



For life as it is
already for 25 years

2013
2014
2015

ANNUAL REPORT

2016

2017
2018
2019



Kooperativa 2016 in figures

- ▶ **2.07 million** clients
- ▶ **4.02 million** insurance policies
- ▶ **618 thousand** settled insurance claims
- ▶ **22.47%** share on the Czech insurance market
- ▶ **Number one** on the market

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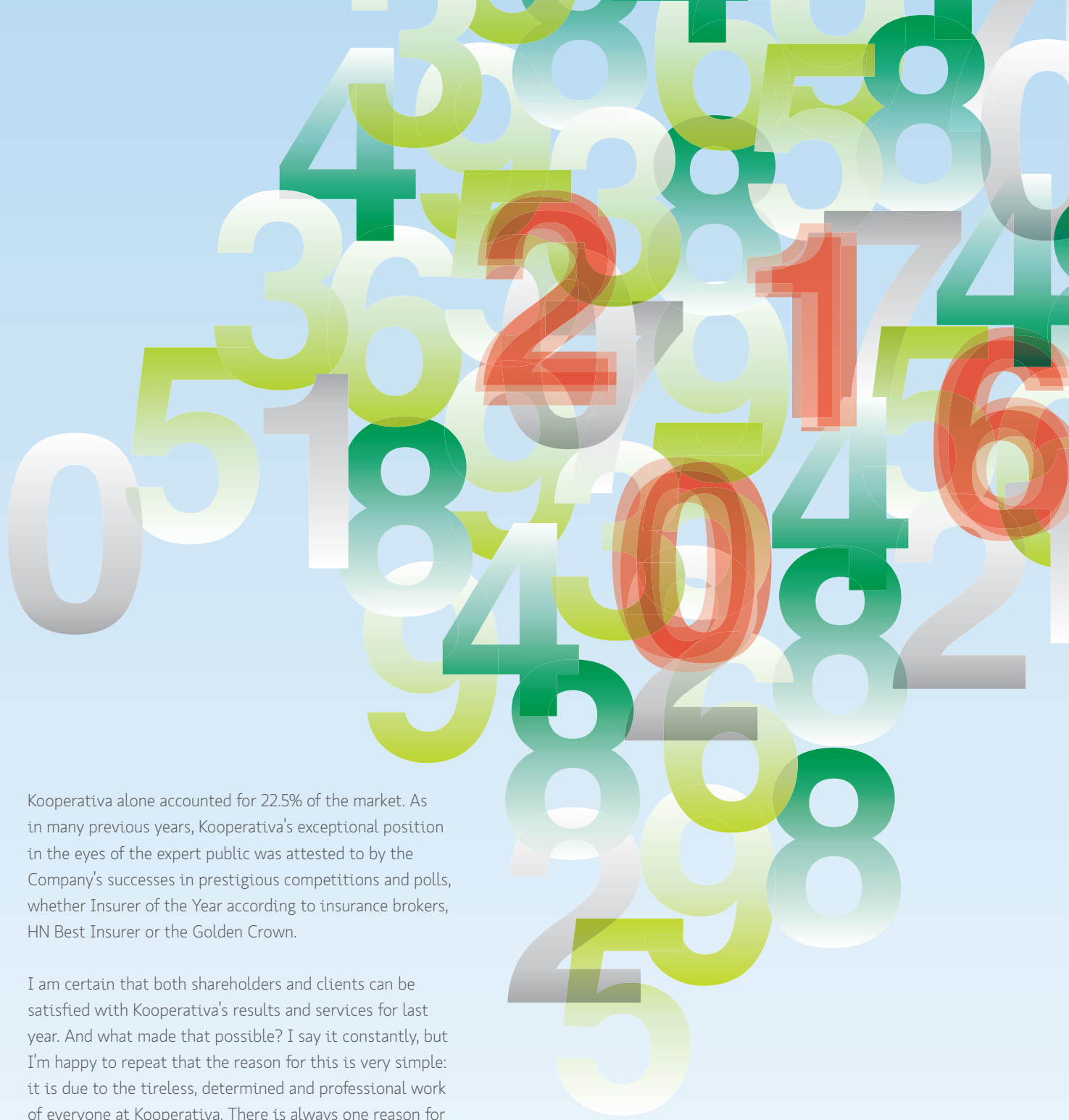
Foreword by the Chairman of the Board of Directors and CEO

The 12 months of last year were not only a successful period for Kooperativa, but also a year when the Company, I dare say at full strength, celebrated the twenty-fifth anniversary of its foundation. In 1991, the Company's founders could have hardly imagined that after 25 years Kooperativa would rank among the elite on the Czech financial market and, with more than two million clients, would be a major insurer, at least from the perspective of Central and Eastern Europe. With pleasure and great pride in the work of my colleagues, I can say that our course, strategy and the way we perceive insurance services are sustainable over the long term and have been proven correct by the Company's clients over time. To be more specific – Kooperativa's success is primarily due to its long-term endeavour to provide outstanding services and its aim to be an insurer that is fair, helpful and understandable, while bringing truly lasting certainty to the lives of its customers.

However, even in 2016 there were many external factors that necessarily had a major impact on our business. Strong competition and an environment marked by extremely low interest rates are clearly factors that put pressure on profit as well as on efficiency. In such a situation, every sensible company – and Kooperativa is no exception – thus focuses on costs and strives to use every opportunity to increase efficiency and contribute to the overall comfort of client service. In this context, we

took further steps in 2016 in the area of digitalisation and the use of modern technologies, with respect to which I should at least mention the development of paperless insurance contracts, concluded through the use of handwritten digital signatures, and the introduction of mPOS – mobile payment terminals – which can accept all new types of payments using smartphones and tablets. I am very pleased that it still applies at Kooperativa that although the insurance industry is a relatively conservative sector, this doesn't have to mean we are not a progressive company or that we are unable to adapt to the rapid development of the world around us.

In terms of financial results, Kooperativa successfully met its plan in the area of profit and premiums written and, thanks to significant growth in, for example, the motor own damage insurance segment, the Company reported the highest absolute growth in total insurance premiums on the Czech market by a wide margin. The year-on-year increase almost of CZK 900 million represents growth of nearly three-percent, which is more of the market as a whole. Kooperativa managed to strengthen its position on Czech market. Last year was successful for the whole VIG ČR, which reinforced its position as the biggest insurance group in the Czech Republic. The combined market share of Kooperativa, Česká podnikatelská pojišťovna and Pojišťovna České spořitelny totalled 33.2% at the end of 2016;



Kooperativa alone accounted for 22.5% of the market. As in many previous years, Kooperativa's exceptional position in the eyes of the expert public was attested to by the Company's successes in prestigious competitions and polls, whether Insurer of the Year according to insurance brokers, HN Best Insurer or the Golden Crown.

I am certain that both shareholders and clients can be satisfied with Kooperativa's results and services for last year. And what made that possible? I say it constantly, but I'm happy to repeat that the reason for this is very simple: it is due to the tireless, determined and professional work of everyone at Kooperativa. There is always one reason for success, and that is the work of people who understand what they do and enjoy doing it. Thanks to that – and of course the goodwill of our clients, business partners and shareholders – Kooperativa remained a strong and successful company in the twenty-fifth year of its existence.

Ing. Martin Diviš, MBA

The Most Significant Awards Received in 2016



1st place › Life Insurance

2nd place › Industry and Entrepreneurs' Insurance

2nd place › Personal Property Insurance

2nd place › Motor Vehicle Insurance



ENTREPRENEURS INSURANCE

1st place › TREND Entrepreneurs' Insurance

3rd place › Comprehensive Fleet Insurance

NON-LIFE INSURANCE

2nd place › OPTIMUM – house and household insurance with additional legal protection covering consumer relations

3rd place › NAMÍRU Comprehensive Motor Vehicle Insurance – MTPL



Czech Institute of Directors

1st place › BEST BOARD 2015, in the category of companies with over 3000 employees



1st place › Best Non-Life Insurer Category

1st place › Most Client-Friendly Non-Life Insurer Category

3rd place › Most Client-Friendly Life Insurer Category

Board of Directors – As of March 1, 2017

Ing. Martin Diviš, MBA	Chairman of the Board and CEO
JUDr. Hana Macháčová	Member, Deputy Chairwoman
RNDr. Petr Zapletal, MBA	Member
Gary Mazzotti, B.A. (Hons) A.C.A.	Member
Jiří Sýkora	Member
Mgr. Filip Král	Member

Supervisory Board – As of March 1, 2017

prof. Elisabeth Stadler	Chairman of the Supervisory Board
Dkfm. Karl Fink	Vice-Chairman
JUDr. Rostislav Dvořák	Vice-Chairman
prof. Ing. Eva Ducháčková, CSc.	Member
KR Franz Fuchs	Member
Dr. Ing. Vratislav Kulhánek	Member
Mag. Robert Lasshofer	Member
Jan Wiesner	Member
Ing. Roman Brablec	Member
Ing. Vladimír Mráz	Member
Mgr. Martin Laur	Member
Jan Růžička	Member
Jan Wiesner	Member

Board of Directors



Gary Mazzotti, B.A.
Member



RNDr. Petr Zapletal, MBA
Member



Jiří Sýkora
Member



Ing. Martin Diviš, MBA
Chairman of the Board and CEO



JUDr. Hana Macháčová
Member
Deputy Chairwoman



Mgr. Filip Král
Member



MANAGEMENT REPORT

2016 at a Glance

The year 2016 was very successful for Kooperativa. Not only that we celebrated our first 25 years on the Czech insurance market, but we also grew to be the Czech insurance market leader. According to Czech Accounting Standards (CAS), the Czech insurance market recorded a drop in written premiums by 3%. In contrast, Kooperativa grew by 2.8%. Whereas the insurance market in the Czech Republic showed premiums of CZK 143.9 billion in 2016, Kooperativa achieved total written premiums of CZK 32.33 billion, and acquired a 22.47% share of the insurance market.

Non-life insurance recorded a positive result on the Czech insurance market, growing by 2.6%; however, the trend in life insurance last year was influenced by legislative changes. Life insurance thus continued to decline, by 10.3% compared to 2015. The entire financial market was negatively influenced by low interest rates, which will undoubtedly be reflected in the development of life insurance this year.

The entire year of 2016 in Kooperativa reflected the spirit of celebration of our 25 years of operation on the Czech market. Kooperativa started in May 1991, with approximately 50 employees and focused mainly on insurance for businesses.

Premium income in 1991 amounted to CZK 90 million. Today, Kooperativa offers a comprehensive range of insurance products, both for businesses and retail clients, and premiums in 2016 exceeded CZK 32 billion.

It is also interesting that over 24,000 employees have joined Kooperativa over its first 25 years. At the same time, Kooperativa has processed over 7.5 million claims and solved problems for several million customers.

And Kooperativa did not forget its clients in its anniversary celebrations. The company prepared benefits, which were mostly connected with the number 25. In life insurance, for example, we increased indemnity by 25% for serious illnesses of both adults and children or for serious injuries.

The maximum amount is CZK 250,000 and relates to each insured event. Clients have been receiving the benefits for newly concluded life insurance contracts automatically, since the beginning of April 2016. Other clients can arrange these also for their existing policies. The increased

TOTAL PREMIUMS WRITTEN (in CZK 000's)

2007	29 107 232
2008	30 730 010
2009	30 996 326
2010	30 894 705
2011	30 502 749
2012	30 616 765
2013	31 319 881
2014	31 737 609
2015	31 447 159
2016	32 331 393

benefits apply to all insured events of the insured person in the course of the next 5 years.

In motor third party liability insurance, we rewarded our loyal clients. Those who have had MTPL for two or more years automatically had their indemnity limits increased by 10 million, from 2016. If they have their basic limit set to CZK 35/35 million, Kooperativa shall reimburse damages up to 45 million, and similarly for other third party liability insurance options.

In property insurance, Kooperativa increased selected indemnity limits on property and household insurance by CZK 25,000 for new contracts concluded since the beginning of April 2016.

In 2016, Kooperativa further proceeded in introducing modern technologies. By year end, Kooperativa's representatives had contracted more than 175,000 policies using handwritten digital signatures. The first contracts signed with a handwritten digital signature of Kooperativa were taken out under a pilot project in November 2014. In 2017, we are preparing a further simplification, whereby clients will be able to pay using an mPos electronic terminal, and their contracts automatically will be accepted along with payment.

The greatest innovation in the product area was NA PŘÁNÍ life insurance. It is simple, understandable, and variable life insurance. Clients can choose between pure risk or investment options. And the icing on the cake is the fact that clients can choose a name for their own personal insurance under which the insurer will lead all communications, such as Charles' assurance.

Another novelty, very favourably received by clients, was FIT insurance of sports equipment. It applies not only to sports equipment, but also to removable devices for their transport, such as roof racks and boxes. And it doesn't matter whether they are your own property or that of another, subject to authorised use, i.e., rented or borrowed. The product covers a very wide range of damage that may occur to sports equipment, when in storage or being put aside for a short time, in transportation, as well as in amateur sports.

We also did well in motor insurance. Kooperativa registered the greatest increase in premiums written in motor own damage insurance at annual rate of 11.6%; in MTPL we exceeded the target of 1.5 million policies by the end of June. Client services were also improved by the change of hotline numbers. The new telephone number 957105105 provides all clients with the same conditions at lower call costs. Customers can use the line as any other national number, and therefore within their free minutes and unlimited tariffs, without any impact on the cost of the call. The use of +420 prefix newly enables making calls from abroad.

Business

On the Czech insurance market, business service in Kooperativa has a unique structure. It uses a wide range of different types of distribution channels in order to meet the diverse and particular needs of clients. Especially unique is Kooperativa network of sales agents working for the Company as employees. At the end of 2016, there were 1,515 such agents working for the Company.

In 2016, an import element of development of exclusive insurance intermediaries network was the "Business Vision" (Podnikatelská Vize) agent network. This type of cooperation allows the participating agents to use a number of benefits associated to this exclusive cooperation with a strong company, including the possibility to be self-employed. At the end of 2016, the Company had 887 such agents.

Business development was helped not only by an extensive network of insurance agents but also by an extensive network of points of sales. Kooperativa wants to be as close as possible to its clients and therefore, it has continued to focus on the expansion and improvement of its branch network. At the end of 2016, there were 353 branch offices – both our own and those managed and run by our exclusive insurance intermediaries.

In 2016, Kooperativa strongest sales channel was the internal sales network, made up of the Company's own insurance advisors and its exclusively contracted intermediaries working with the Company through Business Vision program. This network holds nearly one third of Kooperativa portfolio.

To maintain the strong position of internal sales, we worked in 2016 on changes that respond to the situation on the insurance market and the competition. And this concerned not only sales but also recruiting new agents, whether in employment structures or Business Vision. For instance, we tracked the numbers of active, earning agents, especially in the employment structure. Project Phoenix brings us career program, which will help us attract and retain the best. Its implementation awaits us in the year 2017.

Kooperativa has also focused on the development of business relationships with other types of sales intermediaries – networks - for a long time. We succeeded in strengthening our mutual business relationships also throughout 2016.

KOOPERATIVA MARKET SHARE: TOTAL PREMIUMS WRITTEN

2007	21,90 %
2008	22,50 %
2009	22,15 %
2010	20,44 %
2011	20,37 %
2012	20,51 %
2013	20,79 %
2014	20,78 %
2015	21,19 %
2016	21,19 %

Sales consultants working for partner networks can contact key account managers located at the Kooperativa central office and in individual regions. This allows the representatives of these different sales intermediaries to have access to more in-depth knowledge and information to come up with solutions and insurance quotes while respecting also the local particularities and specific circumstances. The most important insurance intermediaries – partner networks working with Kooperativa include mainly KAPITOL pojišťovací a finanční poradenství, a.s., ASTORIE a.s., ZFP akademie, a.s., OVB Allfinanz, a.s., Fincentrum a.s., Swiss Life Select Česká republika s.r.o., Broker Consulting, a.s., Partners Financial Services, a.s. or Broker Trust, a.s.

Kooperativa works closely with insurance brokers mainly in the field of industry and entrepreneurs' insurance. In 2016, Kooperativa proceeded with the sales of modified products in order to comply with the requirements set forth under the new Civil Code and it further developed the sales model for comprehensive fleet insurance. The most important insurance brokers working with Kooperativa include RENOMIA, a.s. and its RENOMIA NETWORK, MARSH, s.r.o./ INSIA a.s., RESPECT, a.s., Pojišťovací makléřství INPOL a.s., OK GROUP a.s., GrECo JLT Czech Republic s.r.o., C.E.B., a.s. The quality of the services and products provided was reflected by the award received by Kooperativa in the "Insurance Company of the Year" survey conducted by the Association of Czech Insurance Brokers.

Česká Spořitelna is a strategic business partner of Kooperativa and Kooperativa is the most important external supplier of the Česká Spořitelna Financial Group – in particular with respect to loans. Kooperativa share of the production of external suppliers mortgages of Česká spořitelna in 2016 was 10.5%. The branches of Česká Spořitelna and its alternative distribution channels continue to offer services provided by Kooperativa, especially in the areas of personal property, credit card insurance, travel and property insurance.

In 2016, Kooperativa also continued to develop insurance sales tools using the cutting-edge information technologies via internet or phones. This type of sale channel is primarily used by younger and middle-aged clients who prefer a fast and efficient communication. Currently, clients may purchase online selected non-life insurance products (MTPL insurance, motor own damage insurance, travel insurance, insurance of doctor's office, and household or real estate insurance). The full range of the non-life insurance products is available to clients when making the purchase via phone.

Towards the end of 2016 Kooperativa ended the collection of premiums in cash and moved to fully cashless payments. This was due to increased safety and growing popularity and frequency of the payment method. Cashless payments are a logical addition and complement to our other modern solutions in the process of underwriting such as handwritten digital signature or mPOS, a mobile payment terminal. In 2017, we would like to adjust insurance terms, policies and legislative aspects of non-life retail products, so that policies can be accepted by receipt of payment. For clients it will be sufficient to pay the premiums electronically without having to sign a contract. All necessary documents will reach the client via e-mail.

Motor insurance

In motor insurance, Kooperativa strengthened its leader position on the market. Total premiums written amounted to CZK 8.99 billion, representing an annual growth of 7.40%.

This fact was largely induced due to motor hull insurance, where we have achieved premiums written in the amount of CZK 4.61 billion, which is 11.6% more than in 2015. The very good result of motor hull insurance was notably affected by economic growth and thus by the growth of new car sales. On the other hand, in the segment of older vehicles, the average premium for motor hull insurance has been steadily declining.

Kooperativa's motor third party liability insurance returned to black numbers in 2016. Premiums written climbed to

CZK 4.39 billion, which represents an annual increase of 3.2%. At the end of June, we achieved a significant milestone in MTPL, when we crossed the limit of 1.5 million policies in our portfolio despite the fact that the Czech market was suffering from a continuing trend when some competitors came up with aggressive quotes, such as pricing by mileage.

An interesting trend can be seen in the growth in operating leases in the Czech Republic, which is becoming increasingly popular even among individuals. The main reason for such development can be attributed to competitive quotes by financing companies and importers.

On the occasion of the 25th anniversary of Kooperativa we prepared benefits for new and existing clients. In 2016, in the area of MTPL, we began providing benefit of the so-called direct claim settlement and accident insurance for the driver for insurance contracts, both for private owners and sets of vehicles and car fleets. In retail MTPL segment, we continued with the campaign „Green pays II“. This campaign consisted of a maximum bonus benefits provided for clients without accidents.

In the area of fleet insurance, Comprehensive Fleet insurance is popular among clients, for it is a simple, understandable and especially highly flexible product for the arrangement and administration of fleet insurance. Fleet customers receive not only a comprehensive insurance, but also quality and personalized insurance administration including billing, claims settlement and reporting of changes.

Each business transaction is looked after by a certified specialist who can help operatively also in non-standard situations. In 2016, we also continued improving our assistance services, which was positively reflected in our survey of customer satisfaction.

We expect that, in 2017, the debate about the introduction of a certain kind of payment obligation for uninsured vehicles will be reopened in MTPL insurance. We also expect that this will increase interest in negotiating third party liability insurance with higher limits, mainly due to the higher valuation of human health.

These changes will also affect the products. MTPL premiums will be more differentiated according to client's risk. Similarly, in motor hull insurance pricing, companies are likely to be taking more account of not only the brand of a particular vehicle, but also the risk of region and the client.

In 2017 we are planning to add further supplementary motor insurances to our portfolio. Motorists will be offered broader possibilities of assistance programmes and insurance covers for minor accidental damages.

Property and Liability Insurance – persons

As for P&L insurance, Kooperativa was successful – as usual – and the written premium reached CZK 2.86 billion, i.e. a growth by 3.8% as compared to 2015. The number of property and liability insurance policies exceeded 1 million.

In spring 2016, we launched a new unique sport equipment insurance product. The product covers a wide range of cases when sport equipment is damaged while deposited, laid aside, and transported or during amateur sporting activities.

In the 1st half of 2017 we will launch new products which will support our business success by a wide range of improvements and novelties.

NON-LIFE INSURANCE PREMIUMS WRITTEN (in thousands of CZK)

2007		22 205 952
2008		23 317 946
2009		23 300 195
2010		22 537 619
2011		21 742 171
2012		21 506 348
2013		21 435 960
2014		21 600 097
2015		22 386 860
2016		23 673 239

Insurance of Entrepreneurs

As for standard entrepreneurs' insurance, the strong competition persists, nevertheless, the written premium totalled to CZK 1.35 billion, i.e. a year on year growth by 2.62%. The good results were helped mainly by a successful campaign for the support of small and medium enterprise insurance products leading to insurance portfolio stabilisation. We focused on the process of contracting policies with medium enterprises where a stronger methodical support is necessary as the underwriting is more individualised.

We innovated the START PLUS product to reach a higher flexibility of insurance cover and launched successfully a new product covering the professional liability for damage inflicted by providing professional service. This product is meant for tax advisors, accountants, auditors, architects, designers, experts, etc. Naturally, our bearing product TREND was a match as we were able to react to the developing market demand by adopting regular partial changes and enhancements. We also pay attention to definition of specific conditions for successful insurance programmes that we create in cooperation with our important business partner brokers.

In 2017, we prolonged the motivation campaign for increasing insurance cover of our existing customers and acquisition of new customers, which should result in further increase in written premium. We are preparing new products of carrier's liability insurance, lump sum consignment insurance during transport and cyber risk insurance and focusing on the enhancement to professional liability insurance by further professions and improvement of parameters of insurance programmes for apartment houses and municipalities.

Industrial Risk Insurance

The insurance of large companies, industrial enterprises and other non-standard types of risks are handled at Kooperativa by its Industrial Risk Insurance Department. The most important clients include Česká spořitelna, Dopravní podnik hl. m. Prahy, Metrostav, ČEZ, MERO ČR or Czech Railways. In 2016, the total written premium for commercial risks policies amounted to CZK 4.05 billion.

The insurance programs for our clients are usually prepared in cooperation with insurance brokers. For each client, a customized insurance program is composed based on his particular needs. The most prominent brokerage offices with highest intermediated premiums comprise RENOMIA, a.s., and their RENOMIA NETWORK, RESPECT, a.s., GrECo JLT Czech Republic s.r.o., Pojišťovací makléřství INPOL a.s., OK GROUP a.s., INSIA a.s., C.E.B., a.s., MARSH, s.r.o. or Aon Central and Eastern Europe a.s.

As for the industrial and entrepreneurial risk insurance, Kooperativa has been among the top companies in the Czech Republic for many years. The success rate of business negotiations is also increased by high quality software and methodology support provided for generating quotes and insurance policy drafts. Kooperativa clients also highly appreciate the quality of the customer service delivered by our department by participating in the settlement of claims.

Especially as part of the VIG Group, Kooperativa is also active in the group's international business. In terms of implementation of new products and materials, we must not forget the impact of the New Civil Code and other legislative changes.

As for insurance claims, 2016 was a more favourable year. However, as compared to previous years, there were more frequent claims resulting often in high loss both in property and liability insurance.

Life Insurance










The total volume of written regular premiums reached nearly CZK 6.6 billion in 2016. Compared to 2015, this represents an increase of 1.1%.

In contrast, single paid, deposit and extra premiums - compared to 2015 - decreased by almost 19% to a total value of CZK 2.1 billion. This decrease is due to stagnating interest rates throughout the financial market.

Starting already in 2015, the insurance market began to show a new trend: life insurance is becoming more focused on covering risks rather than on creation of financial reserves. During 2016, this trend has further strengthened. Kooperativa responded by preparing a new risk product. New dimension of life insurance is to a certain extent also related to the long-prepared amendment to the Act on Insurance Intermediaries, especially the parts regulating reward for mediation. This amendment came into force on December 1, 2016 and ensured a more uniform commission liability and related amount of surrender.

In September 2016 we launched sales of our new revolutionary life insurance product NA PŘÁNÍ (Upon Request). Its development was greatly influenced by the two changes in the insurance market. It is based on the highly successful life insurance product PERSPEKTIVA, however NA PŘÁNÍ is primarily intended to cover insurance risks, which is reflected not only in the product design but also in the offer of risk coverage, bonuses, discounts and last but not least, in the commission scheme. NA PŘÁNÍ life insurance has a very wide range of

LIFE INSURANCE PREMIUMS WRITTEN (in thousands of CZK)

2007		6 901 280
2008		7 412 064
2009		7 696 131
2010		8 357 086
2011		8 760 578
2012		9 110 417
2013		9 883 921
2014		10 137 512
2015		9 060 299
2016		8 658 154

applications and is highly variable answering the changing needs and wishes of our clients.

In 2017 we will focus on further improvement of our client service. Besides quality products, we want to offer our clients and partners also high quality and modern approach, whether in direct contact with the customer or through a variety of tools. We are planning to launch, for example, online claims reporting also in personal lines of insurance.

In terms of legislation, the 2017 will be affected by preparation for further regulation in particular from the European Union. Some of the regulations aim to better protect consumers, others focus on achieving comparable environments across the Union.

Travel Insurance

The year 2016 was affected by many terrorist attacks: in Brussels in March, in Florida and Istanbul in June, in Nice in July and in Berlin in December. However, these are not the main destinations of our customers in the high season. The events in the favourite destinations of Czech tourists – plane crash in Egypt and coup attempt resulting in unstable political situation in Turkey – were more significant. The tourists interested in these destinations chose more secure destinations such as Italy, Bulgaria or Croatia.

Despite those travelling-related concerns, in 2016 the written premium increased by 3.1% as compared to previous year and exceeded CZK 300 million for the first time in the history of Kooperativa. We contracted more than 300,000 insurance policies both for short term and repeated journeys and settled 7,000 insurance claims amounting to CZK 79 million in total. We prepared a benefit also in travel insurance at the occasion of the 25th anniversary of Kooperativa – we increased the indemnity limit of insurance of medical expenses abroad to up to CZK 10 million. Another novelty was the enhancement to

the HOLIDAY assistance service. This service is very popular and enables to take out a vehicle insurance before travelling abroad. Besides services already offered (mechanist's action if the vehicle is immobile, towing the insured vehicle back to the Czech Republic, providing replacement vehicle or replacement driver), the assistance newly includes services such as telephone interpreting, providing cash and reimbursement of the costs for vehicle's temporary safekeeping.

Claims Adjustment











In 2016, Kooperativa has processed 618 thousand claims, which is 27,000 more than in 2015. In non-life insurance there were 520,000 and 98,000 in life insurance. Kooperativa clients were paid total indemnity in the amount of CZK 20 billion.

The Claims Adjustment Centre for Property and Liability Insurance recorded a total of 146,000 insurance claims in 2016, which is approx. 5,000 less than in 2015. Of this, over 21,000 comprised natural disasters, for which customers were indemnified in the amount of CZK 980 million. The largest claims were generated by fires, which mostly cause total loss to the property of our clients. Especially for businesses and industrial enterprises these claims were in the sums of hundreds of millions. In 2016, the total damage from fire reached the amount of CZK 500 million, a volume comparable to the year 2015, when fires caused damage at CZK 580 million.

In 2016, the Claims Adjustment Centre for Motor Vehicle Insurance handled 135,000 claims from motor own damage insurance and 73,000 claims from motor third party liability insurance. The Centre settled a total of 204,000 claims.

Year 2016 was marked by increased documentation of health claims from the years 2014 - 2015. This led to an increase in reserves and paid claims in the area of so-called compensation for non-property damage. It mainly concerns compensation for pain and social

NUMBER OF CLAIMS SETTLED (actual number)

2007		471 610
2008		485 146
2009		512 868
2010		553 496
2011		549 366
2012		551 543
2013		586 328
2014		648 222
2015		590 943
2016		618 439

impairment, for which we register about a threefold increase. Gradually, there is also an increase in lump-sum compensation of survivors. At the same time, there is a year-on-year growth of the average value of claims, by 5% to CZK 32,000 CZK in MTPL, and by 0,5% to CZK 38,000 in motor own damage insurance.

In 2016, the employees of Claims Adjustment Centre for Motor Vehicle Insurance continued to develop cooperation with branded and unbranded car repair shops and windshield garages. Contractual relationships with those entities positively affected the results of the entire Company. Great attention was also given to improving communication with clients, especially through the Web and personal contact.

Customer Support

The Customer Support Centre experienced a year without major changes. Its employees and management focused in particular on continuous optimisation and further development of processes in order to increase the efficiency and to improve the quality of provided services. We also continued to develop instruments for customer support management. At the end of the year, the Contact Centre Department and Telephone Sales Department were merged. This merger should strengthen the synergies in customer support in the future.

In 2016, the Customer Support Centre handled 811,000 callers and 599,000 requests received from customers via e mail. The structure of calls did not change significantly compared to previous year. Product related calls as well as other inquiries prevailed and made approx. 42% of all incoming calls. Another important part, approx. 31%, were calls reporting an insured event. Inquiries about the status of an insured event amounted to approx. 14% in 2016 and the remaining part, approx. 13 %, related to other areas of activity of the insurance company.

Compared to 2015 the service indicator did not change and amounted again to 96%, while the service level indicator for the info line reached the level of (30)_83% in the monitored period, which means that 83% of the calls were answered within 30 seconds. The employees of the Customer Support Centre succeeded in maintaining the availability of customer services above the standard KPI values set in the long term.

In the area of central registry and mail room, we continued the process of taking over activities from subsidiaries.

KOOPERATIVA – NUMBER OF CLIENTS

2007		2 013 347
2008		2 029 422
2009		2 030 093
2010		2 029 397
2011		2 041 052
2012		2 020 249
2013		2 045 385
2014		2 040 765
2015		2 043 013
2016		2 067 340

We newly provide services for ČPP Servis and Kapitól. For these companies, we also provide services related to digitising of file documents, without increase in capacities. We also extended the digitisation of personal lines insurance policies before storing them in mailing room, which resulted in acceleration of claims handling and some operations in the technical administration of policies.

Marketing Communication

In 2016, we focused mainly on building the brand image and on promoting the life insurance. We carried on with the support of both internal and external sales, development of our web presentation, consolidation of sponsoring activities incl. carrying for guests as well as with SCR activities via our Foundation.

Key part was the communication of Kooperativa 25th anniversary. A wide range of product benefits was prepared for our clients; for our employees and their families we organised a festival with over 4,200 of them taking part. The next key activity was the marketing campaign to support a new life insurance product called NA PŘÁNÍ (tailor-made). The goal was to point out serious life risks (disability, accidental death, etc.) in a pleasant and smart way. In 2015/2016 season we carried on with the support of the supreme basketball league in the Czech Republic - Kooperativa NBL. Within this partnership, we further developed Kooperativa Factor, a scoring competition, and a charity project called Each Basket Helps. This makes the matches more attractive and thus, a link to SCR is established. We, together with Kooperativa Foundation, mapped the lifes and needs of Czech families and together with experts we run a long-term survey focusing on family-related topics. The winner of the grant tender concerning Exercising Makes Your Family Healthier project was the National Autism Institute.

Public Relations

An insurance company that wants to build up good and long lasting relations with clients has to offer not only high-quality products and services but it has to also maintain correct relations with public.

In 2016, the main external communication was about the everyday cooperation with media, namely answering their

questions and producing press releases. PR Dept. answered over 300 enquires made by journalists and we produced 27 press releases. This led to Kooperativa being mentioned in over 4,500 articles and news coverage. In parallel, we participated in preparation of external communication for other companies which are part of VIG in the Czech Republic, such as Kaptol or VIG Re.

The key topics of the communication were the 25th anniversary of Kooperativa operation on the Czech market, legislative changes, life insurance commissions and new life insurance product called NA PŘÁNÍ. We actively communicated also other projects, e.g. Czech Family is Alive or the installation of Ivan Exner, a Czech artist, on the Ringturm Building in Vienna.

The dominating tool of internal communication was our intranet and Smaragd, the internal magazine. In 1H 2016, the communication focused mainly on the 25th anniversary of Kooperativa. The peak of celebrations was the festival at Kačina Chateaux with over 4,200 employees and their family members participating. Employees may find interesting information in the Weekly Summary distributed via e-mail Mondays. In parallel, the internal communication uses TV screens installed all over the headquarters in Karlín, where videos mapping the most interesting employees' sporting or advertising activities as well as activities of the entire Kooperativa. Employees may find all videos and visual materials at the especially dedicated My.Koop. web page. As usual, in 2016 the PR Dept. organised several breakfasts with the CEO with over 50 employees taking part.

HR Division

In 2016, we organised already the 10th year of Trainee programme. Similar to the previous years, we cooperated with selected universities and presented Kooperativa at labour fairs, lectures and conferences. Many employees are consulting students' diploma and bachelor theses.

Within the mobility programme, we organised internships for selected new employees and our employees take part also in international exchange programmes.

HR Division further developed activities within diversity and equal opportunities that were triggered by signing the Diversity 2013+ Memorandum in 2013. In 2016, we issued internal standards called Diversity Support Policy which regulates the principles for our employees using flexible forms of work. As for diversity, we focus on increasing the number of disabled employees.

HR Division is newly responsible for the methodology of two areas of employees' recruitment, namely sales and back-office recruitment. This resulted in a closer cooperation between both areas as well as in further alignment and efficiency of recruitment processes. We had a wider variety of applicants as in the past and we developed recruitment and HR marketing activities in social networks. We paid more attention to measuring

NUMBER OF EMPLOYEES (actual number at year end)

2007	3 704
2008	3 902
2009	3 848
2010	3 754
2011	3 775
2012	3 838
2013	3 809
2014	3 715
2015	3 672
2016	3 679

the recruitment efficiency. We have launched a new version of IT recruitment system which helped to make the recruitment processes more efficient. We remained responsible for employees' recruitment for some subsidiaries in VIG CZ.

HR Divisions organises health prevention events for employees. In 2016, the employees signed up around 7,000 these health prevention events. In VIG CZ headquarters, we also launched a mobile office of our project partner called Healthy Company. We launched an information campaign in relation to important health days to raise awareness.

In 2016, we implemented all legal changes, i.e. those set forth under the Income Tax Act amendment, relating to payroll accounting, and we coped with the termination of pension savings. Tax-related legal changes influenced mainly the tax allowance for supported children as the support of families with several children is the priority for the Government. The correctness of newly set calculation processes reaffirmed the inspections carried out by governmental bodies which found no errors related to both social and health insurance and tax. Payroll Dept. communicated with governmental bodies electronically as much as possible which is fully in line with HR Division efforts for minimisation of administrative procedures and for implementation of paper free HR agenda.

The biggest changes in employees development were the co-organisation of sales training by Training Dept. incl. maintenance of over 50 e-courses.

The next important activity of employees development is the introduction of internal coaching incl. own certification which allows us to provide for high quality and credibility. This activity is free from useless bureaucracy and fully in line with the paper free approach to HR agenda which helps to support the security and confidentiality of the entire process. Moreover, we cooperate with a group of companies doing the internal coaching. Hence, a platform was created, where we share both experience and coaches (we have coaches for free de facto).

Leadership for Women also belongs to our long lasting training programmes and it helps both to satisfy high training requirements and to generate diversity. Training package for trainees also belong to our long-term projects that further develop the graduates employees und the project.

Training Dept. again increased the number of internal courses lead by our own lecturers. In 2016, we organised over 120 one- and two-day training events such as Gentle Communication II, Creativity and Innovations, Personal Development and Emotions and Stress, Advanced Level Power Point and other tailor-made workshops. In 2016, we enhanced the offer of our own standard and well-proven teambuilding activities. The most favourite was the so called Hrůza's Game II taking place at Hrůza's Mlýn that tested and strengthened team work by unusual tasks, puzzles and codes.

Based on positive experience from last year, the internal team of lecturers located in the Training Dept. proceeded with successful outsourcing of its activities within the group. We trained colleagues from ČPP, ČPP Servis, PČS, Global Expert, VIG RE zajišťovna, Insia and OVB as well as our colleagues in Entrepreneurial Vison Programme.

We organise meetings with important persons for VIG employees, e.g. in 2016, with Václav Marhoul, director. We also organise regularly events such as World Around Us, Breakfast with CEO and English Club where employees may perfect their conversation skills while discussing interesting topics.

Kooperativa and ČPP may use a library with new books being stocked quarterly and newly also with audio books.

In 2016, HR Division again achieved excellent results in outsourcing activities carried out for other VIG members - VIG RE zajišťovna, a.s., Pojišťovna České spořitelny, a.s., VIG, Obecně prospěšná společnost Kooperativy, Global Expert, s. r. o., Benefita, a.s. and VIG ND, a.s. As we mastered these projects successfully, in Q4 we opened negotiations on taking over the outsourcing activities also for Kapitól, a. s., another VIG Group member.

Reinsurance

The reinsurance program for 2016 continued in the structure from previous year with almost no changes. Extent of coverage as well as capacities of obligatory reinsurance treaties fully corresponded to both requirements of underwriters and demands resulting from the new regulatory rules within Solvency II. The amount of retentions remained at a conservatively

low level, thus representing a significant stabilization factor for the company. Closest attention was traditionally paid to modelling of exposure to natural disaster risk that were carried out by analytical teams of reinsurance brokers AonBenfield and Willis Re. The reinsurance strategy was based on the rules applicable to the VIG group; a significant role within optimizing the purchase of reinsurance played again the group reinsurance company of VIG Re, which had the largest share in the entire volume of ceded reinsurance premium. The most important and also traditional external partners were the world's largest reinsurers SCOR, Munich Re and Swiss Re rated AA- by the rating agency Standard & Poor's..

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VIENNA INSURANCE GROUP

January 2017
www.vig.com

COMPANY PROFILE

Vienna Insurance Group (VIG) is well established in all lines of business and thus offers a comprehensive customer-oriented portfolio of products and services with more than 50 Group companies and around 24,000 employees in 25 countries. The Group generated around EUR 9 billion in premiums in 2016, further strengthening its market leader position in Austria and in Central and Eastern Europe (CEE), where VIG has been operating for more than 25 years.

VIG's successful expansion into the CEE region

VIG's roots reach back more than 190 years in Austria, during which time the Company developed from its start as a local insurer in 1824 to an international insurance group. In 1990, visionaries in Wiener Städtische recognised the many opportunities offered by the CEE region and took the chance of entering the market in the former Czechoslovakia. The expansion continued in following years. From Estonia to Albania and Germany to Georgia, the entire region was slowly covered. The 2014 entry into the market in the Republic of Moldova filled the final remaining gap in coverage of the CEE region.

Using its combined strengths to become number 1

VIG has worked its way to the top of the insurance market in many countries in previous years. Using a focused growth strategy and long-term perspective, it created a stable base that led to double-digit market shares in many markets. The figures for the region show that the decision to expand into the CEE region was correct. In 2016, around half of VIG's total premium volume of around EUR 9 billion was generated in the CEE markets. The Group continues to believe in the potential offered by the ongoing economic growth in the region, which brings with it a rising demand for insurance products.

The importance of the region was confirmed by another decision by the Group in 2008 to establish the registered office of the internal Group reinsurance company VIG Re in the Czech Republic.

Focusing together on the core business

The decisions above underscore the path followed by VIG and strengthen the focus on insurance as the clear core business. It pursues a progressive and highly risk-conscious insurance strategy. Reliability, trustworthiness and solidity define its relationships with business partners, employees and shareholders.

This fundamental approach is also reflected in its strategy of continuous sustainable growth and excellent creditworthiness. The international rating agency Standard & Poor's has confirmed VIG's development with an A+ rating with stable outlook for many years. VIG continues to have the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.

Side-by-side with our customers

Customer loyalty and customer proximity are major factors in VIG's success. Our local employees know the needs of their customers the best, which is why VIG places its trust in these employees and local entrepreneurship.

In order to create stability and trust, the Group uses a multi-brand strategy that retains established brands and unites them under the Vienna Insurance Group umbrella. This also allows a wide variety of distribution channels to be used. The Company's strategic orientation is rounded off by a conservative investment and reinsurance policy.

Erste Group and VIG: strong together

Erste Group is strongly anchored in Austria and is one of the top players in the CEE region. The strategic partnership between Erste Group and VIG began in 2008 and has grown and strengthened over the past eight years. VIG Group companies offer Erste Group products, and Erste Group branches sell VIG insurance products in return.

Stable dividend policy of the Group

VIG has been listed on the Vienna stock exchange since 1994. Today, it is one of the top companies in the “prime market” segment, and offers an attractive dividend policy with a dividend payout ratio of at least 30% of Group profits (after taxes and non-controlling interests) for shareholders.

The significance of the Central and Eastern European economic area was once again underscored by the Company's second listing on the Prague Stock Exchange in February 2008. VIG shares have also established themselves as one of the top companies there.

The shareholder structure has remained stable since the capital increase in 2005. Around 70% of the shares are held by its principal shareholder, Wiener Städtische Versicherungsverein. The remaining 30% of the shares are in free float.

Searching for the best together

All VIG Group companies strive to attract the most talented and intelligent employees. As a result, identifying and developing individual skills is a central priority in the company's human resources management. Promoting diversity is also highly important, as is creating a framework that offers appropriate development opportunities for employees. This is because it is clear to VIG that its success is built on the dedication of its 24,000 employees.

Further information on Vienna Insurance Group is available at www.vig.com or in the VIG Group Annual Report.



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

**Independent Auditor's Report to the Shareholders
Kooperativa pojišťovna, a.s., Vienna Insurance Group**

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 2016, 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 I.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 2016, 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, 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.



Other Information

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance



is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



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 2016, based on which this independent auditor's report has been prepared.

Prague

12 April 2017

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 ending
31 December 2016



Balance sheet – ASSETS

(In thousands of Czech crowns TCZK)

Description	2016 Gross	2016 Adjustment	2016 Net	2015* Net
I. ASSETS				
A. Receivables for subscribed registered capital				
B. Intangible fixed assets, thereof	4 231 865	4 111 632	120 233	105 999
b) Goodwill	3 068 798	3 068 798		
C. Investments	55 700 010	1 007 760	54 692 250	57 456 004
I. Land and buildings, thereof	2 553 915	1 007 760	1 546 155	1 794 254
1. Land	249 652		249 652	275 939
2. Buildings	2 304 263	1 007 760	1 296 503	1 518 315
a) Land and buildings – self occupied	2 218 500	998 963	1 219 537	1 437 368
II. Investments in affiliated undertakings and participating interests	8 107 866		8 107 866	8 072 947
1. Participating interests with controlling influence	7 835 605		7 835 605	7 998 686
2. Debt securities issued by, and loans to, undertakings – controlling influence	197 999		197 999	
3. Participating interests with significant influence	74 262		74 262	74 261
4. Debt securities issued by, and loans to, undertakings – significant influence				
III. Other financial placements	45 038 229		45 038 229	47 588 803
1. Shares and other variable-yield securities, other participating interests	5 563 739		5 563 739	5 137 359
2. Bonds and other fixed-income securities	39 415 341		39 415 341	39 236 958
a) bonds and other fixed-income securities valued at fair value through profit and loss	2 398 284		2 398 284	1 992 286
b) „OECD“ bonds held to maturity	37 017 056		37 017 056	37 244 672
3. Investments in investment associations				
5. Other loans and credits	7 200		7 200	7 200
6. Deposits with financial institutions				3 030 100
7. Other investments	51 949		51 949	177 186
IV. Deposits with ceding undertakings				
D. Investments for the benefit of life assurance policyholders who bear the investment risk	4 220 201		4 220 201	3 761 643
E. Debtors	2 144 538	506 367	1 638 171	1 903 314
I. Receivables arising from direct insurance operations	1 803 735	503 118	1 300 617	1 353 726
1. Policyholders	1 785 389	495 811	1 289 578	1 340 953
2. Intermediaries	18 346	7 307	11 039	12 773
II. Receivables arising from reinsurance operations	29 950		29 950	120 255
III. Other receivables	310 853	3 249	307 604	429 333

Description	2016 Gross	2016 Adjustment	2016 Net	2015* Net
AKTIVA				
F. Other assets	3 815 481	493 883	3 321 598	846 029
I. Tangible fixed assets other than those listed under „C.I. Land and buildings“, and inventories	827 616	493 883	333 733	304 616
II. Cash on accounts in financial institutions and cash in hand	2 987 865		2 987 865	541 413
IV. Other assets				
G. Temporary asset accounts	6 042 745		6 042 745	5 990 523
I. Accrued interest and rent				
II. Deferred acquisition costs	3 305 631		3 305 631	3 240 585
a) in life-assurance business	2 335 569		2 335 569	2 558 819
b) in non-life insurance	970 062		970 062	896 520
III. Other temporary asset accounts, thereof	2 737 114		2 737 114	2 535 185
a) Estimated receivables	444 345		444 345	411 835
TOTAL ASSETS	76 154 840	6 119 642	70 035 198	70 063 512

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

Balance sheet – LIABILITIES

(In thousands of Czech crowns TCZK)

Description		2016		2015*
II. LIABILITIES				
A. Equity		12 479 062		13 594 560
I. Registered capital, thereof		3 000 000		3 000 000
a) Changes in registered capital				
II. Premium		37 875		37 875
III. Revaluation fund				
IV. Other capital funds		792 404		922 304
V. Reserve fund and other funds from profit		22 095		47 221
VI. Profit or loss brought forward		6 836 969		6 769 257
VII. Profit or loss for the financial year		1 789 719		2 817 903
B. Subordinated liabilities		556 982		557 001
C. Technical provisions		44 411 953		43 543 186
1. Provision for unearned premiums				
a) gross amount	5 427 818		5 160 006	
b) reinsurance share (-)	973 338	4 454 480	914 939	4 245 067
2. Life assurance provision				
a) gross amount	27 505 894		27 189 632	
b) reinsurance share (-)		27 505 894		27 189 632
3. Provision for outstanding claims				
a) gross amount	15 087 977		14 918 739	
b) reinsurance share (-)	6 196 707	8 891 270	6 116 666	8 802 073
4. Provision for bonuses and rebates				
a) gross amount	576 416		534 713	
b) reinsurance share (-)	8 806	567 610	14 339	520 374
6. Other technical provisions				
a) gross amount	2 992 699		2 786 040	
b) reinsurance share (-)		2 992 699		2 786 040
D. Life assurance technical provision where the investment risk is borne by the policyholders		4 220 201		3 761 643
a) gross amount	4 220 201		3 761 643	
b) reinsurance share (-)				
E. Provisions		85 009		94 248
1. Provisions for pensions and similar obligations		81 044		90 483
2. Provisions for taxation				
3. Other provisions		3 965		3 765
F. Deposits received from reinsurers		3 826 133		3 623 637

Description	2016	2015*
II. LIABILITIES		
G. Creditors	2 986 270	3 178 211
I. Payables arising from direct insurance operations, thereof	1 952 535	2 494 931
II. Payables arising from reinsurance operations, thereof	6 966	17 350
III. Debenture loans		
IV. Amounts owed to credit institutions, thereof	249	236
V. Other payables, thereof	993 598	634 044
a) Tax liabilities and payables due to social security and health insurance institutions	156 330	190 906
VI. Guarantee Fund of the Bureau		
VII. Loss prevention fund	32 922	31 650
H. Temporary liability accounts	1 469 588	1 711 026
I. Accrued expenses and deferred revenues	523 858	433 087
II. Other temporary liability accounts, thereof	945 730	1 277 939
a) Estimated payables	945 730	1 277 939
TOTAL LIABILITIES	70 035 198	70 063 512

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

Income statement for the year ended

(In thousands of Czech crowns TCZK)

Description	2016 Base	2016 Subtotal	2016 Result	2015* Result
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	23 673 239	x	x	x
b) outward reinsurance premiums (-)	5 189 755	18 483 484	x	x
c) change in the gross provision for unearned premiums (+/-)	281 723	x	x	x
d) change in the provision for unearned premiums, reinsurers' share (+/-)	58 399	223 324	18 260 160	17 396 894
2. Allocated investment return transferred from the non-technical account	x	x	879 985	950 154
3. Other technical income, net of reinsurance	x	x	1 155 137	285 581
4. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	14 180 624	x	x	x
bb) reinsurers' share (-)	2 589 465	11 591 159	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	-187 684	x	x	x
bb) reinsurers' share (-)	-23 335	-164 349	11 426 810	10 071 836
5. Changes in other technical provisions, net of reinsurance (+/-)	x	x	-112 267	-113 411
6. Bonuses and rebates, net of reinsurance	x	x	508 941	436 291
7. Net operating expenses:	x	x	x	x
a) acquisition costs	x	4 477 687	x	x
b) change in deferred acquisition costs (+/-)	x	-73 542	x	x
c) administrative expenses	x	756 166	x	x
d) reinsurance commissions and profit participation (-)	x	1 243 770	3 916 541	3 652 420
8. Other technical expenses, net of reinsurance	x	x	2 673 744	2 404 517
10. Sub-total on the technical account for non-life insurance	x	x	1 881 513	2 180 976
II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	x	8 658 154	x	x
b) outward reinsurance premiums (-)	x	879 511	x	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	x	-13 910	7 792 553	8 256 817
2. Income from investments:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	33 672	x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings	2 663	x	x	x
bb) income from other investments	1 134 806	1 137 469	x	x
c) value adjustments on investments	x	13 594	x	x
d) income from disposal of investments	x	601 604	1 786 339	2 851 016

Description	2016 Base	2016 Subtotal	2016 Result	2015* Result
3. Unrealised gains on financial placements	x	x	159 729	35 836
4. Other technical income, net of reinsurance	x	x	453 595	535 288
5. Other technical income, net of reinsurance	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	5 782 880	x	x	x
bb) reinsurers' share (-)	361 241	5 421 639	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	356 922	x	x	x
bb) reinsurers' share (-)	103 377	253 545	5 675 184	5 647 880
6. Changes in other technical provisions, net of reinsurance (+/-):	x	x	x	x
a) life assurance provisions:	x	x	x	x
aa) gross amount	316 262	x	x	x
bb) reinsurers' share (-)		316 262	x	x
b) other technical provisions, net of reinsurance	x	777 483	1 093 745	900 938
7. Bonuses and rebates, net of reinsurance	x	x	33 577	-940
8. Net operating expenses:	x	x	x	x
a) acquisition costs	x	1 915 152	x	x
b) change in deferred acquisition costs (+/-)	x	223 250	x	x
c) administrative expenses	x	258 805	x	x
d) reinsurance commissions and profit participation (-)	x	409 659	1 987 548	2 024 837
9. Expenses connected with investments:	x	x	x	x
a) investment management charges, including interest	x	73 349	x	x
b) value adjustments on investments	x	174 000	x	x
c) book value of disposed investments	x	598 792	846 141	1 609 301
10. Unrealised losses on investments	x	x	12 631	105 229
11. Other technical expenses, net of reinsurance	x	x	234 433	187 027
12. Allocated investment return transferred to the non-technical account (-)	x	x		
13. Sub-total on the technical account for life assurance	x	x	308 957	1 204 683
III. NON-TECHNICAL ACCOUNT	x	x	x	x
1. Result of the technical account for non-life insurance	x	x	1 881 513	2 180 976
2. Result of the technical account for life assurance	x	x	308 957	1 204 683

Income statement for the year ended

(In thousands of Czech crowns TCZK)

Description	2016 Base	2016 Subtotal	2016 Result	2015* Result
3. Income from financial placements:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	656 483	x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings	87 616	x	x	x
bb) income from other investments	441 568	529 184	x	x
c) value adjustments on investments	x	273 347	x	x
d) income from disposal of investments	x	4 701 689	6 160 703	6 018 130
4. Allocated investment return transferred from the technical account for life-assurance	x	x		
5. Expenses connected with investments:	x	x	x	x
a) investment management charges, including interest	x	177 426	x	x
b) value adjustments on investments	x	272 558	x	x
c) book value of disposed investments	x	4 830 733	5 280 717	5 067 976
6. Allocated investment return transferred to the technical account for non-life-insurance	x	x	879 985	950 154
7. Other income	x	x	31 399	18 620
8. Other expenses	x	x	76 890	74 170
9. Income tax on ordinary activities	x	x	353 489	510 378
10. Profit or loss on ordinary activities after tax	x	x	1 791 491	2 819 732
11. Extraordinary income	x	x		
12. Extraordinary expenses	x	x		
13. Extraordinary profit or loss	x	x		
14. Income tax on extraordinary activities	x	x		
15. Other taxes not shown under the preceding items	x	x	1 772	1 829
16. Profit or loss for the financial year	x	x	1 789 719	2 817 903

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

Statement of changes in equity for the year 2016

(In thousands of Czech crowns TCZK)

	Registered capital	Own shares	Share premium	Reserve funds	Social and other funds	Capital funds	Changes in valuation	Profit (loss)	Total
Balance at 1. 1. 2015*	3 000 000	0	37 875	600 000	49 669	790 903	285 897	9 235 344	13 999 688
Correction of fundamental errors									
FX gains (losses) and changes in valuation not included in the profit and loss statement							-154 496		-154 496
Net profit/loss for accounting period*)								2 817 903	2 817 903
Dividends								-3 015 522	-3 015 522
Transfers to funds				-600 000	50 565			549 435	
Reduction of funds					-53 013				-53 013
Shares issued									
Reduction in registered capital									
Own shares purchased									
Other changes									
BALANCE AT 31. 12. 2015*	3 000 000	0	37 875		47 221	790 903	131 401	9 587 160	13 594 560
Adjustments upon change of legislation*							-129 900	-277 383	-407 283
BALANCE AT 1. 1. 2016	3 000 000	0	37 875		47 221	790 903	1 501	9 309 777	13 187 277
Correction of significant errors									
Net profit/loss for accounting period								1 789 719	1 789 719
Dividends								-2 421 783	-2 421 783
Addition to funds					51 129			-51 129	
Reduction of funds					-76 254				-76 254
Shares issued									
Reduction in registered capital									
Own shares purchased									
Other changes						1 501	-1 501	104	104
BALANCE AT 31. 12. 2016	3 000 000	0	37 875		22 095	792 404		8 626 688	12 479 062

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

General information

I. General contents

I. 1. Description and principal activities

Kooperativa pojišťovna, a.s. Vienna Insurance Group ("the Company") was incorporated into the Commercial Register on 1 March 1993.

Identification number: 471 16 617.

The Company's shareholders as at 31 December 2016 are¹:

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	96.32%
VLTAVA majetkoprávní a podílová spol. s r. o., Prague	2.07%
Svaz českých a moravských výrobních družstev, Prague	1.61%

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

The Company provides 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 Prague 8

Members of the Board of Directors and Supervisory Board as at 31 December 2016:

MEMBERS OF THE BOARD OF DIRECTORS

CHAIRPERSON: **Ing. Martin Diviš, MBA**, Prague 6, Divoká Šárka 39, Czech Republic

MEMBERS: **JUDr. Hana Machačová**, Prague 4, Šeberov, Pod Vší 312, Czech Republic

RNDr. Petr Zapletal, MBA, Prague 4, Na Zahrádkách 307, Czech Republic

Jiří Sýkora, Hudlice, Jáchymovská 261, Czech Republic

Gary Wheatley Mazzotti, Statenice, Statenická 365, Czech Republic

Mgr. Filip Král, Prague 4, Krč, Hurbanova 2052/25, Czech Republic

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 - 92.64%; VLTAVA majetkoprávní a podílová spol. s r.o., Prague – 4.13%; Svaz českých a moravských výrobních družstev, Prague – 3.23%.

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 Sb., 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

CHAIRPERSON: **Prof. Elisabeth Stadler**, Langenlois, Höllgasse 32, Austria

VICE-CHAIR: **Dkfm. Karl Fink**, Vienna, Kurzbaugasse 5, Austria

JUDr. Rostislav Dvořák, Jihlava, Leoše Janáčka 746/10, Czech Republic

MEMBERS: **Ing. Roman Brablec**, Prague 6, Řepy, Španielova 1313/21, Czech Republic

Jan Wiesner, Prague 4, Michle, Podle Kačerova 1330/15, Czech Republic

Ing. Vratislav Kulhánek, Prague 2, Vinohrady, Jana Masaryka 708/12, Czech Republic

Mgr. Martin Laur, Kralupy nad Vltavou, Ladova 587, Czech Republic

Jan Růžička, Prague 5, nám. Pod lípou 6, Czech Republic

Eva Ducháčková, Prague 9, Vínůň, Dubanská 296, Czech Republic

Franz Fuchs, Maria Enzersdorf, Fürstenstrasse 43, Austria

Mag. Robert Lasshofer, Vienna, Roggegasse 54, Austria

Ing. Vladimír Mráz, Prague 7, U letenského sadu 1294/6, Czech Republic

Organisational structure and major changes to the organisational structure 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. It also comprises organisational units on the level of its headquarters, centres and agencies.

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., Civil Code, Act No. 38/2004 Coll., on Insurance Intermediaries and Independent Loss Adjusters, as amended, Act No. 168/1999 Coll., on Liability Insurance for Losses Caused by the Operation of a Motor Vehicle, as amended (“the Act on Motor Third-Party Liability Insurance”), including applicable implementing regulations, and with other legislation in force.

I. 3. Basis of preparation of the financial statements

The accounting records of the Company are maintained and the financial statements of the Company have been prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended, with Regulation No. 502/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for accounting units, which are insurance companies, as amended (“Regulation No. 502/2002 Coll.”), and with the Czech Accounting Standards for accounting units that maintain their accounting records in compliance with Regulation No. 502/2002 Coll., as amended, and other relevant legislation.

The above legislation was amended on 1 January 2016 and some of the accounting policies described in Note I.5 changed. The accounting records of the Company are maintained in such a manner that the financial statements prepared based on these records present a true and fair picture of the accounting and financial position of the Company.

The financial statements are based on the assumption that the accounting unit will carry on its activity without any interruption and no events have occurred since which would restrict or prevent the accounting unit from carrying on this activity also in the foreseeable future.

I. 4. Significant accounting policies

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost.

Tangible fixed assets costing less than TCZK 40, also known as minor tangible fixed assets, are subject to write-offs for 3 years. 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 %
Goodwill	straight-line	20.0
Software	straight-line	25.0
Other intangible fixed assets	straight-line	16.7–100.0
Tangible operational fixed assets class I and II	straight-line	16.7–25.0
Tangible operational fixed 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 depreciated, while buildings are subsequently depreciated using the straight-line basis over their estimated useful lives. Depreciations and potential impairment are presented in the income statement under investment management charges.

Fixed assets	Method	Depreciation rate in %
4 depreciation group – 30 years – 3.3%	straight-line	3.33
5 depreciation group – 45 years – 2.25%	straight-line	2.25
6 depreciation group – 50 years – 2.00%	straight-line	2.00

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

Investment 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.

Participating interests with significant influence are participations in associates in which the Company exercises significant influence. The Company exercises significant influence if it holds, directly or indirectly, at least 20% of another company's registered capital or voting rights, unless it exercises controlling influence over that company or clearly demonstrates that it is unable to exercise significant influence.

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

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

Debt securities

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

Acquisition cost is the amount for which a debt security has been acquired. It 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 from the date of acquisition to their maturity based on the effective interest rate method.

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 market value derived from quoted market mid prices declared on the domestic or foreign stock market or on any other public (organised) market. The Company applies the most recent published market price as at the date of the financial statements (balance sheet date) or as close as possible to this day. If there is no available price or if it does not sufficiently represent fair value, fair value is determined based on a qualified estimate. In its models for defining the securities' fair value, the Company uses only available market data. Valuation models take into account the common market conditions as of the valuation day, which may not reflect the market situation before or after this day.

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 reports bonds held to maturity as at the balance sheet date in amortized cost.

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

Where debt securities are denominated in a foreign currency, their value is translated based on the current exchange rate published by the Czech National Bank ("CNB"). The appropriate exchange rate difference is recognized in the income statement.

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 market value derived from quoted market mid prices declared on the domestic or foreign stock market or on any other public (organised) market. The Company applies the most recent published market price as at the date of the financial statements (balance sheet date) or as close as possible to this day. If there is no available price or if it does not sufficiently represent fair value, fair value is determined based on a qualified estimate. In its models for defining the securities' fair value, the Company uses only the available market data. Valuation models take into account the common market conditions as of the valuation day, which may not reflect the market situation before or after this day. A change in the fair value of shares or other variable-yield securities is recognised in the income statement.

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

Deposits with financial institutions

Deposits with financial institutions are initially recognised at nominal value. At the balance sheet date, their nominal value is accrued-interest-adjusted.

Deposits denominated in foreign currency are translated based on the current exchange rate published by CNB and the appropriate exchange rate difference is recognised in the income statement.

Derivatives

Derivatives are valued at fair value. Fair values are obtained from quoted market mid prices, discounted cash-flow models and options pricing models using only observable market data as appropriate. The valuation models reflect current market conditions as at the measurement date, which may not fully represent market conditions either before or after the measurement date. As at the balance sheet date, management reviews its models to ensure that they appropriately reflect current market conditions, including the relative liquidity of the market and credit spreads.

All derivatives are presented under "other investment".

Changes in the fair value of derivatives held for trading are included within the revaluation gains/losses on investments in the income statement.

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 presented as other financial placement.

(c) Investments for the benefit of life assurance policyholders bearing the investment risk

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

At the balance sheet date, investments for the benefit of life assurance policyholders bearing the investment risk are revalued at their fair value. In order to preserve a true and fair view of the Company's result for the year, all changes resulting from the revaluation at fair value are reflected in the Company's income statement.

(d) Adjustments

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

Adjustments to receivables from policyholders are calculated based on an analysis of their recoverability.

Adjustments are created generally based on the ageing analyses of the receivables. The risk of non-payment of specific receivables is also reflected.

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

(e) Impairment of assets

At the balance sheet date, the Company assesses whether assets 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 acquisition costs incurred during the current financial year relating 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 insurance.

Non-life insurance

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

Life assurance (traditional products)

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

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

Acquisition costs for unit linked life insurance policies are deferred via the direct calculation of the present value of future fees to cover initial costs and costs associated with insurance policy acquisition, which are reimbursed in the monthly fee from the account of the policyholder in the first years of insurance. Costs associated with an increase in premiums for existing insurance policies 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 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. Any change of the accumulated debt from unit-linked assurance is recognised through the income statement.

At the end of the accounting period, the Company assesses the adequacy of the amount of the accumulated debt by determining the provision for liabilities arising from the applied technical interest rate. The life assurance provision is reduced by a respective share of outstanding acquisition costs as well as a respective share of intangible assets and includes a reduction by accumulated debt. The impairment amounted to TCZK 164 400 this year.

(h) Income tax

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

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

A deferred tax asset is recognized only if there is no doubt that future taxable profits against which this asset can be utilized will be available.

(i) Provision for unearned premiums

The provision for unearned premiums comprises the part of gross premiums written of individual life and non-life insurance contracts that is to be allocated to subsequent accounting periods. The Company uses the pro-rata temporis method to estimate the provision.

(j) Life assurance provision

The provision is created with reference to individual life insurance policies. The life assurance provision represents future liabilities calculated with actuarial methods including declared and allocated profit shares 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 policies. These costs are included within the life assurance provision through actuarial methods after eliminating temporary negative balances, which are capitalised and presented as deferred acquisition costs. The acquisition costs are capitalised and deferred in accordance with the prudence principle and take into account the risk of lapses and cancellations.

(k) Provision for outstanding claims

The provision for outstanding claims is not discounted to reflect the fair value of money (with the exception of the provision for annuities) and covers the following:

- ▶ insurance claims incurred and reported in the accounting period but not yet settled (RBNS);
- ▶ insurance claims incurred in the accounting period but not yet reported (IBNR).

The amount of RBNS provision represents the sum of all amounts calculated for individual claims. The provision for outstanding claims is reduced by an estimate of the value of salvage and subrogation and similar recoveries. In case of litigation, the Company creates a provision in the full amount involved in the suit.

The fair value of the IBNR provision is determined using actuarial 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 and underwriting years.

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

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 accounting rules of the Company.

(l) Provision for bonuses and rebates

A provision for bonuses and rebates is created in accordance with insurance policies.

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

(m) Other technical provisions

Provision for liabilities arising from the applied technical interest rate

As at the balance sheet date, the Company calculates the value of the provision for liabilities arising from the applied technical interest rate to determine a sufficient amount of life assurance provision that will meet its liabilities arising from concluded insurance contracts. At the same time, the Company takes 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, the minimum value of insurance liabilities is calculated (using the best estimate of the future development of input assumptions adjusted by a risk margin). In order to improve the financial basis and to mitigate any accounting discrepancies in the determination of the minimum value of liabilities for all life assurance products other than any unit-linked products, the not yet recorded revenues on held-to-maturity assets to cover life assurance provisions are taken into account. The Company compares the minimum value of insurance liabilities with the total sum of life assurance provisions, provisions for unearned premiums, life assurance provisions where the investment risk is borne by the policyholder, provisions for outstanding claims, non-life insurance provisions if established by the life assurance section of the Company, and provisions for bonuses and rebates (the total sum of the above provisions is below referred to as the „life assurance provisions“) reduced by the respective unamortised deferred acquisition costs and other related corresponding intangible assets (e.g. accumulated debt). Where the minimum value of insurance liabilities exceeds the life assurance provision reduced by the respective outstanding acquisition costs and by the respective intangible assets, the provision for liabilities arising from the applied technical interest rate and other calculation parameters established by the Company will amount to the difference between the minimum value of insurance liabilities and the life assurance provision reduced by the respective outstanding acquisition costs and by the respective intangible assets.

The change in this provision is presented under II.6.b) in the income statement.

Provision for liabilities of the Bureau

This provision represents an additional motor third party liability (“MTPL”) provision created by the Company to cover a proportion of the liabilities of the Czech Insurers’ Bureau (the “Bureau”) resulting mainly from a deficit of assets to cover the liabilities of the Bureau and to contribute to the Bureau’s guarantee fund and it is created using information known as at the balance sheet date. The provision changes proportionally based upon the Company’s share of the MTPL market and the estimated deficit of the Bureau.

(n) Life assurance provision where the investment risk is borne by policyholders

The life assurance provision where the investment risk is borne by policyholders is intended to cover the liabilities of the Company towards policyholders and insured persons in those lines of the life assurance business where, based on an insurance policy, the investment risk is borne by policyholders.

The provision is determined as the sum of liabilities due to insured persons in the amount of their shares of invested premiums from individual life assurance contracts in accordance with the principles included in the insurance contracts. When life assurance with the investment risk borne by policyholders also includes the payment of a guaranteed amount, this liability is included within the life assurance provision.

(o) Reinsurance share on technical provisions

Technical provisions are presented as a net liability, i.e. after the 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 on 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 that are clearly defined and whose occurrence is either probable or certain but whose amount or timing are uncertain.

Provision for taxes

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

Employee Benefits Provision

At the balance sheet date, the provision includes the earned part of employee benefits due to departing employees. The applied actuarial methods include a valorisation according to the expected increase in wages and the probability of survival and leaving a function. A risk-free interest rate adjusted by risk and insecurity margins is used.

(q) Gross premiums written

Gross premiums written comprise all amounts written for the insurance period at the date when the insurance coverage starts (also already paid in the case of unit-linked assurance) during the financial year in respect of insurance contracts, regardless of the fact that such amounts may relate in whole or in part to future financial years.

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 contacts.

(t) Staff costs, pensions and social fund

On behalf of its employees, the Company contributes to a defined contribution pension plan and a capital life insurance 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 Regulation No. 502/2002 Coll. Under this method, individual items are grouped according to the class of insurance to which they relate. For items that cannot be allocated directly, the Company uses 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 that are directly related to life assurance activities are recorded in the technical account for life assurance.

Other expenses and income from investments that are not related to life assurance activities are recorded initially in the non-technical account and subsequently transferred 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 the relevant technical account of acquisition costs, claim handling costs and investment costs – when 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 exchange rate effective as at the transaction date or at the rate at which the transaction was realised.

At the balance sheet date, foreign currency assets and liabilities are translated at the CNB official rate on that date. Unless stated otherwise, foreign currency gains and losses are recorded in Company's income statement.

(x) Consolidation

Pursuant to Section § 38a of the Regulation No. 502/2002 Coll., the financial statements of the Company have been included in the consolidated financial statements of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe with its registered office in Austria, prepared in compliance with International Financial Reporting Standards. The consolidated financial statements of the parent Company will be published in accordance with Sections 22aa (2c) and 21a of the Act on Accounting.

I. 5. Change in accounting policies and procedures

The Company adjusted the valuation of selected items from investments as at 1 January 2016 based on the amendments to legal regulations stated in note I.3. As no transitional provisions were adjusted in the respective amendment, all of the following changes were carried out in compliance with generally accepted accounting principles as follows:

Land and buildings

Until the end of 2015, land and buildings were carried at fair value. Effective from 2016, these items are valued in accordance with note I.4 (b). The Company carried out a one-off offset of the revaluation difference recognised in A.IV. Other capital funds as at 31 December 2015 against C.I. Land and buildings. Furthermore, the Company recognized cumulative accumulated depreciation since the classification of properties until the end of 2015 against A.VI. Retained earnings from previous years.

Securities held to maturity

All securities held to maturity have been valued at amortised cost since 2016 in accordance with note I.4.(b) and presented

in C.III.2.b) Securities held to maturity in the Company's balance sheet. These securities include securities that were revalued at fair value until 2015 in the Company's balance sheet. The Company carried out a one-off offset of the revaluation difference recognised in A.IV. Other capital funds as at 31 December 2015 against C.III.2.b) Securities held to maturity.

Investments in affiliated undertakings and participating interests

Until the end of 2015, the Company was obliged to carry participating interests at fair value. Effective from 2016, these items are valued in accordance with note I.4.(b). The Company carried out a one-off offset of the revaluation difference recognised in A.IV. Other capital funds as at 31 December 2015 against C.II. Investments in affiliated undertakings and participating interests. Furthermore, the Company fixed the impact of the exchange rate based revaluation of participating interests as at 31 December 2015.

Artworks and collections

Until the end of 2015, artworks and collections were carried at fair value. Effective from 2016, these items are valued in accordance with note I.4.(b). The Company carried out a one-off offset of the revaluation difference recognised in A.IV. Other capital funds as at 31 December 2015 against „C.III. Other investments“.

Technical provisions

As it has sufficient experience with the motor third party liability insurance product, the Company adjusted the currently applied model for IBNR calculation. Annuities and other claims (split into groups according to financial limits) are now calculated separately. Individual portfolio groups (retail/fleets) are also calculated separately. The change was reflected as at 1 January 2015 retrospectively.

The impact of all changes on the Company's financial statements is depicted in the table below. Changes arising from technical provisions were reflected directly in the Company's financial statements, as adjustments of comparable items as at 31 December 2015.

The impact of method change

1. 1. 2015	As previously reported	Adjustments	As restated
Assets	69 386 369	108 691	69 495 060
E. II. Receivables arising from reinsurance operations	39 935	108 691	148 626
Liabilities	69 386 369	108 691	69 495 060
A.VI. Retained earnings from previous years or accumulated losses from previous years	6 366 275	204 402	6 570 677
C.3 a) Technical provisions – provision for outstanding claims - gross	15 916 425	-257 994	15 658 431
C.3 a) Technical provisions – provision for outstanding claims – reinsurance share	6 825 740	-114 337	6 711 403
Creditors	2 997 733	47 946	3 045 679

The impact of method change

31. 12. 2015	As previously reported	Adjustments	As restated
Assets	69 954 821	108 691	70 063 512
E. II. Receivables arising from reinsurance operations	11 564	108 691	120 255
Liabilities	69 954 821	108 691	70 063 512
A.VI. Retained earnings from previous years or accumulated losses from previous years	6 564 855	204 402	6 769 257
C.3 a) Technical provisions – provision for outstanding claims - gross	15 176 733	-257 994	14 918 739
C.3 a) Technical provisions – provision for outstanding claims – reinsurance share	6 231 003	-114 337	6 116 666
G.V. Creditors	3 130 265	47 946	3 178 211

	31. 12. 2015	Adjustments	1. 1. 2016
Assets	70 063 512	-476 136	69 587 376
C.I. Land and buildings	1 794 254	-208 575	1 585 679
C.III.2.b) Securities held to maturity	37 244 672	-313 899	36 930 773
C.II. Investments in affiliated undertakings and participating interests	8 072 947	125 478	8 198 425
C.III. 7 Other investments	177 186	-79 140	98 046
Liabilities	70 063 512	-476 136	69 587 376
G.V. Creditors	3 178 211	-68 853	3 109 358
▶ Land and buildings		-53 212	
▶ Securities		-15 641	
A.IV. Other capital funds	922 304	-129 900	792 404
▶ Land and buildings		138 889	
▶ Securities		-298 258	
▶ Investments in affiliated undertakings and participating interests		108 609	
▶ Other investments		-79 140	
A.VI. Retained earnings from previous years or accumulated losses from previous years	6 769 257	-277 383	6 491 874
▶ Land and buildings		-294 252	
▶ Investments in affiliated undertakings and participating interests		16 869	

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, currency risk, interest rate risk, liquidity risk, insurance risk, compliance risk, fiscal risk, regulation risk and solvency. The Company's policies and procedures in respect of managing these risks are set out below.

(a) Strategy in using financial instruments

The nature of the Company's operations involves the managed acceptance of risks arising from the underwriting of policies that incorporate financial guarantees and commitments. To mitigate the risk that these guarantees and commitments are not met the Company purchases financial instruments that in their nature and term broadly match the expected policy benefits payable.

The composition of the portfolio of investments is governed by the nature of the insurance liabilities, the expected rate of return applicable to each class of asset and the capital available to meet the price fluctuations of each asset class.

In addition to the insurance risk arising from the underwriting of policies, the Company is exposed to a number of risk factors including market risk, credit risk, foreign currency risk, interest rate risk and liquidity risk. These are discussed in more detail below. The Company also utilises various financial instruments to mitigate foreign currency and interest rate risk or, conversely, to maximise the return from investments.

(b) Market risk

The Company is exposed to market risks. Market risks arise from trading positions in interest rates, currency and equity instruments and properties, all of which are exposed to common and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Board of Directors sets the strategy for the portfolio characteristics and the limits on the level of risk that may be accepted, monitored on a daily basis. Investments are invested by observing the prudent investment principle in accordance with currently valid Czech insurance legislation. Limits are set on individual financial investments while counterparty risks are respected.

However, this approach does not prevent losses outside of these limits due to more significant market movements. In the case of unit-linked products, the market risk is fully borne by the policyholder.

(c) Credit risk

The Company is exposed to credit risk that arises 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 annual checks of financial and other information, to mitigate the associated credit risk of dealing with these intermediaries. The Company uses reinsurance in managing insurance risk. However, this does not discharge the Company from its liability as primary insurer, as if a reinsurer for whatever reason fails to pay a claim, the Company remains liable for the payment to the policyholder. The Company periodically monitors the creditworthiness of reinsurers. Reinsurers are selected from an internal list, which is issued and regularly updated by a special VIG-level working group. The Company determines the maximum acceptable cession limits for individual reinsurers based on the type of business and type of reinsurance policy.

Reinsurers are split into two general groups by the type of business. For each of the groups there is a mandatory condition of inclusion on a valuation list by reputable rating agencies with at least a minimal required rating level. Participation by reinsurers not included in the list can exceptionally be approved by the above-mentioned working group or by the management of the Company, based on the importance of the relevant situation.

When deciding on the structure of investments, the Company assesses the creditworthiness of counterparties or issuers, which is also subject to subsequent regular review. The Company sets maximum limits for individual types of financial instruments and counterparties.

(d) Currency risk

Company assets and liabilities are denominated primarily in domestic currency. The company ensures that its net exposure against currency risk is kept at acceptable level. Currency risk is also limited by using financial derivatives.

(e) Interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Such changes may result in both growth and decrease of the investment return. As a part of its investment strategy, the Company insulates itself from possible losses by controlling its rate of return that cannot decrease below the level of a technical interest rate. Based on a cash-flow-based analysis and analysis of income, the Company creates a portfolio of securities in such a manner that their value is in line with the value of liabilities, upon a change in the interest rate.

(f) Liquidity risk

The Company is exposed to daily calls on its available cash resources from insurance claims, maturing policies and policy surrenders. Liquidity risk means the risk that payment of obligations may not be met on time and at a reasonable cost.

In compliance with the valid legislation, the Company maintains a sufficient portion of its investments in liquid and secure financial instruments, which are used to cover insurance claims, maturities and surrenders.

The Company monitors regularly, i.e. on a monthly basis, the level of premium receivables and the credit rating of its borrowers. The Company evaluates its cash flows on a daily basis and performs an analysis at regular weekly meetings. Liquid financial instruments are held to meet the cash requirements for claims, maturities and surrenders payments.

(g) Insurance risk

Insurance risk is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Insurance risk includes the following risks:

- ▶ occurrence risk – the possibility that the number of insured events will differ from the expected number;
- ▶ severity risk – the possibility that the costs of the events will differ from the expected costs;
- ▶ provision risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of a policy period.

The Company manages insurance risk through the following:

- ▶ the use of reinsurance to limit the Company's exposure to large single claims and catastrophes;
- ▶ the maintenance and use of sophisticated management information systems that provide up to date, reliable data on the risks to which the business is exposed at any point in time;
- ▶ the use of prudent underwriting contracts.

The nature of the insurance business is such that a number of assumptions have been made in the compilation of the financial statements. These include assumptions on investment returns, lapse rates, mortality rates and expenses in connection with policies currently in force.

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

(h) Compliance and fiscal risk, regulation and solvency

Adherence to regulatory requirements is monitored by internal compliance managers. Regular reports are also submitted to the Board of Directors.

Compliance risk includes the possibility that transactions may not be enforceable under applicable law or regulations. In addition, it includes the cost of the rectification and fines, and the possibility that changes in law or regulations could adversely affect the Company's position. The Company seeks to minimise compliance risk by ensuring that transactions are properly authorised and by submitting new or unusual transactions to legal advisers for review.

Fiscal risks arise from changes in tax laws and enforcement contracts and in the authorities' reviews of the tax positions taken by the Company. This risk and risks associated with changes in other legislation and regulations are managed through the ongoing review of proposed changes to tax legislation by relevant departments and by membership in relevant trade and professional committees that comment on drafted proposals.

The Solvency capital requirement established by the regulator upon the effectiveness of Solvency II is in force for insurers. It is set to reinforce safeguards for the interests of policyholders, which primarily concern the ability to meet future claims payments to policyholders. The capital measures the excess of the value of the insurer's assets over the value of its liabilities, increased by the value of equity capital and value of subordinated debt, each element being determined in accordance with the applicable valuation rules. Throughout the year, this capital must be higher than the required level.

II. Additional disclosures in respect of the balance sheet**II. 1. Intangible fixed assets**

Intangible fixed assets of the Company as at 31 December 2016 comprise the following items:

	Software	Goodwill	Other intangible fixed assets	Total
Acquisition cost at 1./1./2016	661 765	3 068 798	393 239	4 123 802
Additions	112 307	0	0	112 307
Disposals	398	0	3 846	4 244
Acquisition cost at 31/12/2016	773 674	3 068 798	389 393	4 231 865
Accumulated depreciation at 1/1/2016	568 354	3 068 798	380 651	4 017 803
Amortization expense	93 487	0	740	94 227
Disposals	398	0	0	398
Accumulated depreciation at 31/12/2016	661 443	3 068 798	381 391	4 111 632
Net book value at 1/1/2016	93 411	0	12 588	105 999
Net book value at 31/12/2016	112 231	0	8 002	120 233

II. 2. Investment

(a) Land and buildings (real estate)

2016	Operating land	Operating buildings	Non-operating land	Non operating buildings	Total
Acquisition cost as at 1/1/2016	220 644	2 205 137	28 904	87 073	2 541 758
Additions	104	13 744	100	218	14 166
Disposals	0	381	99	1 528	2 008
Acquisition cost as at 31/12/2016	220 748	2 218 500	28 905	85 763	2 553 916
Accumulated depreciation at 1/1/2016	0	949 829	0	6 250	956 079
Depreciation expense	0	127 913	0	4 596	132 509
Disposals	0	78 779	0	2 048	80 827
Accumulated depreciation as at 31/12/2016	0	998 963	0	8 798	1 007 761
Net book value at 1/1/2016	220 644	1 255 308	28 904	80 823	1 585 679
Net book value at 31/12/2016	220 748	1 219 537	28 905	76 965	1 546 155

Valuation of land and buildings was adjusted as at 1 January 2016 in line with the method described under I.5.

Fair value	Operating land	Operating buildings	Non-operating land	Non operating buildings	Total
2016	248 067	1 446 254	31 841	69 453	1 795 615
2015	248 540	1 437 367	27 399	80 948	1 794 254

(b) Investment affiliated undertakings and participating interests

Participating interests with controlling influence

2016	Share on registered capital in %	Acquisition cost	Fair value	Total Registered capital	Total Equity	Profit or loss for the financial year	Dividend income/profit share
KIP, a.s.	100	182 219	240 660	179 877	240 660	7 591	7 000
SURPMO, a.s.	100	1 358	2 561	2 079	2 561	185	0
S-budovy, a.s.	100	45 710	76 971	70 000	76 971	1 340	1 100
S-správa nemovitostí, a.s.	100	1 306	12 091	2 000	12 091	1 628	2 850
Benefita, a.s.	100	17 000	13 660	12 665	13 660	899	0
Global Expert, s.r.o.	100	200	10 406	200	10 406	3 127	1 000
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group*	100	3 696 340	3 696 340	1 000 000	2 481 880	440 636	388 000
KAPITOL pojišťovaci a finanční poradenství, a.s.*	70	203 745	203 745	20 000	82 274	8 339	4 200
AIS Servis, s.r.o.*	70	108 175	108 175	7 400	44 489	18 663	20 919
VIG ND, a.s.***	88,29	2 430 899	2 098 831	2 391 000	2 377 217	32 895	11 402
VIG RE zajišťovna, a.s.**	10	250 000	375 025	2 500 000	3 750 248	460 125	43 475
Pojišťovna České spořitelny, a.s., Vienna Insurance Group*	5	501 296	501 296	1 900 100	3 848 076	1 030 569	28 405
VIG FUND, a.s.**	16,70	712 700x	731 529	3 425	4 117 570	166 785	13 925
Total	N/A	8 150 948	8 071 290	N/A	N/A	N/A	527 289

* fair value cannot be defined objectively, therefore fair value equals acquisition costs

** data are based on the unaudited final accounts as at 31 December 2016

*** The Company carried out a permanent impairment of investment to its fair value as at the end of the year with respect to the rental decline of the building in ownership of VIG ND, a.s., which was reflected in its lower fair value.

x – the accounting value is affected by a change in the exchange rate as at the Company's financial statements and amounts to TCZK 729 426 as at 31 December 2016.

The above companies in which the Company's share in registered capital does not exceed 20% are considered parties controlled by concerted practises between other VIG companies.

The valuation of participating interests with controlling influence was adjusted as at 1 January 2016 in line with the method described under I.5.

2015	Share on registered capital in %	Acquisition cost	Fair value	Total Registered capital	Total Equity	Profit or loss for the financial year	Dividend income/profit share
KIP, a.s.	100	182 219	240 069	179 877	240 069	14 826	12 000
SURPMO, a.s.	100	1 358	2 381	2 079	2 381	-514	0
S-budovy, a.s.	100	45 710	76 731	70 000	76 731	1 298	1 000
S-správa nemovitostí, a.s.	100	1 306	13 485	2 000	13 485	3 339	12 000
Benefita, a.s.	100	17 000	12 761	12 665	12 761	1 460	0
Global Expert, s.r.o.	100	200	10 754	200	10 754	3 733	1 000
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group*	100	3 696 340	3 696 340	1 000 000	2 470 885	401 925	399 000
KAPITOL pojišťovací a finanční poradenství, a.s.*	70	203 745	203 745	20 000	80 293	4 336	20 020
AIS Servis, s.r.o.*	70	108 175	108 175	7 400	56 257	20 524	27 090
VIG ND, a.s.	79,03	2 430 899	2 099 940	2 671 000	2 657 006	12 915	46 482
VIG RE zajišťovna, a.s.	10	250 000	370 553	2 500 000	3 642 564	511 096	38 676
Pojišťovna České spořitelny, a.s., Vienna Insurance Group*	5	501 296	501 296	1 900 100	3 621 322	790 038	29 156
VIG FUND, a.s.	17,09	669 047	662 456	3 425	3 561 219	54 644	0
Total	N/A	8 107 295	7 998 686	N/A	N/A	N/A	586 424

* fair value cannot be defined objectively, therefore fair value equals acquisition costs

VIG ND, a.s. was established by the transformation of V.I.G. ND, uzavřený investiční fond a.s. into a business corporation without the statute of an investment fund. The transformation became fully effective and came into force as at 1 January 2015. The above companies in which the Company's share in registered capital does not exceed 20% are considered parties controlled by concerted practises between other VIG companies.

Participating interests with significant influence

2016	Share on registered capital in %	Acquisition cost	Fair value	Total Registered capital	Total Equity	Profit or loss for the financial year	Dividend income/profit share
GLOBAL ASSISTANCE a.s.	40	74 262	74 262*	10 000	102 223	52 275	21 844
Celkem	N/A	74 262	74 262	N/A	N/A	N/A	21 844

* fair value cannot be defined objectively, therefore fair value equals acquisition costs

The valuation of participating interests with significant influence was adjusted as at 1 January 2016 in line with the method described under I.5.

2015	Share on registered capital in %	Acquisition cost	Fair value	Total Registered capital	Total Equity	Profit or loss for the financial year	Dividend income/profit share
GLOBAL ASSISTANCE a.s.	40	74 261	74 261*	10 000	104 571	64 246	25 277
Total	N/A	74 261	74 261	N/A	N/A	N/A	25 277

* fair value cannot be defined objectively, therefore the participations are reported in acquisition costs.

Debt securities issued by enterprises, where the accounting unit exercises controlling or significant influence and loans and credits

	Fair value		Amortized value		Acquisition cost	
	2016	2015	2016	2015	2016	2015
Granted loans (controlled persons)	197 999	0	197 999	0	197 505	0
Total	197 999	0	197 999	0	197 505	0

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

	Fair value		Acquisition cost	
	2016	2015	2016	2015
Other				
Listed on a recognized CR exchange	39 288	35 997	32 209	32 209
Listed elsewhere	2 526 013	1 917 768	2 312 874	1 916 197
Unlisted	2 998 868	3 185 594	3 221 066	3 382 861
Total	5 563 739	5 137 359	5 566 149	5 331 267

(d) Debt securities valued at fair value through profit and loss and available for sale securities

	Fair value		Acquisition cost	
	2016	2015	2016	2015
Issued by financial institutions				
Listed on a recognized CR exchange	464 623	363 312	393 241	294 241
Listed elsewhere	374 746	178 334	368 984	173 882
Unlisted	222 405	0	225 000	0
Issued by non-financial institutions				
Listed on a recognized CR exchange	50 603	30 610	49 805	29 875
Listed elsewhere	238 281	83 395	231 076	79 395
Issued by government sector				
Listed on a recognized CR exchange	105 153	125 060	103 879	123 861
Listed elsewhere	26 828	285 528	29 848	213 239
Other				
Listed on a recognized CR exchange	504 825	513 106	505 938	512 211
Listed elsewhere	410 820	412 941	401 775	401 775
Total	2 398 284	1 992 286	2 309 545	1 828 479

(e) Securities held to maturity

	Fair value		Amortized value		Acquisition cost	
	2016	2015	2016	2015	2016	2015
Issued by financial institutions						
Listed elsewhere	342 999	339 896	272 591	272 584	269 907	269 907
Issued by non-financial institutions						
Listed elsewhere	93 483	93 819	83 870	84 277	83 850	83 850
Issued by government sector						
Listed on a recognized CR exchange	43 291 854	42 684 882	34 090 821	33 695 933	33 403 002	33 215 630
Other						
Listed on a recognized CR exchange	2 623 940	2 802 068	2 377 744	2 602 081	2 464 836	2 657 036
Unlisted	198 526	286 486	192 030	275 897	204 218	286 578
Total debt securities held to maturity	46 550 803	46 207 150	37 017 056	36 930 773	36 425 812	36 513 001

(f) Depozita u finančních institucí

	Fair value		Acquisition costs	
	2016	2015	2016	2015
Deposits	0	3 030 100	0	3 030 100
Total	0	3 030 100	0	3 030 100

(g) Ostatní investice

	Nominal value/ Acquisition costs		Fair value	
	2016	2015	2016	2015
Forwards	1 404 304	1 228 790	-19 111	26 986
Works of art	71 060	71 060	150 200	150 200
Total	N/A	N/A	131 089	177 186

All derivatives used in the Company are foreign currency derivatives. Their fair value changes are based on the development of foreign exchange rates of USD and EUR to CZK from currency hedge to revaluation at the end of the accounting period.

II. 3. Investments for the benefit of life assurance policyholders bearing the investment risk

Description	Fair value	
	2016	2015
Shares and other variable-yield securities	4 220 201	3 761 643
Total	4 220 201	3 761 643

II. 4. Currency structure of the investments

Currency	Variable-yield securities	Fixed income securities	Deposits and another financial placements	Securities where the investment risk is borne by the policyholders
	2016	2016	2016	2016
CZK	2 962 366	39 233 811	8 983 744	2 862 140
EUR	1 072 872	154 702	729 426	1 358 061
GBP	45 266	0	0	0
USD	1 483 235	0	0	0
PLN	0	26 828	0	0
Total	5 563 739	39 415 341	9 713 170	4 220 201

Currency	Variable-yield securities	Fixed income securities	Deposits and another financial placements	Securities where the investment risk is borne by the policyholders
	2015	2015	2015	2015
CZK	2 484 177	38 791 541	12 419 231	2 601 326
EUR	1 435 255	416 589	662 456	1 160 317
GBP	41 502	0	0	0
USD	1 176 425	0	0	0
PLN	0	28 828	0	0
Total	5 137 359	39 236 958	13 081 687	3 761 643

II. 5. Receivables

As at 31 December 2016	Receivables from policy holders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	205 377	1 256	29 950	307 605	544 188
Overdue	1 580 012	17 090	0	3 248	1 600 350
Total	1 785 389	18 346	29 950	310 853	2 144 538
Adjustment	-495 811	-7 307	0	-3 249	-506 367
Total net	1 289 578	11 039	29 950	307 604	1 638 171

As at 31 December 2015	Receivables from policy holders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	177 108	3 314	120 255	429 333	730 010
Overdue	1 652 026	32 062	0	3 595	1 687 683
Total	1 829 134	35 376	120 255	432 928	2 417 693
Adjustment	-488 181	-22 603	0	-3 595	-514 379
Total net	1 340 953	12 773	120 255	429 333	1 903 314

(a) Other receivables

	2016	2015
Inter-company receivables	41 441	19 510
Deferred tax assets	72 453	46 792
Income tax prepayments	59 824	59 841
Other provided prepayments	112 585	268 496
Other receivables	21 301	34 693
Total other receivables	307 604	429 332

II. 6. Other assets

(a) Tangible fixed assets

	Total
Acquisition cost as at 1/1/2016	772 556
Additions	113 242
Disposals	58 182
Acquisition cost as at 31/12/2016	827 616
Accumulated depreciation at 1/1/2016	467 940
Depreciation expense	81 620
Disposals	55 677
Accumulated depreciation as at 31/12/2016	493 883
Net book value at 1/1/2016	304 616
Net book value as at 31/12/2016	333 733

II. 7. Temporary asset accounts

Deferred acquisition costs for life insurance policies	2016	2015
Classic life insurance	3 286	4 888
Unit-linked life insurance	2 332 283	2 553 931
Total	2 335 569	2 558 819

Other temporary assets accounts	2016	2015
Reinsurance estimated receivables	354 312	358 927
Other estimated receivables	90 032	52 908
Accumulated debt	2 183 938	1 979 962
Other	108 832	143 388
Total	2 737 114	2 535 185

Estimated receivables arising from reinsurance operations

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

II. 8. Equity

(a) Registered capital

Issue	Nominal value	Number of securities	Total volume
Ordinary shares fully paid	100	14 998	1 499 800
Ordinary shares	94.1	1	94
Ordinary shares of CZK 29 500 fully paid	29.5	1	30
Ordinary shares of CZK 76 400 fully paid	76.4	1	76
Preference shares of CZK 100 000 fully paid	100	15 000	1 500 000
Total		30 001	3 000 000

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

(b) Other capital funds

Other capital funds comprise shareholder's add-on and result of previous mergers.

	2016	2015
De-posting the balance of valuation difference arising from revaluation of investment upon change of legislation described under I.5.	-128 274	0
De-posting deferred tax arising from revaluation of investment upon change of legislation described under I.5	-1 626	0
Balance as at 1/1	792 404	1 076 800
Change in fair value of investment	0	-128 415
De-posting the balance of valuation difference arising from revaluation of investment in income statement upon revaluation, permanent value reduction or upon maturity	0	-30 666
Change in deferred tax	0	4 585
Balance as at 31/12	792 404	922 304

(c) Planned distribution of current period profit

Profit from the current period	1 789 719
Transfer to social fund	51 774
Transfer from retained earnings	191 710
Dividends	1 546 235
Total	1 789 719

II. 9. Technical provisions

(a) Provision for unearned premiums (gross)

	2016	2015
Non-life insurance	5 224 729	4 943 007
Life assurance	203 089	216 999
Total	5 427 818	5 160 006

(b) Provision for outstanding claims

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

	2016	2015
RBNS	12 610 064	12 563 543
IBNR	2 477 913	2 355 196
Total	15 087 977	14 918 739

The company adjusted the existing model for IBNR calculation in the course of the year 2016 in line with the method described under I.5. This adjustments was reflected as at 1 January 2015 retrospectively.

Claims run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 31 December 2015, the claims payments during 2016 (with respect to claims included within this provision) and the residual amount of this provision as at 31 December 2016.

The gross amount of the result is disclosed in the following overview:

Class of insurance	2016	2015
Motor third party liability insurance *	935 729	1 555 235
Motor insurance – other classes	10 693	115 152
Insurance for fire and other damage to property	194 118	155 480
Liability insurance	342 207	214 235
Other	328 968	11 006
Total	1 811 715	2 051 108

(c) Provision for bonuses and rebates (gross)

Class of insurance	2016	2015
Non-life insurance	299 178	290 893
Life assurance	277 238	243 820
Total	576 416	534 713

(d) Other technical provisions

	Opening balance	Additions	Utilisation	Closing balance
Provision for liabilities arising from the applied technical interest rate	2 216 555	318 925	0	2 535 480
Non-life insurance provision	2 161	0	306	1 855
Provision for liabilities of the Bureau	567 324	15 487	127 447	455 364
Total	2 786 040	334 412	127 753	2 992 699

Provision for liabilities arising from the applied technical interest rate

Overview	2016	2015
Annuities insurance	2 408 493	2 113 917
Deposit insurance	126 987	102 638
Total	2 535 480	2 216 555

II. 10. Other provisions

Type of provision	Opening balance	Additions	Utilisation	Closing balance
Provision for pensions and similar liabilities	90 483	0	9 439	81 044
Other provisions	3 765	200	0	3 965
Total	94 248	200	9 439	85 009

II. 11. Payables

(a) Subordinated liabilities

The subordinated debt that is specified as a policy for an indefinite period with a 5-year cancellation period. Principal of the subordinated debt as at 31 December 2016 was TCZK 550 000 (2015: TCZK 550 000) and related interest was TCZK 6 982 (2015: TCZK 7 001).

(b) Creditors

As at 31 December 2016	Payables to policy holders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Total	1 822 033	130 502	6 966	1 026 769	2 986 270

As at 31 December 2015	Payables to policy holders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Total	2 404 573	90 358	17 350	665 930	3 178 211

All liabilities are short term.

(c) Social security and health insurance liabilities

Liabilities in respect of social security and health insurance total TCZK 64 778 (2015: TCZK 65 452) of which TCZK 42 962 (2015: TCZK 41 277) relates to social security and TCZK 21 816 (2015: TCZK 24 175) relates to health insurance. None of these liabilities are overdue.

(d) Tax liabilities

Tax liabilities amount to TCZK 91 552 (2015: TCZK 77 508). None of these liabilities are overdue.

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

The Company has net receivables from reinsurers of TCZK 22 984 (2015: TCZK 102 905).

II. 12. Temporary liability accounts

	2016	2015
Prepaid premium	348 827	282 309
Accrual of reinsurance premium	170 636	150 400
Commissions estimated payables	110 695	121 720
Reinsurance estimated payables	268 519	187 861
Administration costs estimated payables	557 480	959 568
Estimated payables to Loss Prevention Fund	9 037	8 791
Other	4 394	377
Total	1 469 588	1 711 026

The Company carried out a final clearance of costs related to the implementation of the SAP partial group solution as at the end of 2016, which was reflected in lower accrued expenses and adequately higher other liabilities.

II. 13. Inter-company receivables and payables

Receivables	2016	2015
Receivables from reinsurance	5 123 025	4 937 440
Other receivables	348 993	116 706
Total receivables	5 472 018	5 048 500
Payables	2016	2015
Payables from reinsurance	4 098 767	3 840 863
Subordinated debt	557 001	557 001
Other payables	990 691	655 251
Total payables	5 646 459	5 053 115

Reinsurance receivables include reinsurance assets of TCZK 4 874 640 (2015: TCZK 4 609 650). Payables from reinsurance include reinsurance deposits of TCZK 3 826 133 (2015: TCZK 3 623 367).

III. Additional disclosures in respect of the income statement

III. 1. Non-life insurance

Non-life insurance for 2016 and 2015 divided by classes of insurance:

		Insurance class	Year	Gross premiums written	Gross premiums earned	Gross claims paid	Gross operating expenses	Reinsurance balance
Direct insurance	Accident and sickness	1,2	2016	192 784	196 344	47 564	52 933	34 748
			2015	207 090	210 836	53 431	57 542	25 194
	Motor – third party liability insurance	10	2016	4 459 947	4 405 437	2 699 080	1 224 567	881 960
			2015	4 314 227	4 321 826	1 951 480	1 198 753	417 886
	Motor insurance – other classes	3,4,5,6	2016	4 362 705	4 252 886	3 306 510	1 197 867	71 746
			2015	3 912 637	3 859 242	2 818 250	1 087 167	28 505
	Insurance against fire and other damage to property	7,8,9	2016	5 697 067	5 641 967	2 210 773	1 564 243	22 685
			2015	5 496 661	5 463 239	1 761 348	1 527 305	1 376 202
	Liability insurance	11-18	2016	2 753 613	2 689 774	1 514 572	756 060	208 332
			2015	2 550 205	2 486 731	1 906 040	708 601	-191 125
	Employer's liability insurance		2016	5 711 080	5 711 080	4 061 967	228 443	0
			2015	5 381 086	5 381 086	3 188 105	215 243	0
Reinsurance accepted			2016	496 043	494 029	152 474	136 198	107 517
			2015	524 953	520 983	145 326	145 864	151 351
Total			2016	23 673 239	23 391 517	13 992 940	5 160 311	1 326 988
			2015	22 386 860	22 243 944	11 823 979	4 940 476	1 808 013

III. 2. Life assurance

Gross premiums written in life assurance

	2016	2015
Individual premium	8 634 231	9 039 688
Premiums under group contracts	23 923	20 611
Total	8 658 154	9 060 299
Regular premium	6 583 119	6 513 778
Single premium	2 075 035	2 546 521
Total	8 658 154	9 060 299
Premiums from non-profit-sharing contracts	40 643	39 975
Premiums from profit-sharing contracts	2 329 318	2 804 854
Premiums from policies where the investment risk is borne by policyholders	6 288 193	6 215 470
Total	8 658 154	9 060 299
Reinsurance balance	-5 234	-32 294

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

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

III. 4. Bonuses and rebates

The Company granted the following bonuses and rebates based on policy terms and conditions and insurance policies which were or will be disbursed:

		2016	2015
Gross	Non-life insurance	503 407	435 129
	Life assurance	33 577	- 940
Total gross amount		536 984	434 189
Reinsurers' share (non-life insurance)		5 534	1 162
Total net amount		542 518	435 351

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

		2016			2015		
		Non-life insurance	Life assurance	Total	Non-life insurance	Life assurance	Total
Commissions	Initial	1 571 952	1 365 364	2 937 316	1 355 653	1 552 924	2 908 577
	Following	1 281 258	0	1 281 258	1 169 396	0	1 169 396
Total commissions		2 853 210	1 365 364	4 218 574	2 525 049	1 552 924	4 077 973
Other acquisition costs		1 624 478	549 788	2 174 266	1 615 097	569 914	2 185 011
Change in deferred acquisition costs		-73 542	223 250	149 708	124 550	112 789	237 339
Total commissions and other acquisition costs		4 404 145	2 138 402	6 542 547	4 264 696	2 235 627	6 500 323

Renewal commissions are paid for client care, i.e. they have a retention commission character. Thus, the Company has unified the presentation of commissions and these are presented under acquisition costs. 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

	2016	2015
Personnel costs (payroll, social security, health ins.)	1 000 414	985 962
IT costs incl. IT assets write-offs	624 383	479 112
Costs related to building operation	228 549	230 625
Communication (phone + postage)	54 687	56 109
Other service	18 564	23 251
Costs of Company vehicles incl. write-offs	14 067	17 862
Material	10 636	11 884
Insurance	23 177	26 465
Bank fees	22 983	23 796
Consultancy	54 438	21 300
Representation and gifts	39 666	33 069
Write-offs of other assets	3 519	2 730
Education	17 736	9 992
Travel costs	13 934	10 667
Outsourcing	-144 174	-146 999
Other financial costs	10 049	7 753
Other	33 918	29 315
Total administrative expenses	2 026 546	1 822 893
Reallocation to acquisition costs	-452 112	- 377 245
Reallocation to claims handling costs	-464 970	- 451 626
Reallocation to costs of financial placement	-94 493	- 82 156
Total administrative expenses	1 014 971	911 866

III. 7. Other technical expenses and income

	2016	2015	
Non-life insurance	Other technical expenses	2 673 744	2 404 517
	Other technical income	-1 155 137	-285 581
Balance – non-life insurance (+expense/-income)		1 518 607	2 118 936
Life assurance	Other technical expenses	234 433	187 027
	Other technical income	-453 595	-535 288
Balance – life assurance (+expense/-income)		-219 162	-348 261

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

	2016	2015
Addition (+)/Release (-) of adjustments for receivables	6 366	-151 186
Write-offs (+)/payments after write-offs (-) to receivables	12 578	187 695
Mandatory liability insurance – contribution to national budget	1 420 671	1 977 738
Exchange rate loss (+)/profit (-)	0	-25 246
Contribution to Loss Prevention Fund	134 215	127 397
Delegated claims	-19 875	-20 094
Other	-35 347	22 631
Balance of other expenses and income	1 518 607	2 118 936

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

	2016	2015
Addition (+)/Release (-) of adjustments for receivables	-14 032	-102 658
Write-offs (+)/payments after write-offs (-) to receivables	24 492	139 744
Accumulated debt	-203 975	-363 517
Exchange rate loss (+)/profit (-)	-2 422	-3 156
Other	-23 225	-18 674
Balance of other expenses and income	-219 162	-348 261

Reinsurer does not participate in other technical expenses and incomes of the Company.

III. 8. Other expenses and income

	2016	2015	
Non-technical account	Other expenses	76 890	74 170
	Other income	-31 399	-18 620
Balance of other expenses and income (- expenses/ + income)		45 491	55 550

Balance of other expenses and income comprises the following items:

	2016	2015
Creation (+)/Release (-) of adjustments for receivables	-9 586	9 643
Write-offs (+)/payments after write-offs (-) to receivables	341	3
Mandatory liability insurance	3 305	3 206
Cooperation with FS – ČS	-14 131	-10 553
Contributions to Bureau	23 839	23 567
Others	41 723	29 684
Balance of other expenses and income	45 491	55 550

The development of other expenses and income has been primarily influenced by the change of the volume of provided financial intermediation services.

III. 9. Employees and executives

The average number of employees and executives and remuneration for 2016 and 2015 are as follows:

2016	Average number of employees	Payroll expense	Social and health insurance	Other expense
Employees	3 604	1 610 181	456 116	22 365
Executives	29	110 907	21 927	0
Total	3 633	1 721 088	478 043	22 365

2015	Average number of employees	Payroll expense	Social and health insurance	Other expense
Employees	3 621	1 568 030	469 250	18 570
Executives	29	116 032	22 605	0
Total	3 650	1 684 062	491 855	18 570

- ▶ 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 1 198 716 in 2016 (2015: TCZK 1 189 955).

(a) Statutory, executive and Supervisory Board members' remuneration

The Company has provided the following monetary and non-monetary remuneration to the statutory, executive and Supervisory Board members for the financial years 2016 and 2015:

	2016	2015
Members of the Board of Directors	56 764	67 187
Members of the Supervisory Board	6 309	6 787
Total remuneration paid	63 073	73 974

(b) Statutory, executive and Supervisory Board members' loans, other receivables and advances

As at 31 December 2016 and 2015, the Company had no receivables from the Board of Directors or the Supervisory Board related to provided loans and advances.

(c) Information on remuneration for statutory auditors

The information relating to the fees paid and payable for services performed by the audit company is included in the consolidated financial statements of the parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

III. 10. Expense transfer between technical accounts and non-technical account

As at the balance sheet date the total amount of expenses allocated between the technical accounts for life assurance, non-life insurance and the non-technical account by means of the method stated in point I4.(v) amounted to TCZK 879 985 (2015: TCZK 950 154).

III. 11. Result of non-technical account

The result of the non-technical account before tax as at 31 December 2016 amounted to TCZK - 45 491 (2015: TCZK -55 550).

III. 12. Profit before tax

The result before tax as at 31 December 2016 amounted to TCZK 2 144 980 (2015: TCZK 3 330 110).

III. 13. Taxation

(a) Income tax in the income statement

	2016	2015
Current tax expense	366 413	433 761
Deferred tax expense	43 192	83 055
Current tax expense - change of IBNR method	-47 945	0
Other	-8 171	-6 438
Total income tax charge	353 489	510 378

(b) Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

	2016	2015
Goodwill and other temporary differences from intangible assets	80 982	119 854
adjustments and provisions	87 463	87 095
Depreciation of property	-95 993	-158 531
Revaluation differences in equity	0	-1 626
Deferred tax asset/liability	72 453	46 792

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: Rozpad změny odložené daňové pohledávky:

	2016	2015
Net deferred tax asset as at 1 January	46 792	125 263
Deferred tax income recognised on temporary differences	-43 192	-83 055
impact of legislation change method in capital funds	1 626	0
Impact of legislation change in retained earnings from previous years	67 227	4 585
Net deferred tax asset as at 31 December	72 453	46 792

IV. Other disclosures

IV. 1. Contingent liabilities

(a) Co-insurance

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

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

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

As a member of the Bureau, the Company is obliged to guarantee the liabilities of the Bureau pursuant to the Act on Motor Third Party Liability Insurance. The Company contributes to the guarantee fund and creates a provision for liabilities of the Bureau. The amount of the contribution and the provision for liabilities of the Bureau are determined by actuarial methods.

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

(c) Membership of 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 policy should one or more members of the Czech Nuclear Pool become 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 V.I.G. 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

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

In Prague, 8 March 2017



Ing. Martin Diviš, MBA
předseda představenstva



Gary Mazzotti, B.A. (Hons) A.C.A.
člen představenstva

ORGANISATIONAL CHART





Organisational chart – As of March 1, 2017

Board of Directors

Ing. Martin Diviš, MBA

Chairman of the Board
and CEO

JUDr. Hana Macháčová

Member,
Deputy Chairwoman

Jiří Sýkora

Member

RNDr. Petr Zapletal, MBA

Member

Gary Mazzotti, B.A. (Hons) A.C.A.

Member, since April 1, 2014

Mgr. Filip Král

Member

Supervisory Board

prof. Elisabeth Stadler

Chairman of the Supervisory Board

KR Franz Fuchs

Member

Ing. Roman Brablec

Member

Dkfm. Karl Fink

Vice-Chairman

Dr. Ing. Vratislav Kulhánek

Member

Ing. Vladimír Mráz

Member

JUDr. Rostislav Dvořák

Vice-Chairman

Mag. Robert Lasshofer

Member

Mgr. Martin Laur

Member

prof. Ing. Eva Ducháčková, CSc.

Member

Jan Wiesner

Member

Jan Růžička

Member

Agencies

Prague Agency

Ing. Ivo Sebera, MBA

West Bohemia Agency

Arnošt Bergmann

South Moravia Agency

Ing. Jaroslav Kučera, MBA

Central Bohemia Agency

PhDr. Roman Leština, MBA

North Bohemia Agency

Ing. Roman Kracík, MBA

North Moravia Agency

Ing. Daniel Pražan

South Bohemia and Vysocina Agency

Jiří Vančura

East Bohemia Agency

Bc. Roman Hojný, MBA

Centres

Claims Settlement Centre – Property, Liability

Ing. Miroslav Novák

Claims Settlement Centre – Motor Vehicles

Ing. Milan Gregor

Workmen's Compensation Insurance Centre

JUDr. Ladislav Žák

Contract (Policy) Administration Centre

Ing. Radmila Dočekalová

Customer Services Centre

Ing. Tomáš Szewieczek

Sections

General Secretariat

Mgr. Ing. Klára Belušová

Car Insurance Section

Ing. Michal Němec

Management of External Business Relationships Section

Ing. Richard Procházka

Human Resources Section

Mgr. Jan Března

Internal Business Relationships Section

Ing. Zuzana Trejdllová (entrusted with the management)

Personal Insurance Section

Ing. Ondřej Poul, Ph.D.

Insurance of Economic Risks Section

JUDr. Petr Suchánek, Ph.D.

(responsible for the management)

Economics Section

Mgr. Ing. Judita Říhová

Actuary and Risk

Management Services

Mgr. Jan Šváb, Ph.D.

Procurement and Services Section

Ing. Jaroslav Suk

Business Operations Support Section

Ing. Michal Dlhopolček

Planning and Controlling Section

Ing. Evžen Heřman

Information Technology Section

Ing. Karel Pavlík

Treasury Section

Ing. Luděk Marek

Internal Audit Section

Ing. Filip Holý, Ph.D.

Marketing and Product Development Section

Ing. Jindřich Skrip (entrusted with the management)

Reinsurance Section

Ing. Roman Brablec

Legal Section

Mgr. Martin Laur

Property and Liability Insurance

Section

Ing. Radek Starosta

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, 2017

Head Office

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

Commercial Risk

Insurance Department

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

Property and Liability

Insurance Department

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

Motor Vehicle Insurance Department

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

Personal Line Insurance Department

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

Sámova 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 14/25/72
130 00 Praha 3
☎ 251 016 103

Central Bohemia Agency

Celetná 590/25
110 00 Praha 1
☎ 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
☎ 466 890 111

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.,
on Business Corporations

I. Relations Structure

The controlled party is Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Praha 8, ID: 47116617 incorporated in the Commercial Register administrated by the Municipal Court in Prague, File No. B 1897 (hereinafter referred to as „Kooperativa“)

The controlling party is VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe with registered office at Schottenring 30, Vienna 1010, Austria, incorporated in the Commercial Register administrated by the Commercial Court on Vienna, Section, FN, Inset 75687 F (hereinafter referred to as „VIG AG“).

II. Company Role in Group

VIG AG is the controlling party in the Vienna Insurance Group (hereinafter referred to as “VIG Holding”) with the legal form of joint stock company.

Kooperativa is part of VIG Holding and does mainly insurance pursuant to the Insurance Business Act as well as activities arising directly from the allowed insurance related activities.

III. Manner and Means of Control

VIG AG owns Kooperativa shares in the total nominal value of 96.32% of authorised capital; it controls Kooperativa fully mainly by decisions adopted at General Assembly.

The list of other VIG AG subsidiaries is in Annex hereof (herein after referred to as “VIG Holding Companies”).

IV. Contracts and agreements concluded between Kooperativa and VIG Holding parties

Contracts and agreements concluded between Kooperativa and other controlled parties in 2016 with controlling party being VIG AG.

Anděl Investment Praha s.r.o.

- ▶ Insurance Contract between Kooperativa and Anděl Investment Praha s.r.o. for insurance of property and liability perils

AIS Servis, s.r.o.

- ▶ Insurance Contract between Kooperativa and AIS Servis, s.r.o. for insurance of property and liability perils
- ▶ Insurance contracts between Kooperativa and AIS Servis, s.r.o. for life insurance
- ▶ Maintenance contract between Kooperativa and AIS Servis, s.r.o.
- ▶ Contracts for Services between Kooperativa and AIS Servis, s.r.o.
- ▶ Sublease Contract between Kooperativa and AIS Servis, s.r.o.
- ▶ General Contract for Consultancy Services between Kooperativa and AIS Servis, s.r.o.
- ▶ Contract on Transfer of Rights and Obligations from AIS Software to AIS Servis between Kooperativa and AIS Servis, s.r.o.
- ▶ Contract for Technical Maintenance and SW Development between Kooperativa and AIS Servis, s.r.o.
- ▶ Contract for Services - Trainings in Golem and SAP system – between Kooperativa and AIS Servis, s.r.o.
- ▶ Agreement on Providing Services during Integration of SAP and Golem Operations System between Kooperativa and AIS Servis, s.r.o.

- ▶ General Contract for Consultancy Services between Kooperativa and AIS Servis, s.r.o.
- ▶ Lease Contract for Non-Residential Premises between Kooperativa and AIS Servis, s.r.o.
- ▶ Agreement between Kooperativa and AIS Servis, s.r.o., on common intention.

Benefita, a.s.

- ▶ Lease Contract for Non-Residential Premises at Templová 747, Praha 1 between Kooperativa and Benefita, a.s.
- ▶ Contract for Cost Sharing between Kooperativa and Benefita, a.s.
- ▶ Contract for Exclusive Commercial Representation upon Intermediating Insurance between Kooperativa and Benefita, a.s.
- ▶ Cooperation Agreement between Kooperativa and Benefita, a.s. – mutual rights and duties of insurance company and employer
- ▶ Contract between Kooperativa and Benefita, a.s. – providing for sales support of insurance products of Kooperativa pojišťovna, a.s., Vienna Insurance Group
- ▶ Agreements between Kooperativa and Benefita, a.s. on change of the contract on commercial representation – business activity
- ▶ Agreements between Kooperativa and Benefita, a.s. on extraordinary commission for non-life insurance
- ▶ Agreement on performance bonuses for increasing portfolio premiums
- ▶ Sublease Agreement for Parking Lots between Kooperativa and Benefita, a.s.
- ▶ Agreement on Commission for Private Life Insurance between Kooperativa and Benefita, a.s.
- ▶ Sublease Agreement for Offices between Kooperativa and Benefita, a.s.
- ▶ Lease Contract for IT equipment between Kooperativa and Benefita, a.s.
- ▶ Contract on Portfolio Transfer and Assumption of Other Rights and Duties between Kooperativa and Benefita, a.s.
- ▶ Agreements on extraordinary commission for motor vehicle insurance between Kooperativa and Benefita, a.s.

Česká podnikatelská pojišťovna, a.s., VIG

- ▶ Contracts between Kooperativa and Česká podnikatelská pojišťovna, a.s., for providing reinsurance cover for insurance of property and liability perils
- ▶ Contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, for insurance for insurance of property and liability perils
- ▶ Contract for co-insurance or re-insurance share of Česká podnikatelská pojišťovna, a.s., on insurance policies lead by Kooperativa
- ▶ Contract for Exclusive Commercial Representation between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ Agreement on Extraordinary Commission for Financial Products of Česká spořitelna between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ Contract of Mandate between Kooperativa and Česká podnikatelská pojišťovna, a.s., based on which Kooperativa is selling ČPP products via KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Contracts of lease and sublease of non-residential premises between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ Agreement on Intercompany Cooperation between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ Contract Granting Authorisation for Usage and Other Matters Related to SAP Software between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ General agreements on marketing research between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ Contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group for making “DATA FROM THE REGISTER OF TERRITORIAL IDENTIFICATION, ADDRESSES AND REAL ESTATES” accessible in electronic form
- ▶ Contract for Cost Sharing between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ Contract for Carriage of Goods between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ Partial Contract for Delivery of the Central Supervision System between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group
- ▶ Contract for Delivery of Hardware, Software and Services between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group

- ▶ Lease contracts for non-residential premises between Kooperativa and Česká podnikatelská pojišťovna, a.s., VIG
- ▶ Sublease agreements for part of the headquarters of VIG ND between Kooperativa and Česká podnikatelská pojišťovna, a.s., VIG
- ▶ Contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, on providing outsourcing services for intercompany risk management
- ▶ Agreement on Intercompany Cooperation between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group

ČPP Servis, s.r.o.

- ▶ Contract for Cost Sharing between Kooperativa and ČPP Servis, s.r.o.

DONARIS Vienna Insurance Group

- ▶ Contracts between Kooperativa and DONARIS Vienna Insurance Group for providing reinsurance cover for insurance of property and liability perils

GLOBAL ASSISTANCE a.s.

- ▶ Insurance contracts between Kooperativa and GLOBAL ASSISTANCE a.s. for insurance of property and liability perils
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. for providing assistance services in terms of insurance of medical expenses abroad
- ▶ Data and Personal Data Protection Agreement between Kooperativa and GLOBAL ASSISTANCE a.s.
- ▶ Contract of Cooperation in the field of providing medical assistance services between Kooperativa and GLOBAL ASSISTANCE, a.s.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE, a.s. for providing assistance services in terms of travel insurance
- ▶ Contract of Cooperation between Kooperativa and GLOBAL ASSISTANCE, a.s. for providing assistance services for vehicles
- ▶ Contract of Cooperation between Kooperativa and GLOBAL ASSISTANCE, a.s. for providing assistance services – house line assistance
- ▶ Contract of Cooperation between Kooperativa and GLOBAL ASSISTANCE, a.s. for providing assistance services – medical expenses abroad
- ▶ Contract of Cooperation between Kooperativa and GLOBAL ASSISTANCE, a.s. for providing assistance services – technical assistance
- ▶ Contracts between Kooperativa and GLOBAL ASSISTANCE a.s. for personalisation and distribution of assistance cards
- ▶ General Agreement between Kooperativa and GLOBAL ASSISTANCE a.s. for Legal protection Insurance for Accounts of ČS
- ▶ Contract of Cooperation between Kooperativa and GLOBAL ASSISTANCE a.s. – Legal Protection Insurance for Accounts of ČS – additional contract
- ▶ Contract of Cooperation between Kooperativa and GLOBAL ASSISTANCE a.s. - salvage
- ▶ Triple Agreement between Kooperativa and GLOBAL ASSISTANCE a.s. and ALIMEX on Commercial Cooperation – renting of passenger cars
- ▶ Triple Agreement between Kooperativa and GLOBAL ASSISTANCE a.s. and Czech Rent a CAR on Commercial Cooperation – Renting Personal Motor Vehicles to Insured Persons
- ▶ Contract of Cooperation Related to Legal Protection Insurance between Kooperativa and GLOBAL ASSISTANCE a.s.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE, a.s. for providing assistance services (property insurance for natural entities incl. apartment houses)
- ▶ Contract of Cooperation between Kooperativa and GLOBAL ASSISTANCE, a.s. for providing assistance services (house line for Svaz českých a moravských bytových družstev)
- ▶ Contract of Cooperation between Kooperativa and GLOBAL ASSISTANCE a.s. for providing assistance services (assistance via phone for clients of Česká spořitelna in case of lost or stolen payment card)

Global Expert, s.r.o.

- ▶ Insurance contracts between Kooperativa and Global Expert, s.r.o. for insurance of property and liability perils
- ▶ Insurance Contract between Kooperativa and Global Expert s.r.o. for risk insurance of persons with supplementary insurances and possibility of additional insurance
- ▶ Insurance contracts between Kooperativa and Global Expert s.r.o. for accidental insurance of children for single premium
- ▶ Contract of Lease of Non-Residential Premises and Office Equipment between Kooperativa and Global Expert, s.r.o.
- ▶ Contract of Sublease of Non-Residential Premises and Office Equipment between Kooperativa and Global Expert, s.r.o.

- ▶ Mutual Cooperation Agreement between Kooperativa and Global Expert, s.r.o.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. for car hire
- ▶ Contract for Cost Sharing between Kooperativa and Global Expert, s.r.o.
- ▶ Contract of Sublease of Premises Used for Business Purposes between Kooperativa and Global Expert, s.r.o.
- ▶ Outsourcing Contract between Kooperativa and Global Expert, s.r.o. – claims adjustment from property and liability insurance
- ▶ Contract for Cost Sharing between Kooperativa and Global Expert, s.r.o. – providing for payroll, HR management and economic activities of the customer support centre
- ▶ Lease contracts for non-residential premises between Kooperativa and Global Expert, s.r.o.
- ▶ Contract for Outsourcing between Kooperativa and Global Expert, s.r.o. – inspections prior acceptance of vehicles for insurance

HOTELY SRNÍ, a.s.

- ▶ Insurance contracts between Kooperativa and HOTELY SRNÍ, a.s. for insurance of property and liability perils
- ▶ Insurance contracts between Kooperativa and HOTELY SRNÍ, a.s. for life insurance
- ▶ Contract between Kooperativa and HOTELY SRNÍ, a.s. for Providing Hotel Stays and Other Services
- ▶ Contract between Kooperativa and HOTELY SRNÍ, a.s. for Providing Hotel Stays for VIP
- ▶ Advertising Contract between Kooperativa and HOTELY SRNÍ, a.s.

KAPITOL pojišťovací a finanční poradenství, a.s.

- ▶ Insurance contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. for insurance of property and liability perils
- ▶ Contract of Mandate between Kooperativa and Česká podnikatelská pojišťovna, a.s., based on which Kooperativa is selling ČPP products via KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Contract for Commercial Representation between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreements on Extraordinary Commission for Financial Products between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Insurance contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. for life insurance
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. for Protection of Commercial Interests – Rules for Relationships with Acquisition agents
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. for Consultancy Services on Providing Accesses to Golem
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on Commissions for Private Life Insurance
- ▶ Agreement on Extraordinary Commission between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. Commissions for Pension Insurance with Contributions of the Government
- ▶ Authorisation to Intermediate Financial Products of ČS between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Lease and sublease agreements for non-residential premises between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Lease and sublease agreements for non-residential premises between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. for Consultancy Services
- ▶ Contracts for commercial representation between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. – business activity
- ▶ Contract for Consultancy Services Related to Portfolio Transfer between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ General Agreement on Conditions for Taking Out Insurance of Opticians and Optometrists between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.

- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. – borrowing of electronic signature pads
- ▶ Agreement on Extraordinary Commission for Financial Products of ČS between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreement on Extraordinary Commission for Financial Products of SSČS between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreement on Extraordinary Commission for Life Insurance between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreements on Extraordinary Commission for Motor Vehicle Insurance between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreement on Extraordinary Commission for Life and Non-Life Insurance between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreement on Extraordinary Commission for ČS mortgages between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreement on special cooperation regime regarding NA PŘÁNÍ product between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Agreement on change of Contract for Commercial Representation between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Borrowing Agreement for Škoda Passenger Car between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. – borrowing of bar code readers

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 on outsourcing
- ▶ Contract on rental of non-residential premises between Kooperativa and Nadace pojišťovny Kooperativa

Pojišťovna České spořitelny, a.s., Vienna Insurance Group

- ▶ Contract for Commercial Representation between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group
- ▶ Distribution Contract on National Level between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group
- ▶ Contract for Cost Sharing between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group
- ▶ Sublease agreements for non-residential premises between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group
- ▶ Intercompany Cooperation Agreement between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group
- ▶ Cooperation Agreement for Cooperation when Using Non-Residential Premises between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group
- ▶ Insurance policy for life insurance between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group

S – Budovy, a.s.

- ▶ Lease Contract for Non-Residential Premises between Kooperativa and S-Budovy, a.s.
- ▶ Data Protection Agreement between Kooperativa and S - budovy, a. s.

S - správa nemovitostí, a.s.

- ▶ Insurance contracts between Kooperativa and S – správa nemovitostí, a.s. for insurance of property and liability perils
- ▶ Contract on Facility Management of the North Moravia Branch Office between Kooperativa and S – správa nemovitostí, a.s.
- ▶ Contract between Kooperativa and S – správa nemovitostí, a.s. for Facility Management of a Building and Non-Residential Premises at Staroměstské náměstí 16, Mladá Boleslav,
- ▶ Contract between Kooperativa and S – správa nemovitostí, a.s. for Facility Management of a building at Národní tř. 67, Hodonín,

- ▶ Contract for Facility Management of the Training Centre at Hrůzův Mlýn between Kooperativa and S - správa nemovitostí, a.s.
- ▶ Contract for Facility Management between Kooperativa and S – správa nemovitostí, a.s.
- ▶ Contract for Facility Management of Residential Property and Related Non-Residential Premises between Kooperativa and S – správa nemovitostí, a.s.
- ▶ General agreement between Kooperativa and S – správa nemovitostí, a.s. on Cooperation when Performing Activities Related to Re-modelling of Points of Sales
- ▶ Lease Agreement for Parts of the Objects “Stodola” and “Špejchar” and Equipment of the Kitchen in the Training Centre Hrůzův Mlýn at Zhoř 84 between Kooperativa and S - správa nemovitostí, a.s.
- ▶ Sublease Agreement for Premises Used for Business Activities between Kooperativa and S – správa nemovitostí, a.s.
- ▶ Contract for Services related to the ARCHIBUS program between Kooperativa and S – správa nemovitostí, a.s.
- ▶ Contract for Borrowing of Movable Property at Místecká 329/258, Ostrava – Hrabová between Kooperativa and S – správa nemovitostí, a.s.
- ▶ Contract for Property Management at Místecká 329/258, Ostrava – Hrabová between Kooperativa and S – správa nemovitostí, a.s.
- ▶ Contract for Intermediating Sublease of Non-Residential Premises and Apartment between Kooperativa and S – správa nemovitostí, a. s.
- ▶ Contracts between Kooperativa and S – správa nemovitosti, a. s. for borrowing of artwork
- ▶ Data Protection Agreement between Kooperativa and S – správa nemovitosti, a. s.
- ▶ Agreement on Regulation of Rights and Duties between Kooperativa and S – správa nemovitostí, a.s. and KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Contract for Services between Kooperativa and S – správa nemovitosti, a. s. – gradual transfer of documentation to the Archibus module

Sanatorium Astoria a.s.

- ▶ Insurance contracts between Kooperativa and Sanatorium Astoria a.s. for insurance of property and liability perils
- ▶ Contract between Kooperativa and Sanatorium Astoria, a.s. for Renting of Advertising Hoarding

Slovexperta, s.r.o.

- ▶ Cooperation Agreement between Kooperativa and Slovexperta, s.r.o.

Sopockie Towarzystwo Ubezpiecz Ergo Hestia S.A.

- ▶ Contract between Kooperativa and Sopockie Towarzystwo Ubezpiecz Ergo Hestia S.A. for providing reinsurance cover for insurance of property and liability perils

SURPMO, a.s.

- ▶ Insurance contracts between Kooperativa and SURPMO, a.s. for insurance of property and liability perils
- ▶ Property Management Contract for Non-Residential Premises and house between Kooperativa and SURPMO, a.s.
- ▶ Lease Contract for the main building in the Training Centre between Kooperativa and SURPMO, a.s.
- ▶ Contracts for facility management between Kooperativa and SURPMO, a.s.
- ▶ Contracts for facility management of the Training Centre between Kooperativa and SURPMO, a.s.
- ▶ Lease Contract for Non-Residential Premises between Kooperativa and SURPMO, a.s.
- ▶ Contracts for facility management of residential property and related non-residential premises between Kooperativa and SURPMO, a.s.
- ▶ Data Protection Agreement between Kooperativa and SURPMO, a.s.
- ▶ Contract of Mandate between Kooperativa and SURPMO, a.s.
- ▶ Contract on Facility Management between Kooperativa and SURPMO, a.s.

VIG FUND uzavřený investiční fond

- ▶ Insurance contracts between Kooperativa and VIG FUND, a.s., uzavřený investiční fond for insurance of property and liability perils

VIG ND, a.s.

- ▶ Insurance contracts between Kooperativa and VIG ND, a.s. for insurance of property and liability perils
- ▶ Contract for Cost Sharing between Kooperativa and VIG ND, a.s.
- ▶ Purchase Contract on Sale of Movable Objects between Kooperativa and VIG ND, a.s.
- ▶ Lease Contract for Non-Residential Premises between Kooperativa and VIG ND, a.s.
- ▶ Bill of Exchange Agreement between Kooperativa and VIG ND, a.s.
- ▶ Agreement on termination on lien right to securities between Kooperativa and VIG ND, a.s.
- ▶ Contracts on property management between Kooperativa and VIG ND, a.s.
- ▶ Contracts between Kooperativa and VIG ND, a.s. regulating mutual relationships related to lease of non-residential premises
- ▶ Lease contracts for VIG headquarters between Kooperativa and VIG ND, a.s.
- ▶ Maintenance contracts between Kooperativa and VIG ND, a.s. regulating invoicing of maintenance activities in VIG headquarters
- ▶ Contracts on conditions for surface water intake and intake related payment between Kooperativa and VIG ND
- ▶ Contract for Cost Sharing between Kooperativa and VIG ND, a.s.
- ▶ Purchase Contract on Sale of Movable Objects between Kooperativa and VIG ND, a.s.
- ▶ Contract for credit between Kooperativa and VIG ND, a.s.

VIG AG

- ▶ Reinsurance treaties between Kooperativa and VIG AG
- ▶ Contracts between Kooperativa and VIG AG for Protection and Processing of Data and Personal Data
- ▶ Contract between Kooperativa and VIG AG for Providing Licences for HP Project and Portfolio Management Center software
- ▶ Wide Area Network Contract between Kooperativa and VIG AG
- ▶ Contract between Kooperativa and VIG AG for Usage of SAP Insurance Modules Provided to VIG
- ▶ SAP Licence Agreement between Kooperativa and VIG AG
- ▶ Contract between Kooperativa and VIG AG for Providing Data Centre Services
- ▶ Contract between Kooperativa and VIG AG for licence and maintenance
- ▶ Contracts between Kooperativa and VIG AG for Providing Reinsurance Cover for Insurance of Property and Liability Perils

VIG Asset Management, a.s.

- ▶ Lease Contract for Non-Residential Premises between Kooperativa and VIG Asset Management, a.s.
- ▶ Contract for Cost Sharing between Kooperativa and VIG Asset Management, a.s.
- ▶ Agreement on Regulation of Rights and Duties between Kooperativa and VIG Asset Management, a.s.
- ▶ Outsourcing Contract between Kooperativa and VIG Asset Management, a.s.

VIG RE zajišťovna, a.s.

- ▶ Re-insurance treaties between Kooperativa and VIG RE zajišťovna, a.s.
- ▶ Insurance Contract between Kooperativa and VIG RE zajišťovna, a.s. for risk insurance of persons with supplementary insurances and possibility of additional insurance
- ▶ Contract for Cost Sharing between Kooperativa and VIG RE zajišťovna, a.s.
- ▶ Lease Contract for Non-Residential Premises between Kooperativa and VIG RE zajišťovna, a.s.
- ▶ Outsourcing Contract between Kooperativa and VIG RE zajišťovna, a.s.

WIENER RE Beograd

- ▶ Contracts between Kooperativa and WIENER RE Beograd for providing reinsurance cover for insurance of property and liability perils

Kooperativa suffered no damage from the contracts and agreements above.

V. Overview of meetings held in the last accounting period and initiated or in the interest of VIG AG or other VIG Holding Companies

Kooperativa trades funds administered by Ringturm Kapitalanlagegesellschaft m.b.H. Kooperativa also paid dividends for the last accounting period.

VI. Assessing harm and its compensation

No harm incurred to Kooperativa based on contracts between Kooperativa and VIG AG and other VIG Holding Companies or based on other steps taken in the last accounting period and initiated or in the interest of VIG AG or other VIG Holding Companies.

VII. Confidentiality of information

Information and facts that constitute part of the business secret of VIG Holding Companies as well as information declared confidential by a VIG Holding Company shall be deemed confidential within VIG Holding. Furthermore, any information from a business relationship that could be, by itself or in relation to other information or facts, to the detriment of a VIG Holding Company shall be also deemed confidential.

In order to avoid harm to Kooperativa, the report of the statutory body shall not comprise financial information on services provided and offsets received from contracts and agreements entered into.

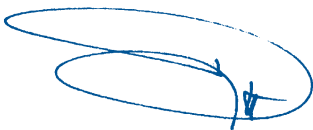
VIII. Assessing relations and risks within VIG Holding

VIG Holding is one of the strongest insurance and re-insurance entities on the European market. Hence, Kooperativa has access to know-how on both Solvency II, audit, compliance or IT technologies. One can conclude that Kooperativa only benefits from the relations within VIG Holding.

IX. Conclusion

This report was prepared by the Board of Directors of the controlled party Kooperativa pojišťovna, a.s., Vienna Insurance Group for the period from 1 January 2016 to 31 December 2016 and will be submitted for revision by the Supervisory Board. Since Kooperativa is legally obliged to draft the Annual Report, this report shall be attached to the Annual Report as its integral part. The Annual Report will be submitted for revision to the auditing company KPMG Česká republika Audit, s.r.o.

Dated at Prague, as of this 29th day of March 2017



Ing. Martin Diviš, MBA
Chairperson of Board of Directors



JUDr. Hana Macháčová
Member of Board of Directors

Related parties and equity interests of VIENNA INSURANCE GROUP AG

As of December 31, 2016

Company	Country	Existing capital share in %
Fully consolidated companies		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY, Sofia	Bulgaria	100,00
"Baltikums Vienna Insurance Group" AAS, Riga	Latvia	100,00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100,00
"POLISA-ZYCIE" Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99,43
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Vienna	Austria	100,00
"WIENER RE" akcionarsko društvo za reosiguranje, Belgrad	Serbia	100,00
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94,84
Anděl Investment Prague s.r.o., Prague	Czech Republic	100,00
Anif-Residenz GmbH & Co KG, Anif	Austria	100,00
Arithmetica Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	Austria	100,00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99,65
ATBIH N.V., Amsterdam	The Netherlands	100,00
BČR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	Romania	93,98
Blizzard Real Sp. z o.o., Warsaw	Poland	100,00
BML Versicherungsmakler GmbH, Vienna	Austria	100,00
BTA Baltic Insurance Company AAS, Riga	Latvia	90,00
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100,00
Business Insurance Application Consulting GmbH, Vienna	Austria	100,00
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100,00
CAL ICAL "Globus", Kiev	Ukraine	100,00
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100,00
CENTER Hotelbetriebs GmbH, Vienna	Austria	80,00
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100,00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100,00
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Kishinev	Moldova	99,99
COMPENSA Holding GmbH, Wiesbaden	Germany	100,00
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100,00
Compensa Towarzystwo Ubezpieczen Na Życie Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	100,00
Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group, Warsaw	Poland	99,94
Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group, Vilnius	Lithuania	100,00
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100,00
DBLV Immobesitz GmbH, Vienna	Austria	100,00
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100,00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100,00
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100,00

Company	Country	Existing capital share in %
Fully consolidated companies		
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99,24
DVIB GmbH, Vienna	Austria	100,00
ELVP Beteiligungen GmbH, Vienna	Austria	100,00
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99,77
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95,00
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95,00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55,00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	99,92
Gesundheitspark Wien -Oberlaa Gesellschaft m.b.H., Vienna	Austria	100,00
IM31 Floridsdorf am Spitz GmbH, Salzburg	Austria	100,00
Insurance Company Nova Ins EAD, Sofia	Bulgaria	100,00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	99,38
International Insurance Company "IRAO" LTD, Tbilisi	Georgia	100,00
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99,98
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89,98
Joint Stock Company for Insurance and Reinsurance Makedonija Skopje - Vienna Insurance Group, Skopje	Macedonia	94,26
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90,00
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100,00
Kaiserstraße 113 GmbH, Vienna	Austria	100,00
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100,00
KAPITOL pojišť'ovaci a finanční poradenství, a.s., Brno	Czech Republic	100,00
KOMUNÁLNA poisťovna, a.s. Vienna Insurance Group, Bratislava	Slovakia	100,00
KOOPERATIVA poisťovna, a.s. Vienna Insurance Group, Bratislava	Slovakia	100,00
Kooperativa pojišť'ovna, a.s., Vienna Insurance Group, Prague	Czech Republic	98,39
Limited Liability Company "UIG Consulting", Kiev	Ukraine	100,00
LVP Holding GmbH, Vienna	Austria	100,00
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	Austria	100,00
MH 54 Immobilienanlage GmbH, Vienna	Austria	100,00
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99,82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	61,00
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99,50
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56,55
Passat Real Sp. z o.o., Warsaw	Poland	100,00
Pension Insurance Company Doverie AD, Sofia	Bulgaria	92,58
PFG Holding GmbH, Vienna	Austria	89,23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92,88
Poisťovna Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95,00
Pojišť'ovna České spořitelny, a.s., Vienna Insurance Group, Pardubice	Czech Republic	95,00
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100,00
Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev	Ukraine	97,80

Related parties

Company	Country	Existing capital share in %
Fully consolidated companies		
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99,99
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	60,00
Projektbau GesmbH, Vienna	Austria	100,00
Projektbau Holding GmbH, Vienna	Austria	90,00
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100,00
Ray Sigorta A.Ş., Istanbul	Turkey	94,96
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna	Austria	100,00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100,00
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100,00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	100,00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66,70
Sigma Interbalkanian Vienna Insurance Group Sh.a, Tirana	Albania	89,05
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	54,17
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95,00
SVZ GmbH, Vienna	Austria	100,00
SVZI GmbH, Vienna	Austria	100,00
T 125 GmbH, Vienna	Austria	100,00
TBI BULGARIA EAD, Sofia	Bulgaria	100,00
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100,00
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100,00
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	51,46
V.I.G. ND, a.s., Prague	Czech Republic	100,00
Vienibas Gatve Investments OÜ, Tallinn	Estonia	100,00
Vienibas Gatve Properties SIA, Riga	Latvia	100,00
Vienna Life Vienna Insurance Group Biztosító Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100,00
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendern	Liechtenstein	100,00
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100,00
VIG FUND uzavřený investiční fond, a.s., Prague (účetní závěrka skupiny)	Czech Republic	100,00
VIG Properties Bulgaria AD, Sofia	Bulgaria	99,97
VIG RE zajišťovna, a.s., Prague	Czech Republic	100,00
VIG REAL ESTATE DOO, Belgrad	Serbia	100,00
VIG Real Estate GmbH, Vienna	Austria	100,00
VIG-CZ Real Estate GmbH, Vienna	Austria	100,00
VIG Services Ukraine, LLC, Kiev	Ukraine	100,00
VLTAVA majetkovosprávní a podílová spol. s r.o., Prague	Czech Republic	100,00
WGPV Holding GmbH, Vienna	Austria	100,00
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia and Herzegovina	100,00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	99,47
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100,00
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100,00
WIENER STÄDTISCHE OSIGURANJE akcionarsko društvo za osiguranje, Belgrad	Serbia	100,00

Company	Country	Existing capital share in %
Fully consolidated companies		
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	99,90
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100,00
WILA GmbH, Vienna	Austria	100,00
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100,00
WOFIN Wohnungsfinanzierungs GmbH, Vienna	Austria	100,00
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100,00
WSV ImmoHolding GmbH, Vienna	Austria	100,00
WWG Beteiligungen GmbH, Vienna	Austria	87,07
Companies consolidated by equivalent method		
AIS Servis, s.r.o., Brno	Czech Republic	100,00
Benefita, a.s., Prague	Czech Republic	100,00
Beteiligungs- und Immobilien GmbH, Linz	Austria	25,00
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25,00
ČPP Servis, s.r.o., Prague	Czech Republic	100,00
CROWN-WSF spol. s.r.o., Prague	Czech Republic	30,00
ERSTE d.o.o. - za upravljanje obveznim i dobrovoljnim mirovinskim fondovima, Zagreb	Croatia	25,30
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33,00
GLOBAL ASSISTANCE a.s., Prague	Czech Republic	100,00
Global Expert, s.r.o., Pardubice	Czech Republic	100,00
HOTELY SRNÍ, a.s., Prague	Czech Republic	100,00
KIP, a.s., Prague	Czech Republic	100,00
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna (group financial statements)	Austria	36,58
S - budovy, a.s., Prague	Czech Republic	100,00
S IMMO AG, Vienna (group financial statements)	Austria	10,25
Sanatorium Astoria a.s., Carlsbad	Czech Republic	100,00
S - správa nemovitostí, a.s., Prague	Czech Republic	100,00
SURPMO, a.s., Prague	Czech Republic	100,00
VBV - Betriebliche Altersvorsorge AG, Vienna (group financial statements)	Austria	23,56
Non-consolidated companies		
"Assistance Company "Ukrainian Assistance Service" LLC, Kiev	Ukraine	100,00
"Compensa Services" SIA, Riga	Latvia	100,00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H., Vienna	Austria	20,13
"Medical Clinic "DIYA" LLC, Kiev	Ukraine	100,00
AISMP Meditzinski Tsentar Bulstrad Zdrave EOOD, Sofia	Bulgaria	100,00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H., Linz	Austria	79,51
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	Montenegro	100,00
Amadi GmbH, Wiesbaden	Germany	100,00
Anif-Residenz GmbH & Co KG, Anif	Austria	99,90
AQUILA Hausmanagement GmbH, Vienna	Austria	99,90
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	49,95
Autosig SRL, Bucharest	Romania	99,50
AXA Nezivotno Osiguranje akcionarsko drustvo za osiguranje, Belgrad	Serbia	100,00

Related parties

Company	Country	Existing capital share in %
Non-consolidated companies		
AXA Životno Osiguranje akcionarsko drustvo za osiguranje, Belgrad	Serbia	100,00
B&A Insurance Consulting s.r.o., Moravská Ostrava	Czech Republic	49,00
BENEFIA Dystrybucja Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99,94
Brunn N68 Sanierungs GmbH, Vienna	Austria	49,95
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	99,38
Camelot Informatik und Consulting Gesellschaft m.b.H., Villach	Austria	90,18
CAPITOL BROKER DE PENSII PRIVATE S.R.L., Bucharest	Romania	98,15
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L., Bucharest	Romania	98,15
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bucharest	Romania	98,15
CAPITOL Sp. z o.o., Warsaw	Poland	99,98
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	99,90
CCA EDV für Versicherungswirtschaft GmbH, Vienna	Austria	24,28
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99,99
Compensa Life Distribution, UAB, Vilnius	Lithuania	100,00
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	99,90
DV CONSULTING EOOD, Sofia	Bulgaria	100,00
DV Invest EAD, Sofia	Bulgaria	100,00
DV Asset Management EAD, Sofia	Bulgaria	100,00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	Austria	99,40
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	24,97
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	73,92
EGW Datenverarbeitungs-Gesellschaft m.b.H., Vienna	Austria	71,92
EGW Liegenschaftsverwertungs GmbH, Vienna	Austria	71,92
EGW Wohnbau gemeinnützige Ges.m.b.H., Vienna	Austria	71,92
Erste Bank und Sparkassen Leasing GmbH, Vienna	Austria	48,95
Erste S Biztositasi Alkusz Kft, Budapest	Hungary	95,00
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	84,47
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	95,78
Finanzpartner GmbH, Vienna	Austria	49,95
Foreign limited liability company "InterInvestUchastie", Minsk	Belarus	100,00
GELUP GmbH, Vienna	Austria	33,30
GEO HOSPITALS LLC, Tbilisi	Georgia	93,50
GGVier Projekt-GmbH, Vienna	Austria	54,95
Glamas Beteiligungsverwaltungs GmbH, Vienna	Austria	23,31
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG, Vienna	Austria	23,31
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	Czech Republic	100,00
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	100,00
Global Services Bulgaria JSC, Sofia	Bulgaria	99,69
Hausservice Objektbewirtschaftungs GmbH, Vienna	Austria	20,72
Henderson Global Investors Immobilien Austria GmbH, Vienna	Austria	34,97
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	98,58
Immodat Global Investors Immobilien Austria GmbH, Vienna	Austria	20,72
IMOVE Immobilienverwertung-und-verwaltungs GmbH, Vienna	Austria	20,72

Company	Country	Existing capital share in %
Non-consolidated companies		
InterRisk Informatik GmbH, Wiesbaden	Germany	100,00
Jahorina auto d.o.o., Brcko	Bosnia and Herzegovina	100,00
Joint Stock Company "Curatio", Tbilisi	Georgia	90,00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje	Macedonia	100,00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98,26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	49,95
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	23,31
MC EINS Investment GmbH, Vienna	Austria	49,95
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100,00
Nusdorfer Strasse 30-92 Projektentwicklung GmbH & Co KG, Vienna	Austria	94,93
People's Pharmacy LLC, Tbilisi	Georgia	45,00
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	74,45
Privat Joint-Stock Company OWN SERVICE, Kiev	Ukraine	100,00
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	37,76
Risk Consult Bulgaria EOOD, Sofia	Bulgaria	50,44
Risk Consult Polska Sp.z.o.o., Warsaw	Poland	67,78
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	50,44
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi, Istanbul	Turkey	63,80
Risk Experts s.r.o., Bratislava	Slovakia	50,44
Risk Logics Risikoberatung GmbH, Vienna	Austria	50,44
SB Liegenschaftsverwertungs GmbH, Vienna	Austria	40,26
S.C. CLUB A.RO S.R.L., Bucharest	Romania	99,60
S.C. Risk Consult & Engineering Romania S.R.L., Bucharest	Romania	50,44
S.C. SOCIETATEA TRAINING IN ASIGURARI S.R.L., Bucharest	Romania	98,43
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100,00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	99,90
Slovexperta, s.r.o., Žilina	Slovakia	100,00
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	23,31
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	94,93
Spoldzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	99,96
Spoldzielnia Vienna Insurance Group IT Polska, Warsaw	Poland	99,95
SVZ Immoholding GmbH & Co KG, Vienna	Austria	94,93
SVZ Immoholding GmbH, Vienna	Austria	94,93
TBI Info EOOD, Sofia	Bulgaria	99,88
TOGETHER Internet Services GmbH, Vienna	Austria	24,28
UAB "Compensa Services", Vilnius	Lithuania	100,00
UNION-Informatikai Szolgáltató Kft., Budapest	Hungary	100,00
Untere Donaulände 40 GmbH, Vienna	Austria	97,70
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	33,30
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99,99
Vienna International Underwriters GmbH, Vienna	Austria	100,00
VIG AM Services GmbH, Wien	Austria	100,00

Company	Country	Existing capital share in %
Non-consolidated companies		
VIG Asset Management investiční společnost, a.s., Prague	Czech Republic	100,00
VIG Management Service SRL, Bucharest	Romania	98,43
VIG Services Bulgaria EOOD, Sofia	Bulgaria	99,38
VIG Services Shqiperi Sh.p.K., Tirana	Albania	89,36
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	49,95
WAG Immobilien Einsiedlergasse GmbH, Linz	Austria	24,98
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	24,98
Wien 3420 Aspern Development AG, Vienna	Austria	24,44
Wiener Städtische Donau Leasing GmbH, Vienna	Austria	99,90
WINO GmbH, Vienna	Austria	99,90
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	99,90
WSV Vermögensverwaltung GmbH, Vienna	Austria	99,90
WSV Beta ImmoHolding GmbH, Vienna	Austria	99,90



