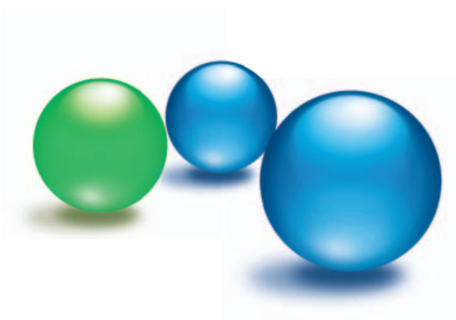
# Annual report 2006

ČSOB Poisťovňa

# Contents:





# I. Foreword by the chairman of the board

Dear clients, business partners and shareholders,

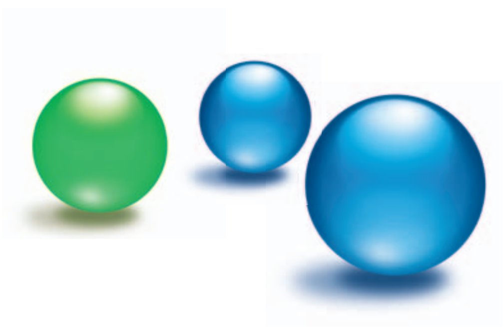
The year 2006 has been a year of changes for ČSOB Poisťovňa, a.s. and the entire ČSOB Financial Group. They covered, in particular organization and governance of the Group in Slovakia. Since the mid of 2006 all legal entities of the Group are performing their activity under one managing team – Country Team headed by Daniel Kollár, country manager. In 2006 we started projects integrating services and sales networks on CSOB Group level. These organizational changes are part of a new organization structure being introduced by KBC Group in its subsidiaries in Central Europe.

The year 2006 was very successful and resulted in a net profit of 253 million which indicates our way to build a strong financial group is generating a requested efficiency. ČSOB Poisťovňa, a.s. reached a premium billing amounting to SKK 1,027 bn in life, which grew by 28.3% versus 2005. In non-life insurance we reported a drop of compulsory automobile insurance portfolio, which resulted in the decrease of gross written premium by 13% compared to 2005. There was no growth in the non-life market in Slovakia. We focused on improving the technical quality of our portfolio, which we have been able to achieve in 2006.

High quality and competitive products offered by ČSOB Poisťovňa in 2006 are constituent for achieving a strategic target of a growing number of happy clients in the portfolio of ČSOB Financial Group. In particular, ČSOB Financial Group gives us an opportunity to view financial business in a comprehensive way everywhere where it is beneficial for our client or necessary for his needs, to incorporate and use opportunities of life insurance for generation of the required added value and to cover his risks with non-life insurances. The basic principal of our selling strategy is a development of multi-distribution emphasizing three basic distribution channels: own sales network of financial advisors, ČSOB Bank's distribution network and external agencies. Development of new insurance products and innovation of the existing ones, which can find an optimal solution for clients' needs and take into account specific requirements for sale through our basic distribution channels, is critical for us.

In the area of investment of clients' financial reserves ČSOB Poisťovňa utilizes ČSOB Asset Management's experience, moreover long-term and professional experience of its parent company KBC Asset Management, in particular. These companies as well as strong internal regulators can sufficiently guarantee cost-saving and efficient management of clients' funds. In 2006 our clients could participate in very nice return on the investment portfolio.

In addition to own distribution network in 2006 a successful cooperation with ČSOB continued. We reported an increased sale of retail products, such as travel insurance and insurance of family houses, flats and households.



# I. Foreword by the chairman of the board (continued)

In 2006 we updated and implemented sale of compulsory automobile insurance with more detailed classification, which provides fairer premium. A change has also been introduced in an age segmentation of drivers. In 2006 our objective was to keep a major part of the client portfolio in this insurance, which we have been able to achieve. We simplified insurance procedures for motor vehicle insurance VARIANT in the middle of 2006. Greater changes chiefly in motor vehicle insurance will be implemented in 2007. In the area of property and general third party liability insurance we introduced a new product Business Compact focused on small and medium-size entrepreneurs. We have updated the travel insurance product, which is being successfully sold in both own distribution network and ČSOB.

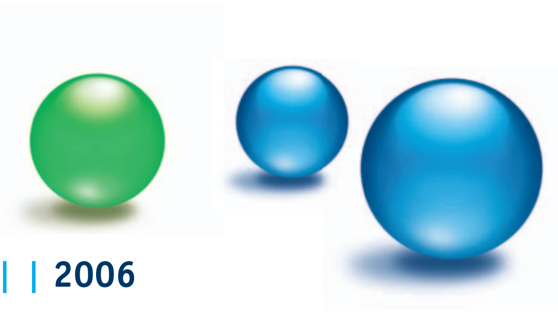
What is ahead of ČSOB Poisťovňa in 2007? A strategic vision for the upcoming years is to strengthen its position as a dynamically developing company of the first choice in the Slovak market. The key objective is magnification and innovation of our product portfolio, development and improvement of the level of provided services, expansion of cooperation within ČSOB Financial Group, and of course a strong client orientation. We will continue to route all our activities to setup such parameters of insurance products corresponding with the needs and interest of our clients and market requirements adequately in order to keep increasing quality of the offered services. To achieve such targets we will implement more efficient and recent internal procedures.

Finally, I would like to thank to all our clients and business partners for your trust you are presenting to us – it is committing and motivating for us to perfect services of professionals working for you continuously.
I highly appreciate the achieved performance of our staff whose responsibility and great dedication enabled to reach the success of ČSOB Poisťovňa last year.

Faithfully,

Nik Vincke

Chief Executive Officer and Chairman of the Board
ČSOB Poisťovňa, a. s.



# II. Shareholders of ČSOB Poisťovňa

| Equity Structure: | |
|---|---|
| KBC Insurance NV, Leuven, Belgium | 81.09 % |
| Československá obchodní banka, a. s. Prague, Czech Republic | 18.91 % |
| | |
| The registered capital in SKK mil.: | SKK 838 mil. |

## The Bodies of ČSOB Poisťovňa

### The Board of Directors:

Chairman of the Board: Nik Vincke

Members of the Board:
Ing. Ľudovít Kristiník
Ing. Norbert Strieženec
Ing. Vladimír Kožuch

### The Supervisory Board:

Chairman of the Supervisory Board: Jan Vanhevel

Members of the Supervisory Board:
Johan Daemen
Walter Bogaerts
Philippe Marc Moreels
Ing. Roman Miškovský
Ing. Peter Klimovský

# III. History of ČSOB Poisťovňa

### Establishment

History of ČSOB Poisťovňa goes back to 1992 when the insurance company operated under a business name ERGO, a.s.

### Membership

ČSOB Poisťovňa, a. s. is one of the founding members of the Slovak Association of Insurance Companies.

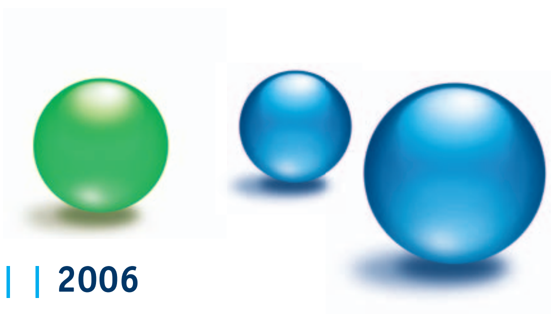
### Shareholders

In August 2002 Belgium KBC Insurance NV – a member of bank and insurance group KBC Bank & Insurance Holding - became a new shareholder under acquisition contracts. KBC is also the majority shareholder of Československá obchodní banka, a. s. (ČSOB). Subsidiaries of the bank are ČSOB Stavebná sporiteľňa, a. s., ČSOB Leasing, a. s., and CSOB Factoring, a. s. Members of KBC Group in the Central Europe are well-known insurance companies such as Warta in Poland, Argozs and K&H Életbiztosító in Hugary and ČSOB Pojišťovna Pardubice in the Czech Republic.

### KBC Group

ČSOB Poisťovňa is a member of KBC Group created as a result of merger of KBC Bank and Insurance Holding Company and parent company Almanij in 2005. The Group consists of five large entities: Bank, KBC Insurance, KBC Asset Management, Kredietbank Luxembourgeoise (operating under a business name KBL European Private Bankers) and Gevaert holding company.

KBC Group reported the net profit of EUR 3.43 bn, total assets reached EUR 326 bn in 2006. KBC Bank and Insurance Group are one of the largest financial institutions in Belgium; it has 12 million clients and approximately 50 thousand staff members. It focuses on asset management, private banking and bancassurance in its business, mainly in the region of Central and Eastern Europe. It is able to make use of the over-average GDP growth of the new EU members and high potential of penetration of banking (deposit, loan), investment and insurance products in this region.



# IV. Profile of ČSOB Poisťovňa

| | |
|---|---|
| Head Office: | Vajnorská 100/B, 831 04 Bratislava |
| Business Starting Date: | June 9, 1992 |
| Registered Capital: | SKK 838 mil. |

## Focus of the Insurance Company

ČSOB Poisťovňa, a. s. is a universal insurance company providing wide range of insurance products in life and non-life insurance and property insurance to retail clients. It insures also businessmen, their assets, business risks and damage liability. Insurance services of high quality are also provided to large industrial and trading companies.

## Reinsurance

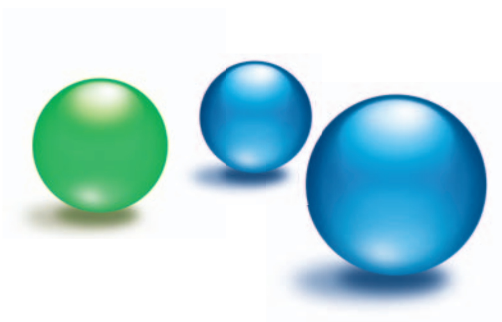
In 2006 a reinsurance program of ČSOB Poisťovňa followed up an optimal structure of the previous years and it is located by means Benfield Group, reinsurance broker, based in London. ČSOB Poisťovňa, a.s. cooperates with leading reinsurance companies, of which financial power is awarded with Standard & Poor's rating not less than A and more. They guarantee a secure coverage of subscription capacity of the insurance company.

## Representative Offices

ČSOB Poisťovňa, a. s. has its branch network in 72 towns of Slovakia with a support of other colleagues. At the same time it makes use of services of exclusive financial advisors, insurance broker companies and ČSOB branches in Slovakia for its business.

## Vision and Strategy after joining ČSOB Financial Group

The strategic objective of ČSOB Poisťovňa is to provide such insurance products ensuring permanent and renewable client relationships. Client trust, bilateral esteem and mutually correct relations are a necessary component for our further work. Implementing this intention we come from actual requirements of our clients and lean on rich experience of our parent company KBC Insurance and its subsidiaries. Cooperation within ČSOB Group creates prerequisites for development of optimum and comprehensive solutions for our clients in the field of finance and risk protection, starting from basic banking products and building savings through insurance products, investments to mutual funds, leasing and factoring.



# IV. Profile of ČSOB Poisťovňa (continued)

### Vision and Strategy after joining ČSOB Financial Group (continued)

**Our ambition is to continue to grow and achieve the target as follows:**

- To offer new attractive products,
- To focus on high-quality products providing a highly beneficial value to clients,
- To fulfill clients' requirements efficiently,
- To provide regular information,
- To present a responsible and professional approach of staff to clients.

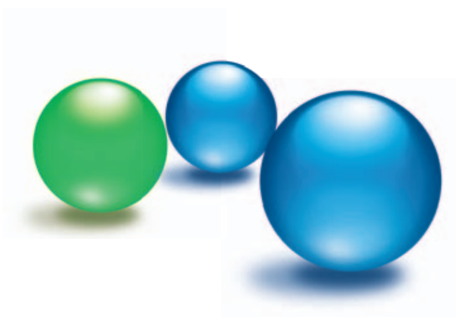
**We still want to be a qualified partner.**

We realize we cannot achieve success without skilled and loyal people. We are creating a stable environment for each our employee. Professional approach and expertise are our priorities therefore we pay a great attention to staff training. We are providing the latest training methods. We keep on guiding our staff to apply better and experienced approach, which will generate a higher volume of premium. Active approach to work is a significant element of our company. Combining the professional growth and scope of knowledge, efficient communication and professional approach with client orientation support the growth. New challenges we are willing to implement are ahead of us.

# V. ČSOB group in Slovakia and other cooperating partners

ČSOB Financial Group provides a complete care in the financial and insurance services for retail, SME segment and corporate clients. In Slovakia it consists of ČSOB (bank), ČSOB Poisťovňa, a. s., ČSOB Asset Management, správ. spol., a. s., ČSOB dôchodková správcovská spoločnosť, a. s., ČSOB Leasing, a. s., ČSOB Factoring, a. s. and ČSOB Stavebná sporiteľňa, a. s.

The Group serves its clients by own distribution networks. Currently, the bank has 84 branches on the entire territory of Slovakia. Insurance, leasing and building savings also have own branches. ČSOB Financial Group is a member of multi-channel bancassurance Belgium KBC Group, which is one of the largest financial groups, in terms of branch network coverage and share of banking and insurance transactions in Europe. KBC Bank and Insurance Group have 12 million clients and approximately 50 thousand employees.



# VI. Life insurance

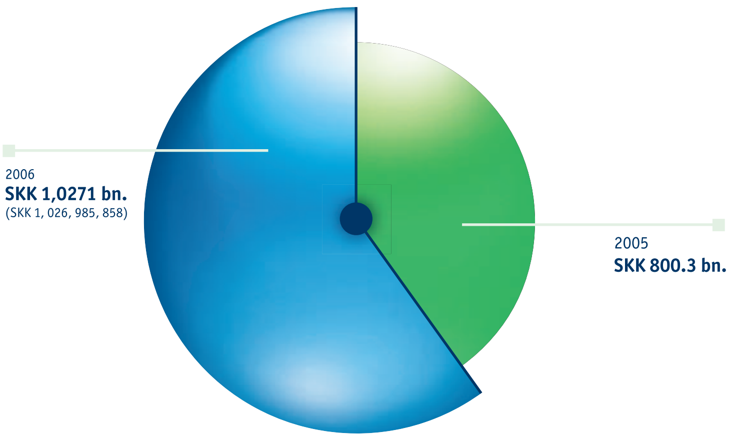
The year 2006 was very successful for life insurance. The net profit of life insurance technical account reached SKK 367 mil., which shows that our way of strong financial group development is bringing the requested efficiency. Stability, which is related to the net profit, gives an important certainty to our clients covering all liabilities arising from their life insurance policies in the future. High quality and competitive products of the life insurance offered by ČSOB Poisťovňa in 2006 are constituent for achieving the strategic target of a growing number of happy clients in the portfolio of ČSOB Financial Group. In particular, ČSOB Financial Group gives us an opportunity to view financial business in a comprehensive way everywhere where it is beneficial for our client or necessary for his needs, to incorporate and use opportunities of life insurance for generation of the required added value. We keep track of legislation development in our steps and try to make use of the current legislation for the benefit of our clients. Our business is focused in two basic directions mainly. The first direction is creation of a wide offer of insurance coverage overcoming unexpectable life situations related to clients' life and health and the second direction is capital generation on clients' accounts invested to investment or capital life insurance in various ways. The basic principal of our selling strategy is development of multi-distribution life insurance sale emphasizing three basic distribution channels: own sales network of financial advisors, ČSOB Bank's distribution network and external agencies. To succeed it also means to be creative and respond quickly to continuously changing conditions and nature of our business. Development of new life insurance products and innovation of the existing ones, which can find optimal solution for clients' needs and take into account specific requirements for sale through our basic distribution channels, is critical for us.

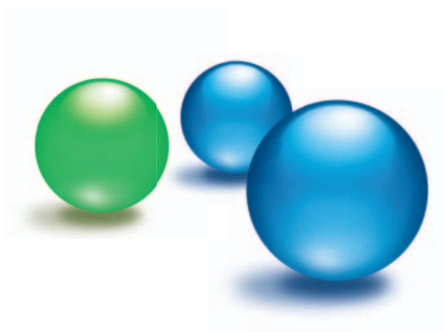
In the area of investment of clients' financial reserves ČSOB Poisťovňa utilizes ČSOB Asset Management's experience, moreover long-term and professional experience of its parent company KBC Asset Management, in particular. These companies as well as strong internal regulators can sufficiently guarantee cost-saving and efficient management of the clients' funds. In 2006 our clients could participate in their yield from premium reserves allocation and in a number of cases their yield exceeded the guaranteed appreciation.

**Written Premium**

ČSOB Poisťovňa, a. s. generated written premium amounting to SKK 1,027 bn in 2006 in life insurance (inclusive of accident supplementary insurance), which grew by 28.3% compared to 2005.

**Comparison of Written Billing Development (SKK mil.) - CHART / pie**



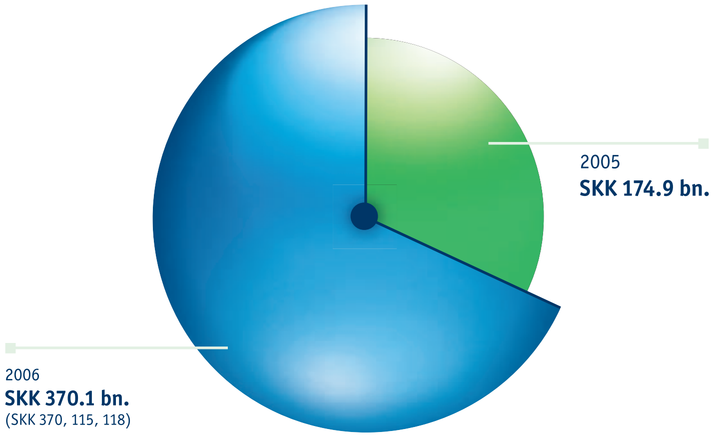



# VI. Life insurance (continued)

### Business Production Development

ČSOB Poisťovňa, a. s. reached a volume of new business production of life insurance products totaling to SKK 370.1 mil. in 2006, which is an increase by 111.6% compared to 2005.
Excellent business performance of the company results from business activities of our own network of financial advisors, ČSOB Financial Group's staff and partner companies, such as ZFP, a. s., OVB Allfinanz Slovensko, s. r. o., etc.

### Business production development in life insurance from 2000 to 2005 (SKK mil. ) CHART

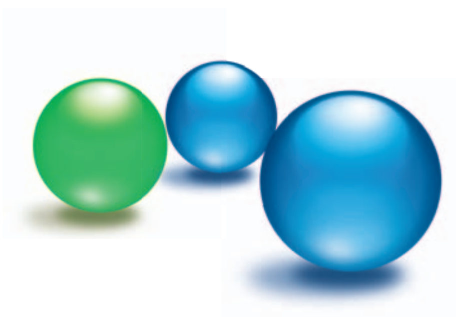



### Products

To ensure a further development of bancassurance in 2006 ČSOB Poisťovňa, a.s. extended its product offer by a new investment life insurance ČSOB Invest and ČSOB Invest Garant. Their basic objective is to appreciate clients' deposited funds as much as possible while client can choose own investment strategy and influence own investment plans.
In the late 2006, we innovated a wide scope of life insurance due to change of technical interest rate of all life insurance products where guaranteed appreciation exceeded 2.5%. Another new insurance product Impuls was added to the offer of life insurance, which supplements a group of capital life insurance and should be a suitable addition to the other capital life insurance offered by our company.

### Settlement of insurance claims

In 2006 there were 7,789 insurance claims reported in life insurance, which is a 5.2% growth compared to 2005. The number of closed insurance claims vs. the previous year also grew by 5.7% in 2006, which represents 8,043 insurance claims of life insurance closed in 2006. The total amount of paid insurance claims grew by 2.8% in 2006. Settlement process of insurance claims of life insurance is done in a professional information system, which can guarantee quality and pace of their settlement.



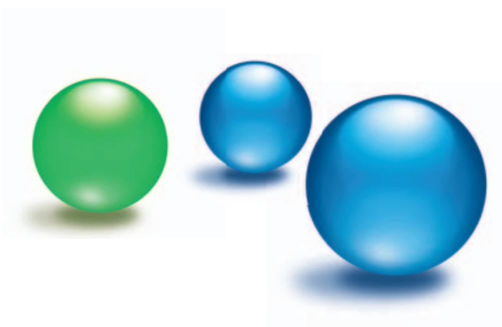
# VI. Life insurance (continued)

**Reinsurance**

Reinsurance of a part of life insurance portfolio follows up an optimal structure of the previous years and traditional cooperation with reinsurances GEN Re (Germany) and Munich Re (Germany) participating in an obligatory proportional reinsurance treaty.

**Plans for the future**

Our effort made in the life insurance will continue with a focus on provision of high-quality products with a high utility value for the clients. Implementing this intention we arise from actual requirements of our clients and lean on rich experience of our parent company KBC Insurance and its subsidiaries.
Cooperation within ČSOB Group creates prerequisites for development of optimum and comprehensive solutions for our clients in the field of finance, starting from basic banking products and building savings through insurance products, investments to mutual funds, leasing and factoring.
Our way how we want to approach our clients in the future is professionalization of own distribution network, deepening cooperation with broker companies (ZFP, OVB, etc.), and chiefly continue in the selected concept of sale by our sister companies.



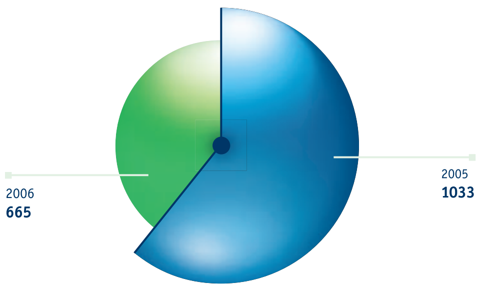
# VII. Non-life insurance

The market of non-life insurance is to a great extent impacted by a product of compulsory automobile insurance, which influences market by low premium. In non-life insurance we reported a drop of compulsory automobile insurance portfolio, which resulted in the decrease of written premium by ~36% compared to 2005. Our target was to improve the accident rate of our portfolio, which we have been able to achieve in 2006.
In addition to own distribution network a successful cooperation with ČSOB continued in 2006. We reported increased sale of retail products, such as travel insurance and insurance of family houses, flats and households.

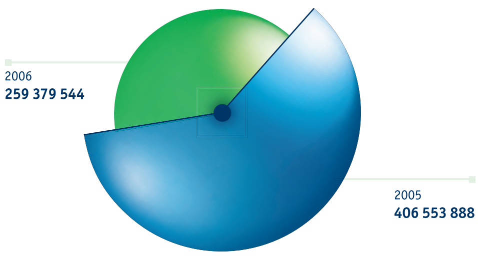
**Comparison of written premium development (SKK mil.)**
**Written Premium**

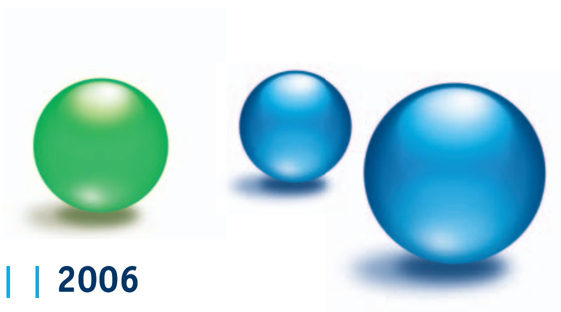
In 2006 we reported drop of compulsory automobile insurance portfolio, which resulted in the decrease of written premium by ~36% compared to 2005. Our target was to improve the accident rate of our portfolio, which we have been able to achieve in 2006.

**Comparison of written premium development (SKK mil.)**




**New business Non life**



# VII. Non-life insurance (continued)

**In 2006 we updated and introduced the following to sale:**

**CAI – compulsory automobile insurance**

We have adjusted segmentation criteria for CAI product. In 2006 our objective was to keep the major client portfolio in this insurance, which we have been able to fulfill.

**Variant – motor vehicle insurance**

In the middle of 2006 we simplified processes of VARIANT insurance. More considerable changes are anticipated in 2007 only.

**Business Compact**

We have introduced a new product for property insurance and damage liability for small and medium-size entrepreneurs.

**Travel Insurance – a comprehensive insurance protection on trips abroad**

In 2006 we have succeeded to update the travel insurance product, which is being well sold by own distribution network and ČSOB.

## Settlement of Insurance Claims

**Reinsurance**

The reinsurance program of ČSOB Poisťovňa is located by the reinsurance broker Benfield Group. The most significant reinsurers contributing to the major obligatory reinsurance treaties for non-life insurance are GE Insurance Solutions (Germany), Swiss Re Germany (Germany), Hannover Rückversicherungs (Germany), XL Re Europe (France) and other reinsurers with a high rating of their financial power provided by world-wide rating agencies.

The reinsurance of high quality enables ČSOB Poisťovňa to insure companies with assets of high value. It greatly contributes to a reliable and fast settlement of insurance company's liabilities towards its clients in case of insurance event and it guarantees secure insurance coverage for clients.

**Plans for the future**

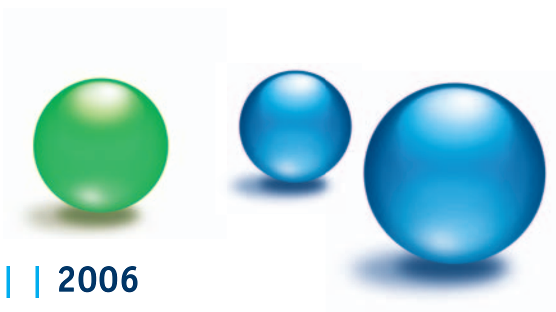
In 2007 we are planning to update the product Insurance of family houses, flats and households and banking product Travel insurance to payments cards. We intend to launch a new comprehensive product of motor vehicle insurance, which should replace the current product Variant. At the same time we want to implement online insurance of some non-life products in the future. Since 2007 we will be participating actively in the SKK/EUR changeover project.

# VIII. Insurance of businesses and businessmen

In a long-term strategy in business and businessmen insurance ČSOB Poisťovňa has focused on quality of undertaken risks. Our primary objective in the insurance is to offer a client with such a service meeting his real requirements and covering his needs. We are offering a wide scope of insurance products of high quality to our clients, such as insurance of immovable and movable assets, liability insurance, insurance of machines, machinery and electronic devices and their accessories. We are also providing supplementary insurance – glass insurance, cargo insurance. The first step taken to conclude a policy is active assessment of client risk, which may have impact on a scope and conditions of the policy. To make the policy secure is it important to perform regular checks of risk, quality and completeness of fulfillment of our recommendations. A complex client service is focused on ensuring high-quality insurance of business risks during policy life.

Business Production of Business and Businessmen Insurance

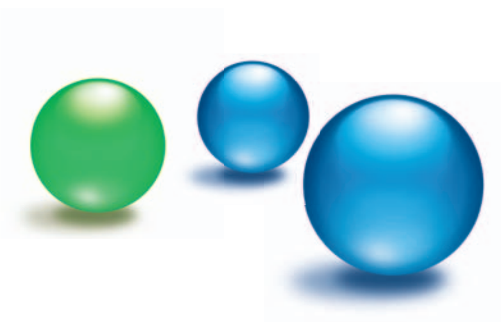
| Risk insured | Business Production | % share |
|---|---|---|
| Natural hazard | SKK 65,396,530 | 29.3 |
| Theft | SKK 21,650,046 | 9.7 |
| Cargo | SKK 1,562,374 | 0.7 |
| Motor vehicles | SKK 102,223,928 | 45.8 |
| Machines | SKK 10,713,425 | 4.8 |
| Business interruption | SKK 1,115,982 | 0.5 |
| Glass | SKK 892,785 | 0.4 |
| Liability | SKK 19,641,279 | 8.8 |
| **Total** | **SKK 223,196,349** | **100.0** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## Balance sheet as at 31 December 2006

| *SKK ´000* | Note | 2006 | 2005 |
|---|---|---|---|
| Non-current intangible assets | 3 | 17,945 | 13,041 |
| Non-current tangible assets | 4 | 47,445 | 56,465 |
| Financial assets held to maturity | 5 | 1,680,558 | 1,853,710 |
| Financial assets at fair value through profit or loss | 5 | 2,263,284 | 1,410,349 |
| Term deposits in banks | | 430,564 | 388,306 |
| Reinsurance assets | 6 | 49,783 | 44,593 |
| Tax assets | 7 | 2,136 | 2,363 |
| Receivables from insurance | 8 | 119,073 | 100,815 |
| Acquisition cost of insurance contracts | 9 | 102,514 | 120,678 |
| Other assets | 10 | 31,704 | 39,285 |
| Cash and current bank accounts | 5 | 12,659 | 10,975 |
| **Assets** | | **4,757,665** | **4,040,580** |
| | | | |
| Share capital | | 838,000 | 838,000 |
| Share premium | | 17,000 | 17,000 |
| Accumulated losses | | (397,593) | (178,253) |
| Profit / loss for the year | | 253,254 | (219,340) |
| Reserves from insurance | 11 | 3,620,069 | 3,028,955 |
| Other reserves | 12 | 76,787 | 55,004 |
| Insurance payables | 13 | 137,813 | 177,482 |
| Deferred revenue | 14 | 159,572 | 260,981 |
| Other payables | 15 | 52,763 | 60,751 |
| **Equity and liabilities** | | **4,757,665** | **4,040,580** |



# IX. Notes to the financial statements for the year ending 31. december 2006

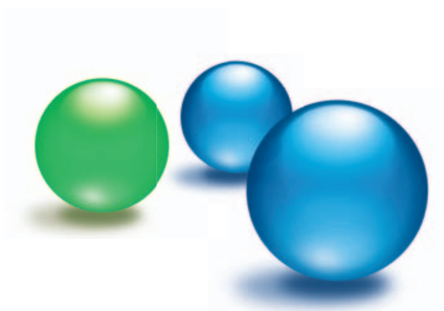
## Income statement for the year ended 31 December 2006

| *SKK ´000* | Note | 2006 | 2005 |
|---|---|---|---|
| Gross premiums | 16 | 1,906,051 | 1,797,330 |
| Reinsurers' share of gross premiums | 16 | (80,029) | (119,013) |
| *Net premiums* | | *1,826,022* | 1,678,317 |
| | | | |
| Revenue from financial assets | 17 | 166,260 | 132,380 |
| Commissions and fees received | 18 | 6,780 | 11,801 |
| Other revenues | 19 | 26,688 | 15,668 |
| *Total revenues* | | *2,025,750* | *1,838,166* |
| | | | |
| Gross benefits and claims paid | 20 | 590,271 | 571,609 |
| Reinsurers' share of gross benefits and claims paid | 20 | (8,745) | (10,302) |
| Change in claims reserve | 20 | 320,483 | 505,560 |
| Reinsurers' share in claims reserve | 20 | (6,817) | (4,915) |
| *Net claims incurred* | | *895,192* | *1,061,952* |
| | | | |
| Change in other insurance reserves | 21 | 266,061 | 385,596 |
| Insurance commissions and fees paid | 22 | 141,032 | 152,257 |
| Losses from sale and revaluation of financial assets | 23 | 9,955 | 3,075 |
| Other operational costs | 24 | 444,246 | 449,988 |
| Provisions and depreciation of assets | 25 | 16,010 | 4,638 |
| *Total costs* | | *1,772,496* | *2,057,506* |
| | | | |
| Pre-tax profit / loss | | 253,254 | (219,340) |
| | | | |
| Income tax | | 0 | 0 |
| | | | |
| **Profit / loss after tax** | | **253,254** | **(219,340)** |

# IX. Notes to the financial statements for the year ending 31. december 2006

## Statement of changes in equity for the year ended 31 December 2006

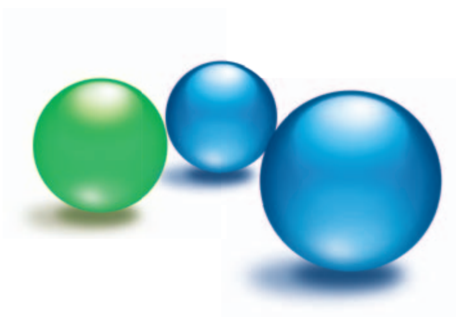
| *SKK ´000* | Share capital | Share premium | Accumulated losses | Profit / loss for the period | TOTAL |
|---|---|---|---|---|---|
| Balance as at 1 January 2005 | 450,000 | 17,000 | (178,253) | 0 | 288,747 |
| | | | | | |
| Increase in share capital | 388,000 | 0 | 0 | 0 | 388,000 |
| Loss for the period | 0 | 0 | 0 | (219,340) | (219,340) |
| | | | | | |
| **Balance as at 31 December 2005** | **838,000** | **17,000** | **(178,253)** | **(219,340)** | **457,407** |
| | | | | | |
| Settlement of loss for 2005 | 0 | 0 | (219,340) | 219,340 | |
| Profit for the year | 0 | 0 | 0 | 253,254 | 253,254 |
| | | | | | |
| **Balance as at 31 December 2006** | **838,000** | **17,000** | **(397,593)** | **253,254** | **710,661** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## Cash flows statement for the year ended 31 December 2006

| *SKK ´000* | Note | 2006 | 2005 |
|---|---|---|---|
| Pre-tax profit / loss | | 253,254 | (219,340) |
| Depreciation of non-current intangible and tangible assets | | 24,001 | 21,662 |
| Profit from sale of non-current assets | | (15,547) | (3,097) |
| Revenues from financial assets recognized under revenues | | (166,260) | (132,380) |
| Gross premiums | | (1,906,051) | (1,797,330) |
| Gross benefits and claims | | 590,271 | 571,609 |
| Losses from revaluation of financial assets | | 9,955 | 3,075 |
| Interest received | | 151,470 | 117,090 |
| Premiums received | | 1,785,338 | 1,885,263 |
| Claims paid | | -591,324 | (675,410) |
| Income tax paid | | 226 | (1,090) |
| Change in reinsurance assets and other assets | | 31,991 | 37,971 |
| Change in insurance reserve | | 583,112 | 871,355 |
| Change in other reserves | | 21,783 | 6,316 |
| Change in liabilities from insurance and other liabilities | | (48,990) | 63,407 |
| **Cash flows from operations** | | **723,229** | **749,101** |
| | | | |
| Revenues from sale of non-current intangible and tangible assets | | 32,941 | 3,097 |
| Purchase of non-current intangible and tangible assets | | (37,280) | (35,399) |
| Income from mature financial assets | | 147,075 | 194,592 |
| Acquisition costs of financial assets | | (949,048) | (1,086,704) |
| **Cash flows from investments** | | **(806,312)** | **(924,414)** |
| | | | |
| Increase in share capital and other funds | | 0 | 458,000 |
| **Cash flows from financial activities** | | **0** | **458,000** |
| | | | |
| **Total cash flows** | | **(83,083)** | **282,687** |
| **Initial balance of cash and cash equivalents** | **26** | **601,421** | **318,734** |
| **Final balance of cash and cash equivalents** | **26** | **518,338** | **601,421** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 1. General

ČSOB Poisťovňa, a.s. ("Company"), Company ID number (IČO): 31 325 416, VAT ID number (IČ DPH): SK 2020 851 767, was established on 1 January 1992 and subsequently incorporated in the Commercial Register on 9 June 1992. The Company was granted the permit to perform insurance activities as a universal insurer on 4 September 1995.

The Company is engaged in the following activities:

- Life, non-life and accident insurance activities
- Conclusion of agency contracts with natural persons and legal entities on the territory of the Slovak Republic for negotiating insurance for the Company as provided for in the permit issued by the Ministry of Finance of the Slovak Republic
- Performance of agency activities for banks, building savings banks and supplementary pension insurance agencies under a license granted by the body supervising the insurance business, performance of agency activities for investment services under a license granted by the body supervising the insurance business.

The Company's registered offices are at Polus Millennium Tower II, Vajnorská 100/B, 831 04 Bratislava.

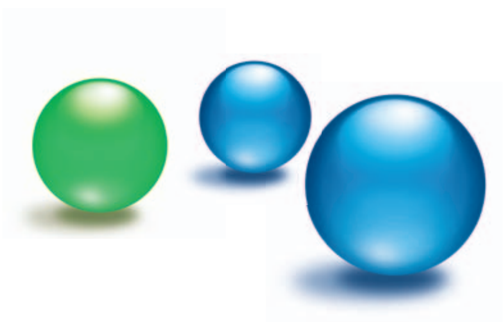
The Board of Directors as at 31 December 2006 consisted of the following members:

| | |
|---|---|
| Nik Vincke | chairman |
| Ing. Ľudovít Kristiník | member |
| Ing. Vladimír Kožuch | member |
| Ing. Norbert Strieženec | member |

The Supervisory Board as at 31 December 2006 consisted of the following members:

| | |
|---|---|
| Jan Vanhevel | chairman |
| Johan Daemen | member |
| Walter Bogaerts | member |
| Philippe Marc Moreels | member |
| Ing. Roman Miškovský | member |
| Ing. Peter Klimovský | member |

The parent company of ČSOB Poisťovňa, a.s. is KBC Bank and Insurance Holding Company, with registered offices at Havenlaan 2 – SEE, B-1080 Brussels, Belgium.



# IX. Notes to the financial statements for the year ending 31. december 2006

## 2. Significant accounting methods

### 2.1 Principles of preparation of financial statements

The Company's financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and in line with the interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") as adopted by the Commission of the European Union pursuant to the Directive of the European Parliament and of the Council of the European Union, and in line with the Slovak Accounting Act No 431/2002 Coll.

The Company applied IFRS for the first time in its financial statements prepared as at 31 December 2006 with the effective date of transition to IFRS from 1 January 2005. In preparing these financial statements, the Company applied IFRS 1 First-time adoption of International Financial Reporting Standards. The Company did not use any of the exceptions provided for by IFRS 1.

The last financial statements prepared in accordance with the Slovak accounting standards were for the year ended 31 December 2005. The comparative reconciliation of the 2005 financial results and equity recognized in the financial statements prepared in accordance with Slovak accounting standards with the 2006 financial results and equity recognized in the IFRS financial statements is provided in Note 27.

The financial statements have been prepared using the historical cost method and adjusted by revaluing the "Financial assets at fair value through profit or loss" to fair value.

Balances reported in these financial statements are disclosed in SKK thousands unless stated otherwise.

The accounting methods used were applied consistently with the previous accounting period.

### 2.2 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are converted to Slovak crowns using the exchange rate of the National Bank of Slovakia valid on the financial statements date. Revenues and costs denominated in foreign currencies are converted to Slovak crowns using the exchange rate of the National Bank of Slovakia valid on the transaction date.

Differences between a transaction's contractual exchange rate and the National Bank of Slovakia exchange rate valid on the transaction date are disclosed under "Losses from sale and revaluation of financial assets", as are gains and losses from the movement of exchange rates after the transaction date.

# IX. Notes to the financial statements for the year ending 31. december 2006

## 2.3 Non-current intangible and tangible assets

Non-current intangible and tangible assets are stated at cost less accumulated depreciation. The Company depreciates non-current intangible and tangible assets over their expected economic useful life using the straight line method.

The expected economic useful life of non-current intangible and tangible assets is shown in the following table:

| Description | Depreciation in years |
|---|---|
| Buildings, halls and structures | 20 |
| Vehicles | 4 |
| PCs and other data-processing equipment | 3 – 5 |
| Office equipment and other tangible assets | 6 – 10 |
| Software | 5 |

The costs of expansion, modernization and reconstruction of non-current assets that lead to enhancements of performance, capacities or efficiency of such assets increase the acquisition cost of non-current intangible and tangible assets. Repair and maintenance costs are expensed in the accounting period in which they are incurred.

Non-current intangible and tangible assets are regularly tested for impairment. When the book value of non-current assets exceed their estimated realizable value (the higher of market value or value in use), the value is reduced to reflect the realizable value.

## 2.4 Financial assets held to maturity

Financial assets held to maturity are financial assets with fixed or pre-determinable payments and maturity that the Company intends, and is able to, hold to maturity.

Upon initial recognition, financial assets held to maturity are stated at fair value, and in the financial statements they are stated at their amortized value less provisions. The amortized value is the amount at which the assets were valued upon acquisition, adjusted by principal payments and accruals of interest and discounts / premiums. Interest income from financial assets held to maturity (including premiums / discounts) is calculated using the effective interest rate method and posted in the income statement under "Revenue from financial assets".

The Company regularly checks financial assets held to maturity for objective indications that their value may be impaired. Impairment of financial assets' value occurs when the book value of a financial asset exceeds the value of expected future cash flows generated by the financial asset, discounted using the effective interest rate method.

# IX. Notes to the financial statements for the year ending 31. december 2006

### 2.4 Financial assets held to maturity (continued)

Financial assets held to maturity are recognized at their settlement date and are derecognized from the balance sheet if:

- The rights to cash flows from the financial assets have expired.
- The Company has transferred the rights to cash flows from the assets to a third party, or agreed to remit the collected cash flows to a third party ("pass-through arrangements").
- The Company has transferred nearly all risks and benefits related to the asset, or has not transferred nearly all risks and benefits related to the asset but has lost control of the asset.

### 2.5 Financial assets at fair value through profit of loss

Financial assets recognized at fair value in the income statement consist of assets that the Company acquired with the intention of using short-term price fluctuations to generate profit. Upon initial recognition and in the financial statements, these financial assets are stated at fair value.

The fair value of financial assets, for which there is an active market and whose fair value can be reliably estimated, are stated at their quoted market prices. If quoted market prices are unavailable, fair value is determined by estimating the current value of expected future cash flows. Changes in the fair value of such financial assets are recognized in the income statement under "Losses from sale and revaluation of financial assets".

Interest income from financial assets recognized at fair value in the income statement (including premiums / discounts) is calculated using the effective interest rate method and posted in the income statement under "Revenue from financial assets".

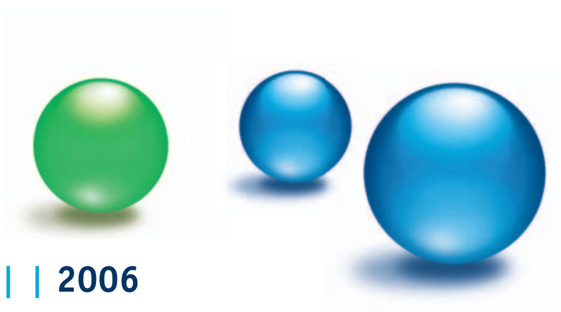
Financial assets recognized at fair value in the income statement are posted as at their settlement date and derecognized from the balance sheet if:

- The rights to cash flows from the financial assets have expired.
- The Company has transferred the rights to cash flows from the assets to a third party, or agreed to remit the collected cash flows to a third party ("pass-through arrangements").
- The Company has transferred nearly all risks and benefits related to the asset, or has not transferred nearly all risks and benefits related to the asset but has lost control of the asset.

### 2.6 Term bank deposits

Term bank deposits comprise the Company's receivables from commercial banks due to term deposits.

Upon initial recognition, bank term deposits are stated at fair value and in the financial statements they are stated at their amortized value less provisions. The amortized value is the amount at which the assets were valued upon acquisition, adjusted by principal payments and interest accruals. Interest income from term bank deposits is calculated using the effective interest rate method and recognized in the income statement under "Revenue from financial assets".



# IX. Notes to the financial statements for the year ending 31. december 2006

### 2.6 Term bank deposits (continued)

The Company regularly checks term deposits for objective indications that their value may be impaired. Impairment of financial assets' value occurs when the book value of a financial asset exceeds the value of expected future cash flows generated by the financial asset, discounted using the original effective interest rate.

Term deposits are recognized as at their settlement date and are derecognized from the balance sheet upon their maturity.

### 2.7 Reinsurance assets

Reinsurance assets represent the Company's receivables from reinsurers due to the Company's technical reserves covered by a reinsurance contract. Reinsurance contracts are contracts by means of which the Company transfers a part of the insurance risk to other insurers. The receivable amounts are determined in line with the rules for determining technical reserves for insurance claims.

To optimize the claims record of its insurance products, the Company uses the services of foreign reinsurers. The Company reinsures its portfolio of non-life and life insurance contracts by means of several types of reinsurance.

The Company's master reinsurance contract with reinsurers is concluded for one calendar year. This contract specifies the terms and conditions for the Company's obligatory reinsurance. The reinsurance contract governs all insurance contracts in the Company's portfolio.

The Company concludes facultative reinsurance contracts for those insurance contracts that exceed the master reinsurance contract coverage; these contracts are always valid only for a specific insurance contract.

### 2.8 Receivables from insurance

Receivables from insurance represent the Company's receivables from the policyholders' written premiums on the basis of concluded insurance contracts. Receivables from insurance are stated net of provisions for impairment.

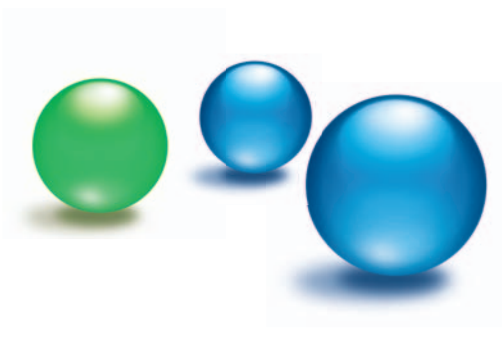
The Company regularly checks receivables from insurance for objective indications that their value may be impaired. Impairment of receivables occurs when the book value of receivables exceeds the value of expected future cash flows generated by the financial asset, discounted using the original effective interest rate.

### 2.9 Cash and current bank accounts

Cash and current bank accounts represent cash in domestic and foreign currency treasury, securities and cash on bank accounts payable upon request.

### 2.10 Classification of products

Insurance risk is the risk that the Company may incur a contractual obligation if an unforeseeable event (insurance claim) occurs.



# IX. Notes to the financial statements for the year ending 31. december 2006

### 2.10 Classification of products (continued)

The financial risk is the risk of possible future changes in the interest rate, financial instrument price, commodity price, exchange rate, price or rating index, credit rating or credit index, or other variable, provided – if the variable is non-financial – the given variable is not the contractual party’s specific variable.

The Company classifies contracts as insurance contracts if they carry a significant amount of insurance risk. If a contract is classified as an insurance contract, this classification is not changed throughout the contract’s duration.

The Company classifies contracts as investment contracts if they only carry financial risks or carry only insignificant insurance risks.

### 2.11 Insurance reserves

Insurance reserves represent an estimate of the current value of the claims of policyholders against the Company on the basis of valid insurance contracts. Insurance reserves are created in line with the provisions of Act No 95/2002 Coll. on the insurance business.

The Company has created the following insurance reserves:

- Unearned premium reserve
- Life insurance reserve
- Claims reserve in life insurance
- Claims reserve in non-life insurance
- Unit link reserve

**Unearned premium reserve**

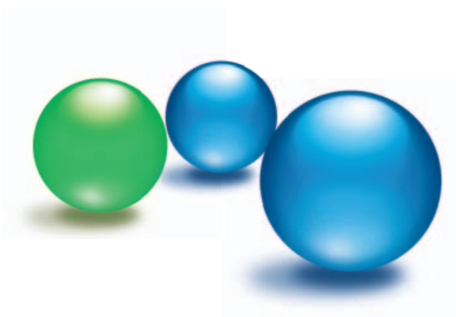
The unearned premium reserve is created in life and non-life insurance using the pro rata temporis method. In the “universal life” type of insurance, only the portion of premiums not used for additions to reserves is accrued (insurance premiums after the reduction of the reserve-creating component) since the reserve-creating portion of the entire premium is created in the reserve for life insurance.

Reserves are determined as the total of reserves calculated from the individual insurance contracts using the 1/365 method.

**Life insurance reserves**

Life insurance reserves created by the Company are as follows:

*Individual life insurance reserve*. This is created from the savings portion of the premium and from the recognized share of the surplus; it is recorded individually to corresponding life insurance contracts. This reserve is not zillmerized; the Zillmer method is only used at the date of the surrender value payout or upon a reduction of the duration of the cover. The reserve includes the capital value of individual life insurance savings contracts, including the allocated share of the surplus from prior periods as well as from the current period, the accumulated extraordinary premium and the accumulated share of the profit from contracts with a collective reserve, which is recorded individually for each insurance contract, and also allocations to capital values from the unpaid premium billings debt.



# IX. Notes to the financial statements for the year ending 31. december 2006

## 2.11 Insurance reserves (continued)

*Collective life insurance reserve with share on gain*. This comprises the Zillmer reserve of life-insurance products with the collective reserve and reserve for old-age pension payments being paid, including the costs of pension payments.

*Collective life insurance reserve without share of gain*. This is a set of reserves calculated using actuarial methods, having the character of prospective reserves, which do not include the right of a client to a profit share. They are created to cover future obligation from exemption of paying insurance premiums due to permanent disability, critical illness or death of the caretaker and for pensions. The reserve further includes actuarial reserves of risk insurance in the event of death, additional risk insurance of death or critical illness and actuarial reserves to cover increased risk of death and critical illness of clients, who have an additional risk charge.

*Deficit reserve*. The Company creates the reserve in accordance with Section 22 of Act No 95/2002 Coll. on the insurance business as amended; this requires that technical reserves be sufficient to cover an insurance company's liabilities towards policyholders. The reserve is calculated as the positive difference between the market-valued liabilities from the concluded life insurance contracts and the sum of technical reserves relating to life insurance contracts valued using actuarial assumptions.

**Claims reserve in life insurance**

The reserves for insurance claims in life insurance are created for insured events reported before the end of the accounting period but not settled in that period ("RBNS") as well as for insured events incurred but not reported in the current period ("IBNR").

The RBNS balance is determined as the sum of reserves calculated for the individual insured events, and includes the expected costs related to claim settlement.

The IBNR balance, with the exception of bank insurance group contracts, is defined as the product of average daily settlement and the average number of days between the occurrence and the payout of insured events, reduced by the RBNS reserve already created.

In bank insurance group products the claims reserve for events that occurred but were not reported in the current period is stated using the estimated loss ratio method.

**Claims reserve in non-life insurance**

Reserves for insurance claims in non-life insurance are created for insured events reported before the end of the accounting period but not settled in that period ("RBNS") and for insured events incurred but not reported in the current period ("IBNR").

The claims reserve is calculated as the sum of reserves for individual insured events grossed-up by a qualified professional estimate of expected additional claims. The reserve also includes all expected costs related to the settlement of claims, reduced by the expected amount of recoverable outstanding debts.

# IX. Notes to the financial statements for the year ending 31. december 2006

## 2.11 Insurance reserves (continued)

The RBNS balance is created on the basis of a claims administrator estimate directly after the registration of the insured event.

The IBNR balance is calculated based on actuarial methods. In property insurance the Chain-Ladder method is used. IBNR for MTPL is calculated on the basis of the estimated loss ratio as recommended by the Slovak Office of Insurers.

### Unit link reserve

The unit link reserve is created in life insurance where the economic risk of variable yields or growth of invested resources is borne exclusively by the person who concluded an investment life insurance contract with the insurance company. This technical reserve is meant to constitute an up-to-date value of the unit link financial resources for all such insurance contracts in life insurance.

## 2.12 Other reserves

Other reserves are recognized when the Company has a present obligation (legal or constructive) as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

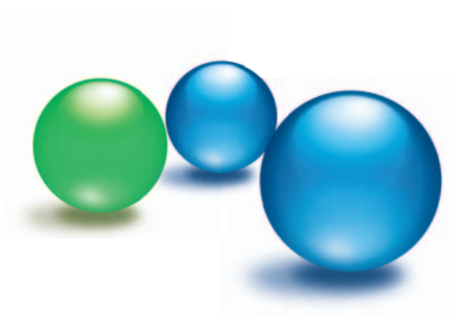
The Company creates a reserve for deficits in MTPL that were transferred to the Slovak Office of Insurers following the demonopolization of this insurance beginning 1 January 2002. The Company believes that by including the surcharge in the basic MTPL insurance rates, the Company incurs an obligation to use these funds solely for the settlement of the said deficit. The amount of reserve for deficits in MTPL is calculated as the difference between the total funds received from policyholders toward settling the deficit, and the value of actual payments for the deficit by the Slovak Office of Insurers.

## 2.13 Costs and revenues

The Company recognizes costs and revenues on the accrual basis regardless of the date of financial settlement.

The deferred acquisition cost method for insurance contracts and the period of deferral is selected dependent on the insurance product and the method of creation of technical reserves for life insurance. The Company uses the following types of deferred acquisition costs related to life policies:

- acquisition costs related to the Spektrum product are amortized over the period during which the reserve is negative, which depends on the parameters of individual policies; it can take up to 3 years;
- acquisition costs related to policies, whereby the life insurance reserve is created using the Zillmer method, are amortized over the period for which the life insurance reserve calculated using the Zillmer method is negative;
- acquisition costs related to the other life policies are amortized over 7 years.



# IX. Notes to the financial statements for the year ending 31. december 2006

### 2.14 Gross premium

Gross premium includes all payable amounts specified in insurance contracts over the accounting period regardless of whether these amounts relate wholly or partially to future accounting periods.

### 2.15 Benefits and claims

The benefits and claims represent the compensation paid to policyholders upon the settlement of claims; they are stated at the amount of claims paid out.

### 2.16 Income tax

The Company's income tax is calculated in accordance with Act No 595/2004 Coll. on income tax as amended by modifying the accounting profit / loss by deductible and non-deductible items due to permanent and temporary tax base adjustments.

A part of the Company's revenue is subject to withholding tax (e.g. interest on term deposits). The paid withholding taxes are considered to constitute income tax advance payments.

Deferred taxes are calculated using the balance sheet method on all temporary differences between the tax value of assets and liabilities and their net carrying value, and in the event of a tax loss that can be utilized against future taxable profits. The assessment of deferred taxes is based on tax rates expected to apply at the time of settlement of deferred tax assets and liabilities. Deferred tax assets and liabilities are not subject to discounting.

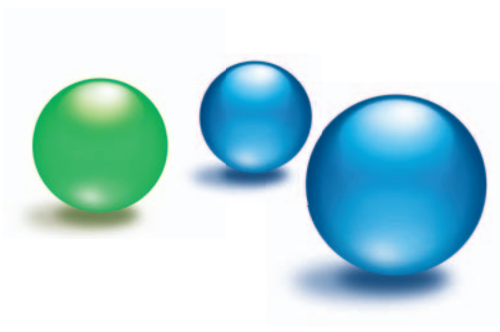
The Company recognizes deferred tax assets only if it is probable that there will be future taxable profits against which it will be possible to utilize the temporary deductible differences.

### 2.17 Use of estimates, assumptions and judgments

The preparation of the IFRS financial statements requires the Company to use estimates, assumptions and judgments that influence the application of accounting principles and methods as well as the disclosed amounts of assets, liabilities, revenues and costs. The estimates and related assumptions are applied on the basis of historical experience and other factors that are deemed reasonable under the circumstances.

The outcomes of such estimates and assumptions constitute the basis for determining the carrying value of assets and liabilities that is not apparent from other sources. Actual results may differ from such estimates. Estimates and related assumptions are revaluated on an on-going basis.

The Company uses estimates, assumptions and judgments especially to calculate the amount of technical reserves (especially the IBNR reserve and life insurance technical reserves), fair values of financial instruments, provisions for receivables, depreciation periods and carrying values of intangible and tangible assets, and reserves for employee benefits.



# IX. Notes to the financial statements for the year ending 31. december 2006

### 2.17 Use of estimates, assumptions and judgments (continued)

In estimating the future cash flows resulting from the existence of insurance contracts, the Company uses a set of assumptions. There can be no guarantee that the actual developments will not be significantly different from the developments predicted on the basis of assumptions. All assumptions are estimated on the basis of the Company's own experience, on the basis of the experience of other entities within the KBC group and on the basis of the general experience in the insurance industry.

All insurance contracts are subject to the test of adequacy of technical reserves, whereby the value of technical reserves is compared with the current value of future liabilities under the relevant contracts. The current value of future liabilities is evaluated using the best estimate of assumptions at the time of testing.

In the event that it is impossible to obtain the fair value of financial instruments from active markets, the fair value is determined using various valuation techniques, including the use of actuarial models. Inputs for these models are, if possible, taken from recognized markets; however, if this proves impossible, the determination of fair value is subject to a certain degree of estimation. Estimates represent an evaluation of the liquidity and inputs for these models.

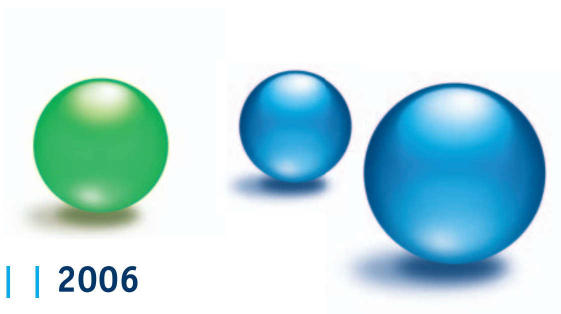
### 2.18 Reserve adequacy test

The Company tests the adequacy of technical reserves in life insurance. If, in these tests, the Company identifies a positive difference between the market-valued liabilities resulting from the concluded life insurance contracts and the sum of technical reserves related to the life insurance contracts pursuant to Section 22 (1) (a) to (f) of Act No 95/2002 Coll. as amended, the Company recognizes this difference as a deficit reserve. The market valuation of liabilities resulting from the concluded life insurance contracts is performed by discounting the expected future cash flows under the concluded life insurance contracts. The Company determines the expected future cash flows under the concluded life insurance contracts and their current value using a cash flows model. The expected cash flows are influenced by the assumptions used and the surcharges for unfavorable development.

For the purposes of testing the adequacy of technical reserves in life insurance, the Company classifies its insurance activities into two portfolios: the "old" portfolio consists of insurance contracts with technical interest rates of 6% and 5%; the "new" portfolio consists of insurance contracts with technical interest rates of 3.6%, 3% and 2.4%.

The technical reserve adequacy test was performed on the level of insurance contracts as at the financial statements date. The Company modeled 100% of the life insurance reserve portfolio.

Upon testing the adequacy of technical reserves in the "new" portfolio of life insurance, no positive difference was identified between the market valuation of these liabilities and the sum of technical reserves related to these life insurance contracts pursuant to Section 22 (1) (a) to (f) of Act No 95/2002 Coll. as amended; hence the Company has not recognized a deficit reserve in relation to its "new" portfolio.



# IX. Notes to the financial statements for the year ending 31. december 2006

### 2.18 Reserve adequacy test (continued)

Upon testing the adequacy of technical reserves in the “old” portfolio of life insurance, a positive difference was identified between the market valuation of these liabilities and the sum of technical reserves related to these life insurance contracts pursuant to Section 22 (1) (a) to (f) of Act No 95/2002 Coll. as amended; therefore, the Company recognized a deficit reserve in relation to its “old” portfolio of life insurance as at 31 December 2005. As a result of the 2006 increase of the interest rate, no positive difference was identified between the market valuation of these liabilities and the sum of technical reserves; the Company thus released the deficit reserve as at 31 December 2006.

*Discounted cash flows model*

The model consists of the following cash flows that are discounted using the investment yield:

- Expected (future) claims (death, maturity).
- Expected (future) surrenders.
- Expected (future) claims from additional insurance.
- Expected (future) insurance contract costs (initial, administrative, claim settlement costs).
- Expected (future) commissions (initial, subsequently reduced by expected commission refunds).
- Expected (future) premiums paid by policyholders.

The minimum amount of insurance liabilities is determined as the difference between the insurer’s future liabilities and future income, where future liabilities mean the expected claims, expected surrenders, expected costs and commissions, and future income means expected premiums.

For testing the adequacy of technical reserves, the best estimates of assumptions as at the financial statements date were adjusted by the unfavorable development surcharge as follows:

| Risk | Surcharge |
|---|---|
| Risk-free interest rate (used to make cash flows interest-free) | reduction by 0.25 of a percentage point |
| Mortality rate (low mortality rate) | 10% |
| Probability of insurance contract cancellation | 10% |
| Inflation of costs | 10% |
| Unit insurance contract costs | 20% |

# IX. Notes to the financial statements for the year ending 31. december 2006

### 2.18 Reserve adequacy test (continued)

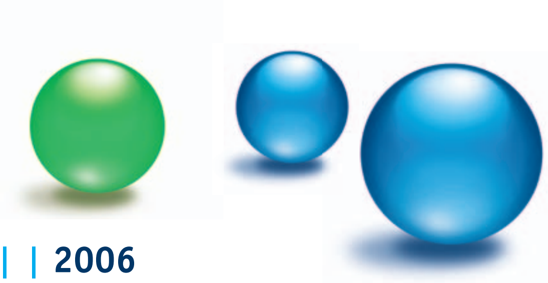
The economic assumptions on the interest rate were determined on the basis of market interest rates and estimates of local experts on the future that were available as at the financial statements date. The economic assumptions on the inflation level were determined on the basis of the estimated inflation developments in the Slovak Republic.

The best estimates of assumptions on the cancellation rate were adjusted on the basis of the results of a cancellation analysis.

The assumptions of unit costs used in the models were determined on the basis of a cost analysis. Unit costs were determined so as to exceed the value of the Company's planned total costs by the time the Company achieves an accounting profit. The models allow for the expected increases of costs due to cost inflation.

### 2.19 Management of insurance and financial risks

The Company is exposed to various insurance and financial risks. These include mainly changes in mortality, morbidity and insurance cancellation rates. Another group of risks consists of risk related to the placement of technical reserve resources in various financial assets that are exposed to foreign currency risk, interest rate risk, credit risk, risk of price changes on stock markets and other risks.



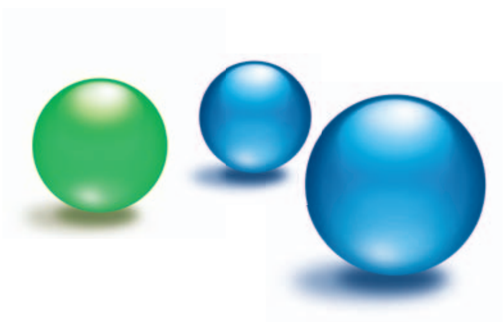
# IX. Notes to the financial statements for the year ending 31. december 2006

## 2.19 Management of insurance and financial risks (continued)

### Insurance risk

A summary of the main risks that the Company is exposed to is described below:

| Risk | |
|---|---|
| Mortality risk | The Company is exposed to risk in the event of death:<br>- In products in which, upon death, the higher of the agreed insured amount or the value of the account is payable, the difference between the two represents a risk.<br>- In products in which, upon death, the agreed insured amount along with the value of the account is payable, the insured amount represents a risk.<br>- In products in which the insurance company assumes the obligation to pay premiums in the event of death of the policyholder, the current value of outstanding premium payments represents a risk.<br>The Company is exposed to risk that claims may occur more frequently or at higher amounts than expected.<br>If maturity is reached, the Company pays out the actual value of the account, hence there is no mortality risk. |
| Morbidity risk | In additional risk insurance, the Company is at risk in relation to the agreed insurance premium or current value of outstanding premium payments that the Company would assume in the event of the policyholder's disability. |
| Cancellation risk | In the event of premature termination of the insurance contract, the Company pays out the surrender value which equals the account value less the surrender fee. The policyholder's right to the surrender value arises after 36 months of the insurance duration (12 months for insurance paid in a single payment).<br>The risk resulting from cancellations is that the Company loses the positive cash flows of future years. |
| Costs | Costs are covered from fees that are withheld from the policyholders' personal accounts.<br>The risk is that the Company may fail to generate the necessary critical volume of insurance, from which it would be able to generate sufficient funds in fees to cover all fixed and variable costs. |
| Investment gains | The risk represents a possibility that in the future the Company might not be able to generate the required minimum return equal to the technical interest reserve. In that case it will have to allocate the shortfall revenue from its own funds.<br>In unit-link products, the investment risk is fully borne by the policyholder. The investment gain is reflected in the investment unit price. |
| Option to increase insurance coverage | Policyholders have the right to increase their insurance coverage by inflation after each year of insurance. No risk control is required. This represents the risk of anti-selection, namely that the option will be used only by clients with a worse state of health. |
| Option of partial selection | Policyholders have the right to surrender a part of their accounts prior to the end of the insurance period, but not earlier than after 36 months (12 months for insurance paid in a single payment).<br>The risk for the Company is that the clients may surrender their policies in large numbers and the Company may fail to generate sufficient revenues from the administration of assets. |
| Embedded options and derivatives | No separate valuation applied. |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 2.19 Management of insurance and financial risks (continued)

The Company manages mortality and morbidity risk by thoroughly controlling risk levels upon the approval of insurance contracts. This is achieved by applying rules specified by the reinsurer. Insurance contracts involving risks exceeding the maximum limits of insurable amounts agreed by the reinsurer must be delivered to the reinsurer for special assessment. The Company also manages its risk by reinsurance.

The Company performs regular actuarial control cycles. The cycle is used to monitor whether the assumptions used for the valuation of products do not deviate from reality to an extent that would have a negative impact on product profitability.

At the end of last year (2005), the Company went through a process of product revaluation due to the reduction of the guaranteed interest rate from 3% to 2.5%.

### Financial risk

*Currency risk*

The Company has financial investments covered by its life insurance technical reserves and free funds denominated in SKK; only an insignificant part of the Company's other assets and liabilities is denominated in foreign currencies. Therefore, the Company is not exposed to significant levels of currency risk.

*Risk of interest rate changes*

Interest rate risk means that the value of financial instruments may fluctuate as a result of changes in market interest rates; furthermore, the maturity dates of interest-bearing assets differ from the maturity dates of interest-bearing liabilities used to finance such assets.

The Company eliminates interest rate risk by actively managing its portfolio of assets and liabilities and by aligning their cash flows.

*Credit risk*

Credit risk represents the risk that the market value of financial instruments will decrease as a result of the decreased credit rating of the instrument's issuer. All Company's investments are realized in line with up-to-date and valid internal investment directive with a focus on the issuer's rating and predefined limit. The Company is exposed to credit risk especially with respect to investments in bonds.

*Liquidity risk*

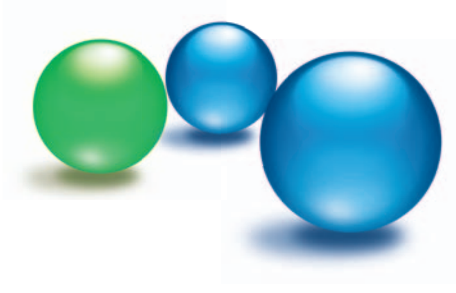
Liquidity risk represents risk that the maturity of financial assets may differ from the maturity of financial liabilities, as a result of which the Company may not be able to settle its matured liabilities in due time and manner.

The Company covers its expected liquidity needs by a sufficient volume of highly liquid short-term financial assets.

## 2.20 Future changes in accounting principles

In August 2005, the International Accounting Standards Board issued the new IRFS 7 Financial instruments – Disclosures that requires disclosures enabling the users of financial statements to evaluate the importance of the Company's financial instruments as well as the character and extent of risks underlying these financial instruments. The Company has decided to apply IFRS 7 as of 1 January 2007.

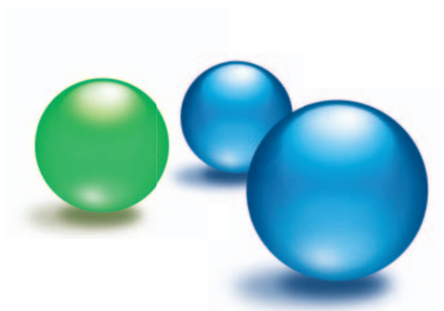
The amendment to IAS 1 Presentation of financial statements requires the Company to disclose new information to allow the users of financial statements to evaluate the policies, objectives and processes that the Company applies in managing capital. The Company has decided to implement the amendment as of 1 January 2007.



# IX. Notes to the financial statements for the year ending 31. december 2006

## 3. Non-current intangible assets

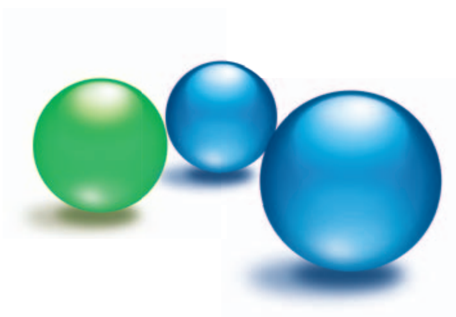
| *SKK ´000* | Software | Other intangible assets | TOTAL |
|---|---|---|---|
| **As at 1 January 2005** | 40,590 | 3,366 | 43,956 |
| Accumulated amortization | (35,406) | (2,942) | (38,348) |
| Carrying value as at 1 January 2005 | 5,184 | 424 | 5,608 |
| | | | |
| **2005** | | | |
| Initial balance: net book value | 5,184 | 424 | 5,608 |
| Additions | 9,450 | 1,576 | 11,026 |
| Amortization | (3,471) | (122) | (3,593) |
| **Final balance: net book value** | **11,163** | **1,878** | **13,041** |
| | | | |
| | | | |
| **As at 1 January 2006** | 50,040 | 4,942 | 54,982 |
| Accumulated amortization | (38,877) | (3,064) | (41,941) |
| Carrying value as at 1 January 2006 | 11,163 | 1,878 | 13,041 |
| | | | |
| **2006** | | | |
| Initial balance: net book value | 11,163 | 1,878 | 13,041 |
| Additions | 10,705 | 211 | 10,916 |
| Disposals | 0 | (629) | (629) |
| Amortization | (5,172) | (211) | (5,383) |
| **Final balance: net book value** | **16,696** | **1,249** | **17,945** |
| | | | |
| | | | |
| **As at 31 December 2006** | 60,744 | 4,525 | 65,269 |
| Accumulated amortization | (44,049) | (3,275) | (47,324) |
| **Net book value** | **16,695** | **1,250** | **17,945** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 4. Non-current tangible assets

| *SKK ´000* | Land | Buildings halls and structures | Machinery and equipment | Furniture and vehicles | TOTAL |
|---|---|---|---|---|---|
| | | | | | |
| As at 1 January 2005 | 3,846 | 19,884 | 64,109 | 39,184 | 127,023 |
| Accumulated depreciation | 0 | (2,609) | (51,243) | (23,074) | (76,926) |
| Carrying value as at 1 January 2005 | 3,846 | 17,275 | 12,866 | 16,110 | 50,097 |
| | | | | | |
| **2005** | | | | | |
| Initial balance: net book value | 3,846 | 17,275 | 12,866 | 16,110 | 50,097 |
| Additions | 0 | 808 | 9,527 | 22,728 | 33,063 |
| Disposals | 0 | (1,867) | (2,636) | (15,790) | (20,293) |
| Depreciation | 0 | (612) | (5,404) | (386) | (6,402) |
| **Final balance: net book value** | **3,846** | **15,604** | **14,353** | **22,662** | **56,465** |
| | | | | | |
| | | | | | |
| As at 1 January 2006 | 3,846 | 18,825 | 71,000 | 46,121 | 139,792 |
| Accumulated depreciation | 0 | (3,221) | (56,647) | (23,459) | (83,327) |
| Carrying value as at 1 January 2006 | 3,846 | 15,604 | 14,353 | 22,662 | 56,465 |
| | | | | | |
| **2006** | | | | | |
| Initial balance: net book value | 3,846 | 15,604 | 14,353 | 22,662 | 56,465 |
| Additions | 0 | 3,648 | 8,663 | 20,736 | 33,047 |
| Disposals | (3,846) | 16,776) | (1,364) | (8,013) | (29,999) |
| Depreciation | 0 | 2,735 | (5,774) | (9,029) | (12,068) |
| **Final balance: net book value** | **0** | **5,211** | **15,878** | **26,356** | **47,445** |
| | | | | | |
| | | | | | |
| **As at 31 December 2006** | 0 | 5,698 | 78,299 | 58,844 | 142,841 |
| Accumulated depreciation | 0 | (487) | (62,421) | (32,488) | (95,396) |
| **Net book value** | **0** | **5,211** | **15,878** | **26,356** | **47,445** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 5. Financial assets

The Company's financial assets, which do not constitute derivative financial instruments, are summarized into the following categories.

### a) Financial assets held to maturity

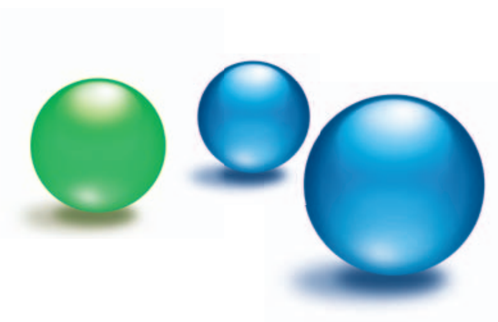
| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Government bonds | 852,184 | 851,071 |
| Corporate bonds | 390,463 | 367,197 |
| Mortgage bonds | 362,795 | 433,302 |
| Bills of exchange | 75,116 | 202,140 |
| **TOTAL** | **1,680,558** | **1,853,710** |

### b) Financial assets at fair value through profit or loss

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Debt securities: | 2,119,603 | 1,410,349 |
| Government bonds | 1,384,180 | 1,008,026 |
| Corporate bonds | 446,068 | 300,813 |
| Mortgage bonds | 238,912 | 51,408 |
| CDOs | 50,443 | 50,102 |
| Investment certificates | 143,681 | 0 |
| **TOTAL** | **2,263,284** | **1,410,349** |

### c) Cash and current bank accounts

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Cash and securities | 329 | 373 |
| Bank accounts | 12,330 | 10,602 |
| **TOTAL** | **12,659** | **10,975** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 6. Reinsurance assets

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Reinsurer's share of insurance contract reserves | 49,783 | 44,593 |
| **TOTAL** | **49,783** | **44,593** |

## 7. Taxes

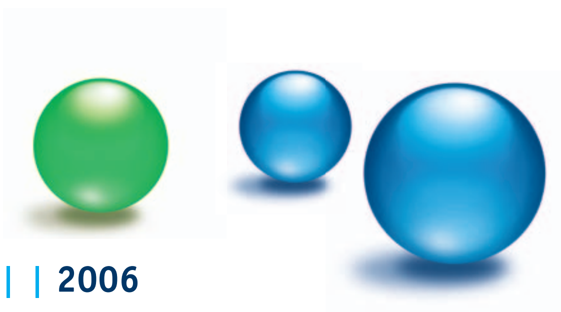
The structure of tax assets and liabilities as at 31 December 2006 is shown below:

| *SKK ´000* | 31 December 2006 | | 31 December 2005 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Income tax due (withholding tax paid) | 2,136 | 0 | 2,363 | 0 |
| Deferred income tax | 0 | 0 | 0 | 0 |
| **TOTAL** | **2,136** | **0** | **2,363** | **0** |

Deferred taxes are calculated for all temporary differences between the carrying and tax values of assets and liabilities using a 19% tax rate as follows:

| *SKK ´000* | Deferred tax 2006 | Deferred tax 2005 |
|---|---|---|
| Provisions and non-tax reserves | 28,619 | 21,842 |
| Unutilized tax loss | 13,151 | 72,730 |
| Other | (3,737) | (1,687) |
| Deferred tax asset | 38,033 | 92,885 |
| Adjustment to realizable value | (38,033) | (92,885) |
| **TOTAL** | **0** | **0** |

The Company has decided not to recognize a deferred tax asset due to the uncertainty regarding sufficient future taxable incomes necessary for the utilization of the deferred tax asset.



# IX. Notes to the financial statements for the year ending 31. december 2006

## 7. Taxes (continued)

The reconciliation of the Company's pre-tax profit with the actual corporate income tax is as follows:

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| **Profit / loss (-) before taxes** | **253,254** | **(219,340)** |
| Theoretical tax (19%) | 48,118 | (41,675) |
| Unrecognized tax asset | (54,852) | 47,275 |
| Permanent differences | 6,734 | (5,600) |
| **Tax expense** | **0** | **0** |
| **Effective tax rate** | **0%** | **0%** |

## 8. Receivables from insurance

| *SKK ´000* | | 2006 | 2005 |
|---|---|---|---|
| **Gross receivables from insurance** | | **195,669** | **164,835** |
| | From policyholders | 179,341 | 150,871 |
| | From agents | 7,298 | 7,351 |
| | From reinsurance | 9,030 | 6,613 |
| | | | |
| **Provisions for receivables from insurance** | | **76,596** | **64,020** |
| | From policyholders | 69,484 | 57,128 |
| | From agents | 7,112 | 6,892 |
| | From reinsurance | 0 | 0 |
| | | | |
| **Net receivables from insurance** | | **119,073** | **100,815** |
| | From policyholders | 109,857 | 93,743 |
| | From agents | 186 | 459 |
| | From reinsurance | 9,030 | 6,613 |

## 9. Acquisition costs of insurance contracts

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Deferred acquisition costs - life insurance | 80,589 | 97,936 |
| Deferred acquisition costs - non-life insurance | 21,925 | 22,742 |
| **TOTAL** | **102,514** | **120,678** |

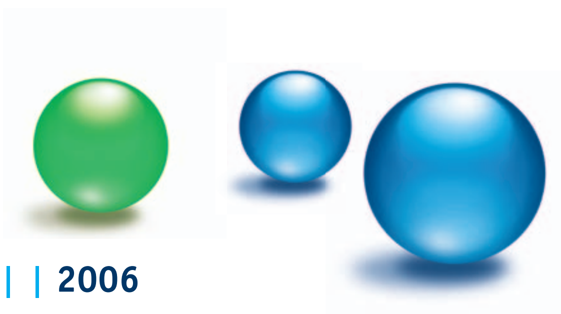
# IX. Notes to the financial statements for the year ending 31. december 2006

## 10. Other assets

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Gross other receivables | 12,794 | 10,751 |
| Provisions for receivables | (2,090) | (780) |
| Deferred expenses | 17,010 | 25,424 |
| Other assets | 3,990 | 3,890 |
| **TOTAL** | **31,704** | **39,285** |

## 11. Reserves from insurance

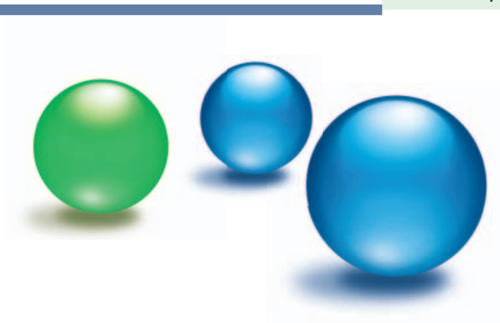
| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Unearned premium reserve | 125,672 | 117,670 |
| Life insurance reserve | 2,288,390 | 2,183,074 |
| Claims reserve | 1,064,070 | 725,670 |
| Premiums and discounts reserve | 2,076 | 2,541 |
| Unit link reserve | 139,494 | - |
| Investment contract liabilities | 367 | - |
| **TOTAL** | **3,620,069** | **3,028,955** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 11. Reserves from insurance (continued)

| *SKK ´000* | | Life insurance | Non-life insurance |
|---|---|---|---|
| Unearned premium reserve | as at 1 January 2005 | 22,583 | 79,610 |
| | additions | 4,315 | 461,297 |
| | disposals | 2,784 | 447,351 |
| | as at 31 December 2005 | 24,114 | 93,556 |
| | additions | 4,014 | 366,380 |
| | disposals | 3,817 | 358,575 |
| | **as at 31 December 2006** | **24,311** | **101,361** |
| Claims reserve | as at 1 January 2005 | 48,904 | 182,727 |
| | additions | 98,173 | 1,017,973 |
| | disposals | 80,135 | 541,972 |
| | as at 31 December 2005 | 66,942 | 658,728 |
| | additions | 87,741 | 1,014,341 |
| | disposals | 75,812 | 687,870 |
| | **as at 31 December 2006** | **78,871** | **985,199** |
| Life insurance reserve | as at 1 January 2005 | 1,815,332 | 0 |
| | additions | 818,366 | 0 |
| | disposals | 450,624 | 0 |
| | as at 31 December 2005 | 2,183,074 | 0 |
| | additions | 642,618 | 0 |
| | disposals | 537,302 | 0 |
| | as at 31 December 2006 | 2,288,390 | 0 |
| Premiums and discounts reserve | as at 1 January 2005 | 0 | 12,725 |
| | additions | 0 | 16,931 |
| | disposals | 0 | 27,115 |
| | as at 31 December 2005 | 0 | 2,541 |
| | additions | 0 | 6,515 |
| | disposals | 0 | 6,980 |
| | **as at 31 December 2006** | **0** | **2,076** |
| Unit link reserve | as at 1 January 2005 | 0 | 0 |
| | additions | 0 | 0 |
| | disposals | 0 | 0 |
| | as at 31 December 2005 | 0 | 0 |
| | additions | 146,918 | 0 |
| | disposals | 7,057 | 0 |
| | as at 31 December 2006 | 139,861 | 0 |
| | | | 0 |
| **TOTAL insurance reserves** | **as at 31 December 2005** | **2,274,130** | **754,825** |
| **TOTAL insurance reserves** | **as at 31 December 2006** | **2,531,433** | **1,088,636** |

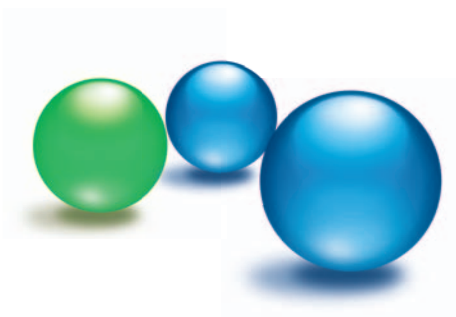


# IX. Notes to the financial statements for the year ending 31. december 2006

## 12. Other reserves

| *SKK ´000* | **2006** | **2005** |
|---|---|---|
| MTPL deficit reserve | 76,611 | 54,895 |
| Passive lawsuits reserve - commercial and social | 176 | 109 |
| **TOTAL** | **76,787** | **55,004** |

| **Other reserves** | | |
|---|---|---|
| MTPL deficit reserve | as at 1 January 2005 | 48,687 |
| | additions | 50,143 |
| | disposals | 43,935 |
| | as at 31 December 2005 | 54,895 |
| | additions | 47,116 |
| | disposals | 25,400 |
| | **as at 31 December 2006** | **76,611** |
| Reserve for social lawsuits | as at 1 January 2005 | 0 |
| | additions | 820 |
| | disposals | 711 |
| | as at 31 December 2005 | 109 |
| | additions | 175 |
| | disposals | 108 |
| | **as at 31 December 2006** | **176** |
| | | |
| **TOTAL** | | **76,787** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 13. Insurance payables

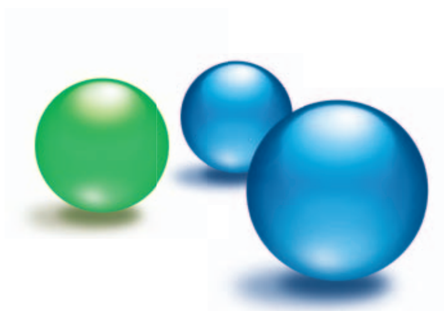
| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| To policyholders | 90,445 | 100,678 |
| To agents | 20,197 | 27,552 |
| To reinsurers | 27,171 | 49,252 |
| **TOTAL** | **137,813** | **177,482** |

## 14. Deferred revenue

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Premium prepayments - life | 19,947 | 22,935 |
| Premium prepayments - non-life | 133,559 | 229,595 |
| Other deferred revenue | 6,066 | 8,451 |
| **TOTAL** | **159,572** | **260,981** |

## 15. Other payables

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Trade payables | 47,894 | 54,627 |
| Social and health insurance payables | 3,243 | 3,497 |
| Other fiscal payables | 1,626 | 2,627 |
| **TOTAL** | **52,763** | **60,751** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 16. Net premiums

### a) Gross premiums

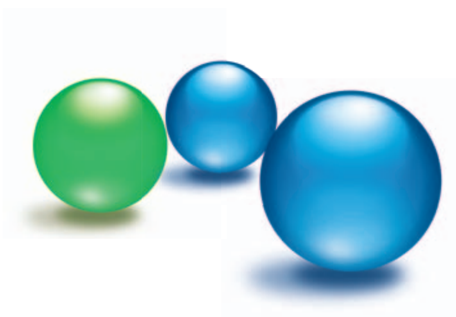
| *v tis. SKK* | 2006 | 2005 |
|---|---|---|
| Life insurance | 1,026,986 | 800,294 |
| Non-life insurance | 887,068 | 1,020,430 |
| | | |
| Unearned premium reserve change | (8,003) | (23,394) |
| | | |
| **TOTAL gross premium** | **1,906,051** | **1,797,330** |

### b) Reinsurers' share of gross premiums

| *v tis. SKK* | 2006 | 2005 |
|---|---|---|
| Life insurance | 2,967 | 1,314 |
| Non-life insurance | 76,240 | 110,430 |
| | | |
| Unearned premium reserve change | 822 | 7,269 |
| | | |
| **TOTAL reinsurers' share of gross premiums** | **80,029** | **119,013** |

## 17. Revenue from financial assets

| *v tis. SKK* | 2006 | 2005 |
|---|---|---|
| Revenues from financial assets held to maturity | 104,087 | 97,188 |
| Interest income from debt securities | 85,072 | 81,211 |
| Interest income from bills of exchange | 7,804 | 3,445 |
| | | |
| Revenues from financial assets at fair value through profit or loss | 62,173 | 35,192 |
| Revenues from term deposits | 10,568 | 12,478 |
| Revenues from current accounts | 638 | 41 |
| Revenues from loans | 5 | 14 |
| | | |
| **TOTAL** | **166,260** | **132,380** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 18. Commissions and fees received

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Commissions for life insurance received | 1,053 | 0 |
| Commissions for non-life insurance received | 5,727 | 11,801 |
| **TOTAL** | **6,780** | **11,801** |

## 19. Other revenues

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Other technical life revenues | 2,505 | 2,710 |
| Other technical non-life revenues | 3,509 | 4,815 |
| Revenues from sales of buildings and land | 13,206 | 0 |
| Other non-technical revenues | 7,468 | 8,143 |
| **TOTAL** | **26,688** | **15,668** |

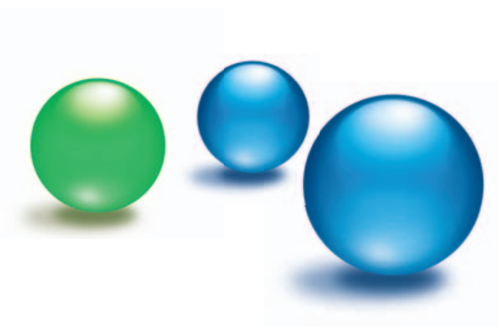
## 20. Net claims

### a) Gross benefits and claims paid

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Life | 315,637 | 306,441 |
| Non-life | 274,634 | 265,168 |
| **TOTAL** | **590,271** | **571,609** |

### b) Reinsurers’ share of gross benefits and claims paid

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Life | 298 | 400 |
| Non-life | 8,447 | 9,902 |
| **TOTAL** | **8,745** | **10,302** |



# IX. Notes to the financial statements for the year ending 31. december 2006

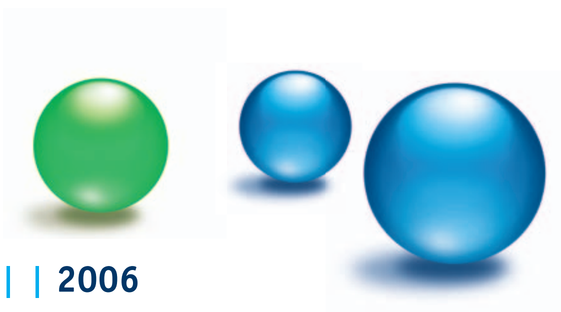
## 20. Net claims (continued)

### c) Change in claims reserve

| SKK ´000 | | 2006 | 2005 |
|---|---|---|---|
| Change in life insurance claims reserve | | 11,928 | 18,037 |
| | additions | 87,740 | 98,172 |
| | disposals | 75,812 | 80,135 |
| | | | |
| Change in non-life insurance claims reserve | | 308,555 | 487,523 |
| | additions | 978,827 | 992,781 |
| | disposals | 670,272 | 505,258 |
| **TOTAL** | | **320,483** | **505,560** |

### d) Reinsurers’ share in claims reserve

| SKK ´000 | | 2006 | 2005 |
|---|---|---|---|
| Reinsurers’ share in life insurance claims reserve | | (296) | 0 |
| | share in additions | 296 | 0 |
| | share in disposals | 0 | 0 |
| | | | |
| Reinsurers’ share in non-life insurance claims reserve | | (6,521) | (4,915) |
| | share in additions | 36,421 | 34,536 |
| | share in disposals | 29,900 | 29,621 |
| **TOTAL** | | **(6,817)** | **(4,915)** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 21. Changes in other insurance reserves

| *SKK ´000* | | 2006 | 2005 |
|---|---|---|---|
| Change in other life insurance reserves | | 244,810 | 376,919 |
| | additions | 789,056 | 681,273 |
| | disposals | 544,246 | 304,354 |
| | | | |
| Change in other non-life insurance reserves | | 21,251 | 8,677 |
| | additions | 53,631 | 67,074 |
| | disposals | 32,380 | 58,397 |
| | | | |
| **TOTAL** | | **266,061** | **385,596** |

## 22. Insurance commissions and fees paid

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Life insurance commissions paid | 76,508 | 69,683 |
| Non-life insurance commissions paid | 64,524 | 82,574 |
| **TOTAL** | **141,032** | **152,257** |

## 23. Losses from sale and revaluation of financial assets

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Profit from sale of debt securities | -1,245 | 0 |
| Loss from revaluation of debt securities | 9,800 | 3,075 |
| Loss from revaluation of investment shares | 932 | 0 |
| Loss from revaluation of unit linked financial assets | 468 | 0 |
| **TOTAL** | **9,955** | **3,075** |

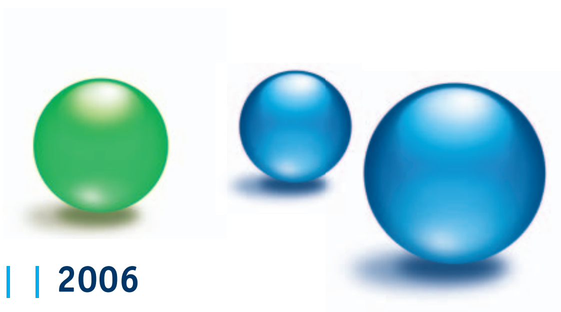
# IX. Notes to the financial statements for the year ending 31. december 2006

## 24. Other operational costs

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Marketing | 15,511 | 13,642 |
| Sales network support costs | 14,928 | 13,078 |
| Other acquisition costs | 5,246 | 14,607 |
| Payroll expenses | 153,546 | 162,318 |
| Training and educational costs | 6,578 | 6,614 |
| Travel costs | 13,026 | 17,460 |
| Rent and related costs | 38,634 | 41,349 |
| Costs of office supplies | 8,100 | 11,752 |
| IT | 13,386 | 4,600 |
| Telecommunications services | 26,843 | 32,894 |
| Entertainment costs | 996 | 987 |
| Costs of legal and audit services | 5,497 | 6,539 |
| Depreciation | 25,156 | 26,641 |
| Fees and contributions | 5,472 | 401 |
| Other administration costs | 14,021 | 21,889 |
| Portfolio administration costs | 10,367 | 8,507 |
| Professional membership-related costs | 37,965 | 2,940 |
| 8% compulsory MTPL contribution payment | 40,173 | 51,811 |
| Other technical non-life costs | 8,245 | 11,264 |
| Other technical life costs | 556 | 695 |
| **TOTAL** | **444,246** | **449,988** |

## 25. Provisions and depreciation of assets

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Addition to provisions | 14,515 | 4,200 |
| Write-off receivables | 1,495 | 438 |
| **TOTAL additions to provisions and depreciation of assets** | **16,010** | **4,638** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 26. Cash and cash equivalents

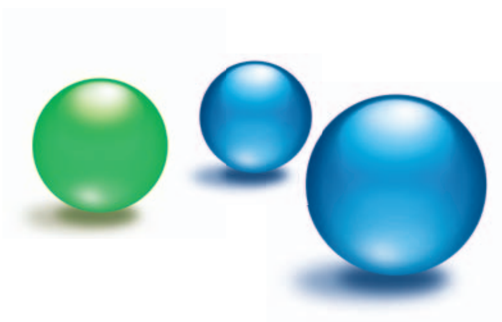
Cash and cash equivalents disclosed in the cash flows statement is as follows:

| *SKK ´000* | 2006 | 2005 |
|---|---|---|
| Cash and securities | 329 | 373 |
| Bank accounts | 12,329 | 10,602 |
| Term deposits | 430,564 | 388,306 |
| Bills of exchange | 75,116 | 202,140 |
| **TOTAL** | **518,338** | **601,421** |

## 27. Reconciliation with SAS financial statements

| *SKK ´000* | Equity |
|---|---|
| **SAS balance as at 1 January 2005** | **273,416** |
| Deferred insurance contract acquisition costs | (2,075) |
| Correction of errors from prior years | 17,406 |
| **IFRS balance as at 1 January 2005** | **288,747** |

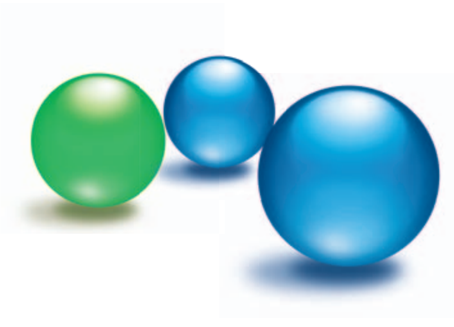
| *SKK ´000* | Profit for the period | Equity |
|---|---|---|
| **SAS balance as at 31 December 2005** | **(217,065)** | **461,756** |
| Deferred insurance contract acquisition costs | (2,274) | (4,349) |
| **IFRS balance as at 31 December 2005** | **(219,339)** | **457,407** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 28. Currency structure of assets and liabilities

| *Item / SKK ´000* | SKK | | EUR | | CZK | | INE | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Non-current intangible assets | 17,945 | 13,041 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-current tangible assets | 47,445 | 56,465 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial assets held to maturity | 1,680,558 | 1,853,710 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial assets at fair value through profit or loss | 2,207,159 | 1,410,349 | 56,125 | 0 | 0 | 0 | 0 | 0 |
| Term deposits in banks | 428,889 | 388,306 | 1,675 | 0 | 0 | 0 | 0 | 0 |
| Reinsurance assets | 49,783 | 44,593 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tax assets | 2,136 | 2,363 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables from insurance | 110,700 | 100,815 | 0 | 0 | 8,373 | 0 | 0 | 0 |
| Acquisition cost of insurance contracts | 102,514 | 120,678 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other assets | 25,303 | 36,991 | 6,401 | 2,245 | 0 | 49 | 0 | 0 |
| Cash and current bank accounts | 10,466 | 10,394 | 2,142 | 501 | 18 | 47 | 33 | 33 |
| **Total assets** | **4,682,898** | **4,037,705** | **66,343** | **2,746** | **8,391** | **96** | **33** | **33** |
| | | | | | | | | |
| Share capital | 838,000 | 838,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Share premium | 17,000 | 17,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated losses | (397,593) | (178,253) | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit / loss for the year | 253,254 | (219,340) | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserves from insurance | 3,564,822 | 3,028,955 | 55,247 | 0 | 0 | 0 | 0 | 0 |
| Other reserves | 76,787 | 55,004 | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance payables | 136,926 | 177,482 | 887 | 0 | 0 | 0 | 0 | 0 |
| Deferred revenue | 153,154 | 253,281 | 6,418 | 7,700 | 0 | 0 | 0 | 0 |
| Other payables | 52,133 | 60,305 | 12 | 228 | 618 | 218 | 0 | 0 |
| **Total equity and liabilities** | **4,694,483** | **4,032,434** | **62,564** | **7,928** | **618** | **218** | **0** | **0** |



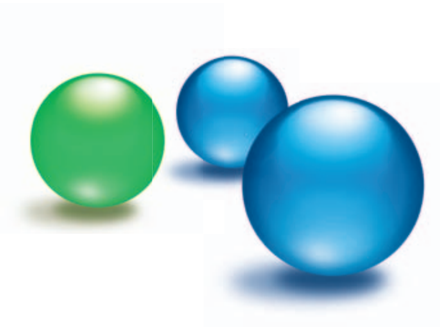
# IX. Notes to the financial statements for the year ending 31. december 2006

## 29. Ownership changes

| *SKK ´000* | | KBC Insurance N.V. | ČSOB, a.s. | PSIS, a.s. | TOTAL |
|---|---|---|---|---|---|
| **As at 1 January 2005** | | | | | |
| | in absolute terms | 337,500 | 61,500 | 51,000 | 450,000 |
| | voting rights | 675 | 123 | 102 | 900 |
| Share capital increase | | | | | |
| | in absolute terms | 291,000 | 97,000 | 0 | 388,000 |
| | voting rights | 582 | 194 | 0 | 776 |
| **As at 31 December 2005** | | | | | |
| | in absolute terms | 628,500 | 158,500 | 51,000 | 838,000 |
| | voting rights | 1,257 | 317 | 102 | 1,676 |
| Transfer of shares | | | | | |
| | in absolute terms | 51,000 | 0 | -51,000 | 0 |
| | voting rights | 102 | 0 | -102 | 0 |
| **As as 31 December 2006** | | | | | |
| | in absolute terms | 679,500 | 158,500 | 0 | **838,000** |
| | voting rights | 1,359 | 317 | 0 | **1,676** |
| | share | 81.09% | 18.91% | 0% | 100% |

## 30. Liquidity risk

The following table contains the structure of assets and liabilities classified into groups by residual maturity from the financial statements date to their respective contractual due date. The table is prepared on the basis of the most prudent evaluations of maturity dates if there are possibilities of early pay-up or a payment calendar allowing early pay-ups. Assets and liabilities that do not have a contractual due date are disclosed jointly under "maturity not specified".

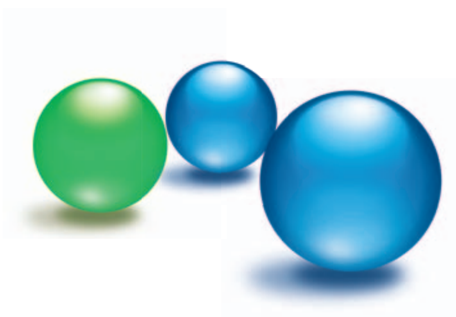


# IX. Notes to the financial statements for the year ending 31. december 2006

## 30. Liquidity risk (continued)

The maturity of assets and liabilities as at 31 December 2006 is shown below:

| *SKK ´000* | 0-3 months | 3-12 months | 1-5 years | Over 5 years | Maturity not specified | TOTAL |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Non-current intangible assets | | | | | 17,945 | 17,945 |
| Non-current tangible assets | | | | | 47,445 | 47,445 |
| Financial assets held to maturity | 183,362 | 83,494 | 362,626 | 1,051,076 | | 1,680,558 |
| Financial assets at fair value through profit of loss | 390,468 | 22,153 | 1,043,309 | 806,073 | 1,281 | 2,263,284 |
| Term deposits in banks | 430,564 | | | | | 430,564 |
| Reinsurance assets | 49,783 | | | | | 49,783 |
| Tax assets | | 2,136 | | | | 2,136 |
| Receivables from insurance | 119,073 | | | | | 119,073 |
| Acquisition costs of insurance contracts | 12,302 | 25,629 | 54,332 | 10,251 | | 102,514 |
| Other assets | 19,023 | 1,585 | | | 11,096 | 31,704 |
| Cash and current bank accounts | 12,659 | | | | | 12,659 |
| **Liabilities** | | | | | | |
| Reserves from insurance | 219,601 | 778,582 | 395,105 | 2,225,595 | 1,186 | 3,620,069 |
| Other reserves | 7,063 | 21,189 | | | 48,535 | 76, 787 |
| Insurance payables | 137,813 | | | | | 137,813 |
| Deferred revenues | 130,849 | 28,723 | | | | 159,572 |
| Other payables | 52,763 | | | | | 52,763 |
| **Net balance sheet position as at 31 Dec. 2006** | **669,145** | **(693,497)** | **1,065,162** | **-358,195** | **28,046** | **710,661** |



# IX. Notes to the financial statements for the year ending 31. december 2006

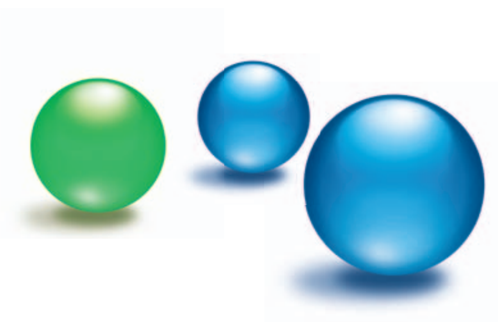
## 30. Liquidity risk (continued)

The maturity of assets and liabilities as at 31 December 2005 is shown below:

| *SKK ´000* | 0-3 months | 3-12 months | 1-5 years | Over 5 years | Maturity not specified | TOTAL |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Non-current intangible assets | | | | | 13,041 | 13,041 |
| Non-current tangible assets | | | | | 56,465 | 56,465 |
| Financial assets held to maturity | 223,626 | 109,186 | 391,429 | 1,129,469 | | 1,853,710 |
| Financial assets at fair value through profit of loss | 35,775 | 65,001 | 991,016 | 318,557 | | 1,410,349 |
| Term deposits in banks | 388,306 | | | | | 388,306 |
| Reinsurance assets | 44,593 | | | | | 44,593 |
| Tax assets | | 2,363 | | | | 2,363 |
| Receivables from insurance | 100,815 | | | | | 100,815 |
| Acquisition costs of insurance contracts | 14,482 | 30,170 | 63,959 | 12,067 | | 120,678 |
| Other assets | 23,571 | 1,965 | | | 13,749 | 39,285 |
| Cash and current bank accounts | 10,975 | | | | | 10,975 |
| **Liabilities** | | | | | | |
| Reserves from insurance | 183,744 | 651,449 | 330,589 | 1,863,173 | | 3,028,955 |
| Other reserves | 24,500 | | 28,252 | | 2,252 | 55,004 |
| Insurance payables | 177,482 | | | | | 177,482 |
| Deferred revenues | 214,004 | 46,977 | | | | 260,981 |
| Other payables | 60,751 | | | | | 60,751 |
| **Net balance sheet position as at 31 Dec. 2005** | **181,662** | **(489,741)** | **1,087,563** | **(403,080)** | **81,003** | **457,407** |

## 31. Interest rate risk

Interest rate risk means the value of financial instruments may fluctuate as a result of changes in market interest rates; furthermore, the maturity dates of interest-bearing assets differ from the maturity dates of interest-bearing liabilities used to finance such assets. The definition of the period during which the interest rate of a financial instrument is fixed indicates the level of exposure of the relevant financial instrument to interest rate risk.

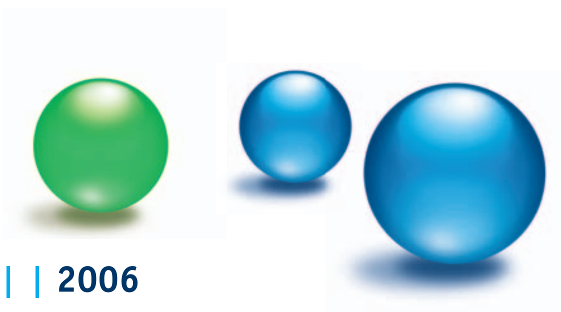


# IX. Notes to the financial statements for the year ending 31. december 2006

## 31. Interest rate risk (continued)

The structure of respective balance sheet items by contractual interest rate changes as at 31 December 2006 is shown below:

| *SKK ´000* | 0-3 months | 3-12 months | 1-5 years | Over 5 years | Maturity not specified | TOTAL |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Non-current intangible assets | | | | | 17,945 | 17,945 |
| Non-current tangible assets | | | | | 47,445 | 47,445 |
| Financial assets held to maturity | 183,362 | 83,494 | 362,626 | 1,051,076 | | 1,680,558 |
| Financial assets at fair value through profit of loss | 506,482 | 22,153 | 927,295 | 806,073 | 1,281 | 2,263,284 |
| Term deposits in banks | 430,564 | | | | | 430,564 |
| Reinsurance assets | 49,783 | | | | | 49,783 |
| Tax assets | | 2,136 | | | | 2,136 |
| Receivables from insurance | 119,073 | | | | | 119,073 |
| Acquisition costs of insurance contracts | 12,302 | 25,629 | 54,332 | 10,251 | | 102,514 |
| Other assets | 19,023 | 1,585 | | | 11,096 | 31,704 |
| Cash and current bank accounts | 12,659 | | | | | 12,659 |
| **Liabilities** | | | | | | |
| Reserves from insurance | 219,601 | 778,582 | 395,105 | 2,225,595 | 1,186 | 3,620,069 |
| Other reserves | 7,063 | 21,189 | | | 48,535 | 76,787 |
| Insurance payables | 137,813 | | | | | 137,813 |
| Deferred revenues | 130,849 | 28,723 | | | | 159,572 |
| Other payables | 52,763 | | | | | 52,763 |
| **Net balance sheet position as at 31 Dec. 2006** | **785,159** | **(693,497)** | **949,148** | **(358,195)** | **28,046** | **710,661** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 31. Interest rate risk (continued)

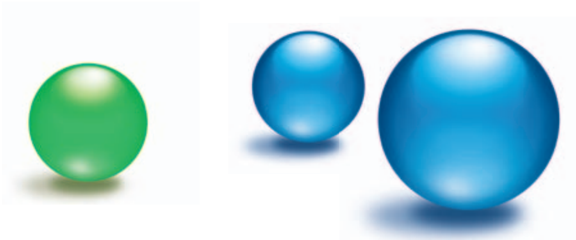
The structure of respective balance sheet items by contractual interest rate changes as at 31 December 2005 is shown below:

| SKK ´000 | 0-3 months | 3-12 months | 1-5 years | Nad 5 years | Maturity not specified | TOTAL |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Non-current intangible assets | | | | | 13,041 | 13,041 |
| Non-current tangible assets | | | | | 56,465 | 56,465 |
| Financial assets held to maturity | 223,626 | 109,186 | 391,429 | 1,129,469 | | 1,853,710 |
| Financial assets at fair value through profit of loss | 115,994 | 65,001 | 910,797 | 318,557 | | 1,410,349 |
| Term deposits in banks | 388,306 | | | | | 388,306 |
| Reinsurance assets | 44,593 | | | | | 44,593 |
| Tax assets | | 2,363 | | | | 2,363 |
| Receivables from insurance | 100,815 | | | | | 100,815 |
| Acquisition costs of insurance contracts | 14,482 | 30,170 | 63,959 | 12,067 | | 120,678 |
| Other assets | 23,571 | 1,965 | | | 13,749 | 39,285 |
| Cash and current bank accounts | 10,975 | | | | | 10,975 |
| **Liabilities** | | | | | | |
| Reserves from insurance | 183,744 | 651,449 | 330,589 | 1,863,173 | | 3,028,955 |
| Other reserves | 24,500 | | 28,252 | | 2,252 | 55,004 |
| Insurance payables | 177,482 | | | | | 177,482 |
| Deferred revenues | 214,004 | 46,977 | | | | 260,981 |
| Other payables | 60,751 | | | | | 60,751 |
| **Net balance sheet position as at 31 Dec. 2005** | **261,881** | **(489,741)** | **1,007,344** | **(403,080)** | **81,003** | **457,407** |

## 32. Fair values of financial assets and liabilities

Fair values of financial assets and liabilities, with the exception of financial assets held to maturity, do not differ significantly from the carrying values of financial assets and liabilities disclosed in the balance sheet as at 31 December 2006 and 2005, respectively. A comparison of the carrying values of financial assets held to maturity with their fair values is shown in the following table.

| Financial asset type | Carrying value | Fair value |
|---|---|---|
| Financial assets held to maturity | 1,680,558 | 1,751,673 |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 33. Related party transactions

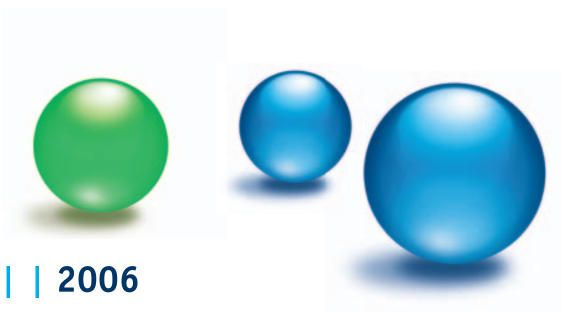
The Company considers the following types of entities to be related parties:

- Enterprises that directly of indirectly, by means of one or several intermediary entities, control the Com-v pany or are controlled by the Company.
- Enterprises on which their parent company exerts significant influence and which are neither entities with controlling influence nor joint ventures.
- The Company’s key management, comprising persons having the authority and responsibility for plan ning, decision-making and control over the Company’s activities, including their close relatives.
- Enterprises in which a significant share of voting rights is owned, directly or indirectly, by any person-described in the preceding clause or on which such parties may have significant influence. These enterprises include entities owned by the Company’s management and entities sharing the same core management member with the Company.

When considering all related parties, the attention is in the essence of the relationship rather than on its form.

The structure of receivables from and liabilities to related parties as at 31 December 2006 and 2005, respectively, as follows:

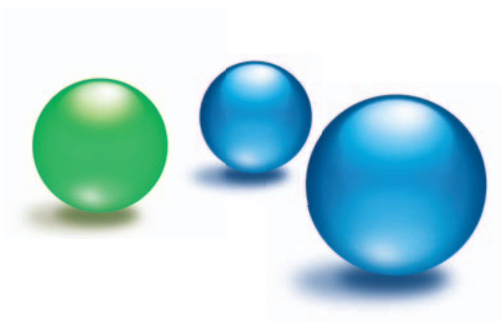
| Financial assets | | 2006 | 2005 |
|---|---|---|---|
| ČSOB, a.s. | securities | 133,449 | 133,344 |
| | term deposits | 257,052 | 269,330 |
| | | | |
| KBC IFIMA N.V. | securities | 100,109 | 100,109 |
| | | | |
| **TOTAL financial assets** | | **490,610** | **502,784** |
| | | | |
| **Impact on profit / loss** | | **2006** | **2005** |
| ČSOB, a.s. | revenues from fin. assets | 15,086 | 16,796 |
| | operational costs | 1,096 | 1,507 |
| | | | |
| KBC IFIMA N.V. | revenues from fin. assets | 4,050 | 109 |
| | | | |
| ČSOB Asset management | operational costs | 7,850 | 4,581 |
| | | | |
| **Total impact on profit / loss** | | **10,190** | **10,817** |



# IX. Notes to the financial statements for the year ending 31. december 2006

## 34 Post balance sheet events

After the balance sheet date there were no material events that would have an impact on the Company's financial statements for the year ended as at 31 December 2006.



# X. Report of an independent auditor

ERNST & YOUNG

Ernst & Young Slovakia, spol. s r.o.
Zochova 6 - 8
P.O.Box 19
810 00 Bratislava
Slovenská republika

Tel.: +421 2 5922 9111
Fax: +421 2 5922 9222
www.ey.com

**Independent Auditors' Report**

To the Shareholders of ČSOB Poisťovňa, a. s.:

We have audited the accompanying financial statements of ČSOB Poisťovňa, a. s. ('the Company'), which comprise the balance sheet as at 31 December 2006, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

30 March 2007
Bratislava, Slovak Republic

Ernst & Young

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Dalimil Draganovský
SKAU Licence No. 893

Ernst & Young Slovakia, spol. s r.o., IČO: 35 840 463, zapísaná v Obchodnom registri Okresného súdu Bratislava I, oddiel: Sro, vložka číslo: 27004/B a v zozname audítorov vedenom Slovenskou komorou audítorov pod č. 257.

# XI. List of products

## Products offered by financial advisors of ČSOB poisťovňa and other cooperating entities

### Life insurance – insurance of persons

**SPEKTRUM – variable capital life insurance**
It is a universal life insurance with a number of insured risks, such as whole life insurance, insurance of serious diseases, accident insurance for death, accident insurance of permanent effects, accident insurance of daily indemnity, disability insurance. This insurance can provide an optimum solution of client's needs during his life and change insurance risks or size of insurance coverage, if necessary and enables the client to save on an individual account at the same time. The product is suitable for tax deductions of the insured and expansion of social programs of employers.

**CLI Complete – variable capital life insurance**
It is a comprehensive life insurance, which client can use to combine his insurance risks with saving through this insurance at the same time. Insurance variability enables to change insurance risks during the policy life, undertake additional insurance or reduce insurance, change size of insurance coverage, if necessary. The product is also suitable for tax deductions.

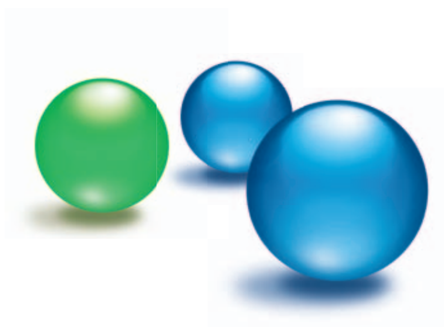
**Impulse – capital life insurance**
Currently and one-shot premium paid is suitable for clients who need insurance for a shorter period and do not require high variability. For the insured with a certain health risk there is a great advantage to have an option to select main insurance varying with accidental death or pure endowment where release of premium payment applies to accidental disability only.

**ČSOB Optimum – capital life insurance**
This insurance is an excellent opportunity especially for conservative investors who can save in a long-term period and use some of the insurance coverages offered in this program. In addition to the basic insurance coverage for death or pure endowment the client can also be insured by supplementary insurance for death or disability of the insured due to disease or accident. The product is also suitable for tax deductions.

**ČSOB Optimum Profit – capital life insurance**
It is insurance suitable for investors who are interested to invest their available funds at once to appreciate them and we also offer the investors with insurance coverage for death with a double insurance benefit for death due to a car accident.

**Shamrock – comprehensive insurance of children and parents**
It provides a comprehensive insurance protection for a child insured and both parents and gives him/her an option to save funds for the future. On the top of accident supplementary insurance it also includes insurance of serious diseases and release of premium payment in the even of permanent disability of one or both parents.

**Plus – special insurance, loan collateral**
It is insurance for directors, managers, businessmen. It covers risk without any active capital value generation comprehensively. It also meets the requirements for loan collateral.



# XI. List of products (continued)

**Deposit – deposit life insurance with accident insurance**
It is insurance for death or pure endowment with accident insurance for children with one-shot premium for a period of 5 years, up to 20 years.

**ČSOB Invest**
It is a regularly paid investment life insurance with an individual investment strategy enabling client to be actively involved in management of his funds deposited to insurance and influence their profitability. Appreciation depends on assets development of investment strategy selected by the client.

**ČSOB Invest Garant (SKK, CZK, EUR, USD)**
It is investment life insurance paid in one-shot payment. It is primarily suitable for investment to a secured fund. Its main objective is a maximum appreciation of the invested funds. Individual issues of the funds can be of a different composition, which a minimum and maximum yield is generated from.

**Supplementary accident insurance**
It provides an insurance protection for accidental death and permanent consequences of an accident where the scope of permanent consequences caused by one accident reaches more than 1%. It may be arranged for all types of insurance for adults and children.

**Supplementary accident insurance of daily indemnity**
It provides insurance protection of treatment after accident.

**Insurance of consumer loans**
It provides insurance protection of a debtor (or co-debtor) of consumer loan for death of the insured or accidental disability or disease of the insured.

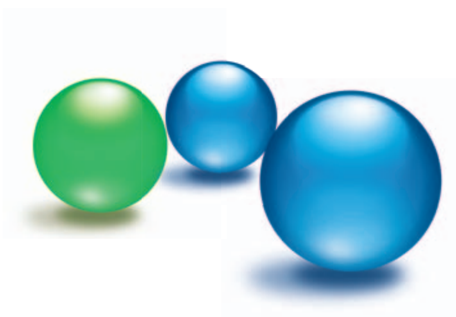
**Insurance of mortgages**
It provides insurance protection of a debtor (or co-debtor) of mortgage or other loans for death of the insured or accidental disability of the insured.

## Non-life insurance – property insurance

**Variant – motor vehicle insurance**
It covers passenger cars and trucks of local and foreign brands. Insurance covers risks for damage or destruction of vehicle incurred by car accident, natural hazard, vandalism and theft.

**Compulsory automobile insurance – liability for damage caused by motor vehicle**
Insurance of the liability for the damage caused to somebody else by a motor vehicle as long as the event in which this damage originated and for which the insured person was responsible happened during the period of the insurance period.

**Domos Kompakt and Domos Klasik – comprehensive insurance of family houses, flats and households**
It is arranged for damage or destruction of real estates (family houses, flats) by natural hazard, water from plumbing fixture and for damage liability. It is also arranged for damage or destruction of household furnishings by natural hazard, water from plumbing fixture, theft and damage liability.



# XI. List of products (continued)

**Business Compact**
Business Compact is a product for insurance of property and damage liability for small and medium-size entrepreneurs. Besides the property insurance it is possible to insure glass, machines, cargo conveyed by a motor vehicle in this product.

**Travel Insurance**
It is suitable for everybody traveling abroad. Travel insurance provides a comprehensive protection on trips. The basis of travel insurance is insurance of medical expenses up to SKK 2 mil. It is possible to arrange supplementary accident insurance, insurance of damage liability, luggage and organized trip cancellation on the top of medical insurance.

**Travel Insurance attached to payment cards**
It is interlinked with international payment cards offered by ČSOB bank. It offers 5 types of insurance including insurance of medical expenses, insurance of damage liability or accident insurance. It is travel insurance for one year. A limit of one trip abroad is setup for each package. Other card holders can arrange insurance additionally.

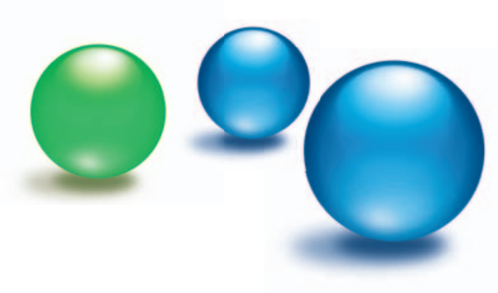
**Collective accident insurance**
It is a product for schools and employers with the following offer of risks: accidental death, permanent consequences from accident, daily indemnity.

**Accident insurance included in ČSOB Pohoda product & service packages**
It has been sold since 2004 in cooperation with Československá obchodná banka when the bank started to offer its clients with three packages to current accounts such as „Pohoda", „Pohoda Plus" and „Extra Pohoda". Insurance of accidental death and serious permanent consequences from accident are included directly in the second and third package (Pohoda Plus and Extra Pohoda). This insurance is not arranged by client because it is already included in these two packages. The first package „Pohoda" does not contain accident insurance.

**Accident insurance for individuals – building savers using Profit Kľúčik saving type**
It has been sold since 2004 and in cooperation with ČSOB stavebná sporiteľňa from the middle of 2006. The insured person is a minor building saver not older than 18 years of age and his/her legal representative of building saving up to 65 years of age. The legal representative is covered for accidental death and permanent consequences in a scope of complete and permanent disability, the minor saver for the specifically contracted serious permanent consequences from accident.

## Products offered by ČSOB bank branches in Slovakia

**ČSOB Optimum** – capital life insurance
**ČSOB Optimum Profit** – capital life insurance
**ČSOB Invest** – investment life insurance
**ČSOB Invest Garant** – investment life insurance
**Insurance of consumer loans**
**Insurance of mortgages**
**Travel insurance individually**
**Travel insurance to payment cards**
**Accident insurance in ČSOB Pohoda product & service packages**
**Insurance of consumer loans, mortgages and multi loans**
**Domos Kompakt** – comprehensive insurance of family houses, flats and households
**Compulsory vehicle insurance** – liability for damage caused by motor vehicle



# XI. List of products (continued)

## Products offered by brokers

**KZP Komplet** – variable capital life insurance

## Insurance offered to businesses and businessmen

**Insurance for damage and destruction of things by natural hazard**
It covers damages caused by fire, explosion, strike of lightning, impact or crash of a manned flying object, spate, flooding, windstorm, landslide, earthquakes, and damage by vehicle impact, supersonic wave and water from plumbing fixture.

**Insurance of damages caused by theft – burglary or robbery**
It is arranged for cases of stolen thing by burglary, robbery, fraud, for cases of unauthorized utilization of a thing, concealment, misappropriation, willful damaging of somebody else's thing.

**Construction and assembly insurance**
It offers a complex and adequate protection against all risks impending by the performance of construction and assembly of machines and devices and steel structures and industrial equipments.

**Insurance of machines**
It is arranged for sudden damage or destruction of the insured machine by any accidental event, which restricts or disables its operation.

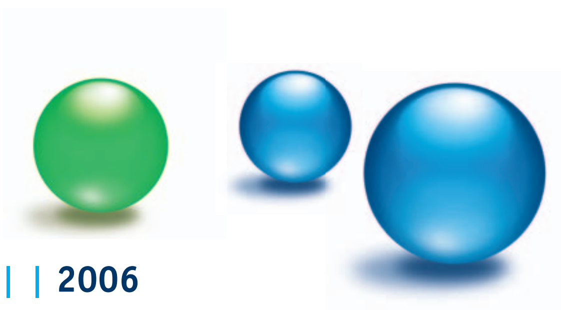
**Insurance of electrical devices**
It is arranged for sudden damage or destruction of insured electrical devices by any accidental event, which restricts or disables their operation

**Insurance of general damage liability of individuals and legal entities**
It relates to liability for damage caused to somebody on property, health as a result of activity of the insured or in relation to the insured or in connection to execution of ownership right, operation and property administration by the insured. Within this insurance it is possible to undertake insurance of damage liability incurred by regressive claims of health insurance companies or subsequent financial loss.

**Insurance of motor vehicles**
It is arranged for the event of sudden destruction or damage of motor vehicle caused by accident, natural hazard, vandalism and theft of a vehicle.

**Insurance of passengers**
It is arranged for accidental death and permanent consequences caused by the accident during transportation of passengers in a motor vehicle.

**Insurance of transported goods and stock**
It is arranged for sudden damage or destruction by natural hazard, theft and damage incurred due to accident investigated by the police.



# XI. List of products (continued)

**Insurance of glass**
It is arranged for damage or destruction of glass, if the insured framed or attached glass was broken, cracked or damaged in a way its replacement is necessary.

**Special types of insurance**

**Insurance of liability for product**

**Insurance of liability for damage of design, construction and consulting services of entrepreneurs in building and engineering industry**

**Insurance of liability of accounting, tax advisors and auditors**

**Insurance of liability of experts, interpreters and translators**

**Insurance of liability for damage caused by a health care facility service provider**

**Insurance of liability for damage caused by managers, directors and member of the Board of Directors**

**Insurance of liability for damage caused by authorized geodesists and cartographers**

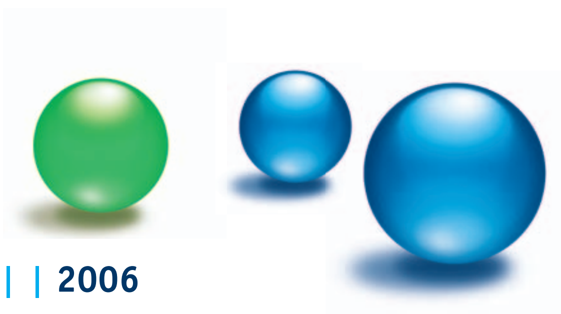
**Insurance of damages caused by fire or machine-related operation interruption**

**Insurance of exhibition**

**Insurance of liability for damage caused by local or international road carrier**

# XII. Points of sale of ČSOB Poisťovňa

| Town | Street | Phone |
|---|---|---|
| Banská Bystrica | Národná 8 | 048 471 53 11 |
| Banská Bystrica | Robotnícka 6 | 0907 811 137 |
| Bardejov | Dlhý rad 16 | 054 472 49 08 |
| Bardejov | Radničné nám. 7 | 0907 632 404 |
| Bratislava | Prievozská 2/A, Apollo BC | 02 582 750 88, 55 |
| Bratislava | Drieňová 27 | 02 433 301 48 |
| Bratislava | Radlinského 10 | 02 526 326 31 |
| Dolný Kubín | Na sihoti 1162/31 | 043 539 19 26 |
| Dolný Kubín | Radlinského 1710/30 | 043 586 23 10 |
| Dubnica nad Váhom | Pod hájom 952/1 | 042 442 03 03 |
| Dunajská Streda | Korzo Bélu Bartóka 14/B | 031 552 94 74 |
| Galanta | Vajanského 871/7 | 031 780 66 53 |
| Hlohovec | Pribinova 46 | 033 772 41 08 |
| Humenné | nám. Slobody 19 | 057 775 07 35 |
| Ilava | Košecká 30/21 | 042 446 50 20 |
| Kežmarok | Baštová 6 | 052 452 53 60 |
| Komárno | Rozmarínová 24 | 035 770 02 10 |
| Košice | Krivá 18 | 0905 917 275 |
| Košice | Letná 27 | 055 622 33 53 |
| Levice | nám. Šoltésovej 2 | 036 631 35 09 |
| Levoča | Vetrová 2 | 053 451 00 73 |
| Liptovský Mikuláš | Tranovského 2 | 044 551 41 22 |
| Lučenec | Dr. Vodu 6 | 047 433 22 02 |
| Malacky | Radlinského 5281 | 034 772 31 58 |
| Martin | M. R. Štefánika 66 | 043 492 25 78 |
| Michalovce | Jaroslawská 7 | 056 644 26 08 |
| Námestovo | Červeného kríža 62/30 | 043 552 26 20 |
| Nitra | Kmeťkova 27 | 037 741 02 26 |
| Nové Zámky | Podzámska 32 | 035 640 31 08 |
| Poprad | Hviezdoslavova 28 | 052 788 02 11 |
| Považská Bystrica | M. R. Štefánika 157/45 | 042 432 49 20 |
| Prešov | Hlavná 80 A | 051 746 09 01, 02 |
| Prievidza | Matice slovenskej 12 | 046 542 34 38 |



# XII. Points of sale of ČSOB Poisťovňa

| Town | Street | Phone |
|---|---|---|
| Prievidza | Hviezdoslavova 3 | 046 542 20 99 |
| Púchov | F. Urbánka 816 | 042 463 12 35 |
| Revúca | Murárska 2 | 058 442 63 90 |
| Rimavská Sobota | Bélu Bartóka 2-4 | 047 563 18 49 |
| Ružomberok | Podhora 48 | 044 432 57 11 |
| Sabinov | nám. Slobody 46 | 0903 484 677 |
| Sečovce | nám. sv. Cyrila a Metoda 154 | 056 678 47 60 |
| Senica | Hollého 742 | 034 652 00 16 |
| Snina | Strojárska 2525 | 057 758 35 40 |
| Spišská Belá | ul. SNP 2363 | 0907 979 926 |
| Spišská Nová Ves | Letná 49 | 053 442 22 09 |
| Spišská Nová Ves | Zimná 49 | 053 / 449 31 69 |
| Spišské Podhradie | Mariánske nám. 34 | 053 454 10 54 |
| Stará Ľubovňa | ul. 17. novembra 14 | 052 432 43 68 |
| Stropkov | Hviezdoslavova 26/17 | 0905 488 728 |
| Šaľa | Hlavná 14 | 031 770 00 74 |
| Topoľčany | Obchodná 1321/6 | 0905 946 375 |
| Topoľčany | M.R.Štefanika 2261 | 0905 492 029 |
| Trenčín | Vajanského 3 | 032 746 47 60 |
| Trnava | Štefánikova 25 | 033 551 23 71 |
| Tvrdošín | Trojičné nám. 191 | 043 532 88 92 |
| Veľké Kapušany | Hlavná 195 | 0908 648 398 |
| Vranov nad Topľou | nám. Slobody 2 | 057 446 40 87 |
| Zvolen | nám. SNP 35 | 045 540 07 33 |
| Žilina | Revolučná 2 | 041 507 89 10 |