

Penzijní fond České pojišťovny, a.s
2001 ANNUAL REPORT

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/ Company Profile

Trade name:	Penzijní fond České pojišťovny, a.s.
Registered Office:	Truhlářská 1106/9, 110 00 Prague 1
Legal Status:	stock company
Founded:	19 September 1994
IČO (Company Identification No.):	61858692
Owner (share of basic capital):	Česká pojišťovna a.s. (100%)

Penzijní fond České pojišťovny, a.s., entered the market of pension insurance in 1994, one of the first of its kind in the Czech Republic. The fund's sole shareholder is Česká pojišťovna, a.s., and the company's membership in one of largest groups involved in the Czech financial market is a guarantee of the strong financial backup and continuous development of its services.

The principal activity of Penzijní fond České pojišťovny, a.s., is to offer pension insurance schemes pursuant to the provisions of Act No. 42/1994 Coll., concerning pension insurance with state contribution. The services provided by the pension fund are defined by a pension plan, which offers all sorts of pensions defined by the law, and/or any combinations thereof.

Thanks to its dynamic development, financial strength, stability, and the wide range of products offered, Penzijní fond České pojišťovny, a.s. holds a unique position among all other funds. Based on long experience and tradition in the field of insurance, the fund is able to build upon an excellent and exceptional understanding of the Czech milieu, respond flexibly to the developing market situation, and provide its clients with services according to their wishes and requirements.

As far as the increase of new clients is concerned, the year 2001 was among the successful years, with the fund acquiring 55,000 new clients. With the total number of clients exceeding 322,000 towards the end of the year 2001, Penzijní fond České pojišťovny, a.s. has become the second largest pension fund in the Czech Republic, with a market share of 13 per cent.

In 2001, Penzijní fond České pojišťovny, a.s. established long-term cooperation with the Hestia civic association participating in renowned international volunteer activities and supporting the development of the volunteer movement in the Czech Republic. Its principal project is called "Pro seniory" (For Seniors). The means granted by the Penzijní fond České pojišťovny, a.s. are intended for training volunteers and supporting their selfless non-profit labour performed in retirement homes, thus contributing to the improvement of senior citizens' daily life, the organisation of cultural and social events and assistance focusing on senior citizens spending their leisure time in an active manner.

2 Basic Economic Indicators

BASIC INDICATORS (thousands of CZK)	1997	1998	1999	2000	2001
Net profit or loss for financial period	54,470	178,027	187,725	153,621	179,594
Total net assets	1,574,465	2,366,293	3,305,254	4,344,780	5,746,557
Registered capital	110,000	110,000	110,000	110,000	110,000 ^{*)}
Equity	1,516,047	2,343,414	3,212,496	4,262,644	5,703,081
Number of participants	132,990	159,897	226,805	296,059	322,179
Added earnings (in% p.a.)	9.6	9.7	6.6	4.5	3.8
Legally required reserve fund	1,237	1,132	10,034	19,420	27,101
Market value of the portfolio	1,478,204	2,290,240	3,204,645	4,108,350	5,492,320
Average number of employees	47	45	46	61	66

**) In September 2001 Česká pojišťovna, the sole shareholder, decided to increase the registered capital by CZK 100 million to a total amount of CZK 210 million. The increase was implemented with a further capital investment of CZK 50 million in the form of additional capital outlay. The financial means were remitted to the account of Penzijní fond České pojišťovny, a.s. in March 2002, with the new value of the registered capital recorded in the Commercial Register in April 2002.*

Penzijní fond České pojišťovny, a.s. has become the second largest pension fund in the Czech Republic.

3 Management and Organizational Structure

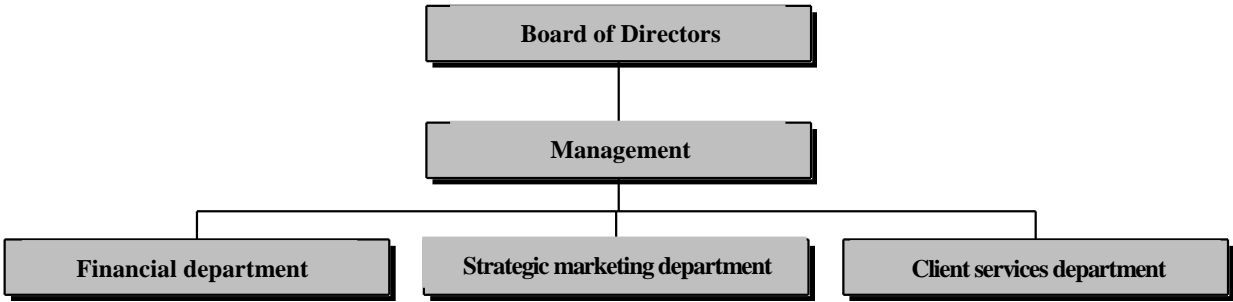
BOARD OF DIRECTORS *in office since*

Ing. Ivo Foltýn <i>Chairman of the Board</i>	11 August 1997	Executive Board Member, Life Insurance, Česká pojišťovna a.s.
Ing. Tomáš Matoušek <i>Deputy Chairman of the Board</i>	24 October 2001	Executive Director, Penzijní fond České pojišťovny, a.s.
Ing. Radek Peřina <i>Deputy Chairman of the Board</i>	28 May 1998	Director of strategic marketing, Penzijní fond České pojišťovny, a.s.
Ing. Václav Šrajer	5 June 2001	Director of Research, PPF a.s.
Ing. Roman Stupka	5 June 2001	Deputy General Manager for Sales and Marketing, Česká pojišťovna a.s.

SUPERVISORY BOARD *in office since*

JUDr. Petr Poncar <i>Chairperson</i>	12 September 2001	Adviser to the Executive Board Member, Life Insurance, Česká pojišťovna a.s.
Ing. Bohuslava Vohradská	6 April 1998	Regional head of insurance, Česká pojišťovna a.s.
RNDr. Vít Šroller	19 September 1994	Director of the Actuary Section, Česká pojišťovna a.s.
Ing. Josef Kessler	10 September 1997	Adviser to the Deputy General Manager for Sales and Marketing, Česká pojišťovna a.s.
Ing. Marek Mastník	6 June 2001	Financial Analyst Senior, PPF a.s.
Ing. Přemysl Gistr	20 April 1998	Director, Effective Finance Corporation a.s.

Organizational structure



4 Introductory Statement by the Chairman of the Board of Directors

Ladies and Gentlemen:

I am delighted that Penzijní fond České pojišťovny, a.s. has continued its tendency of steady growth, further increasing its share in the Czech market for retirement savings. The economic results, the highest registered capital and the ranking of second place among licensed pension funds regarding the number of clients are delighting and binding at the same time.

Our principal mission – effective administration of the entrusted means – is determined to a considerable extent by the legal and economic environment of the Czech Republic. The responsible and conservative investment policy pursued by Penzijní fond České pojišťovny, a.s. corresponded with the complex economic environment prevailing last year. Despite this, we succeeded in attaining good economic results, upvaluing the client's deposits to the level exceeding the yields of bank deposits. With the addition of the state contributions and tax allowances, the clients enjoy even higher profits, depending on the extent to which they use these benefits.

I am convinced that the importance of pension funds – investors and providers of financial services – for the national economy will increase, disregarding the development in the field of the pension system reform, which is inevitable by any means. It is clear that the current ongoing system determined by the unfavourable demographic development is facing serious problems resulting from the manner in which it is financed and manifesting themselves in the budget deficit. An increasing number of people and their employers are becoming aware of the importance of supplementary pension schemes and individual retirement savings. Pension funds are gradually gaining in importance, naturally becoming the other pillar of the future pension system. Penzijní fond České pojišťovny, a.s. will continue to focus on participating actively in the sector in which it renders its services.

As far as the forthcoming period is concerned, in addition to our effort to cultivate the environment in general, we will aim at increasing the quality of services rendered to our current clients through the mediation of active communication as well as the services offered our potential clients – individuals and employers.

We will aim for further approaching our clients in cooperation with Česká pojišťovna a.s., our parent company, whose financial strength and crucial position in the field of life insurance in the Czech Republic represent a reliable guarantee of safety and reliability.

The major target of Penzijní fond České pojišťovny, a.s. in the year 2002 remains the preservation of the current growth rate and steady development, increasing the company value at the same time. The favourable economic results and growing clientele of Penzijní fond České pojišťovny, a.s. are indicators of our mutual confidence and cooperation. I should like to thank you for your attitude and wish you every success in future.

Ing. Ivo Foltýn
Chairman of the Board of Directors

5 Report on the Activities of the Company

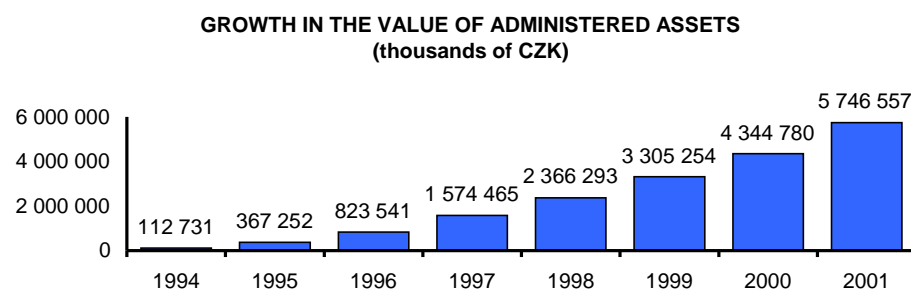
In 2001, Penzijní fond České pojišťovny, a.s., reported dynamic growth in the number of policyholders and the total volume of administered assets. In 2001, the major world economies stagnated, which led to the decrease of interest rates, affecting the Czech economy to a certain degree. That decrease further restricted the return potential of our portfolio, which is closely connected to the interest-related yield of bonds.

Thanks to its conservative investment strategies, Penzijní fond České pojišťovny, a.s., was not stricken in connection with the capital market decline, achieving a net profit of CZK 180 million – 17 per cent higher in comparison with the year 2000. Consequently, clients will enjoy a revaluation of their contributions at 3.8% p.a.

For further reference: according to the data presented by the Czech National Bank (Česká národní banka), the average revaluation of bank contributions reached a mere 3.0%. It is, therefore, more convenient to enter a savings programme with Penzijní fond České pojišťovny, a.s., than to save money in regular bank accounts. Moreover, clients are entitled to state contributions and have the opportunity of further tax relief.

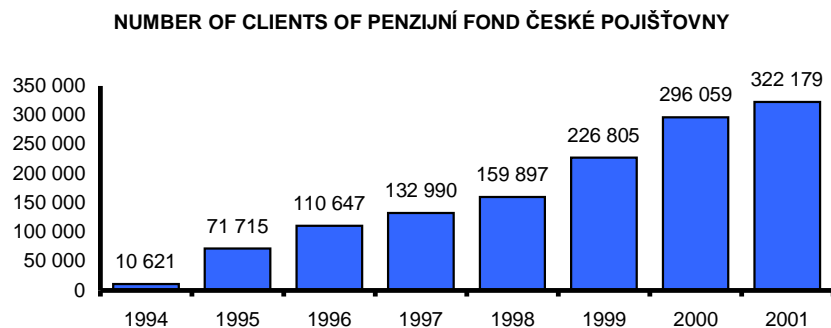
Growth in the value of administered assets

As of 31 December 2001, the amount of assets administered by Penzijní fond České pojišťovny, a.s. reached CZK 5.747 million. The total volume increased, year-on-year, by 32.3%, which is nearly twice as much concerning the average increase reported by all other pension funds.



Trends concerning the number of clients of Penzijní fond České pojišťovny, a.s.

In 2001, the number of clients reached a total of 322,179, which represents a 9% increase in comparison with the year 2000. Penzijní fond České pojišťovny, a.s., once again ranked among the fastest growing pension funds involved in the Czech Republic, with a share in the retirement income insurance market reaching 13%.

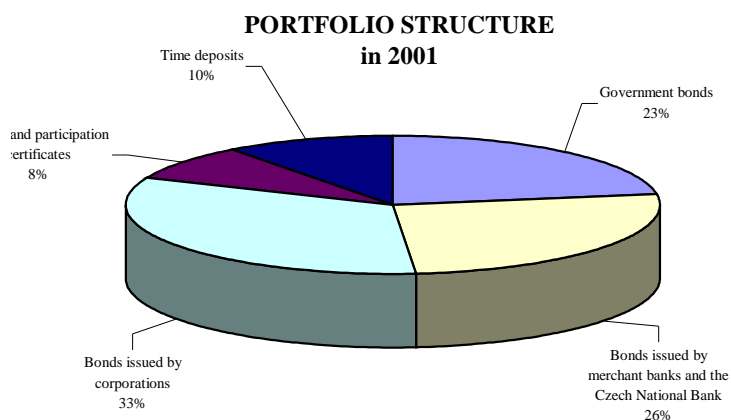


Portfolio Structure

As of 31 December 2001, the value of the investment portfolio reached a total of CZK 5.492 million (i.e. it increased by CZK 1.384 million in comparison with the year 2000). A majority of 82% of the portfolio comprises government bonds and bonds issued by selected merchant banks and companies. These investments are typical for low-risk and reasonable revenues, which constitute the major part of the pension fund's income. Even safer types of investments were time deposit accounts with banks, representing 10% of the portfolio.

Despite the rather complicated situation on capital markets and the decrease of interest rates within the Czech economy, and thanks to the aforesaid conservative investment strategy, the company reported very good results, ultimately bringing a profit to all the clients of the Czech Insurance Pension Fund.

PORTFOLIO STRUCTURE	2001		2000	
	Thousands of CZK	%	Thousands of CZK	%
Government bonds	1,240,140	23	1,179,621	28
Mortgage indentures	—	—	—	—
Bonds issued by merchant banks and the Czech National Bank	1,431,570	26	1,065,021	26
Bonds issued by corporations	1,798,109	33	855,320	21
Shares and participation certificates	463,441	8	405,916	10
Municipal bonds	—	—	—	—
Bonds issued by members of ACED and/or their central banks	—	—	244,510	6
Movable and immovable property	—	—	—	—
Time deposits	559,060	10	357,962	9
TOTAL PORTFOLIO VALUE	5,492,320	100	4,108,350	100



6 Supervisory Board's Report

In 2001, the Supervisory Board carried out its activities in compliance with the provisions of the relevant laws and the Articles of Association.

The Supervisory Board applied and used the materials and comments provided in most cases by the Chairman of the Board of Directors, the CEO and other management members who participated regularly in the Supervisory Board's meetings.

At its five regular sessions, the Supervisory Board dealt primarily with the fulfilment of the company's intermediate strategy, concentrating on the trading and economic results and the development and status of the investment portfolio structure.

The importance of the year 2001 for Penzijní fond České pojišťovny, a.s. lies in the fact that the pension fund became the second largest on the Czech market. The increase of the fund's registered capital implemented by its sole shareholder, Česká pojišťovna, a.s., was a significant mark of the fund's stabilisation. Thus the company became one of the best pension funds on the market as far as its capital equipment is concerned, which further enhanced the credibility of that financial institution.

The Supervisory Board acknowledged the economic results reported in 2001, along with the auditor's report concerning the review of the financial statement as of 31 December 2001.

Based on an evaluation of the company's results reported in 2001 and their verification by the aforesaid auditor, the Supervisory Board has submitted the following statement towards the general assembly of shareholders:

Pursuant to a review of the annual financial statement and the auditor's report, the Supervisory Board recommends that the shareholders approve the company's 2001 financial statement and the distribution of profits according to the proposal presented by the Board of Directors.

Prague, 12 April 2002

JUDr. Petr Poncar
Chairman of the Supervisory Board

7 Auditor's Report

Auditor's Report to the shareholders of Penzijní fond České pojišťovny, a.s.

Pursuant to an audit conducted on 15 March 2002, we have audited the financial statement enclosed herein, and issued the following report in consequence thereof:

“We carried out verification of the accounting data included in the annual report submitted by Penzijní fond České pojišťovny, a.s., as of 31 December 2001. The company's Board of Directors is responsible for the management of the accounting and for execution of the financial statement. The scope of our assignment was limited to mere verification of whether or not the information included in the annual report is in compliance with the actual financial statement.

“We conducted the audit in compliance with the act on auditors and the Chamber of Auditors of the Czech Republic and pursuant to the audit regulations issued by the Chamber of Auditors of the Czech Republic. These directives require that an audit be planned and carried out in order for the auditor to assure that the financial statement does not contain any significant incorrectness. The audit comprises a selective verification of the completeness and evidence of the amounts and data reported in the financial statement and a review of the accounting procedures and significant estimates provided by the company, as well as an assessment of the overall presentation of the financial statement. We are convinced that the performed audit provides an adequate background for us to express the following statement.

In our opinion, the financial statement presents truly and fairly, in all material aspects, the assets, liabilities, equity and financial position of Penzijní fond České pojišťovny, a.s., as of 31 December 2001, and the results of its operation for the accounting year 2001, in compliance with the Act on Accounting and with the relevant legal prescriptions valid in the Czech Republic.”

We also verified the consistency of all other information of a financial nature presented within the aforesaid annual report with the audited financial statement. In our opinion, the information is in all material aspects in compliance with the financial statement verified.

Prague, date: 7 May 2002

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

Ing. Pavel Závitkovský
Certificate Number 69

8 Balance Sheet

Complete Balance Sheet as of 31 December 2001, thousands of CZK

	2001	2000
TOTAL ASSETS	5,746,557	4,344,780
A. Receivables for subscribed equity	–	–
B. Fixed assets	4,869,909	2,798,806
B.I. Intangible fixed assets	3,518	7,376
B.I.1. Establishment costs	–	–
2. Research & development	–	–
3. Software	3,002	6,391
4. Royalties and other acknowledgement in law	–	–
5. Other intangible fixed assets	99	152
6. Intangible assets under construction	–	–
7. Advances paid for intangible assets	417	833
B.II. Tangible fixed assets	13,918	22,076
B.II.1. Land	–	–
2. Buildings, halls and constructions	–	–
3. Equipment	11,829	18,752
4. Cultivated area	–	–
5. Livestock and draught animals	–	–
6. Other tangible fixed assets	2,089	3,324
7. Tangible assets under construction	–	–
8. Advance payments for tangible fixed assets	–	–
9. Adjustments to acquired fixed assets	–	–
B.III. Long-term investments	4,852,473	2,769,354
B.III.1. Investments in subsidiaries	–	–
2. Investments in associated companies	–	–
3. Other investments in shares	463,441	405,916
4. Inter-company loans	–	–
5. Other investments	4,389,032	2,363,438
C. Current assets	656,760	1,401,777
C.I. Inventories	1,436	948
C.I.1. Raw materials	1,436	948
2. WIP and semi-finished products	–	–
3. Finished goods	–	–
4. Animals	–	–
5. Goods for resale	–	–
6. Prepayments for stock	–	–

C.II.	Long-term receivables	5,268	6,133
C.II.1.	Long-term trade receivables	5,268	6,133
2.	Long term receivables from shareholders and consortia	–	–
3.	Long-term receivables from subsidiaries	–	–
4.	Long-term receivables from associated companies	–	–
5.	Other long-term receivables	–	–
C.III.	Short-term receivables	124,790	106,820
C.III.1.	Trade debtors	1,913	3,962
2.	Receivables from shareholders and consortiums	–	–
3.	Social security receivables	–	–
4.	State – tax receivables	33,364	21,242
5.	Deferred tax assets	–	–
6.	Other receivables from subsidiaries	–	–
7.	Other receivables from associated companies	–	–
8.	Other debtors	89,513	81,616
C.IV.	Financial assets	525,266	1,287,876
C.IV.1.	Cash in hand	188	141
2.	Cash in bank	525,078	349,001
3.	Short-term investments	–	938,734
D.	Other assets	219,888	144,197
D.I.	Accruals and deferrals	219,888	144,193
D.I.1.	Prepaid expenses	138,483	101,690
2.	Accrued revenue	81,405	42,503
3.	Exchange rate losses as of balance sheet date	–	–
D.II.	Anticipated assets	–	4

		2001	2000
	TOTAL LIABILITIES	5,746,557	4,344,780
	A. Equity	5,703,081	4,262,644
A.I.	Registered capital	110,000	110,000
A.I.1.	Registered capital	110,000	110,000
2.	Own shares and own business shares	–	–
A.II.	Capital contributions	5,018,032	3,687,354
A.II.1.	Share premium	–	–
2.	Other capital contributions	5,046,460	3,713,252
3.	Differences in valuation from asset overvaluation	- 28,428	- 25,898
A.III.	Reserves	369,283	285,497
A.III.1.	Legal reserve	27,101	19,420
2.	Undistributable reserve	–	–
3.	Statutory and other reserves	342,182	266,077
A.IV.	Retained earnings	26,172	26,172
A.IV.1.	Retained profits	26,172	26,172
2.	(Retained losses)	–	–
A.V.	Profit (loss) for the year (+/-)	179,594	153,621
	B. Liabilities	43,471	76,381
B.I.	Provisions	–	–
B.I.1.	Tax-deductible provisions	–	–
2.	Provisions for exchange rate loss	–	–
3.	Non-deductible provisions	–	–
B.II.	Long-term liabilities	–	–
B.II.1.	Long-term liabilities to subsidiaries	–	–
2.	Long-term liabilities to associated companies	–	–
3.	Long-term advances received	–	–
4.	Debentures and bonds issued	–	–
5.	Long-term drafts payable	–	–
6.	Other long-term liabilities	–	–
B.III.	Short-term liabilities	43,471	76,381
B.III.1.	Trade creditors	30,699	67,622
2.	Liabilities to shareholders and consortia	–	–
3.	Payroll payable and other liabilities to employees	2,017	1,886
4.	Liabilities to social insurance	1,306	1,298
5.	Tax liabilities	1,268	1,075
6.	Deferred tax liability	–	–
7.	Liabilities to subsidiaries	–	–
8.	Liabilities to associated companies	–	–
9.	Other creditors	8,181	4,500

B.IV.	Bank loans & overdrafts	–	–
B.IV.1.	Long-term bank loans	–	–
2.	Short-term bank loans	–	–
3.	Short term overdrafts	–	–
C.	Other liabilities	5	5,755
C.I.	Accruals and deferrals	5	5,755
C.I.1.	Accruals	5	716
2.	Deferred revenue	–	–
3.	Exchange rate gains as of balance sheet date	–	5,039
C.II.	Anticipated liabilities	–	–

9 Profit and Loss Account

Complete Profit and Loss Account as of 31 December 2001, thousands of CZK

	2001	2000
I. Sales of purchased goods	–	–
A. Cost of goods sold	–	–
+ Gross profit	–	–
II. Sale of production	669	432
II.1. Sales of own products and services	669	432
II.2. Change in stocks of finished goods and work in progress	–	–
II.3. Own work capitalised	–	–
B. Cost of sale	92,817	63,999
B.1. Raw materials and consumables	4,373	7,310
B.2. Services	88,444	56,689
+ Added value	- 92,148	- 63,567
C. Staff costs	43,365	34,498
C.1. Wages and salaries	32,508	24,937
C.2. Emoluments of board members	1,160	1,002
C.3. Social security costs	8,488	7,507
C.4. Other social costs	1,209	1,052
D. Taxes and charges	44	147
E. Depreciation of fixed assets	13,988	11,955
III. Revenue from the sale of fixed assets and materials	91	88
F. Net book value of fixed assets and raw materials sold	–	105
IV. Provisions written back to operating income	–	–
G. Provisions for operating liabilities and charges	–	–
V. Revenue from release or write-offs of provisions	3,301	11,870
H. Charges for creation of provisions	3,708	26,992
VI. Other operating income	–	122,611
I. Other operating charges	997	105,549
VII. Adjustments to operating income	–	–
J. Adjustments to operating expenses	–	–
* Operating profit of loss	- 150,858	- 108,244
VIII. Income from sales of securities and shares	24,260,385	25,645,946
K. Securities and shares sold	24,221,067	25,605,427
IX. Income from long-term investments	279,537	133,016
IX.1. Income from shares in group undertakings	11,256	–
IX.2. Income from shares in other participating interests	42,084	13,349
IX.3. Income from other long-term investments	226,197	119,667
X. Income from short-term investments	23,338	51,903

XI.	Provisions written back to financial income	–	–
L.	Provisions for financial liabilities and charges	–	–
XII.	Amounts written back to investments	–	26,992
M.	Amounts written off investments	–	–
XIII.	Interest income	23,198	28,502
N.	Interest expenses	209	6
XIV.	Other financial income	12,282	–
O.	Other financial expenses	47,885	26,031
XV.	Adjustments to financial income	–	–
P.	Adjustments to financial expense	–	–
	* Result from financial transactions	329,579	254,895
R.	Tax on profit or loss, on ordinary activities	–	–
R.1.	– due	–	–
R.2.	– deferred	–	–
	** Profit or loss on ordinary activities after taxation	178,721	146,651
XVI.	Extraordinary income	1,166	7,433
S.	Extraordinary expenses	293	463
T.	Tax on extraordinary profit or loss	–	–
T.1.	– due	–	–
T.2.	– deferred	–	–
	* Extraordinary profit or loss after taxation	873	6,970
U.	Profit share apportioned to partners (+/-)	–	–
	*** Net profit or loss for financial period (+/-)	179,594	153,621
	Profit or loss for the financial period before tax (+/-)	179,594	153,621

10 Cash Flow Statement

Complete Cash Flow as of 31 December 2001, thousands of CZK

	2001	2000
P. Status of cash resources and cash equivalents at the beginning of the accounting period	1,287,876	831,249
<i>Cash flow from main earning activity</i>		
Z. Book profit or loss before taxation	179,594	153,621
A.1. Non-monetary operation adjustments	- 166,000	- 151,766
A.1.1. Depreciation of fixed and floating assets, incl. extraordinary deprec.	13,988	12,269
A.1.2. Change of status:	- 75,996	- 79,804
A.1.2.1. Adjusted items for receivables	-9	13,453
A.1.2.2. Reserves	416	–
A.1.2.3. Accruals and deferrals	- 76,403	- 93,257
A.1.3. Profit(-) loss(+) from sale of fixed assets	-91	17
A.1.4. Profit(-) loss(+) from sale of securities	- 38,828	- 42,403
A.1.5. Revenue from dividends and share in profits	- 42,084	- 13,349
A.1.6. Accounting for expenses and revenue on interest	- 22,989	- 28,496
A*. Net cash flow from operating activity before financial items, changes in operating capital and extraordinary items	13,594	1,855
A.2. Change in requirements of working capital	- 38,372	- 41,162
A.2.1. Change in status of receivables from operational activity	- 4,974	- 38,938
A.2.2. Change in status of short-term liabilities from operational activity	- 32,910	- 1,738
A.2.3. Change in status of inventory	- 488	- 486
A.2.4. Change in status of financial assets, which are not included in cash resources	–	–
A.** Net cash flow from operating activity prior to financial items, taxes and extraordinary items	- 24,778	- 39,307
A.3. Interest payments with the exception of capitalized interest	- 209	- 6
A.4. Interest received	23,198	28,502
A.5. Income tax paid for current activities and taxes levied for previous periods	- 12,122	31,304
A.*** Net cash flow from operating activities	- 13,911	20,493
<i>Cash flow from investment activity</i>		
B.1. Acquisition of fixed assets	- 14,846,317	- 3,984,796
B.1.1. Acquisition of tangible investment assets	- 2,270	- 14,013
B.1.2. Acquisition of intangible investment assets	- 118	- 1,105
B.1.3. Acquisition of financial investment	- 14,843,929	- 3,969,678
B.2. Revenues from sale of fixed assets	12,794,691	3,511,054
B.2.1. Revenues from sale of tangible and intangible investment assets	91	88

B.2.2. Revenues from sale of financial investments	12,794,600	3,510,966
B.3. Book value of discarded assets	–	–
B.*** Net cash flow related to investment activity	- 2,051,626	- 473,742
<i>Cash flow from financial activity</i>		
C.1. Change in status of long-term liabilities and loans	–	–
C.2. Impact of the change in equity on cash resources	1,260,843	896,527
C.2.1. Increase in basic capital and/or reserve fund	–	–
C.2.2. Payment of shares in equity to partners	- 637,658	- 780,727
C.2.3. Cash provisions and grants in equity and other deposits of cash resources of shareholders	1,898,585	1,677,307
C.2.4. Compensation of losses by shareholders	–	–
C.2.5. Payments from funds created from profits	- 84	- 53
C.2.6. Dividends or shares paid in profits, including deduction taxes paid	–	–
C.3. Dividends and shares received in profits	42,084	13,349
C.*** Net cash flow related to investment activity	1,302,927	909,876
F. Net increase or decrease in cash resources	- 762,610	456,627
R. Status of cash resources and cash equivalents at the end of the period	525,266	1,287,876

11 Attachment to Financial Statement

Complete Attachment as of 31 December 2001, thousands of CZK

1. Characteristics and major activities

Establishment and Characteristics of the Company

Penzijní fond České pojišťovny, a.s. (Czech Insurance Pension Fund, stock company, hereinafter the “Company or PFČP”) was established on 19 September 1994. It is a subsidiary company controlled by Česká pojišťovna, a.s. (Czech Insurance, stock company), holding a 100% stake. The scope of business activities comprises pension insurance pursuant to the provisions of Act No. 42/94 Coll., as amended.

Registered Office

Penzijní fond České pojišťovny, a.s.: Truhlářská 1106/9, Prague 1, Czech Republic, IČ (Company Registration Number): 61858692

Members of the Board of Directors and Supervisory Board as of 31 December 2001

Members of the Board of Directors

Ing. Ivo Foltýn

Ing. Tomáš Matoušek

Ing. Radek Peřina

Ing. Václav Šrajer

Ing. Roman Stupka

Members of the Supervisory Board

JUDr. Petr Poncar

Ing. Bohuslava Vohradská

RNDr. Vít Šroller

Ing. Josef Kessler

Ing. Marek Mastník

Ing. Přemysl Gistr

Organizational Structure:

The Company is divided into divisions of strategic marketing, client service and finance.

Total number of participants in the pension insurance programmes as of 31 December 2001: 322,179 (2000: 296,059).

Pursuant to a contract concluded on August 7, 1998, depository services are rendered by Československá obchodní banka, a.s.

On 22 December 2000, a control contract was signed between the Company (the controlled company) and ČP finanční servis, a.s. (the controlling company). The above contract was concluded for an indefinite period, effective as of 22 December 2000.

2. Principles of accounting procedures applied by the Company

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are registered at their purchase price. Tangible fixed assets up to a purchase price of CZK 40,000 and intangible fixed assets up to a purchase price of CZK 60,000 are considered minor tangible or intangible fixed assets and are depreciated in accordance with the plan of depreciation for Penzijní fond České pojišťovny, a.s..

Method for setting up the plan for the depreciation of fixed assets

The method is based on the technical and economic lifetime of the assets, which is determined individually for each kind of asset.

Accounting depreciation (including MTFA depreciation) is carried out monthly, commencing on the month following the month after the fixed asset was put into use. The rate of the monthly write-off is fixed in the amount of 1/12 of the yearly depreciation, resulting from the stipulated total period of depreciation for a particular type of asset. Tax write-offs are carried out equally, according to Act No. 586/92 Coll., on income tax, Section 31.

For the methods and periods of depreciation, sorted by groups of assets, see the following chart:

Asset	Method	Period of Depreciation
Air conditioning	Linear	15 years
Furniture	Linear	8 years
Safe deposits	Linear	15 years
Office equipment and other appliances (devices)	Linear	4 years
Telephone and telegraphy	Linear	4 years
Cars	Linear	4 years
Software	Linear	4 years
Establishment costs	Linear	5 years
MTFA and MIFA	Linear	3 years

(b) Long-term financial investment and short-term financial assets

Long-term financial investments and short-term financial assets are evaluated at their acquisition price or the purchase price minus an appraised difference in the event of a temporary decrease in value. Dividends and accumulated aliquot interest earnings from these investments are included in the earnings from financial investments.

The company evaluates its financial investments in compliance with a decree adopted by the Ministry of Finance No. 207/1998 (Coll.):

1. Shares marketable on the Prague Stock Exchange are evaluated according to the closing price announced by the Prague Stock Exchange for the date to which any such evaluation refers, provided, however, that the shares in question were actually marketed.
2. If the calculation is not carried out according to Item 1 above, the lowest closing rate shall be applied, as announced by the off-exchange market organizers.

3. If the methods specified above in Items 1) and 2) are not applied, the latest rate announced during a period of 30 days preceding the date of calculation shall be applied.
4. For purposes of calculating the value of a participation certificate registered within an open share fund, the current value of this participation certificate announced by its issuer as of the date of calculation shall be applied.
5. For purposes of calculating the value of bonds without interests accrued, the mean value of an acquisition and sale price shall be applied (average reference prices announced by the Prague Stock Exchange for the date to which any such evaluation refers).
6. If any bond value is not calculated according to Item 5 above, the value shall be stipulated, with due diligence, by the pension fund.
7. The interest income from bonds shall be accounted within item 385 – “Accrued revenue”.

The company accounts item 414 – “Difference in valuation from asset revaluation” as of the last day of the month in question.

Decreased securities are evaluated as follows:

(according to types, ISIN, issuers, nominal values, currency):

Bonds	Weighted arithmetic average
Treasury bills	Acquisition price
Shares and participation certificates	Weighted arithmetic average

(c) Inventories

Inventories are accounted at their acquisition price. The acquisition price comprises the actual price of acquisition, packaging, storage fees during transport, transport costs for delivery, and postal charges. For a decrease in value, inventories are calculated using the weighted arithmetic average.

(d) Assessment of adjustments to receivables

The company creates adjustments to bad debts and receivables pursuant to its own analysis.

(e) Foreign Currency Conversions

For purposes of foreign currency conversion, the company makes use of the daily exchange rates announced by ČNB (the Czech National Bank) on the day of the actual accounting. On the day of the financial statement, assets and liabilities in foreign currencies are converted, using the exchange rate of the ČNB announced as of this date. Exchange rate profits and losses not carried out are shown expressed within the balance sheet. In the course of the year only the actual exchange rate profits and losses are entered into accounting.

(f) Income tax

Interests from time deposits, bonds, treasury bills and the dividend received are not included in the pension fund's tax assessment base. These revenues are subject to deduction tax at the source; pension funds are enabled to count the tax deducted against the dividends and revenues from time deposits and bonds to their total tax liability. Therefore, these revenues are not subject to an effective tax.

Capital revenues from the sales of securities and other income are - after deduction of the relevant costs - included in the tax assessment base, using the 15% tax rate.

During the period of its existence, the company has reported permanent tax loss, due to the fact that the majority of its income is exempt from the tax assessment base, according to law.

Deferred taxes are based on the temporary difference between the accounting and tax balance of the investment assets, using the tax rate that is expected to apply for the following period. Tax-deferred receivables were not entered due to tax losses and the large amount of receivables towards the government every year.

3. Changes in accounting methods and procedures

Beginning in the 2001 accounting period, bonds are evaluated applying the weighted arithmetic average method instead of the previously used FIFO method.

4. Investment assets

(a) Intangible Fixed Assets

	Start-up expenses	Software	Deposits	MIFA	Total
Acquisition price					
Balance as of 1 Jan 2001	3,205	15,351	3,358	237	22,151
Accruals	-	65	-	53	118
Deferrals	-	- 1,276	-	-	- 1,276
Transfers	-	-	-	-	-
Balance as of 31 Dec 2001	3,205	14,140	3,358	290	20,993
Depreciations					
Balance as of 1 Jan 2001	- 3,205	- 8,960	- 2,525	- 85	- 14,775
Write-offs	-	- 3,454	-	- 106	- 3,560
Depreciation to deferrals	-	1,276	-	-	1,276
Depreciation to advance payments	-	-	- 416	-	- 416
Transfers	-	-	-	-	-
Balance as of 31 Dec 2001	- 3,205	- 11,138	- 2,941	- 191	- 17,475
Book value – 1 Jan 2001	0	6,391	833	152	7,376
Book value – 31 Dec 2001	0	3,002	417	99	3,518

(b) Tangible fixed assets

	Inventory	Means of Transport	IT and other facilities	MTFA	Total
Acquisition price					
Balance as of 1 Jan 2001	936	6,835	28,986	8,495	45,252
Accruals		1,043	916	311	2,270
Deferrals			- 1,713	- 107	- 1,820
Transfers					
Balance as of 31 Dec 2001	936	7,878	28,189	8,699	45,702
Depreciations					
Balance as of 1 Jan 2001	-285	- 2,026	- 15,694	- 5,171	- 23,176
Write-offs	-109	- 1,899	- 6,874	- 1,546	- 10,428
Depreciation to deferrals			1,713	107	1,820
Balance as of 31 Dec 2001	-394	- 3,925	- 20,855	- 6,610	- 31,784
Book value – 1 Jan 2001	651	4,809	13,292	3,324	22,076
Book value – 31 Dec 2001	542	3,953	7,334	2,089	13,918

5. Investments

(a) Short-term financial assets

Short-term financial assets as of 31 December 2000:

	Share in PF's assets ⁽ⁱ⁾	Number	Nominal value – per share	Market value 2000
SPP 13 T 20 mld 08/12 20903301	0.68%	30	1,000,000	29,596
SPP 13 T 20 mld 13/10 21201294	1.94%	85	1,000,000	84,297
SPP 39 T 5 mld 25/06 20405284	2.30%	102	1,000,000	99,937
SPP 26 T 20 mld 06/10 20604293	9.65%	426	1,000,000	419,371
SPP 52 T 6 mld 08/12 20712300	2.24%	103	1,000,000	97,390
SPP 39 T 5 mld 22/09 22206291	4.79%	214	1,000,000	208,143
Total	21.60%			938,734

(b) Long-term financial investments

Other investments in securities and stocks as of 31 December 2001:

	Share in PF's assets ⁽ⁱ⁾	Number	Nominal value – per share	Market value 2000
1. IF ŽIVNOBANKA CZ0008007903	3.46%	302,055	500	199,054
ČESKÁ SPOŘITELNA CZ0008023801	0.34%	66,000	100	19,569
ČESKÝ TELECOM CZ0009093209	2.08%	330,000	100	119,625
ČEZ CZ0005112300	1.28%	950,000	100	73,663
Komerční banka CZ0008019106	0.87%	48,000	500	49,728
Unipetrol CZ0009091500	0.03%	40,000	100	1,802
Total	8.06%			463,441

Other financial investments and deposits as of 31 December 2000:

	Share in PF's assets ⁽ⁱ⁾	Number	Nominal value – per share	Market value 2000
1. IF ŽIVNOBANKA CZ0008007903	4.64%	302,055	500	201,470
Č. Radiokomunikace CZ0009054607	0.76%	25,500	100	32,895
ČESKÁ SPOŘITELNA CZ0008023801	0.22%	40,000	100	9,376
ČESKÝ TELECOM CZ0009093209	1.75%	150,000	100	76,080
ČEZ CZ0005112300	0.14%	60,000	100	6,066
Komerční banka CZ0008019106	1.26%	60,000	500	54,726
UNIPETROL CZ0009091500	0.03%	20,000	100	1,243
ŽIVNOBANKA-PODÍL CZ0009093209	0.55%	39,572	500	24,060
Total	9.35%			405,916

Other financial investments as of 31 December 2001:

	Share in PF's assets ⁽ⁱ⁾	Number	Nominal value – per share	Market value 2001
Č.POJ VAR/06 CZ0003700569	4.82%	280	1,000,000	276,850
ČP Leasing VAR/05 CZ0003501223	5.67%	320	1,000,000	325,937
ČEZ 8.75/04 CZ0003501090	2.07%	11,000	10,000	119,075
Glaverbel VAR/08 CZ0003501173	1.89%	11,000	10,000	108,521
ING VAR/04 CZ00000000047	1.40%	80	1,000,000	80,708
IPB 8,9/04 CZ0003700494	3.76%	20,000	10,000	216,240
IPB var/08 CZ0003700486	3.00%	17,000	10,000	172,635
KB 8,00/04 CZ0003700528	1.50%	8,000	10,000	85,912
Praha Finance BV 6,95/10 CZ00000000062	1.85%	1,000	100,000	106,550
ŠKODA AUTO 7,25/05 CZ0003501207	4.03%	2,200	100,000	231,660
ŠKODA AUTO var/07 CZ0003501181	0.86%	500	100,000	49,415
ŠKODA AUTO var/10 CZ0003501199	1.20%	700	100,000	69,178
Slov.elekt. Var/03 CZ0003501017	0.53%	3,000	10,000	30,174
SD 5,7/06 CZ0001000772	3.81%	21,000	10,000	218,757
SD 6,05/04 CZ0001000756	2.89%	16,000	10,000	165,888
SD 6,3/07 CZ0001000723	0.75%	4,000	10,000	42,940
SD 6,4/10 CZ0001000731	1.89%	10,000	10,000	108,450
SD 6,55/11 CZ0001000764	2.28%	12,000	10,000	130,968
SD 6.75/05 CZ0001000707	1.85%	10,000	10,000	106,265
SD 6.9/03 CZ0001000681	2.67%	15,000	10,000	153,697
SD 7.95/04 CZ0001000715	0.37%	2,000	10,000	21,372
SD 10.90/03 CZ0001000574	2.29%	12,000	10,000	131,724
SD 14.85/03 CZ0001000558	1.93%	10,000	10,000	111,120
Union Leasing VAR/05 CZ0003700544	0.69%	4,000	10,000	39,700
UNIPETROL 9.00/04 CZ0003501132	7.04%	3,900	100,000	404,664
DI. KB NOM/04 770970000947	14.71%	100,000	10,000	845,246
Purchased aliquot revenue	0.62%			35,386
Total	76.37%			4,389,032

Other financial investments as of 31 December 2000 – Czech crown bonds:

	Share in PF's assets ⁽ⁱ⁾	Number	Nominal value – per share	Market value 2000
ČS 10,75/02 CZ0003700437	1.94%	8,000	10,000	84,360
GLAVERBEL CZ var/08 CZ0003501173	2.29%	10,000	10,000	99,410
ING BANK var/01 CZ0000000047	2.31%	100	1,000,000	100,430
IPB 8,9/04 CZ0003700494	2.17%	9,000	10,000	94,496
IPB var/08 CZ0003700486	3.29%	14,000	10,000	143,059
KB 8,00/04 CZ0003700528	6.61%	28,000	10,000	287,084
KB var/02 CZ0003700429	1.38%	6,000	10,000	59,970
KOB VAR/05 CZ0003700478	5.98%	26,000	10,000	260,000
SPT TELECOM 11,3/04 CZ0003500787	1.71%	7,000	10,000	74,480
SD 10,9/03 CZ0001000574	0.51%	2,000	10,000	22,072
SD 6.30/07 CZ0001000723	0.44%	2,000	10,000	19,304
SD 6.75/05 CZ0001000707	1.61%	7,000	10,000	70,014
SD 7,30/04 CZ0001000632	0.23%	1,000	10,000	10,205
SD 7,95/03 CZ0001000715	2.39%	10,000	10,000	103,920
ŠKODA AUTO 7,25/05 CZ0003501207	3.65%	1,600	100,000	158,704
ŠKODA AUTO var/07 CZ0003501181	1.15%	500	100,000	49,952
ŠKODA AUTO var/10 CZ0003501199	3.45%	1,500	100,000	149,963
UNIPETROL 9.00/04 CZ0003501132	6.96%	2,900	100,000	302,354
Purchased aliquot revenue				33,677
Total Czech bonds	48.87%			2,123,454

Other financial investments as of 31 December 2000 – foreign currency bonds:

	Share in PF's assets ⁽ⁱ⁾	Number	Nominal value – per share	Market value 2000
POLGB OK 04/02 PL0000101663	2.33%	14,000	1,000	101,065
POLGB OK 12/01 PL0000101366	2.12%	12,000	1,000	92,094
POLGB PS 10/04 PL0000101374	1.06%	6,000	1,000	45,920
Purchased aliquot revenue				905
Total foreign bonds	5.52%			239,984

Other financial investments as of 31 December 2000 – total:

	Share in PF's assets ⁽ⁱ⁾	Market value 2000
Czech bonds	48.87%	2,123,454
Foreign bonds	5.52%	239,984
Total bonds	54.39%	2,363,438

⁽ⁱ⁾ Share calculated against the value of the PF's assets, at an amount of: CZK 5,746,577 (2000: CZK 4,344,780).

(c) *Difference in valuation pertaining to the revaluation of securities*

2001	Acquisition price	Difference in valuation as of 31 Dec 2001	Market value as of 31 Dec 2001
Shares and participation certificates	490,275	-26,834	463,441
Czech crown bonds	4,390,626	-1,594	4,389,032
Total	4,880,901	-,28,428	4,852,473

2000	Acquisition price	Difference in valuation as of 31 Dec 2000	Market value as of 31 Dec 2000
Short-term financial assets	938,734		938,734
Shares and participation certificates	423,751	-17,835	405,916
Czech crown bonds	2,133,033	-9,579	2,123,454
Foreign bonds *	238,418	1,516	239,934
Total	3,733,936	-25,898	3,708,038

* The acquisition costs concerning foreign currency bonds are calculated on the basis of the official exchange rate announced by ČNB as of 31 December 2000.

Total sum of the assets not mentioned within the balance sheet above:

(Long-term consumables, not included in accounts 028,018):

2000: 216
2001: 216 (30 pictures – graphics)

6. Trade receivables and liabilities

(a) Short-term trade receivables amount to CZK 28,930,000 (2000 – CZK 30,988,000), of which CZK 27,017,000 (2000 – CZK 27,026,000) are receivables with a maturity period exceeded by more than 180 days. An adjusting entry has been created at 100%.

Long-term receivables are reported towards a building lessor, SORT, v.o.s., at an amount of CZK 5,268,000 (2000 – CZK 6,133,000). The amount of the rent is subtracted from the receivable above on an annual basis.

(b) Short-term business liabilities amount to CZK 30,699,000 (2000 – CZK 67,622,000), of which liabilities towards suppliers amount to CZK 5,129,000 (2000 – CZK 1,898,000). The company has accepted general procedures according to which invoices are settled within a month from their receipt and consequently, there are no liabilities with the maturity period exceeded by more than 180 days.

Other liabilities amount to CZK 25,570,000 (2000 – CZK 65,724,000), of which CZK 9,816,000 are liabilities towards the portfolio administrators, PPF Stock Exchange, in consideration for administering the portfolio in 2001 (2000 – CZK 4,691,000). Another important item is the amounts of retirement income insurance, reported but not paid before 31 December 2001, at a total amount of CZK 8,527,000 (2000 – CZK 43,873,000), which were duly paid in January 2002.

7. Adjusting entries

	Adjusting entries to deposits for IFA	Adjusting entries to receivables	Total
Balance as of 1 January 2001	2,525	27,026	29,551
Creation	416	3,292	3,708
Settling accounts		-3,301	-3,301
Balance as of 31 December 2001	2,941	27,017	29,958

Adjusting entries to deposits:

Deposits for delivery of DCB software	CZK 2,525,000	
Deposits for delivery of Softcase software	CZK 416,000	(50 per cent of the total amount)

Adjusting entries to receivables:

Pragobanka	CZK 25,000
ASPEKTA	CZK 25,323,000
Stock Consult	CZK 1,669,000

8. Registered capital

During the year 2001, there were no changes in the registered capital.

Česká pojišťovna a.s. holds 1,100 registered shares at a nominal value of CZK 100, 000 (i.e., 100% of the registered capital amounting to CZK 110,000,000).

9. Equity

(a) *Account of changes in equity within the course of the accounting period*

Resources	Status as of 1 January 2001	Total change in status Increase/decrease(-)	Status as of 31 December 2001
Registered capital	110,000	0	110,000
Other capital deposits of Česká pojišťovna	7,784	0	7,784
SP capital fund prior to crediting	81,417	8,046	89,463
Difference in valuation pertaining to the revaluation of securities	- 25,898	- 2,530	- 28,428
Legal reserve fund	19,420	7,681	27,101
Social fund	84	- 84	0
Capital fund from contributions of pension insurance plan holders	2,929,287	1,095,254	4,024,541
Capital fund from government contributions	679,178	228,721	907,899
Capital fund for settling accounts	0	219	219
Capital fund – claim for pension	1,964	1,172	3,136
Capital fund for risk covering	13,622	- 204	13,418
Fund of accumulated profits from plan holders' contributions	208,275	61,859	270,134
Fund of accumulated profits from government contributions	54,171	13,367	67,538
Stabilisation fund – accumulated profits	3,547	963	4,510
Profit or loss for current financial period	0	179,594	179,594
Retained profit or loss from previous years	179,793	- 153,621	26,172
Total	4,262,644	1,440,437	5,703,081

(b) *Distributions of profit created in 2001*

Profit of current financial period	179,594
Allocations to legal reserve fund	8,980
Allocations to social fund	0
Allocations for the benefit of pension insurance plan holders	170,614
Retained profit	0

10. Employees and company management

Average number of employees and members of management, and staff costs for the years 2001 and 2000:

	Number of employees	Staff costs (incl. other personnel costs)	Of which, other personnel costs (business service)	Social and health security	Social expenses
2001					
Employees	61	27,293	7,766	6,663	984
Management	5	5,215		1,825	225
Total	66	32,508	7,766	8,488	1,209
2000					
Employees	56	20,097	3,150	5,813	840
Management	5	4,840		1,694	212
Total	61	24,937	3,150	7,507	1,052

Rewards to members of statutory bodies in 2001 amounted to CZK 1,160 thousand (2000 – CZK 1,002,000).

11. Information concerning related companies

Trade receivables and liabilities

The trade receivables and liabilities as specified in Item 6 above also include the following balances of accounts pertaining to other subsidiaries and associated companies:

	Receivables as of 31 December		Liabilities as of 31 December	
	2001	2000	2001	2000
Česká pojišťovna a.s.	140	170	1,179	2,406
ČP Leasing, a.s.	0	0	1	0
Total	140	170	1,180	2,406

Other investments

The company possesses bonds issued by companies within the group (see Article 5).

12. Income tax

The company reported a tax loss this year. Receivables towards the state are taxes deducted using a special rate on income, according to Section 36, Subsection 6, Letter b), concerning interests on time deposit accounts, dividends, and coupons payable, at an amount of CZK 33,364,000 (2000 – CZK 21,242,000).

13. Revenues

	Balance as of 31 December 2001	Balance as of 31 December 2000
Income from sales of securities and shares	24,260,385	25,645,946
Income from financial investments	279,537	133,016
Income from short-term financial assets	23,338	51,903
Income from short-term time deposits and current accounts	23,198	28,502
Adjusting entry settlement	3,301	38,862
Contractual penalties	0	120,811
Other revenues	13,042	2,320
Income from current activities, total	24,602,801	26,021,360

14. Leasing

(a) Financial

The company is obligated to pay leasing instalments pertaining to the financial leasing of hardware and software as follows:

2001	Total leasing instalments	Paid as of 31 December 2001	Payable in 1 year	Payable in following years
Hardware	8,309	519	2,077	5,713
Software	982	62	246	674
Total	9,291	581	2,303	6,687

(b) Operative

The company uses hardware and software on the basis of the appropriate Operative Leasing Contract. The total costs related to the leasing amounted to CZK 46,000 as of 31 December 2001 (2000 – CZK 0).

15. Liabilities not reported within the balance sheet

The balance sheet does not include liabilities resulting from unilateral repudiation and cancellation of a contract with the Democentrum Brno Company. Penzijní fond České pojišťovny has refused to acknowledge these liabilities and enter them into its accounting. This concerns a total sum of CZK 2,834,000.

16. Cash resource components (for the purposes of cash flow)

For the purpose of arranging the overview of cash flow, cash resources and cash equivalents are defined so as to include money in the cashier's desk, money currently transferred, money in bank accounts and short-term financial assets whose value can be reliably determined and that can be easily transformed into cash resources. The balance of cash resources at the end of the accounting period is as follows:

	Balance as of 31 December 2001	Balance as of 31 December 2000
Cash, securities	188	141
Bank accounts	525,078	349,001
Treasury notes	0	938,734
Total	525,266	1,287,876

Cash deposits in equity: Cash deposits of retirement income insurance plan holders and state contributions.

Shares in equity paid: Retirement income insurance contributions paid and transfers to other pension funds.

Change in the status of long-term or short-term liabilities: This category also includes received and as-yet unidentified contributions paid by plan holders, and other liabilities pertaining to the payment of dues, transfers to other pension funds, etc.

17. Subsequent events

At the plenary session held on 25 September 2001, Česká pojišťovna a.s., the sole shareholder, decided to increase the capital stock by subscribing new shares. The increase of the capital stock was implemented pursuant to Article 203 et seq. of the Commercial Code by subscribing 1,000 new ordinary registered book shares with a nominal value of CZK 100,000 each. The issue price of each of the subscribed shares was CZK 150,000, of which the nominal value of each of the shares and share premium amounted to CZK 100,000 and CZK 50,000 respectively. The capital stock was increased by CZK 100,000,000 to CZK 210,000,000, with the additional paid-in capital increased to CZK 50,000,000.

The shares were subscribed on 26 February 2002, with the subscriber paying off the issue price with a monetary deposit on 12 March 2002.

As of 7 February 2002, the bankruptcy proceedings with the company Aspekta Holding, a.s. were cancelled due to lack of property. Therefore the company wrote off its receivable with that company amounting to CZK 25,323,000. Considering the high risk associated with that receivable, the company had created an adjustment to that item as soon as 1997, which implies that it would not have any impact on the 2002 economic result.

As of 1 January 2002, the Provisions stipulating the chart of accounts and accounting methods applicable to banks and certain financial institutions issued by the Ministry of Finance under File No. 282/73390/2001 came into force. These Provisions apply to pension funds as of 1 January 2002, replacing the chart of accounts and accounting methods applicable to entrepreneurs.

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