

# 2017 ANNUAL REPORT





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**ČESKÁ PODNIKATELSKÁ POJIŠŤOVNA, A.S.,  
VIENNA INSURANCE GROUP**

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## 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:** 957 444 555

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

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

**Identification number:** 639 98 530

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**Net profit MCZK 487**

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**Gross premiums written BCZK 8.7**

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**Motor third-party liability insurance contracts concluded  
for more than 1,204,907 vehicles**

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

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**The Company is the fourth largest non-life insurer in the Czech Republic**

In 2017, the volume of non-life insurance production rose by 5.2%.

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### **Vienna Insurance Group**

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

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### **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.

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### **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 2017:**

862

## 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:** 957 105 105

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

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

**Identification number:** 471 16 617

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**Net profit MCZK 1 933**

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**Gross premiums written BCZK 32.8**

The gross premiums written in 2017 were a bit higher than in 2016.

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**Market share (according to CAS 22.4%)**

Kooperativa is the largest domestic insurance company.

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### **Vienna Insurance Group**

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

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### **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.

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### **Shareholder structure (as at 31 December 2017):**

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 2017:**

3 873



**INTRODUCTION**  
by the Chairman  
of the Board of Directors

We are delighted to say that in 2017, ČPP managed to maintain its growing profitability. We confirmed our position as a financially stable and strong insurance company able to succeed in a demanding and competitive market.

In 2017, we wrote gross premiums of BCZK 8.7 and our net profit was MCZK 487. Under the methodology of the Czech Insurance Association (CAP), the gross premiums written by ČPP grew year-on-year by 7.4%, almost double the result of the insurance market. According to statistics of the Czech Insurance Association (CAP), gross premiums written grew by 5.2% in the non-life insurance segment and by 15.2% in the life assurance segment. With its market share of 6.6%, ČPP defended its sixth place in the ranking of top insurance companies.

One of ČPP's strengths is motor third-party liability insurance where it again confirmed its position of the third largest provider of MTPL in the Czech Republic with more than 1.2 million insured cars in its portfolio. We are by far not only renowned for our motor vehicle insurance segment but we also have a growing segment of industrial and business insurance. Our market shares in the property insurance of individuals and life assurance segments have also been growing. A major increase was reported for life assurance. Production in terms of the important regular premium products segment grew year-on-year by 15.9%, which made us the fastest growing insurance company in the market. ČPP now administers almost 1.8 million client contracts and provides its services to almost 1.1 million clients.

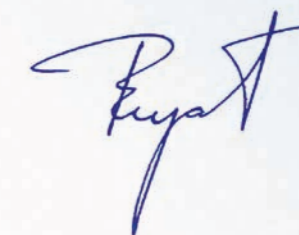
2017 was exceptional due to an enormous rise in the number of losses caused by natural disasters. In the summer, the country was hit by heavy storms and hailstorm and at the end of October, by cyclone Herwart, the second most devastating windstorm in the history of the Czech Republic. In 2017, ČPP settled more than 5,000 claims caused by natural forces, which is three times as much as in 2016. The total sum of insurance settlements paid for these claims exceeded MCZK 170.

We also aim to bring new products to clients - products which are understandable, simple and meaningful. Therefore, we launched two new additional insurance products; KLIKA in spring 2017 and KLÍDEK in autumn 2017. Our alternative "small" motor casco insurance was very successful among car owners. We emphasise an individual approach, not only in terms of service provided to clients, but also in terms of service provided to all insurance intermediaries. I believe that especially quality, simplicity and product innovations in connection with a developed distribution network create the best conditions for any further increase in the number of clients and the Company's growth.

Although the insurance industry is conservative by its very nature, not even this sector can avoid innovations. Interactivity with clients is important for us, hence in the past years we created applications and platforms that can offer products and services suitable for the on-line environment. Their development was a logical step for us in connection with the dynamic development of the market and modern technologies.

The fact that ČPP is successful in the domestic market can be supported both by its business results and received awards. We highly appreciate our success in the Zlatá koruna (Golden Crown) competition, in the Insurance Company of the Year survey organised by the Association of Czech Insurance Brokers, and in the Best Insurance Company competition organised by the daily Hospodářské noviny.

To conclude, I would like to express my thanks to our business partners and brokers for their steadfast cooperation that significantly contributed to the results achieved by the Company. We would not have managed to cope with the demands of 2017 without the intensive work effort and self-sacrifice of our employees. I would like to thank them for their excellent professional performance. I would also like to thank our clients for their patronage and trust, helping to rank ČPP among the top ten insurance companies in the Czech market.



Ing. Jaroslav Besperát  
Chairman of the Board  
of Directors



## AWARDS ACQUIRED IN 2017

### Insurance Company of the Year



pojišťovna roku

ČPP won the 17th annual Insurance Company of the Year survey. For the third time in a row, ČPP ranked first in the Motor Vehicle Insurance category. It ranked second in the most prestigious Industrial and Business Insurance category. It also ranked second in the Insurance of Individuals category and third in the Life Assurance category. The survey is organised by the Association of Czech Insurance Brokers.

### Best Insurance Company



NEJLEPŠÍ POJIŠŤOVNA 2017  
CENA HOSPODÁŘSKÝCH NOVIN

ČPP defended third place in the Best Non-Life Insurance Company category of the Best Insurance Company competition organised by the daily Hospodářské noviny. In addition, it won third place in the Most Client-Friendly Non-Life Insurance Company category. The project was announced under the auspices of Vladimír Tomšík, the Vice-Governor of the Czech National Bank.

### Zlatá koruna (Golden Crown)



In the 15th annual Zlatá koruna (Golden Crown) competition, ČPP won second place in the Business Insurance category. The competition is organised to award the best financial products, to portray an objective picture of the Czech financial market, and to offer useful hints to customers choosing financial services. In 2017, the competition was held under the auspices of Jiří Rusnok, Governor of the Czech National Bank.

### TOP Odpovědná firma 2017 (TOP Responsible Company 2017)



Within the TOP Odpovědná firma (TOP Responsible Company) competition, ČPP was awarded the silver certificate for its volunteering programme in the Most Engaged Employees category. The competition is organised by the Byznys pro společnost (Business for Society) platform to award companies that are strategically committed to the development of society and to diminishing the impact of business on the environment, while aiming to provide long-term and socially innovative solutions.



**MANAGEMENT REPORT**



## MANAGEMENT REPORT

In 2017, continued its growth trend from previous years and achieved great business results. In 2017, gross premiums written amounted to BCZK 8.7. Under the methodology of the Czech Insurance Association (CAP), gross premiums written by ČPP rose year-on-year by 7.4%, thus ranking ČPP among the fastest growing insurance companies in the Czech market. With its market share of 6.6% (according to the CAP statistics), ČPP defended its sixth place in the ranking of the top insurance companies. In 2017, ČPP administered almost 1.8 million client contracts and provides its services to 1.1 million clients. In 2017, the net profit under CAS was MCZK 487. The registered capital of the Company totals BCZK 1. The total assets of the Company amounted to BCZK 15.9 in 2017 and the technical provisions amounted to BCZK 8.3.

ČPP's sales network is managed by six regional directorates seated in Pilsen, Brno, Hradec Králové, Prague, Ostrava and České Budějovice. ČPP provided its services to clients through almost one hundred branch offices all over the country. In addition to these branch offices, in 2017 ČPP's products were also sold through 86 insurance offices with exclusive representation rights and through approximately 140 points of sale specialising primarily in motor vehicle insurance. The subsidiary ČPP Servis, s.r.o. and its 18 points of sale also contributed to the performance of the internal sales network thanks to its growing share in business. In 2017, with the aim to provide its clients with comprehensive services, ČPP included selected products of Finanční skupina České spořitelny (the Financial Group

of Česká spořitelna) into its product range.

ČPP belongs to the car insurance leaders on the Czech market. As for motor third-party liability insurance, it defended its third place with a market share of 15.4% in terms of the number of insured cars. The great success in terms of motor vehicle insurance is primarily due to the product line Autopojištění Combi Plus III and its improvements and tariff adjustments. Under the data of the Czech Bureau of Insurers, at the end of 2017, the Company had 1,204,907 insured cars in its portfolio, a year-on-year increase by 31,000. The emphasis on production effectiveness and the long-term declared approach to clients who cause a claim in terms of car fleet insurance, however, had an impact on the stagnation of gross premiums written in MTPL. In its campaigns, ČPP regularly supports the sale of motor vehicle insurance through interesting benefits both for new and existing clients. In the spring, ČPP launched the additional insurance (rider) KLIKA which has been designated to cover small damage to a vehicle in the event of accidents settled from motor third-party liability insurance (MTPL). This spring campaign was one of the most successful ones and KLIKA became the second most popular additional insurance. In autumn, ČPP drew on this successful campaign by offering a new additional insurance product under the name KLÍDEK, providing coverage in the event of theft of the entire vehicle. In 2017, ČPP was also successful in the motor casco segment where it reported a year-on-year increase of 8.3% under CAP statistics. The motor casco

insurance portfolio volume rose to a total of 172,000 insurance contracts.

In 2017, the life assurance production grew by 15.2% under the data of Czech Insurance Association (CAP). ČPP reported an increase of 15.9% 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, similarly as in previous years. In 2017, ČPP offered an improved version of the unit-linked product EVOLUCE PLUS to clients. Innovations concern, e.g., insurance settlement for accidents occurring in the aftermath of a terrorist attack. As the first insurance company in the Czech market, ČPP offers additional insurance covering serious consequences of vaccinations that clients can conclude both for themselves and their children. The Company also innovated the range of additional special risk insurances for insured children - Hospitalisation with accompaniment (for situations where the child must be accompanied when hospitalised) or Caring for a sick child by a family member (insurance coverage for the case when care for an ill or injured child by a family member is necessary). In 2017, the best-selling unit-linked assurance products again comprised the following products - EVOLUCE PLUS for adults, Štístko for children and further exclusive life assurances (výběrové životní pojištění) MAXIMUM EVOLUTION and OK1 PLUS. In addition to its own insurance intermediary network, the Company has been realising a significant part of its sales through selected broker companies. Total life assurance gross

premiums written amounted to BCZK 2.

In 2017, under CAP statistics, non-life insurance gross premiums written rose year-on-year by 5.2%. This result strengthened the position of ČPP as the fourth largest non-life insurer in the market. The most successful classes of non-life insurance were insurance of individuals (personal insurance), which grew year-on-year by 17.6%, and industrial and business insurance, which grew year-on-year by 13.4%. ČPP has achieved significant business success by implementing an optimum pricing policy combined with product innovations. The increase in sales in this segment is a result of a long-term successful cooperation with the best insurance intermediaries. In autumn 2017, ČPP launched a new product Domex+ onto the market. This product combines household insurance, construction insurance and liability insurance together with coverage of the costs incurred in connection with rescue of the data stored on hard discs, including external discs. ČPP reported a similar success in terms of production generated by broker companies. The historically highest gross premiums written generated by this channel amounted to almost BCZK 2.8, net of top-ups in life assurance, which is a year-on-year increase of 7.9%. ČPP responded to the global increase in threats and risk of terrorist attacks by offering a unique anti-terrorism insurance for entrepreneurs and public administration authorities. ČPP has based its success on fast and effective communication, close cooperation and flexible solutions offered for any type of requirements and on high-level service

focusing on an individual approach to clients. Thanks to these goals and values, ČPP has a good reputation among brokerage firms.

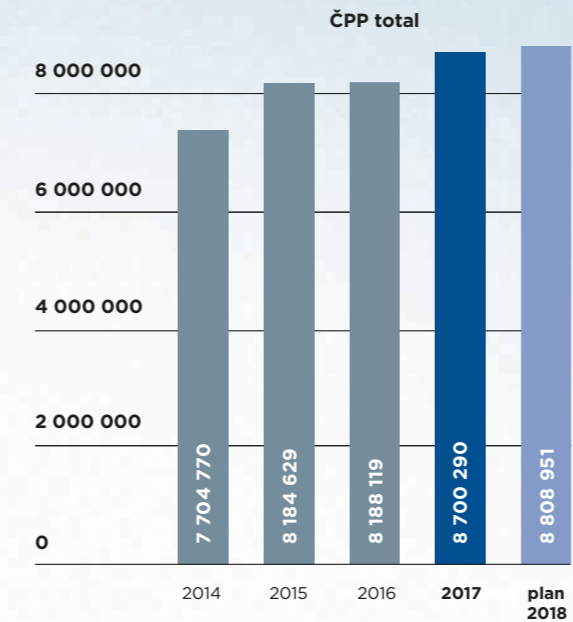
ČPP follows current trends and always offers new products and services in accordance with the vision of a comfortable and modern process of concluding insurance while maintaining a high level of personal data protection. In spring 2017, the Company launched a digital signature pilot project. In course of the year, ČPP gradually equipped all regional directorates and its subsidiary ČPP Servis with devices for the digital signature. Since autumn 2017, the new technology has been available to external intermediaries as well. Electronic communication is nowadays a basic and necessary condition of effective communication with clients, as it offers a modern, environment-friendly, simple and fast way of transferring information. Therefore, in 2017 ČPP began to work on a new project aimed at gradually introducing paper-free communication with clients. With this step, ČPP wants to increase customer comfort and save postage and printing expenses.

In 2017, ČPP successfully implemented all process measures relating to the transposition of the Solvency II directive to Czech law. It improved its internal control and risk management mechanisms, business transparency, and capital structures. The Company's management highly emphasises meeting all compliance requirements, primarily in terms of prevention. ČPP's business ethics and the behaviour of its employees are based on VIG Group's Ethical Code. The Code is

publicly available on its webpage. In 2017, ČPP also intensively prepared for the changes following from the new GDPR requirements, the new legal rules of insurance distribution (IDD), the extension of the requirements on measures against money laundering and terrorism as well as for the smooth implementation of these measures into the day-to-day practice of the insurance company. In 2018, the implementation requirements will require further considerable financial sources and the readiness of the Company's employees to cope with the demanding requirements set by the need to implement all legislative measures.

ČPP enjoys the reputation of a renowned and reliable partner in the market. This has been repeatedly confirmed by a number of awards from both the general and the professional public. In 2017, the Company won first place in the Motor Vehicle Insurance category of the Insurance Company of the Year survey organised by the Association of Czech Insurance Brokers, two second places in the Industrial and Business Insurance and Insurance of Individuals categories and third place in the Life Assurance category. Indicators of our success were also two third places in the Best Insurance Company competition organised by the daily *Hospodářské noviny*, specifically in the Best Non-Life Insurance Company and the Most Client-Friendly Non-Life Insurance Company categories. In the 15th annual *Zlatá koruna* (Golden Crown) competition, ČPP won second place in the Business Insurance category.

Progression of gross premiums written 2014-2017 (TCZK)





## REINSURANCE

The 2017 reinsurance programme conception was based on the long-term consistent and conservative approach aimed at limiting the impact of large individual and cumulative losses on the Company's result of operations. The calamity caused by cyclone Herwart and its minimum negative impact on the Company's profit again confirmed the advantage of negotiating the Company's low own retention. This significant stabilisation factor is supported by placing reinsurance programmes with the best rated reinsurers. In 2017, the Company continued its long-term cooperation with the leading reinsurers SCOR and Munich Re in property reinsurance and liability reinsurance programmes. It fully used the positive synergy effects of the reinsurance programmes concluded through the captive group reinsurer VIG Re. The modelling and placement of the reinsurance programme covering catastrophic risks was again carried out with the support of renowned global reinsurance brokers AON Benfield and Willis Towers Watson.

## SUBSEQUENT EVENTS

The Company's management is not aware of any material subsequent events that have occurred since the annual report date that would have a material impact on this annual report.

## CORPORATE SOCIAL RESPONSIBILITY

For a long term, ČPP has been carrying out its business activities in accordance with modern corporate social responsibility trends (CSR). For many years, it has been supporting a number of various charity projects and programmes which contribute to all of society. In 2017, ČPP again provided support in both financial and non-material form to organisations which carry out social, cultural, sports, or environmental protection activities.

ČPP strives to motivate its employees to be socially responsible. In 2011, it therefore initiated its Social Activity Day, an internal volunteering programme aimed providing comprehensive assistance to community organisations across the Czech Republic. In 2017, almost 50 percent of the Company's employees were involved in this programme and dedicated more than 3000 hours to helping more than 50 organisations. The volunteering programme is also supported by the VIG group by announcing the Volunteer of the Year internal competition every year.

In May 2017, ČPP signed the European Diversity Charter and thus publicly ranked among the employers whose corporate strategy and internal culture is based on the respect of diversity, equal opportunity and the harmonisation of employees work, family and personal lives. ČPP supports the professional development of its employees, helps colleagues currently on parental leave to return to work, employs disabled persons, and makes flexible work forms possible. The main principle of ČPP's HR policy is to be open to all talents disregarding age, health condition, ethnicity, sexual orientation, or gender.

In 2017, ČPP participated for the first time in the TOP odpovědná firma (TOP Responsible Company) competition, an independent award of the Byznys pro společnost (Business for Society) platform, every year rewarding the most interesting aspects of sustainable business. It awards companies that are strategically committed to further develop society and to diminish the impact of business on the environment, while aiming to introduce long term and socially innovative solutions. The contest's expert jury appreciated the internal volunteering programme and awarded the silver certificate in the Most Engaged Employees category to ČPP.

The main values of the Company's corporate culture include sustainability, an environment-friendly approach and the protection of natural resources. ČPP continues to motivate its employees to follow the principles of its environment-friendly approach and rules of frugality.





**VIENNA INSURANCE GROUP**

## VIENNA INSURANCE GROUP

We focus on providing our customers in Austria and CEE with custom products and services tailored to their needs. Our strategy is geared towards long-term profitability and steady earnings growth, making us a reliable partner in rapidly changing times.

Over 25,000 employees work for the Vienna Insurance Group (VIG), at around 50 companies in 25 countries. We develop insurance solutions in line with personal and local needs, which has made us one of the leaders in the insurance industry in Austria and Central and Eastern Europe (CEE).

### EXPERTISE AND STABILITY

The Vienna Insurance Group is an international insurance group headquartered in the Austrian capital. After the fall of the Iron Curtain in 1989, VIG expanded rapidly from a purely Austrian business into an international group. VIG is synonymous with stability and expertise in providing financial protection against risks. The Group's origins date back to 1824. Almost two centuries of experience, coupled with a focus on our core competence of providing insurance coverage, forms a solid and secure basis for the Group's 20 million-plus customers.

### FOCUS ON CENTRAL AND EASTERN EUROPE

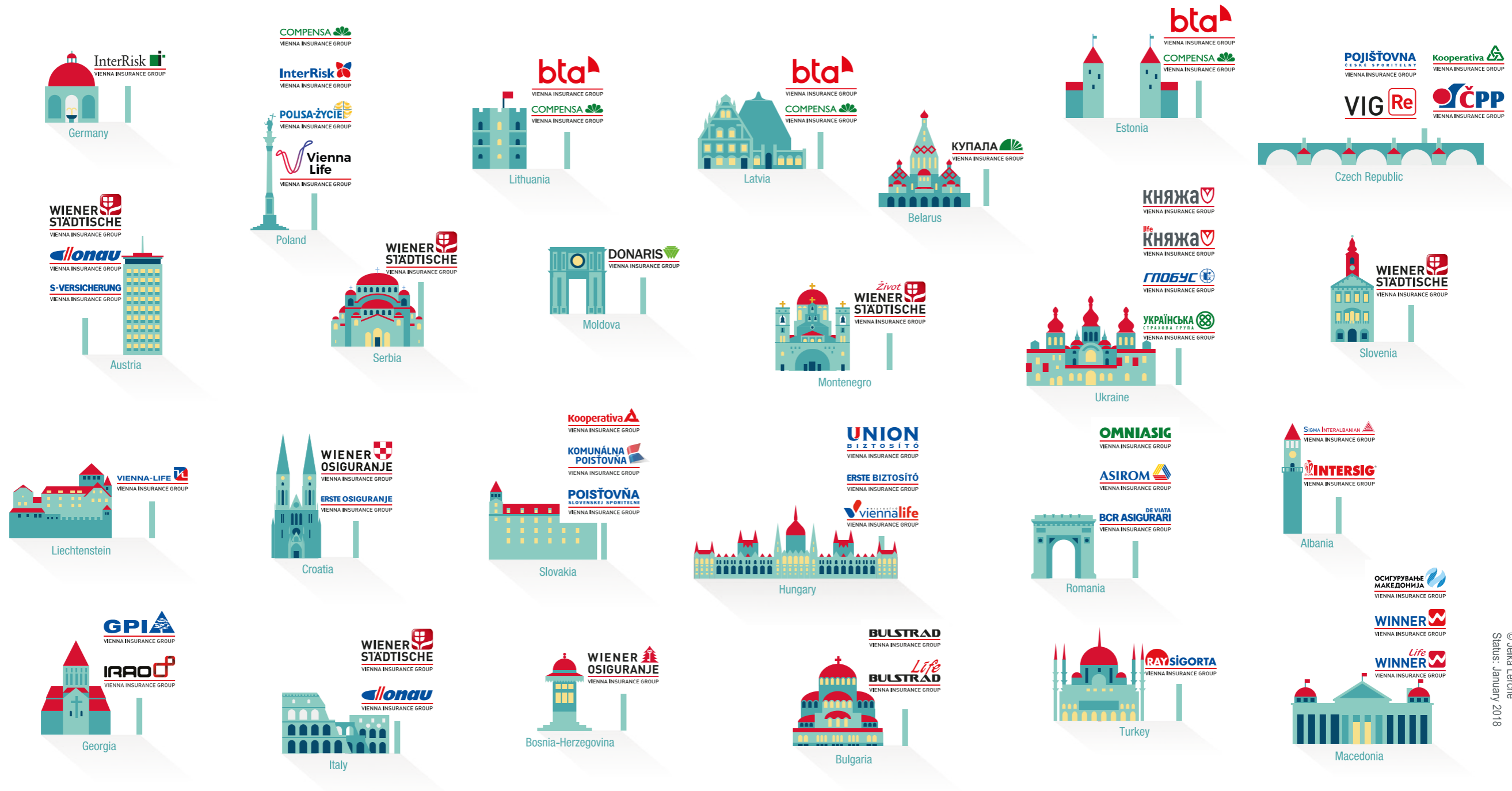
Besides Austria, VIG places a clear emphasis on Central and Eastern Europe as its home market. The Group generates more than half of its premium income in CEE. VIG's operations are also focused on this region. This primarily reflects the forecasts for economic growth in CEE, which is predicted to be twice as high as in Western Europe, as well as the current level of insurance density, which is still well below the EU average.

### LOCAL MARKET PRESENCE

For VIG, protecting customers financially against risk is a responsibility. The Group pursues a multi-brand strategy based on established local markets as well as local management. Ultimately, the Group's success and closeness to its customers is down to the strengths of each individual brand and local know-how.

### STRONG FINANCES AND CREDIT RATING

VIG has an A+ rating with stable outlook from well-known rating agency Standard & Poor's, meaning that it remains the top-rated company on the Vienna Stock Exchange's index of leading shares, the ATX. The Vienna Insurance Group is listed in both Vienna and Prague. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term focus – owns around 70% of VIG's shares. The remaining shares are in free float.



© Jelka Lenche  
 Status: January 2018

WE ARE THE **NUMBER ONE** IN AUSTRIA,  
 CENTRAL AND EASTERN EUROPE.

**VIG**  
 VIENNA INSURANCE GROUP  
 Protecting what matters.





**AUDITOR'S REPORT**



**KPMG Česká republika Audit, s.r.o.**

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186 00 Prague 8  
Czech Republic  
+420 222 123 111  
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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**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2017, and the income statement, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

**Basis for Opinion**

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are matters that in our professional judgment were of most significance in our audit of the financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

**Adequacy of provision for liabilities arising from the applied technical interest rate**

Key audit matter	How the audit matter was addressed
<p>The Company recognises the provision for liabilities arising from the applied technical interest rate of MCZK 0 as part of Other technical provisions.</p> <p>We have designated the above issue as a key audit matter as the Company's management makes subjective and comprehensive assumptions and judgments in determining the amount of the provision for liabilities arising from the applied technical interest rate.</p> <p>In testing of the adequacy of liabilities arising from the applied technical interest rate, the Company applies the method of expected discounted cash flows. Liabilities to clients are determined using the best estimates of the future development of entry parameters adjusted by risk and uncertainty surcharges.</p> <p>The used entry parameters mainly represent the expected insurance benefits paid in the event of death or accident based on existing insurance contracts, the expected behaviour of clients in respect of long-term life assurance contracts, expected expense rates, and discount and revenue rates.</p> <p>For more information see Note I.4.(f) and II.8.(d) of the notes to the Company's financial statements.</p>	<p>Our audit procedures included among others:</p> <p>With the help of our specialists-actuaries, we critically assessed the method of determining the provision for liabilities arising from the applied technical interest rate based on our knowledge, experience and market standards within the insurance sector.</p> <p>We analysed the key assumptions, such as the claim frequency of the relevant insurance portfolio, the expected behaviour of clients in respect of long-term life assurance contracts, the expected cost of administration of insurance contracts, and other financial and non-financial assumptions. We compared the applied assumptions with the analyses provided by the Company, available market data and assumptions applied in past periods.</p> <p>We tested the accuracy of the calculation of the provision for liabilities arising from the applied technical interest rate and critically reviewed the relevant analyses prepared by the Company's management and discussed the significant relevant year-on-year variances from the expected values.</p> <p>We also assessed the sufficiency of the data disclosed by the Company in the notes to the financial statements.</p>



**Valuation of intangible assets in life assurance**

<b>Hlavní záležitost auditu</b>	<b>Jak byla daná záležitost auditu řešena</b>
<p>The Company recognises deferred acquisition costs of MCZK 1 555 and accumulated debt in life assurance of MCZK 490 in assets as part of Other temporary assets.</p> <p>We have designated the above issue as a key audit matter as the Company's management makes subjective and comprehensive assumptions and judgments in determining the amount of deferred acquisition costs and accumulated debt in life assurance.</p> <p>The amount of deferred acquisition costs is based on the value of expected future deductions from initial fees from premium income. The Company regularly calculates the recoverable amount of these deferred acquisition costs using actuarial methods and historical data and then compares the recoverable amount with their carrying amount. The recoverable amount is determined based on estimated key parameters, such as the expected lapse rate of the insurance portfolio.</p> <p>The accumulated debt in life assurance is determined using the prospective method, taking into consideration all relevant future cash flows and using assumptions based on historical data about the lapse rate, claim frequency, expenses and other calculation assumptions.</p> <p>For more information see Note I.4.(f),(g) and II.6.(a) of the notes to the Company's financial statements.</p>	<p>Our audit procedures included among others:</p> <p>Based on our knowledge, experience and market standards within the insurance sector, we critically assessed the method of recognition of both items. We assessed the suitability of the applied methods in the context of legislative changes concerning the regulation of life assurance commissions. These changes were introduced with effect from December 2016 as a result of an amendment to the Act No. 38/2004 Coll.</p> <p>We tested the proposal, implementation and operational effectiveness of the system and manual controls of the correct calculation of the acquisition costs. The testing was carried out through inquiries together with observation, inspection and review of the underlying documentation and selected recounts.</p> <p>Further, we involved our specialists-actuaries to assess the applied key assumptions and methods used by the Company in valuing both intangible assets in life assurance and to analyse the accuracy of the calculation. For these purposes we critically assessed the relevant analyses and discussed the relevant year-on-year variances from the expected values. We analysed the key assumptions, such as the expected lapse rate of the existing insurance portfolio, its claim frequency and related expenses and compared these key assumptions with externally available data, our own estimates and assumptions applied in the previous periods.</p>

	<p>We assessed whether both intangible assets in life assurance are adequately reflected in the liability adequacy test (LAT) which is carried out by the Company to ensure that the amount of reported liabilities is adequate or that the amount of recognised insurance liabilities reduced by the relevant intangible assets is sufficient.</p> <p>We carried out analytical procedures in the form of a year-on-year comparison of both intangible assets in life assurance, primarily their amount in terms of the volume of new business and other significant parameters, such as the expected lapse rate of the existing insurance portfolio and the rate used to discount future cash flows.</p> <p>We also assessed the sufficiency of the data concerning both items disclosed by the Company in the notes to the financial statements.</p>
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**Valuation of a provision for outstanding claims**

<b>Key audit matter</b>	<b>How the audit matter was addressed</b>
<p>The Company recognises a provision to cover insurance claims incurred but not yet reported in the period (IBNR provision) of MCZK 1 150 and a provision to cover insurance claims incurred and reported, but not yet settled (RBNS provision) of MCZK 3 860. Both provisions as a whole form the Company's provision for outstanding claims.</p> <p>We determined the above area to be a key audit matter as the Company makes subjective and complex assumptions and judgements when determining the provision for outstanding claims.</p> <p>When determining the IBNR provision, the Company uses actuarial and statistical methods. For all classes of insurance except for motor third party liability insurance, the Company uses the chain-ladder method based on the</p>	<p>Among other things, we performed the procedures outlined below to address this key audit matter:</p> <p>We tested the design, implementation and operating effectiveness of system and manual controls over the correct determination of expenses for insurance claims and RBNS provisions. The tests included inquiry in combination with observation and inspection of underlying documentation and selected recalculations.</p> <p>We carried out detailed valuation testing on a sample of selected items of the RBNS provision, discussed their development in time and reconciled information in the accounting records with the underlying data in the Company's systems.</p>





<p>amount of paid insurance settlement or the amount of insurance claims incurred. The Company applies Monte Carlo simulations for motor third party liability insurance.</p> <p>Input parameters used in determining the IBNR provision mainly represent information on damage incurred in prior periods, in particular their amount and frequency.</p> <p>For determining the amount of the RBNS provision, the Company estimates total expenses for individual classes of insurance which it subsequently decreases by the estimate of expected salvage values and other similar entitlements of the Company.</p> <p>The provision for outstanding claims includes also an estimate of all related external and internal claims handling cost.</p> <p>Additional information is disclosed in note I.4.(k) and II.8.(b) of the Company's financial statements.</p>	<p>With the help of our specialists-actuaries we critically assessed the method for determining the IBNR provision based on our knowledge, experience and market standards within the insurance sector.</p> <p>When verifying the IBNR provision, we analysed key assumptions such as the characteristics of the insurance portfolio and expected developments in the amount and frequency of future insurance claims. In our analyses, we considered the expected development of expenses for insurance claims including the effect of the new Civil Code. We compared the assumptions applied by the Company with available market data, own estimates and assumptions applied in prior periods.</p> <p>We tested the correctness of the calculated IBNR provision. We critically reviewed the assumptions applied by the Company's management and discussed significant relevant year-to-year variations from our expected values. We also carried out own independent recalculations of certain parts of the IBNR provisions.</p> <p>As part of testing the provision for outstanding claims we analysed in detail the result of the claim run-off test. Accordingly, we assessed the adequacy of the total provision for outstanding claims and assessed the adequacy of methods applied to determine the provisions.</p> <p>In addition, we assessed the adequacy of the information disclosed by the Company in the notes to financial statements.</p>
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**Other Information**

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

**Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements**

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and Audit Committee are responsible for the oversight of the Company's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in

our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

#### *Appointment of Auditor and Period of Engagement*

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 3 May 2017 and our uninterrupted engagement has lasted for 13 years.

#### *Consistency with Additional Report to Audit Committee*

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 March 2018 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

#### *Provision of Non-audit Services*

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

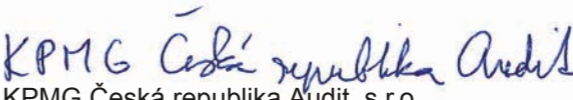
Except for the statutory audit, we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the financial statements or annual report.


### **Statutory Auditor Responsible for the Engagement**

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group as at 31 December 2017, based on which this independent auditor's report has been prepared.

Prague

26 March 2018

  
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 2017

(In thousands of Czech crowns TCZK)

Description	2017 Gross	2017 Adjustment	2017 Net	2016 Net
<b>I. ASSETS</b>				
A. Receivables for subscribed registered capital				
B. Intangible fixed assets, thereof	374 250	-271 336	102 914	90 298
b) Goodwill				
C. Investments	10 215 703	-1 413	10 214 290	10 527 768
I. Land and buildings, thereof	7 259	-1 413	5 846	6 025
2. Buildings	7 259	-1 413	5 846	6 025
a) Investments - self-occupied	7 259	-1 413	5 846	6 025
II. Investments in affiliated undertakings and participating interests	372 362		372 362	370 767
1. Participating interests with controlling influence	349 259		349 259	344 941
2. Debt securities issued by, and loans and credits to, undertakings - controlling influence	23 103		23 103	25 826
III. Other investments	9 836 082		9 836 082	10 150 976
1. Shares and other variable-yield securities, other participating interests	966 220		966 220	984 789
2. Bonds and other fixed-income securities	8 638 991		8 638 991	9 167 017
a) bonds and other fixed-income securities valued at fair value through profit and loss	2 122 379		2 122 379	2 115 882
b) bonds and other fixed-income securities held to maturity	6 516 612		6 516 612	7 051 135
5. Other loans and credits	139 953		139 953	
6. Deposits with financial institutions	90 000		90 000	
7. Other investments	918		918	-830
D. Investments for the benefit of life assurance policyholders who bear the investment risk	1 757 709		1 757 709	1 496 932

Description	2017 Gross	2017 Adjustment	2017 Net	2016 Net
E. Debtors	827 565	-247 721	579 844	719 465
I. Receivables arising from direct insurance operations	680 918	-246 830	434 088	460 168
1. Policyholders, thereof	571 278	-151 859	419 419	440 827
2. Intermediaries, thereof	109 640	-94 971	14 669	19 341
II. Receivables arising from reinsurance operations, thereof	86 977		86 977	207 835
III. Other receivables, thereof	59 670	-891	58 779	51 462
F. Other assets	719 300	-102 613	616 687	692 298
I. Tangible fixed assets other than those listed under "C.I. Land and buildings", and inventories	142 095	-102 613	39 482	38 385
II. Cash on accounts in financial institutions and cash in hand	577 205		577 205	653 913
G. Temporary asset accounts	2 678 534		2 678 534	2 148 605
II. Deferred acquisition costs	2 037 856		2 037 856	1 662 039
a) in life-assurance business	1 555 154		1 555 154	1 220 825
b) in non-life insurance	482 702		482 702	441 214
III. Other temporary asset accounts, thereof	640 678		640 678	486 566
a) Estimated receivables	122 262		122 262	68 510
<b>TOTAL ASSETS</b>	<b>16 573 061</b>	<b>-623 083</b>	<b>15 949 978</b>	<b>15 675 366</b>

Description	2017		2016	
II. LIABILITIES				
A. Equity	2 603 179		2 481 880	
I. Registered capital, thereof	1 000 000		1 000 000	
V. Reserve fund and other funds from profit	3 300		2 096	
VI. Profit or loss brought forward	1 112 934		1 039 148	
VII. Profit or loss for the financial year	486 945		440 636	
C. Technical provisions	8 291 844		8 105 776	
1. Provision for unearned premiums				
a) gross amount	2 205 335		1 971 006	
b) reinsurance share (-)	640 931	1 564 404	613 572	1 357 434
2. Life assurance provision				
a) gross amount	3 412 101		3 590 979	
b) reinsurance share (-)		3 412 101		3 590 979
3. Provision for outstanding claims				
a) gross amount	5 010 127		5 124 523	
b) reinsurance share (-)	2 323 328	2 686 799	2 462 852	2 661 671
4. Provision for bonuses and rebates				
a) gross amount	380 124		221 678	
b) reinsurance share (-)	21 930	358 194	13 867	207 811
6. Other technical provisions				
a) gross amount	270 711		288 256	
b) reinsurance share (-)	365	270 346	375	287 881
D. Life assurance technical provision where the investment risk is borne by the policyholders	1 757 709		1 496 932	
a) gross amount	1 757 709		1 496 932	
b) reinsurance share (-)				
E. Provisions	64 786		25 913	
1. Provisions for pensions and similar obligations	29 249		23 425	
2. Provisions for taxation	35 537		2 488	
F. Deposits received from reinsurers	2 030 202		2 088 894	

Description	2017		2016	
G. Creditors	603 714		842 646	
I. Payables arising from direct insurance operations, thereof	253 382		246 193	
II. Payables arising from reinsurance operations, thereof	146 442		398 125	
V. Other payables, thereof	203 890		198 328	
a) Tax liabilities and payables due to social security and health insurance institutions	19 490		18 796	
H. Temporary liability accounts	598 544		633 325	
I. Accrued expenses and deferred revenues	284 014		295 336	
II. Other temporary liability accounts, thereof	314 530		337 989	
a) Estimated payables	314 530		337 989	
TOTAL LIABILITIES	15 949 978		15 675 366	

## INCOME STATEMENT FOR THE YEAR ENDED AS AT 31 DECEMBER 2017

(In thousands of Czech crowns TCZK)

Description	2017 Base	2017 Subtotal	2017 Result	2016 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	6 671 504	x	x	x
b) outward reinsurance premiums (-)	2 367 977	4 303 527	x	x
c) change in the gross provision for unearned premiums (+/-)	234 966	x	x	x
d) change in the provision for unearned premiums, reinsurance share (+/-)	27 318	207 648	4 095 879	3 858 614
2. Allocated investment return transferred from the non-technical account	x	x	183 489	146 025
3. Other technical income, net of reinsurance	x	x	149 395	173 714
4. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	3 909 087	x	x	x
bb) reinsurance share (-)	1 343 498	2 565 589	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	-178 381	x	x	
bb) reinsurance share (-)	-160 942	-17 439	2 548 150	2 395 120
5. Changes in other technical provisions, net of reinsurance (+/-)	x	x	-67 624	-89 987
6. Bonuses and rebates, net of reinsurance	x	x	54 554	28 312
7. Net operating expenses:	x	x	x	x
a) acquisition costs	x	1 773 662	x	x
b) change in deferred acquisition costs (+/-)	x	-41 488	x	x
c) administrative expenses	x	233 754	x	x
d) reinsurance commissions and profit participation (-)	x	706 998	1 258 930	1 313 930
8. Other technical expenses, net of reinsurance	x	x	232 230	228 385
10. Sub-total on the technical account for non-life insurance	x	x	402 523	302 593

Description	2017 Base	2017 Subtotal	2017 Result	2016 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	2 028 786	x	x
b) outward reinsurance premiums (-)	x	273 024	x	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	x	-678	1 756 440	1 615 569
2. Income from investments:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	26	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 investments	141 793	141 793	x	x
c) value adjustments on investments	x	7 439	x	x
d) income from disposal of investments	x	204 670	353 928	375 506
3. Unrealised gains on investments	x	x	163 661	84 508
4. Other technical income, net of reinsurance	x	x	310 897	251 231
5. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	1 014 443	x	x	x
bb) reinsurance share (-)	80 165	934 278	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	63 985	x	x	x
bb) reinsurance share (-)	21 418	42 567	976 845	1 039 428
6. Changes in other technical provisions, net of reinsurance (+/-):	x	x	x	x
a) life assurance provisions:	x	x	x	x
aa) gross amount	-178 878	x	x	x
bb) reinsurance share (-)		-178 878	x	x
b) other technical provisions, net of reinsurance	x	310 866	131 988	-23 929
7. Bonuses and rebates, net of reinsurance	x	x	144 484	75 050
8. Net operating expenses:	x	x	x	x
a) acquisition costs	x	1 093 383	x	x



Description	2017 Base	2017 Subtotal	2017 Result	2016 Result
b) change in deferred acquisition costs (+/-)	x	-334 329	x	x
c) administrative expenses	x	79 078	x	x
d) reinsurance commissions and profit participation (-)	x	160 363	677 769	680 252
9. Expenses connected with investments:	x	x	x	x
a) investment management charges, including interest	x	7 345	x	x
b) value adjustments on investments	x	7 892	x	x
c) book value of disposed investments	x	210 483	225 720	234 576
10. Unrealised losses on investments	x	x	13 859	4 317
11. Other technical expenses, net of reinsurance	x	x	187 705	79 889
12. Allocated investment return transferred to the non-technical account (-)	x	x		
13. Sub-total on the technical account for life assurance	x	x	226 556	237 231
III. NON-TECHNICAL ACCOUNT	x	x	x	x
1. Result of the technical account for non-life insurance	x	x	402 523	302 593
2. Result of the technical account for life assurance	x	x	226 556	237 231
3. Income from investments:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	33 662	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 investments	142 141	142 141	x	x
c) value adjustments on investments	x	73 231	x	x
d) income from disposal of investments	x	1 216 969	1 466 003	2 121 027
4. Allocated investment return transferred from the technical account for life-assurance	x	x		
5. Expenses connected with investments:	x	x	x	x
a) investment management charges, including interest	x	41 742	x	x
b) value adjustments on investments	x	50 310	x	x
c) book value of disposed investments	x	1 190 462	1 282 514	1 975 002

Description	2017 Base	2017 Subtotal	2017 Result	2016 Result
6. Allocated investment return transferred to the technical account for non-life-insurance	x	x	183 489	146 025
7. Other income	x	x	3 480	25 707
8. Other expenses	x	x	23 808	22 820
9. Income tax on ordinary activities	x	x	121 666	101 950
10. Profit or loss on ordinary activities after tax	x	x	487 085	440 761
15. Other taxes not shown under the preceding items	x	x	140	125
16. Profit or loss for the financial year	x	x	486 945	440 636

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED AS AT 31 DECEMBER 2017

(In thousands of Czech crowns TCZK)

	Registered capital	Reserve funds	Profit (loss)	Total
<b>Balance at 1.1.2016</b>	<b>1 000 000</b>	<b>1 431</b>	<b>1 437 147</b>	<b>2 438 578</b>
Net profit/loss for accounting period			440 636	440 636
Profit shares			-388 000	-388 000
Transfers to funds		9 999	-9 999	
Reduction of funds		-9 334		-9 334
<b>Balance at 31.12.2016</b>	<b>1 000 000</b>	<b>2 096</b>	<b>1 479 784</b>	<b>2 481 880</b>

<b>Balance at 1.1.2017</b>	<b>1 000 000</b>	<b>2 096</b>	<b>1 479 784</b>	<b>2 481 880</b>
Net profit/loss for accounting period			486 945	486 945
Profit shares			-356 200	-356 200
Transfers to funds		10 650	-10 650	
Reduction of funds		-9 446		-9 446
<b>Balance at 31.12.2017</b>	<b>1 000 000</b>	<b>3 300</b>	<b>1 599 879</b>	<b>2 603 179</b>

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

### I. GENERAL INFORMATION

#### 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: 639 98 530

#### Principal business activities:

- insurance activities pursuant to Act No. 277/2009 Coll., on Insurance, as amended, („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);
- reinsurance activities in the scope of non-life reinsurance;
- activities related to insurance activities:
  - intermediary activity carried out in relation to insurance activities in accordance with the Insurance Act
  - advisory activity related to insurance of individuals 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

## Members of the board of directors and supervisory board as at 31 December 2017:

### Members of the board of directors:

#### Chairman:

Ing. Jaroslav Besperát, date of birth: 23 December 1970  
Praha 9, Čenovická 2142, Postal Code 190 16  
Function held from: 1 November 2015  
Membership held from: 1 November 2015

#### Members:

Ing. František Vlnař, date of birth: 6 June 1960  
Praha 4, Mikuláše z Husi 1521/2, Postal Code 140 00  
Function held from: 1 November 2015  
Membership held from: 1 November 2015

Ing. Vít Rozsypal, date of birth: 20 April 1972  
Na Sídlišti 350, 257 26 Divišov  
Function held from: 1 November 2015  
Membership held from: 1 November 2015

Mag. Gerhard Lahner, date of birth: 15 March 1977  
2130 Mistelbach, Gartengasse 21, Austria  
Membership held from: 1 July 2017

### Supervisory board:

#### Chairman:

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

#### Vice-chair:

Prof. Elizabeth Stadler, date of birth: 1 December 1961  
3550 Langenlois, Höllgasse 32, Austria  
Function held from: 31 March 2016  
Membership held from: 31 March 2016

#### Members:

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

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

Franz Fuchs, date of birth: 23 December 1953  
2344 Maria Enzersdorf, Fürstenstrasse 43, Austria  
Membership held from: 31 March 2016

Dkfm. Karl Fink, date of birth: 22 August 1945  
1020 Wien, Kurzbauegasse 5/17, Austria  
Membership held from: 31 March 2016

#### Sole shareholder:

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

#### Changes in the board of directors and supervisory board made in 2017:

On 1 July 2017, Mag. Gerhard Lahner became a member of the board of directors. This change was recorded in the Commercial Register on 4 August 2017.

The membership of Gary Wheatley Mazzotti in the board of directors was terminated on 30 June 2017. The entry of this member was deleted from the Commercial Register on 4 August 2017.

#### 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 on behalf of the Company and may also bind 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 reporting date the Company fully complied with Act No. 277/2009 Coll., on Insurance, as amended (“the Insurance Act”), Act No. 89/2012 Coll., the Civil Code, Act No. 38/2004 Coll., on Insurance Intermediaries and Independent Loss Adjusters, as amended, Act No. 168/1999 Coll., on Liability Insurance for Losses Caused by the Operation of a Motor Vehicle, as amended (“the Act on Motor Third-Party Liability Insurance”), and related implementing decrees and other applicable legislation.

## I. 3. Basis of preparation

The accounting records of the Company are maintained and its financial statements have been prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended; Decree No. 502/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for entities that are insurance companies (“Decree No. 502/2002 Coll.”); Czech Accounting Standards for entities that maintain their accounting records in compliance with Decree No. 502/2002 Coll., as amended, and other relevant legislation. The accounting records of the Company are maintained in such a manner that the financial statements prepared based on those records give a true and fair view of the Company’s financial position and financial performance.

The financial statements are based on the assumption that the Entity will continue as a going concern and that there is no circumstance that would restrict or prevent the Entity’s ability to continue as a going concern in the foreseeable future.

## 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 income statement 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 rate in %
Software	Straight-line	25.0
Other intangible fixed assets	Straight-line	16.7 - 100.0
Long-term operating movable assets - class I and II	Straight-line	16.7 - 25.0
Long-term operating movable assets - class III	Straight-line	16.7

(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. Land is not subsequently depreciated while buildings are subsequently depreciated over their estimated useful lives. In the income statement, depreciation and respective impairment are presented in Investment management charges.

Fixed Assets	Method	Depreciation rate in %
4th depreciation category - 30 years - 3.3%	Straight-line	3.33
5th depreciation category - 45 years - 2.25%	Straight-line	2.25
6th depreciation category - 50 years - 2.00%	Straight-line	2.00

Improvements to leased real estate are depreciated on a straight-line basis over the shorter of the lease term and their estimated useful lives.

### Investments in affiliated undertakings and 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.

A participating interest with significant influence is an ownership interest in an affiliated company in which the insurance company exercises significant influence. The insurance company exercises significant influence if it holds, directly or indirectly, at least 20% of another company’s registered capital or voting rights, unless it exercises controlling influence over that company or clearly demonstrates that it is unable to exercise significant influence.

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.

Participation interests denominated in foreign currency are translated based on the current exchange rate published by ČNB as at the balance sheet date and the appropriate exchange rate difference is charged to profit or loss.

Similarly as for the other assets, as at the balance sheet date the Company assesses whether the participating interests are impaired.

### Debt securities

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

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

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

Amortised debt securities are revalued at their fair value as at the balance sheet date with the exception of debt securities held to maturity.

Fair value means the price derived from the listed market mid prices which are 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 Company uses in its models intended to establish the fair value of the Company's securities exclusively available market data. Valuation models reflect current market conditions existing at the date of valuation, which may not reflect the market situation before or after that date.

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, and securities held to maturity.

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

A change in the fair value of debt securities valued through profit and loss or available for sale is recognised in the income statement.

Where debt securities are denominated in a foreign currency, their value is translated based on the current exchange rate published by the Czech National Bank ("ČNB"). The appropriate exchange rate difference is charged to profit or loss.

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

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

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

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

Fair value means the price derived from the listed market mid prices which are 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 Company uses in its models intended to establish the fair value of the Company's securities exclusively available market data. Valuation models reflect current market conditions existing at the date

of valuation, which may not reflect the market situation before or after that date. The change in fair value of shares or other variable-yield securities is recognised in the income statement.

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 ČNB. 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. As at the balance sheet date, this nominal value is adjusted by accrued interest.

Deposits denominated in a foreign currency are translated based on the current exchange rate published by ČNB and the appropriate exchange rate difference is charged to profit or loss.

#### **Derivatives intended for trading**

Derivatives are valued at fair value. Their fair value is derived from the listed market mid prices, from discounted cash flow models or from option valuation models that are based solely on available market data. Valuation models reflect current market conditions existing at the date of valuation, which may not reflect the market condition before or after that date. Management has reviewed these models as at the balance sheet date to ensure that they appropriately reflect current market conditions, including the relative liquidity of the market and credit spreads.

All derivatives are presented in Other investments.

Valuation differences of financial derivatives held for trading are presented

as unrealised gains or unrealised losses on investments in the income statement.

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

Investments for the benefit of life assurance policyholders who bear the investment risk are accounted for separately from other investments.

At the balance sheet date, investments 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 income statement.

#### **(d) Adjustments**

The Company creates adjustments to receivables and other assets except for investments reported at fair value. Adjustments represent a temporary decrease in value of individual assets. The amount of the decrease is determined with the help of a professional risk assessment carried out by the management of the Company.

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

Adjustments to bonds held to maturity are accounted for only if there is a risk that the notional principal amount of the bond, 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 are impaired. The impairment of an asset is recognised in the income statement.

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

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

At the end of each financial year the Company carries out a liability adequacy test to determine whether the amount of the deferred acquisition costs is appropriate.

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

In respect of non-life insurance, deferred acquisition costs are based on total acquisition costs incurred in the current 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)**

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

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

Deferred acquisition costs in unit-linked assurance are determined 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 profit or loss.

At the end of the accounting period, the Company assesses the amount of the accumulated debt by determining the provision for liabilities arising from the applied technical interest rate. 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. Due to the existing growing uncertainty relating to the effect of a new legal amendment to the Act on Insurance Intermediaries on the behaviour of external intermediaries, the Company recorded a long-term impairment of TCZK 174 438 (2016: TCZK 24 895) in accordance with the prudence principle.

#### **(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 based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability is utilised.

A deferred tax asset is recognised only if 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 is established based on the individual life assurance and non-life insurance contracts from a part of gross premiums written which is to be allocated to subsequent financial years. The Company uses the "pro rata temporis" method to estimate this provision.

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

The life assurance provision is established based on the individual life assurance contracts. The life assurance provision is calculated using actuarial methods, including profit shares declared and allocated and a provision for expenses, related to the administration of contracts, after deducting the value of future premiums.

The Company accounts for the provision using the zillmerisation method. The zillmerisation method results in the deferral of acquisition costs for life assurance contracts. These acquisition costs are included in the life assurance provision using actuarial methods. The provision is net of 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**

Provision for outstanding claims is not discounted to present value (with the exception of the provision for outstanding

claims where claims payments are made in the form of annuities) and is intended to cover the liabilities resulting from claims:

- reported but not settled till the end of period (RBNS);
- incurred but not reported till the end of period (IBNR).

The amount of RBNS provision is determined as the sum of estimated costs on individual insurance settlements. The provision for outstanding claims is reduced by an estimate of the value of salvage and subrogation and similar recoveries. The Company establishes a provision for litigations in the full amount of the sum subject to the litigation. The fair value of the IBNR provision is determined using actuarial and statistical 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 also includes an estimate of all expected external and internal claims handling costs.

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.



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

The provision for bonuses and rebates is created in accordance with the respective terms set out in insurance contracts.

Changes in the provision for bonuses and rebates in the income statement are presented in "Bonuses and rebates".

#### **(m) Provision for liabilities arising from the applied technical interest rate**

As at the balance sheet date, the Company calculates the value of the provision for liabilities arising from the applied technical interest rate 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 (e.g. the accumulated debt). 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 note II.6.b) in the income statement.

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

Provision for the liabilities of the Czech Insurers' Bureau ("the Bureau") is established to cover a proportionate share in the Bureau's liabilities determined to cover primarily the deficit in the statutory insurance provisions and to make contributions to the Bureau's guarantee fund. The provision for the liabilities of the Bureau is established based on data known to the Company as at the balance sheet date. The amount of the Company's liability changes proportionately in relation to the amount of its market share and further in relation to the estimated deficit in the statutory insurance provisions.

#### **(o) Provision for the credit risk in respect of intermediaries**

In light of a recent amendment to the Act on Insurance Intermediaries introducing a five-year period during which intermediaries guarantee negotiated contracts with their commissions, a provision for the credit risk in respect of intermediaries has been established. The provision reflects the risk that unearned commissions will not be returned by intermediaries due to insolvency.

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

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

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

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

#### **(q) Reinsurance share of technical provisions**

Technical provisions are presented as a net liability, i.e. after deduction of the reinsurance 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 reinsurance share of the provision for unearned premiums, the provision for outstanding claims and the provision for bonuses and rebates. The reinsurer does not participate in the other technical provisions.

#### **(r) Provisions**

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

#### **Provision for taxes**

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

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

At the balance sheet date the provision includes the earned part of employee benefits which are due to employees because of their leaving. 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.

#### **(s) Gross premiums written**

Gross premiums written comprise all amounts written for the insurance period as at the date of the commencement of insurance coverage (in case of unit-linked

assurance also paid amounts) based on insurance contracts during the financial year regardless of whether such amounts may relate in whole or in part to future financial years.

#### **(t) 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.

#### **(u) Acquisition costs**

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

#### **(v) Loss prevention fund**

Under Section 23a (2) of the amendment to Act No. 168/1999 Coll., on Liability Insurance for Losses Caused by the Operation of a Motor Vehicle, which came into effect on 1 January 2014, the insurance company is obliged to pay at least 3 % of annual premiums collected for motor third-party liability insurance for each calendar year to a Loss Prevention Fund.

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

In order to account for items common to both life assurance and non-life insurance, the Company uses a method in compliance with Decree 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 investments**

Expenses and income from investments, which are directly related to life assurance activities, are recorded in the technical account for life assurance.

Other expenses and income from investments, 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.

#### **Other expenses and income**

During the accounting period clearly attributable expenses and income are accounted for directly in the technical account for life assurance or non-life insurance 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.

#### **(x) Foreign currency translation**

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

At the balance sheet date, foreign currency assets and liabilities are

translated at the ČNB official rate on that date. Unless stated otherwise, foreign currency gains and losses are recorded in Company's income statement.

#### **(y) Consolidation**

Pursuant to Section 38 of Decree 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 Sections 22aa (2c) and 21a of the Act on Accounting.

### **I. 5. Risk management**

The financial condition and operating results of the Company are affected by a number of key risks, namely, market risk, credit risk, liquidity risk, insurance risk, operational risk, compliance risk and solvency. The Company's policies and procedures in respect of managing these risks are set out below.

#### **(a) Strategy for using financial instruments**

The nature of the Company's business activities includes controlled acceptance of risks from underwritten insurance contracts which include financial guarantees and contingent liabilities. In order to mitigate the risks following from a failure to meet the above guarantees and contingent liabilities, the Company purchases financial instruments corresponding approximately to the expected insurance settlements, their nature and timing.

The investment portfolio structure is governed by the nature of insurance liabilities, the expected rate of return on each asset group and the callable capital used to recognise each asset group's price movements.

The Company also utilises various financial instruments to mitigate the currency and interest rate risks or, conversely, to maximise the return on investments.

#### **(b) Market risk**

The Company is exposed to market risk, which follows from trading positions in interest rates, currencies, equity instruments and real properties that are all exposed to common and specific changes in the market and from changes in the level of volatility of market rates or prices, such as interest rates, credit spreads, foreign exchange rates and equity prices. The board of directors sets the strategy for the portfolio characteristics and the limits on the level of risk that may be accepted, monitored on a daily basis. The investment is invested under the prudent investment principle in accordance with Czech insurance legislation in force. Investment limits are set for the individual types of financial investments while respecting the counterparty risk.

Using this approach does not prevent losses above these limits due to more significant market movements. As for unit-linked assurance assets, the market risk is borne exclusively by the policyholder.

#### **(c) Interest rate risk**

The Company's financial position and cash flows are exposed to the risk of effects of fluctuations in the prevailing levels of market interest rates. Income



from investments may both grow and decrease as a result of these fluctuations. As a part of its investment strategy, the Company insulates itself from possible losses by preventing the rate of return on investments to drop below the level of the technical interest rate. Based on methods stemming from cash flow analysis, the Company prepares portfolios of securities so that their value and structure preferably corresponds with the value and structure of liabilities.

#### **(d) Currency risk**

The Company's assets and liabilities are denominated primarily in the domestic currency. The Company provides for the net exposure to the currency risk to be within acceptable limits. The Company also uses financial derivatives to hedge against the currency risk.

#### **(e) Credit risk**

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

Commercial and personal insurance is written primarily through intermediaries who are subject to rigorous monthly checks of information on unearned commissions. The creation of a sufficient provision mitigates the part of the credit risk associated with the intermediaries' involvement in the underwriting process.

The Company uses reinsurance in managing insurance risk. However, this does not release the Company from its responsibility of the initial insurer. If the reinsurer does not for any reason pay the insurance settlement, the Company has to pay it itself. The Company periodically monitors the creditworthiness of the individual reinsurers. Reinsurers are selected from an internal list, which is

issued and regularly updated by a special working group on VIG level. The Company determines the maximum acceptable cession limits for individual reinsurers based on the type of insurance and type of the reinsurance contract.

Reinsurers are split into two basic groups by the type of reinsured business. For each of the groups, the mandatory condition for the reinsurers to be included in the group is their listing in the valuation list published by reputable rating agencies with at least the minimum required rating level. Participation of reinsurers not included in the list can be exceptionally approved by the above-mentioned working group or by the management of the Company, depending on the importance of the relevant case.

In choosing the structure of investments, the Company assesses the counterparty credit rating or issuer credit rating. The rating is regularly reassessed. The Company sets maximum limits for individual types of financial instruments and counterparties.

The Company monitors regularly, i.e. on monthly basis, the level of receivables from outstanding premiums.

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

The Company is exposed to requirements for drawing its available funds on a daily basis. These requirements relate to insurance settlements, commissions, lapsed policies, and surrender. The liquidity risk is a risk that the cash necessary for payment of liabilities will not be available at the due date and at adequate cost.

The Company thus maintains a sufficient portion of its investment in liquid and secure financial instruments, which are used to cover insurance settlements,

commissions, payments from lapsed policies, and surrenders.

The Company evaluates its cash flows on daily basis and performs analyses at regular weekly meetings.

#### **(g) Insurance risk**

Insurance risk is the possibility that the insured event occurs and the uncertainty of the amount of the resulting insurance settlement. Insurance risks comprise the following risks:

- risk of occurrence - the probability that the number of claims will differ from the original estimate;
- risk of estimate accuracy - the probability that the amount of insurance settlement will differ from the original estimate;
- risk of provisions/timing - the probability that changes may occur in the amount of the insurer's obligation at the end of the insurance period.

The Company manages insurance risks in particular by:

- mitigating the risk through reinsurance as regards the Company's exposure to the risk of individual large claims and catastrophes;
- using management information systems that provide up to date, reliable data on the risks to which the Company is exposed;
- applying a prudent underwriting policy;
- creating proper provisions, including regular checks of adequacy of technical provisions.

The Company's ceded reinsurance programme consists mainly of proportionate reinsurance (quota/ surplus reinsurance) combined with excess of loss reinsurance.

#### **(h) Operational risk**

To manage and prevent operational risks, the Company has established, maintains and further develops an internal control system, in which corresponding controls that help to mitigate the residual risk are defined and set-up. To identify, monitor, manage, as well as discuss operational risks, the Company has set up a sub-committee for operational risks that regularly reports on the current exposure to the Risk Management Committee.

The risk is assessed in the risk mapping process, in which employees of all divisions identify all risks their divisions are exposed to. The risks are qualitatively described in terms of their importance and frequency and are assigned controls aimed at mitigating this risk. The output is the risk and control matrix (RCM).

#### **(i) Compliance risk**

Compliance risk is the risk of legal and regulatory sanctions, financial loss or the loss of reputation that the Company may suffer as a result of non-compliance with statutory and regulatory requirements, rules relating to the standards of the Company, the VIG group and the Code of Ethics of the Czech Insurance Association. Compliance risk is a subcategory of operational risk. Sanctions and other consequences of these risks may influence the Company's financial stability. Systematic management of compliance risk is thus one of the Company's basic obligations.



Compliance risk management is assured by building a management and control environment that will guarantee:

- a) monitoring of legal and regulatory changes;
- b) reflecting of legal and regulatory changes in the Company's internal standards;
- c) subsequent review of the compliance of performed activities with internal standards and legislation;
- d) monitoring of mutual compliance of internal standards.

The Company's compliance function holder monitors any upcoming legislation (new legislation, changes in current legislation) on an ongoing basis, as well as case law, including regulatory requirements of the supervisory authority, and evaluates their impacts on the Company's activity. For this purpose, compliance information on upcoming changes is prepared at least 12 times per year or more often, as necessary.

According to the group's compliance policy, the Company's board of directors is regularly presented with a compliance report (summarising compliance activities for the previous calendar year), the compliance plan (summing up compliance activities planned for the following year), the compliance risk inventory report (summarising the results of the compliance risk analysis).

#### (j) Solvency

In relation to the regulatory framework of Solvency II directive coming in force, the regulatory authority has set a solvency capital requirement in the interest of the policyholders in order to guarantee the Company's ability to cover future insurance settlements. Own funds are the surplus of the value of insurer's assets over the value of its liabilities

reduced by the value of the expected dividend and increased by the value of the subordinated liabilities where each calculation item is to be determined in compliance with the applicable rules. Own funds must exceed the solvency capital requirement throughout the year.

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

### II. 1. Intangible fixed assets

Intangible fixed assets of the Company as at 31 December 2017 comprise the following items:

	Software	Other intangible fixed assets	Total
<b>Acquisition cost at 1/1/2017</b>	<b>299 140</b>	<b>31 357</b>	<b>330 497</b>
Additions	123 975	314	124 289
Disposals	49 179	31 357	80 536
<b>Acquisition cost at 31/12/2017</b>	<b>373 936</b>	<b>314</b>	<b>374 250</b>
Accumulated amortisation at 1/1/2017	240 199	0	240 199
Amortisation expense	31 419	10	31 429
Disposals	292	0	292
<b>Accumulated amortisation at 31/12/2017</b>	<b>271 326</b>	<b>10</b>	<b>271 336</b>
Net book value at 1/1/2017	58 941	31 357	90 298
<b>Net book value at 31/12/2017</b>	<b>102 610</b>	<b>304</b>	<b>102 914</b>

### II. 2. Investments

#### (a) Land and buildings

The amounts stated in this section comprise improvements to third-party property as at 31 December 2017 amounting to TCZK 5 846 (2016: TCZK 6 025).

## (b) Participating interests

2017

Company name, registered office	Share of registered capital in %	Book value	Acquisition cost	Fair value	Total registered capital	Profit (loss) for the period	Total equity
<b>Participating interests with controlling influence</b>							
ČPP Servis, s.r.o.	100	300	300	300	300	770	2 564
VIG ND, a.s.*	11.71	278 385	302 006	278 285	2 391 000	32 043	2 376 355
AIS servis, s.r.o.	30	51 405	51 405	51 405	7 400	9 343	52 765
VIG FUND, a.s.*	0.35	14 037	14 856	14 840	3 734	170 837	4 026 994
Global Expert, s.r.o.	30	5 132	5 132	5 679	200	12 057	18 931
<b>Total</b>		<b>349 259</b>	<b>373 699</b>	<b>350 509</b>	<b>2 402 634</b>	<b>225 050</b>	<b>6 477 609</b>

\*The data is based on non-audited financial statements.

The transfer of a 30% participating interest of Global Expert, s.r.o. from Kooperativa pojišťovna, a.s., VIG was recorded in the Commercial Register on 11 December 2017. The Company purchased this participating interest in relation to services provided by the company in claims run-off.

The above mentioned companies in which the Company holds a share of register capital not exceeding 50% are considered controlled entities as they act in concert with the other companies from the VIG group.

2016

Company name, registered office	Share of registered capital in %	Book value	Acquisition cost	Fair value	Total registered capital	Profit (loss) for the period	Total equity
<b>Participating interests with controlling influence</b>							
ČPP Servis, s.r.o.*	100	300	300	300	300	696	2 034
VIG ND, a.s.*	11.71	278 385	302 006	278 386	2 391 000	32 895	2 377 217
AIS servis, s.r.o.	30	51 405	51 405	51 405	7 400	18 663	44 489
VIG FUND, a.s.*	0.35	14 851	14 856	15 250	3 734	166 785	4 117 570
<b>Total</b>		<b>344 941</b>	<b>368 567</b>	<b>345 341</b>	<b>2 402 434</b>	<b>219 039</b>	<b>6 541 310</b>

\*The data is based on non-audited financial statements.

At the end of the year 2016, the Company impaired the investment value to the fair value with regard to a decrease in the revenues following from a building held by VIG ND, a.s. which was reflected in a decrease in its fair value as at 31 December 2016 and 2017.

On 31 March 2016, the Company purchased a 30% participating interest in AIS servis from Business Insurance Application Consulting GmbH in relation to IT services provided by the company.

The above mentioned companies in which the Company holds a share of register capital not exceeding 50% are considered controlled entities as they act in concert with the other companies from the VIG group.

## (c) Shares and other variable-yield securities

	Fair value		Acquisition cost	
	2017	2016	2017	2016
<b>Issued by financial institutions</b>				
- Listed on a recognised CR exchange	4 575	4 425	4 548	4 548
<b>Other</b>				
- Listed on a recognised CR exchange	48 702	43 539	41 104	41 104
- Listed elsewhere	181 133	256 395	176 023	237 190
- Unlisted	731 810	680 430	703 223	668 275
<b>Total</b>	<b>966 220</b>	<b>984 789</b>	<b>924 898</b>	<b>951 117</b>

**(d) Debt securities**

Debt securities valued at fair value through profit and loss

	Fair value		Acquisition cost	
	2017	2016	2017	2016
<b>Issued by financial institutions</b>				
- Listed on a recognised CR exchange	356 200	373 518	359 098	373 074
- Listed elsewhere	675 253	671 975	667 150	660 505
<b>Issued by government sector</b>				
- Listed on a recognised CR exchange	736 255	704 581	732 123	699 504
<b>Other</b>				
- Listed on a recognised CR exchange	192 628	166 319	191 381	164 381
- Listed elsewhere	162 043	199 489	162 791	194 424
<b>Total</b>	<b>2 122 379</b>	<b>2 115 882</b>	<b>2 112 543</b>	<b>2 091 888</b>

Securities held to maturity

	Fair value		Amortised value		Acquisition cost	
	2017	2016	2017	2016	2017	2016
<b>Issued by financial institutions</b>						
- Listed on a recognised CR exchange	493 436	761 869	480 016	702 402	499 882	730 978
- Listed elsewhere	92 312	98 374	81 035	81 031	79 955	79 955
- Unlisted	0	94 039	0	90 955	0	96 665
<b>Issued by government sector</b>						
- Listed on a recognised CR exchange	6 226 233	7 083 940	5 757 255	5 978 742	5 698 500	5 884 092
<b>Other</b>						
- Listed on a recognised CR exchange	150 440	153 745	146 813	146 512	145 530	145 530
- Listed elsewhere	57 597	60 975	51 493	51 493	49 973	49 973
<b>Total securities held to maturity</b>	<b>7 020 018</b>	<b>8 252 942</b>	<b>6 516 612</b>	<b>7 051 135</b>	<b>6 473 840</b>	<b>6 987 193</b>

**(e) Debt securities issued by entities in which the accounting entity holds a controlling or significant influence and loans and credits provided to these entities**

	Fair value		Amortised value		Acquisition cost	
	2017	2016	2017	2016	2017	2016
Loans granted (controlled entities)	23 103	25 826	23 103	25 826	23 103	25 826
<b>Total</b>	<b>23 103</b>	<b>25 826</b>	<b>23 103</b>	<b>25 826</b>	<b>23 103</b>	<b>25 826</b>

**(f) Deposits with financial institutions and other loans and credits**

	Fair value		Acquisition cost	
	2017	2016	2017	2016
Deposits	90 000	0	90 000	0
Other loans and credits	139 953	0	139 953	0
<b>Total</b>	<b>229 953</b>	<b>0</b>	<b>229 953</b>	<b>0</b>

**(g) Fair value of investments for the benefit of life assurance policyholders who bear the investment risk**

Description	Fair value	
	2017	2016
Shares and other variable-yield securities	1 757 709	1 496 932
<b>Total</b>	<b>1 757 709</b>	<b>1 496 932</b>

**(h) Other investments - derivatives**

Derivatives intended for trading

Fixed term contracts	Nominal value		Fair value	
	2017	2016	2017	2016
Term currency transactions	399 851	417 065	918	-830
<b>Total</b>	<b>399 851</b>	<b>417 065</b>	<b>918</b>	<b>-830</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 in the fair value of a derivative is recognised in the income statement.



All derivatives utilised by the Company are foreign exchange derivatives and the change in their fair value results from the development of the interest rate differential and the USD/CZK and EUR/CZK exchange rates over the period between the conclusion of the foreign exchange hedge and its revaluation at the end of the relevant accounting period.

#### (i) Currency structure of investments

2017	Variable-yield securities	Debt securities	Deposits and other investments	Life assurance investments where the investment risk is borne by the policyholders	Total
CZK	603 253	8 456 863	594 124	1 511 491	11 165 731
EUR	126 244	182 128	14 008	246 218	568 598
USD	218 475	0	947	0	219 422
GBP	18 248	0	0	0	18 248
<b>Total</b>	<b>966 220</b>	<b>8 638 991</b>	<b>609 079</b>	<b>1 757 709</b>	<b>11 971 999</b>

2016	Variable-yield securities	Debt securities	Deposits and other investments	Life assurance investments where the investment risk is borne by the policyholders	Total
CZK	497 365	8 937 835	310 530	1 267 083	11 012 813
EUR	256 594	229 182	65 692	229 849	781 317
USD	208 197	0	-260	0	207 937
GBP	22 633	0	0	0	22 633
<b>Total</b>	<b>984 789</b>	<b>9 167 017</b>	<b>375 962</b>	<b>1 496 932</b>	<b>12 024 700</b>

## II. 3. Receivables and payables

### (a) Receivables

31 December 2017	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	156 283	13 446	56 450	23 471	249 650
Overdue	414 995	96 194	30 527	36 199	577 915
<b>Total</b>	<b>571 278</b>	<b>109 640</b>	<b>86 977</b>	<b>59 670</b>	<b>827 565</b>
Adjustment	151 859	94 971	0	891	247 721
<b>Total net</b>	<b>419 419</b>	<b>14 669</b>	<b>86 977</b>	<b>58 779</b>	<b>579 844</b>

31 December 2016	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	146 079	18 500	123 836	25 551	313 966
Overdue	430 112	136 964	83 999	26 708	677 783
<b>Total</b>	<b>576 191</b>	<b>155 464</b>	<b>207 835</b>	<b>52 259</b>	<b>991 749</b>
Adjustment	135 364	136 123	0	797	272 284
<b>Total net</b>	<b>440 827</b>	<b>19 341</b>	<b>207 835</b>	<b>51 462</b>	<b>719 465</b>

### (b) Other receivables

	2017		2016	
	Gross amount	Adjustments	Gross amount	Adjustments
Other prepayments	20 481	0	19 027	0
Deferred tax asset	33 936	0	22 246	0
Loans to employees	791	0	1 129	0
Czech Nuclear Pool	0	0	3 747	0
Other receivables	4 462	891	6 110	797
<b>Total</b>	<b>59 670</b>	<b>891</b>	<b>52 259</b>	<b>797</b>

In 2017, corporate income tax prepayments were recognised together with corporate income tax liabilities in Income tax provision.

### (c) Payables

31 December 2017	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Due	121 870	127 850	131 360	197 096	578 176
Overdue	0	3 662	15 082	6 794	25 538
<b>Total</b>	<b>121 870</b>	<b>131 512</b>	<b>146 442</b>	<b>203 890</b>	<b>603 714</b>

31 December 2016	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Due	131 469	111 362	362 750	192 416	797 997
Overdue	0	3 362	35 375	5 912	44 649
<b>Total</b>	<b>131 469</b>	<b>114 724</b>	<b>398 125</b>	<b>198 328</b>	<b>842 646</b>

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

The Company has a net payable to reinsurers excluding reinsurance deposits of TCZK 59 465 (2016: a net payable of TCZK 190 290).

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

	2017	2016
<b>Receivables</b>		
Receivables from reinsurance operations	2 506 536	2 680 659
Other receivables	45 206	50 421
<b>Total receivables</b>	<b>2 551 742</b>	<b>2 731 080</b>
<b>Payables</b>		
Payables from reinsurance operations	2 143 071	2 449 445
Other payables	256 582	273 067
<b>Total payables</b>	<b>2 399 653</b>	<b>2 722 512</b>

Receivables from reinsurance operations include reinsurance assets of TCZK 2 446 551 (2016: TCZK 2 550 616). Payables from reinsurance operations include a reinsurance deposit of TCZK 2 025 294 (2016: TCZK 2 083 316).

## II. 5. Tangible fixed assets and inventories

	Total
<b>Acquisition cost at 1/1/2017</b>	<b>134 693</b>
Additions	28 959
Disposals	21 557
<b>Acquisition cost at 31/12/2017</b>	<b>142 095</b>
Accumulated depreciation at 1/1/2017	96 308
Depreciation expense	26 641
Disposals	20 336
<b>Accumulated depreciation at 31/12/2017</b>	<b>102 613</b>
Net book value at 1/1/2017	38 385
<b>Net book value at 31/12/2017</b>	<b>39 482</b>

## II. 6. Temporary asset or liability accounts

### (a) Other temporary asset accounts

	2017	2016
Accumulated debt	489 549	390 025
Estimated premiums	50 500	67 786
Estimated receivables arising from reinsurance operations and bonification	71 761	724
Prepaid services	28 868	28 031
<b>Total</b>	<b>640 678</b>	<b>486 566</b>

### Estimated premiums

Estimated receivables comprise estimated written premiums, 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

	2017	2016
Estimated payables arising from reinsurance operations	48 337	44 534
Accrued commission	120 733	86 688
Services not invoiced	64 940	123 140
Accruals in respect of personal expenses	62 192	66 372
Other estimated payables	18 328	17 255
<b>Total</b>	<b>314 530</b>	<b>337 989</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

The Company discloses as Accrued commission 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 2017, 100%, i.e. TCZK 1 000 000 (2016: TCZK 1 000 000) of the registered capital was paid up.

The amount of the Company's registered capital meets 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 funds

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

	2017	2016
Balance from revaluation of investments before taking into account changes in legislation	0	66 525
Derecognition of the balance of valuation differences of investments due to a change in legislation	0	-73 498
Derecognition of deferred tax on revaluation of investments due to a change in legislation	0	6 973
<b>Balance at 1/1</b>	<b>0</b>	<b>0</b>
Change in the fair value of investments	0	0
Change in deferred tax	0	0
<b>Balance at 31/12</b>	<b>0</b>	<b>0</b>

## (b) Proposed distribution of current period profit

<b>Profit for the current period</b>	<b>486 945</b>
Transfer to social fund	10 650
Payment of profit shares	306 589
<b>Profit brought forward</b>	<b>169 706</b>

The proposed distribution of profit is subject to the approval of the general meeting.

## II. 8. Technical provisions

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

	2017	2016
Non-life insurance	2 197 554	1 962 589
Life assurance	7 781	8 417
<b>Total</b>	<b>2 205 335</b>	<b>1 971 006</b>



### (b) Provision for outstanding claims (gross)

The provision for outstanding claims at the end of the financial year can be analysed as follows:

	2017	2016
RBNS	3 860 105	3 761 457
IBNR	1 150 022	1 363 066
<b>Total</b>	<b>5 010 127</b>	<b>5 124 523</b>

### Claims run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 31 December 2016, the claims payments during 2017 (with respect to claims included within this provision) and the residual amount of this provision as at 31 December 2017.

The gross run-off result is as follows:

Class of insurance	2017	2016
Motor insurance	3 908	-22 543
Motor third-party liability insurance	639 758	170 161
Insurance against fire and other damage to property	39 596	40 141
Liability insurance	21 248	53 925
Accident and sickness insurance	-1 506	-1 297
Life assurance	46 267	6 743
Travel insurance	2 966	-480
Other	3 233	3 494
<b>Total</b>	<b>755 470</b>	<b>250 144</b>

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

The gross provision for outstanding claims from motor third party liability insurance paid in the form of annuities arising from reported claims after discounting is TCZK 877 109 (2016: TCZK 944 806).

The Company used a wage valorisation rate and a disability pension valorisation rate according to the Bureau methodology as at 1 June 2017 (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 1%.

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

Class of insurance	2017	2016
Non-life insurance	42 861	28 901
Life assurance	337 263	192 777
<b>Total</b>	<b>380 124</b>	<b>221 678</b>

### (d) Other technical provisions (gross)

	Opening balance	Additions	Utilisation	Closing balance
Non-life insurance provision	749	0	19	730
Provision for credit risk	0	50 089	0	50 089
Provision for liabilities of the Bureau	287 506	0	67 614	219 892
<b>Total</b>	<b>288 255</b>	<b>50 089</b>	<b>67 633</b>	<b>270 711</b>

## II. 9. Provisions

Type of provision	Opening balance	Additions	Utilisation	Closing balance
Provision for taxes	2 488	35 537	2 488	35 537
Provision for employee benefits	23 425	5 824	0	29 249
<b>Total</b>	<b>25 913</b>	<b>41 361</b>	<b>2 488</b>	<b>64 786</b>

The provision for taxes was reduced by income tax prepayments in amount of TCZK 101 851 (2016: TCZK 75 741).

### III. ADDITIONAL DISCLOSURES IN RESPECT OF THE INCOME STATEMENT

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

Non-life insurance for 2017 and 2016, by class of insurance:

		Gross premiums written	Gross premiums earned	Gross claims paid	Gross operating expenses	Reinsurance balance
<b>Direct insurance</b>						
Travel insurance						
	2017	25 328	25 616	28 389	25 739	-8 546
	2016	18 337	17 248	21 841	15 546	9 097
Accident and sickness insurance						
	2017	53 924	54 175	11 783	12 603	-3 694
	2016	52 786	52 742	9 915	12 205	-7 225
Motor third-party liability insurance						
	2017	2 808 066	2 794 334	1 430 188	811 446	-297 617
	2016	2 807 530	2 767 627	1 892 013	812 765	2 697
Property insurance						
	2017	1 053 084	1 000 625	436 369	311 915	-153 262
	2016	966 306	907 414	355 989	294 000	-180 455
Liability insurance						
	2017	638 397	532 705	280 551	180 613	-22 256
	2016	521 996	461 734	273 975	156 338	-13 911
Motor Casco insurance						
	2017	1 660 460	1 600 618	1 231 168	470 885	19 324
	2016	1 534 610	1 474 426	1 093 839	435 189	21 014
Czech Nuclear Pool						
	2017	23 486	24 343	2 652	2 597	-6 951
	2016	25 428	24 462	-191	3 120	-7 318
<b>Active facultative reinsurance</b>						
	2017	408 759	404 122	309 606	150 130	29 948
	2016	414 034	417 795	245 131	176 491	893
<b>Total</b>						
	2017	6 671 504	6 436 538	3 730 706	1 965 928	-443 054
	2016	6 341 027	6 123 448	3 892 512	1 905 654	-175 208

#### III. 2. Life assurance

Gross premiums written in life assurance:

	2017	2016
Individual premiums	2 028 786	1 847 092
<b>Total</b>	<b>2 028 786</b>	<b>1 847 092</b>
Regular premium	1 901 789	1 641 241
Single premium	126 997	205 851
<b>Total</b>	<b>2 028 786</b>	<b>1 847 092</b>
Premiums from contracts without bonuses	294 836	323 971
Premiums from contracts with bonuses	27 420	85 828
Premiums from contracts where the investment risk is borne by policyholders	1 706 530	1 437 293
<b>Total</b>	<b>2 028 786</b>	<b>1 847 092</b>
<b>Reinsurance balance (- expense/+ revenue)</b>	<b>-11 036</b>	<b>-5 354</b>

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

All gross written premiums arise from insurance policies concluded in the Czech Republic.

#### III. 4. Bonuses and rebates

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

	2017	2016
<b>Gross amount</b>		
Non-life insurance	48 655	26 604
<b>Total gross amount</b>	<b>48 655</b>	<b>26 604</b>
Reinsurers' share	0	0
<b>Total net</b>	<b>48 655</b>	<b>26 604</b>

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

2017	Gross amount	Reinsurance share	Net
<b>Non-life insurance</b>			
Creation	62 619	21 930	40 689
Release	48 657	13 867	34 790
<i>Change of balance</i>	<i>13 962</i>	<i>8 063</i>	<i>5 899</i>
<b>Life assurance</b>			
Creation	337 261	0	337 260
Release	192 777	0	192 777
<i>Change of balance</i>	<i>144 484</i>	<i>0</i>	<i>144 484</i>
<b>Total change of balance</b>	<b>158 446</b>	<b>8 063</b>	<b>150 383</b>

2016	Gross amount	Reinsurance share	Net
<b>Non-life insurance</b>			
Creation	29 018	13 867	15 151
Release	26 605	13 162	13 443
<i>Change of balance</i>	<i>2 413</i>	<i>705</i>	<i>1 708</i>
<b>Life assurance</b>			
Creation	192 777	0	192 777
Release	117 727	0	117 727
<i>Change of balance</i>	<i>75 050</i>	<i>0</i>	<i>75 050</i>
<b>Total change of balance</b>	<b>77 463</b>	<b>705</b>	<b>76 758</b>

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

	2017			2016		
	Non-life insurance	Life assurance	Total	Non-life insurance	Life assurance	Total
Commissions	1 182 471	923 435	2 105 906	1 105 400	940 475	2 045 875
Other acquisition costs	591 191	169 948	761 139	585 787	146 277	732 064
Change in deferred acquisition costs	-41 488	-334 329	-375 817	-46 136	-355 531	-401 667
<b>Total commissions and other acquisition costs</b>	<b>1 732 174</b>	<b>759 054</b>	<b>2 491 228</b>	<b>1 645 051</b>	<b>731 221</b>	<b>2 376 272</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.



### III. 6. Administrative expenses

	2017	2016
Personnel expenses (payroll, social and health insurance)	203 047	204 537
IT expenses	172 010	172 224
Expenses related to the operation of buildings	40 374	39 295
Communications	19 728	18 998
Other services	19 396	19 974
Company car expenses	7 311	6 976
Material consumption	1 251	1 293
Insurance	2 094	2 148
Bank fees	4 700	4 197
Advisory	17 503	15 640
Representation expenses and presents	6 986	6 969
Depreciation of assets	382	156
Education	6 312	6 386
Travel expenses	1 987	2 487
Other financial expenses	2 361	1 053
Outsourcing	113 626	112 818
Other administrative expenses	3 106	18 090
<b>Total administrative expenses before reallocation</b>	<b>622 174</b>	<b>633 241</b>
Reallocation to acquisition costs	-130 284	-115 915
Reallocation to claims handling costs	-161 803	-139 476
Reallocation to costs on investments	-17 255	-41 351
<b>Total reallocation</b>	<b>-309 342</b>	<b>-296 742</b>
<b>Total administrative expenses</b>	<b>312 832</b>	<b>336 499</b>

### III. 7. Other technical expenses and income

	2017	2016
<b>Non-life insurance</b>		
Other technical expenses	232 230	228 385
Other technical income	-149 395	-173 714
<b>Balance - non-life insurance (+ expense/- revenue)</b>	<b>82 835</b>	<b>54 671</b>
<b>Life assurance</b>		
Other technical expenses	187 705	79 889
Other technical income	-310 897	-251 231
<b>Balance - life assurance (+ expense/- revenue)</b>	<b>-123 192</b>	<b>-171 342</b>

The reinsurer does not have a share in the Company's other technical expenses and income.

The balance of other technical expenses and income in non-life insurance comprises the following items:

	2017	2016
Creation (+)/Release (-) of adjustments for receivables	10 377	-12 572
Depreciation (+)/Payments after depreciation (-) for receivables	35 410	38 613
Foreign exchanges losses (+)/gains (-)	-2 468	-3 241
Contribution to the loss prevention fund	84 205	84 381
Delegated insurance events	-6 260	-11 977
Other	-38 429	-40 533
<b>Balance of other expenses and income</b>	<b>82 835</b>	<b>54 671</b>

The balance of other technical expenses and income in life assurance comprises the following items:

	2017	2016
Creation (+)/Release (-) of adjustments for receivables	-35 034	-48 293
Depreciation (+)/Payments after depreciation (-) for receivables	33 493	60 325
Accumulated debt	-99 524	-172 443
Foreign exchanges losses (+)/gains (-)	-2 892	-3 951
Other	-19 235	-6 980
<b>Balance of other expenses and income</b>	<b>-123 192</b>	<b>-171 342</b>

### III. 8. Employees and management

The average number of employees and executives and remuneration for 2017 and 2016 are as follows:

2017	Average number of employees	Payroll expenses	Social and health insurance	of which other personnel expenses
Employees	778	334 475	103 662	17 909
Executives	76	101 978	28 923	5 460
<b>Total</b>	<b>854</b>	<b>436 453</b>	<b>132 585</b>	<b>23 369</b>

2016	Average number of employees	Payroll expenses	Social and health insurance	of which other personnel expenses
Employees	761	324 256	95 960	13 927
Executives	74	108 665	31 696	4 667
<b>Total</b>	<b>835</b>	<b>432 921</b>	<b>127 656</b>	<b>18 594</b>

TCZK 203 047 (2016: TCZK 204 537) of the total payroll, social security and health insurance expenses represents administrative expenses before reallocation and TCZK 365 991 (2016: TCZK 356 040) accounts for expenses incurred to acquire insurance contracts.

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

Social security and health insurance liabilities total TCZK 14 603 (2016: TCZK 13 787), of which TCZK 9 716 (2016: TCZK 9 154) relates to social security and TCZK 4 887 (2016: TCZK 4 633) to health insurance. None of these liabilities are overdue.

#### (b) Tax liabilities and subsidies

Tax liabilities total TCZK 4 887 (2016: a liability of TCZK 5 009), of which a deferred tax liability is TCZK 0 (2016: a deferred tax liability of TCZK 0).

### (c) Statutory, Executive and Supervisory Board members' remuneration

The Company recognised the following monetary and non-monetary remuneration to the statutory, executive and supervisory board members for the financial years 2017 and 2016:

	2017	2016
Members of the board of directors	21 027	21 084
Members of the supervisory board	1 556	1 340
<b>Total remuneration</b>	<b>22 583</b>	<b>22 424</b>

### (d) Statutory, executive and supervisory board members' loans, other receivables and advances

In neither 2017 nor 2016 did the Company present any receivables from members of the board of directors or the supervisory board relating to granted loans or advances paid.

### III. 9. Information on remuneration for statutory auditors

Information about fees payable to statutory auditors are provided in the notes to the consolidated financial statements of the parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. The auditing company provided non-audit services amounting to TCZK 281 in the year 2017 to the company. These services represented particularly client database analyses.

### III. 10. Allocation of investment return between technical account for non-life insurance and non-technical account

As at the balance sheet date, the total amount of investment return allocated between the technical account for non-life insurance and the non-technical account by means of the method stated in note I. 4. (w) amounted to TCZK 183 489 (2016: TCZK 146 025).

### III. 11. Result of non-technical account

The result of the non-technical account before tax as at 31 December 2017 amounted to loss of TCZK 20 468 (2016: a profit of TCZK 2 762).

### III. 12. Result of non-technical account

The profit before tax as at 31 December 2017 amounted to TCZK 608 611 (2016: TCZK 542 586).

### III. 13. Taxation

#### (a) Income tax in the income statement

	2017	2016
Current period income tax	137 388	113 931
Current income tax relating to prior periods	-4 032	-342
Change in deferred tax asset/Change in deferred tax liability	-11 690	-3 613
Current tax expense – change in IBNR method	0	-8 026
<b>Income tax in the income statement</b>	<b>121 666</b>	<b>101 950</b>

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

Deferred tax assets and liabilities are as follows:

Temporary differences	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
Fixed assets	0	0	-6 261	-5 414	-6 261	-5 414
Receivables	13 306	10 599	0	0	13 306	10 599
Provisions	26 891	17 061	0	0	26 891	17 061
<b>Deferred tax asset/ liability</b>	<b>40 197</b>	<b>27 660</b>	<b>-6 261</b>	<b>-5 414</b>	<b>33 936</b>	<b>22 246</b>

In accordance with the accounting policy described in note I. 4. (h), a tax rate of 19% was used to calculate deferred tax.

### 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 the leading co-insurer and has therefore only established a provision for outstanding claims in the amount of its share.

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

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

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

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

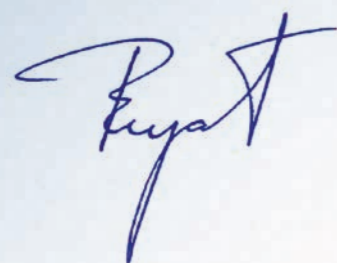
As a member of the Czech Nuclear Pool, the Company, under a "Joint and Several Liability" agreement, has assumed a liability, in proportion to the Company's net retention for the given contract, should one or more members of the Czech Nuclear Pool be unable to fulfil their obligation. The total contingent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



#### 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 the financial statements as at 31 December 2017.

Prague, on 13 March 2018



Ing. Jaroslav Besperát  
Chairman of the Board of Directors



Mag. Gerhard Lahner  
Member of the Board of Directors



## ORGANISATIONAL STRUCTURE

## ORGANISATIONAL STRUCTURE AS AT 31 DECEMBER 2017

### MEMBERS OF THE SUPERVISORY BOARD

**Ing. Martin Diviš, MBA**

Chairman of the Supervisory Board since  
1 April 2013

**Prof. Elisabeth Stadler**

Vice-chair of the Supervisory Board since  
31 March 2016

**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

**Dkfm. Karl Fink**

Member of the Supervisory Board since  
31 March 2016

**KR Franz Fuchs**

Member of the Supervisory Board since  
31 March 2016

### MEMBERS OF THE BOARD OF DIRECTORS

**Ing. Jaroslav Besperát**

Chairman of the Board of Directors since  
17 March 2010

Education: University degree, Czech  
Technical University (ČVUT)

He has been working in the insurance  
industry since 1994.

**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 Vlnař**

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.

**Mag. Gerhard Lahner**

Member of the Board of Directors since  
1 July 2017

Education: University degree, University  
of Economics in Vienna

He has been working in the insurance  
industry since 2002.



From left: Ing. Vít Rozsypal, Mag. Gerhard Lahner, Ing. Jaroslav Besperát, Ing. František Vlnař

Note:

Gary Wheatley Mazzotti, BA (Hons) ACA resigned as a members of the board of directors with effect from 1 July 2017 (a member of the supervisory board from 1 May 2016).



## EXPERT DIVISIONS

### **General secretary division**

Ing. René Činátl

### **Internal trade division**

Mgr. René Mičke

### **Business risks division**

Ing. Pavel Wiesner

### **External networks division**

Jan Křehlík

### **Sales support division**

Ing. Zdeněk Kolář

### **Life assurance division**

Bc. Marek Woitsch

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

JUDr. Václav Hönig

### **Motor vehicle insurance division**

Miloš Velíšek

### **Car fleet insurance division**

Ing. Petr Žaba

### **Motor vehicle claims settlement division**

Bořek Těžký

### **Marketing and PR division**

Mgr. Jolana Kolaříková

### **Controlling division manager**

Ing. Martina Janurová

### **Legal division**

JUDr. Jana Mejtská

### **HR division**

Mgr. Marcela Novotná, LL.M.



**LIST OF REGIONAL  
DIRECTORATES AND BRANCH OFFICES  
AS AT 31 DECEMBER 2017**

## Praha

### Head office

Pobřežní 665/23, 186 00 Praha 8, tel.: 957 444 555

### Regional directorate

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

### Branch offices

Benešov, Tyršova 2260, 256 01 Benešov, tel.: 315 694 947

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

Kladno, Komenského 3379/2, 272 01 Kladno, tel.: 312 240 214

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

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

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

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

Praha 2 – Vinohrady, Korunní 841/27, 120 00 Praha 2, tel.: 221 501 310

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

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

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

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

Příbram, Dlouhá 97, 261 01 Příbram, tel.: 318 627 195

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

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

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

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

Point of sale of the branch office Brno – Palackého, Benešova 14/16, 602 00 Brno, tel.: 542 120 800

Brno – Pekařská, Zrušeno v dubnu 2017, Pekařská 58, 602 00 Brno, tel.: 542 215 140

Brno – Kounicova, Kounicova 271/13, 602 00 Brno, tel.: 542 215 140

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

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

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

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

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

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

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

Žďár nad Sázavou, ul. Nádražní 2119/69, 591 01 Žďár nad Sázavou, tel.: 566 629 899



## 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

Point of sale of the branch office České Budějovice, Canceled 31. 12. 2017, Lidická tř. 170/29, 370 01

České Budějovice, tel.: 386 350 320

Point of sale of the branch office České Budějovice, IGY centrum – Pražská tř. 1247/24,

370 04 České Budějovice, tel.: 386 350 320

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

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

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

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

Pelhřimov, Příkopy 476, 393 01 Pelhřimov, tel.: 565 322 449

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

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

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

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

tel.: 734 522 750

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

## Hradec Králové

### Regional directorate

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

### Branch offices

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

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

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

Point of sale of the branch office Hradec Králové, Habrmanova 204/6, 500 02 Hradec Králové,

tel.: 495 591 506

Point of sale of the branch office Hradec Králové, Šimkova 1223/2, 500 03 Hradec Králové,

tel.: 495 510 100

Chrudim, Poděbradova 72, 537 01 Chrudim, tel.: 469 622 831

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

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

Liberec, Kostelní 4/2 – vchod z náměstí Dr. E. Beneše, 460 01 Liberec 1, tel.: 485 106 534

Point of sale of the branch office Liberec – OC Plaza, Palachova 1404/2, 460 01 Liberec,

tel.: 485 104 411

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

Pardubice, Smilova 429, 530 02 Pardubice, tel.: 466 068 305

Point of sale of the branch office Pardubice, 17. listopadu 408, 530 02 Pardubice, tel.: 466 610 168

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

Svitavy, náměstí Míru 53, 568 02 Svitavy, tel.: 461 530 317

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

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

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

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

## Ostrava

### Regional directorate

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

### Branch offices

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

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

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

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

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

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

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

Point of sale of the branch office Olomouc, Tovární 1197/42a, 779 00 Olomouc-Hodolany, tel.: 585 203 251

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

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

Point of sale of the branch office Ostrava, Dr. Martínka 1590, 700 30 Ostrava-Hrabůvka, tel.: 596 110 536

Point of sale of the branch office Ostrava, Zrušeno v květnu 2017, 17. listopadu 677, 708 00 Ostrava-Poruba, tel.: 596 911 421

Point of sale of the branch office Vsetín, Nádražní 23, 756 61 Rožnov pod Radhoštěm, tel.: 571 438 438

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

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

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

Point of sale of the branch office Šumperk, nám. Osvobození 14/298, 789 01 Zábřeh na Moravě, tel.: 583 414 655

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

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

## Plzeň

### Regional directorate

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

### Branch offices

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

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

Chomutov, Riegrova 229, 430 01 Chomutov, tel.: 474 623 494

Karlovy Vary, Moskevská 10, 360 01 Karlovy Vary, tel.: 353 563 910

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

Point of sale of the branch office Klatovy, Mostní 43, 342 01 Sušice, tel.: 376 522 171

Litoměřice, Dlouhá 182, 412 01 Litoměřice, tel.: 416 733 343

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

Point of sale of the branch office Most, Karla IV. 353, 438 01 Žatec, tel.: 415 214 435

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

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

Point of sale of the branch office Plzeň, Masarykovo náměstí 93, 337 01 Rokycany, tel.: 371 785 223

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

Point of sale of the branch office Plzeň, Slovanská alej 28, 326 00 Plzeň, tel.: 377 970 789

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

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

Point of sale of the branch office Tachov, Chebská 731/15, 353 01 Mariánské Lázně, tel.: 354 626 227

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

## Points of sale of ČPP Servis

Centrála, Budějovická 3a, 140 21 Praha 4

Brno, Úvoz 31, 602 00 Brno

Blučina, Havlíčkova 104, 664 56 Blučina

České Budějovice, U Výstaviště 500, 370 05 České Budějovice

Havířov, Národní třída 576/2, 736 01 Havířov

Hořice, Aloise Hlavetého 2185, 508 01 Hořice

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

Jičín, Čelakovského 86, 506 01 Jičín

Karlovy Vary, Majakovského 29, 360 05 Karlovy Vary

Kolín, A. Dvořáka 1101, 280 02 Kolín

Ostrava - Poruba, 17. listopadu 677, 708 00 Ostrava-Poruba

Ostrava - Zábřeh, Patrice Lumumby 2717, 700 30 Ostrava-Zábřeh

Pardubice, Smilova 429, U Divadla 784, 530 02 Pardubice

Plzeň, Husova ulice 2797/21a, 326 00 Plzeň

Rožnov pod Radhoštěm, Meziříčská 2868, 756 61 Rožnov pod Radhoštěm

Třebíč, Komenského náměstí 140/4, 674 01 Třebíč

Ústí nad Labem, Dvořákova 3134/2, 400 01 Ústí nad Labem

Zlín, Vavrečkova 7074, 760 01 Zlín





**REPORT OF THE BOARD  
OF DIRECTORS ON RELATIONS**

## 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 entity

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

with its registered office at Pobřežní 665/23, 186 00 Praha 8

Identification number: 63998530

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 Entity

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

with its registered office at Pobřežní 665/21, 186 00 Praha 8

Identification number: 47116617

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. Manner and means of control

Kooperativa owns ČPP's shares in an aggregate nominal value of 100% of its registered capital and consequently it controls ČPP primarily through decision-making at the general meeting.

##### 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 past accounting period, i.e. for the period between 1 January 2017 and 31 December 2017.

## SECTION IV

### CONTRACTS AND AGREEMENTS IN FORCE BETWEEN GROUP ENTITIES IN 2017

1. Contracts and agreements which were in force between the controlling entities (Kooperativa, VIG AG) and the controlled entity ČPP in 2017.
  - Insurance contract for motor casco insurance and motor third-party liability insurance concluded between ČPP and Kooperativa
  - Insurance contract for business interruption insurance concluded between ČPP and Kooperativa
  - Insurance contracts for property and liability insurance concluded between ČPP and Kooperativa
  - Insurance contract for professional liability insurance concluded between ČPP and Kooperativa
  - Contracts for provision of reinsurance coverage in respect of property and liability insurance concluded between ČPP and Kooperativa
  - Contracts for lease and sublease concluded between ČPP and Kooperativa
  - Contract for exclusive business representation concluded between ČPP and Kooperativa
  - Contract for comprehensive motor vehicle insurance - LH product - concluded between ČPP and Kooperativa
  - Contract for inter-company cooperation concluded between ČPP and Kooperativa
  - Contract for cost sharing concluded between ČPP and Kooperativa
  - Contract for transportation of a thing concluded between ČPP and Kooperativa
  - Contract No. 4116-9930001756/07-2016-MP for an extraordinary commission for financial products of Česká spořitelna, a.s. concluded between ČPP and Kooperativa.
  - 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.

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

2. Contracts and agreements which were in force between ČPP and the other controlled entities from the VIG group in 2017.
  - Insurance contracts for property and liability insurance concluded between ČPP and ČPP Servis, s.r.o. ("ČPP Servis")
  - Insurance contract for liability insurance for damage caused by members of the bodies of corporations concluded between ČPP and ČPP Servis
  - Insurance contract for the policy holder's liability insurance in providing other financial services concluded between ČPP Servis and ČPP
  - Contract for sublease concluded between ČPP and ČPP Servis
  - Contracts for business representation concluded between ČPP and ČPP Servis
  - Contract for cost sharing concluded between ČPP and ČPP Servis

- Contract for professional liability concluded between ČPP and ČPP Servis
- Contract for data and personal data protection concluded between ČPP and ČPP Servis
- Contract on the sale of moveable assets concluded between ČPP and ČPP Servis
- Insurance contract for liability insurance concluded between ČPP and Obecně prospěšná společnost Kooperativy
- Insurance contract for property and liability insurance concluded between ČPP and VIG ND, a.s.
- Contract for maintenance concluded between ČPP and AIS Servis, s.r.o. ("AIS Servis")
- Loan agreement concluded between ČPP and AIS Servis
- Contract for data and personal data protection concluded between ČPP and GLOBAL ASSISTANCE a.s. ("GLOBAL ASSISTANCE")
- Contract for cooperation on providing the assistance services between ČPP and GLOBAL ASSISTANCE
- Outsourcing contracts concluded between ČPP and Global Expert, s.r.o. ("Global Expert")
- Lease contract concluded between ČPP and Global Expert
- Reinsurance contracts concluded between ČPP and VIG RE zajišťovna, a.s.
- Reinsurance contract concluded between ČPP and WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group
- Contract for business representation concluded between ČPP and KAPITOL pojišťovací a finanční poradenství, a.s.
- Contract on the provision of user rights for software and related services concluded between ČPP and CP Solutions a.s.
- Contract on the supply for a solution for introducing a biometric signature concluded between ČPP and Pražská softwarová s.r.o.

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 2017, no legal acts or other measures were performed in the interest or at the instigation of the related parties, except for payment of ordinary dividend to the shareholder.



## 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

### ASSESSMENT OF RELATIONS AND RISKS WITHIN THE VIG GROUP

The VIG group is one of the strongest insurance and reinsurance groups in the European market. As a result, ČPP has access to a know-how relating among others to Solvency II, audit, compliance and information technologies. We can say that ČPP has mainly advantages from the relations within the VIG group.

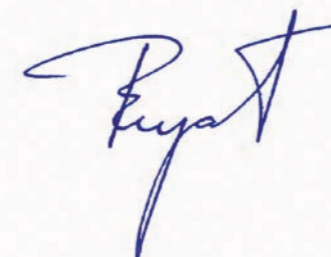
## SECTION VIII

### 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, 13 March 2018

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



Ing. Jaroslav Besperát  
Chairman of the Board of Directors



Mag. Gerhard Lahner  
Member of the Board of Directors

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

Business name	Country	Present capital share in %
<b>Consolidated Companies</b>		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" EAD, Sofia	Bulgaria	100,00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100,00
"POLISA-ZYCIE" Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99,90
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94,84
Andel Investment Prague s.r.o., Prague	Czech Republic	100,00
Anif-Residenz GmbH & Co KG, Vienna	Austria	100,00
Arithmetica Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	Austria	100,00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99,65
ATBIH GmbH, St.Pölten	Austria	100,00
AXA Life Insurance S.A., Bucharest	Romania	100,00
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	Romania	93,98
Blizzard Real Sp. z o.o., Warsaw	Poland	100,00
BML Versicherungsmakler GmbH, Vienna	Austria	100,00
BTA Baltic Insurance Company AAS, Riga	Latvia	90,83
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100,00
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100,00
CAL ICAL "Globus", Kiev	Ukraine	100,00
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100,00
CENTER Hotelbetriebs GmbH, Vienna	Austria	80,00
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100,00
Česká podnikatelská pojist'ovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100,00
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau	Moldova	99,99

Business name	Country	Present capital share in %
COMPENSA Holding GmbH, Wiesbaden	Germany	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	99,94
Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius	Lithuania	100,00
CP Solutions a.s., Prague	Czech Republic	100,00
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100,00
DBLV Immobesitz GmbH, Vienna	Austria	100,00
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100,00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100,00
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100,00
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99,24
DVIB GmbH, Vienna	Austria	100,00
ELVP Beteiligungen GmbH, Vienna	Austria	100,00
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99,77
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	100,00
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95,00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH, Vienna	Austria	100,00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55,00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	99,92
Gesundheitspark Vienna-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100,00
Insurance Company Nova Ins EAD, Sofia	Bulgaria	100,00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	100,00
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99,99
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89,98
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90,00

Business name	Country	Present capital share in %
Joint Stock Company International Insurance Company IRAO, Tbilisi	Georgia	100,00
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100,00
Kaiserstraße 113 GmbH, Vienna	Austria	100,00
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság, Budapest	Hungary	100,00
Kapitol pojist'ovací a finanční poradenství, a.s., Brno	Czech Republic	100,00
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100,00
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100,00
Kooperativa, pojišť'ovna, a.s. Vienna Insurance Group, Prague	Czech Republic	98,39
Limited Liability Company "UIG Consulting", Kiev	Ukraine	100,00
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 Gemeinnützige Wohnungs-und SiedlungsgesmbH, Linz	Austria	99,82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	61,00
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99,50
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56,55
Passat Real Sp. z o.o., Warsaw	Poland	100,00
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
Poist'ovna Slovenskej sporitel'ne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95,00
Pojist'ovna České sporitelny, a.s. Vienna Insurance Group, Pardubice	Czech Republic	95,00
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG, Vienna	Austria	100,00
Private Joint-Stock Company "INSURANCE COMPANY "KNIASHA LIFE VIENNA INSURANCE GROUP", Kiev	Ukraine	97,80
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100,00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIASHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99,99
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	60,00
Projektbau GesmbH, Vienna	Austria	100,00

Business name	Country	Present capital share in %
Projektbau Holding GmbH, Vienna	Austria	90,00
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100,00
Ray Sigorta Anonim Sirketi, Istanbul	Turkey	94,96
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100,00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna	Austria	100,00
SCHWARZATAL Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna	Austria	100,00
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100,00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Vienna	Austria	100,00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66,70
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89,05
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	54,17
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95,00
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group, Skopje	Macedonia	94,26
SVZ GmbH, Vienna	Austria	100,00
SVZI GmbH, Vienna	Austria	100,00
T 125 GmbH, Vienna	Austria	100,00
TBI BULGARIA EAD, Sofia	Bulgaria	100,00
twinformatics GmbH, Vienna	Austria	100,00
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100,00
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100,00
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	51,46
Vienibas Gatve Investments OÜ, Tallinn	Estonia	100,00
Vienibas Gatve Properties SIA, Riga	Latvia	100,00
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw	Poland	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 FUND, a.s., Prague	Czech Republic	100,00



Business name	Country	Present capital share in %
VIG ND, a.s., Prague	Czech Republic	100,00
VIG Properties Bulgaria AD, Sofia	Bulgaria	99,97
VIG RE zajišť'ovna, a.s., Prague	Czech Republic	100,00
VIG REAL ESTATE DOO, Belgrade	Serbia	100,00
VIG Real Estate GmbH, Vienna	Austria	100,00
VIG Services Ukraine, LLC, Kiev	Ukraine	100,00
VIG-CZ Real Estate GmbH, Vienna	Austria	100,00
VITEC Vienna Information Technology Consulting GmbH, Vienna	Austria	51,00
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague	Czech Republic	100,00
WGPV Holding GmbH, Vienna	Austria	100,00
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia and Herzegovina	100,00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	97,82
WIENER RE akcionarsko društvo za reosiguranje, Beograd, Belgrade	Serbia	100,00
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100,00
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100,00
WIENER STÄDTISCHE OSIGURANJE akcionarsko društvo za osiguranje Beograd, Belgrade	Serbia	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
WILA GmbH, Vienna	Austria	100,00
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100,00
WOFIN Wohnungsfinanzierungs GmbH, Vienna	Austria	100,00
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100,00
WSV Immoholding GmbH, Vienna	Austria	100,00
WWG Beteiligungen GmbH, Vienna	Austria	87,07

Business name	Country	Present capital share in %
<b>Companies consolidated using the equity method</b>		
AB Modřice, a.s., Prague	Czech Republic	100,00
ALS Servis, s.r.o., Brno	Czech Republic	100,00
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 društvo s ograniceom odgovornoscu za upravljanje obveznim i dobrovoljnim mirovinskim fondovima, Zagreb	Croatia	25,30
GLOBAL ASSISTANCE, a.s., Prague	Czech Republic	100,00
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
Main Point Karlín II., a.s., Prague	Czech Republic	100,00
Pražska softwarová s.r.o, Prague	Czech Republic	100,00
S - budovy, a.s., Prague	Czech Republic	100,00
S IMMO AG, Vienna	Austria	10,33
S-správa nemovitostí, a.s., Prague	Czech Republic	100,00
SURPMO, a.s., Prague	Czech Republic	100,00
Sanatorium Astoria, a.s., Carlsbad	Czech Republic	100,00
VBV - Betriebliche Altersvorsorge AG, Vienna	Austria	23,72
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	Austria	36,58


Business name	Country	Present capital share in %
<b>Unconsolidated companies</b>		
"Assistance Company "Ukrainian Assistance Service" LLC, Kiev	Ukraine	100,00
"Compensa Services" SIA, Riga	Latvia	100,00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H., Vienna	Austria	20,13
"Medical Clinic "DIYA" LLC, Kiev	Ukraine	100,00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H., Linz	Austria	79,51
ALBA Services GmbH, Vienna	Austria	49,95
AQUILA Hausmanagement GmbH, Vienna	Austria	99,90
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	49,95
Amadi GmbH, Wiesbaden	Germany	100,00
Anif-Residenz GmbH, Vienna	Austria	99,90
Autosig SRL, Bucharest	Romania	99,50
B&A Insurance Consulting s.r.o., Moravian Ostrava	Czech Republic	48,15
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99,94
Brunn N68 Sanierungs GmbH, Vienna	Austria	49,95
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100,00
CAPITOL BROKER DE PENSII PRIVATE S.R.L., Bucharest	Romania	98,16
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L., Bucharest	Romania	98,16
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bucharest	Romania	98,16
CAPITOL Spolka z Ograniczona odpowiedzialnoscia, Warsaw	Poland	99,98
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	99,90
Camelot Informatik und Consulting Gesellschaft m.b.H., Villach	Austria	90,18
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99,99
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	99,90
DV Asset Management EAD, Sofia	Bulgaria	100,00
DV CONSULTING EOOD, Sofia	Bulgaria	100,00
DV Invest EAD, Sofia	Bulgaria	100,00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	Austria	94,40
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	24,97
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	73,92

Business name	Country	Present capital share in %
EGW Datenverarbeitungs-Gesellschaft m.b.H., Vienna	Austria	71,92
EGW Liegenschaftsverwertungs GmbH, Vienna	Austria	71,92
EGW Wohnbau gemeinnützige Ges.m.b.H., Wiener Neustadt	Austria	71,92
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	95,78
Erste Bank und Sparkassen Leasing GmbH, Vienna	Austria	48,95
Erste Biztositasi Alkusz Kft, Budapest	Hungary	95,00
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	85,00
Foreign limited liability company "InterInvestUchastie", Minsk	Belarus	100,00
Finanzpartner GmbH, Vienna	Austria	49,95
GC Liegenschaftsentwicklungs GmbH, Judenburg	Austria	24,98
GELUP GmbH, Vienna	Austria	33,30
GEO HOSPITALS LLC, Tbilisi	Georgia	93,50
GGVier Projekt-GmbH, Vienna	Austria	54,95
GLOBAL ASSISTANCE SERVICES SRL, Bucharest	Romania	99,70
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	Czech Republic	100,00
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	100,00
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG, Vienna	Austria	23,31
Glamas Beteiligungsverwaltungs GmbH in Liqu., Vienna	Austria	23,31
Global Services Bulgaria JSC, Sofia	Bulgaria	100,00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	98,58
Hausservice Objektbewirtschaftungs GmbH, Vienna	Austria	20,72
IMOVE Immobilienverwertung- und -verwaltungs GmbH, Vienna	Austria	20,72
Immodat GmbH, Vienna	Austria	20,72
InterRisk Informatik GmbH, Wiesbaden	Germany	100,00
JAHORINA AUTO d.o.o., Banja Luka	Bosnia and Herzegovina	100,00
Joint Stock Company "Curatio", Tbilisi	Georgia	90,00
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	49,95

Business name	Country	Present capital share in %
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	23,31
MC EINS Investment GmbH, Vienna	Austria	49,95
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100,00
Nuveen Management Austria GmbH, Vienna	Austria	34,97
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG, Vienna	Austria	94,93
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	73,76
People's Pharmacy LLC, Tbilisi	Georgia	45,00
Privat Joint-Stock Company "OWN SERVICE", Kiev	Ukraine	100,00
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	50,44
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	37,76
Risk Consult Bulgaria EOOD, Sofia	Bulgaria	50,44
Risk Consult Polska Sp.z.o.o., Warsaw	Poland	67,78
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi, Istanbul	Turkey	63,80
Risk Experts s.r.o., Bratislava	Slovakia	50,44
Risk Logics Risikoberatung GmbH, Vienna	Austria	50,44
S. C. SOCIETATEA TRAINING IN ASIGURARI S.R.L., Bucharest	Romania	98,45
S.C. CLUB A.RO S.R.L., Bucharest	Romania	99,68
S.C. Risk Consult & Engineering Romania S.R.L., Bucharest	Romania	50,44
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100,00
SB Liegenschaftsverwertungs GmbH, Vienna	Austria	40,26
SVZ Immoholding GmbH, Vienna	Austria	94,93
SVZ Immoholding GmbH & Co KG, Vienna	Austria	94,93
SVZD GmbH, Vienna	Austria	100,00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	99,90
Slovexperta, s.r.o., Zilina	Slovakia	100,00
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	23,31
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	94,93
Spoldzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	99,96
Spoldzielnia Vienna Insurance Group IT Polska, Warsaw	Poland	99,97

Business name	Country	Present capital share in %
TBI Info EOOD, Sofia	Bulgaria	98,62
TOGETHER CCA GmbH, Vienna	Austria	24,28
UAB "Compensa Life Distribution", Vilnius	Lithuania	100,00
UAB "Compensa Services", Vilnius	Lithuania	100,00
UNION-Informatikai Szolgáltató Kft., Budapest	Hungary	100,00
Untere Donaulände 40 GmbH, Vienna	Austria	97,70
VIG AM Services GmbH, Vienna	Austria	100,00
VIG Asset Management, a.s., Prague	Czech Republic	100,00
VIG Management Service SRL, Bucharest	Romania	98,45
VIG Services Bulgaria EOOD, Sofia	Bulgaria	100,00
VIG Services Shqiperi Sh.p.K., Tirana	Albania	89,52
VIG-AT Beteiligungen GmbH, Vienna	Austria	100,00
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	33,30
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99,99
Vienna International Underwriters GmbH, Vienna	Austria	100,00
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	49,95
WAG Immobilien Einsiedlergasse GmbH, Linz	Austria	24,98
WAG Immobilien Einsiedlergasse GmbH & Co OG, Linz	Austria	24,98
WAG Immobilien GmbH & Co OG, Linz	Austria	24,98
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	24,98
WINO GmbH, Vienna	Austria	99,90
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	99,90
WSV Beta Immoholding GmbH, Vienna	Austria	99,90
WSV Vermögensverwaltung GmbH, Vienna	Austria	99,90
Vienna 3420 Aspern Development AG, Vienna	Austria	24,44
Viennaer Städtische Donau Leasing GmbH, Vienna	Austria	99,90
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	Montenegro	100,00





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

Pobřežní 665/23, 186 00 Praha 8

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