

ANNUAL REPORT

2016
2017
2018
2019

2020

2021

2022

KOOPERATIVA 2019 IN FIGURES

41,99
billion CZK

WRITTEN PREMIUM

2,48
million

CLIENTS

4,66
million

INSURANCE POLICIES

719
thousand

SETTLED INSURANCE CLAIMS

28,16
billion CZK

CZK CLAIM PAYMENT

25,72%

SHARE ON THE CZECH
INSURANCE MARKET

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FOREWORD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Kooperativa developed steadily in the year 2019, and even managed to exceed planned indicators in terms of business results. Once again the company, just like the entire insurance market, proved beyond any doubt that it can be a reliable support for its customers to whom fate or nature caused some harm. Expressed in numbers, we can certainly regard a quarter of the Czech insurance market and almost two and a half million clients as unprecedented success for an insurance company which has been in existence less than 30 years.

Among last year's biggest challenges, I would mention two factors: all of the new regulatory and legislative requirements which we faced, and work on the management of the merger with PČS from a formal and organisational perspective. We managed to connect two different worlds and cultures, and I'm convinced that we can serve as an example in this respect. As for the new legislation, here too we try to perceive these requirements as an opportunity to work on the quality of our products, services and distribution. But when

we take into account GDPR and other requirements, the number of insurance companies' informational obligations has increased sevenfold over the last five years, which of course means a certain risk of both insurance companies and clients being overwhelmed by these requirements and claims. Last year's non-systematic decision by the government and legislators - the taxation of excess technical reserves – also relates to legislation. The consequence of this legislation will be that insurance companies will no longer hold the capital they did in the past. If, therefore, more funds are required for damage compensation than the European Solvency II models calculated, insurance companies could get into an unpleasant situation.

Last year, Kooperativa once again also demonstrated its qualities in various competitions, research and evaluations. For example, we can mention 3rd place in the prestigious Czech 100 Best research, and many awards in the traditional Golden Crown and Insurance Company of the Year competitions. I'm also very pleased

by the company winning the highest award in the Company Website of the Year competition, as well as 1st place in TOP Responsible Company. Kooperativa demonstrated, not only last year but in the long term, that it's a company which perceives the themes of assistance, prevention and social responsibility very strongly, at the level of not only management but also all employees.

Overall, I would like to thank our clients and business partners, and most of all the entire Kooperativa team, for a successful last year. I'm convinced that we're managing to do what we enjoy, i.e. operate a high-quality and understandable insurance company which helps bring peace, certainty and stability into our clients' lives.



THE MOST SIGNIFICANT AWARDS RECEIVED IN 2019



- 2nd place › Life Insurance - Kooperativa
- 2nd place › Personal Property nsurance
- 2nd place › Motor Vehicle Insurance
- 3rd place › Life Insurance – Pojišťovna České spořitelny
- 4th place › Industry and Entrepreneur’s Insurance



- 1st place › Entrepreneur’s Insurance – TREND**
- 1st place › Life Insurance – FLEXI**
- 3rd place › Neživotní pojištění – Autopojištění NAMÍRU
- 3rd place › Entrepreneur’s Insurance – Insurance with cyber risks
- 3rd place › Life Insurance - NA PŘÁNÍ



- 2nd place › The Most Client-friendly Life Insurance Company



- 1st place › The Most Credible Brand**
– Insurance Companies category



- 1st place › The Best Company Web Sites**
– Insurance Companies category



- 1st place › TOP Responsible Company**
– Czech Family Study



- 3rd place › Czech 100 Best

BOARD OF DIRECTORS – AS OF MARCH 1 2020

NAME	Position
ING. MARTIN DIVIŠ, MBA	CHAIRMAN
MGR. FILIP KRÁL	MEMBER
ING. JAROSLAV KULHÁNEK	MEMBER
MGR. MARTIN LAUR	MEMBER
MAG. CHRISTOPH RATH	MEMBER
JIŘÍ SÝKORA	MEMBER
ING. TOMÁŠ VANÍČEK, MBA	MEMBER
JUDR. HANA MACHAČOVÁ	MEMBER – UNTIL DECEMBER 31 2019
MAG. GERHARD LAHNER	MEMBER – UNTIL DECEMBER 31 2019

SUPERVISORY BOARD – AS OF MARCH 1 2020

NAME	Position
PROF. ELISABETH STADLER	CHAIRMAN
ING. VLADIMÍR MRÁZ	VICE-CHAIRMAN
JUDR. ROSTISLAV DVOŘÁK	VICE-CHAIRMAN
ING. VLADIMÍR DLOUHÝ, CSC.	MEMBER
MAG. LIANE HIRNER	MEMBER
DR. ING. VRATISLAV KULHÁNEK	MEMBER
MAG. ROBERT LASSHOFFER	MEMBER
MAG. HARALD JOSEF LONDER	MEMBER
JAN WIESNER	MEMBER
ING. ROMAN BRABLEC	MEMBER
ING. TOMÁŠ SALOMON	MEMBER
MGR. ŠÁRKA BRŮNOVÁ	MEMBER
ING. DANIEL PRAŽAN, MBA	MEMBER
ING. RADMILA DOČEKALOVÁ	MEMBER
JAN RŮŽIČKA	MEMBER
MGR. MARTIN LAUR	MEMBER – UNTIL DECEMBER 31 2019

AUDIT COMMITTEE – AS OF MARCH 1 2020

NAME	Position
ING. VLADIMÍR MRÁZ	CHAIRMAN
PROF. ELISABETH STADLER	VICE-CHAIRMAN
JUDR. ROSTISLAV DVOŘÁK	VICE-CHAIRMAN
ING. FRANTIŠEK DOSTÁLEK	MEMBER



MANAGEMENT REPORT

EVALUATION OF THE YEAR 2019

» From the Kooperativa insurance company's perspective, the year 2019 was a year of formal and organisational stabilisation after the merger with Pojišťovna České spořitelny (PČS), which took place on 01/01/2019. We managed to successfully incorporate both PČS' clients, and a premium life insurance product, FLEXI, into Kooperativa's portfolio. Towards the end of the year, there was also a modification of Kooperativa's organisational structure and a change of the Board of Directors, where Ms. Hana Macháčová and Mr. Gerhard Lahner were replaced by Mr. Martin Laur and Mr. Christoph Rath. «

In terms of underwritten policies, Kooperativa grew significantly in the year 2019, mainly thanks to its takeover of the PČS trunk. Underwritten policies reached 41.99 billion CZK as per Czech Accounting Standards (CAS), and Kooperativa confirmed its first place among Czech insurance companies with a 25.72% share. At the end of the year 2019, Kooperativa had 4,051 employees and managed 4.66 million insurance contracts for 248 million clients.

Once again, the workhorse of the insurance market was general insurance. In general insurance, Kooperativa underwrote policies amounting to a total of 27.03 billion CZK. Kooperativa grew more slowly than the market, yet it easily maintained the position of largest general insurance company. The most successful products in this area included insurance of property, civic responsibility, industry and entrepreneurs. In the area of general insurance, the insurance market grew by a total of 7.56%. Life insurance recorded only a slightly lower growth in the year 2019. The insurance market recorded a growth of 6.56%, while Kooperativa grew more slowly. In life insurance, Kooperativa underwrote policies amounting to a total of 14.96 billion CZK in the year 2019.

Thanks to the merger with PČS, there was also a significant growth in the number of resolved insured events, and the amount of indemnity paid out. In the year 2019, Kooperativa dealt with almost 719,000 insured events, and paid clients indemnity amounting to a total of 28.16 billion CZK. At the same time, the Global Assistance service realised a total of 69,394 interventions for Kooperativa's clients in the year 2019. Kooperativa's clients most frequently called the assistance service regarding a vehicle breakdown; last year, these interventions represented almost 80% of call-outs. Within the scope of property insurance, clients availed of the assistance service in 3,778 cases. The special Global Assistance aircraft transported 26 seriously injured clients from abroad, while a special ambulance transported another 86 to the Czech Republic.

From a product perspective, last year Kooperativa focused mainly on vehicle insurance, and prepared a new car insurance product called TAILORED. The assistance package menu was simplified, and clients will gain pleasant benefits with higher liability insurance limits. The optional additional insurance menu was also expanded to include the unique POTHOLE insurance. Kooperativa has long drawn attention to the fact that the basic limits, which by law are 35 million for personal injury and 35 million for damage to property, may not always be sufficient. That is why it recommends that clients opt for higher limits, which at the same time it has made more favourable by interesting free additional insurance. Thus, with a limit of 70/70 million CZK, clients will get driver injury cover included in the price, and if they arrange liability insurance with limits of 100/100 million CZK and higher, they will get direct liquidation, driver injury cover and, if arranged together with accident insurance, also the POTHOLE additional insurance.

Within the scope of digital innovations, in the case of travel insurance Kooperativa prepared the option of downloading a digital card, YOUR PASS, to an e-Wallet in your smartphone in addition to the traditional paper card. Clients therefore no longer have to print the card, and they can rest assured that they have it with them at all times. The preparation and introduction of electronic travel insurance cards took the development team approximately 4 months of work.

Preventive projects related to road safety also continued, among others within the scope of the VIZE O Platform which Kooperativa established in the year 2018. The Accident Free Senior project, and over 300 educational lectures which took the form of theatrical scenes connected with a technical explanation and an audiovisual presentation, took place during the year 2019. They were aimed not only at car drivers, but also at senior passengers, pedestrians, cyclists, and people taking public transport. Over 18,000 seniors participated in the presentation throughout the Czech Republic.

Another project is the MY VISION ZERO competition, which focused on third level students in the 2018/2019 academic year. Students had the opportunity to register their project, on a selected safety theme relating to their field of study, in the competition. A total of 61 state and private colleges and universities were contacted within the scope of the entire project. 17 college and university faculties throughout the republic, as well as 2 technical institutes, participated in the project. The evaluation took place in June 2019, and in the autumn Kooperativa announced the second year of the MY VISION ZERO: Students for Safe Roads competition, in which it also involved secondary vocational schools.

The year 2019 was also affected by new legislation. The biggest challenge for insurance companies is the European IDD Directive, which will fundamentally affect the distribution of insurance products. Among others, it stipulates that every broker has to take exams to demonstrate professional competence by the end of the year 2020. That's why Kooperativa prepared an e-learning system, in which they will be able to prepare to successfully take the exam. The government's and legislators' non-systematic step, being the taxation of technical reserves, also relates to legislation. Insurance companies perceive this step particularly badly in the area of life insurance, where the taxation will definitely be reflected in lower revenue for clients. And an indirect negative effect on the price of insurance, scope of accompanying services and speed of innovation also cannot be excluded.

Under the influence of the IDD, the tendency towards purely high-risk life insurance, as well as pressure for a fair investment component price, will certainly continue in the year 2020. Nevertheless, Kooperativa expects that the year 2020 will be less regulatory and more business-oriented – i.e. that insurance companies will devote themselves to projects which the client experiences positively, and hopefully also appreciates.

SUBSEQUENT EVENTS

As of the date of compiling the annual report, there are no subsequent events which would necessitate amendment of the financial statement.

SOCIAL RESPONSIBILITY

» **By the implementation of a CSR strategy, we perceive social responsibility in Kooperativa as a strategic activity with an overlap into all company processes. Our business and entrepreneurial activities are unconditionally linked to the environment which surrounds us, and with the help of our values we try to positively influence it. A basic value for us is prevention and responsible business, as well as the employees with whose help we fulfil this value, but also environmental and philanthropic projects. This is all covered in detail by a separate sustainability report, Kooperativa's Non-financial Reporting 2019.** «

PREVENTION AND RESPONSIBLE BUSINESS

The prevention of unfortunate events is our priority, which is why we are an active leader in road safety and advocate the fulfilment of the principles of VISION O, i.e. zero dead or seriously injured on Czech roads. Internally, we focus mainly

on the two highest-risk groups, the young via the MY VISION ZERO competition, and seniors with the ACCIDENT FREE SENIOR and I DRIVE WITH THE TIMES projects. We send our employees on safe driving courses. We deal with society-wide themes via the VISION O Platform, a non-profit apolitical base, of which we are a co-founder. This platform brings together subjects who can and want to assist the refinement and improvement of all key aspects of the area of transport and road safety with their activity. In addition to this, we are actively involved in the implementation of the principles of fair and responsible business in all areas.

DIVERSITY AND FLEXIBILITY IN RELATION TO EMPLOYEES

We believe that employee diversity brings space for innovation and understanding, which is why we fulfil the principles of the European Diversity Charter as its signatories. We respect the concept of equal opportunity, and employees' individual needs regardless of age, gender, health or family situation. We see flexibility in the option of harmonizing one's working and personal life using the home office, flexible forms of work and part-time employment, particularly for parents on maternal or parental leave, and the physically disadvantaged. We care for their health with the We Care For Ourselves programme, and personal development within the scope of training, and own talks and workshops. We devote ourselves to diversity throughout the company, from female managers' club meetings and coaching, through training and workshops, to the option of using two multifunctional "baby office" rooms (children's corner and office in one).

ECO-FRIENDLINESS AND SUSTAINABILITY

We think sustainably and in an eco-friendly manner, to minimise our impact on the environment and increase operational efficiency. Thanks to digitisation, the growth of electronic communication with clients, digital signatures and electronic payments, we're aiming for our goal of the paperless conclusion of contracts, thereby also not increasing the burden on the environment. We support electromobility and alternative fuels, and we're expanding our car fleet to include these. We systematically monitor our carbon footprint, and implement solutions to reduce it. We've been planting trees for several years, and we're also searching for other forms of compensation.

PHILANTHROPY

The Kooperativa Foundation's mission is to observe the lives of Czech families and react to current society-wide problems. We're looking for ways to equalise the chances of the socially and physically disadvantaged, as well as possibilities to prevent these cases. Our support is aimed mainly at people with disabilities and single parents, whom we assist with the help of our partners in the non-profit sector, such as Centrum Paraple [Umbrella Centre], Asistence [Assistance], Pomocné Tlapky [Helpful Paws] and others. A very important role is played by our employees, who are actively involved in philanthropic activities. Thanks to them, we can operate in all regions. We also make Kooperativa's art collection available to the public in the form of short-term exhibitions.

PART OF VIENNA INSURANCE GROUP COMPANY PROFILE

» **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 brands 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 the 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.

<p>ALBANIA</p> <p>SIGMA INTERALBANIAN VIENNA INSURANCE GROUP</p> <p>INTERSIG VIENNA INSURANCE GROUP</p>	<p>DENMARK</p> <p>VIG VIENNA INSURANCE GROUP</p>	<p>LIECHTENSTEIN</p> <p>VIENNA-LIFE VIENNA INSURANCE GROUP</p>	<p>ROMANIA</p> <p>OMNIASIG VIENNA INSURANCE GROUP</p> <p>Asirom VIENNA INSURANCE GROUP</p> <p>DE VIATA BCR ASIGURARI VIENNA INSURANCE GROUP</p>
<p>AUSTRIA</p> <p>WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p> <p>Ionau VIENNA INSURANCE GROUP</p>	<p>ESTONIA</p> <p>bta VIENNA INSURANCE GROUP</p> <p>COMPENSA VIENNA INSURANCE GROUP</p> <p>Seesam VIENNA INSURANCE GROUP</p>	<p>LITHUANIA</p> <p>bta VIENNA INSURANCE GROUP</p> <p>COMPENSA VIENNA INSURANCE GROUP</p> <p>Seesam VIENNA INSURANCE GROUP</p>	<p>SERBIA</p> <p>WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p> <p>WIENER RE Beograd VIENNA INSURANCE GROUP</p>
<p>BELARUS</p> <p>КУПАЛА VIENNA INSURANCE GROUP</p>	<p>FRANCE</p> <p>VIG Re</p>	<p>MOLDOVA</p> <p>DONARIS VIENNA INSURANCE GROUP</p>	<p>SLOVAKIA</p> <p>Kooperativa VIENNA INSURANCE GROUP</p> <p>KOMUNÁLNA POISTOVŇA VIENNA INSURANCE GROUP</p>
<p>BOSNIA-HERZEGOVINA</p> <p>WIENER OSIGURANJE VIENNA INSURANCE GROUP</p> <p>vienna osiguranje VIENNA INSURANCE GROUP</p>	<p>GEORGIA</p> <p>GPI VIENNA INSURANCE GROUP</p> <p>IRAO VIENNA INSURANCE GROUP</p>	<p>MONTENEGRO</p> <p>Život WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p>	<p>SLOVENIA</p> <p>WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p>
<p>BULGARIA</p> <p>BULSTRAD VIENNA INSURANCE GROUP</p> <p>Life BULSTRAD VIENNA INSURANCE GROUP</p> <p>novains VIENNA INSURANCE GROUP</p> <p>PENSION ASSURANCE COMPANY DOVERIE VIENNA INSURANCE GROUP</p>	<p>GERMANY</p> <p>InterRisk VIENNA INSURANCE GROUP</p> <p>VIG Re</p>	<p>NORTH MACEDONIA</p> <p>WINNER VIENNA INSURANCE GROUP</p> <p>Life WINNER VIENNA INSURANCE GROUP</p> <p>ОСИГУРУВАЊЕ МАКЕДОНИЈА VIENNA INSURANCE GROUP</p>	<p>SWEDEN</p> <p>VIG VIENNA INSURANCE GROUP</p>
<p>CROATIA</p> <p>WIENER OSIGURANJE VIENNA INSURANCE GROUP</p>	<p>HUNGARY</p> <p>UNION VIENNA INSURANCE GROUP</p>	<p>NORWAY</p> <p>VIG VIENNA INSURANCE GROUP</p>	<p>TURKEY</p> <p>RAYSIGORTA VIENNA INSURANCE GROUP</p>
<p>CZECH REPUBLIC</p> <p>Kooperativa VIENNA INSURANCE GROUP</p> <p>ČPP VIENNA INSURANCE GROUP</p> <p>VIG Re</p>	<p>ITALY</p> <p>WIENER STÄDTISCHE VIENNA INSURANCE GROUP</p>	<p>POLAND</p> <p>COMPENSA VIENNA INSURANCE GROUP</p> <p>InterRisk VIENNA INSURANCE GROUP</p> <p>Vienna Life VIENNA INSURANCE GROUP</p> <p>wiener VIENNA INSURANCE GROUP</p>	<p>UKRAINE</p> <p>КНЯЖА VIENNA INSURANCE GROUP</p> <p>life КНЯЖА VIENNA INSURANCE GROUP</p> <p>УКРАЇНЬСЬКА СТРАХОВА ГРУПА VIENNA INSURANCE GROUP</p>
<p>LATVIA</p> <p>bta VIENNA INSURANCE GROUP</p> <p>COMPENSA VIENNA INSURANCE GROUP</p> <p>Seesam VIENNA INSURANCE GROUP</p>			

Status: December 2019

WE ARE **NUMBER 1**
IN AUSTRIA, CENTRAL AND EASTERN EUROPE.

VIG
VIENNA INSURANCE GROUP
Protecting what matters.



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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kooperativa pojišťovna, a.s., Vienna Insurance Group ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2019, 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 2019, 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 those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and 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 2 610 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 Notes I.4.(m) and II.9.(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 assessed 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 management of 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 inquired on 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

Key audit matter	How the audit matter was addressed
<p>The Company recognises deferred acquisition costs of MCZK 4 198 and accumulated debt in life assurance of MCZK 3 961 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 Notes I.4.(f), (g) and II.7. 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.</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 we assessed the accuracy of the calculation. For these purposes we critically assessed the relevant analyses and inquired management on the relevant year-on-year variances from the expected values. We assessed 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</p>



	<p>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

Key audit matter	How the audit matter was addressed
<p>The Company recognises a provision to cover insurance claims incurred but not yet reported in the period (IBNR provision) of MCZK 4 900 and a provision to cover insurance claims incurred and reported, but not yet settled (RBNS provision) of MCZK 12 823. 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 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</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, inquired management of the company on their development in time and reconciled information in the accounting records with the underlying data in the Company's systems.</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 assessed key assumptions such as the characteristics of the insurance portfolio and expected developments in the</p>



<p>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.9.(b) of the Company's financial statements.</p>	<p>amount and frequency of future insurance claims. In our analyses, we considered the expected development of expenses for insurance claims with regard to the legislation in force. 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 inquired on significant relevant year-to-year variations from our expected values. We also carried out own 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.

Supervisory Board, in collaboration with the Audit Committee, is responsible for overseeing 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 27 April 2018 and our uninterrupted engagement has lasted for 7 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 27 March 2020 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.

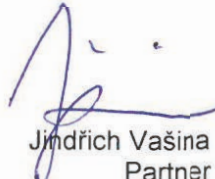
Except for the statutory audit, we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the financial statements or annual report.

Statutory Auditor Responsible for the Engagement

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of Kooperativa pojišťovna, a.s., Vienna Insurance Group as at 31 December 2019, based on which this independent auditor's report has been prepared.

Prague
27 March 2020

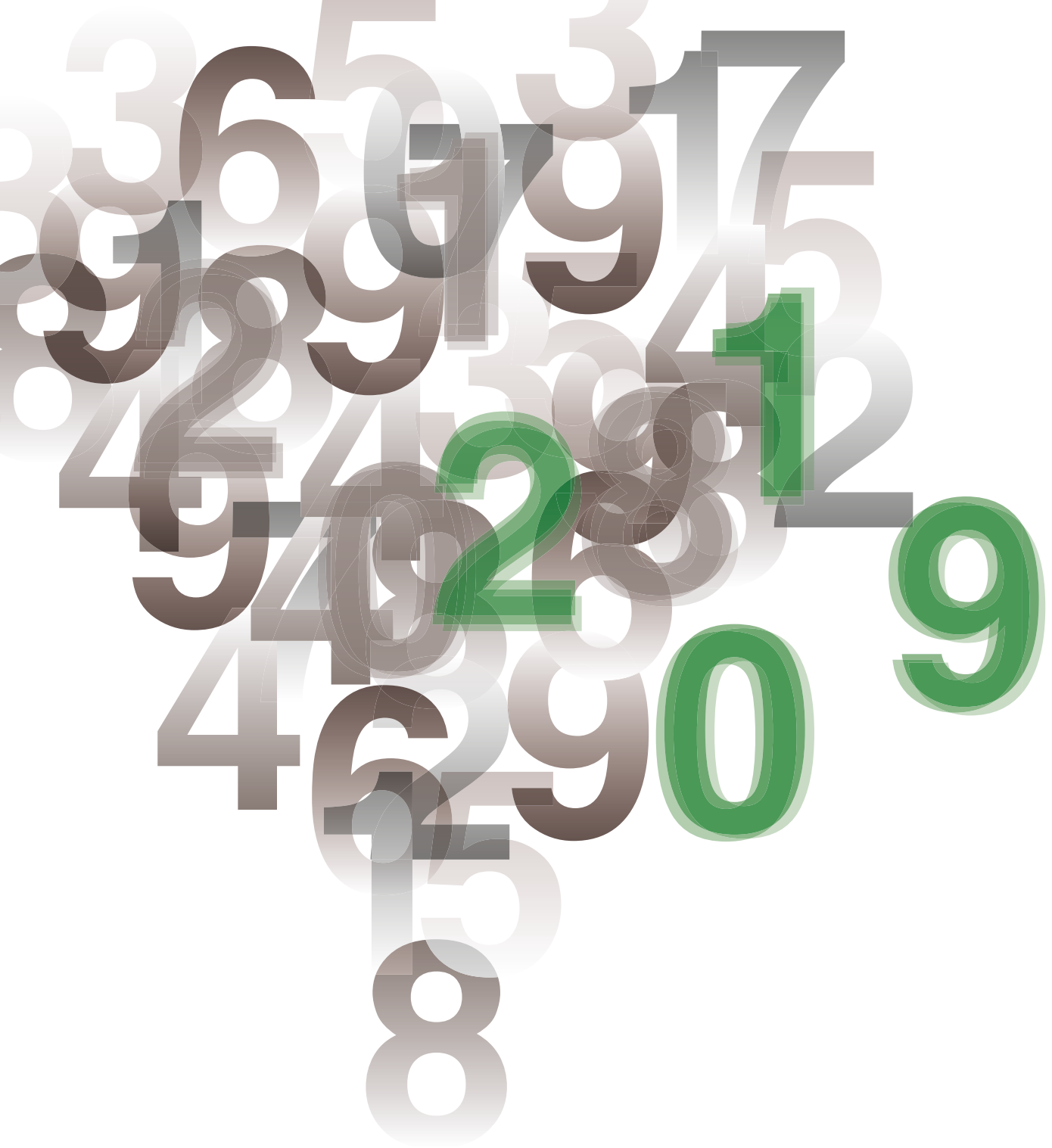
KPMG Česká republika Audit
KPMG Česká republika Audit, s.r.o.
Registration number 71


Jindřich Vašina
Partner
Registration number 2059



FINANCIAL SECTION

The Financial Statement
for the year ended
31 December 2019



BALANCE SHEET

(IN THOUSANDS OF CZECH CROWNS TCZK)

Description	31/12/2019 Gross	31/12/2019 Adjustment	31/12/2019 Net	1/1/2019 Net
I. ASSETS				
B. Intangible fixed assets, thereof	2 272 712	1 756 646	516 066	407 298
C. Investments	75 146 059	1 177 763	73 968 296	75 674 208
I. Land and buildings, thereof	2 620 920	1 177 763	1 443 157	1 526 438
1. Land	250 046		250 046	250 069
2. Buildings	2 370 874	1 177 763	1 193 111	1 276 369
a) Investments - self-occupied Land and buildings - self-occupied	2 294 158	1 166 667	1 127 491	1 205 065
II. Investments in affiliated undertakings and participating interests	8 357 724		8 357 724	8 558 772
1. Participating interests with controlling influence	7 777 701		7 777 701	7 884 953
2. Debt securities issued by, and loans and credits to, undertakings - controlling influence	580 023		580 023	673 819
III. Other investments	64 167 415		64 167 415	65 588 998
1. Shares and other variable-yield securities, other participating interests	8 244 194		8 244 194	7 074 720
2. Bonds and other fixed-income securities	53 220 574		53 220 574	56 910 203
a) bonds and other fixed-income securities valued at fair value through profit and loss	11 042 036		11 042 036	10 929 279
b) bonds and other fixed-income securities held to maturity	42 178 538		42 178 538	45 980 924
5. Other loans and credits	3 200		3 200	4 200
6. Deposits with financial institutions	2 528 694		2 528 694	1 500 942
7. Other investments	170 753		170 753	98 933
D. Investments for the benefit of life assurance policyholders who bear the investment risk	7 807 976		7 807 976	6 746 279
* values were adjusted in line with I.5 of the Notes to the financial statements				
E. Debtors	2 864 020	433 851	2 430 169	2 966 373
I. Receivables arising from direct insurance operations	2 591 824	425 179	2 166 645	2 127 304
1. Policyholders	2 545 622	389 961	2 155 661	2 115 116
2. Intermediaries	46 202	35 218	10 984	12 188
II. Receivables arising from reinsurance operations	18 390	0	18 390	395 030
III. Other receivables	253 806	8 672	245 134	444 039

Description	31/12/2019 Gross	31/12/2019 Adjustment	31/12/2019 Net	1/1/2019 Net
F. Other assets	3 637 205	791 719	2 845 486	3 538 105
I. Tangible fixed assets other than those listed under „C.I. Land and buildings“, and inventories	1 232 341	791 719	440 622	463 843
II. Cash on accounts in financial institutions and cash in hand	2 404 864		2 404 864	3 074 262
G. Temporary asset accounts	9 992 490		9 992 490	9 056 756
II. Deferred acquisition costs	5 450 547		5 450 547	5 202 038
a) in life-assurance business	4 197 693		4 197 693	4 081 985
b) in non-life insurance	1 252 854		1 252 854	1 120 053
III. Other temporary asset accounts, thereof	4 541 943		4 541 943	3 854 718
a) Estimated receivables	418 102		418 102	361 277
TOTAL ASSETS	101 720 462	4 159 979	97 560 483	98 389 020

* values were adjusted in line with I.5 of the Notes to the financial statements

BALANCE SHEET

(IN THOUSANDS OF CZECH CROWNS TCZK)

Description		31/12/2019 Net	1/1/2019 Net
II. LIABILITIES			
A. Equity		19 656 508	18 205 562
I. Registered capital, thereof		4 302 129	4 302 129
II. Premium		134 039	134 039
IV. Other capital funds *		1 644 013	607 720
V. Reserve fund and other funds from profit		31 331	19 139
VI. Profit or loss brought forward *		9 744 847	13 142 535
VII. Profit or loss for the financial year *		3 800 149	
B. Subordinated liabilities		557 001	557 001
C. Technical provisions		56 353 398	60 331 167
1. Provision for unearned premiums			
a) gross amount	6 352 058		6 040 583
b) reinsurance share (-)	1 482 624	4 869 434	1 294 990
2. Life assurance provision			
a) gross amount	37 808 805		42 165 887
b) reinsurance share (-)		37 808 805	42 165 887
3. Provision for outstanding claims			
a) gross amount	17 722 307		17 728 667
b) reinsurance share (-)	7 202 567	10 519 740	6 746 629
4. Provision for bonuses and rebates			
a) gross amount	628 404		654 695
b) reinsurance share (-)	150 505	477 899	162 738
6. Other technical provisions			
a) gross amount	2 677 520		1 945 691
b) reinsurance share (-)		2 677 520	1 945 691
D. Life assurance technical provision where the investment risk is borne by the policyholders		7 807 976	6 746 279
a) gross amount	7 807 976		6 746 279
b) reinsurance share (-)			

Description	31/12/2019 Net	1/1/2019 Net
E. Provisions	749 457	865 539
1. Provisions for pensions and similar obligations	100 239	84 145
2. Provisions for taxation	634 987	744 313
3. Other provisions	14 231	37 081
* values were adjusted in line with I.5 of the Notes to the financial statements		
F. Deposits received from reinsurers	4 593 862	4 539 349
G. Creditors	5 263 244	5 017 089
I. Payables arising from direct insurance operations	4 342 029	4 008 825
II. Payables arising from reinsurance operations	192 870	417 022
IV. Amounts owed to credit institutions	676	247
V. Other payables, thereof	727 669	590 995
a) Tax liabilities and payables due to social security and health insurance institutions	266 891	169 317
H. Temporary liability accounts	2 579 037	2 127 034
I. Accrued expenses and deferred revenues	498 104	420 348
II. Other temporary liability accounts, thereof	2 080 933	1 706 686
a) Estimated payables	2 080 933	1 706 686
TOTAL LIABILITIES	97 560 483	98 389 020

* values were adjusted in line with I.5 of the Notes to the financial statements

INCOME STATEMENT

(IN THOUSANDS OF CZECH CROWNS TCZK)

Description	2019 Base	2019 Subtotal	2019 Result
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x
a) gross premiums written	27 026 040	x	x
b) outward reinsurance premiums (-)	6 001 534	21 024 506	x
c) change in the gross provision for unearned premiums (+/-)	320 408	x	x
d) change in the provision for unearned premiums, reinsurance share (+/-)	190 517	129 891	20 894 615
2. Allocated investment return transferred from the non-technical account *	x	x	705 795
3. Other technical income, net of reinsurance	x	x	595 693
4. Claims incurred, net of reinsurance:	x	x	x
a) claims paid:	x	x	x
aa) gross amount	14 793 261	x	x
bb) reinsurance share (-)	2 139 053	12 654 208	x
b) change in the provision for outstanding claims:	x	x	x
aa) gross amount	32 250	x	x
bb) reinsurance share (-)	433 287	-401 037	12 253 171
5. Changes in other technical provisions, net of reinsurance (+/-)	x	x	-296 509
6. Bonuses and rebates, net of reinsurance	x	x	524 879
7. Net operating expenses:	x	x	x
a) acquisition costs	x	4 822 341	x
b) change in deferred acquisition costs (+/-)	x	-132 801	x
c) administrative expenses	x	770 873	x
d) reinsurance commissions and profit participation (-)	x	1 196 968	4 263 445
8. Other technical expenses, net of reinsurance	x	0	3 653 724
10. Sub-total on the technical account for non-life insurance *	x	x	1 797 393
* values of 2017 were adjusted in line with I5 of the Notes to the financial statements			
II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x
a) gross premiums written	x	14 959 061	x
b) outward reinsurance premiums (-)	x	2 328 361	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	x	-6 051	12 636 751
2. Income from investments:	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	47 560	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x
aa) income from land and buildings	8 703	x	x
bb) income from other investments	1 502 684	1 511 387	x
c) value adjustments on investments	x	64 540	x
d) income from disposal of investments *	x	1 659 355	3 282 842

Description	2019 Base	2019 Subtotal	2019 Result
3. Unrealised gains on investments	x	x	877 589
4. Other technical income, net of reinsurance	x	x	812 328
5. Claims incurred, net of reinsurance:	x	x	x
a) claims paid:	x	x	x
aa) gross amount	13 363 997	x	x
bb) reinsurance share (-)	1 006 676	12 357 321	x
b) change in the provision for outstanding claims:	x	x	x
aa) gross amount	-38 610	x	x
bb) reinsurance share (-)	22 652	-61 262	12 296 059
6. Changes in other technical provisions, net of reinsurance (+/-):	x	x	x
a) life assurance provisions:	x	x	x
aa) gross amount	-4 357 082	x	x
bb) reinsurance share (-)	0	-4 357 082	x
b) other technical provisions, net of reinsurance	x	2 090 236	-2 266 846
7. Bonuses and rebates, net of reinsurance	x	x	337 704
8. Net operating expenses:	x	x	x
a) acquisition costs	x	3 358 424	x
b) change in deferred acquisition costs (+/-)	x	-115 041	x
c) administrative expenses	x	489 614	x
d) reinsurance commissions and profit participation (-)	x	1 162 956	2 570 041
9. Expenses connected with investments:	x	x	x
a) investment management charges, including interest	x	83 764	x
b) value adjustments on investments	x	19 777	x
c) book value of disposed investments *	x	1 579 354	1 682 895
10. Unrealised losses on investments *	x	x	21 552
11. Other technical expenses, net of reinsurance	x	x	176 828
13. Sub-total on the technical account for life assurance *	x	x	2 791 277

INCOME STATEMENT

(IN THOUSANDS OF CZECH CROWNS TCZK)

Description	2019 Base	2019 Subtotal	2019 Result
III. NON-TECHNICAL ACCOUNT	x	x	x
1. Result of the technical account for non-life insurance	x	x	1 797 393
2. Result of the technical account for life assurance	x	x	2 791 277
3. Income from investments:	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	546 204	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x
aa) income from land and buildings	78 389	x	x
bb) income from other investments	476 616	555 005	x
c) value adjustments on investments	x	73 356	x
d) income from disposal of investments	x	8 828 433	10 002 998
5. Expenses connected with investments:	x	x	x
a) investment management charges, including interest	x	284 523	x
b) value adjustments on investments	x	77 424	x
c) book value of disposed investments	x	8 935 255	9 297 202
6. Allocated investment return transferred to the technical account for non-life-insurance	x	x	705 795
7. Other income	x	x	9 174
8. Other expenses	x	x	42 624
9. Income tax on ordinary activities	x	x	753 339
10. Profit or loss on ordinary activities after tax	x	x	3 801 882
15. Other taxes not shown under the preceding items	x	x	1 733
16. Profit or loss for the financial year *	x	x	3 800 149

STATEMENT OF CHANGES IN EQUITY

(IN THOUSANDS OF CZECH CROWNS TCZK)

	Registered capital	Share premium	Social and other funds	Capital funds	Changes in valuation	Profit (loss)	Total
Balance at 1. 1. 2019	4 302 129	134 039	19 139	792 404	-184 684	13 142 535	18 205 562
Net profit/loss for accounting period					1 036 293	0	1 036 293
FX gains (losses) and changes in valuation not included in the profit and loss statement						3 800 149	3 800 149
Dividends						-3 332 165	-3 332 165
Addition to/from funds			65 523			-65 523	0
Reduction of funds			-53 331			0	-53 331
Balance at 31. 12. 2019	4 302 129	134 039	31 331	792 404	851 609	13 544 996	19 656 508

I. GENERAL INFORMATION

I. 1. DESCRIPTION AND PRINCIPAL ACTIVITIES

Kooperativa pojišťovna, a.s., Vienna Insurance Group („the Company“) was registered in the Commercial Register on **1 March 1993**.

Identification number: 471 16 617

The Company's shareholders as at 31 December 2019 are the following¹:

- ▶ **VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe** 95.84%
- ▶ **Česká spořitelna, a.s.** 1.59%
- ▶ **SVZD GmbH** 1.44%
- ▶ **Svaz českých a moravských výrobních družstev** 1.13 %

The Company received a license to carry on insurance activities on 1 March 1993.

The Company carries on the following classes/groups of insurance:

Life assurance

- ▶ assurance on death, assurance on survival to a certain age, and assurance on survival to a certain age or death
- ▶ marriage insurance and savings insurance to provide funds to raise children
- ▶ pension insurance
- ▶ insurance connected with an investment fund / Unit-linked insurance
- ▶ accident or sickness insurance as a supplement to the above types of insurance

Non-life insurance

- ▶ accident and sickness insurance
- ▶ motor insurance – motor third-party liability insurance
- ▶ motor insurance – other types
- ▶ property insurance against fire and other damage
- ▶ insurance for aviation, and marine and transportation insurance
- ▶ liability insurance
- ▶ credit and surety insurance
- ▶ insurance for other losses

Registered office of the Company

Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Praha 8

Members of the board of directors and supervisory board as at 31 December 2019:

Members of the board of directors

Chair: **Ing. Martin Diviš, MBA**, Praha 6 - Liboc, Divoká Šárka 39/4, Post Code 164 00, Czech Republic

Member: **JUDr. Hana Machačová**, Praha 4, Šeberov, Pod Vsí 312, Post Code 149 00, Czech Republic

Jiří Sýkora, Hudlice, Jáchymovská 261, Post Code 267 03, Czech Republic

Mag. Gerhard Lahner, Mistelbach, Gartengasse 21, Post Code 2130, Austria

Mgr. Filip Král, Praha 4 - Krč, Hurbanova 2052/25, Post Code 142 00, Czech Republic

Ing. Tomáš Vaníček, MBA, Praha 9, Újezd nad Lesy, Donínská 1778, Post Code 190 16, Czech Republic

Ing. Jaroslav Kulhánek, Roudnička, Zalomená 175/22, Hradec Králové, Post Code 500 02, Czech Republic

The membership of **JUDr. Hana Machačová** and **Mag. Gerhard Lahner** in the board of directors ceased to exist as of 31 December 2019.

Effective from 1 January 2020, the following new members joined the board of directors:

Mgr. Martin Laur, Kralupy nad Vltavou – Lobeček, Ladova 587, Post Code 278 01, Czech Republic

Mag. Christoph Rath, Vienna, Clusiusgasse 1, Post Code 1090, Austria.

¹ The percentage represents the share of registered capital including preference shares without voting rights. The share of individual shareholders in the ordinary shares of the Company is as follows: VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Austria – 91.68%; Česká spořitelna, a.s. 3.19 %, SVZD GmbH, Austria – 2.88%; Svaz českých a moravských výrobních družstev, Prague – 2.25%.

Two members of the board of directors must always act together in the name of the Company. In order to sign on behalf of the Company, the signatures of the necessary number of authorised persons and their functions are required alongside the printed or written name of the Company. Pursuant to the provisions under Section 164(3) of Act No. 89/2012 Coll., the Civil Code, the person authorised to undertake legal actions towards Company employees is Ing. Martin Diviš, MBA, chair of the board of directors.

Members of the supervisory board

Chair: **Prof. Elisabeth Stadler**, Langenlois, Höllgasse 32, Post Code 3550, Austria

Vice-chair: **Ing. Vladimír Mráz**, Praha 1 – Nové Město, Nekázanka 881/9, Post Code 110 00, Czech Republic

JUDr. Rostislav Dvořák, Rantířov 168, Post Code 588 41, Czech Republic

Members: **Ing. Roman Brablec**, bytem Praha 6 - Řepy, Španielova 1313/21, Post Code 163 00, Czech Republic

Jan Wiesner, Praha 4 - Míchle, Podle Kačerova 1330/15, Post Code 141 00, Czech Republic

Dr. Ing. Vratislav Kulhánek, Srubec, V Lukách 1135, Post Code 370 06, Czech Republic

Mgr. Martin Laur, Lobeček, Ladova 587, Kralupy nad Vltavou, Post Code 278 01, Czech Republic

Jan Růžička, Praha 5 - Holyně, náměstí Pod lípou 6/6, Post Code 154 00, Czech Republic

Mag. Robert Lasshofer, Vídeň, Roggegasse 54, Post Code 1210, Austria

Mag. Liane Hirner, Vídeň, Argentinierstrasse 11, Post Code 1040, Austria

Mag. Harald Josef Londer, Leopoldsdorf, Feuerwehrstrasse 7, Post Code 2333, Austria

Ing. Tomáš Salomon, Praha 6 – Ruzyně, Alej Českých exulantů 1153/9, Post Code 161 00, Czech Republic

Ing. Vladimír Dlouhý, Praha 5 – Zbraslav, Boženy Hofmeisterové 1430, Post Code 156 00, Czech Republic

Mgr. Šárka Brůnová, Praha 2 – Vinohrady, U Kanálky 1455/12, Post Code 120 00, Czech Republic

Ing. Radmila Dočekalová, Brno – Komín, Jundrovská 1253/23, Post Code 624 00, Czech Republic

The membership of **Mgr. Martin Laur** of the supervisory board ceased to exist as of 31 December 2019.

Ing. Daniel Pražan, MBA joined the supervisory board as a new member effective from 28 January 2020.

Organisational structure and major changes thereto during the financial year

The Company has the following statutory bodies: general assembly of the shareholders, board of directors, advisory committee to the board of directors, supervisory board and audit committee. The Company conducts its activities through its organisational divisions, comprising departments of the first management level of the general directorate, centres and agencies.

Due to a merger by acquisition, all assets of Pojišťovna České spořitelny, a.s., Vienna Insurance Group as the dissolving company were transferred to the Company as the successor company. The merger of both insurance companies took effect on 1 January 2019 within the meaning of the Act on Transformation of Commercial Companies and Cooperatives.

I. 2. COMPLIANCE WITH LEGISLATION

As at the balance sheet 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. 170/2018 Coll., on Insurance and Reinsurance Distribution, 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. Due to the completed merger of the Company with the dissolving

company Pojišťovna České spořitelny, a.s., Vienna Insurance Group as of 1 January 2019, changes to some accounting policies have been introduced (for detail see I. 5) resulting in adjustments to the Company's opening balance sheet. 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.

Figures from the opening balance as at 1 January 2019 are used as comparative figures. Comparative figures are not presented for the income statement as their use would be misleading due to the merger as of 1 January 2019 and the relevant change in accounting policies. For more information refer to I.5.

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 and at the balance sheet 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 the CNB as at the balance sheet date and the appropriate exchange rate difference is charged to profit or loss.

Similarly for 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 last 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 is recognised in the income statement and a change in the fair value of available-for-sale securities is recognised in the balance sheet.

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 ("CNB"). 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 available-for-sale shares and units is recognised in the balance sheet. The change in fair value of 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 the CNB. The appropriate exchange rate difference is included in the fair value.

Deposits with financial institutions

Deposits with financial institutions are initially recognised at nominal value. 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 the CNB and the appropriate exchange rate difference is charged to profit or loss.

Derivatives

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. The 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.

Hedging derivatives

Hedging derivatives are recognised in the balance sheet at fair value.

Hedge accounting is only applied where:

- ▶ the hedge is in line with the Company's risk management strategy,
- ▶ the hedge relationship is formally documented at the inception of the hedge,
- ▶ the effectiveness of the hedge relationship can be objectively measured,
- ▶ the hedge relationship is highly effective throughout the accounting period, i.e. changes in the fair value or cash flows of the hedging instruments attributable to the hedged risk are within a range of 80–125% of the changes in the fair value or cash flows of the hedged instruments attributable to the hedged risk,

If the derivative hedges the exposure to changes in the fair value of assets and liabilities, the hedged item attributable to the risk being hedged is also carried at fair value. Gains and losses arising from the revaluation of the hedged item and the hedging derivative are recorded in the income statement.

The Company's strategy is to hedge the currency risk in respect of investment instruments denominated in other than the domestic currency, using forward exchange contracts (derivatives) or technical provisions maintained in the same currency.

Works of art

Initially and at the balance sheet date, works of art are recorded at their acquisition cost and are classified as fixed assets not subject to write-offs. During the accounting period, the selected works of art are used for investment and reallocated to other investment accounts.

(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. Adjustments are created inclusively based on ageing analysis of the 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

As 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 by the end of the current financial year that relates to the revenues of subsequent financial years.

At the end of each financial year, the Company assesses the adequacy of deferred acquisition costs based on a liability adequacy test for both non-life insurance and life assurance by determining the provision for liabilities arising from the applied technical interest rate in the life assurance.

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 as at the balance sheet date to the total gross premiums written for the financial year. Deferred acquisition costs are determined for all individual classes of non-life insurance.

Life assurance (apart from unit-linked assurance)

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)

Acquisition costs for unit linked life assurance contracts are deferred via the direct calculation of the present value of future fees to cover initial costs and costs associated with assurance contract acquisition, which are reimbursed in the monthly fee from the account of the policyholder in the first years of assurance. Costs associated with an increase in premiums for existing assurance contracts are included in these costs as well. The resulting value is recognised within deferred acquisition costs.

(g) Accumulated debt

Accumulated debt arises from unit-linked life assurance contracts. This receivable due from the assured 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. The expected recovery of the asset is carried out prospectively considering all relevant future cash flows and using careful estimates of lapse rate, losses, cost and other assurance contracts' parameters. A change of the accumulated debt from unit-linked assurance is charged to profit or loss.

(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.

As a part of the life assurance provision, the risk-related part is created (2019:

TCZK 575 000, 1 January 2019 TCZK 493 490), following the persisting market insecurity of how the new regulation in connection with the general trend of strengthening consumer's rights and protection will be interpreted.

(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 for all insurance types, except for motor third party liability insurance, for which 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) Other technical provisions

Provision for liabilities arising from the applied technical interest rate and other calculation parameters

As at the balance sheet date, the Company calculates the value of the provision for liabilities arising from the applied technical interest rate and other calculation parameters to be able to determine a sufficient amount of life assurance provision so that the Company is able to meet its liabilities following from concluded insurance contracts while simultaneously taking into account current estimates of the parameters when assessing the amount of liabilities accepted. In determining the provision for liabilities arising from the applied technical interest rate and other calculation parameters, the current 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 current value of liabilities, the not yet recorded revenues on held-to-maturity assets to cover life assurance provisions are taken into account. The Company compares the current 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 current 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 current 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.

Provision for the credit risk in respect of intermediaries

In light of an amendment to the Act on Insurance Intermediaries from 2016 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 insurance agents due to insolvency.

(n) 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.

(o) 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.

(p) 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 taxation

The provision for taxation is created at the balance sheet date and amounts to the estimated income tax liability due. The use (release) of the provision is accounted for when the tax return is filed. The Company reduces the provision for taxation by income tax prepayments. The balance is presented in Provisions for taxation (note II.10) or in Other receivables if the income tax prepayments exceed the expected current tax liability (note II.5).

Employee Benefits Provision

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.

Restructuring provision

The provision was established based on the restructuring programme approved by the board of directors, which includes other transformation projects apart from the merger with PČS project. The provision was established only for costs directly related to the restructuring which comply with Section 16 (4) of Decree No. 500/2002 Coll.

(q) 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.

The Company carries out the legal insurance of an employer's liability in compliance with Act No. 125/1993 Coll. Any collected premium from this type of insurance is classified as gross premiums written.

(r) Claims paid

Claims paid (including claims in compliance with Act No. 125/1993 Coll.) are recognised when an insured loss is agreed and after the amount of claims settlement has been assessed. These costs also include the Company's costs related to the handling of claims arising from insured events. Gross claims expenses are reduced by recourse claims and other claims of the Company.

(s) Acquisition costs

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

(t) Staff costs, pensions and social fund

On behalf of its employees, the Company contributes to a defined contribution pension plan and a endowment life assurance scheme. These contributions are accounted for directly as personnel expenses.

The Company creates a social fund to finance the social needs of its employees and employee programmes. In compliance with Czech accounting requirements, the allocation to the social fund is not recognised in the income statement but as a profit distribution. Similarly, the usage of the social fund is not recognised in the income statement but as a decrease of the fund. The social fund forms a component of equity and is not shown as a liability.

(u) 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 2015, 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.

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

In order to account for items common to both life assurance and non-life insurance, the Company uses a method 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 a method based on an internal analysis of labour absorption and other internally determined allocation keys.

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 initially in the non-technical account and subsequently allocated to the technical account for non-life insurance.

Other expenses and income

During the accounting period, clearly attributable expenses and income are accounted for directly in the relevant technical account for life assurance or non-life insurance or the non-technical account. Expenses and income that cannot be directly attributed are recorded primarily in the non-technical account and subsequently allocated to the technical

account for life assurance or non-life insurance and further to the relevant technical account of administrative expenses, acquisition costs, claim handling costs and investment costs, if applicable.

The allocation is not applied to taxes, fees, or other expenses incurred outside insurance or reinsurance activities.

(w) Foreign currency translation

Transactions during the year are recorded at the CNB 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 CNB official rate on that date.

Unless stated otherwise, foreign currency gains and losses are recorded in Company's income statement.

(x) 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 22 (2) and 21a of the Act on Accounting.

I. 5. CHANGES AND DEVIATIONS FROM ACCOUNTING POLICIES AND PROCEDURES

Due to the merger by acquisition, all assets of Pojišťovna České spořitelny, a.s., Vienna Insurance Group as the dissolving company ("the Dissolving Company") were transferred to the Company as the successor company ("the Successor Company"). The merger of both insurance companies took effect on 1 January 2019 within the meaning of the Act on Transformation of Commercial Companies and Cooperatives.

The description of individual steps and the results of the merger with the aim of preparing the opening balance sheet as at the merger date is as follows:

(a) Information about the preparation of the opening balance sheet

The basis for the preparation of the Successor Company's opening balance sheet were the ordinary financial statements of the Successor Company and Dissolving Company as at 31 December 2018 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.

As of the merger date, the Successor Company included items of assets, liabilities and equity of the Dissolving Company in its accounts mainly in the amount and structure following from the financial statements of the Dissolving Company. Further, as of the merger date, the Successor Company included in its accounts provisions and impairment losses recorded for individual types of assets, and temporary assets and liabilities of the Dissolving Company. The only differences follow from the need to unify accounting policies and are presented in c).

Existing reciprocal receivables and payables of TCZK 2 767 were excluded as at the merger date.

(b) Equity of the Successor Company

Equity in TCZK	Successor Company as at 31 December 2018	Dissolving Company as at 31 December 2018	Elimination of financial investment*	Change in policies**	Transfers***	Successor Company as at 01/01/2019
Registered capital	4 302 129	1 900 100	-1 900 100	0	0	4 302 129
Share premium	17 003 531	0	-16 869 492	0	0	134 039
Other capital funds	424 165	183 555	0	0	0	607 720
Reserve fund and other funds from profit	14 124	5 015	0	0	0	19 139
Retained earnings	6 542 426	642 887	0	2 040 305	3 916 917	13 142 535
Profit or loss for the financial year	2 788 578	1 128 339	0	0	-3 916 917	0
Total equity	31 074 953	3 859 896	-18 769 592	2 040 305	0	18 205 562

* The financial investment of the Successor Company of TCZK 18 769 592 was excluded against the registered capital of the Dissolving Company and share premium of the Successor Company.

** The retained earnings of the Successor Company were increased by TCZK 2 040 305, which represents the effect of the unification of accounting policies. For details refer to I.5. (c)

*** The profit of the current period for both companies was transferred from profit or loss to be approved under the retained earnings item.

In accordance with the reorganisation agreement the Project of Domestic Merger by Acquisition of 5 October 2018 between the Successor Company and the Dissolving Company, items in equity were adjusted so that the registered capital of the Successor Company would not change as a consequence of the merger.

(c) Unification of accounting policies

Due to the fact that the Act on Accounting requires entities to use uniform accounting policies for the same/similar accounting transactions, the Successor Company compared accounting policies and identified substantial differences in valuation in the following areas:

Changes in accounting policies in TCZK	Impact on equity
Deferred acquisition costs	1 745 584
Accumulated debt	-206 808
Provision for liabilities arising from the applied technical interest rate	991 364
Other	1 387
Tax impact	-491 222
Total equity	2 040 305

Deferred acquisition costs

Acquisition costs for life assurance contracts where the investment risk is borne by the policyholder (unit linked life assurance contracts) are deferred via the direct calculation of the present value of future fees to cover initial costs and costs associated with assurance contract acquisition, which are reimbursed in the monthly fee from the account of the policyholder in the first years of assurance. Costs associated with an increase in premiums for existing assurance contracts are included in these costs as well. The Company recognised the resulting value in nominal value under deferred acquisition costs. The Dissolving Company capitalised just a certain percentage of the nominal amount based on recovery prediction with respect to expected lapses. The Successor Company unified the establishment of this intangible fixed asset to the Company's accounting policy used so far.

Accumulated debt

Accumulated debt arises from unit-linked assurance contracts. This receivable due from the policyholders represents an aggregate of costs incurred by the Company in connection with unit-linked assurance contracts that have not been settled

by policyholders yet, where the Company recognised the accumulated debt asset in its full amount, and subsequently, carried out an impairment test while the Dissolving Company adjusted and recognised the accumulated debt asset in the expected recovery value employing the prospective method and considering all relevant future cash flows using prudent estimates of the lapse rate, claims frequency, costs and other assurance contract parameters. The Successor Company decided that it will establish the accumulated debt on the principles of the methodology used so far by the Dissolving Company. Simultaneously, the presentation of the accumulated debt was unified under "Accrued income". The resulting accounting policy for deferred acquisition costs and accumulated debt from unit-linked assurance contracts unifies the prudence rate for both companies, reflects the current and expected development on the life assurance market, and, at the same time, does not introduce redundant prudence.

Provision for liabilities arising from the applied technical interest rate and other calculation parameters

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

As part of the unification of the previous accounting policies, the Successor Company made three crucial decisions, with the first two making use of the principles used in the Dissolving Company:

- ▶ The test is carried out on one scenario using a risk-free interest rate.
- ▶ All expected revenues, including unrealised gains and losses, are reflected in the discount curve.
- ▶ In the unification, the Successor Company maintains the current level of segmentation of both companies for traditional products.

Changes in the presentation of items in financial statements

An income tax prepayment of TCZK 246 497 was recognised in the Other receivables line in the Dissolving Company. To unify presentation, the prepayment was recorded in the Provision for taxation line under liabilities.

Accumulated debt of TCZK 979 217 was recognised in the Deferred acquisition costs line in the Dissolving Company. Due to the unification of presentation, the accumulated debt was moved to the Other temporary asset accounts line. Other items of the Dissolving Company were transferred in the amounts and presentation as they had been presented in the Dissolving Company's financial statements as at 31 December 2018.

During 2019, the Company did not carry out any other changes in accounting policies and procedures. During the financial year the Company also did not apply any deviations from these policies and procedures or correct any prior year errors.

I. 6. 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, and compliance risk. Risk management complies with relevant legislation under the Solvency II directive.

In relation to the first pillar of Solvency II directive, the regulatory authority has set a solvency capital requirement ("SCR") in the interest of the policyholders in order to guarantee the Company's ability to cover future insurance settlements. To calculate SCR, the Company uses partial internal model for non-life underwriting risks. Throughout the year, eligible own funds to cover SCR exceeded the solvency capital requirement.

The risk is managed by setting up internal procedures and policies, as described below. For more details on solvency and risk management, see the Solvency and Financial Condition Report (SFCR), regularly published by the Company on its website.

(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 arising 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 uses financial instruments to mitigate currency and interest rate risks.

(b) Market risk

The Company is exposed to market risk. Market risk follows from trading positions in interest rates, currencies and equity instruments and properties, all of which are 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, 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 portfolio is managed 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. VaR models are used to monitor investment portfolio risks as well.

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 in order to mitigate 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. Minimum liquidity limits are set to manage this risk.

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

Operational risk means a risk of loss due to insufficiency or failure of internal processes, employees and systems, or due to external effect. The Company categorises its operational risks into groups by characteristics and each operational risk group comprises specific risks assessed as follows:

Operational risk groups comprise:

- ▶ Internal fraud
- ▶ External fraud
- ▶ Human resources management and care
- ▶ Unsuitable behaviour towards clients, product errors, incorrect business processes
- ▶ Tangible assets damage, premises inaccessibility
- ▶ Business disruption, system failure
- ▶ Process performance or management failure

Operational risk is evaluated in two ways. Firstly, by quantification through SCR calculated from standard formula – i.e. from the amount of technical provisions and prescribed premium. Secondly, by processional approach. The risk is assessed within the risk mapping and internal control system process, in which employees of all divisions identify all risks their divisions are exposed to. The employees assess the effects of the risks and determine adequate measures, including control mechanisms aimed at mitigating these risks. The output is the risk and control matrix (RCM). All organisational units, including agencies, are included in the operational risk mapping process. The Company also

specifically manages residual risks from important projects (i.e. risks that are further evaluated and managed by specific owners). Risk mapping output, risk mapping and residual risk action plans' implementation helps to monitor the risk profile in operational risk. The division of non-financial risks methodically manages first line protection departments, carries out independent control in the second line protection and reports through the Risk and capital management committee about the situation of operational risk management in the Company and proposes other operational risk solutions to the board of directors if necessary.

(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 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) mutual compliance between internal standards is monitored.

Compliance Function of the Company provides continuous monitoring of upcoming legal regulation (new legal regulation, changes/amendments to existing legal regulation) and case law, incl. regulatory requirements of supervisory authority, and assesses their impacts on the Company's business. For this purpose, Compliance Information (Legal news) 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), a Compliance Plan (summing up compliance activities planned for the following year), and a Compliance Risk Inventory Report (summarising the results of the compliance risk mapping for the current year).

II. ADDITIONAL DISCLOSURES IN RESPECT OF THE BALANCE SHEET

II. 1. INTANGIBLE FIXED ASSETS

As at 31 December 2019, intangible fixed assets of the Company comprise the following items:

	Software	Other	Total
Acquisition cost as at 01/ 01/ 2019	1 563 846	420 650	1 984 496
Additions	266 104	26 055	292 159
Disposals	3 825	118	3 943
Acquisition cost as at 31/ 12/ 2019	1 826 125	446 587	2 272 712
Accumulated amortisation as at 01/ 01/ 2019	1 183 265	393 933	1 577 198
Amortisation expense	169 555	13 558	183 113
Disposals	3 657	8	3 665
Accumulated amortisation as at 31/ 12/ 2019	1 349 163	407 483	1 756 646
Net book value as at 01/ 01/ 2019	380 581	26 717	407 298
Net book value as at 31/ 12/ 2019	476 962	39 104	516 066

II. 2. INVESTMENTS

(a) Land and buildings

31/12/2019	Operating land	Operating buildings	Non-operating land	Non-operating buildings	Total
Acquisition cost as at 01/01/ 2019	221 164	2 259 357	28 905	85 763	2 595 189
Additions	0	38 537	0	0	38 537
Disposals	0	3 736	23	9 047	12 806
Acquisition cost at 31/12/2019	221 164	2 294 158	28 882	76 716	2 620 920
Accumulated depreciation as at 01/01/2019	0	1 056 192	0	12 559	1 068 751
Depreciation expense	0	122 087	0	2 292	124 379
Disposals	0	11 612		3 755	15 367
Accumulated depreciation as at 31/12/2019	0	1 166 667	0	11 096	1 177 763
Net book value as at 01/01/2019	221 164	1 203 165	28 905	73 204	1 526 438
Net book value at 31/12/2019	221 164	1 127 491	28 882	65 620	1 443 157

Fair value	Operating land	Operating buildings	Non-operating land	Non-operating buildings	Total
31/12/2019	258 947	1 500 890	32 377	66 300	1 858 514
01/ 01/ 2019	256 545	1 472 565	32 409	68 351	1 829 870

(b) Investments in affiliated undertakings and participating interests**Participating interests with controlling influence**

31/12/2019	Share of registered capital in %	Book value	Acquisition cost	Fair value	Total registered capital	Total equity	Profit or loss for the financial year
AB Modřice, a.s., Praha*	100	10 000	10 000	9 864	10 000	9 864	16
CP Solutions a.s., Praha*	100	302 314	302 314	311 175	2 000	311 175	3 904
Main Point Karlín II., a.s., Praha*	100	10 000	10 000	9 320	10 000	9 320	-193
SURPMO, a.s., Praha	100	2 663	2 663	15 966	2 000	15 966	2 073
S-budovy, a.s., Praha	100	45 709	45 709	75 944	70 000	75 944	65
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Praha***	100	3 696 340	3 696 340	3 696 340	1 000 000	2 701 819	641 241
GLOBAL ASSISTANCE a.s., Praha***	40	74 262	74 262	74 262	10 000	129 705	56 701
HOTELY SRNÍ, a.s., Praha**	100	182 219	182 219	342 963	181 573	342 963	7 978
Global Expert, s.r.o., Pardubice	70	140	140	7 646	200	10 923	4 350
KAPITOL pojišťovací a finanční poradenství, a.s., Brno****	70	215 645	215 645	215 645	20 000	98 512	1 778
AIS Servis, s.r.o., Brno***	70	108 175	108 175	108 175	7 400	61 432	3 277
VIG ND, a. s., Praha*****	88.29	2 098 831	2 430 899	2 104 000	2 391 000	2 383 071	38 746
VIG RE zajišťovna, a.s., Praha *	10	315 130	315 130	454 676	3 150 000	4 546 758	528 613
VIG FUND, a.s., Praha*****	13.03	716 273	744 934	788 031	5 003	5 851 567	291 859
Total	N/A	7 777 701	8 138 430	8 214 007	N/A	N/A	N/A

* Data are based on the unaudited financial statements as at 31 December 2019.

** On 1 April 2019, the following was entered in the Commercial Register: Assets of the dissolving company KIP, a.s., with registered office at Templová 747/5, Staré Město, 110 00 Prague, Id no. 49241788, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, file no. 2174, were transferred to the Company in the position of the successor company as of the day of entering the merger by acquisition in the Commercial Register. The date of the merger was 1 January 2019.

*** The fair value cannot be objectively determined as fair value equals the acquisition cost. Data are based on the unaudited financial statements as at 31 December 2019, apart from AIS Servis, s.r.o. (data as at 31 December 2019 are audited).

**** On 1 October 2019, the following was entered in the Commercial Register: Assets of the dissolving company Benefita, a.s., with registered office at Pobežní 665/21, Karlín, 186 00 Praha 8, Id No. 27225038, recorded in the Commercial Register maintained by the Municipal Court in Prague under file no. B 9832, were transferred to the Company in the position of the successor company as of the day of entering the merger by acquisition in the Commercial Register. The date of the merger was 1 January 2019. The fair value cannot be objectively determined as fair value equals the acquisition cost. * Data are based on the audited financial statements as at 31 December 2019.

***** As part of the merger project between Kooperativa and PČS, shares owned by PČS were transferred to Kooperativa as of the effective merger date of 1 January 2019. In 2019, the registered capital of VIG FUND, a.s. was increased. Kooperativa did not participate in this increase and as a result, its participating interest in the company decreased to 13.03%.

***** At the end of 2016, the Company carried out impairment of investment to fair value with respect to a decrease in the lease of the building owned by VIG ND, a.s., which was reflected in its fair value impairment. Impairment of investment is also relevant in 2019.

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

1 January 2019	Share of registered capital in %	Book value	Acquisition costs	Fair value	Total registered capital	Total equity	Profit or loss for the financial year 2018
AB Modřice, a.s., Praha*	100	10 000	10 000	9 848	10 000	9 848	-152
CP Solutions a.s., Praha	100	399 033	399 034	403 991	2 000	403 991	1 530
KIP, a.s., Praha	100	182 219	182 219	235 147	179 877	235 147	10 758
Main Point Karlín II., a.s., Praha*	100	10 000	10 000	9 513	10 000	9 513	-487
SURPMO, a.s., Praha**	100	2 664	2 664	16 730	2 000	16 730	2 943
S-budovy, a.s., Praha	100	45 710	45 710	75 878	70 000	75 878	110
Benefita, a.s., Praha	100	17 000	17 000	33 833	12 665	33 833	20 896
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Praha***	100	3 696 340	3 696 340	3 696 340	1 000 000	2 666 816	478 268
GLOBAL ASSISTANCE a.s., Praha ***	40	74 262	74 262	74 262	10 000	117 493	52 340
Global Expert, s.r.o., Pardubice	70	140	140	7 058	200	10 083	2 945
KAPITOL pojišťovací a finanční poradenství, a.s., Brno****	70	203 745	203 745	203 745	20 000	84 117	831
AIS Servis, s.r.o., Brno***	70	108 175	108 175	108 175	7 400	59 688	8 373
VIG ND, a. s., Praha	88.29	2 098 829	2 430 899	2 090 578	2 391 000	2 367 869	23 544
VIG RE zajišťovna, a.s., Praha	10	315 130	315 130	434 462	3 150 000	4 344 618	535 389
VIG FUND, a.s.	14.79	721 706	744 934	788 411	4 406	5 027 180	232 425
Total	N/A	7 884 953	8 240 252	8 187 971	N/A	N/A	N/A

* Data are based on the unaudited financial statements as at 31 December 2018.

** On 28 March 2018, the following was entered in the Commercial Register: "The assets of the dissolving company SURPMO, a.s., registered office Praha 1, Opletalova 1626/36, Post Code 110 00, Id no. 45274886, recorded in Commercial Register maintained by the Municipal Court in Prague, file no. B 1598, were transferred to S - správa nemovitostí, a.s. as the successor company on the day of entry of the merger by acquisition into the Commercial Register. The effective date was 1 January 2018."

On 29 March 2018, S-správa nemovitostí, a.s. was renamed SURPMO, a.s.

*** The fair value cannot be objectively determined, and therefore it equals the acquisition cost; the data is based on the audited financial statements as at 31 December 2018.

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

Debt securities issued by entities in which the accounting entity holds a controlling or significant influence and loans and credits

	Fair value		Amortised value		Acquisition cost	
	31/12/2019	1/1/2019	31/12/2019	1/1/2019	31/12/2019	1/1/2019
Loans granted (controlled entities)	580 023	673 819	580 023	673 819	576 097	669 390
Total	580 023	673 819	580 023	673 819	576 097	669 390

(c) Shares and other variable-yield securities, other participating interests

Classification of shares and other variable-yield securities, other participating interests

	31/12/2019	01/01/2019
Shares and other variable-yield securities at fair value through profit or loss	178 753	161 147
Available-for-sale shares and other variable-yield securities	8 065 441	6 913 573
Total	8 244 194	7 074 720

Analysis of shares and other variable-yield securities at fair value through profit or loss

Other	Fair value		Acquisition cost	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Unlisted	178 753	161 147	171 816	169 386
Total	178 753	161 147	171 816	169 386

Analysis of available-for-sale shares and other variable-yield securities

Other	Fair value		Acquisition cost	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Listed on a recognised exchange in the Czech Republic	260 771	487 757	214 192	488 767
Listed elsewhere	3 678 430	3 693 821	3 085 056	3 720 119
Unlisted	4 126 240	2 731 995	4 030 029	3 070 294
Total	8 065 441	6 913 573	7 329 277	7 279 180

(d) Debt securities valued at fair value**Classification of debt securities valued at fair value**

	31/12/2019	01/01/2019
Debt securities valued at fair value through profit and loss	218 527	284 450
Available-for-sale debt securities	10 823 509	10 644 829
Total	11 042 036	10 929 279

Analysis of debt securities at fair value through profit and loss

Issued by financial institutions	Fair value		Acquisition cost	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Listed elsewhere	218 527	284 450	172 016	227 423
Total	218 527	284 450	172 016	227 423

Analysis of available-for-sale debt securities

Issued by financial institutions	Fair value		Acquisition cost	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Issued by financial institutions				
Listed on a recognised exchange in the Czech Republic	509 020	284 940	504 275	278 782
Listed elsewhere	220 013	339 286	232 671	367 399
Unlisted	439 067	624 602	435 202	630 964
Issued by non-financial institutions				
Listed on a recognised exchange in the Czech Republic	243 893	146 573	248 030	149 030
Listed elsewhere	117 724	184 499	121 681	194 585
Unlisted	394 727	388 610	390 076	390 076
Issued by government sector				
Listed on a recognised exchange in the Czech Republic	7 160 285	6 900 549	7 013 697	6 891 138
Listed elsewhere	669 769	685 604	625 775	631 235
Other				
Listed elsewhere	17 128	17 065	17 561	17 561
Unlisted	1 051 883	1 073 101	1 088 661	1 118 858
Total	10 823 509	10 644 829	10 677 629	10 669 628

(e) Debt securities held to maturity**Classification of debt securities held to maturity**

	31/12/2019	01/01/2019
Debt securities held to maturity	42 178 538	45 980 924
Total	42 178 538	45 980 924

Analysis of debt securities held to maturity

	Fair value		Amortised value		Acquisition cost	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Issued by financial institutions						
Listed on a recognised exchange in the Czech Republic	151 858	150 468	156 800	155 929	152 959	152 959
Unlisted	330 642	363 551	302 754	332 902	299 907	329 907
Issued by non-financial institutions						
Listed on a recognised exchange in the Czech Republic	557 193	557 210	533 568	534 628	528 290	528 290
Unlisted	248 482	249 208	252 503	252 199	248 017	248 017
Issued by government sector						
Listed on a recognised exchange in the Czech Republic	43 012 301	45 237 253	38 483 002	42 216 563	38 270 285	41 944 016
Other						
Listed on a recognised exchange in the Czech Republic	337 246	343 419	333 380	336 766	344 898	344 898
Unlisted	2 134 727	2 194 796	2 116 531	2 151 937	2 267 929	2 267 929
Total	46 772 449	49 095 905	42 178 538	45 980 924	42 112 285	45 816 016

(f) Deposits with financial institutions

	Fair value		Acquisition cost	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Due within 1 year	2 528 694	1 500 942	2 522 640	1 500 000
Total	2 528 694	1 500 942	2 522 640	1 500 000

(g) Other investments

	Nominal value / Acquisition cost		Fair value	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Forwards	3 434 598	2 178 642	99 693	27 873
Works of art	71 060	71 060	263 182	263 182
Total	N/A	N/A	362 875	291 055

All hedge 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.

II. 3. INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK

Description	Acquisition cost		Fair value	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Shares and other variable-yield securities	5 729 482	5 230 276	7 025 535	5 689 340
Debt securities	475 733	703 611	782 441	1 056 939
Total	6 205 215	5 933 887	7 807 976	6 746 279

II. 4. CURRENCY STRUCTURE OF INVESTMENTS

31/12/2019	Variable-yield securities	Fixed income securities	Deposits and other investments	Securities where the investment risk is borne by the policyholders
CZK	5 319 444	52 065 605	11 687 562	5 902 905
EUR	1 021 749	901 822	740 325	1 905 071
GBP	114 339	0	-4 171	0
USD	1 788 662	211 412	79 812	0
PLN	0	41 735	0	0
Total	8 244 194	53 220 574	12 503 528	7 807 976
01/01/2019	Variable-yield securities	Fixed income securities	Deposits and other investments	Securities where the investment risk is borne by the policyholders
CZK	3 621 564	55 585 469	10 999 780	5 126 486
EUR	862 180	1 073 129	694 996	1 619 793
GBP	119 214	0	1 674	0
USD	2 471 762	209 500	-7 165	0
PLN	0	42 105	0	0
Total	7 074 720	56 910 203	11 689 285	6 746 279

II. 5. RECEIVABLES

As at 31 December 2019	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	845 115	3 294	18 390	253 806	1 120 605
Overdue	1 700 507	42 908			1 743 415
Total	2 545 622	46 202	18 390	253 806	2 864 020
Adjustment	- 389 961	- 35 218	0	- 8 672	- 433 851
Total net amount	2 155 661	10 984	18 390	245 134	2 430 169

As at 1 January 2019	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	413 426	1 610	395 030	444 031	1 254 097
Overdue	2 113 273	44 288	0	8 325	2 165 886
Total	2 526 699	45 898	395 030	452 356	3 419 983
Adjustment	- 411 583	- 33 711	0	- 8 317	- 453 611
Total net amount	2 115 116	12 187	395 030	444 039	2 966 372

Receivables that are overdue more than 5 years are not recorded.

Other receivables

	31/12/2019	01/01/2019
Inter-company receivables	29 760	23 587
Deferred tax assets*	0	135 960
Prepaid tax	94 139	90 671
Income tax prepayments	0	3 276
Other provided prepayments	121 119	189 623
Other receivables	116	922
Total other receivables	245 134	444 039

* For more information refer to section III.13.

Income tax prepayments are balanced with the income tax provision, recognised under Provision for taxation in 2019. As at 1 January 2019, withholding tax on dividends relating to variable-yield securities was recognised as income tax prepayment.

Other provided prepayments declined due to the settlement of prepayments provided to suppliers for software services paid in 2018.

II. 6. OTHER ASSETS

Tangible fixed assets

	Total
Acquisition cost as at 01/01/2019	1 137 704
Additions	158 810
Disposals	64 173
Acquisition cost as at 31/12/2019	1 232 341
Accumulated depreciation as at 01/01/2019	673 861
Depreciation expense	177 503
Disposals	59 645
Accumulated depreciation as at 31/12/2019	791 719
Net book value as at 01/01/2019	463 843
Net book value as at 31/12/2019	440 622

II. 7. TEMPORARY ASSET ACCOUNTS

Deferred acquisition costs for life assurance contracts	31/12/2019	01/01/2019
Traditional life assurance	92 769	52 932
Unit-linked assurance	4 104 924	4 029 053
Total	4 197 693	4 081 985

Other temporary asset accounts	31/12/2019	01/01/2019
Reinsurance estimated receivables	245 667	252 245
Estimated receivable – unwritten premiums	109 825	103 532
Other estimated receivables	62 610	5 500
Accumulated debt	3 961 124	3 315 683
Deferred acquisition costs for provisions from unaccounted premiums	21 886	22 848
Other	140 831	154 910
Total	4 541 943	3 854 718

Reinsurance estimated receivables

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, an estimate of outgoing premiums from unaccounted written premiums from insurance contracts of the PPI type (frame contracts) and the not-yet-agreed receivables due from reinsurers for the fourth quarter.

II. 8. EQUITY

(a) Registered capital

Type of security	Nominal value (TCZK)	Number of securities	Total volume in TCZK
Ordinary shares of CZK 94 100 fully paid	94.1	1	94
Ordinary shares of CZK 29 500 fully paid	29.5	1	30
Ordinary shares of CZK 29 000 fully paid	29	1	29
Ordinary shares of CZK 76 400 fully paid	76.4	1	76
Ordinary shares of CZK 100 000 fully paid	100	21 509	2 150 900
Preference shares of CZK 100 000 fully paid	100	21 510	2 151 000
			4 302 129

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

(b) Other capital funds

Other capital funds comprise shareholder's add-on and result of previous mergers and valuation differences from securities available for sale.

	31/12/2019	01/01/2019
Balance as at 01/ 01/ 2019	607 720	1 502 229
Change in the fair value of investments	1 280 051	-1 105 009
Change in deferred tax	-243 758	210 500
Balance as at 31/ 12 2019	1 644 013	607 720

(c) Planned distribution of current period profit

Profit from the current period	
Transfer to social fund	126 171
Transfer from retained earnings	484 841
Dividend payment	3 189 137
Total	3 800 149

II. 9. TECHNICAL PROVISIONS**(a) Provision for unearned premiums (gross)**

	31/12/2019	01/01/2019
Non-life insurance	6 167 276	5 846 869
Life assurance	184 782	193 714
Total	6 352 058	6 040 583

(b) Provision for outstanding claims

The provision for outstanding claims at the end of the financial year is established as follows:

	31/12/2019	01/01/2019
RBNS	12 822 561	12 809 228
IBNR	4 899 746	4 919 439
Total	17 722 307	17 728 667

Claims run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 1 January 2019, the claim payments during 2019 (with respect to claims included within this provision) and the residual amount of this provision as at 31 December 2019. The gross run-off result is as follows:

Class of insurance	31/12/2019
Motor third-party liability insurance	623 422
Motor insurance – other classes	120 967
Property insurance against fire and other damage	106 361
Liability insurance	91 246
Accident and sickness insurance – non-life insurance	125 712
Life assurance	949 120
Other	32 082
Total*	2 048 909

* Due to the completed merger, the Company does not have available comparative data in a similar structure for a comparable period.

Provision for outstanding claims 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 2 423 400 (01/01/2019: TCZK 2 514 774), discounting effect of TCZK 879 153 (01/01/2019: TCZK 929 127) and applies only to these liabilities.

The Company used a wage valorisation rate and a disability pension valorisation rate according to the Czech Bureau of Insurers methodology as at 1 June 2019, 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 1.5% (2018: 1.5%). The method, rates and criteria used to estimate the remaining period for payment of the annuities are based on the currently valid Calculation tool for provisioning for annuities provided by the Czech Bureau of Insurers.

(c) Provision for bonuses and rebates (gross)

Class of insurance	31/12/2019	01/01/2019
Non-life insurance	264 555	328 700
Life assurance	363 849	325 995
Total	628 404	654 695

(d) Other technical provisions (gross)

	Opening balance	Creation	Utilisation	Closing balance
Provision for liabilities arising from the applied technical interest rate	1 587 967	1 021 841	0	2 609 808
Non-life insurance provision	1 372	0	201	1 171
Provision for liabilities of the Bureau	296 509	0	296 509	0
Provision for credit risk	59 843	8 581	1 883	66 541
Total	1 945 691	1 030 422	298 593	2 677 520

According to the decision of the general meeting of the Czech Bureau of Insurers, liabilities towards the Bureau were paid by extraordinary contribution and the existing provision was released.

Provision for liabilities arising from the applied technical interest rate

Overview	31/12/2019	01/01/2019
Annuities insurance	2 412 793	1 429 177
Deposit insurance	156 197	148 063
Child insurance	642	0
Pure endowment insurance with premium refund at death	2 593	775
Endowment assurance	3 901	7 630
Funeral insurance	33 682	2 322
Celkem	2 609 808	1 587 967

II. 10. PROVISIONS

Type of provision	Opening balance	Additions	Utilisation	Closing balance
Provision for pensions and similar obligations	84 145	16 094	0	100 239
Provision for taxes	744 313	634 987	744 313	634 987
Other provisions	37 081	0	22 850	14 231
Total	865 539	651 081	767 163	749 457

Tax provision was reduced by income tax prepayments amounting to TCZK 629 855 (01/01/2019: TCZK 529 920). Restructuring provision amounting to TCZK 11 270 (01/01/2019: TCZK 34 100) is part of Other provisions.

II. 11. PAYABLES

(a) Subordinated liabilities

The subordinated debt is specified as a policy for an indefinite period with a 5-year cancellation period and an interest rate p. a. of 5.05%. As at 31 December 2019, the principal of the subordinated debt was TCZK 550 000 (01/01/2019: TCZK 550 000) and related interest was TCZK 7 001 (01/01/2019: TCZK 7 001).

(b) Creditors

31/12/2019	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Total	4 128 144	213 885	192 870	728 345	5 263 244
01/01/2019	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Total	3 798 658	210 167	417 022	591 242	5 017 089

Year-on-year change of Payables to policy holders is a consequence of a higher payables to state budget pursuant to Decree 125/1993 Coll.

The Other payables item represents social security and health insurance liabilities, tax liabilities, payables to employees and to suppliers.

All liabilities are short-term.

(c) Social security and health insurance liabilities

Liabilities in respect of social security and health insurance total TCZK 94 984 (01/01/2019: TCZK 86 510), of which TCZK 62 361 (01/01/2019: TCZK 56 316) relates to social security and TCZK 32 623 (01/01/2019: TCZK 30 194) relates to health insurance. None of these liabilities are overdue.

(d) Tax liabilities and subsidies

Tax liabilities amount to TCZK 171 906 (01/01/2019: TCZK 82 807). None of these liabilities are overdue.

(e) Payables and receivables due to or from the reinsurer

The Company has a net payable to reinsurers/receivable from reinsurers of TCZK - 174 480 (01/01/2019: TCZK -21 992).

II. 12. TEMPORARY LIABILITY ACCOUNTS

	31/12/2019	01/01/2019
Prepaid premium	210 224	192 574
Accrual of reinsurance premium	255 306	206 524
Estimated payables from commissions	607 057	435 125
Reinsurance estimated payables	820 198	717 861
Estimated payables from administration costs	643 074	543 016
Estimated payables to Loss Prevention Fund	10 604	10 683
Other	32 574	21 251
Total	2 579 037	2 127 034

II. 13. INTER-COMPANY RECEIVABLES AND PAYABLES

	31/12/2019	01/01/2019
Receivables		
Receivables from reinsurance	5 910 522	6 060 535
Other receivables	95 488	755 934
Total receivables	6 006 010	6 816 469
Payables		
Payables from reinsurance	4 788 110	5 038 639
Subordinated debt	557 001	557 001
Other payables	-110 058	103 552
Total payables	5 455 169	5 699 192

Reinsurance receivables include reinsurance assets of TCZK 5 851 794 (01/01/2019: TCZK 5 627 901). Payables from reinsurance include reinsurance deposits of TCZK 4 593 862 (01/01/2019: TCZK 4 539 349).

III. ADDITIONAL DISCLOSURES IN RESPECT OF THE INCOME STATEMENT

III. 1. NON-LIFE INSURANCE

Non-life insurance for 2019 by class of insurance:

2019	Insurance class	Gross premiums written	Gross premiums earned	Gross claims paid	Gross operating expenses	Reinsurance balance	
Direct insurance							
	Accident and sickness	1,2	640 337	644 068	155 591	167 237	- 178 318
	Motor insurance – other classes	3,4,5,6	4 423 281	4 397 234	3 005 542	1 155 231	19 056
	Insurance against fire and other damage to property	7,8,9	6 580 838	6 380 924	2 687 885	1 718 721	- 1 249 885
	Motor – third party liability insurance	10	4 628 288	4 540 751	2 693 831	1 208 773	- 262 993
	Liability insurance	11-18	3 193 971	3 194 118	1 919 322	834 171	- 73 656
	Employer's liability insurance		7 225 163	7 225 163	4 191 242	289 007	0
	Reinsurance accepted		334 162	323 374	172 098	87 273	- 16 026
	Total		27 026 040	26 705 632	14 825 511	5 460 413	- 1 761 822

III. 2. LIFE ASSURANCE

Gross premiums written in life assurance:

	2019
Individual premiums	14 180 165
Premiums under group contracts	778 896
Total	14 959 061
Regular premium	13 903 048
Single premium	1 056 013
Total	14 959 061
Premiums from contracts without bonuses	1 093 266
Premiums from contracts with bonuses	2 374 380
Premiums from contracts where the investment risk is borne by policyholders	11 491 415
Total	14 959 061
Reinsurance balance	-138 958

III. 3. TOTAL AMOUNT OF GROSS PREMIUMS WRITTEN BY COUNTRY IN WHICH THE INSURANCE CONTRACT WAS CONCLUDED

Gross written premiums, both life and non-life, predominantly arise from insurance contracts concluded in the Czech Republic.

III. 4. BONUSES AND REBATES

Based on policy terms and insurance contracts, the Company granted the following bonuses and rebates which were or will be disbursed:

Gross amount	2019
Non-life insurance	804 768
Life assurance	337 704
Total gross amount	1 142 472
Reinsurance share (non-life insurance)	279 889
Total net amount	862 583

III. 5. COMMISSIONS AND OTHER ACQUISITION COSTS FOR INSURANCE CONTRACTS

2019	Non-life insurance	Life assurance	Total
Commissions			
Initial	1 470 250	2 320 817	3 791 067
Following	1 423 419	112 593	1 536 012
Total commissions	2 893 669	2 433 410	5 327 079
Other acquisition costs	1 928 672	925 014	2 853 686
Change in deferred acquisition costs	-132 801	-115 041	-247 842
Total acquisition costs	4 689 540	3 243 383	7 932 923

Renewal commissions are paid for client care, i.e. they are of retention nature. Other acquisition costs primarily comprise costs for wages and salaries, promotion, advertising and other administrative expenses associated with the conclusion of insurance contracts.

III. 6. ADMINISTRATIVE EXPENSES

	2019
Personnel expenses (payroll, social and health insurance)	1 477 007
IT costs incl. IT assets write-offs	707 700
Expenses related to the operation of buildings	264 225
Communication (phone + postage)	58 551
Other services	17 647
Costs of company vehicles incl. write-offs	19 221
Material consumption	12 150
Insurance	20 024
Bank fees	33 103
Consultancy	88 353
Representation and gifts	53 342
Write-offs of other assets	19 568
Education	23 411
Travel expenses	16 409
Outsourcing*	-207 689
Other financial costs	14 041
Other	6 837
Total administrative expenses before reallocation	2 623 900
Reallocation to acquisition costs	-595 484
Reallocation to claims handling costs	-717 492
Reallocation to costs on investments	-50 437
Total administrative expenses	1 260 487

* The negative item represents compensation received from other companies in the group for shared activities.

III. 7. OTHER TECHNICAL EXPENSES AND INCOME

	2019
Non-life insurance	
Other technical expenses	3 653 724
Other technical income	-595 693
Balance – non-life insurance (+ expense/- revenue)	3 058 031
Life assurance	
Other technical expenses	176 828
Other technical income	-812 328
Balance – life assurance (+ expense/- revenue)	-635 500

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

	2019
Creation (+)/Release (-) of adjustments for receivables	-32 027
Write-offs (+)/payments after write-offs (-) to receivables	38 133
Mandatory liability insurance – contribution to national budget	2 723 248
Foreign exchanges losses (+)/gains (-)	-7 983
Contribution to Loss Prevention Fund and payments to the Bureau*	349 198
Delegated claims	-33 921
Other	21 381
Balance of other expenses and income	3 058 031

* According to the decision of the general meeting of the Czech Bureau of Insurers, liabilities towards the Bureau were paid by extraordinary contribution and the existing provision was released.

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

	2019
Creation (+)/Release (-) of adjustments for receivables	30 514
Write-offs (+)/payments after write-offs (-) to receivables	19 707
Accumulated debt	-645 440
Foreign exchanges losses (+)/gains (-)	-4 642
Other	-35 639
Balance of other expenses and income	-635 500

The reinsurer does not participate in other technical expenses and income of the Company.

III. 8. OTHER EXPENSES AND INCOME

	2019
Non-technical account	
Other expenses	42 624
Other income	-9 174
Balance of other expenses and income (- expenses/ + income)	33 450

Balance of other expenses and income comprises the following items:

	2019
Creation (+)/Release (-) of other provisions and adjustments for receivables	21 596
Write-offs (+)/payments after write-offs (-) to receivables	332
Mandatory liability insurance	2 202
Cooperation with Česká spořitelna – penzijní společnost, a.s.	-4 188
Contributions to Bureau	23 526
Other	-10 018
Balance of other expenses and income	33 450

III. 9. EMPLOYEES AND EXECUTIVES

The average number of employees and executives and remuneration for 2019 are as follows:

2019	Average number of employees	Payroll expense	Social and health insurance	Of which other expense
Employees	3 778	2 058 143	592 456	158 653
Executives	190	332 355	74 986	0
Total	3 968	2 390 498	667 442	158 653

Personnel expenses (payroll, social security and health insurance, other expenses) of administration employees are disclosed in administrative expenses.

Personnel expenses of employees concluding insurance are disclosed in acquisition costs, totalling TCZK 1 580 933 in 2019. Other expenses primarily comprise the employer's contributions for meal vouchers, pension plans and life assurance.

(a) Statutory, executive and supervisory board members' remuneration

For the financial year 2019, the Company paid the following monetary and non-monetary remuneration to the statutory, executive and supervisory board members:

	2019
Members of the board of directors	88 655
Members of the supervisory board	7 863
Total remuneration paid	96 518

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

In neither 2019 nor 2018 did the Company present any receivables from members of the board of directors or the supervisory board relating to granted loans or advances paid.

(c) Information on remuneration for statutory auditors

Information on remuneration for statutory auditors is included in the notes to the consolidated financial statements of the parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. The auditor provided to the Company and its controlled entities in the course of 2019 non-audit services within the approved limit of TEUR 173. The services particularly included preparation of the Solvency and Financial Condition Report, expert trainings, client database analyses and other verification services.

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 I4.(v) totalled TCZK 705 795.

III. 11. RESULT OF NON-TECHNICAL ACCOUNT

The result of the non-technical account before tax as at 31 December 2019 amounted to TCZK - 33 450.

III. 12. RESULT BEFORE TAX

The result before tax as at 31 December 2019 amounted to TCZK 4 555 221.

III. 13. TAXATION

(a) Income tax in the income statement

	2019
Current tax expense	778 584
Deferred tax expense	-12 989
Current tax expense – AFS current tax correction	-3 468
Other	-8 788
Total income tax charge	753 339

(b) Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	31/12/2019	01/01/2019
Temporary differences from intangible fixed assets	-16 792	-11 324
Adjustments and provisions	232 444	217 657
Temporary differences from tangible fixed assets	-110 701	- 114 371
Valuation differences from revaluation of assets and liabilities	-199 760	43 998
Deferred tax asset/(liability)	-94 809	135 960

The current tax rate for the particular period in which tax liability or tax receivable will be asserted, i.e. 19%, was applied for the calculation of the deferred tax.

The change in the net deferred tax asset can be analysed as follows:

	31/12/2019
Net deferred tax asset as at 1 January	135 960
Deferred tax expense recognised on temporary differences	12 989
Valuation differences from revaluation of assets and liabilities	- 243 758
Net deferred tax asset as at 31 December	-94 809

IV. OTHER DISCLOSURES

IV. 1. CONTINGENCIES AND COMMITMENTS

(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 amounting to 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. Therefore, the Company contributes to the guarantee fund. The amount of the contribution is determined using actuarial methods.

If any of the members of the Bureau is 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.

(d) Office building

The Company has signed a lease agreement with VIG ND, a.s., and is letting offices at the Main Point Karlín building for 20 years, starting with 1 January 2012.

(e) Contingent liabilities

As at the date of preparation of financial statements, the management of the Company was not aware of any other significant commitments and potential future liabilities.

IV. 2. SUBSEQUENT EVENTS

On 1 January 2020, the Act No. 364/2019 Coll., on technical provisions taxation came into effect. In 2020, technical provisions for tax calculation purposes will be defined in accordance with the Solvency II directive instead of the accounting standards as before. The amount of the technical provisions pursuant to Solvency II is provided in the Solvency and Financial Condition Report.

The spread of COVID-19 has resulted in an exceptional situation that is examining the design and operation of our management and internal control system. As part of the business continuity management process, our priority is primarily to protect the health of our employees, ensure the processes associated with providing reinsurance services and maintain a standard level of service for our business partners.

The company has further identified specific risks related to COVID-19, quantifies them and sets up monitoring to capture warning signals in a timely manner. With regard to underwriting risks, we primarily monitor risks related to daily compensation, travel insurance and life insurance. Although pandemic cover is in general explicitly excluded from the reinsurance contract and often also by the original policy, some incidental cover may prevail. We expect insurance companies may allow for ex gratia payments. In the area of market risks, this is mainly the evolution of share prices, bonds and market liquidity. Operational (operational) risks include, in particular, insufficient human resources, unavailability of our premises, unavailability of supplies and unavailability of information and communication technologies. Risks monitored also include a threat to the company's liquidity or imminent business risks related, for example, payment discipline.

In view of the development of the spread of the disease and its impact on the operation and continuity of the company's business, we are not aware of any impact on the results of the 2019 financial statements or any material impact threatening the further functioning of the company in 2020. Based on the standard stress tests carried out, the Company is convinced of a sufficient amount of its capital.

The Company's management is not aware of any other material subsequent events that have occurred since the balance sheet date that would have a material impact on the financial statements apart from those mentioned in I.1.

During 2019 the preparations for planned changes of CPP shareholder structure within VIG group had started.

In Prague, on 27 March 2020



Ing. Martin Diviš, MBA

Chairman of the board of directors



Mag. Christoph Rath

Member of the board of directors

ORGANISATIONAL CHART

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ORGANISATIONAL CHART – AS OF MARCH 1, 2020

BOARD OF DIRECTORS

Ing. Martin Diviš, MBA
Chairman of the Board

Mgr. Martin Laur
Member

Jiří Sýkora
Member

Mag. Christoph Rath
Member

Mgr. Filip Král
Member

Ing. Tomáš Vaníček, MBA
Member

Ing. Jaroslav Kulhánek
Member

SUPERVISORY BOARD

Prof. Elisabeth Stadler
Chairman of the Supervisory Board

Ing. Vladimír Mráz
Vice-Chairman

JUDr. Rostislav Dvořák
Vice-Chairman

Ing. Vladimír Dlouhý, CSc.
Member

Mag. Liane Hirner
Member

Dr. Ing. Vratislav Kulhánek
Member

Mag. Robert Lasshofer
Member

Mag. Harald Josef Londer
Member

Jan Wiesner
Member

Ing. Roman Brablec
Member

Ing. Tomáš Salomon
Member

Mgr. Šárka Brúnová
Member

Ing. Daniel Pražan, MBA
Member

Ing. Radmila Dočekalová
Member

Jan Růžička
Member

AGENCIES

Prague Agency
Ing. Ivo Sebera, MBA

Central Bohemia Agency
PhDr. Roman Leština, MBA

South Bohemia and Vysocina Agency
Jiří Vančura

West Bohemia Agency
Ing. Ctirad Vavříčka

North Bohemia Agency
Ing. Roman Kracík, MBA

East Bohemia Agency
Bc. Roman Hojný, MBA

South Moravia Agency
Ing. Milan Gregor

North Moravia Agency
Ing. Daniel Pražan, MBA

CENTRES

Personal Lines Ins. Claims Handling Centre

Ing. Ondřej Poul Ph.D.

Non-Life Insurance Claims Handling Centre

Ing. Jiří Čita MBA

Centre For Liability Ins. For Occupational Injuries

JUDr. Irena Machátová

Insurance Policy Administration Centre

Ing. Radmila Dočekalová

Customer Care Centre

Ing. Tomáš Szewieczek

DIVISIONS

General Secretariat Division

Ing. Petr Matlach

Economic Division

Ing. Mgr. Judita Říhová

Security Division

Zdeněk Macháček MBA

Hr Management Division

Mgr. Šárka Brůnová

Sales Support Division

Ing. Eva Poláchová

Bankassurance, Business Development And Customer Experience Division

Ing. Irena Rohlová MBA

Commercial Risk Insurance Division

Judr. Petr Suchánek Ph.d.

Marketing And Communication Division

Ing. Jindřich Skrip

Digital Sales Division

Ing. Adam Bouška

Investment And Asset Management Division

Ing. Luděk Marek

Property And Liability Insurance Division

Ing. Radek Starosta

It Division

Bc. Dušan Drdla

External Sales Management Division

Ing. Jaroslav Martinec

Internal Audit Division

Ing. Filip Holý Ph.d.

Personal Lines Insurance Division

Ing. Petr Procházka MBA

Reinsurance Division

Ing. Roman Brablec

Risk Management Division

Mgr. Jan Šváb Ph.d.

Legal And Compliance Division

Judr. Michal Kalvoda

Controlling And Planning Division

Ing. Martina Janurová

Motor Insurance Division

Ing. Aleš Zethner MBA

Actuarial Division

Rndr. Vladimíra Unzeitigová Ph.d.

Internal Sales Management Division

Ing. Zuzana Trejdlová

Data And Analytics Division

Ing. Ivan Janovskij

ADDRESSES OF THE ORGANISATION'S UNITS

The Company's business network is managed through eight regional agencies. Kooperativa provides its services to clients from more than three hundred offices and retail locations located throughout the country. Insurance from Kooperativa can also be purchased through the branch offices of the Česká Spořitelna bank.

as of March 1, 2020

Head Office

Pobřežní 665/21
186 00 Praha 8
☎ 956 421 111

Commercial Risk Insurance Division

Pobřežní 665/21
186 00 Praha 8
☎ 956 421 111

Property and Liability Insurance Division

Pobřežní 665/21
186 00 Praha 8
☎ 956 421 111

Motor Vehicle Insurance Division

Pobřežní 665/21
186 00 Praha 8
☎ 956 421 111

Personal Line Insurance Division

Pobřežní 665/21
186 00 Praha 8
☎ 956 421 111

Bancassurance Division

Pobřežní 665/21
186 00 Praha 8
☎ 956 421 111

Centre of Occupational Injury Liability Insurance

Rašínova 692/4
602 00 Brno
☎ 545 556 241

Customer Support Centre

Brněnská 634
664 42 Modřice
☎ 545 434 002

Claims Adjustment Centre – Property and Liability

Rumunská 655/9
460 01 Liberec 4
☎ 485 218 801

Claims Adjustment Centre – Motor Vehicles

Sámová 664/8
101 00 Praha 10
☎ 272 112 111

Centre of Insurance Contract Administration

Brněnská 634
664 42 Modřice
☎ 545 434 004

Prague Agency

Vinohradská 1425/72
130 00 Praha 3
☎ 251 016 103

Central Bohemia Agency

Prosecká 855/68
190 00 Praha 9
☎ 956 426 070

North Bohemia Agency

nám. Dr. E. Beneše 25
460 01 Liberec 1
☎ 485 258 111

South Bohemia and Vysočina Agency

Zátkovo nábřeží 441/3
370 21 České Budějovice
☎ 386 791 111

West Bohemia Agency

Zahradní 2574/3
326 00 Plzeň
☎ 377 417 111

East Bohemia Agency

tř. Míru 94
530 02 Pardubice
☎ 956 427 200

North Moravia Agency

Zámecká 1240/19
702 00 Ostrava
☎ 596 279 811

South Moravia Agency

Nádražní 163/14
602 00 Brno
☎ 543 534 111

REPORT OF THE BOARD OF DIRECTORS

on Relations between Related Parties prepared pursuant to Section 82 of Act No. 90/2012 Coll., the Corporations Act, as amended.

I. RELATIONS STRUCTURE

Kooperativa pojišťovna, a.s., Vienna Insurance Group, a company with its registered office at Pobřežní 665/21, 186 00 Prague 8, Id. No.: 47116617, registered in the Commercial Register kept by the Metropolitan Court in Prague, Section B, File 1897 (hereinafter “Kooperativa”), is the controlled party.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, a company with its registered office at Schottenring 30, Vienna 1010, Austria, registered in the Commercial Register kept by the Commercial Court in Vienna, Section FN, File 75687 F (hereinafter “VIG AG”), is the controlling party.

II. ROLE OF THE COMPANY IN THE GROUP

VIG AG is the controlling party of the Vienna Insurance Group (hereinafter „VIG Group“), having the legal form of a joint-stock company.

Kooperativa forms part of the VIG Group and engages especially in insurance activities under the Insurance Act no. 277/2009 Coll. and also in activities directly related to insurance.

III. MANNER AND MEANS OF CONTROL

VIG AG holds shares of Kooperativa in the aggregate nominal value of 95.84% of the registered capital, whereby it fully controls Kooperativa, especially by making decisions at the General Assembly.

Other subsidiaries are specified below in the attached list (hereinafter “VIG Group Companies”).

IV. OVERVIEW OF MUTUAL AGREEMENTS BETWEEN KOOPERATIVA AND VIG GROUP COMPANIES

AB Modřice, a.s.

- ▶ Contract between Kooperativa and AB Modřice, a.s. on cost sharing.

AIS Servis, s.r.o.

- ▶ Insurance contract between Kooperativa and AIS Servis, s.r.o. on property and liability insurance risks.
- ▶ Insurance contracts between Kooperativa and AIS Servis, s.r.o. on life insurance.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. about cooperation.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on maintenance.
- ▶ Contracts between Kooperativa and AIS Servis, s.r.o. for work.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on sublease.
- ▶ Framework Agreement between Kooperativa and AIS Servis, s.r.o. on providing consulting services.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on transfer of rights and obligations from AIS Software to AIS Service.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on maintenance, technical support and SW development.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. for work - Golem and SAP training.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on providing services for the integration of Golem / SAP operating systems.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. about the loan.
- ▶ Agreement between Kooperativa and AIS Servis, s.r.o. on preservation of confidential information.
- ▶ Agreement between Kooperativa and AIS Servis, s.r.o. on a common intention.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on cost sharing.

Anděl Investment Praha s.r.o.

- ▶ Insurance contracts between Kooperativa and Anděl Investment Praha s.r.o. on insurance of property and liability risks.

CP Solutions a.s.

- ▶ Contract between Kooperativa and CP Solutions a.s. about provision of software usage rights and related services.
- ▶ Contract between Kooperativa and CP Solutions a.s. about provision of a voluntary additional pecuniary contribution outside the registered capital
- ▶ Contract between Kooperativa and CP Solutions a.s. on lease of premises.
- ▶ Contract between Kooperativa and CP Solutions a.s. about the loan.
- ▶ Contract between Kooperativa and CP Solutions a.s. on cost sharing.

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

- ▶ Contracts between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on the provision of reinsurance cover for insurance of property and liability risks.
- ▶ Contracts between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on insurance of property and liability risks.
- ▶ Contracts for the co-insurance or reinsurance share of Česká podnikatelská pojišťovna, a.s. on insurance contracts led by the Kooperativa.
- ▶ Group agreement between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group for insurance of Fleet comprehensive car insurance.
- ▶ Contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on exclusive business representation.
- ▶ Agreement between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on extraordinary commission for financial products of ČS.
- ▶ Contracts between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on the lease and sublease of non-residential premises.
- ▶ Agreement between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on intragroup cooperation.
- ▶ Contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on cost sharing.
- ▶ Insurance contracts between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group for life insurance for management.
- ▶ Agreement between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on personal data processing.
- ▶ Purchase contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.

ČPP Servis, s.r.o.

- ▶ Contract between Kooperativa and ČPP Servis, s.r.o. on cost sharing.
- ▶ Contracts between Kooperativa and ČPP Servis, s.r.o. on the sublease of non-residential premises.

DONARIS Vienna Insurance Group

- ▶ Contract for insurance of property and liability risks with the provision of active reinsurance protection.

GLOBAL ASSISTANCE a.s.

- ▶ Insurance contracts between Kooperativa and GLOBAL ASSISTANCE a.s. on insurance of property and liability risks.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on the provision of assistance services in the field of insurance of medical expenses abroad.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on data protection and personal data protection.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in the area of health care services provision.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on the provision of travel insurance assistance services.

- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation in the field of vehicle assistance services.
- ▶ Contracts between Kooperativa and GLOBAL ASSISTANCE a.s. on Assistance Services - House Line.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about assistance services cooperation - medical expenses abroad.
- ▶ Contracts between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation in the field of assistance services for vehicles - technical assistance.
- ▶ Framework contract between Kooperativa and GLOBAL ASSISTANCE a.s. on legal protection insurance for accounts of ČS.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in the field of legal protection insurance for accounts of ČS, supplementary contract.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation - rescue.
- ▶ Three-way agreement between Kooperativa, GLOBAL ASSISTANCE a.s. and ALIMEX about business cooperation in the field of rental of passenger cars.
- ▶ Three-way agreement between Kooperativa, GLOBAL ASSISTANCE a.s. and Czech Rent a CAR about business cooperation - renting of personal motor vehicles to insured persons.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in connection with legal protection insurance.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on provision of assistance services (insurance of property of citizens, including apartment buildings).
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation in assistance services (House Line for the Svaz českých a moravských bytových družstev).
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on providing assistance services (phone assistance for Česká spořitelna's clients in case of loss, theft of a payment card).
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in the field of assistance services within the product of compulsory insurance against the insolvency of a travel agency.
- ▶ Framework Agreement between Kooperativa and GLOBAL ASSISTANCE a.s. about the conditions of insurance – benefits for GA employees re. property and motor vehicle insurance.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on the provision of assistance services (insurance of apartment buildings).
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation – private life insurance of GA employees.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on the provision of assistance services to cyber risk insurance.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cost sharing.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation in advertising.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation in alternative claims settlement.

Global Expert, s.r.o.

- ▶ Insurance contracts between Kooperativa and Global Expert, s.r.o. on insurance of property and liability risks.
- ▶ Insurance contract between Kooperativa and Global Expert, s.r.o. on life insurance with additional insurance and supplementary insurance.
- ▶ Insurance contracts between Kooperativa and Global Expert, s.r.o. on the accident insurance of the child for one-off premiums.
- ▶ Contracts between Kooperativa and Global Expert, s.r.o. on the lease of non-residential premises and office equipment.
- ▶ Contracts between Kooperativa and Global Expert, s.r.o. on the sublease of non-residential premises and office equipment.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about cooperation.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. on cost sharing.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. on the sublease of the business-related non-residential premises.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about outsourcing – claims settlement of motor vehicles, property, liability.

- ▶ Contract between Kooperativa and Global Expert, s.r.o. about outsourcing – pre-entry inspection of vehicles.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about the loan.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. for one-off purchase of IT assets.

HOTELY SRNÍ, a.s.

- ▶ Insurance contracts between Kooperativa and HOTELY SRNÍ, a.s. on insurance of property and liability risks.
- ▶ Insurance contracts between Kooperativa and HOTELY SRNÍ, a.s. on life insurance.
- ▶ Contract between Kooperativa and HOTELY SRNÍ, a.s. about the provision of hotel services, their implementation and payments for Kooperativa employees.
- ▶ Contract between Kooperativa and HOTELY SRNÍ, a.s. on providing hotel accommodation and other services.
- ▶ Contracts between Kooperativa and HOTELY SRNÍ, a.s. about cooperation in advertising.
- ▶ Contracts between Kooperativa and HOTELY SRNÍ, a.s. about advertisement.

KAPITOL pojišťovací a finanční poradenství, a.s.

- ▶ Insurance contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on insurance of property and liability risks.
- ▶ Mandate contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., on the basis of which Kooperativa sells products of ČPP through KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on business representation.
- ▶ Agreements between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about extraordinary commission for financial products.
- ▶ Insurance contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on life insurance.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on the protection of business interests - rules of relations to the insurance intermediaries.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on providing access to IS.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about private life insurance commissions.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. to provide an extraordinary commission.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on commissions for supplementary pension insurance with state contribution.
- ▶ Authorization between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. to intermediate financial products of ČS.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on the lease and sublease of non-residential premises.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about the sublease of business-related premises.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on providing advisory services.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about business representation – business activity.
- ▶ Agreements between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about extraordinary commission for life insurance – Maintenance of life insurance portfolio.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about amendment of the contract about business representation.
- ▶ Agreement between Kooperativa, KAPITOL pojišťovací a finanční poradenství and S – správa nemovitostí, a. s., about the modification of rights and obligations.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on cost sharing.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about cooperation.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about lease of mPOS payment terminals.

- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. to issue a certificate for accessing the web service.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about transfer of insurance portfolio.
- ▶ Three-way agreement between Kooperativa, Pojišťovna České spořitelny, a.s., Vienna Insurance Group and KAPITOL pojišťovací a finanční poradenství, a.s. about termination and amendment of contracts about business representation.
- ▶ Agreements between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about extraordinary commission for motor vehicle insurance.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on lease of parking space.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about purchase of movables.

Nadace pojišťovny Kooperativa

- ▶ Contract between Kooperativa and Nadace pojišťovny Kooperativa on cost sharing.
- ▶ Donation contract between Kooperativa and Nadace pojišťovny Kooperativa.
- ▶ Contract between Kooperativa and Nadace pojišťovny Kooperativa for lease of non-residential premises.

Main Point Karlín II., a.s.

- ▶ Contract between Kooperativa and Main Point Karlín II., a.s. on cost sharing.
- ▶ Contract between Kooperativa and Main Point Karlín II., a.s. about provision of a voluntary additional pecuniary contribution outside the registered capital.

Obecně prospěšná společnost Kooperativy

- ▶ Contract between Kooperativa and Obecně prospěšná společnost Kooperativy on cost sharing.
- ▶ Contract between Kooperativa and Obecně prospěšná společnost Kooperativy on providing services.
- ▶ Agreement between Kooperativa and Obecně prospěšná společnost Kooperativy about personal data processing.

Platforma VIZE O, z.ú.

- ▶ Contract between Kooperativa and Platforma VIZE O, z.ú. on cost sharing.
- ▶ Donation contract between Kooperativa and Platforma VIZE O, z.ú.

Sanatorium Astoria a.s.

- ▶ Insurance contract between Kooperativa and Sanatorium Astoria a.s. on insurance of property and liability risks.
- ▶ Contract between Kooperativa and Sanatorium Astoria a.s. about rental of advertising space.

S – budovy, a.s.

- ▶ Insurance contracts between Kooperativa and S – budovy, a.s. on property and liability insurance risks.
- ▶ Agreement between Kooperativa and S – budovy, a.s. on information protection.

Slovexperta, s.r.o.

- ▶ Contract between Kooperativa and Slovexperta, s.r.o. about cooperation.

Sopockie Towarzystwo Ubezpiecz Ergo Hestia S.A.

- ▶ Agreement between Kooperativa and Sopockie Towarzystwo Ubezpiecz Ergo Hestia S.A. on the granting of reinsurance protection for property and liability risks.
- ▶ The co-insurance or reinsurance share of the Company on insurance contracts led by Kooperativa.

SURPMO, a.s.

- ▶ Insurance contracts between Kooperativa and SURPMO, a.s. on insurance of property and liability risks.
- ▶ Contract between Kooperativa and SURPMO, a.s. on exclusive mediation of the lease of real estate in Hodonín, Mladá Boleslav and Praha.

- ▶ Contract between Kooperativa and SURPMO, a. on facility management of Housing fund and related non-residential premises.
- ▶ Contract between Kooperativa and SURPMO, a.s. on facility management of Kooperativa buildings.
- ▶ Contract between Kooperativa and SURPMO, a.s. on facility management of the VIG CR Headquarters building.
- ▶ Contract between Kooperativa and SURPMO, a.s. on facility management of Modřice area.
- ▶ Contract between Kooperativa and SURPMO, a.s. on facility management of Hrušov Mlýn Training Center.
- ▶ Contract between Kooperativa and SURPMO, a.s. about the lease of Hrušov Mlýn Training Center.
- ▶ Contract between Kooperativa and SURPMO, a.s. on facility management of Hrabová area.
- ▶ Agreement between Kooperativa and SURPMO, a.s. on information protection.
- ▶ Framework contract between Kooperativa and SURPMO, a.s. about cooperation in activities related to the adjustment of business venues.
- ▶ Contract between Kooperativa and SURPMO, a.s. about the rental of movables.
- ▶ Agreements between Kooperativa and SURPMO, a.s. about the modification of rights and obligations.
- ▶ Agreement between Kooperativa and SURPMO, a.s. on personal data processing.
- ▶ Contract between Kooperativa and SURPMO, a.s. about lease of business-related non-residential premises.
- ▶ Contract between Kooperativa and SURPMO, a.s. about loan of works of art.
- ▶ Contract between Kooperativa and SURPMO, a.s. on real estate management.

VIG FUND, a.s.

- ▶ Insurance contracts between Kooperativa and VIG FUND, a.s. on insurance of property and liability risks.

VIG ND, a.s.

- ▶ Insurance contract between Kooperativa and VIG ND, a.s. on insurance of property and liability risks.
- ▶ Contract between Kooperativa and VIG ND, a.s. on cost sharing.
- ▶ Contracts between Kooperativa and VIG ND, a.s. on lease of non-residential premises.
- ▶ Contracts between Kooperativa and VIG ND, a.s. about the performance of Property Management activities.
- ▶ Contracts between Kooperativa and VIG ND, a.s. on adjustment of mutual relations related to the lease of non-residential premises.
- ▶ Contract between Kooperativa and VIG ND, a.s. about the lease of VIG ND headquarters.
- ▶ Contract between Kooperativa and VIG ND, a.s. about the loan.
- ▶ Contract between Kooperativa and VIG ND, a.s. on purchase of a share.
- ▶ Contract between Kooperativa and VIG ND, a.s. about rental of advertising space.
- ▶ Agreement between Kooperativa and VIG ND, a.s. about termination of the lease.

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

- ▶ Reinsurance contracts between Kooperativa and VIG AG.
- ▶ Contracts between Kooperativa and VIG AG on reinsurance of property and liability risks.
- ▶ Contracts between Kooperativa and VIG AG on protection of data, personal data and its processing.
- ▶ Contract between Kooperativa and VIG AG on the HP Project and Portfolio Management Center software license.
- ▶ Wide Area Network Contract between Kooperativa and VIG AG.
- ▶ Contract between Kooperativa and VIG AG on the use of insurance SAP modules provided by VIG AG.
- ▶ License agreements between Kooperativa and VIG AG.
- ▶ Contract between Kooperativa and VIG AG on data center services.
- ▶ Contract between Kooperativa and VIG AG on the use of Simcorp software for management of financial investments.
- ▶ Contract between Kooperativa and VIG AG on the use of the ResQ software license.
- ▶ Contract between Kooperativa and VIG AG on licensing and maintenance.
- ▶ Agreement between Kooperativa and VIG AG on a common procedure and exercise of voting rights.
- ▶ Contract between Kooperativa and VIG AG on the use of the license U2 Universal Tax Units.
- ▶ Agreement between Kooperativa and VIG AG on preservation of confidential information.

- ▶ Contract between Kooperativa and VIG AG on the use of the license for the Prophet software.
- ▶ Contract between Kooperativa and VIG AG related to SAP – New GL Project.

VIG Asset Management, a.s.

- ▶ Contracts between Kooperativa and VIG Asset Management, a.s. on the lease of non-residential premises.
- ▶ Contract between Kooperativa and VIG Asset Management, a.s. on the sublease of business-related premises.
- ▶ Contract between Kooperativa and VIG Asset Management, a.s. on cost sharing.
- ▶ Agreement between Kooperativa and VIG Asset Management, a.s. about the modification of rights and obligations.
- ▶ Contract between Kooperativa and VIG Asset Management, a.s. on outsourcing.

VIG RE zajišťovna, a.s.

- ▶ Contracts between Kooperativa and VIG RE zajišťovna, a.s. on insurance of property and liability risks with the provision of reinsurance.
- ▶ Insurance contract between Kooperativa and VIG RE zajišťovna, a.s. on life insurance with additional and supplementary insurance.
- ▶ Contract between Kooperativa and VIG RE zajišťovna, a.s. on cost sharing.
- ▶ Contract between Kooperativa and VIG RE zajišťovna, a.s. on the lease of non-residential premises.
- ▶ Contract between Kooperativa and VIG RE zajišťovna, a.s. on outsourcing.

V. OVERVIEW OF STEPS TAKEN DURING THE LAST ACCOUNTING PERIOD AT THE INSTIGATION OR IN THE INTEREST OF VIG AG OR OTHER VIG GROUP COMPANIES

Kooperativa trades with funds managed by Erste Asset Management GmbH (earlier Ringturm Kapitalanlagegesellschaft G.m.b.H.). In 2019 the ordinary dividend was paid to the shareholders VIG AG and VLTAVA majetkovosprávní a podílová spol. s r.o., which ceased to exist as of 12 November 2019 by the merger with SVZD GmbH.

VI. ASSESSMENT OF THE HARM INCURRED AND ITS COMPENSATION

No harm incurred to Kooperativa based on agreements entered into by and between Kooperativa, on the one hand, and VIG AG and other VIG Group Companies, on the other hand, or on the basis of other steps taken during the last accounting period in the interest or at the instigation of VIG AG or other VIG Group Companies.

VII. CONFIDENTIALITY OF INFORMATION

Information and facts that form business secrets of the VIG Group Companies as well as information that has been designated as confidential by any VIG Group Company are deemed confidential within the VIG Group. Furthermore, confidential information also includes any information obtained in the course of trade that could be, in itself or in connection with other information or facts, to the detriment of any of the VIG Group Companies.

With a view to avoiding any harm to Kooperativa, this Report does not comprise financial details of any performance or counter-performance under the concluded contracts and agreements.

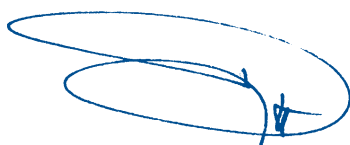
VIII. EVALUATION OF THE RELATIONS AND RISKS WITHIN THE VIG GROUP

The VIG Group is one of the leading insurance and reinsurance operators on the European market. Kooperativa thus has access to know-how, inter alia, in the fields of Solvency II, audit, compliance and information technology. The relationship between VIG and Kooperativa is therefore beneficial to both parties. Risks arising from the participation in the VIG Group are considered to be entirely proportional to the benefits of participation therein.

IX. CONCLUSION

This Report was drawn up by the Board of Directors of the controlled party, Kooperativa pojišťovna, a.s., Vienna Insurance Group, for the period from 1 January 2019 to 31 December 2019 and will be presented for review to the Supervisory Board. Given that Kooperativa is required by law to prepare an annual report, this Report will be attached to it as its integral part. The annual report will be submitted for review to the audit firm KPMG Česká republika Audit, s.r.o.

Dated at Prague, as of this 27th day of March 2020



Ing. Martin Diviš, MBA
Chairman of the Board of Directors



Mgr. Martin Laur
Member of the Board of Directors

RELATED PARTIES TO VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE. AS OF DECEMBER 31, 2019

Company	Country	The current capital share in %
Consolidated companies		
„BULSTRAD LIFE VIENNA INSURANCE GROUP“ JOINT STOCK COMPANY	Bulgaria	100,00
„Compensa Services“ SIA	Latvia	100,00
„Compensa Vienna Insurance Group“, ADB	Lithuania	100,00
„Grüner Baum“ Errichtungs- und Verwaltungsges.m.b.H.	Austria	100,00
AB „Compensa Services“	Lithuania	100,00
Anděl Investment Praha s.r.o.	Czechia	100,00
Anif-Residenz GmbH & Co KG	Austria	100,00
arithmetic Consulting GmbH	Austria	100,00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A.	Romania	99,70
ATBIH GmbH	Austria	100,00
BCR Asigurari de Viata Vienna Insurance Group S.A.	Romania	93,98
Blizzard Real Sp. z o.o.	Poland	100,00
BTA Baltic Insurance Company AAS	Latvia	90,83
Bulgarski Imoti Asistans EOOD	Bulgaria	100,00
Businesspark Brunn Entwicklungs GmbH	Austria	100,00
CAL ICAL „Globus“	Ukraine	100,00
Camelot Informatik und Consulting Gesellschaft m.b.H.	Austria	95,00
CAPITOL, akciová spoločnosť	Slovakia	100,00
CENTER Hotelbetriebs GmbH	Austria	80,00
Central Point Insurance IT-Solutions GmbH	Austria	100,00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Czechia	100,00
Compania de Asigurari „DONARIS VIENNA INSURANCE GROUP“ Societate pe Actiuni	Moldova	99,99
Compensa Life Vienna Insurance Group SE	Estonia	100,00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group	Poland	99,97
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group	Poland	99,94
CP Solutions, a.s.	Czechia	100,00
DBLV Immobesitz GmbH	Austria	100,00
DBLV Immobesitz GmbH & Co KG	Austria	100,00
DBR-Liegenschaften GmbH & Co KG	Germany	100,00
DBR-Liegenschaften Verwaltungs GmbH	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH	Austria	100,00
Donau Brokerline Versicherungs-Service GmbH	Austria	100,00
DONAU Versicherung AG Vienna Insurance Group	Austria	100,00
DVIB GmbH	Austria	100,00
ELVP Beteiligungen GmbH	Austria	100,00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH	Austria	100,00

Company	Country	The current capital share in %
Consolidated companies		
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H.	Austria	100,00
Insurance Company Nova Ins EAD	Bulgaria	100,00
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group	Bosnia and Herzegovina	100,00
INSURANCE JOINT-STOCK COMPANY „BULSTRAD VIENNA INSURANCE GROUP“	Bulgaria	100,00
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Germany	100,00
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group	Poland	100,00
InterRisk Versicherungs-AG Vienna Insurance Group	Germany	100,00
INTERSIG VIENNA INSURANCE GROUP Sh.A.	Albania	89,98
Joint Stock Company Insurance Company GPI Holding	Georgia	90,00
Joint Stock Company International Insurance Company IRAO	Georgia	100,00
Joint Stock Insurance Company WINNER-Vienna Insurance Group	Macedonia	100,00
Kaiserstraße 113 GmbH	Austria	100,00
KALVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelőségi Társaság	Hungary	100,00
Kapitol pojišťovací a finanční poradenství, a.s.	Czechia	100,00
KOMUNALNA poisťovňa, a.s., Vienna Insurance Group	Slovakia	100,00
KOOPERATIVA poisťovňa, a.s., Vienna Insurance Group	Slovakia	98,47
Kooperativa, pojišťovňa, a.s., Vienna Insurance Group	Czechia	97,28
LD Vermögensverwaltung GmbH	Austria	100,00
Limited Liability Company „LIIG Consulting“	Ukraine	100,00
LVP Holding GmbH	Austria	100,00
MAP Bürodienstleistung Gesellschaft m.b.H.	Austria	100,00
MC EINS Investment GmbH	Austria	100,00
MH 54 Immobilienanlage GmbH	Austria	100,00
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	Austria	100,00
OMNIASIG VIENNA INSURANCE GROUP S.A.	Romania	99,50
Palais Hansen Immobilienentwicklung GmbH	Austria	56,55
Passat Real Sp. z o.o.	Poland	100,00
Pension Assurance Company Dovere AD	Bulgaria	92,58
PFG Holding GmbH	Austria	89,23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG	Austria	92,88
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG	Austria	100,00
Private Joint-Stock Company „INSURANCE COMPANY „KNIAZHA LIFE VIENNA INSURANCE GROUP“	Ukraine	97,80
Private Joint-Stock Company „Insurance company“ Ukrainian insurance group“	Ukraine	100,00
PRIVATE JOINT-STOCK COMPANY „UKRAINIAN INSURANCE COMPANY „KNIAZHA VIENNA INSURANCE GROUP“	Ukraine	99,99
PROGRESS Beteiligungsges.m.b.H.	Austria	70,00
Projektbau GesmbH	Austria	100,00
Projektbau Holding GmbH	Austria	90,00
Rathstraße 8 Liegenschaftsverwertungs GmbH	Austria	100,00
Ray Sigorta Anonim Sirketi	Turkey	94,96
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG	Austria	100,00

Company	Country	The current capital share in %
Consolidated companies		
SECURIA majetkovosprávná a podielová s.r.o.	Slovakia	100,00
Seesam Insurance AS	Estonia	100,00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH	Austria	100,00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Austria	66,70
SIA „Urban Space“	Baltic States	100,00
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A.	Albania	89,05
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group	Macedonia	94,26
SVZ GmbH	Austria	100,00
SVZD GmbH	Austria	100,00
SVZI GmbH	Austria	100,00
T 125 GmbH	Austria	100,00
TBI BULGARIA EAD in Liquidation	Bulgaria	100,00
TECHBASE Sciene Park Vienna GmbH	Austria	100,00
twinformatics GmbH	Austria	100,00
UNION Vienna Insurance Group Biztosító Zrt.	Hungary	98,64
Untere Donaulände 40 GmbH & Co KG	Austria	100,00
Vienibas Gatve Investments OÜ	Estonia	100,00
Vienibas Gatve Properties SIA	Latvia	100,00
Vienna Life Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group	Poland	100,00
Vienna-Life Lebensversicherung AG Vienna Insurance Group	Liechtenstein	100,00
VIG-AT Beteiligungen GmbH	Austria	100,00
VIG FUND, a.s.	Czechia	100,00
VIG ND, a.s.	Czechia	100,00
VIG Offices 1, s.r.o.	Slovakia	100,00
VIG Properties Bulgaria AD	Bulgaria	99,97
VIG RE zajišťovna, a.s.	Czechia	100,00
VIG REAL ESTATE DOO	Serbia	100,00
VIG Real Estate GmbH	Austria	100,00
VIG Services Ukraine, LLC	Ukraine	100,00
VITEC Vienna Information Technology Consulting GmbH	Austria	51,00
WGPV Holding GmbH	Austria	100,00
WIBG Holding GmbH & Co KG	Austria	100,00
WIBG Projektentwicklungs GmbH & Co KG	Austria	100,00
Wiener Osiguranje Vienna Insurance Group ad	Bosna a Hercegovina	100,00
Wiener osiguranje Vienna Insurance Group dionicko drustvo za osiguranje	Croatia	97,82
WIENER RE akcionarsko drustvo za reosiguranje, Beograd	Serbia	100,00
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje Beograd	Serbia	100,00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Austria	97,75
Wiener Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group	Poland	100,00
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H.	Austria	100,00
WILA GmbH	Austria	100,00
WINO GmbH	Austria	100,00

Company	Country	The current capital share in %
Consolidated companies		
WNH Liegenschaftsbesitz GmbH	Austria	100,00
WSBV Beteiligungsverwaltung GmbH & Co KG	Austria	100,00
WSV Beta ImmoHolding GmbH	Austria	100,00
WSV ImmoHolding GmbH	Austria	100,00
WSV Triesterstraße 91 Besitz GmbH & Co KG	Austria	100,00
WSV Vermögensverwaltung GmbH	Austria	100,00
WWG Beteiligungen GmbH	Austria	87,07
Companies consolidated using the equity method		
„Schwarzatal“ Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH	Austria	100,00
AB Modřice, a.s.	Czechia	100,00
AIS Servis, s.r.o.	Czechia	100,00
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H.	Austria	94,84
Beteiligungs- und Immobilien GmbH	Austria	25,00
Beteiligungs- und Wohnungsanlagen GmbH	Austria	25,00
ČPP Servis, s.r.o.	Czechia	100,00
CROWN-WSF spol. s.r.o.	Czechia	30,00
ERSTE društvo s ogranicenom odgovornoscu za upravljanje obveznim i dobrovoljnim mirovinskim fondovima	Croatia	25,30
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H.	Austria	99,77
FinServis Plus, s.r.o.	Czechia	100,00
GLOBAL ASSISTANCE, a.s.	Czechia	100,00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Austria	55,00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Austria	99,92
Gewista-Werbegesellschaft m.b.H.	Austria	33,00
Global Expert, s.r.o.	Czechia	100,00
HOTELY SRNÍ, a.s.	Czechia	100,00
Main Point Karlín II., a.s.	Czechia	100,00
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH	Austria	99,82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H.	Austria	61,00
Pražská softwarová s.r.o.	Czechia	100,00
S - budovy, a.s.	Czechia	100,00
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Austria	54,17
SURPMO, a.s.	Czechia	100,00
Sanatorium Astoria, a.s.	Czechia	100,00
Towarzystwo Ubezpieczen Wzajemnych „TUW“	Poland	52,16
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H.	Austria	51,46
VBV - Betriebliche Altersvorsorge AG	Austria	23,71
Österreichisches Verkehrsbüro Aktiengesellschaft	Austria	36,58
Unconsolidated companies		
„Assistance Company „Ukrainian Assistance Service“ LLC	Ukraine	100,00
„Eisenhof“ Gemeinnützige Wohnungsgesellschaft m.b.H.	Austria	20,13
„Neue Heimat“ Stadterneuerungsgesellschaft m.b.H.	Austria	79,51

Company	Country	The current capital share in %
Unconsolidated companies		
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group	Montenegro	100,00
ALBA Services GmbH	Austria	48,87
Amadi GmbH	Germany	100,00
AQUILA Hausmanagement GmbH	Austria	97,75
AREALIS Liegenschaftsmanagement GmbH	Austria	48,87
Autosig SRL	Romania	99,50
B&A Insurance Consulting s.r.o.	Czechia	48,45
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99,94
Brunn N68 Sanierungs GmbH	Austria	48,87
Bulstrad Trudova Meditzina EOOD	Bulgaria	100,00
CAPITOL BROKER DE PENSII PRIVATE S.R.L.	Romania	98,18
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L.	Romania	98,18
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L.	Romania	98,18
CARPLUS Versicherungsvermittlungsgesellschaft mbH	Austria	97,75
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia	Poland	99,98
DV Asset Management EAD	Bulgaria	100,00
DV CONSULTING EOOD	Bulgaria	100,00
DV ImmoHolding GmbH	Austria	100,00
DV Invest EAD	Bulgaria	100,00
DVIB alpha GmbH	Austria	100,00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H.	Austria	100,00
EBS Wohnungsgesellschaft mbH Linz	Austria	24,44
EBV-Leasing Gesellschaft m.b.H.	Austria	72,32
EGW Datenverarbeitungs-Gesellschaft m.b.H.	Austria	71,92
EGW Liegenschaftsverwertungs GmbH	Austria	71,92
EGW Wohnbau gemeinnützige Ges.m.b.H.	Austria	71,92
Erste Bank und Sparkassen Leasing GmbH	Austria	47,90
Erste Biztositasi Alkusz Kft	Hungary	98,64
European Insurance & Reinsurance Brokers Ltd.	Great Britain	100,00
EXPERTA Schadenregulierungs-Gesellschaft mbH	Austria	99,44
Finanzpartner GmbH	Austria	48,87
Foreign limited liability company „InterInvestUchastie“	Belarus	100,00
GELUP GmbH	Austria	32,58
GGVier Projekt-GmbH	Austria	53,76
Glamas Beteiligungsverwaltungs GmbH & Co „Beta“ KG	Austria	28,51
Global Assistance Polska Spolka z ograniczona odpowiedzialnoscia	Poland	99,99
GLOBAL ASSISTANCE SERVICES s.r.o.	Czechia	100,00
GLOBAL ASSISTANCE SERVICES SRL	Romania	99,70
GLOBAL ASSISTANCE SLOVAKIA s.r.o.	Slovakia	99,11
Global Services Bulgaria JSC	Bulgaria	100,00
Hausservice Objektbewirtschaftungs GmbH	Austria	20,72
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH	Austria	98,29

Company	Country	The current capital share in %
Unconsolidated companies		
Hotel Voltino in Liquidation	Croatia	97,82
Immodat GmbH	Austria	20,72
IMOVE Immobilienverwertung- und -verwaltungs GmbH	Austria	20,72
InterRisk Informatik GmbH	Germany	100,00
ITIS Spolka z ograniczona odpowiedzialnoscia	Poland	49,01
JAHORINA AUTO d.o.o.	Bosna a Hercegovina	100,00
Jahorina Konseko Progres a.d. in Liquidation	Bosnia and Herzegovina	28,00
Joint Stock Company „Curatio“	Georgia	90,00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje	Macedonia	100,00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company	Belarus	98,26
KWC Campus Errichtungsgesellschaft m.b.H.	Austria	48,87
Lead Equities II Auslandsbeteiligungs AG	Austria	21,59
Lead Equities II.Private Equity Mittelstandsfianzierungs AG	Austria	21,59
LiSciV Muthgasse GmbH & Co KG	Austria	28,51
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság	Hungary	98,64
PFG Liegenschaftsbewirtschaftungs GmbH	Austria	73,96
POLISA - ZYCIE Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99,97
Privat Joint-Stock Company „OWN SERVICE“	Ukraine	100,00
Renaissance Hotel Realbesitz GmbH	Austria	40,00
Risk Consult Bulgaria EOOD	Bulgaria	51,00
Risk Consult Polska Sp.z.o.o.	Poland	68,15
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H.	Austria	51,00
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi	Turkey	64,19
Risk Experts Risiko Engineering GmbH	Austria	12,24
Risk Experts s.r.o.	Slovakia	51,00
Risk Logics Risikoberatung GmbH	Austria	51,00
Rößlergasse Bauteil Drei GmbH	Austria	100,00
Rößlergasse Bauteil Zwei GmbH	Austria	97,75
S. C. SOCIETATEA TRAINING IN ASIGURARI S.R.L.	Romania	98,46
S.C. CLUB A.RO S.R.L.	Romania	99,72
S.C. Risk Consult & Engineering Romania S.R.L.	Romania	51,00
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama	Croatia	100,00
SB Liegenschaftsverwertungs GmbH	Austria	40,26
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH	Austria	97,75
serviceline contact center dienstleistungs-gmbh	Austria	97,75
Slovexperta, s.r.o.	Slovakia	98,51
Soleta Beteiligungsverwaltungs GmbH	Austria	28,51
Sparkassen-Versicherungsservice Gesellschaft m.b.H.	Austria	97,75
Spoldzielnia Usługowa VIG EKSPERT W WARSZAWIE	Poland	99,97
TAUROS Capital Investment GmbH & Co KG	Austria	19,55
TAUROS Capital Management GmbH	Austria	24,93

Company	Country	The current capital share in %
Unconsolidated companies		
TBI Info OOD	Bulgaria	20,00
TOGETHER CCA GmbH	Austria	24,71
twinfaktor GmbH	Austria	74,16
UAB „Compensa Life Distribution“	Lithuania	100,00
UNION-Erted Ellatasszervező Korlátolt Felelőséggű Társaság	Hungary	67,33
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H.	Austria	47,90
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia	Poland	99,99
Vienna International Underwriters GmbH	Austria	100,00
Viesure innovation center GmbH	Austria	98,87
VIG AM Services GmbH	Austria	100,00
VIG Asset Management, a.s.	Czechia	100,00
VIG Management Service SRL	Romania	98,46
VIG Offices, s.r.o.	Slovakia	98,47
VIG Services Bulgaria EOOD	Bulgaria	100,00
VIG Services Shqiperi Sh.p.K.	Albania	89,52
VÖB Direkt Versicherungsagentur GmbH	Austria	48,87
WAG Wohnungsanlagen Gesellschaft m.b.H.	Austria	24,44
Wien 3420 Aspern Development AG	Austria	23,92
Wiener Städtische Donau Leasing GmbH	Austria	97,75
WOFIN Wohnungsfinanzierungs GmbH	Austria	20,72
WSBV Beteiligungsverwaltung GmbH	Austria	97,75
WSVA Liegenschaftbesitz GmbH	Austria	97,75
WSVB Liegenschaftbesitz GmbH	Austria	97,75

NON-FINANCIAL PART

1. THE COMPANY'S DEVELOPMENT

The Kooperativa insurance company's development is based on the provision of profitable products and quality services with high added value for the client. That is why Kooperativa has focused on the systematic planning of product innovations, and building relationships with clients and business partners. The goal is comprehensive insurance protection for clients, of course in accordance with the fulfilment of business objectives and the insurance company's long-term financial stability. Product innovations are based on a knowledge of clients' requirements and behaviour. The essence of these changes is the constant strengthening of the flexibility and quality of the offered products. Product development includes the monitoring of changes in the company, and its digitisation, including online sales. For this purpose, Kooperativa has commenced a digitisation programme which focuses on the digitisation of its processes, communication and sales.

2. ACTIVITIES IN THE AREA OF RESEARCH AND DEVELOPMENT

Activities in the area of research and development focus primarily on further development, and the utilisation of information technology, communication technology and process digitisation. The objective is the gradual elimination of paper documents, both within the company and in relation to clients. This strategy is also reflected in product and service development. An integral part of it is also striving for a considerate approach to the environment, which under Kooperativa's conditions represents a permanent effort to reduce energy demands.

3. ENVIRONMENTAL PROTECTION AND DEVELOPMENT OF SOCIAL – EMPLOYEE RELATIONSHIPS

The character of its business activity means that Kooperativa's impact on the environment is minimal. Thanks to digitisation, the development of electronic communication with clients, digital signatures and electronic payments, Kooperativa is aiming at the paperless conclusion of contracts, and thereby also a reduced environmental burden. It supports

electromobility and alternative fuels, which it also utilises in its car fleet. We systematically monitor our carbon footprint, and implement solutions to reduce it.

Kooperativa strives to be a sought-after employer. Employee diversity brings space for innovation and understanding, which is why Kooperativa fulfils the principles of the European Diversity Charter, of which it is a signatory. It respects the concept of equal opportunity and individual employees' needs, regardless of age, gender, health or family situation. It facilitates flexible forms of work, such as the home office and part-time employment, particularly for parents and the physically disadvantaged. Kooperativa supports diversity throughout the company, from female managers' club meetings and coaching, through training and workshops, to the option of using two multifunctional "baby office" rooms (children's corner and office in one).

4. THE COMPANY'S ORGANISATIONAL SECTIONS ABROAD

The company does not have any organisational sections abroad.

5. INFORMATION REGARDING ACQUISITION OF OWN STOCKS OR SHARES

Kooperativa has not acquired any own stocks or shares.

6. OTHER REQUIREMENTS AS PER SPECIAL LEGAL REGULATIONS

Kooperativa fulfils the requirements for its business activity – insurance, stipulated in particular by the Insurance Act, and the Act on Insurance Brokers and Independent Liquidators of Insured Events. No other special requirements are stipulated for its activity.

We publish detailed information regarding the social responsibility strategy and sustainable business in Non-financial Reporting 2019, which can be viewed at www.koop.cz.



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