



For life as it is



2014

2015

2016

**ANNUAL REPORT**

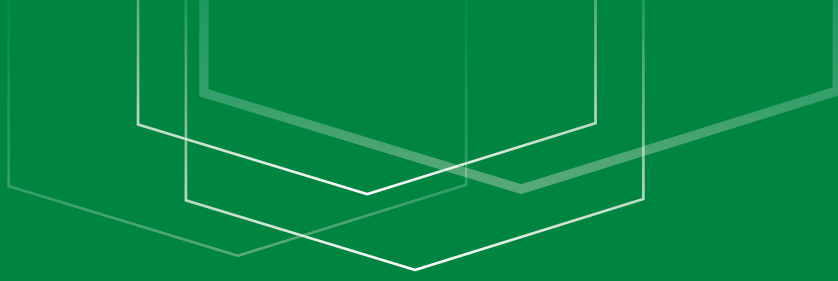
**2017**

2018

2019

2020



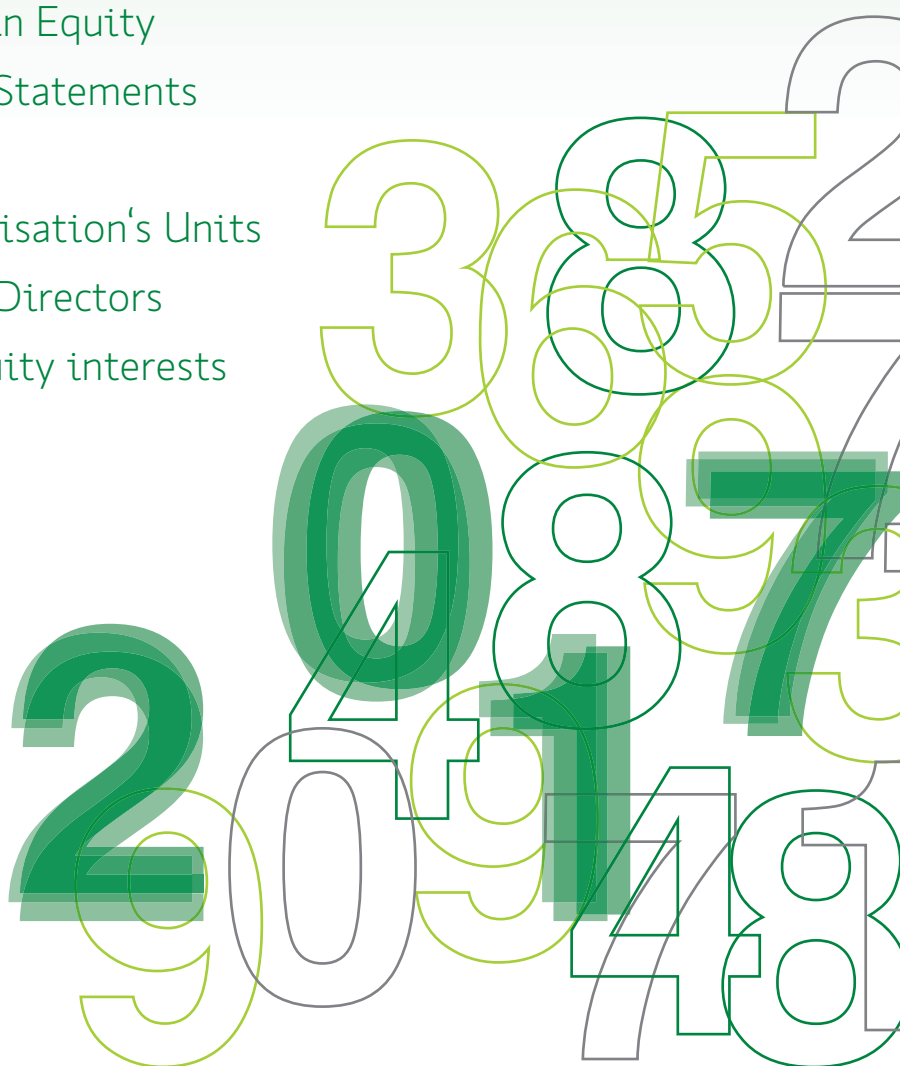


# Kooperativa 2017 IN FIGURES

- ▷ 32,84 BILION CZK OF INCOME PREMIUM
- ▷ 2,06 MILION OF CLIENTS
- ▷ 4,06 MILION OF INSURANCE POLICIES
- ▷ 675 THOUSAND OF SETTLED INSURANCE CLAIMS
- ▷ 21,23 BILION CZK OF CLAIM PAYMENT
- ▷ 22,37% SHARE ON THE CZECH INSURANCE MARKET

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## FOREWORD BY THE CHAIRMAN OF THE BOARD

Looking back at the year 2017, we can to some extent call it a success. Kooperativa achieved very solid sales results and premium growth, and solidified its position as the largest insurance company on the Czech market. As is customary, the Czech insurance market was stable and strong last year, and remains a consistent stabilising element not only of the economy as a whole, but also of individual households and enterprises, which can rely on their insurers 100 percent.

On the other hand, it must be said that 2017 was by no means easy – insurance companies profited from the overall macroeconomic situation, but faced certain problematic factors which have not been satisfactorily resolved in recent years. The key issue of the Czech insurance market remains motor insurance, where claims not only continue to increase, especially claims regarding health, but there is also a decline in premiums. It is obvious that this situation is not sustainable in the long term.

Kooperativa met with considerable success in prestigious contests and opinion polls even last year, be it Insurer of the Year according to insurance brokers, HN Best Insurance Company or the Golden Crown (Zlatá koruna). Once again, we strove to exploit all the possibilities that

contribute to the overall convenience of customer service – we took further steps in the field of digitalisation and use of modern technologies. A primary example I'd like to mention is the paperless conclusion of insurance policies using personal digital signatures and the introduction of mPOS – mobile payment terminals. I am very glad that it applies at Kooperativa that insurance may be a conservative sector, but that doesn't prevent us from being a progressive company and adapting to the rapidly evolving world around us. We also take these factors into account in our product range, which was updated last year with the new MOJE DOMA (MY HOME) property insurance. This product offers new additional insurance and several new risks, including the now widely-discussed cyber threats. In autumn, Kooperativa introduced an offer of insurance of fatal damages to older vehicles, which we have named TOTÁLKA.

Even last year, Kooperativa succeeded in the most important aspect – like every year, it met all of its obligations without exception in the claims handling area. And it wasn't simple. In addition to some major property claims, we successfully handled the Herwart wind storm, which caused damage to 13,000 clients of Kooperativa.



At the end of the year, a decision was made that would see Kooperativa merge with Pojišťovna České spořitelny as of 1 January 2019 into a single legal entity under the name of Kooperativa pojišťovna, a.s., Vienna Insurance Group. This merger is a part of the long-term strategy of the VIG Group aimed at strengthening the sector of bankassurance. Our main task now is to maintain the high standard of cooperation with Česká spořitelna and existing external partners.

In conclusion, I would like to thank everybody who contributed and continues to contribute to Kooperativa's success. Thanks to the work and determination of our employees and the trust of our clients, the company confirmed its stable and strong position on the Czech market, and its importance for the success of our parent Vienna Insurance Group, even in 2017.

Ing. Martin Diviš, MBA



## THE MOST SIGNIFICANT AWARDS RECEIVED IN 2017



- 1st place › Life Insurance
- 1st place › Industry and Entrepreneurs' Insurance
- 1st place › Personal Property Insurance
- 2nd place › Motor Vehicle Insurance



- 1st place › TREND Entrepreneurs' Insurance
- 3rd place › START PLUS
- 1st place › NAMÍRU Comprehensive Motor Vehicle Insurance
- 3rd place › Life insurance NA PŘÁNÍ



- 1st place › Fleet insurance – KOMPLEXNÍ POJIŠTĚNÍ FLOTIL



- 2nd place › Best Non-Life Insurer Category

## BOARD OF DIRECTORS – AS OF MARCH 1, 2018\*

NAME	POSITION
<b>Ing. Martin Diviš, MBA</b>	Chairman of the Board
<b>JUDr. Hana Machačová</b>	Member
<b>Mgr. Filip Král</b>	Member
<b>Mag. Gerhard Lahner**</b>	Member
<b>Jiří Sýkora</b>	Member

\* from 1. 1. 2017 to 31. 12. 2017 member of the Board RNDr. Petr Zapletal, MBA

\* from 1. 1. 2017 to 30. 6. 2017 member of the Board Gary Mazzotti, BA (Hons)

\*\*from 1. 7. 2017

## SUPERVISORY BOARD – AS OF MARCH 1, 2018

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

# BOARD OF DIRECTORS



**Mgr. Filip Král**  
Member

*This is the 13th year we have supported a healthy mind across the whole Czech Republic through the Kolo pro život (Bicycle for Life) project.*

**JUDr. Hana Macháčová**  
Member

*We are patrons of art; our collection numbers almost 3000 works of Czech artists, and Kooperativa headquarters even includes a gallery.*

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

*For 14 years, we've been giving a helping hand to Helping Paws, a charity raising assistance dogs.*

**Jiří Sýkora**  
Member

*Since 2014, we've been General Partner to the Kooperativa Basketball League and we support the Každý koš pomáha (Every Basket Helps) project.*

**Mag. Gerhard Lahner**  
Member

*This year represents the 27th that Kooperativa has been co-operating with the International Music Festival in Český Krumlov.*





# MANAGEMENT REPORT

## 2017 AT A GLANCE

For Kooperativa, the year 2017 was marked by a continuous moderate growth. Kooperativa achieved total written premiums of CZK 32.84 billion according to Czech Accounting Standards (CAS). Yet, with the market share of 22.37%, Kooperativa could retain the leading position among Czech insurance companies. As of the end of 2017 Kooperativa employed 3,873 employees and administered 4.06 million insurance policies for its 2.06 million clients.

Non-life insurance retained its role as a powerhouse of the insurance market just like in 2016. Kooperativa achieved total written premiums of CZK 24.92 billion in non-life insurance, i.e. an increase by 5.27% compared to 2016. Kooperativa grew faster than the market in property insurance in particular; both in entrepreneur insurance and property and liability insurance of private persons.

Life insurance, on the contrary, continued to decline, both for Kooperativa, and the whole market. Kooperativa recorded written premiums of CZK 7.92 billion, i.e. a drop by 8.51% compared to 2016. The life insurance market dropped by 3.80% in a year-on-year basis.

### NUMBER OF CLAIMS SETTLED (actual number)

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
2017	675 872

On the contrary, the number of insured events and disbursed insurance indemnities saw significant increase. Kooperativa settled over 675 thousand insured events and paid its clients insurance indemnities of CZK 21.23 billion in total, i.e. more by 6.33% compared to 2016. The increase in insured events was caused by the Herwart wind storm in particular, which swept across the Czech Republic at the end of October, with nearly 13 thousand loss events incurred to Kooperativa's clients only, and CZK 408 million respectively.

### TOTAL PREMIUMS WRITTEN (in CZK 000's)

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
2017	32 841 927

In 2017, Kooperativa further proceeded in successfully introducing modern technologies. After the electronic signature was launched in 2016, Kooperativa focused on the further development of "paperless" conclusion of insurance policies. Starting from 2017, cash payments were terminated at the sales offices and acceptance of policies by means of mPOS terminal – mobile payment terminals – was gradually introduced. Thus, there is no need to sign the insurance policy, as the contractual relationship has been established by payment of premium. Kooperativa is aiming at full removal of paper forms from the insurance conclusion process. Similar attitude has been adapted in claims handling, which has also gone electronic. Kooperativa's subsidiary, the Global Expert, which provides inspections of insured events, has started to use a unique app for tablets and smartphones in the course of 2017, which is able to process data on the vehicle, take photo-documentation of the loss, incl. necessary description and in parallel calculate the insurance indemnity. Technicians from the insurance company visits the client to inspect the damaged vehicle, equipped only with a tablet and a smartphone. They upload all necessary vehicle-related data as well as its identification marks into the app APPro in their tablet. Afterwards the app communicates with the app for mobile phones Smart Experta, which enables taking photos of the damaged vehicle and to edit and describe these directly in the app. Upon defining an exact damage of the vehicle, the technician is able to online calculate the loss amount of the particular vehicle on their tablet, even in several variants. All in all, Kooperativa in all aspects is heading towards electronic conclusion of insurance policies, communication with its clients, this including claims settlement.



As for product area, Kooperativa introduced substantial innovations in property insurance of private persons and in motor insurance in 2017. Starting from May, the home insurance and real estate insurance provides the clients with the coverage of brand new risks, a unique benefit OBNOVA, extended assistance services and several other interesting innovations. The Benefit OBNOVA guarantees additional up to CZK 50 thousand to disbursed insurance indemnity for restoration of damaged or destroyed property. Covered are all large claims which exceed 75% of the sum insured. Other risks that can newly be covered by the insurance are the cyber threats. Clients can conclude supplementary insurance of plants and stands on land, grave or an extended warranty for household appliances, e.g. the so called white goods, as well as boiler, water heater or TV set.

At the beginning of November Kooperativa offered its clients a unique motor hull insurance TOTÁLKA for older vehicles. It is an ideal solution for those vehicle owners, who do not bother about each scratch, but who are concerned about a large damage – vehicle theft, destruction by natural element or serious accident.

There is a great deal of work to be done in 2018 for all insurance companies in the legislative field. The European regulation on personal data protection, well-known under the abbreviation GDPR is about to come into force in May. The obligation to protect personal data is of course nothing new for the insurance company, yet, it has to make sure that all processes and documents comply with the new requirements. Everybody, who is in contact with personal data, will be affected by this, starting from IT departments, across sales departments, product-development departments, claims handling centres, to legal department. Another big challenge for this year is to get ready for the new rules for distribution of the insurance, stipulated under the European Directive, well-

KOOPERATIVA – NUMBER OF CLIENTS	
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
2017	2 062 835

NUMBER OF EMPLOYEES (actual number at year end)	
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
2017	3 873

known as the IDD. Insurance companies expect that there will be changes in the rules of conduct with the clients, there will be new obligations to disclose information, distribution channels as well as requirements on their expertise will change completely. However, it is not only European regulation that affects us; Kooperativa also carefully monitors the national legislation, such as the class action bill, as it could have negative consequences on insurance companies, unless prepared properly.

## SUBSEQUENT EVENTS

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

## SOCIAL RESPONSIBILITY

Kooperativa perceives the concept of social responsibility as an integral part of its business. We are aware of the fact that the company's sales and business activities are unconditionally linked with the environment that surrounds us. The activities we focus on correspond logically not only to the interests of the company, but also to the core requirements and needs of our clients and Czech society in general. Our activity would not reach the required quality and effect without the full engagement and feeling of responsibility among our employees, who are the company's primary resource both for business results and for charity or environmental initiatives.

### EMPLOYEES

Our goal is to create conditions as a competitive employer with an inspiring work environment to maintain existing employees and acquire new ones. We strive for a wide range of employment opportunities for individuals with special needs, and the assurance of equal opportunities for employees in the same job positions. We are a signatory of the European Diversity Charter. In 2017, we enforced the themes of diversity, flexibility and equality through a range of various programs. Worth mentioning is the meeting of the women's management club, focussed on support and networking among women in business. The inclusion of generation Y and their development within sales service in the pilot project at one of the sales agencies. The support of home office, flexible working hours and part-time employment, especially for women on maternity and parental leave. Through these activities, we strive to accommodate the various individual needs of our employees.

### TRAFFIC SAFETY

We care about human lives and want to support a positive change of behaviour on Czech roads. The core initiative of 2017 was the launch of activities in the area of traffic safety, a topic which the company intends to address consistently and profile itself as a strong partner not only for its customers. The aim is to contribute to a comprehensive reduction in the number of traffic accidents and thus increase traffic safety, by means of various educational events, campaigns and projects. An example of how we meet this objective is the autumn traffic show in Prague's Prosek district, organised on the occasion of the ceremonial opening of the new headquarters of the Central Bohemia Agency.

### ENVIRONMENT

Environmental thinking is deeply rooted in us. As an office-style company, we strive for minimum ecological impact. Through modern technologies – digitalisation, electronic communication with clients, digital signatures or electronic payments, we are pursuing our goal of paperless contract conclusion, thereby not increasing the environmental burden. In 2017, we defined a thorough internal system for reporting the consumption of energy, fuel and paper, which will be the basis for reducing these parameters in upcoming years.

# PART OF VIENNA INSURANCE GROUP

## COMPANY PROFILE

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

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

### EXPERTISE AND STABILITY

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

### FOCUS ON CENTRAL AND EASTERN EUROPE

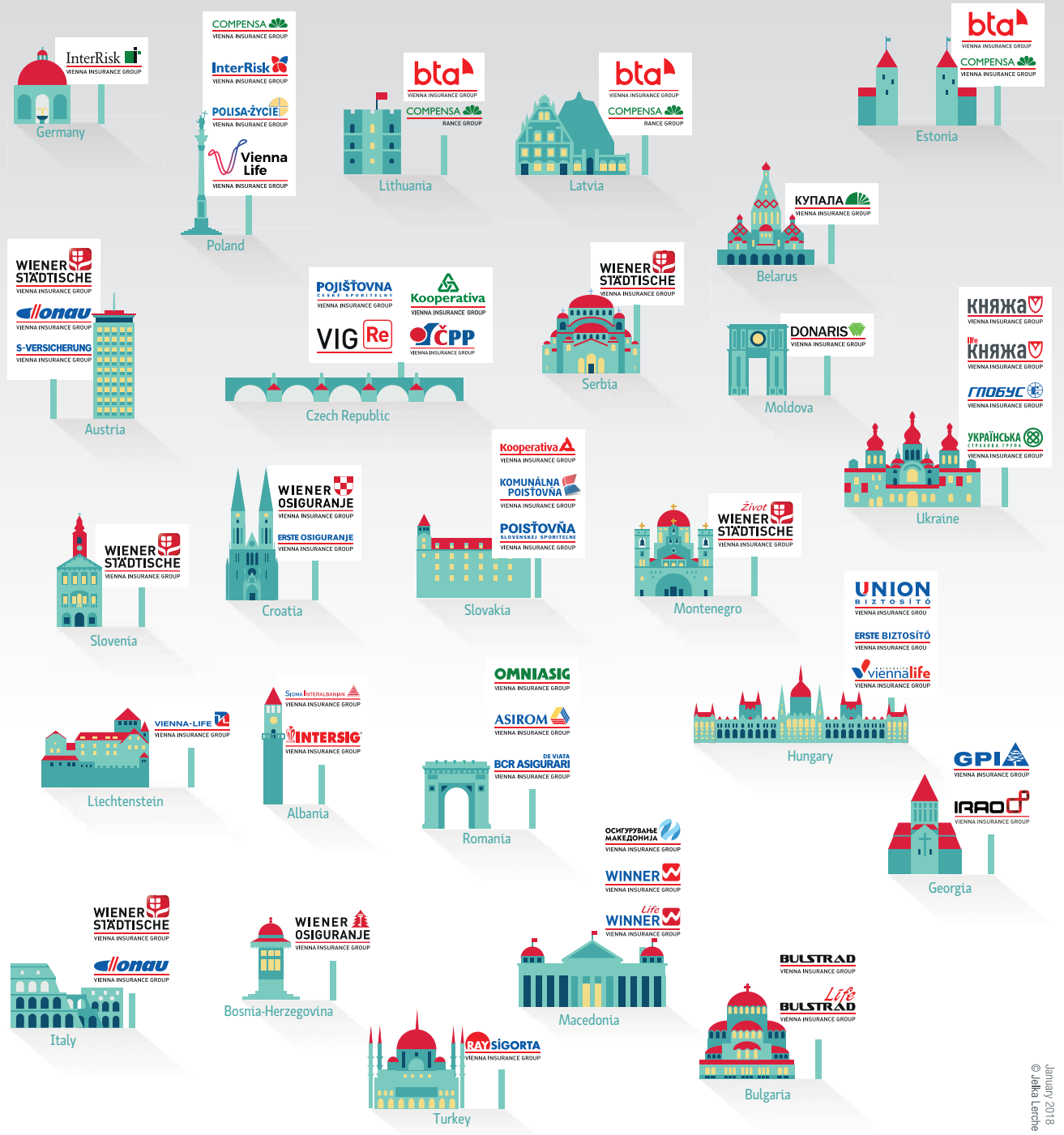
Besides Austria, VIG places a clear emphasis on Central and Eastern Europe as its home market. The Group generates more than half of its premium income in CEE. VIG's operations are also focused on this region. This primarily reflects the forecasts for economic growth in CEE, which is predicted to be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

### LOCAL MARKET PRESENCE

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

### STRONG FINANCES AND CREDIT RATING

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



January 2018  
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WE ARE THE **NUMBER ONE**  
IN AUSTRIA, CENTRAL AND  
EASTERN EUROPE.





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

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

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

***Opinion***

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

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

***Basis for Opinion***

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





### **Key audit matters**

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

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

<b>Key audit matter</b>	<b>How the audit matter was addressed</b>
<p>The Company recognises the provision for liabilities arising from the applied technical interest rate of MCZK 3 083 as part of Other technical provisions.</p> <p>We have designated the above issue as a key audit matter as the Company's management makes subjective and comprehensive assumptions and judgments in determining the amount of the provision for liabilities arising from the applied technical interest rate.</p> <p>In testing of the adequacy of liabilities arising from the applied technical interest rate, the Company applies the method of expected discounted cash flows. Liabilities to clients are determined using the best estimates of the future development of entry parameters adjusted by risk and uncertainty surcharges.</p> <p>The used entry parameters mainly represent the expected insurance benefits paid in the event of death or accident based on existing insurance contracts, the expected behaviour of clients in respect of long-term life assurance contracts, expected expense rates, and discount and revenue rates.</p> <p>For more information see Note I.4.(m) and II.9.(d) of the notes to the Company's financial statements.</p>	<p>Our audit procedures included among others:</p> <p>With the help of our specialists-actuaries, we critically assessed the method of determining the provision for liabilities arising from the applied technical interest rate based on our knowledge, experience and market standards within the insurance sector.</p> <p>We analysed the key assumptions, such as the claim frequency of the relevant insurance portfolio, the expected behaviour of clients in respect of long-term life assurance contracts, the expected cost of administration of insurance contracts, and other financial and non-financial assumptions. We compared the applied assumptions with the analyses provided by the Company, available market data and assumptions applied in past periods.</p> <p>We tested the accuracy of the calculation of the provision for liabilities arising from the applied technical interest rate and critically reviewed the relevant analyses prepared by the Company's management and discussed the significant relevant year-on-year variances from the expected values.</p> <p>We also assessed the sufficiency of the data disclosed by the Company in the notes to the financial statements.</p>



**Valuation of intangible assets in life assurance**

<b>Key audit matter</b>	<b>How the audit matter was addressed</b>
<p>The Company recognises deferred acquisition costs of MCZK 1 998 and accumulated debt in life assurance of MCZK 2 439 in assets as part of Other temporary assets.</p> <p>We have designated the above issue as a key audit matter as the Company's management makes subjective and comprehensive assumptions and judgments in determining the amount of deferred acquisition costs and accumulated debt in life assurance.</p> <p>The amount of deferred acquisition costs is based on the value of expected future deductions from initial fees from premium income. The Company regularly calculates the recoverable amount of these deferred acquisition costs using actuarial methods and historical data and then compares the recoverable amount with their carrying amount. The recoverable amount is determined based on estimated key parameters, such as the expected lapse rate of the insurance portfolio.</p> <p>The accumulated debt in life assurance is determined using the prospective method, taking into consideration all relevant future cash flows and using assumptions based on historical data about the lapse rate, claim frequency, expenses and other calculation assumptions.</p> <p>For more information see Note I.4.(f),(g) and II.7. of the notes to the Company's financial statements.</p>	<p>Our audit procedures included among others:</p> <p>Based on our knowledge, experience and market standards within the insurance sector, we critically assessed the method of recognition of both items. We assessed the suitability of the applied methods in the context of legislative changes concerning the regulation of life assurance commissions. These changes were introduced with effect from December 2016 as a result of an amendment to the Act No. 38/2004 Coll.</p> <p>We tested the proposal, implementation and operational effectiveness of the system and manual controls of the correct calculation of the acquisition costs. The testing was carried out through inquiries together with observation, inspection and review of the underlying documentation and selected recounts.</p> <p>Further, we involved our specialists-actuaries to assess the applied key assumptions and methods used by the Company in valuing both intangible assets in life assurance and to analyse the accuracy of the calculation. For these purposes we critically assessed the relevant analyses and discussed the relevant year-on-year variances from the expected values. We analysed the key assumptions, such as the expected lapse rate of the existing insurance portfolio, its claim frequency and related expenses and compared these key assumptions with externally available data, our own estimates and assumptions applied in the previous periods.</p>



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

<b>Key audit matter</b>	<b>How the audit matter was addressed</b>
<p>The Company recognises a provision to cover insurance claims incurred but not yet reported in the period (IBNR provision) of MCZK 2 414 and a provision to cover insurance claims incurred and reported, but not yet settled (RBNS provision) of MCZK 12 411. Both provisions as a whole form the Company's provision for outstanding claims.</p> <p>We determined the above area to be a key audit matter as the Company makes subjective and complex assumptions and judgements when determining the provision for outstanding claims.</p> <p>When determining the IBNR provision, the Company uses actuarial and statistical methods. For all classes of insurance except for motor third party liability insurance, the Company uses the chain-ladder method based on the</p>	<p>Among other things, we performed the procedures outlined below to address this key audit matter:</p> <p>We tested the design, implementation and operating effectiveness of system and manual controls over the correct determination of expenses for insurance claims and RBNS provisions. The tests included inquiry in combination with observation and inspection of underlying documentation and selected recalculations.</p> <p>We carried out detailed valuation testing on a sample of selected items of the RBNS provision, discussed their development in time and reconciled information in the accounting records with the underlying data in the Company's systems.</p>





<p>amount of paid insurance settlement or the amount of insurance claims incurred. The Company applies Monte Carlo simulations for motor third party liability insurance.</p> <p>Input parameters used in determining the IBNR provision mainly represent information on damage incurred in prior periods, in particular their amount and frequency.</p> <p>For determining the amount of the RBNS provision, the Company estimates total expenses for individual classes of insurance which it subsequently decreases by the estimate of expected salvage values and other similar entitlements of the Company.</p> <p>The provision for outstanding claims includes also an estimate of all related external and internal claims handling cost.</p> <p>Additional information is disclosed in note I.4.(k) and II.9.(b) of the Company's financial statements.</p>	<p>With the help of our specialists-actuaries we critically assessed the method for determining the IBNR provision based on our knowledge, experience and market standards within the insurance sector.</p> <p>When verifying the IBNR provision, we analysed key assumptions such as the characteristics of the insurance portfolio and expected developments in the amount and frequency of future insurance claims. In our analyses, we considered the expected development of expenses for insurance claims including the effect of the new Civil Code. We compared the assumptions applied by the Company with available market data, own estimates and assumptions applied in prior periods.</p> <p>We tested the correctness of the calculated IBNR provision. We critically reviewed the assumptions applied by the Company's management and discussed significant relevant year-to-year variations from our expected values. We also carried out own independent recalculations of certain parts of the IBNR provisions.</p> <p>As part of testing the provision for outstanding claims we analysed in detail the result of the claim run-off test. Accordingly, we assessed the adequacy of the total provision for outstanding claims and assessed the adequacy of methods applied to determine the provisions.</p> <p>In addition, we assessed the adequacy of the information disclosed by the Company in the notes to financial statements.</p>
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**Other Information**

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

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

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

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

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

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

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

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

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





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

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

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

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

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

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

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



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

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

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

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

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 28 April 2017 and our uninterrupted engagement has lasted for 5 years.

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

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

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

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


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


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

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

Prague

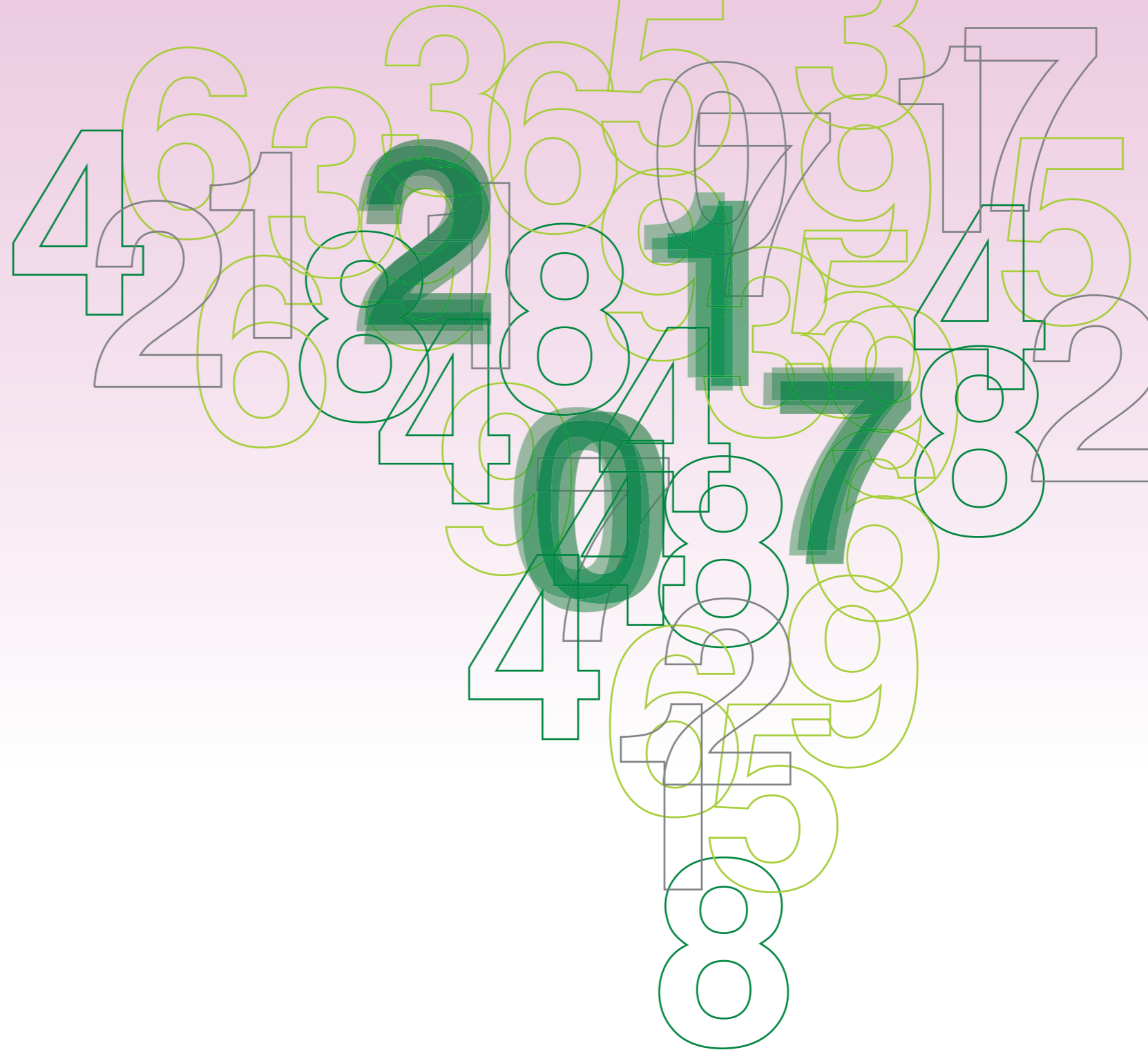
26 March 2018

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

  
Jindřich Vašina  
Partner  
Registration number 2059

# FINANCIAL SECTION

The Financial Statement  
for the year ending  
31 December 2017



# BALANCE SHEET – ASSETS

(In thousands of Czech crowns TCZK)

Description	2017 Gross	2017 Adjustment	2017 Net	2016 Net
<b>I. ASSETS</b>				
<b>A. Receivables for subscribed registered capital</b>				
<b>B. Intangible fixed assets, thereof</b>	<b>1 275 334</b>	<b>1 101 465</b>	<b>173 869</b>	<b>120 233</b>
b) Goodwill	0	0	0	0
<b>C. Investments</b>	<b>56 393 722</b>	<b>1 013 545</b>	<b>55 380 177</b>	<b>54 692 250</b>
I. Land and buildings, thereof	2 519 015	1 013 545	1 505 470	1 546 155
1. Land	248 169		248 169	249 652
2. Buildings	2 270 846	1 013 545	1 257 301	1 296 503
a) Land and buildings – self occupied	2 185 083	1 002 867	1 182 216	1 219 537
II. Investments in affiliated undertakings and participating interests	9 128 449	0	9 128 449	8 107 866
1. Participating interests with controlling influence	8 279 755		8 279 755	7 835 605
2. Debt securities issued by, and loans to, undertakings – controlling influence	774 432		774 432	197 999
3. Participating interests with significant influence	74 262		74 262	74 262
4. Debt securities issued by, and loans to, undertakings – significant influence			0	0
III. Other investments	44 746 258	0	44 746 258	45 038 229
1. Shares and other variable-yield securities, other participating interests	5 357 592		5 357 592	5 563 739
2. Bonds and other fixed-income securities	38 418 936		38 418 936	39 415 341
a) bonds and other fixed-income securities valued at fair value through profit and loss	2 231 583		2 231 583	2 398 284
b) „OECD“ bonds held to maturity	36 187 353		36 187 353	37 017 056
3. Investments in investment associations			0	0
5. Other loans and credits	4 200		4 200	7 200
6. Deposits with financial institutions	900 000		900 000	0
7. Other investments	65 530		65 530	51 949
IV. Deposits with ceding undertakings			0	0
<b>D. Investments for the benefit of life assurance policyholders who bear the investment risk</b>	<b>4 810 204</b>		<b>4 810 204</b>	<b>4 220 201</b>
<b>E. Debtors</b>	<b>2 221 103</b>	<b>434 088</b>	<b>1 787 015</b>	<b>1 638 171</b>
I. Receivables arising from direct insurance operations	1 883 837	430 906	1 452 931	1 300 617
1. Policyholders	1 870 031	426 134	1 443 897	1 289 578
2. Intermediaries	13 806	4 772	9 034	11 039
II. Receivables arising from reinsurance operations	5 905	0	5 905	29 950
III. Other receivables	331 361	3 182	328 179	307 604

Description	2017 Gross	2017 Adjustment	2017 Net	2016 Net
<b>ASSETS</b>				
<b>F. Other assets</b>	<b>3 015 890</b>	<b>552 957</b>	<b>2 462 933</b>	<b>3 321 598</b>
I. Tangible fixed assets other than those listed under „C.I. Land and buildings“, and inventories	913 932	552 957	360 975	333 733
II. Cash on accounts in financial institutions and cash in hand	2 101 958		2 101 958	2 987 865
IV. Other assets			0	0
<b>G. Temporary asset accounts</b>	<b>5 928 076</b>	<b>0</b>	<b>5 928 076</b>	<b>6 042 745</b>
I. Accrued interest and rent	- 2 589		-2 589	0
II. Deferred acquisition costs	3 032 259		3 032 259	3 305 631
a) in life-assurance business	1 998 409		1 998 409	2 335 569
b) in non-life insurance	1 033 850		1 033 850	970 062
III. Other temporary asset accounts, thereof	2 898 406		2 898 406	2 737 114
a) Estimated receivables	366 470		366 470	444 345
<b>TOTAL ASSETS</b>	<b>73 644 329</b>	<b>3 102 055</b>	<b>70 542 274</b>	<b>70 035 198</b>



# BALANCE SHEET – LIABILITIES

(In thousands of Czech crowns TCZK)

Description		2017		2016
<b>II. LIABILITIES</b>				
<b>A. Equity</b>		<b>12 523 997</b>		<b>12 479 062</b>
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		792 404
V. Reserve fund and other funds from profit		14 471		22 095
VI. Profit or loss brought forward		6 746 421		6 836 969
VII. Profit or loss for the financial year		1 932 826		1 789 719
<b>B. Subordinated liabilities</b>		<b>557 001</b>		<b>556 982</b>
<b>C. Technical provisions</b>		<b>44 338 070</b>		<b>44 411 953</b>
1. Provision for unearned premiums		0		0
a) gross amount	5 669 769		5 427 818	
b) reinsurance share (-)	1 059 227	4 610 542	973 338	4 454 480
2. Life assurance provision				
a) gross amount	26 933 189		27 505 894	
b) reinsurance share (-)	26 933 189			27 505 894
3. Provision for outstanding claims		0		0
a) gross amount	14 825 404	0	15 087 977	
b) reinsurance share (-)	5 938 560	8 886 844	6 196 707	8 891 270
4. Provision for bonuses and rebates				
a) gross amount	495 394		576 416	
b) reinsurance share (-)	53 540	441 854	8 806	567 610
6. Other technical provisions				
a) gross amount	3 465 641		2 992 699	
b) reinsurance share (-)		3 465 641		2 992 699
<b>D. Life assurance technical provision where the investment risk is borne by the policyholders</b>		<b>4 810 204</b>		<b>4 220 201</b>
a) gross amount	4 810 204		4 220 201	
b) reinsurance share (-)				
<b>E. Provisions</b>		<b>88 520</b>		<b>85 009</b>
1. Provisions for pensions and similar obligations		85 538		81 044
2. Provisions for taxation		0		0
3. Other provisions		2 982		3 965
<b>F. Deposits received from reinsurers</b>		<b>3 762 091</b>		<b>3 826 133</b>

Description	2017	2016
<b>II. LIABILITIES</b>		
<b>G. Creditors</b>	<b>2 881 621</b>	<b>2 986 270</b>
I. Payables arising from direct insurance operations	2 309 571	1 952 535
II. Payables arising from reinsurance operations	1 808	6 966
III. Debenture loans		
IV. Amounts owed to credit institutions	64	249
V. Other payables, thereof	570 178	1 026 520
a) Tax liabilities and payables due to social security and health insurance institutions	134 548	156 330
VI. Guarantee Fund of the Bureau		
VII. Loss prevention fund		
<b>H. Temporary liability accounts</b>	<b>1 580 770</b>	<b>1 469 588</b>
I. Accrued expenses and deferred revenues	536 108	523 858
II. Other temporary liability accounts, thereof	1 044 662	945 730
a) Estimated payables	1 044 662	945 730
<b>TOTAL LIABILITIES</b>	<b>70 542 274</b>	<b>70 035 198</b>

# INCOME STATEMENT FOR THE YEAR ENDED

(In thousands of Czech crowns TCZK)

Description	2017 Base	2017 Subtotal	2017 Result	2016 Result
<b>I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>1. Earned premiums, net of reinsurance:</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) gross premiums written	24 921 013	x	x	x
b) outward reinsurance premiums (-)	5 357 308	19 563 705	x	x
c) change in the gross provision for unearned premiums (+/-)	254 914	x	x	x
d) change in the provision for unearned premiums, reinsurers' share (+/-)	85 889	169 025	19 394 680	18 260 160
<b>2. Allocated investment return transferred from the non-technical account</b>	<b>x</b>	<b>x</b>	<b>1 171 003</b>	<b>879 985</b>
<b>3. Other technical income, net of reinsurance</b>	<b>x</b>	<b>x</b>	<b>596 589</b>	<b>1 155 137</b>
<b>4. Claims incurred, net of reinsurance:</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) claims paid:	x	x	x	x
aa) gross amount	15 417 204	x	x	x
bb) reinsurers' share (-)	2 564 238	12 852 966	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	-290 258	x	x	x
bb) reinsurers' share (-)	-253 100	-37 158	12 815 808	11 426 810
<b>5. Changes in other technical provisions, net of reinsurance (+/-)</b>	<b>x</b>	<b>x</b>	<b>-103 787</b>	<b>-112 267</b>
<b>6. Bonuses and rebates, net of reinsurance</b>	<b>x</b>	<b>x</b>	<b>430 307</b>	<b>508 941</b>
<b>7. Net operating expenses:</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) acquisition costs	x	4 592 495	x	x
b) change in deferred acquisition costs (+/-)	x	-63 788	x	x
c) administrative expenses	x	741 061	x	x
d) reinsurance commissions and profit participation (-)	x	1 119 055	4 150 713	3 916 541
<b>8. Other technical expenses, net of reinsurance</b>	<b>x</b>	<b>x</b>	<b>2 533 904</b>	<b>2 673 744</b>
<b>10. Subtotal on the technical account for non-life insurance</b>	<b>x</b>	<b>x</b>	<b>1 335 327</b>	<b>1 881 513</b>
<b>II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
<b>1. Earned premiums, net of reinsurance:</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) gross premiums written	x	7 920 914	x	x
b) outward reinsurance premiums (-)	x	906 755	x	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	x	-12 963	7 027 122	7 792 553
<b>2. Income from investments:</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) income from participating interests, with a separate indication of that derived from controlling influence	x	15 889	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	1 330	x	x	x
bb) income from other investments	1 132 721	1 134 051	x	x
c) value adjustments on investments	x	14 677	x	x
d) income from disposal of investments	x	162 111	1 326 728	1 786 339

Description	2017 Base	2017 Subtotal	2017 Result	2016 Result
<b>3. Unrealised gains on investments</b>	x	x	<b>354 593</b>	<b>159 729</b>
<b>4. Other technical income, net of reinsurance</b>	x	x	<b>376 493</b>	<b>453 595</b>
<b>5. Claims incurred, net of reinsurance</b>	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	5 810 091	x	x	x
bb) reinsurers' share (-)	362 818	5 447 273	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	27 685	x	x	x
bb) reinsurers' share (-)	-5 047	32 732	5 480 005	5 675 184
<b>6. Changes in other technical provisions, net of reinsurance (+/-):</b>	x	x	x	x
a) life assurance provisions:	x	x	x	x
aa) gross amount	-572 705	x	x	x
bb) reinsurers' share (-)		-572 705	x	x
b) other technical provisions, net of reinsurance	x	1 166 733	594 028	1 093 745
<b>7. Bonuses and rebates, net of reinsurance</b>	x	x	<b>-22 234</b>	<b>33 577</b>
<b>8. Net operating expenses:</b>	x	x	x	x
a) acquisition costs	x	1 645 575	x	x
b) change in deferred acquisition costs (+/-)	x	337 160	x	x
c) administrative expenses	x	222 558	x	x
d) reinsurance commissions and profit participation (-)	x	517 385	1 687 908	1 987 548
<b>9. Expenses connected with investments:</b>	x	x	x	x
a) investment management charges, including interest	x	54 033	x	x
b) value adjustments on investments	x	45 748	x	x
c) book value of disposed investments	x	154 721	254 502	846 141
<b>10. Unrealised losses on investments</b>	x	x	<b>79 336</b>	<b>12 631</b>
<b>11. Other technical expenses, net of reinsurance</b>	x	x	<b>102 272</b>	<b>234 433</b>
<b>12. Allocated investment return transferred to the non-technical account (-)</b>	x	x		
<b>13. Subtotal on the technical account for life assurance</b>	x	x	<b>909 119</b>	<b>308 957</b>
<b>III. NON-TECHNICAL ACCOUNT</b>	x	x	x	x
<b>1. Result of the technical account for non-life insurance</b>	x	x	<b>1 335 327</b>	<b>1 881 513</b>
<b>2. Result of the technical account for life assurance</b>	x	x	<b>909 119</b>	<b>308 957</b>



# INCOME STATEMENT FOR THE YEAR ENDED

(In thousands of Czech crowns TCZK)

Description	2017 Base	2017 Subtotal	2017 Result	2016 Result
<b>3. Income from investments:</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) income from participating interests, with a separate indication of that derived from controlling influence	x	630 538	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	85 748	x	x	x
bb) income from other investments	400 219	485 967	x	x
c) value adjustments on investments	x	306 249	x	x
d) income from disposal of investments	x	2 905 229	4 327 983	6 160 703
<b>4. Allocated investment return transferred from the technical account for life-insurance</b>	<b>x</b>	<b>x</b>		
<b>5. Expenses connected with investments:</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
a) investment management charges, including interest	x	159 349	x	x
b) value adjustments on investments	x	244 561	x	x
c) book value of disposed investments	x	2 753 070	3 156 980	5 280 717
<b>6. Allocated investment return transferred to the technical account for non-life-insurance</b>	<b>x</b>	<b>x</b>	<b>1 171 003</b>	<b>879 985</b>
<b>7. Other income</b>	<b>x</b>	<b>x</b>	<b>19 327</b>	<b>31 399</b>
<b>8. Other expenses</b>	<b>x</b>	<b>x</b>	<b>47 427</b>	<b>76 890</b>
<b>9. Income tax on ordinary activities</b>	<b>x</b>	<b>x</b>	<b>281 612</b>	<b>353 489</b>
<b>10. Profit or loss on ordinary activities after tax</b>	<b>x</b>	<b>x</b>	<b>1 934 734</b>	<b>1 791 491</b>
<b>11. Extraordinary income</b>	<b>x</b>	<b>x</b>	<b>0</b>	<b>0</b>
<b>12. Extraordinary expenses</b>	<b>x</b>	<b>x</b>	<b>0</b>	<b>0</b>
<b>13. Extraordinary profit or loss</b>	<b>x</b>	<b>x</b>	<b>0</b>	<b>0</b>
<b>14. Income tax on extraordinary activities</b>	<b>x</b>	<b>x</b>	<b>0</b>	<b>0</b>
<b>15. Other taxes not shown under the preceding items</b>	<b>x</b>	<b>x</b>	<b>1 908</b>	<b>1 772</b>
<b>16. Profit or loss for the financial year</b>	<b>x</b>	<b>x</b>	<b>1 932 826</b>	<b>1 789 719</b>

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR 2017

(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
<b>BALANCE AT 1. 1. 2016</b>	<b>3 000 000</b>	<b>0</b>	<b>37 875</b>	<b>0</b>	<b>47 221</b>	<b>790 903</b>	<b>1 501</b>	<b>9 309 777</b>	<b>13 187 277</b>
Net profit/loss for accounting period*)								1 789 719	1 789 719
Dividends								-2 421 783	-2 421 783
Transfers to funds					51 129			-51 129	0
Reduction of funds					-76 254				-76 254
Shares issued									0
Reduction in registered capital									0
Own shares purchased									0
Other changes						1 501	-1 501	104	104
<b>BALANCE AT 31. 12. 2016</b>	<b>3 000 000</b>	<b>0</b>	<b>37 875</b>	<b>0</b>	<b>22 095</b>	<b>792 404</b>	<b>0</b>	<b>8 626 688</b>	<b>12 479 062</b>
<b>BALANCE AT 1. 1. 2017</b>	<b>3 000 000</b>	<b>0</b>	<b>37 875</b>	<b>0</b>	<b>22 095</b>	<b>792 404</b>	<b>0</b>	<b>8 626 688</b>	<b>12 479 062</b>
Net profit/loss for accounting period								1 932 826	1 932 826
Dividends								-1 828 493	-1 828 493
Addition to funds					51 774			-51 774	0
Reduction of funds					-59 398				-59 398
Shares issued									0
Reduction in registered capital									0
Own shares purchased									0
Other changes									0
<b>BALANCE AT 31. 12. 2017</b>	<b>3 000 000</b>	<b>0</b>	<b>37 875</b>	<b>0</b>	<b>14 471</b>	<b>792 404</b>	<b>0</b>	<b>8 679 247</b>	<b>12 523 997</b>

# 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 2017 are<sup>1</sup>:**

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, Pobežní 665/21, 186 00 Praha 8

**Members of the Board of Directors and Supervisory Board as at 31 December 2017:**

**MEMBERS OF THE BOARD OF DIRECTORS**

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

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

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

**Jiří Sýkora**, Hudlice, Jáchymovská 261, Czech Republic

**Mag. Gerhard Lahner**, 2130 Mistelbach, Gartengasse 21, Austria

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

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

<sup>1</sup> 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%.

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**, Wien, Kurzbauergasse 5, Austria

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

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

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

**Dr. Ing. Vratislav Kulhánek**, Praha 2, Vinohrady, Jana Masaryka 708/12, Czech Republic

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

**Jan Růžička**, Praha 5, nám. Pod lípou 6, Czech Republic

**Prof. Ing. Eva Ducháčková**, CSc., Praha 9, Vinoř, Dubanská 296, Czech Republic

**KR Franz Fuchs**, Maria Enzersdorf, Fürstenstrasse 43, Austria

**Mag. Robert Lasshofer**, Vídeň, Roggegasse 54, Austria

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

### Changes in members of the Board of Directors and in members of the Supervisory Board during the year 2017:

Mag. Gerhard Lahner became the member of the Board of Directors on 1 July 2017. This change was entered into Commercial Register on 21 July 2017.

The membership of Gary Wheatley Mazzotti in the Board of Directors ceased to exist on 30 June 2017. This fact was deleted from the Commercial Register on 21 July 2017.

The membership of RNDr. Petr Zapletal in the Board of Directors ceased to exist on 31 December 2017. This fact was deleted from the Commercial Register on 11 January 2018.

### 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, i.e. first line departments 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 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 %
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.

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.

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

#### 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 reallocated to other investment accounts.

### **(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 in 2016, and it is still relevant with respect to persisting higher insecurity of how the intermediary market will respond to the amended Insurance Intermediaries Act.

**(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.

#### **Provision for credit risk from intermediaries**

With respect to the new legal regulation (amended Act on Insurance Intermediaries), which introduces five-year claw-back period, during which the intermediary is liable for concluded insurance policy with their commissions, the provision for credit risk from intermediaries is created. The provision reflects the risk that the intermediary will not refund the unearned commission due to their bankruptcy.

### **(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 contracts.

### **(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. RISK MANAGEMENT**

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

### **(a) Strategy 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.

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 counterpart risks are respected.

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

### (c) 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 and structure is in line with the value and structure of liabilities, if possible/when applicable.

### (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) 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 monthly checks of information on unearned commissions, 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.

The Company monitors regularly, i.e. on monthly basis, the level of premium receivables.

### (f) Liquidity risk

The Company is exposed to daily calls on its available cash resources from insurance claims, commissions, 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. Therefore the Company maintains a sufficient portion of its investments in liquid and secure financial instruments, which are used to cover insurance claims, commissions, maturities and surrenders.

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

### (g) Insurance risk

Insurance risk is the possibility that the insured event occurs and the uncertainty of the amount of the resulting 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 in particular:**

- ▶ the use of reinsurance to limit the Company's exposure to large single claims and catastrophes;
- ▶ the maintenance and use of management information systems that provide up to date, reliable data on the risks to which the business is exposed;
- ▶ the use of prudent underwriting contracts;
- ▶ proper reserving, including regular review of adequacy of technical provisions.

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

**(h) Operational risk**

For the purpose of its governance and to insulate itself from operational risk incidents, the Company developed, maintains and enhances the internal control system. Corresponding control mechanisms were defined and set up within this system, which help to mitigate the residual risk. In order to identify, monitor and control operational risk, incl. discussion of operational risk incidents, the Company established the Sub-Committee for Operational Risks, which provides regular reporting on Company's current exposition for the Risk Management Committee.

The risks have been assessed within the Risk Inventory Process. As its part, the employees of all departments identify all risks their departments are exposed to; these risks are described qualitatively, as for their severity and frequency, and they are matched with control mechanisms to mitigate these risks. The output of the process is the Risk and Control Matrix (RCM).

**(i) Compliance risk**

Compliance risk means the risk of legal and regulatory sanctions, financial or reputational loss the Company may suffer as a consequence of failing to meet legal and regulatory requirements, rules related to standards of the Company and the Group VIG and Code of Ethics of the Czech Insurance Association. Compliance risk is a sub-category of operational risk. These sanctions and other consequences may adversely affect Company's financial stability. Thus, an uninterrupted compliance risk management is one of essential obligations of the Company.

**The Company has to have the governance system in place for compliance risk management, which ensures that:**

- a) legal and regulatory changes are monitored,
- b) legal and regulatory changes are reflected in Company's internal regulation,
- c) the compliance between the performance of activities and internal and legal regulation is subsequently reviewed,
- d) mutual compliance among internal regulation is monitored.

Compliance Function of the Company provides continuous monitoring of upcoming legal regulation (new legal regulation, changes/amendments to existing legal regulation) and case law, incl. regulatory requirements of supervisory authority, and assesses their impacts on Company's business. For this purpose, Compliance Information on upcoming changes has been compiled at least 12-times a year, or more often, according to current needs.

In line with the Group Compliance Policy, the Compliance Report (summary of compliance activities for previous calendar year), Compliance Plan (summary of planned compliance activities for following year), Compliance Risk Inventory Report (summary of outcomes of Compliance Risk Analysis) have been regularly submitted to the Board of Directors.

**(j) Solvency**

In relation to the regulatory framework of Solvency II directive coming in force, the regulatory authority has set a solvency capital requirement in the interest of the policyholders in order to guarantee the Company's ability to cover future insurance settlements. Own funds are the surplus of the value of insurer's assets over the value of its liabilities reduced by the value of the expected dividend and increased by the value of the subordinated liabilities where each calculation item is to be determined in compliance with the applicable rules. Own funds must exceed the solvency capital requirement throughout the year.



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

### II. 1. INTANGIBLE FIXED ASSETS

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

	Software	Goodwill*	Othe intangible fixed assets	Total
Acquisition cost at 1/1/2017	773 674	3 068 798	389 393	4 231 865
Additions	103 477	0	10 008	113 485
Disposals	1 218	3 068 798	0	3 070 016
<b>Acquisition cost at 31/12/2017</b>	<b>875 933</b>	<b>0</b>	<b>399 401</b>	<b>1 275 334</b>
Accumulated depreciation at 1/1/2017	661 443	3 068 798	381 391	4 111 632
Depreciation	52 921	0	6 852	59 773
Disposals	1 142	3 068 798	0	3 069 940
<b>Accumulated depreciation at 31/12/2017</b>	<b>713 222</b>	<b>0</b>	<b>388 243</b>	<b>1 101 465</b>
Net book value at 1/1/2017	112 231	0	8 002	120 233
<b>Net book value at 31/12/2017</b>	<b>162 711</b>	<b>0</b>	<b>11 158</b>	<b>173 869</b>

\* In compliance with accounting policies, the Company decided to dispose of the Goodwill from intangible fixed assets in the course of 2017.

### II. 2. INVESTMENT

#### (a) Land and buildings (real estate)

2017	Operating land	Operating buildings	Non-operating land	Non operating buildings	Total
Acquisition cost as at 1/1/2017	220 748	2 218 500	28 905	85 763	2 553 916
Additions	0	16 954	0	0	16 954
Disposals	1 484	50 371	0	0	51 855
<b>Acquisition cost as at 31/12/2017</b>	<b>219 264</b>	<b>2 185 083</b>	<b>28 905</b>	<b>85 763</b>	<b>2 519 015</b>
Accumulated depreciation at 1/1/2017	0	998 963	0	8 798	1 007 761
Depreciation expense	0	47 900	0	1 880	49 780
Disposals	0	43 996	0	0	43 996
<b>Accumulated depreciation as at 31/12/2017</b>	<b>0</b>	<b>1 002 867</b>	<b>0</b>	<b>10 678</b>	<b>1 013 545</b>
Net book value at 1/1/2017	220 748	1 219 537	28 905	76 965	1 546 155
<b>Net book value at 31/12/2017</b>	<b>219 264</b>	<b>1 182 216</b>	<b>28 905</b>	<b>75 085</b>	<b>1 505 470</b>

Fair value	Operating land	Operating buildings	Non-operating land	Non operating buildings	Total
2017	256 782	1 426 875	32 808	69 264	1 785 728
2016	248 067	1 446 254	31 841	69 453	1 795 615

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

<b>2017</b>	<b>Share on registered capital in %</b>	<b>Book value</b>	<b>Acquisition cost</b>	<b>Fair value</b>	<b>Total Registered capital</b>	<b>Total Equity</b>	<b>Profit or loss for the financial year</b>	<b>Dividend income/profit share</b>
AB Modřice, a.s.**	100	10 000	10 000	9 948	10 000	9 948	-52	0
CP Solutions a.s.	100	399 033	399 033	402 461	2 000	402 461	3 581	0
KIP, a.s.	100	182 219	182 219	236 259	179 877	236 259	7 599	12 000
Main Point Karlín II, a.s.**	100	10 000	10 000	9 948	10 000	9 948	-52	0
SURPMO, a.s.	100	1 358	1 358	2 808	2 079	2 808	252	0
S-budovy, a.s.	100	45 710	45 710	76 469	70 000	76 469	794	1 296
S-práva nemovitostí, a.s.	100	1 306	1 306	14 893	2 000	14 893	4 378	1 384
Benefita, a.s.	100	17 000	17 000	15 237	12 665	15 237	2 341	764
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group*	100	3 696 340	3 696 340	3 696 340	1 000 000	2 602 212	485 978	356 200
Global Expert, s.r.o.	70	140	140	13 252	200	18 931	12 057	533
KAPITOL pojišťovací a finanční poradenství, a.s.*	70	203 745	203 745	203 745	20 000	83 497	1 570	0
AIS Servis, s.r.o.*	70	108 175	108 175	108 175	7 400	52 765	9 343	0
VIG ND, a. s.	88.29	2 098 831	2 430 899	2 098 070	2 391 000	2 376 355	32 043	29 043
VIG RE zajišťovna, a.s. **	10	315 130	315 130	438 506	3 150 000	4 331 934	537 062	38 966
Pojišťovna České spořitelny, a.s., Vienna Insurance Group *	5	501 296	501 296	501 296	1 900 100	4 060 289	1 088 574	36 957
VIG FUND, a.s.**	16.7	689 472	712 700	711 846	3 734	4 026 994	176 121	18 214
<b>Total</b>	<b>N/A</b>	<b>8 279 755</b>	<b>8 635 051</b>	<b>8 539 253</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>495 357</b>

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

\*\* data are based on the unaudited final accounts as at 31 December 2017

The Company sold 30% of its share in the company of Global Expert, s.r.o. to its subsidiary company of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group with effect from 11 December 2017.

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.

2016	Share on registered capital in %	Book value	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	182 219	240 660	179 877	240 660	7 591	7 000
SURPMO, a.s.	100	1 358	1 358	2 561	2 079	2 561	185	0
S-budovy, a.s.	100	45 710	45 710	76 971	70 000	76 971	1 340	1 100
S-práva nemovitostí, a.s.	100	1 306	1 306	12 091	2 000	12 091	1 628	2 850
Benefita, a.s.	100	17 000	17 000	13 660	12 665	13 660	899	0
Global Expert, s.r.o.	100	200	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	3 696 340	1 000 000	2 481 880	440 636	388 000
KAPITOL pojišťovací a finanční poradenství, a.s.*	70	203 745	203 745	203 745	20 000	82 274	8 339	4 200
AIS Servis, s.r.o.*	70	108 175	108 175	108 175	7 400	44 489	18 663	20 919
VIG ND, a. s. ***	88,29	2 098 831	2 430 899	2 098 831	2 391 000	2 377 217	32 895	11 402
VIG RE zajišťovna, a.s. **	10	250 000	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	501 296	1 900 100	3 848 076	1 030 569	28 405
VIG FUND, a.s.**	16,7	729 425	712 700	731 529	3 425	4 117 570	166 785	13 925
<b>Total</b>	<b>N/A</b>	<b>7 835 605</b>	<b>8 150 948</b>	<b>8 071 290</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>527 289</b>

\* 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 an impairment of investment to its fair value as at the end of 2016 with respect to the rental decline of the building in ownership of VIG ND, a.s., which was reflected in its lower fair value. The impairment is still relevant in 2017.

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

2017	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	106 885	49 096	17 774
<b>Total</b>	<b>N/A</b>	<b>74 262</b>	<b>74 262</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>17 774</b>

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

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
<b>Total</b>	<b>N/A</b>	<b>74 262</b>	<b>74 262</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>21 844</b>

\* 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	
	2017	2016	2017	2016	2017	2016
Granted loans (controlled persons)	774 432	197 999	774 432	197 999	768 506	197 505
<b>Total</b>	<b>774 432</b>	<b>197 999</b>	<b>774 432</b>	<b>197 999</b>	<b>768 506</b>	<b>197 505</b>

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

	Fair value		Acquisition cost	
	2017	2016	2017	2016
<b>Other</b>				
Listed on a recognized CR exchange	49 668	39 288	32 209	32 209
Listed elsewhere	2 066 164	2 526 013	1 945 896	2 312 874
Unlisted	3 241 760	2 998 868	3 388 223	3 221 066
<b>Total</b>	<b>5 357 592</b>	<b>5 563 739</b>	<b>5 366 328</b>	<b>5 566 149</b>

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

	Fair value		Acquisition cost	
	2017	2016	2017	2016
<b>Issued by financial institutions</b>				
Listed on a recognized CR exchange	251 430	464 623	249 201	393 241
Listed elsewhere	508 940	374 746	503 782	368 984
Unlisted	97 784	222 405	102 100	225 000
<b>Issued by non-financial institutions</b>				
Listed on a recognized CR exchange	112 659	50 603	109 805	49 805
Listed elsewhere	227 563	238 281	231 076	231 076
<b>Issued by government sector</b>				
Listed on a recognized CR exchange	102 577	105 153	103 879	103 879
Listed elsewhere	26 351	26 828	29 848	29 848
<b>Other</b>				
Listed on a recognized CR exchange	466 238	504 825	499 460	505 938
Listed elsewhere	438 041	410 820	426 862	401 775
<b>Total</b>	<b>2 231 583</b>	<b>2 398 284</b>	<b>2 256 013</b>	<b>2 309 545</b>

**(e) Securities held to maturity**

	Fair value		Amortized value		Acquisition cost	
	2017	2016	2017	2016	2017	2016
<b>Issued by financial institutions</b>						
Listed elsewhere	321 817	342 999	272 599	272 591	269 907	269 907
<b>Issued by non-financial institutions</b>						
Listed elsewhere	88 598	93 483	83 440	83 870	83 850	83 850
<b>Issued by government sector</b>						
Listed on a recognized CR exchange	38 468 100	43 291 854	33 993 162	34 090 821	33 449 194	33 403 002
<b>Other</b>						
Listed on a recognized CR exchange	1 912 065	2 623 940	1 838 152	2 377 744	1 914 668	2 464 836
Unlisted		198 526		192 030		204 218
<b>Total debt securities held to maturity</b>	<b>40 790 580</b>	<b>46 550 803</b>	<b>36 187 353</b>	<b>37 017 056</b>	<b>35 717 619</b>	<b>36 425 812</b>

**(f) Deposits with financial institutions**

	Fair value		Acquisition cost	
	2017	2016	2017	2016
Due up to 1 year	900 000	0	900 000	0
<b>Total</b>	<b>900 000</b>	<b>0</b>	<b>900 000</b>	<b>0</b>



**(g) Other investments**

	Nominal value/ Acquisition costs		Fair value	
	2017	2016	2017	2016
Forwards	1 631 460	1 404 304	-5 530	-19 111
Works of art	71 060	71 060	150 200	150 200
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>144 670</b>	<b>131 089</b>

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	
	2017	2016
Shares and other variable-yield securities	4 810 204	4 220 201
<b>Total</b>	<b>4 810 204</b>	<b>4 220 201</b>

## II. 4. CURRENCY STRUCTURE OF THE INVESTMENTS

2017	Variable-yield securities	Fixed income securities	Deposits and another investment	Securities where the investment risk is borne by the policyholders
	2017	2017	2017	2017
CZK	3 230 101	38 229 983	10 890 949	3 198 803
EUR	425 388	137 801	712 700	1 611 401
GBP	35 813	0		0
USD	1 666 290	0		0
PLN	0	51 152		0
<b>Total</b>	<b>5 357 592</b>	<b>38 418 936</b>	<b>11 603 649</b>	<b>4 810 204</b>

2016	Variable-yield securities	Fixed income securities	Deposits and another investment	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
<b>Total</b>	<b>5 563 739</b>	<b>39 415 341</b>	<b>9 713 170</b>	<b>4 220 201</b>

## II. 5. RECEIVABLES

As at 31 December 2017	Receivables from policy holders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	194 340	2 614	5 905	328 179	531 038
Overdue	1 675 691	11 192	0	3 182	1 690 065
<b>Total</b>	<b>1 870 031</b>	<b>13 806</b>	<b>5 905</b>	<b>331 361</b>	<b>2 221 103</b>
Adjustment	- 426 134	- 4 772	0	- 3 182	- 434 088
<b>Total net</b>	<b>1 443 897</b>	<b>9 034</b>	<b>5 905</b>	<b>328 179</b>	<b>1 787 015</b>

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
<b>Total</b>	<b>1 785 389</b>	<b>18 346</b>	<b>29 950</b>	<b>310 853</b>	<b>2 144 538</b>
Adjustment	-495 811	-7 307	0	-3 249	-506 367
<b>Total net</b>	<b>1 289 578</b>	<b>11 039</b>	<b>29 950</b>	<b>307 604</b>	<b>1 638 171</b>

No overdue receivables more than 5 years were recorded both in 2017 and 2016.

## Other receivables

	2017	2016
Inter-company receivables	57 379	41 441
Deferred tax assets	21 082	72 453
Income tax prepayments	143 776	59 824
Other provided prepayments	101 917	112 585
Other receivables	4 025	21 301
<b>Total other receivables</b>	<b>328 179</b>	<b>307 604</b>

Income tax prepayments were reduced by tax provision amounting to TCZK 238 117 (2016: TCZK 362 444).

## II. 6. OTHER ASSETS

## Tangible fixed assets

	Total
Acquisition cost as at 1/1/2017	827 616
Additions	124 877
Disposals	38 561
<b>Acquisition cost as at 31/12/2017</b>	<b>913 932</b>
Accumulated depreciation at 1/1/2017	493 883
Depreciation expense	96 843
Disposals	37 769
<b>Accumulated depreciation as at 31/12/2017</b>	<b>552 957</b>
Net book value at 1/1/2017	333 733
<b>Net book value as at 31/12/2017</b>	<b>360 975</b>

## II. 7. TEMPORARY ASSETS ACCOUNTS

Deferred acquisition costs for life assurance policies	2017	2016
Life insurance (traditional)	24 015	3 286
Unit-linked assurance	1 974 394	2 332 283
<b>Total</b>	<b>1 998 409</b>	<b>2 335 569</b>

Other temporary assets accounts	2017	2016
Reinsurance estimated receivables	313 812	354 312
Other estimated receivables	52 658	90 033
Accumulated debt	2 438 612	2 183 938
Other	93 324	108 831
<b>Total</b>	<b>2 898 406</b>	<b>2 737 114</b>

### 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
<b>Total</b>		<b>30 001</b>	<b>3 000 000</b>

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.

	2017	2016
Balance from revaluation of investment before recognising adjustments upon change of legislation	0	129 900
Derecognition of the balance of valuation difference arising from revaluation of investment upon change of legislation	0	-128 274
Derecognition of deferred tax arising from revaluation of investment upon change of legislation	0	-1 626
<b>Balance as at 1/1</b>	<b>792 404</b>	<b>792 404</b>
Change of real investment value	0	0
Change of deferred tax	0	0
<b>Balance as at 31/12</b>	<b>792 404</b>	<b>792 404</b>

**(c) Planned distribution of current period profit**

<b>Profit from the current period</b>	<b>1 932 826</b>
Transfer to social fund	55 047
Transfer from retained earnings - use	- 80 366
Dividend payment	1 958 145
<b>Total</b>	<b>1 932 826</b>

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

	<b>2017</b>	<b>2016</b>
Non-life insurance	5 479 643	5 224 729
Life assurance	190 126	203 089
<b>Total</b>	<b>5 669 769</b>	<b>5 427 818</b>

**(b) Provision for outstanding claims**

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

	<b>2017</b>	<b>2016</b>
RBNS	12 411 116	12 610 064
IBNR	2 414 288	2 477 913
<b>Total</b>	<b>14 825 404</b>	<b>15 087 977</b>

**Claims run-off result**

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

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

<b>Class of insurance</b>	<b>2017</b>	<b>2016</b>
Motor third party liability insurance	1 098 612	935 729
Motor insurance – other classes	- 53 954	10 693
Insurance for fire and other damage to property	- 89 865	194 118
Liability insurance	308 640	342 207
Other	370 720	328 968
<b>Total</b>	<b>1 634 153</b>	<b>1 811 715</b>

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

The gross provision for outstanding claims from motor third party liability insurance paid in the form of annuities arising from reported claims after discounting is TCZK 2 681 816 (2016: TCZK 2 861 466).

The Company used a wage valorisation rate and a disability pension valorisation rate according to the Bureau methodology as at 1 June 2017 (breaking point method) to calculate the provision for outstanding claims paid in the form of annuities in respect of liability insurance/statutory motor third party liability insurance for the subsequent years. The provision was further discounted at 1%.

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

Class of insurance	2017	2016
Non-life insurance	240 661	299 178
Life assurance	254 733	277 238
<b>Total</b>	<b>495 394</b>	<b>576 416</b>

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

	Opening balance	Additions	Utilisation	Closing balance
Provision for liabilities arising from the applied technical interest rate	2 535 480	547 421	0	3 082 901
Non-life insurance provision	1 855	0	252	1 603
Provision for liabilities of the Bureau	455 364	0	103 536	351 828
Provision for credit risk	0	29 309	0	29 309
<b>Total</b>	<b>2 992 699</b>	<b>576 730</b>	<b>103 788</b>	<b>3 465 641</b>

Provision for liabilities arising from the applied technical interest rate

Overview	2017	2016
Annuities insurance	2 939 183	2 408 493
Deposit insurance	143 718	126 987
<b>Total</b>	<b>3 082 901</b>	<b>2 535 480</b>

## II. 10. PROVISIONS

Type of provision	Opening balance	Additions	Utilisation	Closing balance
Provision for pensions and similar liabilities	81 044	4 494	0	85 538
Other provisions	3 965	2 782	3 765	2 982
<b>Total</b>	<b>85 009</b>	<b>7 276</b>	<b>3 765</b>	<b>88 520</b>



## 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 2017 was TCZK 550 000 (2016: TCZK 550 000) and related interest was TCZK 7 001 (2016: TCZK 6 982).

### (b) Creditors

As at 31 December 2017	Payables to policy holders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
<b>Total</b>	<b>2 181 959</b>	<b>127 612</b>	<b>1 808</b>	<b>570 242</b>	<b>2 881 621</b>

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

All liabilities are short term.

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

Liabilities in respect of social security and health insurance total TCZK 71 736 (2016: TCZK 64 778) of which TCZK 46 768 (2016: TCZK 42 962) relates to social security and TCZK 24 968 (2016: TCZK 21 816) relates to health insurance. None of these liabilities are overdue.

### (d) Tax liabilities

Tax liabilities amount to TCZK 62 812 (2016: TCZK 91 552). 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 4 097 (2016: TCZK 22 984).

## II. 12. TEMPORARY LIABILITY ACCOUNTS

	2017	2016
Prepaid premium	349 816	348 827
Accrual of reinsurance premium	182 974	170 636
Commissions estimated payables	134 197	110 695
Reinsurance estimated payables	502 228	268 519
Administration costs estimated payables	397 408	557 480
Estimated payables to Loss Prevention Fund	10 829	9 037
Other	3 318	4 394
<b>Total</b>	<b>1 580 770</b>	<b>1 469 588</b>

## II. 13. INTER-COMPANY RECEIVABLES AND PAYABLES

Receivables	2017	2016
Receivables from reinsurance	5 021 655	5 123 025
Other receivables	858 544	348 993
<b>Total receivables</b>	<b>5 880 199</b>	<b>5 472 018</b>
Payables	2017	2016
Payables from reinsurance	4 096 207	4 098 767
Subordinated debt	557 001	556 982
Other payables	468 512	990 691
<b>Total payables</b>	<b>5 121 720</b>	<b>5 646 440</b>

Reinsurance receivables include reinsurance assets of TCZK 4 925 956 (2016: TCZK 4 874 640). Payables from reinsurance include reinsurance deposits of TCZK 3 762 091 (2016: TCZK 3 826 133).

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

### III. 1. NON-LIFE INSURANCE

Non-life insurance for 2017 and 2016 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	2017	188 812	191 966	81 670	50 435	7 582	
		2016	192 784	196 344	47 564	52 933	34 748	
	Motor insurance – other classes	2017	4 597 086	4 521 305	3 592 715	1 227 966	26 041	
		2016	4 362 705	4 252 886	3 306 510	1 197 867	22 685	
	Insurance against fire and other damage to property	7,8,9	2017	6 004 207	5 927 171	2 900 630	1 603 832	944 238
			2016	5 697 067	5 641 967	2 210 773	1 564 243	881 960
	Motor – third party liability insurance	10	2017	4 595 396	4 539 024	2 478 866	1 227 513	430 150
			2016	4 459 947	4 405 437	2 699 080	1 224 567	71 746
	Liability insurance	11–18	2017	2 858 289	2 809 089	1 675 817	763 501	372 132
			2016	2 753 613	2 689 774	1 514 572	756 060	208 332
	Employer's liability insurance		2017	6 107 332	6 107 332	4 077 640	244 293	0
			2016	5 711 080	5 711 080	4 061 967	228 443	0
Reinsurance accepted		2017	569 891	570 212	319 608	152 228	16 348	
		2016	496 043	494 029	152 474	136 198	107 517	
Total		2017	24 921 013	24 666 099	15 126 946	5 269 768	1 796 491	
		2016	23 673 239	23 391 517	13 992 940	5 160 311	1 326 988	

### III. 2. LIFE ASSURANCE

Gross premiums written in life assurance:

	2017	2016
Individual premium	7 892 703	8 634 231
Premiums under group contracts	28 211	23 923
<b>Total</b>	<b>7 920 914</b>	<b>8 658 154</b>
Regular premium	6 665 164	6 583 119
Single premium	1 255 750	2 075 035
<b>Total</b>	<b>7 920 914</b>	<b>8 658 154</b>
Premiums from non-profit-sharing contracts	42 608	40 643
Premiums from profit-sharing contracts	1 706 960	2 329 318
Premiums from policies where the investment risk is borne by policyholders	6 171 346	6 288 193
<b>Total</b>	<b>7 920 914</b>	<b>8 658 154</b>
<b>Reinsurance balance</b>	<b>-31 599</b>	<b>-5 234</b>

### III. 3. TOTAL AMOUNT OF GROSS PREMIUMS WRITTEN BY COUNTRY

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

### III. 4 BONUSES AND REBATES

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

	2017	2016	
<b>Gross</b>	Non-life insurance	475 042	503 407
	Life assurance	-22 234	33 577
<b>Total gross amount</b>	<b>452 808</b>	<b>536 984</b>	
Reinsurers' share (non-life insurance)	-44 735	5 534	
<b>Total net amount</b>	<b>408 073</b>	<b>542 518</b>	

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

		2017			2016		
		Non-life insurance	Life assurance	Total	Non-life insurance	Life assurance	Total
Commissions	Initial	1 505 225	1 122 098	2 627 323	1 571 952	1 365 364	2 937 316
	Following	1 363 594	0	1 363 594	1 281 258	0	1 281 258
<b>Total commissions</b>		<b>2 868 819</b>	<b>1 122 098</b>	<b>3 990 917</b>	<b>2 853 210</b>	<b>1 365 364</b>	<b>4 218 574</b>
Other acquisition costs		1 723 676	523 477	2 247 153	1 624 478	549 788	2 174 266
Change in deferred acquisition costs		-63 788	337 160	273 372	-73 542	223 250	149 708
<b>Total commissions and other acquisition costs</b>		<b>4 528 707</b>	<b>1 982 735</b>	<b>6 511 442</b>	<b>4 404 145</b>	<b>2 138 402</b>	<b>6 542 547</b>

Renewal commissions are paid for client care, i.e. they have a retention commission character. 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

	2017	2016
Personnel costs (payroll, social security, health ins.)	1 072 135	1 000 414
IT costs incl. IT assets write-offs	368 362	624 383
Costs related to building operation	232 861	228 549
Communication (phone + postage)	54 859	54 687
Other services	8 505	18 564
Costs of Company vehicles incl. write-offs	15 415	14 067
Material	10 979	10 636
Insurance	20 450	23 177
Bank fees	24 869	22 983
Consultancy	84 582	54 438
Representation and gifts	45 332	39 666
Write-offs of other assets	11 697	3 519
Education	16 300	17 736
Travel costs	11 593	13 934
Outsourcing	-149 524	-144 174
Other financial costs	8 392	10 049
Other	-904	33 918
<b>Total administrative expenses</b>	<b>1 835 903</b>	<b>2 026 546</b>
Reallocation to acquisition costs	-329 532	-452 112
Reallocation to claims handling costs	-513 440	-464 970
Reallocation to investment costs	-29 312	-94 493
<b>Total administrative expenses</b>	<b>963 619</b>	<b>1 014 971</b>

## III. 7. OTHER TECHNICAL EXPENSES AND INCOME

		2017	2016
Non-life insurance	Other technical expenses	2 533 904	2 673 744
	Other technical income	-596 589	-1 155 137
<b>Balance – non-life insurance (+ expenses/- income)</b>		<b>1 937 315</b>	<b>1 518 607</b>
Life assurance	Other technical expenses	102 272	234 433
	Other technical income	-376 493	-453 595
<b>Balance – life assurance (+ expenses/- income)</b>		<b>-274 221</b>	<b>-219 162</b>

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

	2017	2016
Addition (+)/Utilisation (-) of adjustments for receivables	-32 650	6 366
Write-offs (+)/payments after write-offs (-) to receivables	63 433	12 578
Mandatory liability insurance – contribution to national budget	1 785 398	1 420 671
Exchange rate loss (+)/profit (-)	-7 505	0
Contribution to Loss Prevention Fund	187 596	134 215
Delegated claims	-21 790	-19 875
Other	-37 167	-35 347
<b>Balance of other technical expenses and income</b>	<b>1 937 315</b>	<b>1 518 607</b>

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

	2017	2016
Addition (+)/Utilisation (-) of adjustments for receivables	-39 563	-14 032
Write-offs (+)/payments after write-offs (-) to receivables	42 386	24 492
Accumulated debt	-254 674	-203 975
Exchange rate loss (+)/profit (-)	-2 018	-2 422
Other	-20 352	-23 225
<b>Balance of other technical expenses and income</b>	<b>-274 221</b>	<b>-219 162</b>

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

## III. 8. OTHER EXPENSES AND INCOME

		2017	2016
Non-technical account	Other expenses	47 427	76 890
	Other income	-19 327	-31 399
<b>Balance of other expenses and income (- expenses/ + income)</b>		<b>28 100</b>	<b>45 491</b>



Balance of other expenses and income comprises the following items

	2017	2016
Creation (+)/Release (-) of adjustments for receivables	3 445	-9 586
Write-offs (+)/payments after write-offs (-) to receivables	26	341
Mandatory liability insurance	2 932	3 305
Cooperation with Česká spořitelna Financial Group	-8 881	-14 131
Contributions to Bureau	25 707	23 839
Other	4 871	41 723
<b>Balance of other expenses and income</b>	<b>28 100</b>	<b>45 491</b>

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 2017 and 2016 are as follows:

2017	Average number of employees	Total payroll expense	Social and health insurance	Thereof other expense
Employees	3 690	1 240 988	384 717	136 585
Executives	31	554 431	136 942	0
<b>Total</b>	<b>3 721</b>	<b>1 795 419</b>	<b>521 659</b>	<b>136 585</b>

2016	Average number of employees	Total payroll expense	Social and health insurance	Thereof other expense
Employees	3 604	1 610 181	456 116	109 165
Executives	29	110 907	21 927	0
<b>Total</b>	<b>3 633</b>	<b>1 721 088</b>	<b>478 043</b>	<b>109 165</b>

- ▶ Personnel expenses (payroll, social security and health insurance, other expenses) of administration employees are disclosed in administrative expenses.
- ▶ Personnel expenses of employees including insurance are disclosed in acquisition costs, totalling TCZK 1 244 943 in 2017 (2016: TCZK 1 198 716).

#### (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 2017 and 2016:

	2017	2016
Members of the Board of Directors	63 029	56 764
Members of the Supervisory Board	6 737	6 309
<b>Total remuneration paid</b>	<b>69 766</b>	<b>63 073</b>

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

As at 31 December 2017 and 2016, 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. The auditing company provided non-audit services amounting to TCZK 1667 in the year 2017 to the company and its subsidiaries under its control. These services represented particularly tax consultancy services, expert trainings, client database analyses as well as other verification services.

### III. 10. INCOME FROM INVESTMENT TRANSFER BETWEEN TECHNICAL ACCOUNT AND NON-TECHNICAL ACCOUNT

As at the balance sheet date, the total amount of investment return allocated between the technical account for non-life insurance and the non-technical account by means of the method stated in note I4.(v) amounted to TCZK 1 171 003 (2016: TCZK 879 985).

### III. 11. RESULT OF NON-TECHNICAL ACCOUNT

The result of the non-technical account before tax as at 31 December 2017 amounted to TCZK - 28 100 (2016: TCZK - 45 491).

### III. 12. PROFIT BEFORE TAX

The result before tax as at 31 December 2017 amounted to TCZK 2 216 346 (2016: TCZK 2 144 980).

### III. 13. TAXATION

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

	2017	2016
Current tax expense	242 762	366 413
Deferred tax expense	51 371	43 192
Current tax expense - change of IBNR method	0	-47 945
Other	-12 521	-8 171
<b>Total income tax charge</b>	<b>281 612</b>	<b>353 489</b>

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

Deferred tax assets and liabilities are as follows:

	2017	2016
Temporary differences from intangible assets	42 111	80 982
Adjustments and provisions	87 062	87 463
Depreciation of property	-108 091	-95 993
<b>Deferred tax asset/liability</b>	<b>21 082</b>	<b>72 453</b>

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:

	2017	2016
Net deferred tax asset as at 1 January	72 453	46 792
Deferred tax expense recognised on temporary differences	-51 371	-43 192
Impact of legislation change method in capital funds	0	1 626
Impact of legislation change in retained earnings from previous years	0	67 227
<b>Net deferred tax asset as at 31 December</b>	<b>21 082</b>	<b>72 453</b>

## IV. OTHER DISCLOSURES

### IV. 1. CONTINGENT LIABILITIES

#### (a) Other significant facts

Subject to approval by the local authorities and the relevant boards, Vienna Insurance Group (VIG) plans to merge its Czech subsidiary Pojišťovna České spořitelny, a.s., Vienna Insurance Group (PČS) with its Group company Kooperativa pojišťovna, a.s., Vienna Insurance Group with effect from 1 January 2019. The decision to merge the two Group companies in its second-largest market represents the next step in VIG's strategy of bundling competences with a view to strengthening the bancassurance business.

#### (b) 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.

#### (c) 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.

#### (d) 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.

#### (e) Office building

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

#### (f) 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, 7 March 2018



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



**Mag. Gerhard Lahner**  
Member of the Board of Directors

# ORGANISATIONAL CHART



# ORGANISATIONAL CHART – AS OF MARCH 1, 2018

## BOARD OF DIRECTORS

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

**JUDr. Hana Macháčová**  
Member

**Jiří Sýkora**  
Member

**Mag. Gerhard Lahner**  
Member

**Mgr. Filip Král**  
Member

## SUPERVISORY BOARD

**prof. Elisabeth Stadler**  
Chairman of the Supervisory Board

**KR Franz Fuchs**  
Member

**Jan Wiesner**  
Member

**Dkfm. Karl Fink**  
Vice-Chairman

**Dr. Ing. Vratislav Kulhánek**  
Member

**Ing. Roman Brablec**  
Member

**JUDr. Rostislav Dvořák**  
Vice-Chairman

**Mag. Robert Lasshofer**  
Member

**Mgr. Martin Laur**  
Member

**prof. Ing. Eva Ducháčková, CSc.**  
Member

**Ing. Vladimír Mráz**  
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**

Legal Section

**Mgr. Martin Laur**

Property and Liability Insurance Section

**Ing. Radek Starosta**

Human Resources Section

**Mgr. Šárka Brůnová** (entrusted with the management)

Car Insurance Section

**Ing. Michal Němec**

Management of External Business Relationships Section

**Ing. Jaroslav Martinec**

Insurance of Economic Risks Section

**JUDr. Petr Suchánek, Ph.D.**

Internal Business Relationships Section

**Ing. Zuzana Trejdllová**

Personal Insurance Section

**Ing. Ondřej Poul, Ph.D.**

Procurement and Services Section

**Ing. Jaroslav Suk**

Economics Section

**Mgr. Ing. Judita Říhová**

Actuary and Risk

Management Services

Information Technology Section

**Ing. Karel Pavlík**

Business Operations Support Section

**Ing. Eva Poláchová**

**Mgr. Jan Šváb, Ph.D.**

Internal Audit Section

**Ing. Filip Holý, PhD.**

Treasury Section

**Ing. Luděk Marek**

Planning and Controlling Section

**Ing. Evžen Heřman**

Reinsurance Section

**Ing. Roman Brablec**

Marketing and Product

Development Section

**Ing. Jindřich Skrip**



# 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, 2018

## 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

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

## North Bohemia Agency

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

## South Bohemia and Vysočina Agency

Zátkovo nábřeží 44/1/3  
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., the Corporations Act.

## I. RELATIONS STRUCTURE

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

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

## II. ROLE OF THE COMPANY IN THE GROUP

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

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

## III. MANNER AND MEANS OF CONTROL

VIG AG holds shares of Kooperativa in the aggregate nominal value of 96.32% of the registered capital, whereby it fully controls Kooperativa, especially by making decisions at the General Assembly.

VIG AG's shares in other subsidiaries, expressed in percentages of the registered capital, are specified in Annex to this Report (hereinafter "VIG Group Companies").

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

Contracts and Agreements effective in 2017 between Kooperativa and other controlled entities, where the controlling entity is VIG AG.

### AIS Servis, s.r.o.

- ▶ Insurance contract between Kooperativa and AIS Servis, s.r.o. on property and liability insurance risks.
- ▶ Insurance contracts between Kooperativa and AIS Servis, s.r.o. on life insurance.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on maintenance.
- ▶ Contracts between Kooperativa and AIS Servis, s.r.o. for work.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on sublease.
- ▶ Framework Agreement between Kooperativa and AIS Servis, s.r.o. on providing consulting services.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on transfer of rights and obligations from AIS Software to AIS Service.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on maintenance, technical support and SW development.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. for work - Golem and SAP training.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on providing services for the integration of Golem / SAP operating systems.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. on lease of non-residential premises.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. about share transfer.
- ▶ Contract between Kooperativa and AIS Servis, s.r.o. about the loan.

- ▶ Agreement between Kooperativa and AIS Servis, s.r.o. on preservation of confidential information.
- ▶ Agreement between Kooperativa and AIS Servis, s.r.o. on a common intention.

#### **Anděl Investment Praha s.r.o.**

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

#### **Benefita, a.s.**

- ▶ Contracts between Kooperativa and Benefita, a.s. on insurance of property and liability risks.
- ▶ Contracts between Kooperativa and Benefita, a.s. on life insurance.
- ▶ Contracts between Kooperativa and Benefita, a.s. on lease of non-residential premises for business purposes.
- ▶ Contract between Kooperativa and Benefita, a.s. about cost sharing.
- ▶ Contract between Kooperativa and Benefita, a.s. on exclusive business representation in insurance mediation.
- ▶ Contract between Kooperativa and Benefita, a.s. on cooperation - regulation of the mutual rights and obligations of the insurance company and the employer.
- ▶ Contract between Kooperativa and Benefita, a.s. on cooperation - providing support for sale of insurance products of Kooperativa pojišťovna, a.s., Vienna Insurance Group.
- ▶ Agreements between Kooperativa and Benefita, a.s. about the change in business representation contract - business activity.
- ▶ Contract between Kooperativa and Benefita, a.s. about the sublease of parking spaces.
- ▶ Contract between Kooperativa and Benefita, a.s. about leasing of IT technology.
- ▶ Contracts between Kooperativa and Benefita, a.s. on the transfer of insurance contracts and the assumption of other rights and obligations.
- ▶ Agreements between Kooperativa and Benefita, a.s. about an extraordinary commission.

#### **CP Solutions a.s.**

- ▶ Contract between Kooperativa and CP Solutions a.s. about provision of software usage rights and related services.
- ▶ Contract between Kooperativa and CP Solutions a.s. on lease of space.
- ▶ Contract between Kooperativa and CP Solutions a.s. about the loan.

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

- ▶ Contracts between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on the provision of reinsurance cover for insurance of property and liability risks.
- ▶ Contracts between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on insurance of property and liability risks.
- ▶ Contracts for the co-insurance or reinsurance share of Česká podnikatelská pojišťovna, a.s. on insurance contracts led by the Kooperativa.
- ▶ Contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on exclusive business representation.
- ▶ Agreement between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on extraordinary commission for financial products of ČS.
- ▶ Contracts between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on the lease and sublease of non-residential premises.
- ▶ Agreement between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group on intragroup cooperation.
- ▶ Contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group about cost sharing.
- ▶ Contract between Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group and Kooperativa on the transport of goods.

#### **ČPP Servis, s.r.o.**

- ▶ Contract between Kooperativa and ČPP Servis, s.r.o. about cost sharing.

#### **DONARIS Vienna Insurance Group**

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

### GLOBAL ASSISTANCE a.s.

- ▶ Insurance contracts between Kooperativa and GLOBAL ASSISTANCE a.s. on insurance of property and liability risks.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on the provision of assistance services in the field of insurance of medical expenses abroad.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on data protection and personal data protection.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in the area of health care services provision.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on the provision of travel insurance assistance services.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in the field of vehicle assistance services.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on Assistance Services - House Line.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about assistance services cooperation - medical expenses abroad.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about assistance services cooperation - technical assistance.
- ▶ Contracts between Kooperativa and GLOBAL ASSISTANCE a.s. on customization and distribution of assistance cards.
- ▶ Framework contract between Kooperativa and GLOBAL ASSISTANCE a.s. on legal protection insurance for accounts of ČS.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in the field of legal protection insurance for accounts of ČS, supplementary contract.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation - rescue.
- ▶ Three-way agreement between Kooperativa, GLOBAL ASSISTANCE a.s. and ALIMEX about business cooperation in the field of rental of passenger cars.
- ▶ Three-way agreement between Kooperativa, GLOBAL ASSISTANCE a.s. and Czech Rent a CAR about business cooperation - renting of personal motor vehicles to insured persons.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in connection with legal protection insurance.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on provision of assistance services (insurance of property of citizens, including apartment buildings).
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. about cooperation in assistance services (House Line for the Svaz českých a moravských bytových družstev).
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on providing assistance services (phone assistance for Česká spořitelna's clients in case of loss, theft of a payment card).
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on cooperation in the field of assistance services within the product of compulsory insurance against the insolvency of a travel agency.
- ▶ Framework Agreement between Kooperativa and GLOBAL ASSISTANCE a.s. about the conditions of insurance.
- ▶ Contract between Kooperativa and GLOBAL ASSISTANCE a.s. on the provision of assistance services (insurance of citizens' property, including apartment buildings).

### Global Expert, s.r.o.

- ▶ Insurance contracts between Kooperativa and Global Expert, s.r.o. on insurance of property and liability risks.
- ▶ Insurance contract between Kooperativa and Global Expert, s.r.o. on life insurance with additional insurance and supplementary insurance.
- ▶ Insurance contracts between Kooperativa and Global Expert, s.r.o. on the accident insurance of the child for one-off premiums.
- ▶ Contracts between Kooperativa and Global Expert, s.r.o. on the lease of non-residential premises and office equipment.
- ▶ Contracts between Kooperativa and Global Expert, s.r.o. on the sublease of non-residential premises and office equipment.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about cooperation.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about cost sharing.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about the sublease of the business-related non-residential premises.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about outsourcing – Settlement, Property, Liability.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. on cost sharing - providing wage, personnel, and economic activities of Customer support centers.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about outsourcing – pre-entry inspection of vehicles.
- ▶ Contract between Kooperativa and Global Expert, s.r.o. about the loan.

**HOTELY SRNÍ, a.s.**

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

**KAPITOL pojišťovací a finanční poradenství, a.s.**

- ▶ Insurance contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. insurance of property and liability risks.
- ▶ Mandate contract between Kooperativa and Česká podnikatelská pojišťovna, a.s., on the basis of which Kooperativa sells products through KAPITOL pojišťovací a finanční poradenství, a.s.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on business representation.
- ▶ Agreements between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about extraordinary commission for financial products.
- ▶ Insurance contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on life insurance.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on the protection of business interests - rules of relations to the acquirers.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. providing access to IS Golem.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about private life insurance commissions.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. to provide an extraordinary commission.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on commissions for supplementary pension insurance with state contribution.
- ▶ Authorization between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. to mediate financial products of ČS.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on lease and sublease of non-residential premises.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about the sublease of business related space.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on the provision for advisory services.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about business representation - business activity.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about the lease - a signing device used for connection of digital signature to an electronic document.
- ▶ Agreements between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on an extraordinary commission.
- ▶ Agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on the change in contract about business representation
- ▶ Three-way agreement between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. and SURPMO, a.s. about the modification of rights and obligations.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about lease of barcode readers.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about cost sharing.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. on cooperation.
- ▶ Contract between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about lease of mPOS payment terminals.
- ▶ Contracts between Kooperativa and KAPITOL pojišťovací a finanční poradenství, a.s. about purchase of movables.

**Nadace pojišťovny Kooperativa**

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

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

- ▶ Insurance contracts between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group for the insurance of property and liability risks.
- ▶ Insurance contract between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group for life insurance of members of statutory bodies.
- ▶ Contracts between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group, about business representation.
- ▶ Contract between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group on cost sharing.
- ▶ Contracts between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group, on the sublease of non-residential premises.
- ▶ Agreement between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group on intragroup cooperation.
- ▶ Contract between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group on cooperation in the use of non-residential premises.
- ▶ Agreement between Kooperativa and Pojišťovna České spořitelny, a.s., Vienna Insurance Group on extraordinary commission for non-life insurance.

### S - budovy, a.s.

- ▶ Contracts between Kooperativa and S-Budovy, a.s. on lease of non-residential premises.
- ▶ Contract between Kooperativa and S-Budovy, a.s. on information protection.

### S - správa nemovitostí, a.s.

- ▶ Insurance contracts between Kooperativa and S - správa nemovitostí, a.s. on insurance of property and liability risks.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on provision of the facility and non-residential premises management at the address Mladá Boleslav, Staroměstské náměstí 16.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. about the management of the facility at Hodonín, Národní tř. 67.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on facility management of Hruzářův Mlýn Training Center.
- ▶ Contracts between Kooperativa and S - správa nemovitostí, a.s. on the management of the Agency's facilities.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on provision of Housing fund management and related non-residential premises.
- ▶ Framework contract between Kooperativa and S - správa nemovitostí, a.s. about cooperation in activities related to the adjustment of business venues.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. about the lease of parts of the Barn premises and parts of the Špejchar areas and the kitchen equipment of the Hruzářův Mlýn Training Center at address Zhoř, 84.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. about lease of business related non-residential premises.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. about the rental of movables, Místecká 329/258, Ostrava - Hrabová.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. about the management of the Místecká 329/258 complex, Ostrava – Hrabová facility.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on mediation of the lease of non-residential premises and flats.
- ▶ Agreement between Kooperativa and S - správa nemovitostí, a.s. on information protection.
- ▶ Agreement between Kooperativa, S - správa nemovitostí, a.s. and KAPITOL pojišťovací a finanční poradenství, a.s. about the modification of rights and obligations.
- ▶ Agreement between Kooperativa, S - správa nemovitostí, a.s. and KIP, a.s. about the modification of rights and obligations.
- ▶ Agreement between Kooperativa, S - správa nemovitostí, a.s. and VIG Asset Management, a.s. about the modification of rights and obligations.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on work - gradual transfer of documentation to the Archibus module.



- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. about the Prague 5, Vrchlického facility management.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on the management of Koliště facility.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on the management of Praha, Sámova facility.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on the management of the Praha, Celetná facility.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on the management of Praha, Templová facility.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on the management of a training facility, Velké Meziříčí.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on the lease of the Hrůzův mlýn Training Center.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on the management of facility of VIG CR Headquarters.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on the management of the building of the VIG CR Headquarters.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on work - Vinohradská facility.
- ▶ Contract between Kooperativa and S - správa nemovitostí, a.s. on work - Celetná facility.

#### **Sanatorium Astoria a.s.**

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

#### **Slovexperta, s.r.o.**

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

#### **Sopockie Towarzystwo Ubezpiecz Ergo Hestia S.A.**

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

#### **Towarzystwo Ubezpieczeń I Reas**

- ▶ The co-insurance or reinsurance share of the Company on insurance contracts led by Kooperativa.

#### **SURPMO, a.s.**

- ▶ Insurance contract between Kooperativa and SURPMO, a.s. on insurance of property and liability risks.
- ▶ Contracts between Kooperativa and SURPMO, a.s. on facility and non-residential premises management.
- ▶ Contract between Kooperativa and SURPMO, a.s. about lease of main building in the Training Center.
- ▶ Contracts between Kooperativa and SURPMO, a.s. on facility management.
- ▶ Contract between Kooperativa and SURPMO, a.s. on facility management of the Training Center.
- ▶ Contracts between Kooperativa and SURPMO, a.s. on the lease of non-residential premises.
- ▶ Contracts between Kooperativa and SURPMO, a. on the management of Housing fund and related non-residential premises.
- ▶ Agreement between Kooperativa and SURPMO, a.s. on information protection.
- ▶ Mandate contract between Kooperativa and SURPMO, a.s.
- ▶ Contract between Kooperativa and SURPMO, a.s. on the facility management.

#### **VIG FUND, a.s.**

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

#### **VIG ND, a.s.**

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

- ▶ Contracts between Kooperativa and VIG ND, a.s. about the lease of headquarters VIG ND.
- ▶ Service contracts between Kooperativa and VIG ND, a.s. on adjustment of billing service activities at the VIG Headquarters.
- ▶ Contract between Kooperativa and VIG ND, a.s. about sale of movable things.
- ▶ Contract between Kooperativa and VIG ND, a.s. about the loan.

### **VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe**

- ▶ Reinsurance contracts between Kooperativa and VIG AG.
- ▶ Contracts between Kooperativa and VIG AG on reinsurance of property and liability risks.
- ▶ Contracts between Kooperativa and VIG AG on protection of data, personal data and its processing.
- ▶ Contract between Kooperativa and VIG AG on the HP Project and Portfolio Management Center software license.
- ▶ Wide Area Network Contract between Kooperativa and VIG AG.
- ▶ Contract between Kooperativa and VIG AG on the use of insurance modules provided by VIG AG.
- ▶ License agreements between Kooperativa and VIG AG.
- ▶ Contract between Kooperativa and VIG AG on data center services.
- ▶ Contract between Kooperativa and VIG AG on the use of Simcorp software for management of financial investments.
- ▶ Contract between Kooperativa and VIG AG on the use of the ResQ software license.
- ▶ Contract between Kooperativa and VIG AG on licensing and maintenance.

### **VIG Asset Management, a.s.**

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

### **VIG RE zajišťovna, a.s.**

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

### **WIENER RE Beograd**

- ▶ Contracts between Kooperativa and WIENER RE Beograd on insurance of property and liability risks with provision of active reinsurance protection

**Based on the above mentioned Contracts and Agreements, no detriment has been caused to Kooperativa.**

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

Kooperativa trades with funds managed by Erste Asset Management GmbH.

## VI. ASSESSMENT OF THE HARM INCURRED AND ITS COMPENSATION

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

## VII. CONFIDENTIALITY OF INFORMATION

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

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


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

The VIG Group is one of the leading insurance and reinsurance operators on the European market. Kooperativa thus has access to know-how, inter alia, in the fields of Solvency II, audit, compliance and information technology. The relationship between VIG and Kooperativa is therefore beneficial to both parties.

## IX. CONCLUSION

This Report was drawn up by the Board of Directors of the controlled party, Kooperativa pojišťovna, a.s., Vienna Insurance Group, for the period from 1 January 2017 to 31 December 2017 and will be presented for review to the Supervisory Board. Given that Kooperativa is required by law to prepare an annual report, this Report will be attached to it as its integral part. The annual report will be submitted for review to the audit firm KPMG Česká republika Audit, s.r.o.

In Prague, on 7 March 2018



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



**JUDr. Hana Macháčová**  
Member of the Board of Directors

# Related parties and equity interests of VIENNA INSURANCE GROUP AG

As of December 31, 2017

Company	Country	Existing capital share in %
<b>Fully consolidated companies</b>		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" EAD, Sofia	Bulgaria	100,00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100,00
"POLISA-ZYCIE" Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99,90
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94,84
Andel Investment Prague s.r.o., Prague	Czech Republic	100,00
Anif-Residenz GmbH & Co KG, Vienna	Austria	100,00
Arithmetica Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	Austria	100,00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99,65
ATBIH GmbH, St.Pölten	Austria	100,00
AXA Life Insurance S.A., Bucharest	Romania	100,00
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	Romania	93,98
Blizzard Real Sp. z o.o., Warsaw	Poland	100,00
BML Versicherungsmakler GmbH, Vienna	Austria	100,00
BTA Baltic Insurance Company AAS, Riga	Latvia	90,83
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100,00
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100,00
CAL ICAL "Globus", Kiev	Ukraine	100,00
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100,00
CENTER Hotelbetriebs GmbH, Vienna	Austria	80,00
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100,00
Česká podnikatelská pojist'ovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100,00
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Chisinau	Moldova	99,99
COMPENSA Holding GmbH, Wiesbaden	Germany	100,00
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100,00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	100,00
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99,94
Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius	Lithuania	100,00
CP Solutions a.s., Prague	Czech Republic	100,00
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100,00
DBLV Immobesitz GmbH, Vienna	Austria	100,00
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100,00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100,00
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100,00
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99,24
DVIB GmbH, Vienna	Austria	100,00

Company	Country	Existing capital share in %
<b>Fully consolidated companies</b>		
ELVP Beteiligungen GmbH, Vienna	Austria	100,00
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99,77
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	100,00
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95,00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH, Vienna	Austria	100,00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55,00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	99,92
Gesundheitspark Vienna-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100,00
Insurance Company Nova Ins EAD, Sofia	Bulgaria	100,00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	100,00
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99,99
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89,98
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90,00
Joint Stock Company International Insurance Company IRAO, Tbilisi	Georgia	100,00
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100,00
Kaiserstraße 113 GmbH, Vienna	Austria	100,00
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság, Budapest	Hungary	100,00
Kapitol pojist'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, poisť'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
Poisť'ovna Slovenskej sporiteľ'ne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95,00
Pojist'ovna České sporitelny, a.s. Vienna Insurance Group, Pardubice	Czech Republic	95,00
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG, Vienna	Austria	100,00
Private Joint-Stock Company "INSURANCE COMPANY "KNIAZHA LIFE VIENNA INSURANCE GROUP", Kiev	Ukraine	97,80
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100,00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99,99

## Related parties

Company	Country	Existing capital share in %
<b>Fully consolidated companies</b>		
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 Anonim Sirketi, Istanbul	Turkey	94,96
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100,00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna	Austria	100,00
SCHWARZATAL Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Vienna	Austria	100,00
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100,00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Vienna	Austria	100,00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66,70
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89,05
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	54,17
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95,00
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group, Skopje	Macedonia	94,26
SVZ GmbH, Vienna	Austria	100,00
SVZI GmbH, Vienna	Austria	100,00
T 125 GmbH, Vienna	Austria	100,00
TBI BULGARIA EAD, Sofia	Bulgaria	100,00
twinformatics GmbH, Vienna	Austria	100,00
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100,00
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100,00
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	51,46
Vienibas Gatve Investments OÜ, Tallinn	Estonia	100,00
Vienibas Gatve Properties SIA, Riga	Latvia	100,00
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100,00
Vienna Life Vienna Insurance Group Biztosító Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100,00
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendorf	Liechtenstein	100,00
VIG FUND, a.s., Prague	Czech Republic	100,00
VIG ND, a.s., Prague	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, Belgrade	Serbia	100,00
VIG Real Estate GmbH, Vienna	Austria	100,00
VIG Services Ukraine, LLC, Kiev	Ukraine	100,00
VIG-CZ Real Estate GmbH, Vienna	Austria	100,00
VITEC Vienna Information Technology Consulting GmbH, Vienna	Austria	51,00
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prague	Czech Republic	100,00
WGPV Holding GmbH, Vienna	Austria	100,00
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia and Herzegovina	100,00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	97,82



Company	Country	Existing capital share in %
<b>Fully consolidated companies</b>		
WIENER RE akcionarsko društvo za reosiguranje, Beograd, Belgrade	Serbia	100,00
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100,00
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100,00
WIENER STÄDTISCHE OSIGURANJE akcionarsko društvo za osiguranje Beograd, Belgrade	Serbia	100,00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	99,90
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100,00
WILA GmbH, Vienna	Austria	100,00
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100,00
WOFIN Wohnungsfinanzierungs GmbH, Vienna	Austria	100,00
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100,00
WSV ImmoHolding GmbH, Vienna	Austria	100,00
WWG Beteiligungen GmbH, Vienna	Austria	87,07]
<b>Companies consolidated by equity method</b>		
AB Modřice, a.s., Prague	Czech Republic	100,00
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 društvo s ogranicenom odgovornoscu za upravljanje obveznim i dobrovoljnim mirovinskim fondovima, Zagreb	Croatia	25,30
GLOBAL ASSISTANCE, a.s., Prague	Czech Republic	100,00
Gewista-WerbeGmbH, Vienna	Austria	33,00
Global Expert, s.r.o., Pardubice	Czech Republic	100,00
HOTELY SRNÍ, a.s., Prague	Czech Republic	100,00
KIP, a.s., Prague	Czech Republic	100,00
Main Point Karlín II., a.s., Prague	Czech Republic	100,00
Pražská softwarová s.r.o, Prague	Czech Republic	100,00
S - budovy, a.s., Prague	Czech Republic	100,00
S IMMO AG, Vienna	Austria	10,33
S-správa nemovitostí, a.s., Prague	Czech Republic	100,00
SURPMO, a.s., Prague	Czech Republic	100,00
Sanatorium Astoria, a.s., Carlsbad	Czech Republic	100,00
VBV - Betriebliche Altersvorsorge AG, Vienna	Austria	23,72
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	Austria	36,58
<b>Non-consolidated companies</b>		
"Assistance Company "Ukrainian Assistance Service" LLC, Kiev	Ukraine	100,00
"Compensa Services" SIA, Riga	Latvia	100,00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H., Vienna	Austria	20,13
"Medical Clinic "DIYA" LLC, Kiev	Ukraine	100,00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H., Linz	Austria	79,51

## Related parties

Company	Country	Existing capital share in %
<b>Non-consolidated companies</b>		
ALBA Services GmbH, Vienna	Austria	49,95
AQUILA Hausmanagement GmbH, Vienna	Austria	99,90
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	49,95
Amadi GmbH, Wiesbaden	Germany	100,00
Anif-Residenz GmbH, Vienna	Austria	99,90
Autosig SRL, Bucharest	Romania	99,50
B&A Insurance Consulting s.r.o., Moravian Ostrava	Czech Republic	48,15
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99,94
Brunn N68 Sanierungs GmbH, Vienna	Austria	49,95
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100,00
CAPITOL BROKER DE PENSII PRIVATE S.R.L., Bucharest	Romania	98,16
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L., Bucharest	Romania	98,16
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bucharest	Romania	98,16
CAPITOL Spolka z Ograniczona odpowiedzialnoscia, Warsaw	Poland	99,98
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	99,90
Camelot Informatik und Consulting Gesellschaft m.b.H., Villach	Austria	90,18
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	99,99
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	99,90
DV Asset Management EAD, Sofia	Bulgaria	100,00
DV CONSULTING EOOD, Sofia	Bulgaria	100,00
DV Invest EAD, Sofia	Bulgaria	100,00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	Austria	94,40
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	24,97
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	73,92
EGW Datenverarbeitungs-Gesellschaft m.b.H., Vienna	Austria	71,92
EGW Liegenschaftsverwertungs GmbH, Vienna	Austria	71,92
EGW Wohnbau gemeinnützige Ges.m.b.H., Wiener Neustadt	Austria	71,92
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	95,78
Erste Bank und Sparkassen Leasing GmbH, Vienna	Austria	48,95
Erste Biztositasi Alkusz Kft, Budapest	Hungary	95,00
European Insurance & Reinsurance Brokers Ltd., London	Spojené království	85,00
Foreign limited liability company "InterInvestUchastie", Minsk	Belarus	100,00
Finanzpartner GmbH, Vienna	Austria	49,95
GC Liegenschaftsentwicklungs GmbH, Judenburg	Austria	24,98
GELUP GmbH, Vienna	Austria	33,30
GEO HOSPITALS LLC, Tbilisi	Georgia	93,50
GGVier Projekt-GmbH, Vienna	Austria	54,95
GLOBAL ASSISTANCE SERVICES SRL, Bucharest	Romania	99,70
GLOBAL ASSISTANCE SERVICES s.r.o., Prague	Czech Republic	100,00
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	100,00
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG, Vienna	Austria	23,31

Company	Country	Existing capital share in %
<b>Non-consolidated companies</b>		
Glamas Beteiligungsverwaltungs GmbH in Liqu., Vienna	Austria	23,31
Global Services Bulgaria JSC, Sofia	Bulgaria	100,00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	98,58
Hauservice Objektbewirtschaftungs GmbH, Vienna	Austria	20,72
IMOVE Immobilienverwertung- und -verwaltungs GmbH, Vienna	Austria	20,72
Immodat GmbH, Vienna	Austria	20,72
InterRisk Informatik GmbH, Wiesbaden	Germany	100,00
JAHORINA AUTO d.o.o., Banja Luka	Bosnia and Herzegovina	100,00
Joint Stock Company "Curatio", Tbilisi	Georgia	90,00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje, Skopje	Macedonia	100,00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98,26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	49,95
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	23,31
MC EINS Investment GmbH, Vienna	Austria	49,95
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100,00
Nuveen Management Austria GmbH, Vienna	Austria	34,97
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG, Vienna	Austria	94,93
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	73,76
People's Pharmacy LLC, Tbilisi	Georgia	45,00
Privat Joint-Stock Company "OWN SERVICE", Kiev	Ukraine	100,00
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	50,44
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	37,76
Risk Consult Bulgaria EOOD, Sofia	Bulgaria	50,44
Risk Consult Polska Sp.z.o.o., Warsaw	Poland	67,78
Risk Expert Risk ve Hasar Danismanlık Hizmetleri Limited Sirketi, Istanbul	Turkey	63,80
Risk Experts s.r.o., Bratislava	Slovakia	50,44
Risk Logics Risikoberatung GmbH, Vienna	Austria	50,44
S. C. SOCIETATEA TRAINING IN ASIGURARI S.R.L., Bucharest	Romania	98,45
S.C. CLUB A.RO S.R.L., Bucharest	Romania	99,68
S.C. Risk Consult & Engineering Romania S.R.L., Bucharest	Romania	50,44
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100,00
SB Liegenschaftsverwertungs GmbH, Vienna	Austria	40,26
SVZ Immoholding GmbH, Vienna	Austria	94,93
SVZ Immoholding GmbH & Co KG, Vienna	Austria	94,93
SVZD GmbH, Vienna	Austria	100,00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	99,90
Sloexpert, s.r.o., Zilina	Slovakia	100,00
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	23,31
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	94,93
Spoldzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	99,96
Spoldzielnia Vienna Insurance Group IT Polska, Warsaw	Poland	99,97

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

