

# 2014

ANNUAL  
REPORT



## **2014 ANNUAL REPORT**

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

# CONTENTS

About the Company .....	6
Shareholder description.....	7
Board of Directors and Supervisory Board .....	9
Introduction by the Chairman of the Supervisory Board.....	11
Introduction by the Chairman of the Board of Directors .....	15
Members of the Supervisory Board .....	18
Members of the Board of Directors .....	19
Management report.....	21
Principal indicators of ČPP .....	26
Awards acquired in 2014 .....	27
Business activities in 2014.....	28
Internal and external distribution networks, cooperation with business partners.....	30
Objectives and strategy for the year 2015 .....	31
Reinsurance.....	32
Human resources .....	33
Corporate social responsibility .....	34
Product portfolio in 2014 .....	36
Vienna Insurance Group .....	43
Auditor's report.....	49
Financial part.....	55
Balance sheet as at 31 December 2014.....	56
Profit and loss account for 2014.....	61
Statement of changes in equity for 2014.....	65
Notes to statutory financial statements as at 31 December 2014.....	67
Report of the Board of Directors on Relations between Related Parties .....	106
Appendix to the Report of the Board of Directors on Relations between Related Parties.....	110
Report of the Supervisory Board.....	120
Organisational structure .....	122
List of regional directorates and branch offices .....	125
Map of contact points.....	135

## ABOUT THE COMPANY

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

("Česká podnikatelská pojišťovna" or "ČPP")

**Registered office:** Pobřežní 665/23, 186 00 Praha 8

**Registered capital:** BCZK 1

**Client phone line:** 841 444 555

**E-mail:** info@cpp.cz

**Company web site:** www.cpp.cz

**Identification number:** 639 98530

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**Net profit MCZK 514**

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**Gross premiums written: BCZK 7.7**

### Motor third-party liability insurance contracts concluded for more than 1,000,000 vehicles

The Company is the third largest provider of MTPL in the Czech Republic.

### Life assurance gross premiums written: BCZK 2.3

The share of life assurance gross premiums written on total gross premiums written of ČPP is almost 30%.

### Vienna Insurance Group

Česká podnikatelská pojišťovna is a member of one of the major European insurance groups.

### Establishment and incorporation of the Company:

Česká podnikatelská pojišťovna was established on 22 June 1995, and recorded in the Commercial Register on 6 November 1995.

### Sole shareholder (since 1 July 2005):

Kooperativa pojišťovna, a.s., Vienna Insurance Group

Pobřežní 665/21, 186 00 Praha 8

Identification number: 471 16 617

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**Number of full-time employees of the Company as at 31 December 2014:**

826

## SHAREHOLDER DESCRIPTION

### Kooperativa pojišťovna, a.s., Vienna Insurance Group

("Kooperativa")

**Registered office:** Pobřežní 665/21, 186 00 Praha 8

**Registered capital:** BCZK 3

**Client phone line:** 841 105 105

**E-mail:** info@koop.cz

**Company web site:** www.koop.cz

**Identification number:** 471 16 617

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**Net profit MCZK 2,665**

### Gross premiums written: BCZK 31.74

Gross premiums written for 2014 slightly exceeded the amount of premiums written for 2013.

### Market share (according to CAS 20.78%)

Kooperativa is the second largest domestic insurance company.

### Vienna Insurance Group

Kooperativa is a member of the Vienna Insurance Group, one of the major European insurance groups.

### Entry of the Company's record in the Commercial Register:

Kooperativa pojišťovna, a.s., Vienna Insurance Group is recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1897.

### Shareholder structure (as at 31 December 2014):

VIENNA INSURANCE GROUP AG Wiener

Versicherung Gruppe

96.32 %

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

2.07 %

Svaz českých a moravských výrobních družstev

1.61 %

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**Number of full-time employees of the Company as at 31 December 2014:**

3,715



**BOARD OF DIRECTORS  
AND SUPERVISORY BOARD**

**INTRODUCTION  
BY THE CHAIRMAN  
OF THE SUPERVISORY  
BOARD**



The insurance industry is a significant part of the Czech financial services sector. Similarly as in the past, it significantly contributes to the economic and social stability in the Czech Republic. However, it also means that the Czech insurance market has been coping with the overall stagnation of the economy primarily in the recent years.

After several years of stagnation or even decline, the Czech insurance market reported a moderate growth in 2014. The total gross premiums written in the Czech insurance market grew year-on-year by 1.1% to BCZK 115.2. This minimum increase was generated primarily by non-life insurance, especially MTPL, which reported a certain level of premium rate improvement in 2014. On the contrary, in terms of the life assurance segment insurance companies were facing a drop both in respect of single premium and regular premium products and the market also reported a decline.

Even in these difficult times combined with extremely low interest rates, the Czech-based companies from the Vienna Insurance Group again strengthened their position in the main market of the VIG group in 2014. The total gross premiums written by Česká podnikatelská pojišťovna, Kooperativa and Pojišťovna České spořitelny in this strategically important market last year increased approximately by 1.3% to approximately BCZK 51.5 (EUR 1.9 billion) last year and took an approximately 20% share of the total gross premiums written by VIG in 2014. The Combined Ratio dropped to the historically best result of 86.2%. The fact that the VIG ČR group defended its position of the Czech insurance market leader with its 33.7% market share is a success.

I would like to emphasise the great financial results of ČPP in 2014 which significantly contributed to the overall success of the Vienna Insurance Group in the Czech Republic. ČPP contributed primarily to the increase in gross premiums written in the MTPL segment where it has been ranking as number three market player for a long term already. I would also like to emphasise our success in the life assurance segment. ČPP reported the best result in terms of regular premium products among the top ten insurance companies in the Czech market.

The insurance sector and its role within the economy and life of individuals will be gaining on importance in future which can be proven among others by the growing number of insurance contracts concluded by ČPP. Thanks to its good results, last

year our company again showed that its name is a synonym of trustworthiness, confidence and excellent customer care for its clients. In addition, it is a partner on which they can fully rely in difficult situations.

I would like to express gratitude to my colleagues, our business partners, brokers and primarily to our employees for their work, effort and determination which have contributed to the success of ČPP in the highly competitive Czech insurance market. I would also like to thank our clients for their enduring confidence and trust in us.



Ing. Martin Diviš, MBA  
Chairman of the Supervisory Board

**INTRODUCTION  
BY THE CHAIRMAN  
OF THE BOARD  
OF DIRECTORS**



In 2014, Česká podnikatelská pojišťovna wrote gross premiums in a total volume of BCZK 7.7, which is a year-on-year increase of 6.6%. Under the methodology of the Czech Insurance Association, the gross premiums written by ČPP even rose by 9.8% and ČPP has thus become the fastest growing insurance company among the top ten insurance companies. With its market share of 5.7%, ČPP took 6th place among the insurance companies operating on the Czech insurance market.

If a company wants to be successful in the long term, it has to have above all satisfied clients behind all figures about its economy and growth percentages. We therefore have been innovating and extending our services and simultaneously we have been developing intensive cooperation with our distribution partners. I believe that product innovations in combination with a developed distribution network can create optimum growth conditions. These above-mentioned factors have contributed to our success in 2014.

We have achieved a better position in the ranking of the domestic insurance companies and in addition we reported better growth figures in the key segments compared to the market. Gross premiums written in the non-life insurance segment grew by 9.1% and in the life assurance segment by 12.7% under the statistics of Czech Insurance Association. Net profit under CAP was CZK 514 million. ČPP has been administering more than 1.5 million contracts and provides services to more than 900,000 clients.

Every year, we acquire awards in various competitions and surveys. In 2014, we gained among others two significant awards in the Life Assurance category in the Best Insurance Company competition organised by Hospodářské noviny. ČPP regularly ranks on the top positions in basically all categories of the prestigious Insurance Company of the Year competition organised by the Association of Czech Insurance Brokers.

We believe that it is correct to return a part of our success to the society either in form of financial support or active volunteering. We therefore give our support in both material and non-material form to a number of cultural and sports events or charities. Volunteering has an important position among our corporate social responsibility activities. Our employees can dedicate one working day to helping a non-profit organisation within the Social Activity Day project.

In 2014, the new Civil Code came into effect and simultaneously a number of regulatory measures were implemented. The implementation of these new regulations and requirements was connected with a lot of financial means and energy invested and primarily with a lot of effort of our employees. Thanks to great team work, we succeeded in implementing these changes and in addition in achieving excellent financial results. I would like to express many thanks to my colleagues and all employees of ČPP for this great achievement. I would also like to express gratitude to our business partners and clients for their confidence in our company. I am looking forward to our cooperation in 2015.



Ing. Jaroslav Besperát  
Chairman of the Board of Directors and Chief Executive Officer

## MEMBERS OF THE SUPERVISORY BOARD

**Ing. Martin Diviš, MBA**

Chairman of the Supervisory Board since 1 April 2013

**Dr. Hans-Peter Hagen**

Vice-chairman of the Supervisory Board since 1 April 2013

**Prof. Ing. Jaroslav Daňhel, CSc.**

Member of the Supervisory Board since 1 April 2013

**Ing. Martina Janurová**

Member of the Supervisory Board since 1 April 2013

**Ing. Pavel Cepek**

Member of the Supervisory Board since 1 April 2013

**Mag. Roland Gröll**

Member of the Supervisory Board since 1 April 2013

## MEMBERS OF THE BOARD OF DIRECTORS

**Ing. Jaroslav Besperát**

Chairman of the Board of Directors and CEO since 17 March 2010  
Education: University degree, Czech Technical University (ČVUT)  
He has been working in the insurance industry since 1994.



**Ing. Milan Nidl, MBA**

Member of the Board of Directors since 8 January 2009  
Education: University degree, technical cybernetics  
He has been working in the insurance industry since 2006.



**Ing. Vít Rozsypal**

Member of the Board of Directors since 15 July 2013  
Education: University degree, University of Economics  
He has been working in the insurance industry since 1995.



**Ing. František Vlnář**

Member of the Board of Directors since 23 November 2010  
Education: University degree, Czech Technical University (ČVUT)  
He has been working in the insurance industry since 1992.





**MANAGEMENT  
REPORT**

The year 2014 was a year of dynamic growth for ČPP. The total gross premiums written in 2014 amounted to BCZK 7.7, which is a year-on-year increase of 6.6%. Under the methodology of the Czech Insurance Association (CAP), the gross premiums written by ČPP even rose by 9.8% and ČPP has thus become the fastest growing insurance company among the top ten insurance companies. In 2014, ČPP provided services to more than 900,000 clients and administered more than 1.5 million contracts. In 2014, the net profit under CAS was CZK 514 million. The registered capital of the Company totals BCZK 1. The total assets of the Company amounted to BCZK 14.6 in 2014 and the technical provisions amounted to BCZK 8. With its market share of 5.7% (under the data of CAP), ČPP took 6th place among the insurance companies operating in the Czech insurance market.

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With its market share of 5.7%, ČPP took the 6th place among the insurance companies operating in the Czech insurance market.

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In 2014, ČPP continued the growth trend of the previous years and the strategy of successful development of all types of insurance products. ČPP keeps its traditionally strong position in terms of motor vehicle insurance,

primarily in terms of motor third-party liability insurance. With more than one million insured cars in its database, the Company has been the third largest market player for a long term already. In 2014, the market share in the MTPL segment reached 13.4% under the data of CAP. Compared to the market, ČPP was also successful in terms of motor casco insurance. Under the statistics of CAP, its motor casco segment grew year-on-year by 14.4%, which is the best result among the largest insurance companies in the market. The great success in terms of motor vehicle insurance is primarily due to the product line Autopojištění Combi Plus III. ČPP supported the sale of motor vehicle insurance products by launching a number of campaigns and discounts available to clients with a favourable claims experience.

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With more than one million insured cars in its portfolio, the Company has been the third largest market player for a long term already.

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The amount of life assurance gross premiums written also showed a very positive development and at the end of 2014 it reached BCZK 2.3. While the Czech life assurance market as a whole reported a decrease, life assurance

premiums written by ČPP rose by 2.9%. Under the methodology of CAP, life assurance premiums written by ČPP rose even by 12.7%. ČPP reported an increase of 14.8% in terms of an important life assurance segment - regular premium products - which is the best result among the top ten insurance companies in the Czech market. In 2014, the best-selling unit-linked assurance products comprised the following products - Evoluce for adults, Štístko for children and further Exclusive life assurance Maximum Evolution and OK1. In addition to its own insurance intermediary network, the Company has been realising a significant part of its sales through selected broker companies.

Non-life insurance premiums written also showed a year-on-year increase - by 8.2% under the Company's methodology and by 9.1% under the CAP methodology. The most successful segment of non-life insurance was insurance of individuals. ČPP has achieved this significant growth by implementing a suitable sales policy combined with product innovations. Industrial and business insurance forms a significant part of ČPP's product portfolio. In spite of the difficult situation in the market, ČPP continued the growth trend of the previous years and thanks to the very good cooperation with external partners and insurance brokers it succeeded in increasing the gross premiums written by 2.8%. ČPP offers its services not only to big companies but also to small and medium-sized businesses and self-employed persons.

The entire insurance market entered into the year 2014 with impatient expectations of whether they have managed to get ready for the recodification of private law and primarily whether and how the injured parties will be claiming insurance benefits mainly in connection with other than proprietary loss. In connection with the intergovernmental treaty concluded between the United States of America and the Czech Republic, ČPP fulfilled its duties within the process of creating a system of exchange of information for the purpose of fight against tax evasion (Foreign Account Tax Compliance Act - FATCA). In terms of life assurance, ČPP had to tackle several other changes within a short period of time, such as an amendment to the Income Tax Act, self-regulation measures and last but not least a decrease in the technical interest rate.

At the beginning of 2014, the Client Data Administration project was successfully completed. The objective of this project was to achieve effective data administration and data cleanness and their automation for the purpose of electronic correspondence. All three insurance companies from the VIG Czech Republic group continued the Optimisation programme in 2014 in order to achieve their cost savings objective. In its special projects, ČPP also concentrated on development of communication with clients, enhancement of IT systems security, innovation of the SUS Plus tool for the sales force (a SW system for conclusion of insurance contracts) and support of exchange of electronic data with selected partners. ČPP has also been preparing for the launch of Solvency II.

The financial results achieved by the Company have also been reflected in the awards acquired. ČPP regularly ranks on the top positions in basically all categories of the prestigious Insurance Company of the Year opinion poll organised by the Association of Czech Insurance Brokers. In 2014, ČPP acquired four awards in five categories announced. Jaroslav Besperát, chairman of the Board of Directors and Chief Executive Officer of ČPP, was awarded the title Insurance Person of the Year announced within the Fincentrum Bank of the Year competition. We also gained two significant awards in the Best Insurance Company competition organised by Hospodářské noviny. ČPP won the 2nd place in the main category „Best Life Assurance Company“, and the 3rd place in the category „Most Client-Friendly Life Assurance Company“. The list of awards can be concluded with the 2nd position in the category Insurance Companies of the public opinion poll Zlatý Měsíc.

## PRINCIPAL INDICATORS OF ČPP

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group is a universal insurance company which offers to its clients modern products and comprehensive life assurance and non-life insurance solutions.

It has been active on the Czech insurance market since 1995.

With a total number of more than 1,000,000 insured cars in its portfolio, ČPP is the third largest provider of motor third party liability insurance in the Czech Republic.

ČPP administers more than 1.5 million client contracts and provides its services to over 900,000 clients.

In 2014, the gross premiums written by ČPP totalled BCZK 7.7.

The registered capital of the Company amounts to BCZK 1.

The Company is an ordinary member of the Czech Insurance Association (CAP), the Czech Bureau of Insurers and other associations.

ČPP is reinsured by renowned global reinsurance companies.

Since 2005, ČPP has been a member of one of the major European insurance groups - the Vienna Insurance Group. Next to Česká podnikatelská pojišťovna, the following insurance companies from the Vienna Insurance Group have also been operating in the Czech market: Kooperativa, Pojišťovna České spořitelny, and VIG RE zajišťovna.

The Vienna Insurance Group with its registered office in Vienna is one of the leading insurance groups in Central and Eastern Europe. The group is represented in the Austrian market by Wiener Städtische Versicherung, Donau Versicherung and Sparkassen Versicherung. In addition to its main market in Austria, the Vienna Insurance Group is active in Albania, Belarus, Bosnia and Herzegovina, Bulgaria, the Czech Republic, Montenegro, Estonia, Georgia, Croatia, Liechtenstein, Lithuania, Latvia, Hungary, Macedonia, Moldova, Germany, Poland, Romania, Slovakia, Serbia, Turkey and the Ukraine through ownership interests in insurance companies. Next to these representations, Wiener Städtische Versicherung has branches in Italy and Slovenia and Donau Versicherung has a branch in Italy.

ČPP has been administering more than 1.5 million client contracts and provides its services to over 900,000 clients.

The Group's shares are traded under its international name, Vienna Insurance Group, at the stock exchanges in Vienna and Prague.

The Vienna Insurance Group was rated "A+ rating with stable outlook" by the Standard&Poor's rating agency.

## AWARDS ACQUIRED IN 2014

### Best Insurance Company

We also gained two significant awards in the Best Insurance Company competition organised by Hospodářské noviny. ČPP won the 2nd place in the main category „Best Life Assurance Company“, and the 3rd place in the category „Most Client-Friendly Life Assurance Company“. The survey has been processed by the Datank agency. The project has been announced under the auspices of Vladimír Tomšík, the Vice-Governor of the Czech National Bank.



### Insurance Person of the Year

Jaroslav Besperát, chairman of the Board of Directors and Chief Executive Officer of ČPP, was awarded the title Insurance Person of the Year announced within the Fincentrum Bank of the Year competition. He was elected the best chief executive officer of an insurance company operating in the Czech Republic by the top representatives of 19 nominated insurance companies. The organiser of the competition is one of the biggest financial advisory firms in the Czech Republic.

fincentrum



### Insurance Company of the Year

ČPP acquired awards in four out of five categories announced within the prestigious Insurance Company of the Year opinion poll. It ranked 3rd in the Industrial and Business Insurance category which has most attention. It also gained the notional 3rd position in the Motor Vehicle Insurance and Insurance of Individuals categories and 4th position in the highly competitive Life Assurance category. The competition is organised by the Association of Czech Insurance Brokers.



### Zlatý měšec

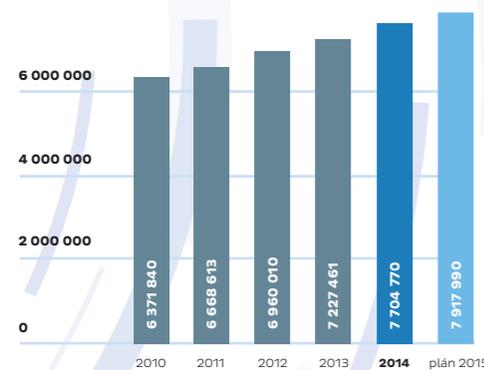
ČPP was awarded 2nd place within the jubilee 10th edition of the Zlatý Měšec opinion poll in the Insurance Companies category. ČPP managed to succeed among 38 institutions included in the poll which were nominated in this category. The readers of the financial portal Měšec.cz who are clients of these institutions were the jurors. The objective of this opinion poll was to choose the best financial institution in terms of a comprehensive evaluation of availability and quality of services.



# BUSINESS ACTIVITIES IN 2014

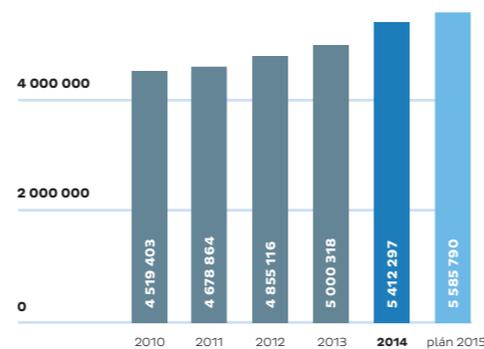
## Total premiums written (TCZK)

In 2014, Česká podnikatelská pojišťovna wrote gross premiums in a total volume of BCZK 7.7, which is a year-on-year increase of 6.6%. With its market share of 5.7%, under the CAP methodology ČPP ranked 6th among all insurance companies on the Czech market in 2014.



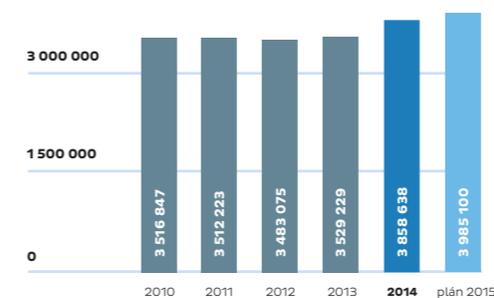
## Non-life insurance (TCZK)

The gross premiums written from non-life insurance grew year-on-year by 8.2%. The most successful non-life insurance segment was the property and liability insurance for individuals, which grew year-on-year increase by 24%. The year-on-year increase in this insurance class is supported by an adequate pricing policy of ČPP and by regular innovations in terms of product development.



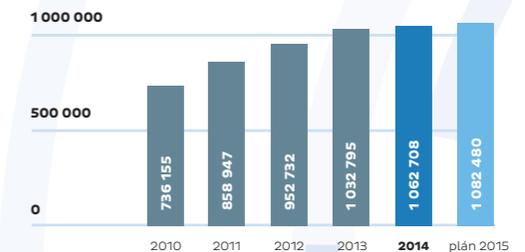
## Motor vehicle insurance (TCZK)

Total gross premiums written for motor vehicle insurance grew year-on-year by 9.3% to almost BCZK 3.9. In terms of MTPL, ČPP showed a growth of 7.3% and in terms of motor casco insurance a growth of 14.4%. ČPP keeps its traditionally strong position in terms of motor vehicle insurance, primarily in terms of motor third-party liability insurance. With more than one million insured cars in its portfolio, the Company is the third largest provider of this type of insurance in the Czech Republic.



## Industrial and business insurance (TCZK)

High-quality insurance coverage and terms and conditions tailored to the needs of each individual client established the basis for ČPP's growth in terms of this insurance in 2014 again. Total gross premiums written for industrial risks grew year-on-year by 2.8%, which is almost double the market growth.



## Life assurance (TCZK)

While the Czech life assurance market as a whole reported a decrease, life assurance premiums written by ČPP rose by 2.9%. ČPP managed to increase gross premiums written year-on-year by 14.8% in terms of the important segment of regular premium life assurance products which is the best result among the top ten insurance companies on the Czech market.



## INTERNAL AND EXTERNAL DISTRIBUTION NETWORKS, COOPERATION WITH BUSINESS PARTNERS

In 2014, the process of stabilising the organisational structure of the internal sales network continued. The regional structure of the network consists of six regional directorates seated in Pilsen, Brno, Hradec Králové, Prague, Ostrava and České Budějovice. The quality of the Company's services and availability of its points of sale was further enhanced by opening two new branch offices in Prachatice and Český Krumlov. The number of the Company's over-the-counter branch offices in the whole country thus rose to a new total of 94. In addition to these branch offices, ČPP's products are also sold through 78 insurance offices with the right of exclusive representation and through approximately 130 points of sale specialising primarily in motor vehicle insurance.

The increase in the quality of the services provided to clients can also be attributed to intensive training and certification of the branch office employees in the field of insurance products, selling skills, methodological and sales support and further to strict control mechanisms. In 2014, ČPP continued its cooperation with Finanční skupina České spořitelny (the Financial Group of Česká spořitelna). The subsidiary ČPP Servis, s.r.o. specialising primarily in the life assurance segment also contributed to the performance of the internal sales network.

Similarly as in the past years, ČPP cooperated with its long-term external partners in terms of sale of all types of insurance products, primarily with Broker Consulting, a.s., Partners Financial

Services, a.s., Bohemia Servis Finance, a.s., Fincentrum, a.s. and OVB Allfinanz, a.s. In 2014, it also continued its intensive cooperation with Česká průmyslová zdravotní pojišťovna in the field of travel insurance. The developing cooperation with external partners has helped ČPP to increase sales production.

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ČPP cooperated with 440 insurance brokers who generated total gross premiums written of BCZK 2.4.

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In 2014, ČPP cooperated with 440 insurance brokers who generated total gross premiums written of BCZK 2.4. In addition to ČPP head office, high-level service support and care is provided to the brokers also by the six regional directorates. The employees of the corporate client departments provide brokers with services covering the entire product portfolio of ČPP while applying individual approach. Thanks to this business cooperation model, ČPP has been reporting constant increase in production on annual basis.

## OBJECTIVES AND STRATEGY FOR THE YEAR 2015

- gross premiums written: MCZK 7,918
- increasing the Company's share of the Czech insurance market
- establishing long-term relations with clients and applying individual approach
- regular product innovation according to the changing needs and interests of clients
- supporting product sales via a SW system developed for concluding insurance contracts
- using the cross-selling effect in selling products
- utilising the potential of modern information technologies in communication with clients and in data processing
- developing cooperation with broker companies and external business partners
- supporting projects aimed at improving the quality of life in the society and at sustainable growth
- supporting equal employment opportunities and programmes aimed at development of the current employees and employing of disabled persons
- offering flexible employment relationships in compliance with the current work/life balance trend

The insurance industry is a sector which provides products and services to the general public, fulfilling the role of an important segment of the financial market and the role of a factor stabilising the economy. Our mission is to be a reliable partner of our clients which is able to moderate the impact of unpleasant events in life.

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Our mission is to be a reliable partner of our clients.

## REINSURANCE

In 2014, the reinsurance programme of ČPP was based on strict underwriting rules in terms of reinsurance capacity, exclusions from insurance and other terms and conditions stipulated in the reinsurance contracts. Catastrophic risks were reinsured under a contract with the group's reinsurer VIG Re in cooperation with the reinsurance brokers Aon Benfield and Willis. Although the Company's equity again showed an increase in 2014, own retentions remained on a conservatively low level in all reinsurance contracts which contributed to another enhancement of stability and ability to meet one's obligations. The portfolio of reinsurers has not changed and it reflects a stable and consistent approach of the Company, emphasising long-term partnerships. Our major reinsurance partners are the top global reinsurers Munich Re, Swiss Re and SCOR. Most of our reinsurers had a minimum rating on the level of A+ from the Standard&Poor's rating agency.

Our major reinsurance partners are the top global reinsurers Munich Re, Swiss Re and SCOR.

## HUMAN RESOURCES

ČPP continued its strategy of development and education of its employees and invested in trainings and educational programmes for all employees. In 2014, 58 courses were held within the project Through Education to Professionalism with a financial support of the European Social Fund in the Czech Republic (ESF). 576 employees participated in these courses. ČPP considers education and training one of the pillars of its success. An educational concept has been created for the employees of the head office and regional directorates. ČPP strives to motivate its employees to personal development which is one of its major educational objectives through which it would like to achieve better sales.

In terms of development of its employees, ČPP implemented, similarly as the other companies from the VIG group, a competence model. In addition to other HR management activities, this model has become a part of the regular motivation and assessment interviews. The regular interviews provide information on mutual work satisfaction, on employees' objectives and ambitions and on acquiring the individual competences. Based on this information, the insurance company can create targeted development programmes. In 2014, ČPP was successful in implementing a programme aimed at enhancing the key and management competences of its employees.

At the end of 2014, ČPP had 826 full-time employees.

At the end of 2014, ČPP had 826 full-time employees. The Company fulfilled its commitments for the year 2014 following from the Collective Agreement concluded for the years 2014 - 2015. ČPP provides a large scale of both financial and non-financial benefits to its employees. ČPP puts emphasis on improving the quality of the work environment while observing the safety at work principles, and on a regular and contractually arranged health care for its employees, which includes also above-the-standard bonus and preventive care programmes. A component part of the corporate culture of ČPP is establishment of equal employment opportunities and fair approach to employees.

# CORPORATE SOCIAL RESPONSIBILITY

ČPP drew on its corporate social responsibility activities and provided support to a large range of subjects with the aim to contribute to better quality of life as well as to cultural and sports projects. The support was provided both in financial and non-material form. An important part of the corporate social responsibility concept was also the internal volunteering programme named the Social Activity Day aimed at aid provided to various non-profit organisations. In 2014, we reported a record number of employees participating in this volunteering programme. In total 193 volunteers were helping 27 non-profit organisations, having dedicated in total 1,544 hours to this programme. Our employees helped non-profit organisations aimed at care for children and youth, environment, social and health issues or regional and community development.

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In total 193 volunteers were helping 27 non-profit organisations, having dedicated in total 1,544 hours to this programme.

The Company has been applying an environment-friendly approach and motivating its employees to adopt such approach as well and to meet the requirements stipulated in Czech legislation.

## MAJOR NATIONAL AND REGIONAL PROJECTS AND ORGANISATIONS SUPPORTED IN 2014:

### CHARITY

- Foundation of Policemen and Firefighters - mutual help in need (Nadace policistů a hasičů)
- Association of Fire fighters of Bohemia, Moravia and Silesia (Sdružení hasičů Čech, Moravy a Slezska)
- Světluška
- Sheltered workshops A - MANO (Chráněné dílny A - mano)
- A long way (Dlouhá cesta)
- Let's give children a chance (Dejme dětem šanci)
- Médea Kultur
- Bone Marrow Transplant Foundation (Nadační fond Transplantace kostní dřeně)
- The Brick project - Proutek civic society (Akce Cihla)

### CULTURE

- Divadlo Broadway
- Divadlo Na Jezerce
- Cleopatra Musical
- Kmochův Kolín
- Woman of the Region (Žena regionu)
- Ratolest Fest
- Anifest
- Slavonice Fest
- Jazz Fest Brno

### SPORTS

- SK Slavia Praha
- CU Bohemians Praha
- FK Baumit Jablonec
- FBC Ostrava
- CS SKI
- Ski Academy Jeseníky (Lyžařská akademie Jeseníky)
- SK Aritma Praha
- VK Dukla Liberec
- Sport Invest Marketing - volleyball - support provided to the volleyball players Kristýna Kolocová and Markéta Sluková
- MTB Cyklokros
- AVE kontakt
- Running through Lužánky (Běh Lužánkami)

# PRODUCT PORTFOLIO IN 2014

## NON-LIFE INSURANCE

In 2014, ČPP reported a total increase of non-life insurance gross premiums written by 8.2% to BCZK 5.4. This result was positively influenced by a favourable development in terms of motor vehicle insurance - gross premiums written from this insurance class rose by 9.3%. The year-on-year increase of non-life insurance was also enhanced by the class of property and liability insurance for individuals, which reported an increase by 24%. Despite a decrease in the market dynamics in terms of industrial and business insurance, ČPP achieved a growth of gross premiums written by 2.8% in 2014. Under the CAP methodology, ČPP took fifth place in the market in terms of non-life insurance.

ČPP reported a total increase of non-life insurance gross premiums written by 8.2% to BCZK 5.4.

### Motor vehicle insurance

Compared to 2013, the amount of insurance benefits resulting from car accidents rose significantly year-on-year. Foreign claims and damage (detriments) of health hold the major share of this increase. The cost of foreign claims rose approximately by 26% and the sum of insurance benefits by more than 55% (from MCZK 248 to MCZK 385). The cost

of insurance benefits in respect of health damage (detriments) rose by 18% in 2014. Also the mandatory payments to the Loss Prevention Fund and for fire brigade interventions at car accidents contributed to the increase in costs. For the year 2014, the Company paid almost MCZK 22 for more than 2,000 interventions (2013 - more than MCZK 7). An amount exceeding MCZK 77 was transferred to the Loss Prevention Fund for 2014.

At the end of 2014, ČPP had 1,090,312 cars in its MTPL portfolio.

ČPP had to respond to this situation by increasing the premium rates not only for new contracts but also for the existing contracts in its portfolio. Despite these difficult conditions, we can say that the year 2014 was a success for the Company. Gross premiums written from motor vehicle insurance grew year-on-year by 9.3% to BCZK 3.9. ČPP has kept its position in motor vehicle insurance, primarily in terms of motor third-party liability insurance where it belongs to the three largest market players. At the end of 2014, ČPP had 1,090,312 cars in its MTPL portfolio and 136,566 cars in its motor casco insurance portfolio.

As a part of the product innovation process, ČPP has prepared already a third generation of its product line **Autopojištění Combi Plus III**. A new criterion was added to the tariff

segmentation scheme - engine output. The new scheme has brought a fairer system for determining the premium amount for a client. As a result of legislative changes, the top limit for MTPL was increased to MCZK 111 in respect of damage of health and of property loss. In respect of this option with top insurance coverage, the price includes in addition accidental insurance of all persons travelling in the car as well as direct claims settlement service and lending of a substitute car. The offer of riders (supplementary insurance) was extended by insurance for theft of the whole car, MINIHAV insurance, GAP insurance, and insurance of operation of a vehicle as a working machine.

The successful product **Domovský autosalon ČPP II** also underwent an innovation. The relevant car store becomes the "home car store" for the client and the damaged car is repaired here free of charge as ČPP pays the whole damage including insurance settlement retention (excess). Higher limits and extended assistance services are included in this product. In the event of total damage resulting from a car accident, the client can even claim his entitlement to the deducted insurance settlement retention (excess). The product provides more options at its conclusion and various benefits which offer an opportunity to the client to set the insurance contract parameters effectively. It newly includes the option of a claim to be settled by the home car store based on the client's MTPL contract or an option to choose from two various amounts of insurance settlement retention (excess) in respect of motor casco insurance.

ČPP regularly supports the sale of motor vehicle insurance products by launching interesting campaigns. For example within the spring and autumn campaign supporting the sale of motor vehicle insurance, the car owners who have insured their car with ČPP received a liability rider for one year as a bonus. In connection with the new Civil Code, ČPP emphasised the importance of insurance coverage for each individual. Depending on the type of product, the price also included accidental insurance of the driver or accidental insurance of all car passengers. In addition, each new client received a coupon for up to CZK 500 for conclusion of property insurance.

Car fleet insurance is an individual section of motor vehicle insurance. It is supposed to be used as insurance coverage of car fleets and covers the needs of both medium-sized and big clients. The basic principle applied in selling this insurance product is an individual approach during the process of a group contract conclusion. In 2014, we continued offering **Comprehensive Car Fleet Insurance (FAP)** and launched a new variant of this product, **Comprehensive Car Lease Insurance (LAP)**, which covers specific requirements of leasing companies. We were successful in concluding several big contracts in terms of comprehensive car lease insurance in 2014. The price of the fleet insurance products reflects the number of vehicles insured, insurance penetration, previous claims experience, and other criteria. The basic advantage is that within one fleet the individual vehicles can have a different combination of insurance risks coverage, different insurance settlement retention (excess) or different riders.

In 2014, 39,000 claims in terms of MTPL and 35,000 claims in terms of motor casco insurance were reported to ČPP. The number of claims reported in respect of losses resulting from car crashes showed an increase (+ 9.2%) and the claims reported in respect of windscreen damage showed a decrease (- 11%). The claims frequency of all segments remained approximately on the same level as in the previous year. The objective of the motor vehicle claims settlement division is to settle as many claims as possible through the network of contractual autoservices as only in this way it is possible to ensure further enhancement of quality of the entire process thanks to damage recalculation and direct communication between the contractual autoservice, Global Expert and the loss adjuster, primarily a reduction of the time necessary for the settlement of a claim.

#### **Insurance for individuals and property and liability insurance for individuals**

It was necessary to reflect the changes connected with recodification of private law also in other non-life insurance products for individuals (property insurance, liability insurance, accidental insurance, health insurance, and travel insurance). In 2014, gross premiums written from non-life insurance for individuals rose by 12% to MCZK 491.

At ČPP, clients can conclude construction insurance, household insurance and liability insurance under one contract. The increase in sales in 2014 was achieved thanks to an innovation of the product line **Domex**, which is intended as property insurance for individuals, and of the product **Bytex**, which is intended as

insurance of apartment houses owned by individuals. These insurance products are based on the building set system under which the client opts at his own discretion only for those risks to which he feels exposed. ČPP also offered high-quality insurance coverage for recreation facilities. In connection to the changes and requirements following from the new Civil Code, in 2014 ČPP made its liability insurance products for individuals more attractive.

Accidental insurance can either be concluded as a separate product or as a rider attached to a life assurance or non-life insurance product. In 2014, this type of insurance was represented in the product offer of ČPP by **Rodinné úrazové pojištění MOZAIKA (Family Accidental Insurance MOZAIKA)**. This product primarily provides insurance coverage of accidental risks and offers a broad range of supplementary insurance (riders) covering all insurable risks, e.g. term rider (rider for the case of death), disability rider, short-term disability rider and hospitalisation daily allowance rider. Accidental insurance can also be concluded for a group of people through **Úrazové skupinové pojištění s Filipem PLUS (Group accidental insurance with Filip PLUS)**. ČPP offered travel insurance in three options, varying depending on the extent of coverage. This offer was supplemented by special summer equipment insurance, winter equipment insurance and golf equipment insurance.

#### **Industrial and business insurance**

In 2014, the pressure of the market on decreasing the premium rates led to a drop in dynamics of industrial and business insurance. Despite this demanding

situation, ČPP continued its growth trend from the previous years. In 2014, gross premiums written by ČPP in respect of this class of insurance exceeded the amount of BCZK 1. While the market showed only a moderate growth in 2014, ČPP reported a year-on-year increase of 2.8%.

ČPP offers its services not only to big companies but also to small and medium-sized businesses and self-employed persons. The package named **Podnikatel Plus** is designed for persons carrying on a trade and for small businesses. Small and medium-sized businesses can make use of the broad and high-quality insurance coverage of the product **Komplex**. ČPP's standard product offer also includes a broad range of specialised products, such as the General Liability Insurance, Professional Liability Insurance, and Financial Capacity Loss Insurance for Carriers, etc. The insurance products against special risks offered by ČPP include insurance of failure to hold an event, be it a cultural, society or a sports event, or risks connected with shooting a short advertising shot or a full-length film, and with holding theatre performances or music festivals.

In 2014, ČPP launched a new product under the name **PRESTIGE** determined for members of the bodies of corporations. This comprehensive insurance includes accidental insurance, monetary allowance insurance, and liability insurance for a member of a body of a corporation. ČPP is one of the few insurance companies in the market which offer the compulsory insurance of a guarantee for the case of insolvency to travel agencies without which a travel agency is not allowed to carry on its business.

#### **LIFE ASSURANCE**

In 2014, gross premiums written from life assurance amounted to BCZK 2.3, which is almost one third of the total gross premiums written by ČPP. Gross premiums written from life assurance grew year-on-year by 2.9% while the market as a whole reported a decrease. Thanks to this result, ČPP also reported an increase in average premiums per contract, not only thanks to an extended range of risks covered but also thanks to a higher number of persons insured under one insurance contract.

Ordinary premiums (both regular and single premiums) grew by 17.3% under Czech Accounting Standards (CAS). ČPP managed to increase gross premiums written year-on-year by 14.8% in terms of the important segment of regular premium products which is the best result among the top ten insurance companies on the Czech market. The single life assurance premiums also rose significantly, by 35.1%. Under the methodology of CAP, in 2014 ČPP held a 3.1% share of the life assurance market which brought it to the 10th position in the ranking of insurance companies.

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ČPP reported an increase of 14.8% in terms of regular premium products which was the best result on the market.

Unit-linked assurance was the leading insurance class in terms of life assurance in 2014. Gross premiums written from unit-linked assurance rose year-on-year by 27.8%. More and more clients prefer the combination of risk insurance and individual investments which offer the opportunity to achieve higher yields than in respect of the guaranteed endowment assurance products. In terms of life assurance, in 2014 ČPP offered the proven unit-linked products **EVOLUCE** and **ŠTÍSTKO**, Výběrové životní pojištění (Exclusive life assurance) **MAXIMUM EVOLUTION** and **OK1**. ČPP also offered endowment assurance products from the product line **Filip Plus**. In terms of single premium products, the Company continued offering the product **Garant**.

Since July 2014, ČPP has been obliged to observe the requirements stipulated in FATCA (Foreign Account Tax Compliance Act) following from an intergovernmental agreement concluded between the United States of America and the Czech Republic. The preparations for an amendment to Act No. 586/1992 Coll., on Income Taxes, effected at the end of 2014 were a demanding project both in terms of processing and organisation. This amendment changed the conditions for tax advantages connected with private life assurance effective from January 2015. ČPP used the new requirements on reporting and contract administration as an opportunity for product innovations, including e.g. comprehensive disability coverage and extension of the dread disease coverage by less serious diagnoses.



**VIENNA INSURANCE  
GROUP**

## VIENNA INSURANCE GROUP

Approximately 23,000 Vienna Insurance Group (VIG) employees in around 50 Group companies in 25 countries generated around EUR 9.1 billion in premiums in 2014. This makes the Group one of the leading exchange-listed insurance groups in Austria and Central and Eastern Europe. As the number 1 in its core markets, VIG provides its customers an outstanding portfolio offering a wide range of property and casualty, life and health insurance products and services.

### From Austria to Central and Eastern Europe

VIG's roots go all the way back to the year 1824 in Austria: 190 years of history in which the Company developed from a successful local insurer to a leading international insurance group. The story begins with Wiener Städtische, one of the first Western European companies in its industry to recognise the growth opportunities in Central and Eastern Europe, and to take a chance on entering the market in the former Czechoslovakia in 1990. Additional markets followed, with the Company expanding into Hungary in 1996, Poland in 1998, Croatia in 1999 and Romania in 2001, to mention only a few examples. Following its entry into the Moldovan market in 2014, Vienna Insurance Group now operates in 25 markets.

### Number 1 in its core markets

VIG's core markets include Austria, the Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia and Ukraine. With a market share of more than 19%, VIG is the clear number 1 insurer in these markets.

The VIG markets in Central and Eastern Europe generated more than half of the approximately EUR 9.1 billion in Group premiums in 2014.

The VIG markets in Central and Eastern Europe generated more than half of the approximately EUR 9.1 billion in Group premiums in 2014 – a clear indication of the success of the CEE expansion strategy. VIG is convinced that the region will continue to converge economically, leading to further increases in the demand for insurance.

VIG RE, the reinsurance company that was established by VIG in 2008, has its registered office in the Czech Republic, thereby stressing the importance of the CEE region as a growth market for VIG.

### Customer proximity – in 25 markets

Local entrepreneurship, and the customer proximity it brings, plays a key role in VIG's success and is reflected in the regional ties, multi-brand strategy and the wide variety of distribution channels used. The Group therefore intentionally relies on established regional brands united under the Vienna Insurance Group umbrella, because it is the individual strengths of these brands and local expertise that make VIG successful as a corporate group.

### Success thanks to a focus on our core business and binding values

VIG is a progressive, highly risk-conscious insurer that focuses on its core business, the insurance business. It offers security in the form of reliability, trustworthiness and soundness – not only to its customers, but also in its dealings with business partners, employees and shareholders. All its business decisions in this regard are based on ethical values such as honesty, integrity, diversity, equal opportunity and customer orientation.

The effects of this fundamental approach are shown not only by its strategy of continuous sustainable growth, but also its excellent creditworthiness. In July 2014 the internationally recognised rating agency Standard & Poor's confirmed its A+ rating with a stable outlook. As a result, VIG continues to have the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.

Rating agency Standard & Poor's confirmed VIG A+ rating with a stable outlook.

### Two strong partners in the CEE region: VIG and the Erste Group

The Erste Group is one of the leading banking groups in Central and Eastern Europe, with strong ties to Austria. VIG and the Erste Group entered into a strategic partnership in 2008 that has benefited both of them. In markets where both groups are active, Erste Group branches market VIG insurance products and VIG Group companies offer Erste Group bank products in return.

### Strong stock-exchange presence, long-term principal shareholder

VIG shares have been listed on the Vienna Stock Exchange since October 1994. At the end of 2014, slightly more than 20 years after its IPO, VIG was one of the top companies in the Prime Market of the Vienna Stock Exchange with a market capitalisation of around EUR 4.7 billion. While the ATX leading index fell by 15.2% in 2014, VIG shares once again proved their stability by achieving a price gain of around 2.4%. The Company's dividend policy is based on stability and continuity. VIG has paid a dividend every year since its IPO, the latest being EUR 1.30 per share in 2013.

VIG's secondary listing on the Prague Stock Exchange in February 2008 underscores the great importance of the Central and Eastern European region to the Company. With a market capitalisation of around CZK 132.1 billion, VIG was also one of the largest companies on the Prague Stock Exchange at the end of 2014.

Around 70% of VIG's shares are held by Wiener Städtische Versicherungsverein, a stable principal shareholder with a long-term orientation. The remaining shares are in free float.

#### Employer of choice

In addition to being first choice for insurance products, VIG also wants to be the first choice as an employer and to attract the most talented and intelligent employees. A wide array of measures, such as identifying and developing each employee's individual skills, are implemented by a modern People Management department. Diversity is seen as an opportunity and is part of day-to-day life at VIG. Importance is attached to creating the conditions needed to enable women to develop their full potential. This is because Vienna Insurance Group is aware that its success is based on people, and therefore on the dedication of its approximately 23,000 employees.

Further information on VIG is available at [www.vig.com](http://www.vig.com) and in the VIG Group Annual Report.

## THE LEADING INSURANCE SPECIALIST IN AUSTRIA AND CEE.



<b>AUSTRIA</b> 	<b>SLOVAKIA</b> 	<b>BULGARIA</b> 	<b>UKRAINE</b> 	<b>TURKEY</b> 
<b>ITALY BRANCH</b> 	<b>POLAND</b> 	<b>CROATIA</b> 	<b>ESTONIA</b> 	<b>ALBANIA</b> 
<b>SLOVENIA BRANCH</b> 	<b>ROMANIA</b> 	<b>HUNGARY</b> 	<b>LATVIA</b> 	<b>MACEDONIA</b> 
<b>CZECH REPUBLIC</b> 	<b>SERBIA</b> 	<b>GEORGIA</b> 	<b>LITHUANIA</b> 	<b>MONTENEGRO</b> 
			<b>MOLDOVA</b> 	<b>BOSNIA HERZEGOVINA</b> 
			<b>BELARUS</b> 	<b>GERMANY</b> 
			<b>GERMANY</b> 	<b>LIECHTENSTEIN</b> 



## **AUDITOR'S REPORT**



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This document is an English translation of the Czech auditor's report.  
Only the Czech version of the report is legally binding.

## **Independent Auditor's Report to the Shareholders of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group**

### **Financial Statements**

On the basis of our audit, on 9 March 2015 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, which comprise the balance sheet as of 31 December 2014, the income statement and the statement of changes in equity for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group is set out in Note 1 to these financial statements.

#### *Statutory Body's Responsibility for the Financial Statements*

The statutory body of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 give a true and fair view of the financial position of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group as of 31 December 2014, and of its financial performance for the year then ended in accordance with Czech accounting legislation."

### **Report on Relations**

We have reviewed the factual accuracy of the information disclosed in the report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group for the year ended 31 December 2014 prepared in accordance with the applicable provisions of Act No. 90/2012 Coll., on Companies and Cooperatives. The responsibility for the preparation and factual accuracy of this report rests with the Company's statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group for the year ended 31 December 2014 contains material factual misstatements.

### **Annual Report**

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of the Company's statutory body. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

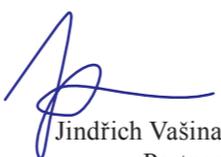
We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.



In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague  
13 May 2015

*KPMG Česká republika Audit*  
KPMG Česká republika Audit, s.r.o.  
Registration number 71

  
Jindřich Vašina  
Partner  
Registration number 2059



## **FINANCIAL PART**

## BALANCE SHEET AS AT 31 DECEMBER 2014

(In thousands of Czech crowns TCZK)

Description	2014 Gross	2014 Adjustment	2014 Net	2013 Net
<b>I. ASSETS</b>				
A. Receivables for subscribed registered capital				
B. Intangible fixed assets, thereof	264 864	206 113	58 751	36 839
a) Incorporation expenses				
b) Goodwill				
C. Financial placements (investments)	11 263 950		11 263 950	11 198 036
I. Land and buildings (real estate), thereof	6 319		6 319	6 466
a) Land and buildings - self-occupied	6 319		6 319	6 466
II. Investments in affiliated undertakings and participating interests	283 644		283 644	304 965
1. Participating interests with controlling influence	283 644		283 644	304 965
2. Debt securities issued by, and loans to, undertakings - controlling influence				
3. Participating interests with significant influence				
4. Debt securities issued by, and loans to, undertakings - significant influence				
III. Other financial placements	10 973 987		10 973 987	10 886 605
1. Shares and other variable-yield securities, other participating interests	771 030		771 030	775 747
2. Bonds and other fixed-income securities	9 848 131		9 848 131	9 577 220
a) bonds and other fixed-income securities valued at fair value through profit and loss	2 540 504		2 540 504	2 302 759
b) „OECD“ bonds held to maturity	6 265 394		6 265 394	6 179 300
c) other bonds and other fixed-income securities held to maturity	1 042 233		1 042 233	1 095 161
3. Financial placements in investment associations				
4. Other loans				
5. Deposits with financial institutions	383 000		383 000	525 002
6. Other financial placements	-28 174		-28 174	8 636
IV. Deposits with ceding undertakings				
Financial placements for the benefit of life assurance policyholders who bear the investment risk	1 147 941		1 147 941	1 026 315

Description	2014 Gross	2014 Adjustment	2014 Net	2013 Net
<b>E. Debtors</b>	<b>1 042 314</b>	<b>399 310</b>	<b>643 004</b>	<b>654 036</b>
I. Receivables arising from direct insurance operations	834 955	397 146	437 809	464 574
1. Receivables due from the policyholders, thereof	567 796	150 921	416 875	442 408
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
2. Receivables due from intermediaries, thereof	267 159	246 225	20 934	22 166
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
II. Receivables arising from reinsurance operations, thereof	118 331		118 331	155 206
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
III. Other receivables, thereof	89 028	2 164	86 864	34 256
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
F. Other assets	204 179	114 977	89 202	84 101
I. Tangible fixed assets other than land and buildings (real estate), and inventories	155 366	114 977	40 389	35 054
II. Cash on accounts in financial institutions and cash in hand	48 813		48 813	49 047
III. Other assets				
G. Temporary asset accounts	1 347 485		1 347 485	1 177 820
I. Accrued interest and rent	1 210		1 210	1 731
II. Deferred acquisition costs	1 157 844		1 157 844	1 008 672
a) in life-assurance business	816 069		816 069	687 820
b) in non-life insurance	341 775		341 775	320 852
III. Other temporary asset accounts, thereof	188 431		188 431	167 417
a) Estimated receivables	39 236		39 236	12 865
<b>TOTAL ASSETS</b>	<b>15 270 733</b>	<b>720 400</b>	<b>14 550 333</b>	<b>14 177 147</b>

Description	2014 Gross	2014 Adjustment	2014 Net	2013 Net
II. LIABILITIES				
A. Equity		2 517 959		2 340 703
I. Registered capital, thereof		1 000 000		1 000 000
a) Changes in registered capital				
II. Share premium				
III. Revaluation fund				
IV. Other capital funds		103 750		74 404
V. Statutory reserve fund and other funds from profit		138 765		116 059
VI. Profit or loss brought forward		761 821		698 868
VII. Profit or loss for the financial year		513 623		451 372
B. Subordinated liabilities				
C. Technical provisions		7 995 710		8 217 520
1. Provision for unearned premiums				
a) gross amount	1 603 458		1 475 278	
b) reinsurance share (-)	531 772	1 071 686	512 811	962 467
2. Life assurance provision				
a) gross amount	3 836 476		4 039 574	
b) reinsurance share (-)		3 836 476		4 039 574
3. Provision for outstanding claims				
a) gross amount	4 724 764		4 864 086	
b) reinsurance share (-)	2 162 930	2 561 834	2 216 780	2 647 306
4. Provision for bonuses and rebates				
a) gross amount	84 670		55 493	
b) reinsurance share (-)	6 374	78 296	7 426	48 067
5. Equalization provision				
a) gross amount				
b) reinsurance share (-)				
6. Other technical provisions				
a) gross amount				
b) reinsurance share (-)				
7. Provision for liabilities from the technical interest rate applied				

Description	2014 Gross	2014 Adjustment	2014 Net	2013 Net
a) gross amount				
b) reinsurance share (-)				
8. Non-life insurance provision				
a) gross amount	1 044		895	
b) reinsurance share (-)	522	522	447	448
9. Provisions for liabilities of the Bureau				
a) gross amount	446 896		519 657	
b) reinsurance share (-)		446 896		519 657
D. Life assurance technical provision where the investment risk is borne by the policyholders				
a) gross amount	1 147 941		1 026 315	
b) reinsurance share (-)		1 147 941		1 026 315
E. Provisions		55 204		76 830
1. Provisions for pensions and similar obligations				
2. Provisions for taxation		19 003		44 732
3. Other provisions		36 201		32 098
F. Deposits received from reinsurers		1 783 038		1 414 733
G. Creditors		539 517		437 431
I. Payables arising from direct insurance operations, thereof		259 200		269 160
a) Payables to entities in which the Company has a controlling influence				
b) Payables to entities in which the Company has a significant influence				
II. Payables arising from reinsurance operations, thereof		100 286		60 617
a) Payables to entities in which the Company has a controlling influence				
b) Payables to entities in which the Company has a significant influence				
III. Debenture loans				
a) Payables to entities in which the Company has a controlling influence, thereof				
aa) Convertible loans				

Description	2014 Gross	2014 Adjustment	2014 Net	2013 Net
b) Payables to entities in which the Company has a significant influence, thereof				
ba) Convertible loans				
IV. Amounts owed to credit institutions, thereof				
a) Payables to entities in which the Company has a controlling influence				
b) Payables to entities in which the Company has a significant influence				
V. Other payables, thereof		180 031		107 654
a) Tax liabilities and payables due to social security and health insurance institutions		36 018		40 970
b) Payables to entities in which the Company has a controlling influence				
c) Payables to entities in which the Company has a significant influence				
VI. Guarantee Fund of the Bureau				
H. Temporary liability accounts		510 964		663 616
I. Accrued expenses and deferred revenues		284 804		274 080
II. Other temporary liability accounts, thereof		226 160		389 536
a) Estimated payables		226 160		389 536
<b>TOTAL LIABILITIES</b>		<b>14 550 333</b>		<b>14 177 147</b>

## PROFIT AND LOSS ACCOUNT FOR THE YEAR 2014

(In thousands of Czech crowns TCZK)

Description	2014 Base	2014 Subtotal	2014 Result	2013 Result
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	5 412 297	x	x	x
b) outward reinsurance premiums (-)	2 023 161	3 389 136	x	x
c) change in the gross provision for unearned premiums (+/-)	125 856	x	x	x
d) change in the provision for unearned premiums, reinsurers' share (+/-)	15 114	110 742	3 278 394	3 050 985
2. Allocated investment return transferred from the non-technical account	x	x	230 511	192 133
3. Other technical income, net of reinsurance	x	x	134 076	95 187
4. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	3 344 189	x	x	x
bb) reinsurers' share (-)	1 257 111	2 087 078	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	-177 928	x	x	x
bb) reinsurers' share (-)	-73 788	-104 140	1 982 938	1 820 655
5. Changes in other technical provisions, net of reinsurance (+/-)	x	x	-72 687	-125 806
6. Bonuses and rebates, net of reinsurance	x	x	13 603	21 378
7. Net operating expenses:	x	x	x	x
a) acquisition costs	x	1 431 198	x	x
b) change in deferred acquisition costs (+/-)	x	-20 923	x	x
c) administrative expenses	x	227 789	x	x
d) reinsurance commissions and profit participation (-)	x	633 330	1 004 734	1 120 311
8. Other technical expenses, net of reinsurance	x	x	218 081	115 877
9. Change in the equalisation provision (+/-)	x	x		
10. Sub-total on the technical account for non-life insurance	x	x	496 312	385 890

Description	2014 Base	2014 Subtotal	2014 Result	2013 Result
II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	x	2 292 473	x	x
b) outward reinsurance premiums (-)	x	131 029	x	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	x	-1 523	2 162 967	2 145 794
2. Income from financial placements (investments):	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	457	x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings (real estate)		x	x	x
bb) income from other financial placements (investments)	187 517	187 517	x	x
c) value adjustments on financial placements	x	68 817	x	x
d) income from disposal of financial placements	x	215 176	471 967	810 609
3. Unrealised gains on financial placements	x	x	54 462	121 533
4. Other technical income, net of reinsurance	x	x	28 015	143 747
5. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	1 845 434	x	x	x
bb) reinsurers' share (-)	50 140	1 795 294	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	38 607	x	x	x
bb) reinsurers' share (-)	19 938	18 669	1 813 963	1 190 014
6. Changes in other technical provisions, net of reinsurance (+/-):	x	x	x	x
a) life assurance provisions:	x	x	x	x
aa) gross amount	-203 098	x	x	x
bb) reinsurers' share (-)		-203 098	x	x
b) other technical provisions, net of reinsurance	x	121 626	-81 472	635 136

Description	2014 Base	2014 Subtotal	2014 Result	2013 Result
7. Bonuses and rebates, net of reinsurance	x	x	30 930	16 111
8. Net operating expenses:	x	x	x	x
a) acquisition costs	x	594 196	x	x
b) change in deferred acquisition costs (+/-)	x	-128 249	x	x
c) administrative expenses	x	58 346	x	x
d) reinsurance commissions and profit participation (-)	x	61 597	462 696	460 032
9. Expenses connected with financial placements (investments):	x	x	x	x
a) investment management charges, including interest	x	7 528	x	x
b) value adjustments on financial placements	x	12 737	x	x
c) book value of disposed financial placements	x	261 069	281 334	651 540
10. Unrealised losses on financial placements (investments)	x	x	2 088	2 670
11. Other technical expenses, net of reinsurance	x	x	63 080	96 064
12. Allocated investment return transferred to the non-technical account (-)	x	x		
13. Sub-total on the technical account for life assurance	x	x	144 792	170 116
III. NON-TECHNICAL ACCOUNT	x	x	x	x
1. Result of the technical account for non-life insurance	x	x	496 312	385 890
2. Result of the technical account for life assurance	x	x	144 792	170 116
3. Income from financial placements:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	26 574	x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings		x	x	x
bb) income from other financial placements (investments)	177 553	177 553	x	x
c) value adjustments on financial placements	x	110 474	x	x

Description	2014 Base	2014 Subtotal	2014 Result	2013 Result
d) income from disposal of financial placements	x	1 508 712	1 823 313	1 679 905
4. Allocated investment return transferred from the technical account for life-assurance	x	x		
5. Expenses connected with financial placements:	x	x	x	x
a) investment management charges, including interest	x	35 712	x	x
b) value adjustments on financial placements	x	26 371	x	x
c) book value of disposed financial placements	x	1 530 719	1 592 802	1 487 772
6. Allocated investment return transferred to the technical account for non-life-insurance	x	x	230 511	192 133
7. Other income	x	x	7 572	26 948
8. Other expenses	x	x	17 700	40 089
9. Income tax on ordinary activities	x	x	117 072	91 215
10. Profit or loss on ordinary activities after tax	x	x	513 904	451 650
11. Extraordinary income	x	x		
12. Extraordinary expenses	x	x		
13. Extraordinary profit or loss	x	x		
14. Income tax on extraordinary activities	x	x		
15. Other taxes not shown under the preceding items	x	x	281	278
16. Profit or loss for the financial year	x	x	513 623	451 372

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2014

(In thousands of Czech crowns TCZK)

	Registered capital	Own shares	Share premium	Reserve funds	Other capital funds	Profit (loss)	Total
<b>Balance at 1. 1. 2013</b>	<b>1 000 000</b>			<b>90 181</b>	<b>115 328</b>	<b>1 163 781</b>	<b>2 369 290</b>
Correction of fundamental errors							
FX gains (losses) and changes in valuation not included in the profit and loss statement							
Net profit/loss for accounting period*)						451 372	451 372
Dividends						-431 200	-431 200
Transfers to funds				33 712	-40 924	-33 712	-40 924
Reduction of funds				-7 835			-7 835
Shares issued							
Reduction in registered capital							
Own shares purchased							
Other changes							
<b>Balance at 31. 12. 2013</b>	<b>1 000 000</b>			<b>116 059</b>	<b>74 404</b>	<b>1 150 240</b>	<b>2 340 703</b>
<b>Balance at 1. 1. 2014</b>	<b>1 000 000</b>			<b>116 059</b>	<b>74 404</b>	<b>1 150 240</b>	<b>2 340 703</b>
Correction of significant errors							
FX gains (losses) and changes in valuation not included in the profit and loss statement							
Net profit/loss for accounting period						513 623	513 623
Dividends						-356 850	-356 850
Addition to funds				31 569	29 346	-31 569	29 346
Reduction of funds				-8 863			-8 863
Shares issued							
Reduction in registered capital							
Own shares purchased							
Other changes							
<b>Balance at 31. 12. 2014</b>	<b>1 000 000</b>			<b>138 765</b>	<b>103 750</b>	<b>1 275 444</b>	<b>2 517 959</b>

# NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

## I. GENERAL CONTENTS

### I. 1. Description and principal activities

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group („the Company“ or „the Insurance Company“) was recorded in the Commercial Register on 6 November 1995.

ID number of the Company: 63 99 85 30

#### **Principal business activities:**

1. insurance activities pursuant to Act No. 277/2009 Coll., on Insurance („the Insurance Act“), Annex No. 1 to the Insurance Act: in the scope of life assurance classes listed
  - in Part A, Point I, letters (a), (b), (c), Point II and Point III; in the scope of non-life insurance classes listed
  - in Part B, Points 14, 15, 16, 17, 18; in the scope of non-life insurance groups listed
  - in Part C, letters (a), (b), (c), (d), (e), (f), (g), (h).
2. reinsurance activities in the scope of non-life reinsurance
3. activities related to insurance activities:
  - intermediary activity performed in relation to insurance activities in accordance with the Insurance Act
  - advisory activity related to insurance of natural persons and legal entities in accordance with the Insurance Act
  - investigation of claims performed based on a contract entered into with the insurance company in accordance with the Insurance Act
  - pursuit of intermediary activities in terms of
    - construction savings
    - supplementary pension insurance with state contribution, supplementary pension savings and retirement insurance
    - consumer loans
  - educational activities for insurance intermediaries and independent loss adjusters.

#### **Registered office of the Company:**

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group  
Pobřežní 665/23  
186 00, Praha 8  
Czech Republic

## Members of the board of directors and supervisory board as at 31 December 2014:

### Members of the board of directors:

#### Chairman:

Ing. Jaroslav Besperát, date of birth: 23 December 1970  
Čenovická 2142, 190 16 Prague 9  
Czech Republic  
Function held from: 1 November 2012  
Membership held from: 1 November 2012

#### Members:

Ing. Milan Nidl, MBA, date of birth: 31 March 1963  
Výletní 357/20, 142 00 Prague 4-Písnice  
Czech Republic  
Membership held from: 1 November 2012

Ing. František Vlناř, date of birth: 6 June 1960  
Mikuláše z Husi 2, 140 00 Prague 4  
Czech Republic  
Membership held from: 1 November 2012

Ing. Vít Rozsypal, date of birth: 20 April 1972  
Na Sídlišti 350, 257 26 Divišov  
Czech Republic  
Membership held from: 15 July 2013  
Membership terminates: 31 October 2015

### Supervisory board:

#### Chairman:

Ing. Martin Diviš, MBA, date of birth: 1. December 1973  
Divoká Šárka 39/4, 164 00 Prague 6-Liboc  
Czech Republic  
Function held from: 7 June 2013  
Membership held from: 1 April 2013

#### Vice-chairman:

Dr. Hans-Peter Hagen, date of birth: 12 December 1959  
Laudongasse, 1080 Vienna  
Austria  
Function held from: 7 June 2013  
Membership held from: 1 April 2013

#### Members:

Prof. Ing. Jaroslav Daňhel, CSc., date of birth: 1 June 1943  
K louži 1261/9, Vršovice, 101 00 Prague 10  
Czech Republic  
Membership held from: 1 April 2013

Ing. Martina Janurová, date of birth: 17 March 1973  
Nad Soutokem 3349, 276 01 Mělník  
Czech Republic  
Membership held from: 1 April 2013

Ing. Pavel Cepek, date of birth: 5 October 1953  
Rejta 272, 374 01 Trhové Sviny  
Czech Republic  
Membership held from: 1 April 2013

Mag. Ronald Gröll, date of birth: 30 August 1965  
Neuwaldegger Str.37/1, 1170 Vienna  
Austria  
Membership held from: 1 April 2013

#### Sole shareholder:

Kooperativa pojišťovna, a.s., Vienna Insurance Group  
Pobřežní 665/21, 186 00, Prague 8-Karlín  
Czech Republic  
Identification number: 471 16 617

#### Course of action:

The board of directors acts on behalf of the Company. Two members of the board of directors of the Company must always act together in the name of the Company and may also commit the Company. In order to sign on behalf of the Company, their signature, name, surname, title and function on the board are required alongside the printed or written name of the Company.

#### Organisational structure:

The Company has the following bodies: the general meeting of shareholders, the board of directors and the supervisory board. The Company conducts its activities through its organisational divisions, comprising divisions of the first management level of the general directorate, the head office and the regional headquarters.

## I. 2. Compliance with legislation

At the balance sheet date the Company was fully compliant with Act No. 277/2009 Coll., on Insurance, as amended (“the Insurance Act”), Act No. 89/2012 Coll., (“the Civil Code”), as amended, Act No. 38/2004 Coll., on Insurance Intermediaries and Independent Loss Adjusters, as amended, Act No. 168/1999 Coll., on the Insurance of Liability for Losses Caused by the Operation of a Motor Vehicle, as amended (“the Act on Motor Third Party Liability Insurance”), including the applicable implementing regulations, and with other related legislation in force.

## I. 3. Basis of preparation of the financial statements

The accounting records of the Company are maintained and in the financial statements of the Company have been prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended, Regulation No. 502/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for entities which are insurance companies (“Regulation No. 502/2002 Coll.”), the Czech Accounting Standards for entities maintaining their accounting records pursuant to Regulation No. 502/2002 Coll., and other related legislation.

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

## I. 4. Significant accounting policies

### (a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost.

Tangible fixed assets costing less than TCZK 40 referred to as low-value assets are depreciated over a three-year period. Intangible fixed assets costing less than TCZK 60 are charged to the profit and loss account in the year in which they are acquired. The annual depreciation rate reflects the assets’ expected useful lives.

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

Fixed assets	Method	Depreciation period (yrs)
Software	Straight-line	4
Other intangible fixed assets	Straight-line	5-6
Tangible fixed assets	Straight-line	4-6

(grouped according to material subclasses with the same depreciation rate)

## (b) Investments

### Land and buildings

Land and buildings are initially recorded at their acquisition cost and are not subsequently depreciated.

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

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

If at the balance sheet date, land and buildings have been sold or are to be sold within 3 months, their fair value is reduced by the actual disposal costs.

Any change in the fair value of land and buildings is recognised in equity.

### Participating interests

Participating interests in controlled persons are participations in another enterprise in which the company holds a controlling influence. In addition, other cases where the insurance company is a controlling person are reported under this item.

At the acquisition date, participating interests are stated at their acquisition cost. The acquisition cost is the amount for which the participating interests were acquired and includes all expenses directly associated with the acquisition.

Where the market price is not available, the fair value of participating interests is determined based on their share in equity. If in well-reasoned cases the acquisition cost reflects the fair value of the participating interest more accurately, the acquisition cost is used.

At the balance sheet date, participating interests are revalued at their fair value. Changes in fair value are recognised in equity.

### Debt securities

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

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

The Company amortises premiums and discounts on all debt securities. Premiums and discounts are amortised to the profit and loss account on the basis of the effective interest rate method from the date of acquisition to their maturity.

All securities, except for held-to-maturity bonds issued by a member state of the Organisation for Economic Cooperation and Development and rated by at least two internationally acknowledged rating agencies on the level of the Czech Republic or higher (“OECD bonds held to maturity”), are remeasured to fair value at the balance sheet date.

The Company recognises OECD bonds held to maturity at their amortised cost as at the balance sheet date.

Fair value means the market price published by a domestic or foreign stock exchange or other public (organised) market. The Company applies the most

recently published market price as at the date of the financial statements. If no market price is available or if it does not sufficiently represent the fair value, the fair value is determined on the basis of a qualified estimate.

Amortised cost means the price used when first recognised (the acquisition cost), which is gradually increased by accrued interest income, adjusted by amortisation of the discount/premium and decreased by the amount of adjustments.

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

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

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

If, due to legislative amendments, the accounting policy changes during the possession of debt securities, resulting in changes in fair value being recognised in the profit and loss account rather than in equity, the cumulative revaluation differences previously recognised in equity are derecognised and recognised in the profit and loss account only at the moment of sale or maturity of the relevant security.

### **Shares and other variable-yield securities**

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

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

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

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

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

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

### **Deposits with financial institutions**

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

Deposits denominated in a foreign currency are translated to Czech crowns based on the current exchange rate published by CNB, and the appropriate exchange rate difference is included in the fair value. Changes in fair value are reflected in the Company's profit and loss account.

### **Derivatives intended for trading**

Financial derivatives that do not meet the requirements for the application of hedge accounting or, if appropriate, derivatives in respect of which the Company has decided not to apply hedge accounting, are carried at fair value and the gains or losses arising from their revaluation are recognised in the profit and loss account.

### **(c) Financial placements for the benefit of life assurance policyholders who bear the investment risk**

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

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

### **(d) Adjustments**

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

The Company establishes adjustments using the net method, i.e. the difference between the adjustment's opening and closing balance is recorded in the profit and loss account.

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

Adjustments to OECD bonds held to maturity are accounted for only if there is a risk that the notional principal amount of the bond or the bond yield or both the value and the yield would not be repaid.

### **(e) Impairment of assets**

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

### **(f) Deferred acquisition costs**

Deferred acquisition costs comprise the portion of acquisition costs incurred during the current financial year that relates to the revenues of subsequent financial years. At the end of each financial year the Company assesses the

adequacy of deferred acquisition costs based on a liability adequacy test for both non-life insurance and life assurance by determining the provision for liabilities arising from the applied technical interest rate and other calculation parameters.

#### **Non-life insurance**

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

#### **Life assurance (traditional products)**

For life assurance, the Company determines deferred acquisition costs using the zillmerisation method, which is the method used to calculate the life assurance provision, see note I. 4. (j).

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

For unit-linked assurance, the Company determines deferred acquisition costs using actuarial methods.

#### **(g) Accumulated debt**

Accumulated debt arises in respect of unit-linked assurance contracts. This receivable due from the insured persons represents an aggregate of costs incurred by the Company in connection with unit-linked assurance contracts which have not been settled by the policyholders yet. A change of the accumulated debt from unit-linked assurance is charged to the profit and loss account in "Other technical income" or "Other technical expenses". The total balance of accumulated debt is disclosed in the balance sheet (Assets) in "Other temporary asset accounts".

At the end of the accounting period, the Company assesses the adequacy of the amount of the accumulated debt by determining the provision for liabilities arising from the applied technical interest rate and other calculation parameters. The life assurance provision is reduced by a respective share of outstanding acquisition costs as well as a respective share of intangible assets and also includes a reduction by accumulated debt.

#### **(h) Income tax**

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

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

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

#### **(i) Provision for unearned premiums**

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

#### **(j) Life assurance provision**

The life assurance provision comprises the sum of the provisions for individual life assurance policies. The life assurance provision amounts to the value of future liabilities of the Company and is calculated using actuarial methods, including profit shares declared and allocated and a provision for expenses, related to the administration of contracts, after deducting the value of future premiums.

The Company accounts for the provision using the zillmerisation method in accordance with the calculation of individual tariffs approved by the Ministry of Finance of the Czech Republic. The zillmerisation method results in the deferral of acquisition costs for life assurance contracts. These costs are included within the life assurance provision through actuarial methods after eliminating temporary negative balances, which are capitalised and presented as deferred acquisition costs. The acquisition costs are capitalised and deferred in accordance with the prudence principle and taking into account the risk of lapses and cancellations.

#### **(k) Provision for outstanding claims**

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

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

The provision for outstanding claims reported by the end of the year represents the sum of all amounts calculated for individual claims. The provision for outstanding claims is reduced by an estimate of the value of

salvage and subrogation and similar recoveries.

The provision for outstanding claims incurred but not reported as at the balance sheet date is determined using the actuarial methods. The Company uses the Chain Ladder method based on the amount of claims paid or on the amount of incurred claims, as applicable. For motor third party liability insurance the provision is determined using the Monte Carlo simulation. The Monte Carlo simulation provides the opportunity to estimate the probability distribution of a liability, especially to predict the different security levels also in form of a split to the risk commencement years and underwriting years.

The provision for outstanding claims includes an estimate of all related external and internal claims handling costs.

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

On an annual basis, the board of directors reassesses the adequacy of the reliability level of the estimated provision for outstanding claims in respect of individual groups of insurance in accordance with the Company's accounting policies and upon recommendation of the appointed actuary.

#### **(l) Provision for bonuses and rebates**

A provision for bonuses and rebates is established in accordance with the insurance contracts. For non-life insurance, the provision is established principally in cases where the Company is liable to refund to policyholder a portion

of the premiums relating to the current financial year due to favourable claims experience.

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

Changes in the provision for bonuses and rebates are presented in the profit and loss account under "Bonuses and rebates".

#### **(m) Provision for liabilities arising from the applied technical interest rate and other calculation parameters**

As at the balance sheet date, the Company calculates the value of the provision for liabilities arising from the applied technical interest rate and other calculation parameters to be able to determine a sufficient amount of life assurance provision so that the Company is able to meet its liabilities following from concluded insurance contracts while simultaneously taking into account current estimates of the parameters when assessing the amount of liabilities accepted.

In determining the provision for liabilities arising from the applied technical interest rate and other calculation parameters, the minimum value of insurance liabilities is calculated (using the best estimate of the future development of input assumptions adjusted by a risk margin). In order to improve the financial basis and to mitigate any accounting discrepancies in the determination of the minimum value of liabilities for all life assurance products other than any unit-linked products, the not yet recorded revenues on held-to-maturity assets to cover life assurance

provisions are taken into account. The Company compares the minimum value of insurance liabilities with the total sum of life assurance provisions, provisions for unearned premiums, life assurance provisions where the investment risk is borne by the policyholder, provisions for outstanding claims, non-life insurance provisions if established by the life assurance section of the Company, and provisions for bonuses and rebates (the total sum of the above provisions is below referred to as the "life assurance provisions") reduced by the respective unamortised deferred acquisition costs and by the respective intangible assets recorded in the event of a business combination or portfolio transfer. Where the minimum value of insurance liabilities exceeds the amount of life assurance provision reduced by the respective outstanding acquisition costs and by the respective intangible assets, the provision for liabilities arising from the applied technical interest rate and other calculation parameters established by the Company will amount to the difference between the minimum value of insurance liabilities and the life assurance provision reduced by the respective outstanding acquisition costs and by the respective intangible assets.

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

#### **(n) Provision for the liabilities of the Czech Insurers' Bureau**

The Company is a member of the Czech Insurers' Bureau ("the Bureau"). Pursuant to the Act on Motor Third-Party Liability Insurance, a member of the Bureau must guarantee the liabilities of the Bureau in an amount calculated pro rata based on the respective amounts of members' contributions. To meet this requirement, members must create technical

provisions for liabilities that are not covered by relevant assets of the Bureau.

The amount of the provision for the liabilities of the Bureau is determined using actuarial methods pursuant to the Insurance Act.

Based on information available as at the balance sheet date, the Board of Directors of the Company believes that the provision established is adequate to cover the cost of claims incurred in connection with the liability assumed by the Company in respect of statutory motor liability insurance. The ultimate claims expenses will remain unknown for several years. The Company's share of these outstanding claims will be determined according to its market share for this class of insurance at the time these claims are finally settled.

#### **(o) Life assurance provision where the investment risk is borne by the policyholders**

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

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

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

#### **(p) Reinsurers' share of technical provisions**

Technical provisions are presented as a net liability, i.e. after deduction of the reinsurers' share. The amount of this share is calculated based on the terms of the related reinsurance contracts, the method of settlement with reinsurers and in consideration of the prudence principle.

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

#### **(q) Provisions**

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

#### **Provision for taxes**

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

#### **Provision for employee benefits**

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

### **Provision for legal disputes**

A provision for legal disputes is created to cover any potential losses arising from litigations against the Company that have not been concluded by a final and conclusive judgment as at the date of financial statements. This provision does not cover payables arising from disputes in respect of the amount of an insurance settlement, which are included in a provision for outstanding claims.

### **(r) Gross premiums written**

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

### **(s) Claims paid**

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

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

### **(t) Acquisition costs**

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

### **(u) Expenses and income from financial placements**

#### **Distribution of expenses and income from financial placements between life assurance and non-life insurance accounts**

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

#### **Expenses and income related to the disposal of financial placements**

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

#### **(v) Allocation of items between life assurance and non-life insurance**

In order to account for items common to both life assurance and non-life insurance, the Company uses a method according to the Regulation No. 502/2002 Coll. Under this method individual items are grouped according to the class of insurance to which they relate. For items that cannot be allocated directly, the Company uses the allocation ratio based on an internal cost analysis of individual groups of costs of life assurance and non-life insurance.

### **Expenses and income from financial placements**

Expenses and income from financial placements are distributed between life assurance and non-life insurance using the method described in note I. 4. (u) above.

### **Other expenses and revenues**

During the accounting period, clearly attributable expenses and revenues are recorded directly in the life assurance or non-life insurance technical account or the non-technical account. Expenses and revenues that cannot be clearly attributed are allocated to the technical accounts for life assurance and non-life insurance based on the ratio described above.

Taxes, fees and other expenses that are not directly connected with insurance and reinsurance are not allocated in this manner but are reported in the non-technical account.

### **(w) Foreign currency translation**

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

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

### **(x) Consolidation**

Pursuant to Section 38a of Regulation No. 502/2002 Coll., the financial statements of the Company have been included in the consolidated financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, with its registered

office in Austria, prepared in compliance with International Financial Reporting Standards. The consolidated financial statements of the parent company will be published in accordance with Section 38a (2c) of Regulation No. 502/2002 Coll. and in accordance with Section 21a of the Act on Accounting.

### **I. 5. Changes in accounting policies and procedures**

In accordance with the internal policy of matching assets and liabilities linked to their maturity and rate of return, the Company has adjusted the approach of calculating the provision for liabilities arising from the applied technical interest rate and other calculation parameters. The not yet recorded revenues on assets held to maturity to cover life assurance provisions are newly reflected in the process of determining the minimum value of liabilities. The Company's management believes that this change better meets the financial basis and reduces any accounting discrepancies between the accounting for insurance liabilities and for assets to cover these liabilities.

### **I. 6. Risk management**

In compliance with Regulation No. 434/2009 Coll., to implement certain provisions of the Act on Insurance, the Company has ensured that an internal control system covers all of its operations. The set-up of an internal control system enables consistent and systematic risk management

The Company is exposed to insurance risk, which naturally results from the underwritten insurance contracts as well as other risks, mainly market risk, credit risk, operational risk, liquidity risk and concentration risk.

The policies and procedures for risk management are comprehensive and interrelated with the policies and procedures for maintenance of the capital determined to cover these risks.

The bodies responsible for risk management in the Company are the Board of directors and the risk working group.

#### **(a) Non-life insurance risk**

The Company is exposed to insurance risk and underwriting risks following from the sale of non-life insurance products.

Insurance risk relates to uncertainty in respect of the period, frequency and amount of damage covered by insurance contracts.

The most significant components of insurance risk are the reserve risk and the premium risk. The premium amount is determined using historical assumptions, which may differ from the actual situation. The risk of trend, risk of estimate, change in assumption etc. may have a significant impact on determining the amount of provisions. The liability adequacy tests and analysis of sensitivity to change in assumptions are used to eliminate the reserve risk.

In order to manage the insurance risk the Company applies internal policies for the development and valuation of products, determination of the technical provisions amounts, reinsurance strategy and underwriting rules.

#### **Concentration of insurance risk**

A concentration of insurance risk may exist in the event that a particular event or a series of events may impact significantly upon the Company's liabilities. The concentration of insurance

risk then determines the extent of the possible impact of these events on the amount of the Company's liabilities. Such a concentration may arise from a single insurance contract or through a small number of related contracts, and then relates to circumstances that gave rise to significant liabilities. A concentration of insurance risk may arise from the accumulation of risks within several individual groups of contracts; it may also arise due to low-frequency, high-severity events (e.g. natural disasters) or in the event of significant litigations or legislative amendments.

#### **Geographic concentration**

The risks underwritten by the Company are primarily located in the Czech Republic. From a geographical point of view, the Company has no significant concentration of exposure to any group of persons insured.

#### **(b) Life assurance risk**

The Company is exposed to risks resulting from an unfavourable development of assumptions compared to their determination at the moment of the valuation of products. This involves, for example, the risk of an unfavourable development of mortality or survival, risk of a different development of investment return, risk resulting from an unexpected development of cost inflation or behaviour of clients upon cancellation of the contract. In the above cases the Company is exposed to the danger of a loss resulting from the discrepancy between collected premiums and claims paid, investment returns and expenses.

Other risks are, for example, the objective and subjective risk of the insured. The objective risk is determined by objective factors such as the age, gender, health condition or profession. The subjective

risk is determined by subjective factors such as the effort of the insured to survive or maintain a healthy life or the poor financial condition of the insured.

Other risks to which the Company is exposed are as follows:

- Risks with a low-frequency occurrence and a significant impact, which in life assurance may represent any claim that affects several persons insured at the same time and in the same place (e.g. natural disasters).
- Risk of concentration of high sums assured, which do not constitute a significant part of the portfolio but which may have significant impact on the amount of settlements and as a result also the profit (loss) of the Company.

The goal of risk management is the identification, quantification and elimination of risks in order to prevent changes that have a negative impact on the profit (loss) of the Company and the Company's equity.

The Company applies profit testing when valuing insurance products and further a liability adequacy test in order to identify, quantify and eliminate risks. Profit testing is used to determine adequate insurance rates for the insurance and financial guarantees for individual products and for the determined assumptions.

The purpose of the liability adequacy test is to assess the amount of the life assurance provisions in terms of the updated assumptions. The level of sensitivity of the results to a change in the individual assumptions is also a component of these procedures.

In respect of the objective and subjective risks of the insured, these risks must be assessed individually upon contract conclusion, primarily in the event of a

higher sum assured. There are procedures for identifying and assessing these risks; as part of such procedures it is necessary to carry out a qualified assessment of the health condition, or, if appropriate, the financial condition of the client, or to assess the level of risk to which the insured is exposed. Based on information on the health condition, subjective risk and other actuarial risks, the premium rate is determined. In addition to a discount or a surcharge on the premium, certain risks, types of injury or illnesses may be excluded from the insurance, or the amount of the sum assured may be limited.

The Company has no significant concentration of exposure to any group of persons insured.

In order to manage the insurance risk, the Company primarily uses reinsurance and a prudent underwriting policy.

#### **Reinsurance strategy**

The Company reinsures some of the risks it underwrites in order to control its exposures to losses and protect its own capital resources. The Company has based its reinsurance scheme on a complementary combination of contracts with external reinsurers and reinsurance contracts with companies from the group.

The Company concludes a combination of proportionate and non-proportionate reinsurance treaties to reduce its net exposure. The maximum net exposure limits (own retentions) for particular business lines are reviewed annually. To provide additional protection the Company uses facultative reinsurance for certain insurance contracts.

The Company cooperates primarily with reinsurers rated "A" and higher (based on the rating provided by the

Standard&Poor's rating agency) and carries out the regular monitoring of their financial condition.

### **(c) Market risk**

The Company is exposed to market risk following from trading positions in interest rates, currency and equity instruments that are all exposed to common and specific changes in the market.

The main exposure is that the revenues from investments may not be sufficient to cover the liabilities from insurance contracts.

Market risk is constantly monitored, measured and managed using asset/liability management (ALM) calculations. The basic method of ALM involves adjusting the due date of assets to the liabilities from insurance contracts.

### **Asset/liability management (ALM)**

The basic goal of ALM is to achieve a balance in the structure of assets and liabilities, in particular from the point of view of their maturity, interest rates and currency structure. The aim is to ensure that the assets permanently generate sufficient cash flows in the required currency structure necessary to cover the due liabilities to clients (including the guaranteed revenues) and at the same time to ensure that the system enables the generation of adequate profit for shareholders.

For this purpose the Company regularly monitors its assets and liabilities, followed by an ALM calculation, which enables the Company to monitor and compare the structure of its assets and liabilities in terms of their maturity, achieved and guaranteed interest rates and in terms of their currency structure. This type of

output is one of the underlying tools for making decisions on the further allocation of financial investments.

### **Interest rate risk**

The Company is exposed to interest rate risks due to the impact of up-to-date market interest rate fluctuations. The fair value and investment return may either grow or decrease as a result of these fluctuations.

Other than changes in the value of assets, the interest rate fluctuations may also result in changes of liabilities.

Based on a cash flow analysis, the Company prepares a portfolio of securities whose value changes together with a change in the value of liabilities upon a change in the interest rate.

The risk of changes in cash flows as a result of a change in interest rate represents exposure primarily to insurance contracts with a guaranteed interest rate, where the client compares the revenue guaranteed by the contract with the revenue offered in the market. Where market interest rates increase, some types of contracts may show an increase in the lapse rate; on the other hand, in the event of a decrease in the interest rates an increased number of clients claiming a settlement in the form of pension may be observed, or the payment of settlements from contracts with a guaranteed revenue higher than the revenue offered in the market may be deferred.

### **Price fluctuation risk**

The Company is exposed to a price fluctuation risk, which consists of the possibility that the value of the financial instrument may change due to changes in the market prices. These changes

may be caused by factors specific to a single instrument or by the issuers of the instruments or by factors affecting all instruments traded in the capital or money markets.

The Company manages its use of equity investments by maintaining a diversified portfolio and by determining and monitoring the limits for investments.

### **Currency risk**

The Company is exposed to currency risk through transactions in foreign currencies and through its assets and liabilities denominated in foreign currencies. As the currency in which the Company presents its financial statements is the Czech crown (CZK), movements in the exchange rates between these currencies and the CZK affect the Company's financial statements.

### **(d) Credit risk**

The Company is exposed to the credit risk, which follows from the counterparty failing to pay the amounts due in full.

The main areas of the Company's exposure to credit risk:

- reinsurers' share in insurance liabilities;
- reinsurer's debt relating to a claim that has already been paid;
- an intermediary's debt resulting from commissions paid on lapsed insurance contracts;
- outstanding premiums;
- counterparty risk relating to derivative transactions;
- risk of failure to repay the principal or income from financial investments.

Concentrations of credit risk arise where groups of counterparties have similar economic characteristics that would cause their ability to meet their contractual obligations to be similarly

affected by changes in economic or other conditions.

The credit risk is limited by external limits regulating the structure of financial placement (Regulation No. 434/2009 Coll., to implement certain provisions of the Act on Insurance).

The Company further sets its own limits for individual issuers/counterparties depending on their credit quality and regularly monitors whether these limits have been met. The limits are subject to regular reassessment.

Outstanding premiums are regularly monitored. The method of creating adjustments is described in note I. 4. (d).

Recovery of debt from insurance is carried out by the Company in cooperation with external partners.

### **(e) Operational risk**

An operational risk is the risk of a potential loss arising from missing or insufficient internal processes, human resources and systems or other causes, which may occur due both to internal and external events.

The Company analyses these risks and designs modifications to work procedures and processes to eliminate the risks associated with operational events.

### **(f) Liquidity risk**

The Company is exposed to requirements for liquidity on a daily basis. These requirements are related to claim settlements. A liquidity risk is the risk that the cash necessary for payment of liabilities will not be available at the due date and at adequate cost.

The need for liquidity is continuously monitored in order to ensure necessary resources.

The Company has access to a diverse funding base, and in compliance with the legislation in force it has invested a sufficient portion of its financial placement in liquid financial instruments.

## II. ADDITIONAL DISCLOSURES IN RESPECT OF THE BALANCE SHEET

### II. 1. Intangible fixed assets

Intangible fixed assets of the Company as at 31 December 2014 comprise the following items:

	Software	Other intangible fixed assets	Total
<b>Acquisition cost at 1/1/2014</b>	<b>222 999</b>	<b>4 553</b>	<b>227 552</b>
Additions	29 694	37 311	67 005
Disposals	0	29 693	29 693
<b>Acquisition cost at 31/12/2014</b>	<b>252 693</b>	<b>12 171</b>	<b>264 864</b>
Accumulated dep. at 1/1/2014	190 445	268	190 713
Depreciation expense	15 400	0	15 400
Disposals	0	0	0
<b>Accumulated dep. at 31/12/2014</b>	<b>205 845</b>	<b>268</b>	<b>206 113</b>
Net book value at 1/1/2014	32 554	4 285	36 839
<b>Net book value at 31/12/2014</b>	<b>46 848</b>	<b>11 903</b>	<b>58 751</b>

### II. 2. Investment

#### (a) Land and buildings

The amounts stated in this section comprise technical improvement made to third-party property as at 31 December 2014 amounting to TCZK 6,319 (2013: TCZK 6,466).

## (b) Ownership interests

2014

Company name, place of business	Stake %	Acquisition cost	Fair value	Total registered capital	Profit (loss) for the period	Profit (loss) for the period
<b>Stakes in controlled entities</b>						
ČPP Servis, s.r.o., Praha	100	300	300	300	216	1 062
V.I.G. ND, uzavřený investiční fond a.s., Praha	10,48	302 006	283 344	2 671 000	58 812	2 702 904
<b>Total</b>		<b>302 306</b>	<b>283 644</b>	<b>2 671 300</b>	<b>59 028</b>	<b>2 703 966</b>

Data based on non-audited financial statements.

2013

Company name, place of business	Stake %	Acquisition cost	Fair value	Total registered capital	Profit (loss) for the period	Profit (loss) for the period
<b>Stakes in controlled entities</b>						
ČPP Servis, s.r.o., Praha	100	300	300	300	59	846
V.I.G. ND, uzavřený investiční fond a.s., Praha	10,48	302 006	304 665	2 671 000	60 797	2 880 278
<b>Total</b>		<b>302 306</b>	<b>304 965</b>	<b>2 671 300</b>	<b>60 856</b>	<b>2 881 124</b>

## (c) Shares

	Fair value		Acquisition cost	
	2014	2013	2014	2013
<b>Issued by financial institutions</b>				
- Listed on a recognised CR exchange	4 740	4 421	3 127	3 127
- Unlisted	0	43 990	0	35 220
<b>Other</b>				
- Listed on a recognised CR exchange	9 738	9 521	9 622	9 621
- Listed elsewhere	301 604	170 204	272 198	148 561
- Unlisted	454 948	547 611	433 133	531 525
<b>Total</b>	<b>771 030</b>	<b>775 747</b>	<b>718 080</b>	<b>728 054</b>

## (d) Debt securities

Debt securities valued at fair value through profit and loss

	Fair value		Acquisition cost	
	2014	2013	2014	2013
<b>Issued by financial institutions</b>				
- Listed on a recognised CR exchange	76 348	48 894	76 000	48 805
- Listed elsewhere	574 783	449 591	556 326	448 905
- Unlisted	100 714	0	100 455	0
<b>Issued by government sector</b>				
- Listed on a recognised CR exchange	1 088 073	990 880	1 088 618	989 874
- Listed elsewhere	538 697	449 384	446 980	446 980
- Unlisted	0	249 975	0	249 808
<b>Ostatní</b>				
- Listed on a recognised CR exchange	79 910	67 081	77 658	64 986
- Listed elsewhere	81 979	46 954	78 274	46 485
<b>Total</b>	<b>2 540 504</b>	<b>2 302 759</b>	<b>2 424 311</b>	<b>2 295 843</b>

OECD bonds held to maturity

	Fair value		Amortised value		Acquisition cost	
	2014	2013	2014	2013	2014	2013
Traded on the primary or secondary securities market	7 387 469	6 799 269	6 265 394	6 179 300	6 234 428	6 131 523
<b>Total</b>	<b>7 387 469</b>	<b>6 799 269</b>	<b>6 265 394</b>	<b>6 179 300</b>	<b>6 234 428</b>	<b>6 131 523</b>

Other securities held to maturity

	Fair value		Acquisition cost	
	2014	2013	2014	2013
<b>Issued by financial institutions</b>				
- Listed on a recognised CR exchange	564 700	545 567	506 419	506 419
- Listed elsewhere	102 543	160 014	79 955	139 956
- Unlisted	102 270	134 468	96 665	128 078
<b>Other</b>				
- Listed on a recognised CR exchange	157 914	145 475	145 530	145 530
- Listed elsewhere	114 806	109 637	99 973	99 973
<b>Total</b>	<b>1 042 233</b>	<b>1 095 161</b>	<b>928 542</b>	<b>1 019 956</b>

Deposits with financial institutions

	Fair value		Acquisition cost	
	2014	2013	2014	2013
Deposits	383 000	525 002	383 000	525 000
<b>Total</b>	<b>383 000</b>	<b>525 002</b>	<b>383 000</b>	<b>525 000</b>

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

Description	Fair value	
	2014	2013
Shares and other variable-yield securities	1 147 941	1 026 315
<b>Total</b>	<b>1 147 941</b>	<b>1 026 315</b>

(f) Other financial placements - derivatives

Derivatives intended for trading

Fixed term contracts	Nominal value			Fair value
	2014	2013	2014	2013
Term currency transactions	1 199 664	994 411	-28 174	8 636
<b>Total</b>	<b>1 199 664</b>	<b>994 411</b>	<b>-28 174</b>	<b>8 636</b>

All the above financial instruments were concluded at the interbank market (OTC). The Company records the nominal value of a derivative as an off-balance sheet item. A change of the fair value of a derivative is recognised in the profit and loss account.

Remaining maturity of derivatives

At 31 December 2014	< 3 months	3 m - 1 year	1 - 5 years	More than 5 years	Not specified	Total
<b>Other derivatives - intended for trading</b>						
Term currency transactions	-28 174	0	0	0	0	-28 174

(g) Currency structure of the financial placement

2014	Shares and other variable-yield securities	Debt securities	Deposits and other financial placements	Securities where the investment risk is borne by the policyholders	Total
CZK	307 578	9 025 485	354 826	912 710	10 600 599
EUR	193 465	222 928	0	235 231	651 624
USD	269 987	599 718	0	0	869 705
<b>Total</b>	<b>771 030</b>	<b>9 848 131</b>	<b>354 826</b>	<b>1 147 941</b>	<b>12 121 928</b>

2013	Shares and other variable-yield securities	Debt securities	Deposits and other financial placements	Securities where the investment risk is borne by the policyholders	Total
CZK	374 796	8 930 564	533 638	821 534	10 660 532
EUR	99 586	83 492	0	204 781	387 859
USD	301 365	563 164	0	0	864 529
<b>Total</b>	<b>775 747</b>	<b>9 577 220</b>	<b>533 638</b>	<b>1 026 315</b>	<b>11 912 920</b>

## II. 3. Receivables and Payables

### (a) Receivables

31 December 2014	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	160 876	14 040	0	70 725	245 641
Overdue	406 920	253 119	118 331	18 303	796 673
<b>Total</b>	<b>567 796</b>	<b>267 159</b>	<b>118 331</b>	<b>89 028</b>	<b>1 042 314</b>
Adjustment	150 921	246 225	0	2 164	399 310
<b>Total net</b>	<b>416 875</b>	<b>20 934</b>	<b>118 331</b>	<b>86 864</b>	<b>643 004</b>

31 December 2013	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	133 666	10 758	0	31 269	175 693
Overdue	464 346	229 094	155 206	4 941	853 587
<b>Total</b>	<b>598 012</b>	<b>239 852</b>	<b>155 206</b>	<b>36 210</b>	<b>1 029 280</b>
Adjustment	155 604	217 686	0	1 954	375 244
<b>Total net</b>	<b>442 408</b>	<b>22 166</b>	<b>155 206</b>	<b>34 256</b>	<b>654 036</b>

### (b) Other receivables

	2014		2013	
	Gross amount	Adjustments	Gross amount	Adjustments
Securities purchase prepayments	30 682	0	1 060	0
Other prepayments	23 430	0	17 733	0
Deferred tax receivable	14 636	0	1 095	0
Loans to employees	10 831	0	10 581	0
Other receivables	9 449	2 164	5 741	1 954
<b>Total</b>	<b>89 028</b>	<b>2 164</b>	<b>36 210</b>	<b>1 954</b>

Corporate income tax prepayments are recognised together with corporate income tax liabilities in "Income tax provision".

### (c) Payables

31 December 2014	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Due	168 584	86 416	100 286	176 830	532 116
Overdue	0	4 200	0	3 201	7 401
<b>Total</b>	<b>168 584</b>	<b>90 616</b>	<b>100 286</b>	<b>180 031</b>	<b>539 517</b>

31 December 2013	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Due	183 488	82 415	60 617	99 701	426 221
Overdue	0	3 257	0	7 953	11 210
<b>Total</b>	<b>183 488</b>	<b>85 672</b>	<b>60 617</b>	<b>107 654</b>	<b>437 431</b>

### (d) Payables and receivables due to or from the reinsurer

The Company has a net receivable from reinsurers excluding reinsurance deposits of TCZK 18,045 (2013: a net receivable from reinsurers of TCZK 94,589).

## II. 4. Inter-company receivables and payables

Company name	Receivables		Payables	
	2014	2013	2014	2013
Kooperativa pojišťovna, a.s., Vienna Insurance Group	87 322	43 889	56 998	54 124
Kooperativa poisťovňa, a.s. Vienna Insurance Group, Bratislava	0	0	3 139	4 216
WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group	123	147	0	0
VIENNA INSURANCE GROUP Wiener Versicherung Gruppe AG, Vienna	0	20 251	42 270	29 854
Pojišťovna České spořitelny, a.s., Vienna Insurance group	0	0	89	50
VIG RE zajišťovna, a.s.	9 873	11 649	21 354	12 442
Global assistance, a.s.	0	0	0	6 577
AIS Servis, s.r.o.	0	0	5 880	2 211
<b>Total</b>	<b>97 318</b>	<b>75 936</b>	<b>129 730</b>	<b>109 474</b>

## II. 5. Tangible fixed assets and inventories

	Total
Acquisition cost at 1/1/2014	150 714
Additions	45 524
Disposals	40 872
<b>Acquisition cost at 31/12/2014</b>	<b>155 366</b>
Accumulated dep. at 1/1/2014	115 660
Depreciation expenses	17 548
Disposals	18 231
<b>Accumulated depreciation at 31/12/2014</b>	<b>114 977</b>
Net book value at 1/1/2014	35 054
<b>Net book value at 31/12/2014</b>	<b>40 389</b>

## II. 6. Temporary asset or liability accounts

### (a) Other temporary asset accounts

	2014	2013
Accumulated debt	119 030	134 678
Estimated premiums	28 359	9 875
Estimated receivables arising from reinsurance operations	10 877	2 990
Prepaid services	26 804	15 613
Other	3 361	4 261
<b>Total</b>	<b>188 431</b>	<b>167 417</b>

### Estimated premiums

Estimated receivables comprise estimated written premiums for December, including an estimate of the lapse rate, where the settlement with intermediaries is carried out retrospectively, i.e. for the previous month.

### Estimated receivables arising from reinsurance operations

The Company discloses under estimated receivables arising from reinsurance operations an estimate of the appropriate profit commission from the reinsurers' share in the estimated written premiums disclosed above and the not-yet-agreed receivables due from reinsurers for the fourth quarter.

### (b) Estimated payables

	2014	2013
Estimated payables arising from reinsurance operations	32 345	204 247
Accrued commission (not yet due)	84 555	108 674
Services not invoiced	58 891	34 374
Accruals in respect of untaken holiday	34 599	29 856
Other estimated payables	15 770	12 385
<b>Total</b>	<b>226 160</b>	<b>389 536</b>

### Estimated payables arising from reinsurance operations

Payables that have not been reconciled with reinsurers and payables arising from facultative reinsurance that have not been reconciled with insurers for the fourth quarter are reported in estimated payables arising from reinsurance operations.

### Accrued commission (not yet due)

The Company discloses as Accrued commission (not yet due) the expected amount of commissions relating to premiums written in the current accounting period where the insurance intermediary's right to receive the commission is dependent on meeting additional specific criteria.

### Services not invoiced

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

## II. 7. Registered capital

The registered capital consists of 10,000 registered ordinary shares in book-entry form with a nominal value of TCZK 100. As at 31 December 2014, 100%, i.e. TCZK 1,000,000 (2013: TCZK 1,000,000), of the registered capital was paid up.

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

### (a) Other capital accounts

Other capital funds comprise the revaluation of assets and liabilities at fair value.

	2014	2013
<b>Balance at 1.1.2014</b>	<b>74 404</b>	<b>115 328</b>
Change in fair value of financial placement	21 378	-50 553
Change in deferred tax	7 968	9 629
<b>Balance at 31.12.2014</b>	<b>103 750</b>	<b>74 404</b>

The increase in the value of investments is primarily caused by an increase in the fair value of assets exempt from income tax.

### (b) Planned distribution of the current period profit

<b>Current period profit</b>	<b>513 623</b>
Transfer to legal reserve fund	25 681
Transfer to social fund	9 500
Payment of profit shares	399 000
<b>Profit to be added to retained earnings</b>	<b>79 442</b>

The planned distribution of the profit is subject to approval of the general meeting of shareholders. The Company assumes that the reserve fund will be released and transferred to retained profit.

## II. 8. Technical provisions

### (a) Provision for unearned premiums (gross)

	2014	2013
Non-life insurance	1 592 826	1 463 123
Life assurance	10 632	12 155
<b>Total</b>	<b>1 603 458</b>	<b>1 475 278</b>

### (b) Provision for outstanding claims

#### Claims run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 31 December 2013, the claims payments during 2014 (relating to claims considered in this provision) and the residual amount of this provision as at 31 December 2014.

The net run-off result is as follows:

Insurance class	2014	2013
Motor insurance	-8 424	3 471
Motor third party liability insurance	104 912	176 968
Insurance against fire and other damage to property	27 084	-14 841
Liability insurance	93 015	18 075
Accident and sickness insurance	9 843	2 491
Life assurance	14 835	3 780
Travel insurance	374	2 022
Other	3 372	5 545
<b>Total</b>	<b>245 011</b>	<b>197 511</b>

\*The Company reassessed the level of mean value in respect of the above insurance classes, with the exception of motor third party liability insurance. The mean value is newly based on the amount of insurance settlements paid, or on the amount of incurred claims. In previous years the mean value was based primarily on the amount of claims reported.

### Provision for outstanding claims paid in the form of annuities

The gross provision for outstanding claims in respect of third party liability insurance paid in the form of annuities arising from reported claims amounted to TCZK 1,085,150 after discounting (2013: TCZK 1,059,356).

The Company used a wage valorisation rate and a disability pension valorisation rate according to the Bureau methodology as at 3 June 2013 (breaking point method) to calculate the provision for outstanding claims paid in the form of annuities in respect of liability insurance/statutory motor third party liability insurance for the subsequent years. The provision was further discounted at 2%.

#### (c) Provision for bonuses and rebates (gross)

Insurance class	2014	2013
Non-life insurance	15 819	17 572
Life assurance	68 851	37 921
<b>Total</b>	<b>84 670</b>	<b>55 493</b>

### II. 9. Provisions

Type of provision	Opening balance	Additions	Utilization	Closing balance
Provision for taxes	44 732	19 003	44 732	19 003
Provision for employee benefits	31 838	4 103	0	35 941
Provision for litigations	260	0	0	260
<b>Total</b>	<b>76 830</b>	<b>23 106</b>	<b>44 732</b>	<b>55 204</b>

### III. ADDITIONAL DISCLOSURES IN RESPECT OF THE PROFIT AND LOSS ACCOUNT

#### III. 1. Non-life insurance

Non-life insurance for 2014 and 2013 divided by classes of insurance:

		Gross premiums written	Gross premium earned	Gross claims paid	Gross operating expenses	Reinsurance balance
<b>Direct insurance</b>						
Travel insurance						
	2014	33 272	34 187	19 466	20 675	-1
	2013	42 006	41 605	21 268	15 562	0
Accident and health insurance						
	2014	50 072	50 529	2 478	29 624	-12 126
	2013	59 050	59 954	25 741	18 017	-6 082
Motor third party liability insurance						
	2014	2 695 710	2 632 983	1 684 343	797 028	-27 109
	2013	2 512 543	2 499 687	1 315 771	763 696	-154 754
Property insurance						
	2014	744 277	719 873	274 021	217 249	-139 810
	2013	692 026	662 767	854 143	215 048	280 167
Liability insurance						
	2014	376 808	365 029	124 908	110 447	-46 775
	2013	345 459	337 366	215 571	107 126	-1 813
Motor insurance						
	2014	1 162 927	1 118 409	810 317	338 438	1 272
	2013	1 005 294	997 490	784 313	288 045	2 209
Atom pool						
	2014	19 921	19 366	489	1 446	-7 134
	2013	18 060	18 061	-179	2 487	-5 814
<b>Active facultative reinsurance</b>						
	2014	329 310	346 065	250 239	123 157	39 312
	2013	325 880	309 008	348 657	102 942	144 431
<b>Total</b>						
	<b>2014</b>	<b>5 412 297</b>	<b>5 286 441</b>	<b>3 166 261</b>	<b>1 638 064</b>	<b>-192 371</b>
	<b>2013</b>	<b>5 000 318</b>	<b>4 925 938</b>	<b>3 565 285</b>	<b>1 512 923</b>	<b>258 344</b>

### III. 2. Life insurance

Gross premiums written in life assurance:

	2014	2013
Individual premium	2 292 473	2 227 142
Premiums under group contracts	0	0
<b>Total</b>	<b>2 292 473</b>	<b>2 227 142</b>
Regular premium	1 337 472	1 165 462
Single premium	955 001	1 061 680
<b>Total</b>	<b>2 292 473</b>	<b>2 227 142</b>
Premiums from non profit-sharing contracts	640 689	603 218
Premiums from profit-sharing contracts	457 016	689 111
Premiums from contracts where the investment risk is borne by policyholders	1 194 768	934 813
<b>Total</b>	<b>2 292 473</b>	<b>2 227 142</b>
<b>Reinsurance balance</b>	<b>646</b>	<b>-4 785</b>

### III. 3. Total amount of gross premiums written by country

All contracts were concluded in the Czech Republic.

### III. 4. Bonuses and rebates

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

	2014	2013
<b>Gross amount</b>		
Non-life insurance	14 304	21 493
Life assurance	0	0
<b>Total gross amount</b>	<b>14 304</b>	<b>21 493</b>
Reinsurers' share	0	0
<b>Total net amount</b>	<b>14 304</b>	<b>21 493</b>

The Company accounted for the following changes in the provision for bonuses and rebates in accordance with the procedures stated in note I. 4. (I):

2014	Gross amount	Reinsurers' share	Net amount
<b>Non-life insurance</b>			
Creation	12 551	6 374	6 177
Release	14 304	7 426	6 878
Change of balance	-1 753	-1 052	-701
<b>Life assurance</b>			
Creation	68 851	0	68 851
Release	37 921	0	37 921
Change of balance	30 930	0	30 930
<b>Total change of balance</b>	<b>29 177</b>	<b>-1 052</b>	<b>30 229</b>

2013	Gross amount	Reinsurers' share	Net amount
<b>Non-life insurance</b>			
Creation	17 356	7 427	9 929
Release	21 493	11 449	10 044
Change of balance	-4 137	-4 022	-115
<b>Life assurance</b>			
Creation	37 921	0	37 921
Release	21 810	0	21 810
Change of balance	16 111	0	16 111
<b>Total change of balance</b>	<b>11 973</b>	<b>-4 023</b>	<b>15 996</b>

### III. 5. Commissions and other acquisition costs for insurance contracts

	2014			2013		
	Non-life insurance	Life assurance	Total	Non-life insurance	Life assurance	Total
<b>Commissions</b>	921 859	465 422	1 387 281	827 344	466 786	1 294 130
Other acquisition costs	509 339	128 774	638 113	513 308	111 571	624 879
Change in deferred acquisition costs	-20 923	-128 249	-149 172	-26 614	-136 896	-163 510
<b>Total commissions and other acquisition costs</b>	<b>1 410 275</b>	<b>465 947</b>	<b>1 876 222</b>	<b>1 314 038</b>	<b>441 461</b>	<b>1 755 499</b>

The amount of commissions comprises all commissions to insurance intermediaries relating to the acquisition and follow-up renewal of the insurance contracts, including commissions on active reinsurance.

#### (a) Administrative expenses

	2014	2013
Personnel expenses (payroll, social and health insurance)	195 173	179 118
Rental	42 276	103 277
Advisory	15 077	6 454
Energy consumption	5 374	15 923
Material consumption	1 729	5 795
Postage + telephone services	22 843	33 014
Software services	62 173	62 857
Depreciation of tangible and intangible fixed assets	25 462	31 304
Outsourcing expenses	95 940	93 349
Expenses for printing	5 672	5 784
Other administrative expenses	58 109	88 040
<b>Total administrative expenses before reallocation</b>	<b>529 828</b>	<b>624 915</b>
Reallocation to acquisition costs	- 91 156	-200 607
Reallocation to claims handling costs	-126 374	-138 591
Reallocation to costs of financial placement	-26 163	-26 944
<b>Reallocation Total</b>	<b>-243 693</b>	<b>-366 142</b>
<b>Total administrative expenses</b>	<b>286 135</b>	<b>258 773</b>

To improve and refine its accounting procedures, since 2014 the Company records all expenses related to business-oriented cost centres straight into acquisition accounts, which influences the gross amount of administrative expenses prior to allocation and the amount of costs allocated as acquisition costs.

Information about the fee payable to the audit company is disclosed in the notes to the consolidated financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, the parent company.

#### (b) Other technical expenses and income

2014	Gross amount	Reinsurers' share	Net amount
<b>Non-life insurance</b>			
Other technical expenses	218 081	0	218 081
Other technical income	134 076	0	134 076
<b>Life assurance</b>			
Other technical expenses	63 080	0	63 080
Other technical income	28 015	0	28 015

2013	Gross amount	Reinsurers' share	Net amount
<b>Non-life insurance</b>			
Other technical expenses	115 878	0	115 878
Other technical income	95 187	0	95 187
<b>Life assurance</b>			
Other technical expenses	96 063	0	96 063
Other technical income	143 747	0	143 747

Based on the amendment to Act No. 168/1999 Coll., on Liability Insurance for Losses Caused by the Operation of a Motor Vehicle, as amended, which came into effect on 1 January 2014, under Section 23a (2) the insurance company is obliged to pay 3% of premiums written and collected effective from 1 January 2014 to a Loss Prevention Fund. The Company recognises the amount of TCZK 80,444 in Other technical expenses in the technical account for non-life insurance.

### (c) Employees and executives

The average number of employees and executives and remuneration paid for 2014 and 2013 are as follows:

2014	Average number of employees	Payroll expense	Social and health insurance	Of which other personnel expenses
Employees	739	306 178	96 151	6 481
Executives	70	86 807	26 242	0
<b>Total</b>	<b>809</b>	<b>392 985</b>	<b>122 393</b>	<b>6 481</b>

2013	Average number of employees	Payroll expense	Social and health insurance	Of which other personnel expenses
Employees	738	296 098	94 160	6 594
Executives	71	77 949	24 301	0
<b>Total</b>	<b>809</b>	<b>374 047</b>	<b>118 461</b>	<b>6 594</b>

TCZK 195,173 (2013: TCZK 179,118) of the total payroll, social security and health insurance expenses represents administrative overheads and TCZK 313,724 (2013: TCZK 313,390) accounts for expenses incurred to acquire insurance contracts, of which commission payments amount to TCZK 11,017 (2013: TCZK 11,346) and are disclosed in table III. 5.

### (d) Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 12,888 (2013: TCZK 12,841), of which TCZK 8,656 (2013: TCZK 8,685) relates to social security and TCZK 4,232 (2013: TCZK 4,156) relates to health insurance. None of these liabilities are overdue.

### (e) Tax liabilities and subsidies

Tax liabilities total TCZK 23,129 (2013: liabilities of TCZK 28,129), of which a deferred tax liability is TCZK 8,861 (2013: TCZK 15,726).

### (f) Statutory and auditing authorities members' remuneration

The Company has reported the following monetary and non-monetary remuneration provided to the statutory, executive and supervisory board members for the financial years 2014 and 2013:

	2014	2013
Members of the board of directors	14 425	5 963
Members of the supervisory board	1 405	1 315
<b>Total remuneration</b>	<b>15 830</b>	<b>7 278</b>

### (g) Statutory and auditing authorities members' loans, other receivables and advances

In 2014 and 2013, the Company had no receivables from members of the board of directors or the supervisory board relating to provided loans or advances.

### (h) Expenses transfer between technical accounts and non-technical account

Expenses that were transferred between the technical account of life insurance, non-life insurance, and the non-technical account based on Note I.4 (v) total as at the balance sheet date TCZK 205,795 (2013: TCZK 197,865).

### (i) Result of non-technical account

The result of the non-technical account before taxes as at 31 December 2014 was a loss of TCZK 10,409 (2013: a loss of TCZK 13,418).

### (j) Profit before tax

The profit before tax as at 31 December 2014 amounted to TCZK 630,695 (2013: TCZK 542,587).

## III. 6. Taxation

### (a) Income tax in the profit and loss account

	2014	2013
Current period income tax	131 335	90 044
Receivables from paid corporate income tax prepayments decreased by an income tax provision for the current period	0	0
Current income tax relating to prior periods	-722	2 266
Change in deferred tax asset/Change in deferred tax liability	-13 541	-1 095
<b>Income tax in profit and loss account</b>	<b>117 072</b>	<b>91 215</b>

## (b) Deferred tax assets/Deferred tax liabilities

Deferred tax assets and liabilities are as follows:

Temporary differences	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Fixed assets	1	1	-3 218	-833	-3 217	-832
Receivables	4 450	1 927	0	0	4 450	1 927
Provisions	13 403	0	0	0	13 403	0
Accumulated losses	0	0	0	0	0	0
Other temporary differences recorded in profit and loss account	0	0	0	0	0	0
<b>Total temporary differences recorded in profit and loss account</b>	<b>17 854</b>	<b>1 928</b>	<b>-3 218</b>	<b>-833</b>	<b>14 636</b>	<b>1 095</b>
Revaluation of assets and liabilities	0	0	-8 861	-16 829	-8 861	-16 829
<b>Deferred tax asset/liability</b>	<b>17 854</b>	<b>1 928</b>	<b>-12 079</b>	<b>-17 662</b>	<b>5 775</b>	<b>-15 734</b>

In accordance with the accounting policy described in note I. 4. (h), deferred tax was calculated using the tax rate of 19%.

## IV. OTHER DISCLOSURES

### IV. 1. Contingent liabilities

#### (a) Co-insurance

The Company is the leading co-insurer in several coinsurance contracts in respect of which a claim of a material amount has been announced as at the end of the accounting period.

The Company considers it improbable that the beneficiary will file a claim in the full amount against the Company as it is the leading co-insurer and it has therefore only established a provision for outstanding claims in the amount of its share.

#### (b) Membership in the Czech Insurers' Bureau

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

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

#### (c) Membership in the Czech Nuclear Pool

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

## IV. 2. Subsequent events

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

Prague, 9 March 2015



Ing. Jaroslav Besperát  
předseda představenstva



Ing. Vít Rozsypal  
člen představenstva

# REPORT OF THE BOARD OF DIRECTORS ON RELATIONS BETWEEN RELATED PARTIES UNDER SECTION 82 OF THE ACT ON CORPORATIONS NO. 90/2012 COLL.

## SECTION I

### ENTITIES INCLUDED IN THE GROUP

#### 1. Controlled person

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group with its registered office at Pobřežní 665/23, 186 00 Praha 8  
Identification number: 639 98 530  
Recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 3433 (“ČPP”).

ČPP is a trade company carrying on insurance business in compliance with Act No. 277/2009 Coll., on Insurance. Its business activities are defined in its Articles of Association and recorded in the Commercial Register.

#### 2. Controlling person

Kooperativa pojišťovna, a. s., Vienna Insurance Group with its registered office at Pobřežní 665/21, 186 00 Praha 8  
Identification number: 471 16 617  
Recorded in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1897 (“Kooperativa”).

Kooperativa is a trade company carrying on insurance business in compliance with Act No. 277/2009 Coll., on Insurance. Its business activities are defined in its Articles of Association and recorded in the Commercial Register.

Kooperativa is controlled by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe with its registered office at Schottenring 30, A-1010 Vienna, Austria (“VIG AG”). Its business activities are defined in its Articles of Association.

#### 3. Related parties

A list of subsidiaries of VIG AG is attached to this report as an appendix.

## SECTION II

### RELATIONS BETWEEN GROUP ENTITIES

#### 1. Type of control

Kooperativa owns shares of ČPP in an aggregate nominal value of 100% of its registered capital.

#### 2. Structure of relations

The ownership interest of VIG AG in the other subsidiaries expressed as a percentage of the registered capital is stated in the Appendix to this Report.

## SECTION III

### DECISIVE PERIOD

This Report has been prepared for the last accounting period, i.e. for the period between 1 January 2014 and 31 December 2014.

## SECTION IV

### CONTRACTS AND AGREEMENTS CONCLUDED BETWEEN GROUP ENTITIES IN 2014

1. Contracts and agreements concluded between the controlling person (Kooperativa, VIG AG) and the controlled person ČPP in 2014
  - a proportional quota reinsurance contract on MTPL insurance coverage concluded between ČPP and VIG AG.
  - an accidental proportional quota reinsurance contract concluded between ČPP and VIG AG.
  - a proportional quota reinsurance contract on property insurance coverage concluded between ČPP and Kooperativa.
  - a contract on cost sharing concluded between ČPP and Kooperativa.
  - Insurance contract No. 0013873555 for business interruption insurance due to a natural disaster and due to destruction of machinery concluded between ČPP and Kooperativa.
  - Insurance contract No. 0013970550 for liability insurance for insurance intermediaries concluded between ČPP and Kooperativa.
  - Insurance contract No. 3880085668 for comprehensive fleet insurance concluded between ČPP and Kooperativa.

- Appendices No. 27 – 28 to Insurance contract No. 0012341541 for property insurance concluded between ČPP and Kooperativa.
- Appendix No. 5 to Mandate contract No. 8720000000 for an insurance agent concluded between ČPP and Kooperativa.
- Agreements on extraordinary commission for financial products of Česká spořitelna, a.s. and Stavební spořitelna České spořitelny, a.s. concluded between ČPP and Kooperativa.
- Contract for facultative reinsurance to motor casco insurance contract No. 3880050970 concluded between ČPP and Kooperativa.
- Contract for exclusive business representation No. 4116-9930001756/01-2014-ACS, as amended by Announcement on a change to Appendices No. 1 and 4, concluded between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.

ČPP incurred no detriment as a result of these contracts and agreements.

2. Contracts and agreements concluded between ČPP and the other controlled persons from the VIG group in 2014.
  - Reinsurance contracts concluded between ČPP and VIG RE zajišťovna, a.s.
  - Insurance contract No. 0013967908 concluded between ČPP and ČPP Servis, s.r.o. for property and liability insurance.
  - Contract for business representation No. 2500000000, as amended by Appendices No. 1 - 4, for insurance mediation concluded between ČPP Servis and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.
  - Contract for business representation No. 2520000000, as amended by Appendices No. 1 - 5, for insurance mediation concluded between ČPP Servis and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.
  - Contract for business representation No. 2530000000, as amended by Appendix No. 1, for insurance mediation concluded between ČPP Servis and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.
  - Contract for business representation No. 8580000000, as amended by Appendices No. 1 - 5, for insurance mediation concluded between ČPP Servis and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.
  - Announcement on prolongation of Insurance contract No. 0013866303 concluded between ČPP and V.I.G. ND uzavřený investiční fond a.s.

ČPP incurred no detriment as a result of these contracts and agreements.

## SECTION V

### OTHER LEGAL ACTS OR MEASURES ADOPTED OR REALISED IN THE INTEREST OR AT THE INSTIGATION OF RELATED PARTIES

In 2014, no legal acts or other measures were performed in the interest or at the instigation of the related parties.

## SECTION VI

### CONFIDENTIALITY

1. Information and facts that form a part of the trade secret of ČPP, Kooperativa and other related parties as well as any information indicated as confidential by any group entity shall be considered confidential within the Group. Furthermore, these comprise any business information that may, separately or combined with other information or facts, cause a detriment to any of the group entities.
2. In order to prevent any detriments to be incurred by the controlled person in respect of paragraph 1 of this section, this report of the governing body does not include the financial information about performance and consideration from the concluded contracts and agreements.

## SECTION VII

### CONCLUSION

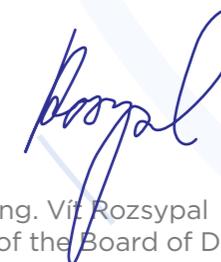
1. This report has been prepared by the Board of Directors of the controlled person, Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, and will be submitted for review to the Supervisory Board. As ČPP is obliged under the law to prepare an annual report, this Report constitutes an integral part of the annual report. The annual report will be submitted for review to the audit firm KPMG Česká republika Audit, s.r.o.

Prague, on 24 February 2015.

Signature of the Chairman of the Board of Directors and of a member of the Board of Directors of the controlled person, Česká podnikatelská pojišťovna, a. s., Vienna Insurance Group:



Ing. Jaroslav Besperát  
Chairman of the Board of Directors



Ing. Vít Rozsypal  
Member of the Board of Directors

## APPENDIX TO THE REPORT OF THE BOARD OF DIRECTORS ON RELATIONS BETWEEN RELATED PARTIES

Company	Registered office	Share in %
<b>fully consolidated</b>		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY, Sofia	Bulgaria	95.53
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00
"POLISA-ZYCIE" Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	98.57
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.44
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00
Arithmetica Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	Austria	100.00
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	Romania	93.98
BML Versicherungsmakler GmbH, Vienna	Austria	100.00
Benefia Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	100.00
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100.00
Business Insurance Application Consulting GmbH, Vienna	Austria	100.00
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00
CAL ICAL "Globus", Kiev	Ukraine	80.00
CAME Holding GmbH, Vienna	Austria	100.00
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100.00
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00
COMPENSA Holding GmbH, Wiesbaden	Germany	100.00
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100.00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100.00
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	100.00
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99.92

Company	Registered office	Share in %
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Kishinev	Moldavia	99.98
DBLV Immobesitz GmbH, Vienna	Austria	100.00
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100.00
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99.24
DVIB GmbH, Vienna	Austria	100.00
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100.00
ELVP Beteiligungen GmbH, Vienna	Austria	100.00
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95.00
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95.00
GPIH B.V., Amsterdam	The Netherlands	91.11
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	99.21
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89.98
Joint Stock Company for Insurance and Reinsurance Makedonija Skopje - Vienna Insurance Group, Skopje	Macedonia	94.25
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99.98
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00
International Insurance Company "IRAO" LTD, Tbilisi	Georgia	100.00
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90.00
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia/Herzegovina	100.00
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00
Kaiserstraße 113 GmbH, Vienna	Austria	100.00
Kapitol pojišťovací a finanční poradenství, a.s., Brno	Czech Republic	100.00
Kooperativa, pojišťovna, a.s. Vienna Insurance Group, Prague	Czech Republic	98.39
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100.00

Company	Registered office	Share in %
LVP Holding GmbH, Vienna	Austria	100.00
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	Austria	100.00
MH 54 Immobilienanlage GmbH, Vienna	Austria	100.00
Neue Heimat Oberösterreich Holding GmbH, Vienna	Austria	90.00
OMNIASIG VIENNA INSURANCE GROUP S.A., Bukurest	Romania	99.47
Pension Insurance Company Doverie AD, Sofia	Bulgaria	92.58
PFG Holding GmbH, Vienna	Austria	89.23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100.00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIASZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99.99
Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev	Ukraine	97.80
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	60.00
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56.55
Passat Real Sp. z o.o., Warsaw	Poland	100.00
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95.00
Pojišťovna České spořitelny, a.s. Vienna Insurance Group, Pardubice	Czech Republic	95.00
Projektbau GesmbH, Vienna	Austria	100.00
Projektbau Holding GmbH, Vienna	Austria	90.00
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100.00
Ray Sigorta Anonim Sirketi, Istanbul	Turkey	94.96
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89.05
Skandia Zycie Towarzystwo Ubezpieczen Spolka Akcyjna, Warsaw	Poland	100.00
SVZ GmbH, Vienna	Austria	100.00
SVZI GmbH, Vienna	Austria	100.00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna	Austria	100.00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100.00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Vienna	Austria	100.00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66.70

Company	Registered office	Share in %
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95.00
T 125 GmbH, Vienna	Austria	100.00
TBI BULGARIA EAD, Sofia	Bulgaria	100.00
TBIH Financial Services Group N.V., Amsterdam	The Netherlands	100.00
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100.00
V.I.G. ND, uzavřený investiční fond a.s., Prague	Czech Republic	100.00
VIG FUND uzavřený investiční fond, a.s., Prague	Czech Republic	100.00
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00
VIG Real Estate GmbH, Vienna	Austria	100.00
VIG-CZ Real Estate GmbH, Vienna	Austria	100.00
VLTAVA majetkovosprávni a podílová spol. s r.o., Prague	Czech Republic	100.00
Vienna Life Vienna Insurance Group Biztosító Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100.00
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendorf	Lichtenstein	100.00
VIG Properties Bulgaria AD, Sofia	Bulgaria	99.97
WGPV Holding GmbH, Vienna	Austria	100.00
"WIENER RE" akcionarsko društvo za reosiguranje, Belgrade	Serbia	100.00
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100.00
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100.00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	99.90
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100.00
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100.00
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100.00
WSV ImmoHolding GmbH, Vienna	Austria	100.00
WILA GmbH, Vienna	Austria	100.00
WIENER STÄDTISCHE OSIGURANJE akcionarsko društvo za osiguranje, Belgrade	Serbia	100.00
Wiener nekretnine d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	99.47

Company	Registered office	Share in %
<b>consolidated by equivalent method</b>		
AIS Servis, s.r.o., Brno	Czech Republic	100.00
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94.00
Benefita, a.s., Prague	Czech Republic	100.00
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00
ČPP Servis, s.r.o., Prague	Czech Republic	100.00
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30.00
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99.77
GLOBAL ASSISTANCE, a.s., Prague	Czech Republic	100.00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	55.00
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00
Global Expert, s.r.o., Pardubice	Czech Republic	100.00
HOTELY SRNÍ, a.s., Prague	Czech Republic	100.00
KIP, a.s., Prague	Czech Republic	100.00
Medial Beteiligungs-Gesellschaft m.b.H., Vienna	Austria	29.63
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99.81
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	50.12
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (Group Financial Statements)	Austria	36.58
S - budovy, a.s., Prague	Czech Republic	100.00
S IMMO AG, Wien (Group Financial Statements)	Austria	10.22
S-správa nemovitostí, a.s., Prague	Czech Republic	100.00
SCHWARZATAL Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna	Austria	55.00
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	50.12
SURPMO, a.s., Prague	Czech Republic	100.00
Sanatorium Astoria, a.s., Carlsbad	Czech Republic	92.71
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	Austria	60.00
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100.00

Company	Registered office	Share in %
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	50.12
VBV - Betriebliche Altersvorsorge AG, Vienna (Group Financial Statements)	Austria	23.56

Company	Registered office	Share in %
<b>non-consolidated</b>		
"Assistance Company "Ukrainian Assistance Service" LLC, Kiev	Ukraine	100.00
"Auto-Ekspert" Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
"Compensa Services" SIA, Riga	Latvia	100.00
"DUNAJ - Finanse" - Spolka z ograniczona adpowiedzialnoscia, Warsaw	Poland	50.00
"Medical Clinic "DIYA" LLC, Kiev	Ukraine	100.00
AISMP Meditzinski Tsentar Bulstrad Zdrave EOOD, Sofia	Bulgaria	100.00
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	Monte Negro	100.00
Alpenlachs Soravia GmbH, Vienna	Austria	33.30
Amadi GmbH, Wiesbaden	Germany	100.00
AQUILA Hausmanagement GmbH, Vienna	Austria	100.00
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	50.00
Autosig SRL, Bucharest	Romania	100.00
B&A Insurance Consulting s.r.o., Moravska Ostrava	Czech Republic	49.00
Brunn N68 Sanierungs GmbH, Vienna	Austria	50.00
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H., Villach	Austria	99.48
CAPITOL BROKER DE PENSII PRIVATE S.R.L., Bucharest	Romania	100.00
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L., Bucharest	Romania	100.00
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bucharest	Romania	100.00
CAPITOL Spolka z Ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
CARPLUS Versicherungsvermittlungsgesellschaft GmbH, Vienna	Austria	100.00
CCA EDV für Versicherungswirtschaft GmbH, Vienna	Austria	24.28
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	100.00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	Austria	100.00
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	25.00
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	49.49
EGW Wohnbau gemeinnützige Ges.m.b.H., Wiener Neustadt	Austria	100.00
ERSTE drustvo s ogranicenom odgovornoscju za upravljanje obveznim i dobrovoljnim mirovinskim fondovima, Zagreb	Croatia	29.00
Erste S Biztositasi Alkusz Kft, Budapest	Hungary	100.00
European Insurance & Reinsurance Brokers Ltd., London	Great Britain	85.00

Company	Registered office	Share in %
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	100.00
Finanzpartner GmbH, Vienna	Austria	50.00
Foreign limited liability company "InterInvestUchastie", Minsk	Belarus	100.00
Gain Capital SA, SICAV-FIS Real Estate Car Parks I, Luxembourg	Luxembourg	40.01
GELUP GmbH, Vienna	Austria	33.33
GEO HOSPITALS LLC, Tbilisi	Georgia	100.00
Glamas Beteiligungsverwaltungs GmbH, Vienna	Austria	23.33
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG, Vienna	Austria	23.33
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	Czech Republic	100.00
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	100.00
Henderson Global Investors Immobilien Austria GmbH, Vienna	Austria	35.00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	100.00
IICS/Polska z ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
InterRisk Informatik GmbH, Wiesbaden	Germany	100.00
Jahorina auto d.o.o., Brcko	Bosnia/ Herzegovina	100.00
Jahorina Konseko Progres a.d., Pale	Bosnia/ Herzegovina	28.00
Joint Stock Company "Curatio", Tbilisi	Georgia	100.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje, Skopje	Macedonia	100.00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	50.00
Lead Equities II Auslandsbeteiligungs AG, Vienna	Austria	21.59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG, Vienna	Austria	21.59
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	23.33
MC EINS Investment GmbH, Vienna	Austria	50.00
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100.00
People's Pharmacy LLC, Tbilisi	Georgia	50.00
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	83.57
Privat Joint-Stock Company "OWN SERVICE"	Ukraine	100.00
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	40.00

Company	Registered office	Share in %
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	51.00
S.C. CLUB A.RO S.R.L., Bucharest	Romania	100.00
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	100.00
Slovaexperta, s.r.o., Zilina	Slovakia	100.00
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	23.33
Soravia Food Market GmbH, Vienna	Austria	33.33
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	100.00
Spoldzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	100.00
SVZ Immoholding GmbH, Vienna	Austria	100.00
SVZ Immoholding GmbH & Co KG, Vienna	Austria	100.00
TBI Asset Management EAD, Sofia	Bulgaria	100.00
TBI CONSULTING EOOD, Sofia	Bulgaria	100.00
TBI Info EOOD, Sofia	Bulgaria	100.00
TBI Invest EAD, Sofia	Bulgaria	100.00
Thermenland Congress Center Loipersdorf GmbH & Co KG, Loipersdorf	Austria	32.26
TOGETHER Internet Services GmbH, Vienna	Austria	24.99
UAB "Compensa Services", Vilnius	Lithuania	100.00
UNION-Informatikai Szolgáltató Kft., Budapest	Hungary	100.00
Untere Donaulände 40 GmbH, Vienna	Austria	100.00
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100.00
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	33.33
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
Vienna Insurance Group Contact CenterBulgaria AD, Sofia	Bulgaria	100.00
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
Vienna International Underwriters GmbH, Vienna	Austria	100.00
VIG Asset Management investiční společnost, a.s., Prague	Czech Republic	100.00
VIG Management Service SRL, Bucharest	Romania	100.00
VIG Services Bulgaria EOOD, Sofia	Bulgaria	100.00
VIG Services Shqiperi Sh.p.K., Tirana	Albania	100.00
VIG Services Ukraine, LLC, Kiev	Ukraine	100.00

Company	Registered office	Share in %
VILE BAREDINE d.o.o., Zagreb	Croatia	30.00
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	50.00
VVT Vermögensverwaltung GmbH, Vienna	Austria	33.33
VVTH GmbH, Vienna	Austria	33.33
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	25.00
Wien 3420 Aspern Development AG, Vienna	Austria	33.33
Wiener Städtische Donau Leasing GmbH, Vienna	Austria	100.00
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	100.00
WSV Vermögensverwaltung GmbH, Vienna	Austria	100.00

## REPORT OF THE SUPERVISORY BOARD OF ČESKÁ PODNIKATELSKÁ POJIŠŤOVNA, A.S., VIENNA INSURANCE GROUP ON THE RESULTS FOR THE YEAR 2014

In 2014, the Supervisory Board of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group („the Company“) carefully monitored the work of the Board of Directors and the Company’s business activities. The Supervisory Board carried out its activities in accordance with the relevant legislation, primarily with Act No. 90/2012 Coll., on Corporations, as amended (“Act on Corporations“). It exercised its duties both as a whole and through its members acting individually.

The Supervisory Board was presented with and reviewed the annual financial statements, comprising the complete set of the financial statements, for the year ended 31 December 2014. The review was based on documents presented to the Supervisory Board, information obtained while carrying out its activities, decisions adopted in 2014 by the sole shareholder exercising the powers of the General Meeting of Shareholders, and the Auditor’s report on the financial statements for the period between 1 January 2014 and 31 December 2014. The documents presented to the Supervisory Board and the controlling activities carried out clearly imply that the Company’s accounting records were maintained faithfully in 2014, and that the 2014 annual financial statements have been prepared in accordance with all relevant legal regulations and accounting policies, and that the Company carried out its business in compliance with the relevant legal regulations and the Company’s Articles of Association.

The Supervisory Board further reviewed the report on relations between related parties prepared by the Board of Directors in accordance with Section 82 of the Act on Corporations (“Report on Relations“). The Supervisory Board did not find any defects or imperfections in the Report on Relations.

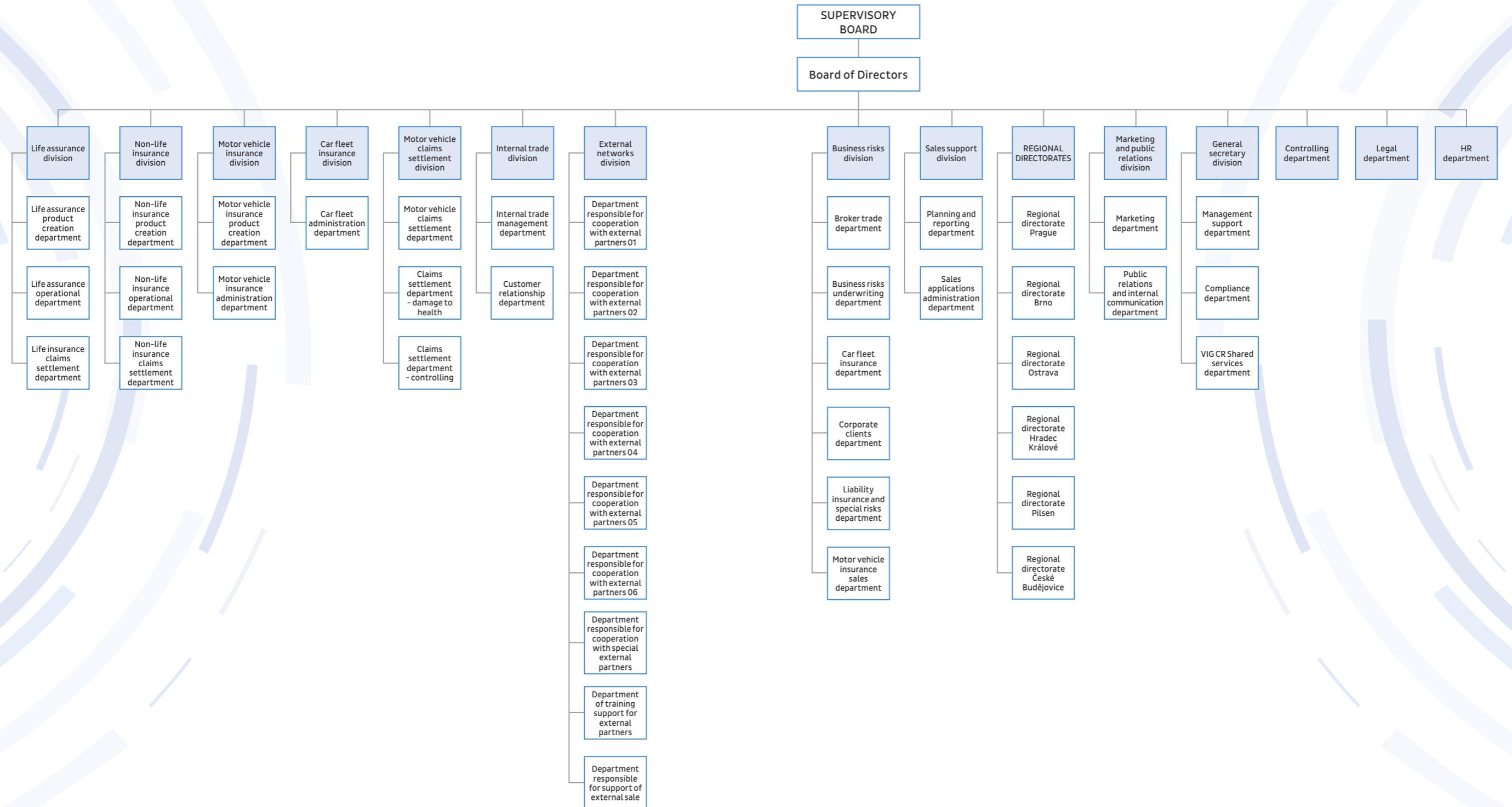
All of the above has led the Supervisory Board to unanimously approve the annual financial statements as presented to it by the Board of Directors, and to agree with the profit distribution as proposed by the Board of Directors.

Prague, on 20 March 2015



Ing. Martin Diviš, MBA  
Chairman of the Supervisory Board

# ORGANISATIONAL STRUCTURE AS AT 1 JANUARY 2015





**LIST OF REGIONAL  
DIRECTORATES  
AND  
BRANCH OFFICES  
AS AT 1 JANUARY 2015**

## Prague

### Head office

Pobřežní 665/23, 186 00 Praha 8, tel.: 841 444 555

### Regional directorate

Budějovická 3, 140 21 Praha 4, 261 022 438

### Branch offices

Praha 5, Jindřicha Plachty 25, 150 00 Praha 5, tel.: 257 319 003

Praha 9, Jandova 3/10, 190 00 Praha 9, tel.: 233 901 237

Praha 2, Korunní 1300/65, 120 00 Praha 2, tel.: 221 501 310

Praha 4, Budějovická 3a, 140 21 Praha 4, tel.: 261 022 559

Praha 8, Pobřežní 665/23, 186 00 Praha 8, tel.: 956 451 051

Mladá Boleslav, U Kasáren 1377, 293 01 Mladá Boleslav, tel.: 326 736 168

Kolín, Legerova 182, 280 02 Kolín, tel.: 321 716 931

Příbram, Dlouhá 95, 261 01 Příbram, tel.: 318 627 195

Nymburk, náměstí Přemyslovců 39, 288 02 Nymburk, tel.: 325 531 908

Kladno, Tyršova 1396, 272 01 Kladno, tel.: 312 240 214

Mělník, Jaroslava Seiferta 147/6, 276 01 Mělník, tel.: 315 628 643

Beroun, Politických vězňů 153/21, 266 01 Beroun, tel.: 311 626 736

Rakovník, Vysoká 100, 269 01 Rakovník, tel.: 313 502 590

## Brno

### Regional directorate

Benešova 14/16, 602 00 Brno, tel.: 542 120 800

### Branch offices

Břeclav, U Stadionu 2144, 690 02 Břeclav, tel.: 519 322 854

Znojmo, Pražská 2F, 669 02 Znojmo, tel.: 515 331 011

Hodonín, Národní třída 55c, 695 01 Hodonín, tel.: 518 342 444

Třebíč, Smila Osovského 25/35, 674 01 Třebíč, tel.: 568 843 448

Brno-venkov, Pekařská 58, 602 00 Brno, tel.: 542 215 140

Brno II, Kapucínské náměstí 14, 602 00 Brno, tel.: 542 215 232

Brno-město, Palackého třída 879/84, 612 00 Brno, tel.: 541 217 647

Boskovice, Růžové náměstí 3 a 4, 680 01 Boskovice, tel.: 516 452 137

Žďár nad Sázavou, Nádražní 430/16, 591 01 Žďár nad Sázavou, tel.: 566 629 899

Zlín, Dlouhá 5617, 760 01 Zlín, tel.: 577 220 954

Uherské Hradiště, Na Splávku 1182, 686 01 Uherské Hradiště, tel.: 572 540 602

Kroměříž, Stoličkova 44, 767 01 Kroměříž, tel.: 573 331 759

## České Budějovice

### Regional directorate

Průmyslová 1656, 370 01 České Budějovice, tel.: 386 103 315

### Branch offices

České Budějovice, Průmyslová 1656, 370 01 České Budějovice, tel.: 386 103 306

Český Krumlov, Tovární 194, 381 01 Český Krumlov, tel.: 380 713 700

Strakonice, Komenského 105, 386 01 Strakonice, tel.: 383 322 935

Prachatice, Velké náměstí 6, 383 01 Prachatice, tel.: 388 311 138

Písek, Fráni Šrámka 167, 397 01 Písek, tel.: 382 215 351

Pelhřimov, arch. Janáka 2256, 393 01 Pelhřimov, tel.: 565 322 449

Tábor, Fügnerova 822, 390 02 Tábor, tel.: 381 257 555

Jindřichův Hradec, Masarykovo náměstí 108, 377 01 Jindřichův Hradec, tel.: 384 361 080

Havlíčkův Brod, Dolní 1, 580 01 Havlíčkův Brod, tel.: 569 420 408

Jihlava, Žižkova 13, 586 01 Jihlava, tel.: 567 300 255

Point of sale of the branch office České Budějovice, Lidická tř. 170/29, 370 01 České Budějovice, tel.: 386 350 320

Point of sale of the branch office Strakonice, Jiřího z Poděbrad 772, 386 01 Strakonice

## Hradec Králové

### Regional directorate

Škroupova 441/9, 500 02 Hradec Králové, tel.: 495 704 400

### Branch offices

Hradec Králové, Škroupova 441/9, 500 02 Hradec Králové, tel.: 495 704 401

Point of sale of the branch office Hradec Králové, Šimkova 1223/2, 500 03 Hradec Králové, tel.: 495 510 100

Point of sale of the branch office Hradec Králové, Gočárova 1013, 500 02 Hradec Králové, tel.: 495 591 506

Liberec, Kostelní 4/2 - entrance from the square Dr. E. Beneše, 460 01 Liberec 1, tel.: 485 106 534

Point of sale of the branch office Liberec, Jeronýmova 576/39, 460 07 Liberec, tel.: 485 104 411

Trutnov, Palackého 388, 541 01 Trutnov, tel.: 499 813 359

Jablonec nad Nisou, Komenského 33, 466 01 Jablonec nad Nisou, tel.: 483 319 881

Náchod, Krámská 29, 547 01 Náchod, tel.: 491 433 168

Turnov, 28. října 17, 511 01 Turnov, tel.: 481 322 854

Jičín, Čelakovského 86, 506 01 Jičín, tel.: 493 520 710

Rychnov nad Kněžnou, Staré náměstí 59, 516 01 Rychnov nad Kněžnou, tel.: 494 661 095

Pardubice, 17. listopadu 408, 530 02 Pardubice, tel.: 466 610 168

Chrudim, Palackého 55, 537 01 Chrudim, tel.: 469 622 831

Ústí nad Orlicí, Mírové náměstí 1389, 562 01 Ústí nad Orlicí, tel.: 465 526 290

Svitavy, náměstí Míru 95, 568 02 Svítavy, tel.: 461 530 317

Ústí nad Labem, Dlouhá 3458/2A - Palác Jordan, 400 01 Ústí nad Labem, tel.: 475 220 001

Česká Lípa, Barviřská 737, 470 01 Česká Lípa, tel.: 487 853 984

Děčín, Prokopa Holého 701/18, 405 02 Děčín IV - Podmokly, tel.: 412 520 108

Point of sale of the branch office Pardubice, Smilova 429, 530 02 Pardubice, tel.: 466 068 305

## Ostrava

### Regional directorate

Černá louka 78 – Vila Tereza, 702 00 Ostrava, tel.: 596 123 476

### Branch offices

Opava, Ostrožná 231/36, 746 01 Opava, tel.: 553 624 989

Třinec, náměstí Míru 551, 739 61 Třinec, tel.: 558 335 700

Frýdek-Místek, Ostravská 2125, 738 02 Frýdek-Místek, tel.: 558 436 796

Karviná, Masarykovo náměstí 26/14, 733 01 Karviná, tel.: 596 320 224

Nový Jičín, Tyršova 15, 741 01 Nový Jičín, tel.: 556 706 765

Point of sale of the branch office Nový Jičín, Kostelní 478, 744 01 Frenštát pod Radhoštěm,  
tel.: 556 801 365

Point of sale of the branch office Nový Jičín, Náměstí 71, 757 01 Valašské Meziříčí, tel.: 571 610 581

Bruntál, Zámecké náměstí 2/8, 792 01 Bruntál, tel.: 554 211 831

Ostrava, Černá louka 78 – Vila Tereza, 702 00 Ostrava, tel.: 596 123 476

Point of sale of the branch office Ostrava, 17. listopadu 677, 708 00 Ostrava-Poruba, tel.: 596 911 421

Olomouc, Litovelská 17, 779 00 Olomouc, tel.: 585 700 939

Šumperk, M. R. Štefánika 3198/15, 787 01 Šumperk, tel.: 583 224 827

Přerov, Mostní 226/2, 750 02 Přerov, tel.: 581 203 161

Prostějov, Hradební 4603/15, 796 01 Prostějov, tel.: 582 337 735

Jeseník, Poštovní 884/1, 790 01 Jeseník, tel.: 584 409 059

Vsetín, Na Příkopě 814/15, 755 01 Vsetín, tel.: 571 410 004

Point of sale of the branch office Třinec, Smetanova 9, 737 01 Český Těšín, tel.: 558 711 225

Point of sale of the branch office Ostrava, Pode Zdí 31/1878, 748 01 Hlučín, tel.: 595 046 273

Point of sale of the branch office Ostrava, Dr. Martinka 1590, 700 30 Ostrava-Hrabůvka, tel.: 596 111 515

## Pilsen

### Regional directorate

Lochotínská 18, 301 00 Plzeň, tel.: 377 831 107

### Branch offices

Karlovy Vary, Majakovského 29, 360 05 Karlovy Vary, tel.: 353 563 910

Klatovy, Pražská 120, 339 01 Klatovy, tel.: 376 321 122

Mariánské Lázně, Chebská 731/15, 353 01 Mariánské Lázně, tel.: 354 626 227

Sokolov, Marie Majerové 1815, 356 01 Sokolov, tel.: 352 605 751

Plzeň-město, Slovanská alej 28, 326 00 Plzeň, tel.: 377 970 789

Point of sale of the branch office Plzeň-město, Lochotínská 18, 301 00 Plzeň, tel.: 377 831 107

Point of sale of the branch office Plzeň-město, Skupova 24 – OC LUNA NORD, 323 00 Plzeň-město,  
tel.: 377 540 509

Point of sale of the branch office Plzeň-město, Gerská 1951/15, 323 00 Plzeň, tel.: 377 320 283

Cheb, 26. dubna 583/14, 350 02 Cheb, tel.: 354 544 944

Domažlice, Vodní 31, 344 01 Domažlice, tel.: 379 768 435

Teplice, 28. října 780/10, 415 01 Teplice, tel.: 417 531 007

Tachov, Boženy Němcové 98, 347 01 Tachov, tel.: 374 720 311

Most, Moskevská 3336, 434 01 Most, tel.: 476 744 980

Point of sale of the branch office Most, DS Unipetrol RPA, 436 70 Litvínov-Záluží, tel.: 476 162 800

Litoměřice, Velká Dominikánská 129/10, 412 01 Litoměřice, tel.: 416 733 343

Chomutov, Revoluční 30, 430 01 Chomutov, tel.: 474 623 494

Point of sale of the branch office Domažlice, Domažlická 55, 346 01 Horšovský Týn, tel.: 379 789 310

### Points of sale of ČPP Servis

Beroun, Politických vězňů 153/21, 266 01 Beroun

Brno, Štefánikova 61, 612 00 Brno

České Budějovice, Dvořákova 161/14, 370 01 České Budějovice

Hradec Králové, Škroupova 441/9, 500 02 Hradec Králové

Chlumec nad Cidlinou, 9. května 6, 503 51 Chlumec nad Cidlinou

Mělník, Jaroslava Seiferta 147/6, 276 01 Mělník

Ostrava, Mlýnská 2352/12, 702 00 Ostrava

Prostějov, Hlaváčkovo náměstí 3, 796 01 Prostějov

Plzeň, Nepomucká 159/A, 326 00 Plzeň

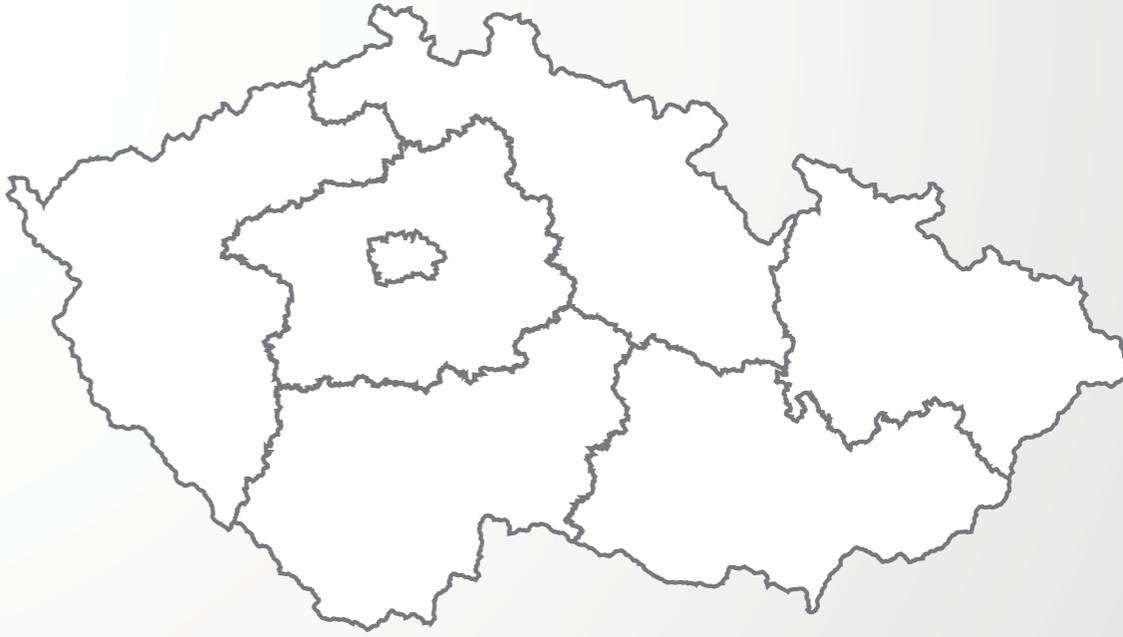
Praha, Budějovická 3a, 140 00 Praha 4

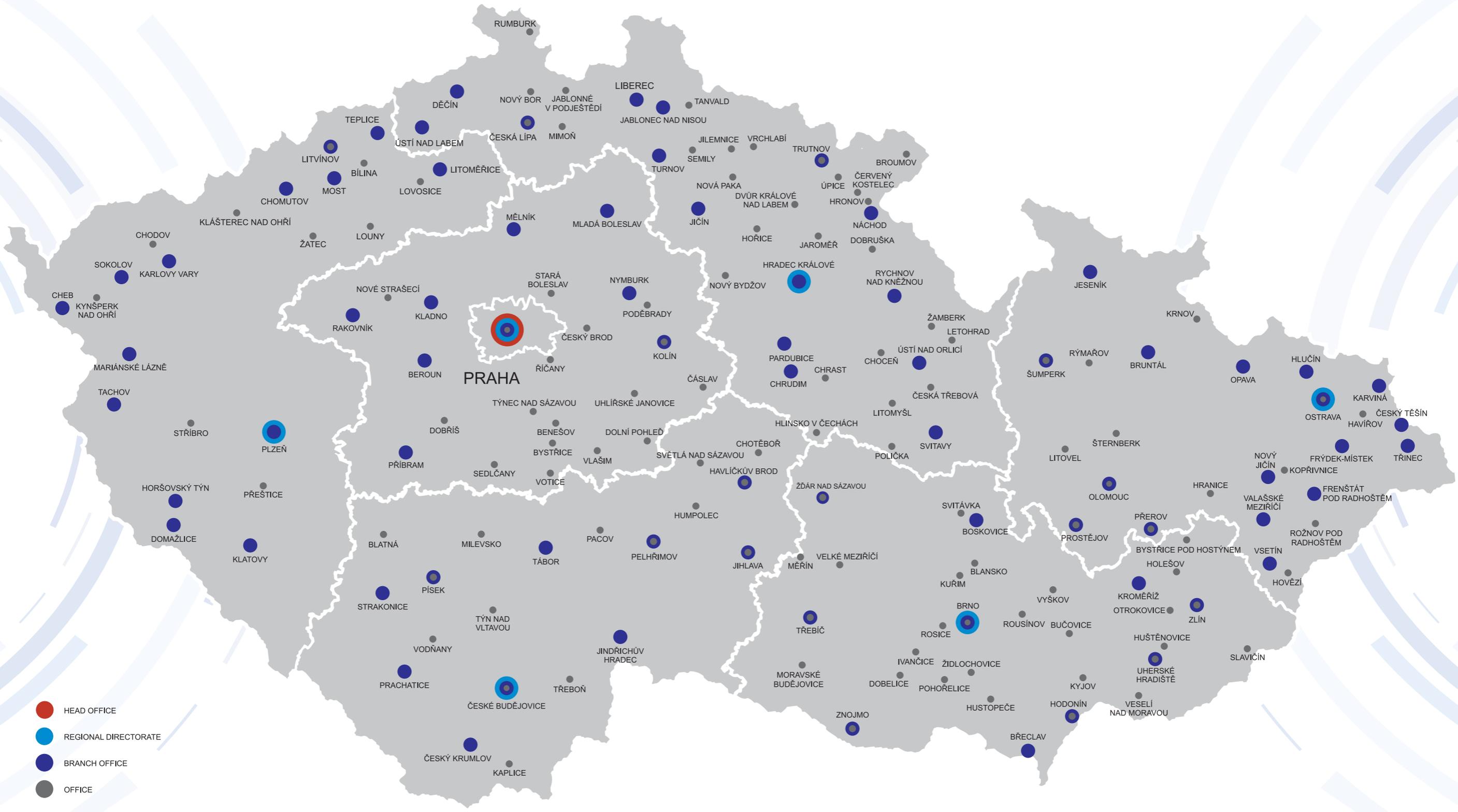
Praha, Budějovická 64/5, 140 21 Praha 4

Třebíč, Smila Osovského 25/35, 674 01 Třebíč



**MAP OF CONTACT POINTS  
AS AT 1 JANUARY 2015**





- HEAD OFFICE
- REGIONAL DIRECTORATE
- BRANCH OFFICE
- OFFICE



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

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