtors (the party that caused the damage), or other insurance companies arising from liability insurance.

When calculating the provision for outstanding claims, no discounting is carried out except for the provision for outstanding claims where claims payments are made in the form of annuities (in particular in terms of motor third party liability insurance).

When creating the provision for outstanding claims in terms of claims where the insurance company acts as the leading co-insurer, the applicable provisions of the Act on Insurance Contracts are taken into consideration.

Although the Board of Directors considers that the provision for outstanding claims is fairly stated on the basis of the information currently available to them, the ultimate liability may vary as a result of subsequent events or new information, which may result in significant adjustments to the amounts provided for. Adjustments to the amounts of the provisions are reflected in the financial statements for the period in which the adjustments are made. The procedures and methods used in making estimates are reviewed regularly.

(h) Provision for bonuses and rebates

The provision for bonuses and rebates is created in accordance with the respective terms set out in insurance contracts. In respect of non-life insurance, the provision is created principally in cases where the Company is liable to refund to policyholders a portion of the premiums relating to the current financial year due to favourable claims experience.

In respect of life assurance, the provision for bonuses and rebates includes shares of surpluses arising as at 31 December of the current period, which have not been allocated to individual insurance contracts and thus are not included within the life assurance provision.

Changes in the provision for bonuses and rebates in the profit and loss account are presented in “Bonuses and rebates”.

(i) Equalisation provision

The equalisation provision is created for credit insurance and further for those non-life insurance classes which show fluctuations in the claims ratio caused by events beyond the Company's control and is intended to equalise the increased claims costs arising due to this fluctuation. The creation and release of this provision is in compliance with Regulation No. 303/2004 Coll.

Regulation No. 303/2004 Coll. prescribes the method and criteria for calculating the equalisation provision, the amounts to be added to the provision and the amounts to be released, and the maximum level of the provision for selected classes of non-life insurance (credit insurance, insurance of damage to property caused by fire, explosion, storm, other natural forces, nuclear energy, landslide or subsidence, hailstorm or frost, and guarantee (surety) insurance).

For other insurance classes, in accordance with paragraphs (5) and (6) of Annex 1 of the above Regulation, the Company uses the rate set for that insurance class which is closest to the given insurance class.

The Company does not create a provision for those insurance classes whose share of net earned premiums for all classes of non-life insurance carried on by the Company falls below 4 % or where the net earned premiums from a class of insurance do not exceed TCZK 1,000 in any year in the period concerned.

(j) Provision for liabilities arising from the applied technical interest rate

The Company carries out a life assurance liability adequacy test as at the balance sheet date ("the liability adequacy test") in order to assess the adequacy of the life assurance provisions (provision for unearned premiums, life assurance provision, provision for outstanding claims, provision for bonuses and rebates and life assurance provision, where the investment risk is borne by the policyholder).

The liability adequacy test is performed using discounted projected cash flows.

The minimum value of liabilities to policyholders is determined using best estimates of the future development of entry parameters adjusted by market value margins.

Where this amount exceeds the amount of the life assurance provisions reduced by any unamortised acquisition costs and other intangible assets, the deficiency is recognised through the creation of a provision for liabilities arising from the applied technical interest rate.

The change in this provision is presented in item II.6.b) in the profit and loss account.

(k) Non-life insurance provision

The non-life insurance provision is created for those classes of non-life insurance where the premium amount depends on the entry age or possibly the gender of the insured. This provision represents the value of the insurance company's liabilities calculated using actuarial methods, including already allocated profit shares or contractual claims for premium refunds and maintenance expenses deducting the present value of future premiums.

(l) Other technical provisions

Provision for the liabilities of the Czech Bureau of Insurers

As at the balance sheet date Other technical provisions include the provision to cover the liabilities of the Czech Bureau of Insurers created pursuant to Act No. 168/1999 Coll., on Motor Third Party Liability Insurance. The amount of this provision is determined on the basis of information provided by the Czech Bureau of Insurers.

(m) Life assurance provision where the investment risk is borne by the policyholders

The life assurance provision where the investment risk is borne by the policyholders is intended to cover the liabilities of the Company due to insured persons in those classes of life assurance where, based on an insurance contract, the investment risk is borne by the policyholders.

The amount of the provision is calculated as the sum of liabilities due to insured persons in the amount of their shares of invested premiums from individual life assurance contracts in accordance with the principles included in the insurance contracts.

When life assurance where the investment risk is borne by the policyholders also includes payment of a guaranteed amount, this liability is included within the life assurance provision.

(n) Reinsurers' share of technical provisions

Technical provisions are presented 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 related reinsurance contracts, the method of settlement with reinsurers and in consideration of the prudence principle.

The Company presents the reinsurers' share of the provision for unearned premiums, the provision for outstanding claims and the provision for bonuses and rebates. The reinsurers do not participate in the other technical provisions.

(o) Provisions for other risks and losses

Provisions are intended to cover risks, losses and other respective payables, which are clearly defined and the occurrence of which is either probable or certain but whose amount or timing are uncertain.

Provision for taxes

The provision for taxes is created at the balance sheet date and amounts to the estimated corporate income tax liability due. The use (release) of the provision is accounted for when the tax return is filed.

Provision for employee benefits

At the balance sheet date the provision includes the earned part of employee benefits which are due to them because of their leaving, retirement or an anniversary. The applied actuarial methods include valorisation according to the expected increase in wages and the probability of survival and leaving a function. A risk-free interest rate adjusted by market value margins is used for discounting.

(p) Financial placements (investments)*Land and buildings (real estate)*

Land and buildings (real estate) are initially recorded at their acquisition cost and are not subsequently depreciated.

At the balance sheet date land and buildings (real estate) are valued at their fair value. Fair value means the market value, which is the price for which such land and buildings (real estate) could be sold on the date of valuation.

The fair value is determined through a separate valuation of each item of land and buildings, carried out at least once every five years, based on a qualified estimate or a qualified external valuer's opinion. In the intervening years the Board of Directors assesses whether the carrying amount of land and buildings (real estate) corresponds to their fair value.

Where on the balance sheet date land and buildings (real estate) have been sold or are to be sold within 3 months, the fair value is reduced by the actual disposal costs. Any change in the fair value of land and buildings (real estate) is recognized in equity.

Debt securities

At the acquisition date debt securities are stated at acquisition cost.

Acquisition cost is the amount for which a debt security has been acquired and includes a proportionate part of any accrued interest and expenses directly associated with the acquisition.

The Company amortises premiums and discounts on all debt securities. Premiums and discounts are amortised to the profit and loss account on the basis of the effective interest rate method from the date of acquisition to their maturity. Amortised debt securities are revalued at their fair value as at the balance sheet date. Fair value means the price published by a domestic or foreign stock exchange or other public (organised) market. The Company applies the most recent published market price as at the date of the financial statements. If there is no available price or if it does not sufficiently represent the fair value, the fair value is determined on the basis of a qualified estimate.

Debt securities are classified as securities valued at fair value through profit and loss or available for sale and securities held to maturity.

A change in the fair value of debt securities valued through profit and loss or available for sale is recognised in the profit and loss account. A change in the fair value of debt securities held to maturity is recognised in equity.

Where debt securities are denominated in a foreign currency, their value is translated based on the current exchange rate published by the Czech National Bank ("CNB"). The appropriate exchange rate difference is included in the fair value.

Shares and other variable-yield securities

At the acquisition date, shares and other variable-yield securities are accounted for at acquisition cost.

Acquisition cost is the amount for which the shares or other variable-yield securities were acquired and includes all expenses directly associated with the acquisition.

At the balance sheet date, shares and other variable-yield securities are revalued at their fair value.

Fair value means the price published by a domestic or foreign stock exchange or other public (organised) market. The Company applies the most recent published market price as at the date of the financial statements (balance sheet date). If no market price is available or if it does not sufficiently represent the fair value, the fair value is determined on the basis of a qualified estimate.

The change in fair value of shares or other variable-yield securities is recognised in the profit and loss account.

Where shares and other variable-yield securities are denominated in a foreign currency, their value is translated based on the current exchange rate published by CNB. The appropriate exchange rate difference is included in the fair value.

Deposits with financial institutions

Deposits with financial institutions are initially recognised at nominal value. At the balance sheet date, these assets are revalued at their fair value. The fair value of short-term deposits with financial institutions is determined as their nominal value including accrued interest.

Other financial placements denominated in foreign currency are translated based on the current exchange rate published by CNB and the appropriate exchange rate difference is included in the fair value. Changes in fair value are reflected in the Company's profit and loss account.

(q) Financial placements for the benefit of life assur. policyholders who bear the invest. risk

Financial placements for the benefit of life assurance policyholders who bear the investment risk are accounted for separately from other financial placements.

At the balance sheet date, financial placements for the benefit of life assurance policyholders who bear the investment risk are revalued at their fair value. In order to preserve the true and fair view of the Company's result for the year, all changes resulting from revaluation at fair value have been reflected in the Company's profit and loss account.

(r) Expenses and income from financial placements

Method of allocation of expenses and income from financial placements between life assurance and non-life insurance accounts

Expenses and income from financial placements, which are directly related to life assurance activities, are recorded in the technical account for life assurance. Other expenses and income from financial placements, which are not related to life assurance activities, are recorded in the non-technical account and the result is then transferred to the technical account for non-life insurance.

Expenses and income from disposal of financial placements

The disposal of financial placements is presented on a gross basis, whereby the revenues from disposal in the amount of the selling price of the relevant financial instruments are recorded separately from the carrying value of the related part of the financial placements.

(s) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost.

Tangible fixed assets costing less than TCZK 40 are recorded as low-value tangible assets. Intangible fixed assets costing less than TCZK 60 are charged to the profit and loss account in the year in which they are acquired. The annual depreciation rate reflects the assets' expected useful lives.

The following depreciation rates are used for the individual asset classes:

Fixed assets (in TCZK)	Method	Number of years
Software	straight-line	3
Other intangible fixed assets	straight-line	3
Low-value tangible fixed assets	straight-line	3
Tangible fixed assets (grouped according to material subclasses with the same depreciation rate)	straight-line	4-6

(t) Foreign currency translation

Transactions during the year are recorded at the CNB rate effective on the transaction date or at the rate at which the transaction was realised.

At the balance sheet date, foreign currency assets and liabilities are translated at the CNB official rate on that date. Unless stated otherwise, foreign currency gains and losses are recorded in Company's profit and loss account.

(u) Adjustments

The Company creates adjustments to receivables and other assets except for financial placements. Adjustments represent a temporary decrease in value of individual assets. The amount of the decrease is determined on the basis of a professional risk assessment carried out by the management of the Company.

The Company creates adjustments using the net method, i.e. the difference between the adjustment's opening and closing balance is recorded in costs or revenues.

Adjustments to receivables from policyholders are calculated based on an analysis of their recoverability. The analysis includes an ageing analysis of the receivables and assessment of the risk of non-payment of specific receivables.

(v) Impairment of assets

At the balance sheet date the Company assesses whether those assets, which are not carried at fair value or for which changes in fair value are recognised in equity, are impaired. Impairment of an asset is recognised in the profit and loss account.

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

In order to account for items common to both life assurance and non-life insurance, the Company uses a method approved by the Ministry of Finance. Under this method individual items are grouped according to the class of insurance to which they relate. For items that cannot be allocated directly, the ratio of gross insurance premiums written to total gross written premiums excluding extraordinary premiums is used.

Expenses and revenues from financial placements

Expenses and revenues from financial placements are allocated between life assurance and non-life insurance using the method stated in point I.4. (r).

Other revenues and expenses

During the accounting period clearly attributable expenses and revenues are accounted for directly in the technical account for life assurance or non-life insurance or the non-technical account. Expenses and income that cannot be directly attributed are recorded primarily in the non-technical account and subsequently allocated to the technical account for life assurance or non-life insurance.

The allocation is not applied to taxes, fees, or other expenses incurred outside insurance or reinsurance activities.

(x) Income tax

Income tax on the profit for the year comprises current income tax and the change in deferred tax. Current income tax comprises the tax liability calculated from the tax base using the effective tax rate and any additional payments or refunds of tax for previous years.

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and other temporary differences (tax losses carried forward, if any) multiplied by the income tax rates expected to be valid for the periods in which the tax asset/liability is expected to be utilized.

A deferred tax asset is recognized only to the extent that there is no doubt that future taxable profits will be available against which this asset can be utilized.

I. 5. Changes in accounting policies and procedures

The Company did not change its accounting policies and procedures in 2007.

II. SPECIAL CONTENTS

II. 1. Non-life insurance

Non-life insurance for 2007 and 2006 divided by classes of insurance:

		Gross premiums written	Gross premiums earned	Gross claims paid	Gross operating expenses	Reinsur. balance
<i>(in TCZK)</i>						
Direct insurance						
Travel insurance	2007	41 646	41 266	27 886	16 048	0
	2006	38 636	38 575	25 653	14 902	0
Accident and sickness	2007	60 245	61 160	24 799	21 525	-873
	2006	50 858	48 177	31 468	16 260	-3 345
MTPL	2007	2 403 657	2 343 783	1 454 337	754 520	-1 572
	2006	2 237 934	2 232 980	1 356 345	752 798	-92 049
Property insurance	2007	364 137	356 076	241 426	129 118	17 147
	2006	346 869	325 976	57 743	121 008	-144 620
Liability insurance	2007	211 246	205 430	158 652	73 301	22 322
	2006	200 594	185 997	79 509	75 697	-25 757
Casco	2007	446 603	431 782	332 973	137 813	1 346
	2006	376 263	349 163	273 648	100 369	-191
Atom pool	2007	8 760	10 457	-4 018	1 746	-3 155
	2006	11 185	10 093	4 133	1 857	-203
Total	2007	3 536 294	3 449 954	2 236 055	1 134 071	35 215
	2006	3 262 339	3 190 961	1 828 499	1 082 891	-266 165

The most significant change in the reinsurance balance arose in property insurance. The change was due to the high reinsurer's share in catastrophic claims from the beginning of 2007.

II. 2. Life assurance

Gross premiums written in life assurance:

		2007	2006
<i>(in TCZK)</i>			
Individual (special) premium		1 213 466	1 079 275
Premiums under group contracts		1 800	3 544
Total		1 215 266	1 082 819
Regular premium		1 178 435	1 050 849
Single premium		36 831	31 970
Total		1 215 266	1 082 819
Premiums from non profit-sharing contracts		213 643	114 946
Premiums from profit-sharing contracts		970 501	967 873
Premiums from contracts where the investment risk is borne by policyholders		31 122	0
Total		1 215 266	1 082 819
Reinsurance balance		-1 522	-4 078

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

Most contracts were concluded in the Czech Republic.

II. 4. Summary of commissions

The total amount of commission for direct insurance amounted to TCZK 576 503 in 2007 (2006: TCZK 594 455) and is divided as follows:

<i>(in TCZK)</i>	2007	2006
Non-life insurance	446 773	469 822
Life assurance	129 730	124 633
Total	576 503	594 455

III. OTHER DISCLOSURES

III. 1. Intangible fixed assets

Intangible fixed assets of the Company as at 31 December 2007 comprise the following items:

	Software	Other intangible fixed assets	Total
<i>(in TCZK)</i>			
Acquisition cost at 1/1/2007	105 240	5 658	110 898
Additions	15 772	0	15 772
Disposals	0	0	0
Acquisition cost at 31/12/2007	121 012	5 658	126 670
Accumulated dep. at 1/1/2007	77 124	3 765	80 889
Depreciation	32 775	1 541	34 316
Disposals	0	0	0
Accumulated dep. at 31/12/2007	109 899	5 306	115 205
Net book value at 1/1/2007	28 116	1 893	30 009
Net book value at 31/12/2007	11 113	352	11 465

III. 2. Investment

(a) Fair value and acquisition cost of investments

Type of investment	Fair value		Acquisition cost	
<i>(in TCZK)</i>	2007	2006	2007	2006
Fixed-income securities	6 032 923	4 583 998	6 205 928	4 581 353
Deposits with banks	337 577	935 298	337 577	935 298
Other investments	238 939	175 208	237 871	170 170
Total	6 609 439	5 694 504	6 781 376	5 686 821

(b) Debt securities

Debt securities	Fair value		Acquisition cost	
(in TCZK)	2007	2006	2007	2006
Securities valued at fair value through profit and loss or available for sale	1 486 240	1 280 771	1 486 240	1 280 771
Securities held to maturity	4 546 683	3 303 227	4 719 688	3 300 582
Total	6 032 923	4 583 998	6 205 928	4 581 353

(c) Fair value of financial placements for the benefit of life assurance policyholders who bear the investment risk

Description	Fair value	
(in TCZK)	2007	2006
Shares and other variable-yield securities	17 793	0
Debt securities	0	0
Deposits with financial institutions	0	0
Total	17 793	0

In 2007 the Company launched sales of unit-linked insurance, which had an impact on the financial placements and the technical provisions.

III. 3. Receivables and payables**(a) Receivables arising from direct insurance operations**

	Gross	Adj.	Gross	Adj.
(in TCZK)		2007		2006
Receivables due from the policyholders	595 428	218 9777	520 828	196 870
Other receivables arising from direct insurance operations and receivables due from intermediaries	48 038	13 867	64 741	11 034
Total	643 466	232 844	585 569	207 904

In 2006 the receivables due from policyholders were decreased by excess payments of TCZK 13 347, which are reported under payables arising from direct insurance operations in 2007.

(b) Adjustments to receivables

	Gross	Adj.	Gross	Adj.
(in TCZK)		2007		2006
Deferred tax assets	58 362	0	77 084	0
Other receivables	24 254	5 747	41 471	5 547
Total	82 616	5 747	118 555	5 547

In 2007 the resulting deferred tax asset is reported under other receivables reduced by the deferred tax liability. In 2006 the deferred tax liability of TCZK 5 017 was included in other liabilities.

(c) Payables and receivables due to or from the reinsurers

The Company has a net payable to reinsurers of TCZK 4 953 (2006: TCZK 3 763).

III. 4. Inter-company receivables and payables

	Receivables		Payables	
(in TCZK)	2007	2006	2007	2006
Short-term				
Kooperativa pojišťovna, a.s., Vienna Insurance Group	18 439	0	2 106	0
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	4 006	0	2 963	0
Unigeo, a.s.	0	0	3	0
AIS Servis, s.r.o.	0	0	238	0
Global Expert, s.r.o.	3 849	0	0	0
Total	26 294	0	5 310	0

III. 5. Tangible fixed assets and inventories

	Tangible fixed assets and low-value tangible fixed assets	Acquisition of assets and advances paid	Inventories	Total
(in TCZK)				
Acquisition cost at 1/1/07	119 602	0	5 031	124 633
Additions	16 849	16 848	2 720	36 417
Disposals	4 184	16 848	5 031	26 063
Acquisition cost at 31/12/2007	132 267	0	2 720	134 987
Accumulated depreciation at 1/1/2007	82 166	0	0	82 166
Depreciation expense	18 637	0	0	18 637
Disposals	3 470	0	0	3 470
Accumulated depreciation at 31/12/2007	97 333	0	0	97 333
Net book value at 1/1/07	37 436	0	5 031	42 467
Net book value at 31/12/2007	34 934	0	2 720	37 654

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

(a) Deferred acquisition costs

(in TCZK)	2007	2006
Life assurance	131 791	48 403
Non-life insurance	150 798	173 332
Total	282 589	221 735

The increase in the deferred acquisition costs in life assurance is caused by the launch of sales of unit-linked insurance in 2007.

(b) Estimated receivables*(in TCZK)*

	2007	2006
Estimated premiums	42 906	59 722
Estimated receivables arising from reinsurance operations	17 408	1 325
Total	60 314	61 047

Estimated premiums

The Company discloses in estimated receivables an estimate of the written premiums for December, where insurance intermediaries report to the Company on a monthly basis in arrear.

Estimated receivables arising from reinsurance operation

The Company discloses in estimated receivables arising from reinsurance operations an estimate of the appropriate profit commission from the reinsurers' share in the estimated premiums written disclosed above and the not-yet-agreed receivables due from reinsurers for the 4Q 2007. In 2006 this amount was included in receivables from reinsurance operations. If the estimated receivables due from reinsurers were disclosed in 2006 in the same way as in 2007, the 2006 value would be TCZK 35 019 higher.

(c) Estimated payables*(in TCZK)*

	2007	2006
Estimated payables arising from reinsurance operations	38 773	6 568
Estimated commission cost	63 482	80 830
Services not invoiced	17 859	9 461
Total	120 114	96 859

Estimated payables arising from reinsurance operations

The Company discloses in estimated payables arising from reinsurance operations an estimate of the relevant reinsurers's share in the estimated written premiums disclosed in estimated receivables, see previous point III.6.(b) and the not-yet-agreed payables due to reinsurers for the 4Q 2007. In 2006 this amount was included in payables from reinsurance operations. If the estimated payables due to reinsurers were disclosed in 2006 in the same way as in 2007, the 2006 value would be TCZK 34 745 lower.

Estimated commission cost

The Company discloses under Estimated commission cost the expected amount of commission relating to premium written in the current accounting period but where the insurance intermediary's right to receive the commission is dependent on fulfilment of additional specific conditions.

Services not invoiced

The Company discloses under Services not invoiced the expected amount of not yet invoiced payables.

III. 7. Equity

(a) Share capital

The share capital consists of 10 000 common shares registered in booked form with a nominal value TCZK 100 000. As at 31 December 2007 100%, TCZK 1 000 000, of the share capital was paid-up.

The amount of registered capital complies with the requirements of the Insurance Act, with regard to the insurance classes in which the Company is authorized to carry on insurance activities.

(b) Other capital accounts

<i>(in TCZK)</i>	2007	2006
Subsidy from the parent company	0	0
Revaluation of assets and liabilities at fair value	-136 675	2 010
Other capital accounts	0	0
Total	-136 675	2 010

(c) Revaluation of assets and liabilities at fair value

<i>(in TCZK)</i>	2007	2006
Balance as at 1/1	2 010	7 801
Change in fair value of financial placement (without hedging derivatives)	-175 651	-7 897
Change in deferred tax	36 966	2 106
Balance as at 31/12	-136 675	2 010

(d) Proposed distribution of current period profit

<i>(in TCZK)</i>	
Profit from the current period	152 322
Transfer to legal reserve fund	7 616
Settlement of accumulated losses	82 701
Transfer to social fund	0
Net bonuses to board members	0
Dividends (CZK xx per share)	0
Profit to be added to retained earnings	62 005

III. 8. Technical provisions

(a) Technical provisions summary

		Gross	Reinsurers' share	Net
<i>(in TCZK)</i>				
Provision for unearned premium	2007	891 423	-87 896	803 527
	2006	804 480	-75 381	729 099
Life assurance provision	2007	2 316 474	0	2 316 474
	2006	1 890 399	0	1 890 399
Provision for outstanding claims	2007	2 848 008	-569 264	2 278 744
	2006	2 314 109	-468 766	1 845 343
Provision for bonuses and rebates	2007	21 504	-3 246	18 258
	2006	17 742	-2 866	14 876
Equalization provision	2007	28 467	0	28 467
	2006	16 784	0	16 784
Provision for liabilities arising from the applied interest rate	2007	0	0	0
	2006	0	0	0
Non-life insurance provision	2007	109	-54	55
	2006	288	-144	144
Other technical provisions	2007	588 612	0	588 612
	2006	562 330	0	562 330
Life assurance technical provision where the investment risk is borne by the policyholders	2007	17 793	0	17 793
	2006	0	0	0
Total	2007	6 712 390	-660 460	6 051 930
Total	2006	5 606 132	-547 157	5 058 975

(b) Provision for unearned premiums (gross)

	2007	2006
<i>(in TCZK)</i>		
Non-life insurance	868 131	781 792
Life assurance	23 292	22 688
Total	891 423	804 480

(c) Life assurance provision

	2007	2006
<i>(in TCZK)</i>		
Unzillmerised provision	2 361 052	1 933 164
Elimination of negative reserves	-44 578	-42 765
Zillmerised provision presented in the balance sheet	2 316 474	1 890 399

(d) Provision for outstanding claims

Run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 31 December 2006, the claims payments during 2007 (with respect to claims included within this provision) and the residual amount of this provision as at 31 December 2007.

The net run-off result is as follows:

<i>(in TCZK)</i>	2007	2006
Motor	-3 196	-1 238
MTPL	128 855	117 508
Fire and other damage to property	-1 346	15 768
Liability	5 797	14 557
Accident and sickness	1 153	-98
Life assurance	-983	409
Travel	-1 690	635
Other	5 010	3 550
Total	133 600	151 091

Provision for outstanding claims in the form of annuities

The gross provision for outstanding claims for motor third party liability insurance paid in the form of annuities after discounting is TCZK 496 287 (2006: TCZK 254 922). The Company used a wage valorisation rate and a disability pension valorisation rate according to the ČKP methodology from 26 March 2007 (breaking point method) to calculate the provision for outstanding claims in the form of annuities from liability insurances/statutory motor third party liability insurance for the subsequent years. The provision was also discounted at 2 %.

(e) Provision for bonuses and rebates (gross)

Class of insurance

<i>(in TCZK)</i>	2007	2006
Non-life insurance	9 237	5 222
Life assurance	12 267	12 520
Total	21 504	17 742

(f) Equalisation provision

Class of insurance

<i>(in TCZK)</i>	2007	2006
Travel insurance	0	0
Accident and sickness insurance	1 819	38
MTPL	0	0
Liability insurance	0	0
Fire and other damage to property	13 546	7 940
Motor	13 102	8 806
Other	0	0
Total	28 467	16 784

The following rates have been used in calculating the provision for other classes:

- Creation of the provision (S_j)	0,03
- Maximum amount of equalisation provision ($SMAR_i$)	0,20
- Upper limit of loss ratio (MAL_i)	0,65

(g) Non-life insurance provision

<i>(in TCZK)</i>	Opening balance	Creation	Release	Closing balance
Non-life insurance	288	0	179	109
Total	288	0	179	109

(h) Other technical provisions

The Company presents a provision to cover the Company's share of the liabilities of the Czech Bureau of Insurers under Other technical provisions. The provisions amounts as at 31 December 2007 to TCZK 588 612 (2006: TCZK 562 330).

III. 9. Provision for other risks and losses

<i>Type of provision (in TCZK)</i>	Opening balance	Creation	Release	Closing balance
Provision for taxes	0	1 068	0	1 068
Provision for employee benefits	0	24 422	0	24 422
Total	0	25 490	0	25 490

In 2007 the Company created the provision for employee benefits arising from managerial contracts concluded by the Company. The provision for taxes includes the assumed tax of 15% on dividends from foreign sources.

III. 10. Contingent liabilities

(a) Law suits

As at 31 December 2007, ČPP has 168 pending legal proceedings (mainly litigations about insurance, most often due to disagreement over the amount of the settlement in a claim or due to refusal to provide settlement or damages), for which a provision in the total amount of TCZK 202 178 has been created.

(b) Membership in the Czech Bureau of Insurers (the Bureau)

As a member of the Bureau the Company is obliged to guarantee the liabilities of the Bureau pursuant to Section 18(6) of the Act on Motor Third Party Liability Insurance. The Company contributes to the guarantee fund and creates other technical provisions. The amount of the contribution and other technical provisions is determined based on a calculation made by the Bureau.

If any of the members of the Bureau would be unable to meet their obligations arising from the statutory motor third-party liability insurance due to insolvency, the Company may become liable to make additional contributions to the guarantee fund.

(c) Czech Nuclear Pool

As a member of the Czech Nuclear Pool, the Company, under a "Joint and Several Liability" agreement, has assumed a liability, in proportion to the Company's net retention for the given contract, should one or more members of the Czech Nuclear Pool be unable to fulfil their obligation. The total contingent liability of the Company including joint and several liability is contractually limited to double the retention for the specific insured risk.

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

(a) Bonuses and rebates

The Company granted the following bonuses and rebates based on policy conditions and insurance contracts:

<i>(in TCZK)</i>	2007	2006
Gross		
Non-life insurance	7 486	5 808
Life assurance	0	0
Total gross amount	7 486	5 808
Reinsurers' share (non-life insurance)	0	0
Total net amount	7 486	5 808

In accordance with the procedures stated in point I.4.(h) of the Notes the Company accounted for the following changes in the provision for bonuses and rebates:

2007 (in TCZK)	Gross	Reinsurers' share	Net
Non-life insurance			
Creation	11 501	3 246	8 255
Release	7 486	2 866	4 620
Change of balance	4 015	380	3 635
Life assurance			
Creation	12 267	0	12 267
Release	12 520	0	12 520
Change of balance	-253	0	-253
Total change of balance	3 762	380	3 382

2006 (in TCZK)	Gross	Reinsurers' share	Net
Non-life insurance			
Creation	3 409	2 866	543
Release	5 808	0	5 808
Change of balance	-2 399	2 866	-5 265
Life assurance			
Creation	12 520	0	12 520
Release	9 000	0	9 000
Change of balance	3 520	0	3 520
Total change of balance	1 121	2 866	-1 745

(b) Administrative expenses

(in TCZK)	2007	2006
Personnel expenses (payroll, social and health insurance)	407 713	350 348
Rental	54 971	45 956
Consultancy	5 756	10 659
Energy consumption	10 525	7 762
Material consumption	8 704	8 570
Other administrative expenses	39 544	46 753
Total administrative expenses	527 213	470 048

(c) Other technical expenses and income

2007	Gross	Reinsurers' share	Net
<i>(in TCZK)</i>			
Non-life insurance			
Other technical expense	70 212	0	70 212
Other technical income	50 933	0	50 933
Life assurance			
Other technical expense	7 985	0	7 985
Other technical income	20 894	0	20 894
 2006	 Gross	 Reinsurers' share	 Net
<i>(in TCZK)</i>			
Non-life insurance			
Other technical expense	98 335	0	98 335
Other technical income	69 480	0	69 480
Life assurance			
Other technical expense	20 422	0	20 422
Other technical income	17 746	0	17 746

(d) Employees and management

The average number of employees and executives and remuneration for 2007 and 2006 are as follows:

2007	Average number of employees	Payroll	Social and health insurance	Other personal expense
<i>(in TCZK)</i>				
Employees	837	227 971	77 740	2 363
Executives	71	78 471	23 621	666
Total	908	306 442	101 362	3 030
 2006	 Average number of employees	 Payroll	 Social and health insurance	 Other personal expense
<i>(in TCZK)</i>				
Employees	752	207 518	71 911	816
Executives	55	54 158	16 759	189
Total	807	261 676	88 670	1 005

(e) Social security and health insurance liabilities

Liabilities in respect of social security and health insurance total TCZK 9 897 (2006: TCZK 10 159) of which TCZK 6 848 (2006: TCZK 7 129) relates to social security and TCZK 3 049 (2006: TCZK 3 030) relates to health insurance. None of these liabilities are overdue.

(f) Tax liabilities

Tax liabilities amount to TCZK 3 535 (2006: TCZK 8 421). In 2006 the deferred tax liability of TCZK 5 017 was included in tax liabilities.

(g) Statutory, Executive and Supervisory Board members' remuneration

The Company has paid the following monetary and non-monetary remuneration to the statutory, executive and supervisory board members for the financial years 2007 and 2006:

<i>(in TCZK)</i>	2007	2006
Members of the Board of Directors	13 450	5 388
Members of the Supervisory Board	780	750
Total remuneration paid	14 230	6 138

(h) Statutory, Executive and Supervisory Board member's loans and advances

The Company presented no receivables from members of the Board of Directors or the Supervisory Board relating to granted loans or advances paid, either in 2007 or in 2006.

(i) Group relations

The Company has not concluded a controlling agreement with its majority shareholder Kooperativa pojišťovna, a.s., Vienna Insurance Group having its registered office in Prague, Czech Republic. Kooperativa is owned by WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP ("Wiener Städtische"), which is a controlling person of the whole Vienna Insurance Group ("VIG"). A report on relations between related parties will be a part of the annual report.

(j) Expense and revenues allocation between tech. accounts and non-technical account

As at the balance sheet date the total amount of expenses allocated between the technical accounts for life assurance, non-life insurance and the non-technical account by means of the method stated in point I.4.(w) amounted to TCZK 509 991 (2006: TCZK 568 824).

(k) Result of non-technical account

The result of the non-technical account as at 31 December 2007 amounted to TCZK -85 521 (2006: TCZK 20 242). The creation of the provision for employee benefits of TCZK 24 422 had the highest influence on this value (see point III.9.).

(l) Result before tax

The result before tax as at 31 December 2007 amounted to TCZK 207 076 (2006: TCZK 77 317).

III. 12. Taxation

(a) Income tax in the profit and loss account

(in TCZK)

	2007	2006
Provision for current period income tax	1 068	0
Current income tax relating to prior periods	2 540	146
Change in deferred tax asset/liability	50 671	-29 360
Income tax in profit and loss account	54 279	-29 214

(b) Deferred tax assets and liabilities

Temporary differences	Assets		Liabilities		Difference	
(in TCZK)	2007	2006	2007	2006	2007	2006
Tangible assets	0	0	-1 275	-4 382	-1 275	-4 382
Receivables	3 620	4 613	0	0	3 620	4 613
Losses of previous periods	34 464	40 916	0	0	34 464	40 916
Other temporary differences recorded in Profit and Loss account	0	31 555	-14 778	0	-14 778	31 555
Total temporary differences recorded in Profit and Loss account	38 084	77 084	-16 053	-4 382	22 031	72 702
Asset and Liabilities revaluation differences	36 331	0	0	-635	36 331	-635
Deferred tax asset/liability	74 415	77 084	-16 053	-5 017	58 362	72 067

In accordance with the accounting policy described in note I.4.(x), deferred tax was calculated using the tax rate of 21 %.

III. 13. Subsequent events

The Company's management is not aware of any material subsequent events that have occurred since the balance sheet date that would have a material impact on the financial statements as at 31 December 2007.

In Prague, 22 February 2008
Signature of the statutory representative



Dr. Franz Kosyna

Chairman of the Board of Directors and General Manager



Mag. Gerhard Lahner

Member of the Board of Directors

Reported by: **Ing. Petr Brabenec**, director of the economic section

SECTION I – ENTITIES CONSTITUTING THE HOLDING**1. Controlled person**

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group

Registered office: Budějovická 5, 140 21 Prague 4

Identification number: 639 98 530

Recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert no. 3433 (hereinafter referred to as “ČPP”).

ČPP is a trading company engaged in insurance business in accordance with Act No. 363/1999 (hereinafter referred to as “The Insurance Act”). The principal business activities are specified in ČPP’s Articles of Association and recorded in the Commercial Register.

2. Controlling person

Kooperativa pojišťovna, a.s., Vienna Insurance Group

Registered office: Templová 747, 110 00 Prague 1

Identification number: 471 16 617

Recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert number 1897 (hereinafter referred to as “Kooperativa”).

Kooperativa is a trading company engaged in insurance business in accordance with the Insurance Act. The principal business activities are specified in Kooperativa’s Articles of Association and recorded in the Commercial Register.

Kooperativa is controlled by WIENER STÄDTISCHE Versicherung AG VIENNA INSURANCE GROUP (hereinafter referred to as “Wiener Städtische”) which is a controlling entity of the whole Vienna Insurance Group (hereinafter referred to as “VIG”).

3. Related party

The list of subsidiaries of Wiener Städtische, with their company names, registered offices, Commercial Register numbers, the companies’ share in the registered capital and a description of their business are contained in part 3 of annual report.

SECTION II – RELATIONS BETWEEN THE ENTITIES OF THE HOLDING

1. Method of control

Kooperativa owns shares in ČPP with a total nominal value of 100% of the registered capital.

2. Personnel union

Kooperativa / ČPP

- Ing. Vladimír Mráz is the Chairman of the Supervisory Board of ČPP. He is also the Chairman of the Board of Directors and the General Manager of Kooperativa, a member of the Supervisory Board of Kooperativa poisťovňa, a.s., a member of the Board of Directors of Sanatorium Astoria a.s., a member of the Supervisory Board of SHD – KOMES, a.s., the Chairman of the Supervisory Board of Point Belarus-Austrian Insurance Company Kupala, the Chairman of the Supervisory Board of Zaso Victoria Non-life, a member of the Supervisory Board of KIP, a.s., and a member of the Board of Directors of Česká Kooperativa London Ltd.
- Ing. Konštantín Alexejenko is a member of the Supervisory Board of ČPP. He is also a member of the Board of Directors of Kooperativa and a member of the Supervisory Board of Kontinuita poisťovňa, a.s.
- Mag. Peter Höfinger is a member of the Supervisory Board of ČPP. He is also a member of the Supervisory Board of Kooperativa and a member of the extended Board of Directors of the Vienna Insurance Group and a member of the Board of Directors of Donau Versicherung AG.
- RNDr. Jakub Strnad, Ph.D. is a member of the Board of Directors. He was also a member of the Board of Directors of Kooperativa until 15 October 2007 and Vice-chairman of the Board of Directors of ČPP from 28 March 2006 until 1 November 2007. He is currently a member of the Board of Directors of ČPP.
- Mag. Gerhard Lahner has been a member of the Board of Directors since 1 November 2007. He is also a member of the Board of Directors of Kooperativa, the authorised representative in Anděl Investment, s.r.o., a member of the Supervisory Board of Ringturm Kapitalanlagegesellschaft m.b.H. and a member of the Board of Directors of Česká Kooperativa London Ltd.

3. Description of relations

The share of Wiener Städtische in other subsidiaries by percentage of the registered capital is specified in part 3 of annual report.

SECTION III – REPORTED PERIOD

This report has been prepared for the last accounting period, i.e. the period from 1 January 2007 to 31 December 2007.

SECTION IV – CONTRACTS AND AGREEMENTS CONCLUDED BETWEEN THE ENTITIES OF THE HOLDING

1. Contracts and agreements concluded between the controlling entity (Kooperativa, Wiener Städtische) in relation to the controlled company ČPP.

- As at 31 December 2007, the vehicles of ČPP were insured with Kooperativa under MTPL contract no. 6980339049.
- As at 31 December 2007, the assets of Kooperativa were insured with ČPP based on contracts no. 0009509666, 0010075291, 0010076131 and 0010076786. At the same time, the vehicles of Kooperativa were insured with ČPP under the fleet MTPL contract no. 3069331700 and fleet motor casco contract no. 0009509844.
- As at 31 December 2007 ČPP and Kooperativa concluded a contract on the sublease of non-residential premises in Modřice, Brno-venkov relating to the premises of a call centre, registry office and filing room.
- As at 31 December 2007 ČPP and Kooperativa concluded contracts on domestic facultative reinsurance.
- As at 31 December 2007 one reinsurance contract was concluded as part of the group VIG NAT CAT X/L coverage.

ČPP did not suffer any detriment caused by the contracts and agreements signed.

2. Contracts and agreements concluded between ČPP and other controlled entities in VIG.

- As at 31 December 2007 a contract on mutual cooperation with Global Expert, s.r.o. was concluded, relating to the cooperation during settlement of insurance claims relating to motor vehicles.
- As at 31 December 2007 a contract on mutual cooperation with UNITA S.A. was concluded, relating to the cooperation during settlement of insurance claims in Romania relating to vehicles.
- As at 31 December 2007 ČPP and AIS Servis, s.r.o. concluded a contract on maintenance of programme equipment.

The contracts and agreements signed were in no way detrimental to ČPP.

SECTION V – OTHER LEGAL ACTS AND OTHER MEASURES IN THE INTEREST OF OR UPON THE REQUEST OF RELATED PARTIES

No legal acts or any other measures in the interest or upon the request of related parties were undertaken in 2007.

SECTION VI – CONFIDENTIALITY OF INFORMATION

1. Information is considered confidential within the holding if it constitutes part of a trade secret of Kooperativa, ČPP or other related entity or if it has been identified as confidential by any entity that is a part of the holding. In addition, all information from trade relations which could on its own or in connection with other information be detrimental to any entity of the holding is considered confidential.
2. In order to avoid any detriment to the controlled entity in respect of paragraph 1 of this section, the report of the statutory body does not contain financial information about the supplies and payments from concluded contracts and agreements.

SECTION VII. – CONCLUSION

1. This report was prepared by the Board of Directors of the controlled person, Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group and submitted for review to the Supervisory Board and the audit company KPMG Česká republika Audit, s.r.o. who will carry out the audit of the financial statements. Since ČPP is legally bound to prepare an annual report, this report will be attached to the annual report.

In Prague, 26 February 2008

Signatures of the members of the Board of Directors of the controlled person, Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group



Dr. Franz Kosyna

Chairman of the Board of Directors and General Manager



RNDr. Jakub Strnad, Ph.D.

Vice-chairman of the Board of Directors

**REPORT OF THE SUPERVISORY BOARD OF
ČESKÁ PODNIKATELSKÁ POJIŠŤOVNA, A.S., VIENNA INSURANCE GROUP**

The Supervisory Board received the financial statements for 2007, the notes and the report on profit/loss, business activities and assets and liabilities of the Company as at 31 December 2007. It reviewed them and examined them thoroughly. The Supervisory Board resolved unanimously to approve the annual financial statements presented by the Board of Directors and the profit distribution proposed by the Board of Directors.

The Supervisory Board also declared that it had the opportunity, as a whole and individually, to supervise the Company management. It met four times altogether in the period under review to evaluate the Company's results. In its review the Supervisory Board used the documents presented to it and information acquired while carrying out its activities at the Company.

In addition, the Supervisory Board notifies the sole shareholder that the annual financial statements for 2007 were audited by the audit company KPMG Česká republika Audit, s.r.o., that the Supervisory Board received, reviewed and discussed the audit and that based on its results, this review does not result in any further suggestions. The Supervisory Board declares that it has no additional comments on the auditor's report.

Furthermore, the Supervisory Board declares that in accordance with Article 18 (3) (m) of the Articles of Association, the approval to conclude contracts falls within the competence of the sole shareholder pursuant to Section 196a of the Commercial Code. The Supervisory Board did not discuss any such contract in the accounting year 2007.

In Prague, 5 March 2008



Ing. Vladimír Mráz
Chairman of the Supervisory Board

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LIST OF REGIONAL CENTRES AND BRANCHES

2

HEAD OFFICE

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group

Praha 4, Budějovická 5, Client Infoline: 841 444 555

www.cpp.cz, e-mail: pojistovna@cpp.cz

BRNO

Regional centres:

Brno, Benešova 14/16, tel: 542 120 805

Branches:

Břeclav, U Stadionu 2144, tel: 519 322 853

Jihlava, Žižkova 13, tel: 567 300 255

Znojmo, Náměstí Svobody 16, tel: 515 261 971

Hodonín, Národní třída 55c/3966, tel: 518 342 444

Třebíč, Smila Osovskeho 25/35, tel: 568 843 448

Brno – venkov, Pekařská 58, tel: 542 215 140

Boskovice, Náměstí 9. května 10, tel: 516 452 137

Brno II., Příkop 6 - obchodní centrum IBC, tel: 545 175 516

Brno – město, Palackého tř. 879, tel: 541 217 647

ČESKÉ BUDĚJOVICE

Regional centres:

České Budějovice, Průmyslová 1656, tel: 386 360 268

Branches:

Strakonice, Komenského 105, tel: 383 322 935

Písek, Fráni Šrámka 167, tel: 382 215 351

Pelhřimov, Arch. Janáka 2256, tel: 565 322 449

Tábor, Fügnerova 822, tel: 381 252 452

Jidřichův Hradec, Sládkova 309/II., tel: 384 361 080

Český Krumlov, Horní Brána 511, tel: 380 711 260

Prachatice, Pivovarská 284, tel: 388 311 139

České Budějovice - město, Průmyslová 1656, tel: 386 351 941

HRADEC KRÁLOVÉ

Regional centres:

Hradec Králové, Škroupova 441/9, tel: 495 704 410

Branches:

Liberec, Rumunská 655/9, tel: 486 123 495

Liberec, Železná 249/12, tel: 485 102 267

Hradec Králové - město, Škroupova 441/9, tel: 495 704 400

Trutnov, Palackého 388, tel: 499 813 359

Jablonec nad Nisou, Komenského 33, tel: 483 319 881

Náchod, Krámská 29, tel: 491 433 168

Turnov, 28. října 17, tel: 481 322 854

Jičín, Jiráskova 91, tel: 493 599 093

Rychnov nad Kněžnou, Panská 78, tel: 494 661 095

OLOMOUC

Regional centres:

Olomouc, Litovelská 17, tel: 585 413 970

Branches:

Zlín, Kvítková 476, tel: 577 220 954

Olomouc - město, Litovelská 17, tel: 585 413 970

Uherské Hradiště, Na Splávku 1182, tel: 572 540 602

Šumperk, Gen. Svobody 22/48, tel: 583 224 827

Prerov, Čechova 13, tel: 581 220 273

Prostějov, Nám. T. G. Masaryka 30 (pasáž Mika), tel: 582 337 735

Jeseník, Poštovní 884/1, tel: 584 413 100

Kroměříž, Komenského nám. 370, tel: 573 330 518

Vsetín, Na Příkopě 814/15, tel: 571 424 133

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OSTRAVA

Regional centres:

Ostrava, Černá louka 78, tel: 596 116 642

Branches:

Opava, Hradecká 1, tel: 553 624 989

Třinec, 1. máje 398, tel: 558 337 700

Frýdek Místek, Stará cesta 2325, tel: 558 436 796

Karviná, Svatováclavská 97, tel: 596 320 224

Nový Jičín, Tyršova 15, tel: 556 706 765

Ostrava - město, Černá louka 78, tel: 596 116 642

PARDUBICE

Regional centres:

Pardubice, Smilova 429, tel: 466 068 305

Branches:

Chrudim, Palackého 55, tel: 469 622 831

Havlíčkův Brod, Bělohradská 1128, tel: 569 420 408

Ústí nad Orlicí, 17. listopadu 77, tel: 465 526 290

Žďár nad Sázavou, Nádražní 464/33, tel: 566 629 899

Svitavy, Nám. Míru 48, tel: 461 530 317

PLZEŇ

Regional centres:

Plzeň, Prešovská 13, tel: 377 831 111

Branches:

Karlovy Vary, Majakovského 29, tel: 353 408 503

Klatovy, Pražská 120, tel: 376 321 122

Mariánské Lázně, Křížíkova 707, tel: 354 626 227

Sokolov, J. K. Tyla 275, tel: 352 605 751

Plzeň - město, Slovanská alej 28, tel: 377 970 790

Cheb, Obrněné brigády 31, tel: 354 544 944

Domažlice, Vodní 31, tel: 379 768 435

Tachov, Náměstí Republiky 60, tel: 374 720 543

STŘEDOČESKÝ KRAJ

Regional centres:

Střední Čechy, Praha 2, Korunní 1300/65, tel: 221 501 310, 221 501 320

Branches:

Mladá Boleslav, U Kasáren 1377, tel: 326 722 864

Kolín, Legerova 182, tel: 321 716 931

Příbram, Dlouhá 95, tel: 318 627 596

Nymburk, Palackého třída 449, tel: 325 516 370

Kladno, Tyršova 1396, tel: 312 240 214

Beroun, Politických vězňů 153/21, tel: 311 626 736

Rakovník, Poštovní 18, tel: 313 502 589

PRAHA

Regional centres:

Praha, Budějovická 3a, tel: 261 023 135

Branches:

Praha 5, Jindřicha Plachty 25, tel: 257 319 003, 257 316 111

Praha 7, Milady Horákové 62, tel: 233 380 605

ÚSTÍ NAD LABEM

Regional centres:

Ústí nad Labem, Dlouhá 3458/2A, tel: 475 220 001

Branches:

Teplice, Tržní náměstí 241, tel: 417 531 007

Most, Moskevská 33/36, tel: 476 744 980

Česká Lípa, Čs. Armády 1621, tel: 487 853 984

Litoměřice, Dlouhá 35, tel: 416 733 343

Chomutov, Revoluční 30, tel: 474 621 903

Děčín, Palackého 823/4, tel: 412 532 611

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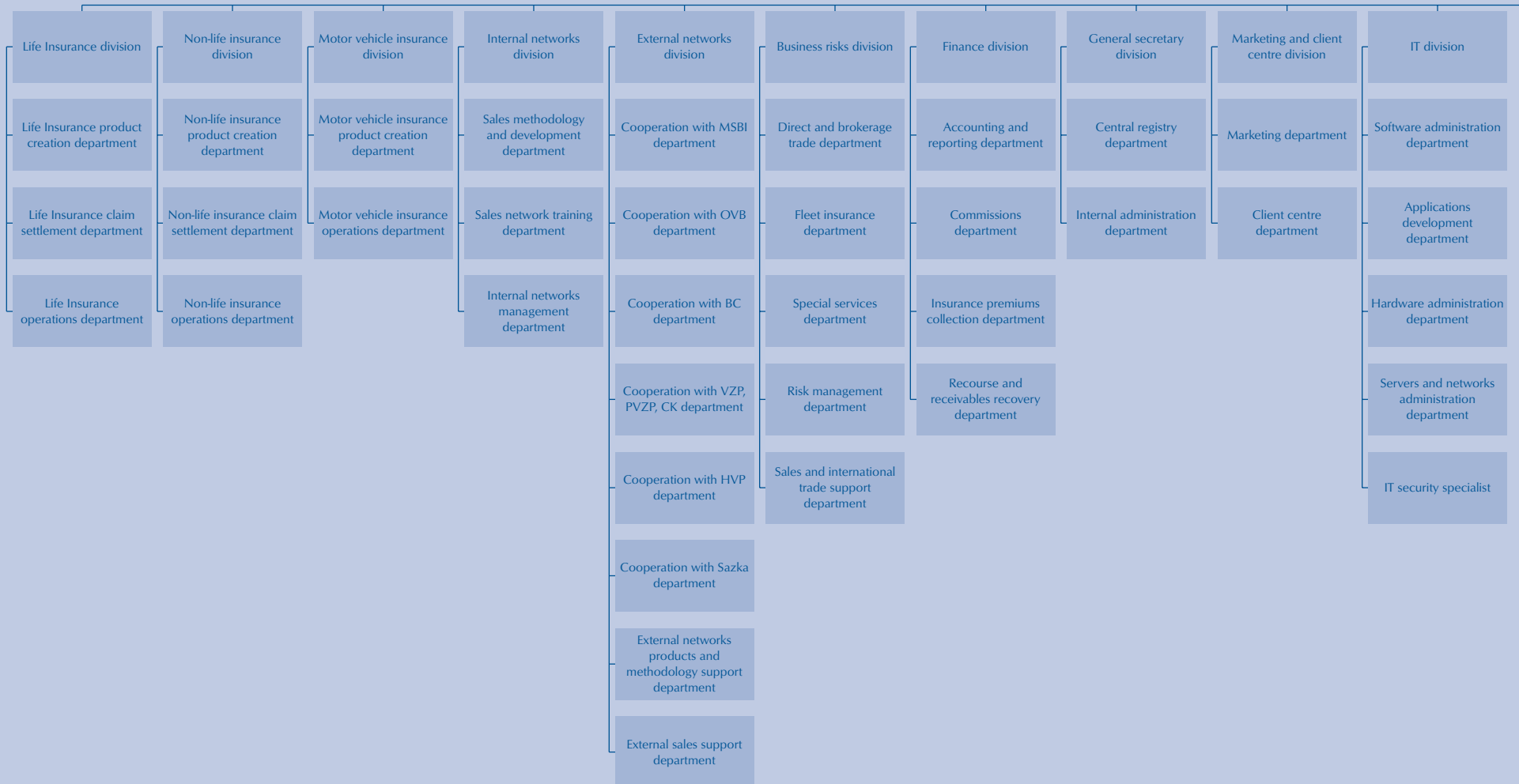
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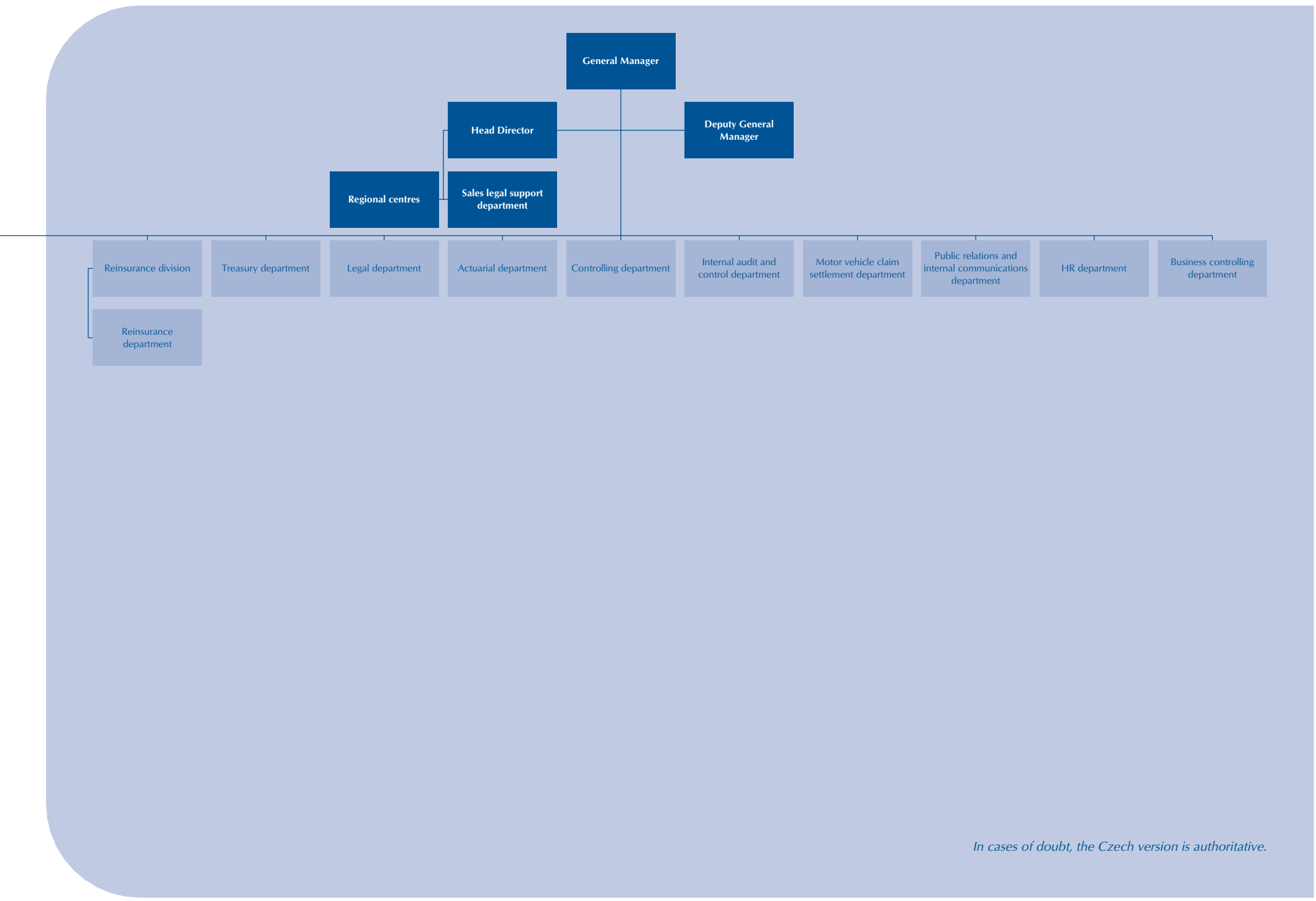
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ORGANISATIONAL CHART





In cases of doubt, the Czech version is authoritative.



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