





· CONTENTS

- 02 ADDRESS
- 03 ADMINISTRATIVE BOARD
SUPERVISORY BOARD
- 04 A FEW WORDS ABOUT US
- 07 ACTIVITIES OF DDP STABILITA IN FIGURES
- 09 BALANCE SHEET AT 31st DECEMBER 2002
PROFIT AND LOSS STATEMENT AT 31st DECEMBER 2002
- 13 AUDITOR'S REPORT
- 14 VISIT US



· ADDRESS

Dear clients and business partners,

five years in history of mankind is only negligible moment. However, five years in life of one company is a piece of history. Celebration of the fifth birthday of DDP STABILITA was not pompous as many people would expect. But for me and fellow workers and colleagues it was a pleasant occasion - to put a stop to time for a while. To get back to time when preparation for "start" culminated, when thanks to enthusiasm of then workers, readiness and active endeavour of founders, but even thanks to confidence and support of social partners in many enterprises, our company was ready to enter the market.

Somebody wise said: "Man's feet always ought to go ahead, but the head ought to look back every now and then. It is the only occasion how to find out whether you did not wander..."

I must avow that I gladly look back after the year 2002 at any time. Not only because of fact that it was already mentioned jubilee, but mainly because of fact that we did a piece of good and responsible work. Even thanks to our company, majority of public knows this kind of pension insurance today or at least knows that it is something out of the frame of general insurance in commercial insurance companies.

Almost 500 thousand citizens contribute to improvement of their senior years by special payments, accumulating in four DDPs about 9 billion crowns. As it is relatively new kind of insurance in our country, it is no doubt that we can say about success.

Even our company can express satisfaction with it. Almost 30 thousand new clients - the savers increased the big family of STABILITA. The insurance company so not only overrun annual plan, but it passed magic limit in insurance - 100 000 clients. In addition, this increase of clients was the maximum in up to now company's history at all. Significant increase was registered even in number of concluded employer's contracts, total number of which reached almost 2 800 at the end of the year.

Our clients entrust us daily with not little money. So they expect that it will be safely and responsibly taken care of them in long-term. Even though the basic moment in investment politics of DDP STABILITA is not an effort to get the highest investment assets returns, but first and foremost safe investment reasonable assets up-valuation, we are glad that neither in 2002 we lost lead, and that we up-valuated finances trusted with the highest final effect again.

I'm well aware that statement of numbers is very convincing, but after each of them it necessary to see a client, his/her needs, wishes, interests. Confidence of clients can not be reciprocated with nothing else as serious work, fair and human approach and quality service. In last year we tried to get maximum with regard to it. New Benefit Scheme made a quality development, it brought wider offer of pension products and eventually it went beyond the law frame when it eliminated its rigidity in admission of claims. We considerably widened the rows of our commercial agents as well as co-operators to which we can turn with confidence. 10 new partners of "Packet of Benefits" entered "Family of Stabilita" project that offer our clients goods and services with interesting discounts. Our clients found the answers to their most

frequent questions in first issue of Bulletin and its further issue will be prepared in 2003, too.

This short specification is only a part of what we tried to achieve in the jubilee fifth year of our existence. But I am convinced that credibility and function of our system will be best documented by data of activity and financial management that you'll find on the following pages of this annual report. They are not only a result of liable and serious approach to all our clients, but also a promising starting point for next year. That one, that just has begun, will not be easy at all. Start of long expected overall reform of pension system waits for us, including transformation of complementary pension insurance itself. Viability of this system, confirmed by more than five-year history, is an assumption for further improvement of position of Complementary Pension Insurance Companies and consolidation of their reason leading to future growth of their importance.

And I do believe that you will assist at it together with us. In conclusion, I would like to thank all our clients, beneficiaries, employers as well as business partners for their confidence and favour, for their support and fair relations that daily help us to grow, develop and achieve our common goal.

Ing. Marián Štofko

Generálny riaditeľ Doplnkovej dôchodkovej poisťovne STABILITA



· ADMINISTRATIVE BOARD

· SUPERVISORY BOARD

Representatives of the employers:

František Cenker
Ing. Ladislav Martinkovic
Ing. Veronika Maxonová
Ing. Anton Sklárcik
JUDr. Marián Zima
Ing. Ján Zacko

Representatives of the employers:

Július György
Ing. Marián Kurcík - Vice-Chairman of the Supervisory Board
Bc. Peter Jackulík
Ing. Marta Mináriková
František Ujlaki
Ing. Dušan Zelinka

Representatives of the insurees:

Ing. Ladislav Drabik, MBA - Chairman of the Administrative Board
Róbert Kulík
JUDr. Magdaléna Martincová
Ing. Ján Perzel

Representatives of the insurees:

Ing. Jozef Bušša
Ing. Mária Kostelníková
JUDr. Nataša Kucerová
Štefan Skubák - Chairman of the Supervisory Board

Representatives of the beneficiaries:

Peter Duriancík
Ing. Rudolf Pecar - Vice-Chairman of the Administrative Board

Representatives of the beneficiaries:

Ing. Štefan Mišovec
Ing. Vladimír Pojtek



· A FEW WORDS ABOUT US

- DDP Stabilita was registered with the Ministry of Labour, Social Affairs and Family on 5th December 1997,
- its business line is performance of complementary pension insurance,
- DDP Stabilita is an insurance company with strong employer's and employee's background,
- it is not charged by any loan or credit,
- within a public control the employers as well as the insurees can observe financial management of the insurance company and check the state of their individual accounts,
- within complementary products we offer above standard services in form of bargain discounts at purchase of some kinds of goods and services in a network of shops of our contracting partners,
- we up-valuate funds held in trust absolutely effectively, but safely, at observance of principles of maximum safety at investment,
- we up-valuate funds held in trust absolutely effectively, but safely, at observance of principles of maximum safety at investment,
- nowadays function of depository is performed by Slovenská sporiteľňa, a.s.

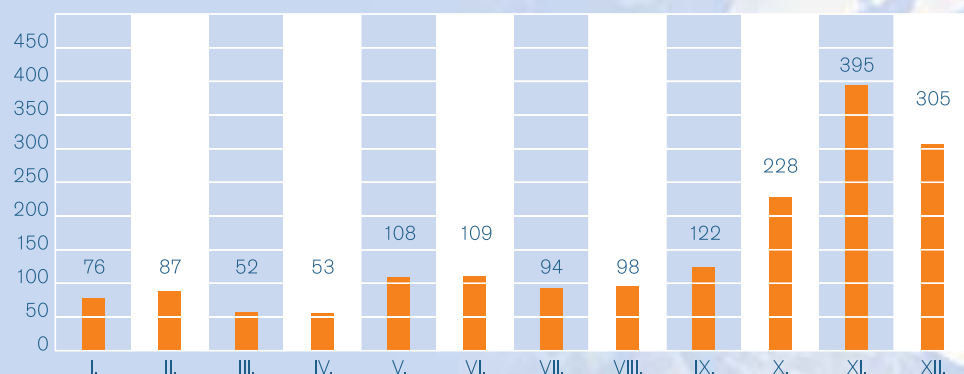




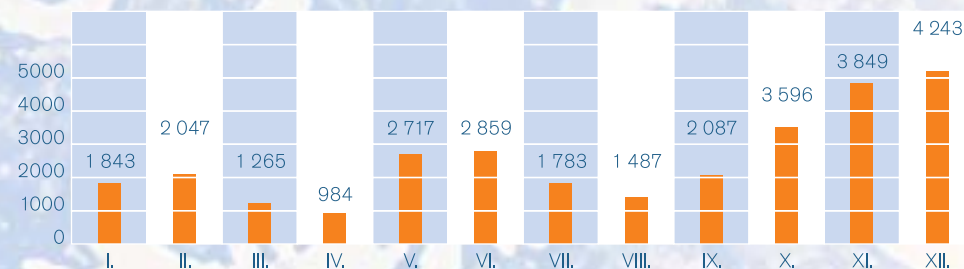
DDP Stabilita operates on market more than five years and it is second oldest and strongest complementary pension insurance company in Slovak Republic. Year 2002 was from the point of view of commercial activity definitely the most successful in up to now history of our company. Adjusting the Benefit Scheme, we prepared for our clients better conditions of saving that consider needs of clients as well as their employers. Almost 103 thousand clients that had concluded employee's and insuree's contracts until the end of 2002 ensured for DDP Stabilita more than 23% share in complementary pension insurance market. The longer our company operates on market, the more persons are able to use advantages of this kind of saving in accordance with conditions set by the Benefit Scheme. Only for the year 2002 the amount of beneficiaries increased by 4922 and DDP Stabilita paid them 86 billion crowns. Overall number of beneficiaries at the end of the year evaluated was 8860. DDP Stabilita keeps the absolute primacy among all complementary pension insurance companies in up-valuation of the insuree's funds.

Consolidation of position as well as positive perception of system of complementary pension insurance in Slovakia was reflected not only in growth of trust of the insurees themselves in this system, but also in an increased interest of the employer's subjects. It is proved by fact **that in 2002 we concluded 1 727 new employer's contracts**, that is more than for four previous years in total. Overall number of the employer's contracts so increased achieving 2 777 and the employees' potential overreached limit of 206 000. The increase of interest of the employers with foreign capital share, financial institutions as well as the enterprises operating in Slovakia is gratifying. Mainly in last term we noticed an increased interest in conclusion of these contracts with the employers of public sector. Basic conditions for it were created by collective agreement signed by representatives of the government, employer's organizations in public service and trade union.

Course of the employer's contracts conclusion in 2002



Number of the employee's and insuree's contracts concluded during 2002



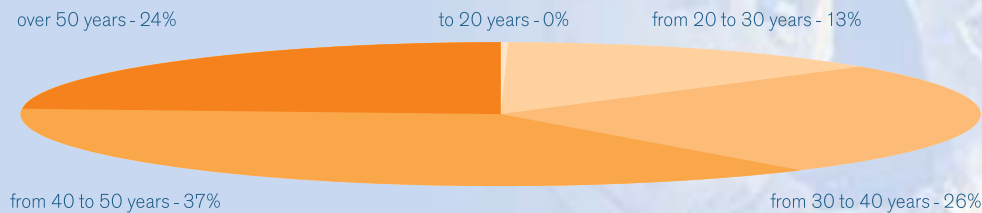
Interest in complementary pension insurance in evaluated period was shown, in addition to the employees to future pensions of which their employer contributes even other economically active groups of the citizens. Persons interested could use not only services offered directly in sales centres of DDP Stabilita but also the services of sales managers and external co-operators operating in all regions of



Slovakia. Even thanks to their qualified guidance and service DDP Stabilita concluded in 2002 **28 760 new employer's and insuree's contracts**, fulfilling so the annual plan of sale for **115%**, and total number of the insurees increased to **102 431**. Regarding further indicators observed, it could be mentioned development trend of average insuree's contribution that increased by almost 25% and at 31st December 2002 it was **716 Sk.** Considering that complementary pension

insurance is a long-term insurance, important determinant of economic stability of the insurance company is the age structure of its insurance stock. Average age of DDP Stabilita client is **43,7 years**, while from the point of view of expected retirement age it is interesting to observe even the share of insured women and men. Nowadays DDP Stabilita has insured **62 789 men and 39 642 women**.

Strukture assured following age



Structure of the insurees by sex





· ACTIVITIES OF DDP STABILITA IN FIGURES





Accounting procedures, way of bookkeeping and legal obligations

Complementary pension insurance company STABILITA keeps accounting in accordance with law 431/2002 of Collection of Laws as amended and in accordance with Order No. 3177/1998 - KM by which an accounting system and proceedings of accounting of the entrepreneurs are set, as amended by Order No. 21891/1999-92 and Order No.22815/2000-92. At bookkeeping, requirements of valid tax laws as well as Law No. 123/1996 of Collection of Laws of complementary pension insurance as amended by Law No. 409/2000 of Collection of Laws are observed.

To keep accounting, an In-company regulation was prepared that is based on above mentioned legal standards and, at the same time, it elaborates particularities concerning complementary pension insurance

After accounting period expiration, an annual statement of finances is prepared. It consists of Balance sheet, Profit and loss statement, Annex , including Survey of cash flows.

Performance of complementary pension insurance company is strictly regulated by Law No. 123/96 of Collection of Laws and, at the same time, it is legislatively supported by Law No. 366/99 of Collection of Laws as amended.

The most important parts of above mentioned legislative standards:

- the insurance company may not overreach set by law amount of administrative expenses (6%, after five years lapse 3% of incomes),
- intention, way and extent of use of funds as investments is exactly set in § 34,
- the insurance company is obliged to create reserve fund from the economic result in amount of 2.5% yearly and Administrative board decides on its use,

- contributions to complementary pension insurance paid by the employee decrease income tax basis by 10% of income, but not more than by 24 000.- Sk per year,
- contributions to complementary pension insurance paid by the tax-payer with incomes by §7 and §10 section 1 letter l) are up to the amount of 10% of this income, but not more than 24 000.- Sk per year, part of tax expenses,
- contributions paid by the employer for the employees who are the insurees are up to the amount of 3% of paid wages of the insurees part of the employer's costs necessary for achievement, provision and keeping of incomes,
- contributions paid by the employer for the employees who are the insurees are up to the amount of 6% of insurees' wages paid part of costs of the employer necessary for achievement, provision and keeping of incomes, if such employees perform works are classified upon decision of competent authority of health protection as works of category 3 or 4,
- 0% tax is deducted by the insurance company from benefits provided from complementary pension insurance,
- the insurance company as non-profit organization is obliged to distribute the entire economic result, after deduction of creation of reserve fund, in favour of the insurees and beneficiaries.

· PROFIT AND LOSS STATEMENT

Year	2002	2001
Assets in total	1 853 404	1 183 245
Fixed assets	1 516 210	879 965
Intangible fixed assets	6 557	6 169
Tangible fixed assets	15 306	16 701
Financial investments	1 494 347	857 095
Short-term assets	192 249	264 561
Inventory	143	419
Short-term receivables	4 697	2 657
Financial assets	187 409	261 485
Other assets	144 945	38 719
Deffered expenses	5 139	6 502
Accrued revenues	131 426	32 175
Foreign currency exchange rate losses	8 380	0
Estimated receivables	0	42
Liabilities in total	1 853 404	1 183 245
Equity	106 410	54 836
Funds from profit	10 576	8 542
Net profit or loss of last years	67	73
Net profit or loss of current accounting period	95 767	46 221
Outside resources	1 707 268	1 116 283
Exchange rate loss reserves	8 380	0
Long-term liabilities	1 689 820	1 103 652
Short-term liabilities	9 068	12 631
Bank loans and credits	0	0
Other liabilities	39 726	12 126
Accrued expenses	1	0
Deferred revenues	9 071	7 646
Foreign currency exchange rate gains	293	3 669
Estimated payables	30 361	811

· BALANCE SHEET TO 31. 12. 2002

Year	2002	2001
Production consumption	40 469	8 142
Material and power consumption	7 272	2 283
Services	33 197	5 859
Value added	-40 469	-8 142
Personal costs	39 843	14 783
Staff costs (wages)	31 267	11 489
Social security expenses	7 619	2 936
Social costs	957	358
Taxes and fees	60	18
Depreciations of intangible and tangible fixed assets	6 531	3 625
Revenues from sale of tangible fixed assets	18	0
Other operating revenues	567	452
Other operating costs	159	18
Operating economic result	-86 477	-26 134
Revenues from securities sale	516 634	239 341
Securities and contributions sold	478 759	237 198
Revenues from financial investments	96 244	49 425
Revenues from short-term financial assets	11 658	9 060
Revenues interest	1 703	8 501
Cost interest	0	0
Creation of reserves for financial costs	8 380	0
Accounting for reserves to financial revenues	0	1 319
Other financial revenues	76 188	3 683
Other financial costs	32 660	1 873
Economic result from financial operations	182 628	72 258
Income tax on ordinary income	108	0
Net profit or loss from ordinary services	96 043	46 124
Extra revenues	0	97
Extra costs	276	0
Extra net profit or loss	-276	97
Net profit or loss for accounting period	95 767	46 221

Fixed assets

Structure of fixed assets registered at 31st December 2002 or 31st December 2001 in balance sheet is following:

	Current accounting period at 31st December 2002		at 31st December 2001	
	Brutto	Correction	Netto	Netto
Fixed assets	1 556 856	40 646	1 516 210	879 965
Intangible fixed assets	26 483	19 926	6 557	6 169
Incorporation expenses	347	347	0	0
Software	23 057	17 786	5 271	3 576
Valuable rights	2 010	1 106	904	1 306
Other intangible fixed assets	1 069	687	382	136
Not completed investments	0	0	0	1 151
Tangible fixed assets	36 026	20 720	15 306	16 701
Machines, appliances, devices	20 729	16 434	4 295	5 395
Other tangible fixed assets	15 297	4 286	11 011	11 306
Financial investments	1 494 347	0	1 494 347	857 095

At the end of period observed, the insurance company had in its portfolio government securities denominated in Slovak crowns as well as EURO, securities BACA, other securities in EURO, certificates of deposit and deposit bills of exchange.

Short-terms assets

At the day of statement of finances, the insurance company shows assets in the following structure:

	at 31st December 2002	at 31st December 2001
Short-term assets	192 249	264 561
Inventory	143	419

Short-term receivables

Financial assets

	4 697	2 657
Financial assets	187 409	261 485
Money	395	83
Accounts in banks	54 950	47 359
Short-term financial assets	132 064	214 043

Other assets

Other assets of the insurance company consist of:

	at 31st December 2002	at 31st December 2001
Other assets	144 945	38 719
Accruals and deferrals	144 945	38 677
Contingencies	0	42

The most important item of accruals and deferrals are accrued receipts by means of which revenues belonging to 2002 were accounted for open time deposits, coupons to securities being in portfolio and other open positions on money and capital market payable in next periods.

Funds

Complementary pension insurance company is obliged to create reserve fund from profit and at payment of a lump-sum at recession from contract, contributions paid by the employer become to be a part of reserve fund as, in accordance with law, the insuree has no right to get them. Structure of reserve fund is shown in table:

	at 31st December 2002	at 31st December 2001
Reserve fund by § 33	6 315	5 160
Reserve fund from gratuity	4 261	3 382



Outside resources

Outside resources have the biggest share in total liabilities structure of which is as it follows:

	at 31st December 2002	at 31st December 2001
Outside resources	1 707 268	1 116 283
Exchange rate loss reserves	8 380	0
Long-term liabilities	1 689 820	1 103 652
Short-term liabilities	9 068	12 631
Payables upon business relations	1 852	7 203
Payables to the employees	3 338	3 016
Payables upon social security	1 113	1 005
Payables to taxing authority	2 647	1 282
Other liabilities	118	125
Bank loans and credits	0	0

Long-term liabilities present payables to our insurees that will be payable in time of fulfilment of conditions for payment of benefits mentioned in schedule of benefits.

Other liabilities

Other liabilities of the insurance company consist of the following items:

	at 31st December 2002	at 31st December 2001
Accruals and deferrals	9 365	11 315
Estimated payables	30 361	811

Condition for registration of complementary pension insurance company was deposition of prescribed amount of financial funds necessary for start and beginning of performance of complementary pension

insurance. Financial funds were in form of specific deposit, balance of which is observed just in liabilities in item of accruals and deferrals.

Administrative expenses

Amount of administrative expenses that can be used by complementary pension insurance company is strictly determined by Law No. 123/96 of Collection of Laws in § 32. Amount of costs for administration of respective year is determined by administrative board of the insurance company.

During I. - XII.2002, administrative expenses in amount of **88 853 thousand Sk** were achieved that is **5,25 %**. The costs of investment acquisition are the part of of these administrative expenses, amount of which was 31 144 thousand Sk 2002 and foreign currency exchange rate loss reserves created in accordance with law in amount of 8 380 thousand Sk.

Revenues

Incomes from assets managed by DDP Stabilita - revenues achieved **224 253 thousand Sk**. They were created from paid coupon revenues from paid coupon yields from government securities, from paid revenue interests on time deposits, deferred coupon yields from government securities, and other accounted contingencies. Realization of derivate deal - interest swap that was untimely closed upon prognosis of development of interest rates upon agreement of parties concerned has more than 30% share in revenues achieved.

Revenues achieved are the result of quality research of offers of commercial banks, use of financial tools, such as derivatives - forward, swap and most profitable investment of money funds with the final effect **18,45 %** average rate of up-valuation achieved.

Economic result

Economic result shown - profit in amount of **95 767 thousand Sk** presents share of the insurees in revenues from financial management and after approval by administrative board, after deduction of compulsory contribution to reserve fund, it will be put down to insurees' and beneficiaries' accounts.

Structure of investment portfolio

At up-valuation of the insurees' assets, DDP STABILITA applied rather conservative approach using classic tools of money and capital market, and, on the other hand, it applied in practice rarely used securing and financial tools, such as forward, swap. Structure of investment portfolio was aimed - with regard to character of complementary pension insurance and possibilities of Law 123/96 of Collection of Laws - at tools bringing to insurees an adequate up-valuation of their funds.

Deposit bill of exchange-33,85%

Government securities in Slovak Crowns-33,92%



Chronological survey of some indicators of DDP STABILITA financial management

Indicator	1998	1999	2000	2001	2002
% of up-valuation (gross)	19,80	20,06	14,18	10,03	18,45
% of receipt of payment on the insuree's account	11,76	14,11	9,46	6,03	7,71
% of use of administrative expenses	2,23	4,84	2,83	2,46	5,25
Revenues in total (thousand Sk)	7 000,00	38 764,00	56 331,00	74 679,00	224 252,00
Costs in total (thousand Sk)	2 442,00	14 024,00	18 052,00	28 458,00	128 485,00
Profit (thousand Sk)	4 558,00	24 740,00	38 279,00	46 221,00	95 767,00
Reserve fund amount	1 934,00	5 644,00	6 478,00	8 542,00	10 576,00



AUDITOR'S REPORT

AUDITOR'S REPORT

Complementary Pension Insurance Company STABILITA

We have performed an audit of enclosed financial statement of the Complementary Pension Insurance Company STABILITA for the year that was finished on 31st December 2002. The company management is responsible for preparation of financial statement and keeping of accountancy so that it would be complete, provable and correct in accordance with valid laws and regulations. We are responsible for statement of opinion of this financial statement based on audit results.

Audit was performed in accordance with Law No. 73/1992 of Collection of Laws about auditors and Slovak Chamber of Auditors as amended by further regulations and Slovak auditor's standards issued by Slovak Chamber of Auditors. By these standards, we must prepare and perform the audit to get objective opinion that financial statement does not include substantial incorrectnesses. Audit includes verification of accounting records and other information showing data of statement of finances in a selective way and evaluation of accounting methods and important estimations used by DDP STABILITA at preparation of statement of finances as well as appraisal of overall presentation of statement of finances.

Upon the results of applied auditor's procedures, we are convinced that audit provided an objective base for our opinion presentation.

In our opinion, financial statement, in all significant connections, truly presents financial situation of DDP STABILITA at 31st December 2002 and the economic result for above mentioned year in accordance with the act of accounting.

Without any effect to our opinion, we notice that on 29th January 2003 it was realized premature termination of depreciated interest swap and suspension of all payments agreed in original contract. This event occurred after the days at which statement of finances is prepared. DDP Stabilita management decided on accounting of aliquot amount of subject interest swap since its first settlement that occurred on 21st November 2002. Aliquot amount from last settlement, i.e. from 22nd November 2002 to 31st December 2002, i.e. 40 days, is 61 284 500.- Sk that was carried to account of revenues of 2002 in a form of accrued revenues.

In Košice on 20th February 2003

Seal of
The Slovak Chamber of Auditors
HZ Košice, s.r.o.
Licence of SKAU (Slovak Chamber of Auditors)
No.8

Auditor's Company
HZ Košice, s.r.o.
Licence of SKAU No. 8



Responsible auditor
Ing. Jozef Mičuch
Decree of SKAU No. 128
Illegible signature





· VISIT US

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DDP STABILITA
COMPLEMENTARY PENSION INSURANCE COMPANY