

ANNUAL REPORT 2020

ČESKÁ PODNIKATELSKÁ POJIŠŤOVNA, a.s.,
VIENNA INSURANCE GROUP



CONTENTS

About the Company	4
Shareholder description.....	5
Introduction by the chairman of the Board of Directors	8
Awards acquired in 2020.....	10
Management report	14
Reinsurance.....	18
Corporate social responsibility	19
Vienna Insurance Group	22
Auditor's report	26
Financial part	36
Balance sheet as at 31/12/2020	38
Income statement for 2020.....	40
Statement of changes in equity for 2020.....	44
Notes to the financial statements as at 31/12/2020	46
Organisational structure	86
List of regional directorates	90
Report of the Board of Directors on relations	100
Annex to the related parties report 2020.....	106
Non-financial part.....	122

ABOUT THE COMPANY

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

("Česká podnikatelská pojišťovna" or "ČPP")

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

Registered capital: BCZK 1

Client phone line: 957 444 555

E-mail: info@cpp.cz

Company website: www.cpp.cz

Identification number: 639 98 530

Net profit – MCZK 619

Gross premiums written – BCZK 11.3 (according to Czech Accounting Standards, CAS)

The Company is the fifth largest insurer in the Czech Republic, with a market share of 7.7%

In 2020, according to ČAP statistics, ČPP recognised year-on-year growth of 7.2%, while the market only rose by 3.6%.

Motor third-party liability insurance contracts concluded for 1.3 million vehicles

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

Vienna Insurance Group

ČPP is part of the Vienna Insurance Group ("VIG"), the market leader in Central and Eastern Europe.

Establishment and incorporation of the Company:

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

Sole shareholder (since 1 July 2005):

Kooperativa pojišťovna, a.s., Vienna Insurance Group

Pobřežní 665/21, 186 00 Praha 8

Identification number: 471 16 617

Number of full-time employees of the Company as at 31 December 2020: 872

SHAREHOLDER DESCRIPTION

Kooperativa pojišťovna, a.s., Vienna Insurance Group

("Kooperativa")

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

Registered capital: BCZK 4.3

Client phone line: 957 105 105

E-mail: info@koop.cz

Company website: www.koop.cz

Identification number: 471 16 617

Net profit – MCZK 3,209

Gross premiums written BCZK 42.4

Gross premiums written in 2020 achieved a similar amount as in 2019.

Market share (according to CAS – 25.56%)

Kooperativa was the largest domestic insurance company (according to CAS).

Vienna Insurance Group

Kooperativa is a part of the Vienna Insurance Group ("VIG"), the market leader in Central and Eastern Europe.

Entry of the company's record in the Commercial Register:

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

Shareholder structure (as at 31 December 2020):

Česká spořitelna, a.s.	1,59 %
SČMVD	1,13 %
VIG AG	95,84 %
SVZD GmbH	1,44 %
Total	100,00 %

Number of full-time employees of the Company as at 31 December 2020: 4013

The background features a complex network of nodes and lines. The nodes are represented by circles of various sizes and shades of brown, ranging from light tan to dark chocolate. These nodes are interconnected by thin, dark brown lines, creating a web-like structure that spans the entire page. The overall aesthetic is professional and modern, with a focus on connectivity and structure.

INTRODUCTION BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



In 2020, ČPP celebrated the 25th anniversary of its successful presence in the Czech market. “Vracíme věci do pořádku už 25 let! (We have been putting things back in order for 25 years already!)” – we celebrated the quarter of a century of our successful operations under this motto at the beginning of 2020. At that moment, no one knew what 2020 would bring and that events other than this anniversary would become more important. The COVID-19 crisis has proven to be a trial by fire for everyone. And for us, among other things, it meant that the motto of our anniversary campaign got an even stronger accent.

ČPP succeeded in achieving the planned goals even in a period when the entire economy and society was hit by the COVID-19 outbreak. The volume of gross premiums written exceeded the milestone of BCZK 11. ČPP has been growing continuously for many years without any deviations, which among other things is proof of a well set business strategy, the corporate health of the Company, its quality and its perception by both clients and brokers. The fact that 2020 was a successful year for us has been confirmed by both our results of operations and the numerous awards for our services and products.

According to Czech Insurance Association (CAP) standards, the gross premiums written by ČPP grew year-on-year by 7.2%, which is double the result of the entire insurance market. According to the statistics of the Czech Insurance Association (CAP), the gross premiums written in the non-life insurance segment and in the life assurance segment grew identically by 7.2%. With its market share of 7.7%, ČPP kept its fifth position in the ranking of top domestic insurance companies. Our portfolio consists of more than 2 million contracts and more than 1 million clients. With more than 1.3 million insured cars in its motor third-party liability insurance portfolio, ČPP kept its position of the third biggest market player.

In 2020, under the abbreviation ACP IV, we launched the fourth generation of the Autopojištění Combi Plus product line on the market. From the product perspective, the most significant change was the increase in the limits of insurance settlements for all three offered types of motor third-party liability insurance. We also implemented several other changes in respect of the segmentation criteria. As a result, we achieved another move towards fair rates and a fairer approach to all responsible drivers. Motor Casco insurance also showed very good results in 2020 and the riders offered alongside the motor Casco products reported a significant increase in sales.

The life assurance segment has seen a growth trend for several consecutive years and exceeded the market increase percentage several times. The harsh competition in the market forces insurance companies to continue to improve their products. Our NEON product was innovated at the beginning of June, and in the second half of the year, we successfully offered its NEON RISK, NEON LIFE, and NEON INVEST options. According to statistics, the main reason for people being granted disability pensions is illness. In 2020, we thus supported the conclusion of a rider covering this risk with an anniversary campaign discount.

In 2020, we also supported the DOMEX+ property insurance product with an advertising campaign. We tried to make our DOMEX+ property insurance as understandable as possible for the clients so that they do not have to deal with complicated

insurance coverage details. The increase in the sales of DOMEX+ can be attributed to the structure of this product which automatically includes coverage against all material risks. Its main feature is simplicity, which is much appreciated by clients. Business insurance is an important segment for us. It accounts for one third of the total gross premiums written by the Company and its share continues to increase. ČPP offers business insurance to companies both in form of packages and individual underwriting of big risks. We can insure self-employed persons, small and medium-sized businesses, large industrial companies as well as multi-national companies or entire cities and municipalities.

Our success in such a difficult year is the result of the continuous trust of both our clients and partners as well as the enormous effort of our employees and investments into the digitalisation of our services. During the lockdown period, mainly modern technological tools were of great support for us. The major part of our business and communication has been moved to the online environment. As for the life assurance segment, we have introduced a 2D signature making it possible to sign contractual documentation on the mobile phone or tablet. Furthermore, we utilised the digitalised reporting of loss events during the COVID-19 crisis. Also the web pages of ČPP were updated in 2020.

In 2020, we successfully concluded the key projects within our Apollo 2020 long-term strategy. In mid-2020, the organisational structure of the Company underwent extensive changes during which five new divisions were established. The objective of the reorganisation was to set the functioning of the Company as to ensure the long-term and stable growth of its value, and the value of the entire group on the Czech market.

An integral part of the Company's positive image and its culture is responsible business and helping those in need. We have been supporting the Czech Foundation of Police Officers and Firefighters (Nadace policistů a hasičů) for more than 20 years. The foundation helps the families of police officers and firefighters who lost their health or life in the line of duty. Due to the circumstances in 2020, we have imposed restrictions on in-person volunteering activities and instead engaged in material help. During the second wave of the pandemic, our call centre operators also helped the regional public health authorities with the tracing of contacts of people who tested positive for COVID-19.

People often do not realise the broad reach of insurance. If something bad happens to them (e.g. a car accident or some harm to their home or health), their insurance coverage is there to help. We can thus say that clients live alongside their insurance company, and, similarly, the insurance company exists alongside and for its clients.

To conclude, I would like to express my appreciation and thank my closest colleagues, business partners and brokers for their support and cooperation. I would also like to thank all employees for their great work and our clients for their trust which we so highly appreciate.

Jaroslav Besperát
Chairman of the Board of Directors

AWARDS ACQUIRED IN 2020

Insurance Company of the Year

ČPP won four awards in the 20th annual Insurance Company of the Year survey for 2019/2020. ČPP has been ranking high in this survey regularly, confirming its top position in all classes of insurance as a universal insurance company. The survey is organised by the Association of Czech Insurance Brokers and the Czech Insurance Association (CAP) in cooperation with the oPojštění.cz server.



2. místo
Pojištění občanů



3. místo
Pojištění průmyslu
a podnikatelů



3. místo
Autopojištění



3. místo
Životní pojištění

Best Insurance Company

ČPP won three awards in the 12th annual Best Insurance Company competition for 2020, organised by the daily Hospodářské noviny. It ranked first in the Most Client-Friendly Life Assurance Company category, second in the Best Non-Life Insurance Company category, and third in the Most Client-Friendly Non-Life Insurance Company category among all insurance companies in the market.



**NEJLEPŠÍ
POJIŠŤOVNA 2020**

Zlatá koruna (Golden Crown)

In the 18th annual Zlatá koruna (Golden Crown) competition, ČPP won second place in the Business Insurance category for the fourth time in a row. The winners of the individual categories are chosen by the Finanční akademie (Academy of Finance) consisting of independent experts. The competition was organised under the supervision of the Council of the Academy of Finance led by prof. Ing. Michal Mejstřík, CSc.



Awards for the volunteering programme

In 2020, ČPP ranked among the best in the Highest Share of Employees Involved in Volunteering category announced by the Byznys pro společnost (Business for Society) alliance which recognises the most interesting aspects of sustainable and responsible business.



MANAGEMENT REPORT



MANAGEMENT REPORT

In 2020, total gross premiums written by ČPP reached a record BCZK 11.3 (according to Czech Accounting Standards, CAS). ČPP reported increases basically for all insurance segments even in the complicated year of 2020, hit by the COVID-19 pandemic. During the first lockdown period, almost all employees of ČPP switched to the home office regime while the services for clients at the branch offices remained ensured. We consistently maintained all hygiene and safety rules. As we were able to quickly and effectively set all systems and processes, the adopted measures provided for the full operation of the insurance company, and our clients received high-quality services despite pandemic restrictions.

The year-on-year increase in gross premiums written according to CAS methodology amounted to 7.2%. ČPP was among the fastest growing insurance companies of the TOP 10 Czech insurance companies. ČPP's market share of 7.7% made it the fifth largest insurance company in the total ranking. Net profit (according to CAS) in 2020 reached MCZK 619. The registered capital of the Company totals BCZK 1. Total assets of the Company amounted to BCZK 20.1 in 2020; technical provisions amounted to BCZK 10. ČPP administers 2.2 million client contracts and provides services to 1.2 million clients.

ČPP's sales network consists of six regional directorates located in Prague, Pilsen, Hradec Králové, České Budějovice, Brno and Ostrava. In 2020, services to clients were provided through more than one hundred branch offices across the entire Czech Republic. In addition to the branch offices, in 2020 ČPP also provided services through 79 exclusive insurance offices and about 140 points of sale. The performance of the internal network was supported by the

increasing performance of the subsidiary ČPP Servis, s.r.o. and its 19 points of sale.

Gross premiums written generated by brokers grew year-on-year by MCZK 300 to BCZK 3.6. The achieved results are a clear signal and confirmation of the fact that even in such uncertain and critical times, the insurance company can rely on the long-term built trust among its clients and insurance intermediaries just as much as they can rely on the insurance company. Of essential importance in the relationship with the clients and brokers is the quality, swiftness and reliability of our claims settling processes.

According to CAP statistics, in 2020, non-life insurance gross premiums written rose year-on-year by 7.2%, which is double the result of the entire insurance market. With a market share of 8.8%, ČPP is the fourth largest non-life insurer on the Czech market. The most successful classes of non-life insurance were motor third-party liability insurance, which grew year-on-year by 8.6%, and business insurance, which grew year-on-year by 8.5%. Due to the COVID-19 pandemic, it was mainly necessary to flexibly respond to the changes in the process of concluding insurance contracts. In addition to the traditional option of concluding contracts through their signature, for property and liability insurance products for individuals and for business insurance products, ČPP operatively began to accept insurance contracts based only on premium payments. Although the acceptance of insurance contracts based on premium payments meant a significant change in the underwriting process of our products, we also managed to realise and complete the transfer of the BYTEX+ and DOMEX+ products to the new SUS Plus contract conclusion environment. As part of the transfer of these products to the new application, also the

product adjustments required by the sales division were implemented. In the business insurance segment, ČPP continued to develop its major products KOMPLEX and SIMPLEX. In connection with new legislation, it made the PROFEX product available also within the professional liability insurance.

ČPP belongs to the car insurance leaders on the Czech market. According to the volume of gross premiums written for motor third-party liability insurance, it defended its third place on the Czech market with a market share of 15.8%. According to data of the Czech Bureau of Insurers, the number of insured cars increased by 46,000; at the end of 2020, the Company had 1,352,510 insured cars in its portfolio. The motor Casco insurance portfolio rose to a total of 192,390 vehicles. In 2020, we launched already the fourth generation of the successful product line Autopojištění Combi Plus to the market under the abbreviation ACP IV. This product line is mainly connected with an entirely new software solution of the SUS Plus system for conclusion of contracts. This application represents a number of technological innovations aimed primarily at facilitating and accelerating the work of insurance agents. After having entered the identifier of the person and the motor vehicle into the application, most data will be automatically downloaded to the relevant form from distant databases which would otherwise take a long time to fill in. From the product perspective, the major news was the extensive increase in the insurance settlement limits for all three options of motor third-party liability insurance and an extended range of insurance riders. The first wave of the COVID-19 pandemic brought a drop in new business lasting for several weeks, however, in the rest of 2020 we not only made up for this drop but even exceeded the total volume of new business for 2019. As for car insurance, the COVID-19 pandemic sig-

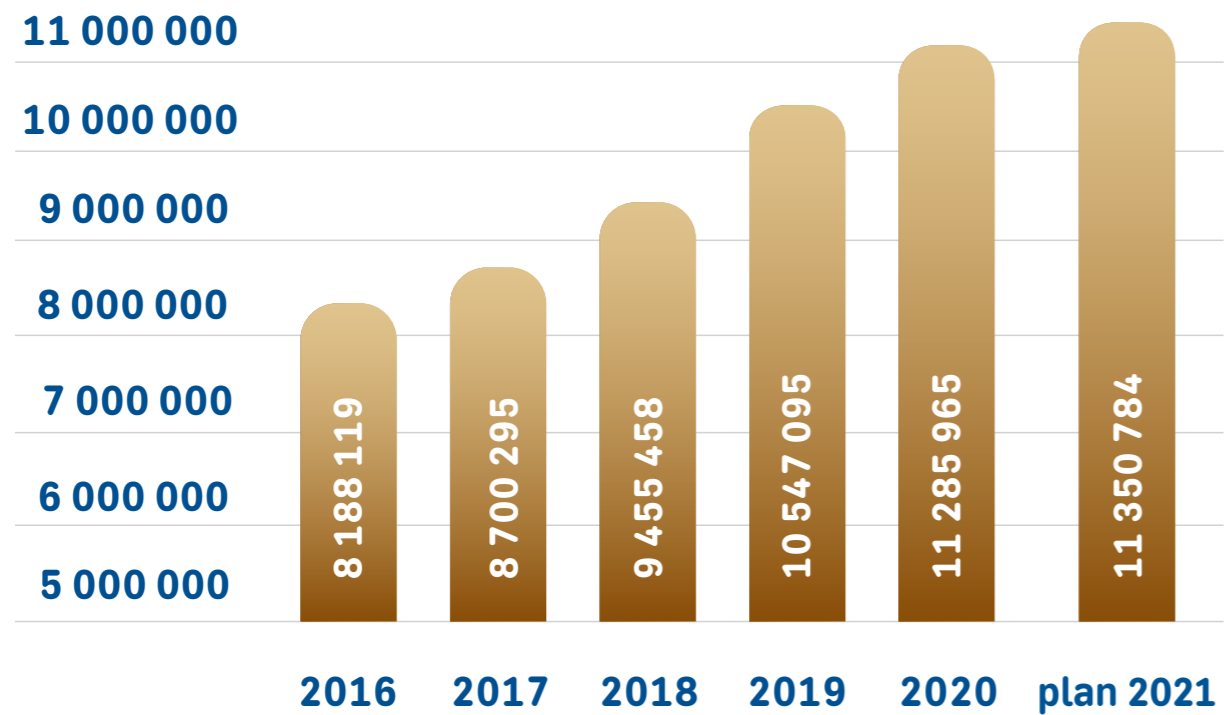
nificantly influenced the manner of concluding insurance contracts. While in 2019 the ratio of insurance contracts concluded in person and insurance contracts concluded remotely was 70% to 30%, already during the first wave of the pandemic this ratio turned over in favour of the remotely concluded contracts.

While the life assurance market grew by 3.1% in 2020, ČPP reported a year-on-year increase of 7.2% according to CAP. ČPP reported an increase of 7.3% also in terms of an important life assurance segment - regular premium products. The number of insurance contracts in the portfolio exceeded 250,000. In terms of unit-linked assurance, risk insurance and life assurance, ČPP continued to offer the product line NEON that includes coverage of both life and non-life risks in possible combination with an investment component. In 2020, the NEON products fully replaced the original and very successful product Evoluce PLUS and they also underwent an innovation. Due to higher variability of the death coverage of the insured, the coverage of the risk of death on all possible causes with a constant sum assured with the option to choose a shorter period insured was added to this product line. We also occupied ourselves with the disability risk. The insurance settlement for the most common first level of disability in respect of the newly concluded contracts will be paid in form of one instalment instead of two instalments with a time gap that was applied previously. The COVID-19 outbreak has brought the need to minimise the necessary direct contact between the client and the insurance intermediary in concluding insurance contracts and other acts. The effort to transfer as many of such acts as possible to the online platform has forced us to develop tools enabling the clients to sign their insurance documentation digitally on their mobile phone,

tablet, or another device. In 2020, total life assurance gross premiums written amounted to BCZK 2.54. In addition to its own insurance intermediary network, the Company has been realising a significant part of its sales through selected broker companies.

Over the 25 years of its existence, ČPP underwent a significant development. It can pride itself not only on the good results but also on various awards. In 2020, ČPP achieved success in the Insurance Company of the Year survey organised by the Association of Czech Insurance Brokers, in the Best Insurance Company competition organised by the daily Hospodářské noviny, and in the Zlatá koruna (Golden Crown) competition. In 2020, ČPP ranked among the best in the Highest Share of Employees Involved in Volunteering category announced by the Byznys pro společnost (Business for Society) alliance which recognises the most interesting aspects of sustainable and responsible business.

Progression of gross premiums written 2016 – 2020 (TCZK), plan 2021



REINSURANCE

The reinsurance programme for 2020 was designed to provide sufficient underwriting capacity and at the same time to minimise the capital requirements on the Company. Compared with the preceding years, the reinsurance coverage concept underwent no significant changes. ČPP continues to use the positive synergy effects of the reinsurance programmes provided by the group reinsurer VIG Re. The major reinsurance programme was the reinsurance contract covering the risk of natural catastrophes which has a sufficient capacity exceeding the regulatory requirements primarily in respect of losses caused by floods. The modelling and placement of the reinsurance programme covering catastrophic risks was again carried out with the support of reinsurance brokers Aon and Willis. The structure of the Company's reinsurers remained unchanged. Most reinsurers had an A+ rating from the Standard & Poor's rating agency. The leading reinsurers of ČPP were SCOR and Munich Re.

CORPORATE SOCIAL RESPONSIBILITY

As a significant player on the insurance market, ČPP considers corporate responsibility to be a self-evident part and at the same time a commitment to the society and environment. Corporate responsibility is an integral part of our corporate culture and it is as important as the long-term prosperity. ČPP is inspired and motivated by the sustainable development goals (SDGs) which represent an important impulse for the business to strengthen cooperation with non-profit partners and perceive own business in global context.

Every year, a number of the Company's employees participate in activities and projects which have a positive impact on the whole Czech society. In spring 2020, ČPP ranked among the best in the Highest Share of Employees Involved in Volunteering in 2019 category announced by the Byznys pro společnost (Business for Society) alliance which recognises the most interesting aspects of sustainable and responsible business. In 2020, our employees could not physically participate in volunteering projects due to the COVID-19 outbreak and therefore ČPP got involved in these activities in the form of material help both in the spring and autumn waves of the pandemic. It prepared packages with hygiene supplies for non-profit organisations. Within the "I will get involved from my home" initiative, ČPP repeatedly ensured protective means and hygiene supplies for regional social welfare facilities that were hit the most by the COVID-19 pandemic. It also responded to the urgent need for IT devices to ensure the distance education in children's homes during the lockdown period and it delivered complete IT equipment to seven children's homes.

In autumn 2020, within an initiative guaranteed by VIG ČR our call centre operators helped the regional public health authorities with the tracing of contacts of the people who tested positive for COVID-19 as these authorities were overburdened with work due to significant increases in the number of people newly tested positive and did not manage to trace all of their close contacts. ČPP also introduced the service of transcription of spoken communication into written form for people with hearing loss. The transcribed text is displayed on the pre-determined web page in real time. The online transcription does not slow down the processing of the phone call and the operator's work is similar to a common phone call without having to apply any technical changes or requirements. The phone call is free of charge for the caller. The underlying values of the Company's corporate culture also include an environment-friendly approach and the protection of natural resources. ČPP motivates its employees to follow the principles of environmental protection and frugality. In 2020, ČPP supported a socially-environmental project which helped to collect funds for a non-profit organisation and at the same time to protect the seedlings of the Norway spruce.

ČPP actively supports diversity and creation of equal opportunities for men and women at the workplace as well as work/life balance. In form of regular meetings, we keep contact with employees at maternity and parental leave and try to create good conditions for them and make the return to work easier. With regard to the ongoing coronavirus crisis, in 2020 the meetings were held online. In 2017, ČPP signed the European Diversity Charter and it re-confirmed its obligations with its signature in 2020.



VIENNA INSURANCE GROUP

VIENNA INSURANCE GROUP

We focus on providing products and services prepared and tailored to our customers in Austria and in East and Central region of Europe. The goal for our strategy is sustainable profitability and continuous increase of profit, so we could be a reliable partner in dynamically changing times.

Over 25 000 employees work for Vienna Insurance Group in approximately 50 insurance companies in 30 countries. We create insurance solutions in accordance with local and personal needs, and thanks to that we occupy leading position in insurance in Austria as well as in East and Central region of Europe.

Competence and stability

Vienna Insurance Group is an international insurance group based in Vienna. After fall of the Iron Curtain in 1989, the insurance group has gradually changed from the first insurance group entering the market to the market leader of the East and Middle Europe region. Vienna Insurance Group is synonymous with stability and competence in providing financial protection against risks. Experience together with focus on our key expertise – insurance – creates a strong and safe base for more than 22 million of our customers.

Focus on Middle and East Europe

Besides Austria, Vienna Insurance Group emphasizes Central and East Europe, which they consider their home market. More than half of total written insurance of the group consists of written insurance from this region. The group focuses its business activity on this region. Reasons for that are mainly the predictions of economic growth in East and Central Europe, which often fluctuates at least at double the value of predictions for West Europe, as well as current insurance rate, which is sharply below the EU average.

Presence on local markets

Vienna Insurance Group considers financial protection of their customers from risks their responsibility. While doing so they bet on strategy of multiple brands, which builds on already existing local brands and local management. The success of the group and its proximity to customers relies on individual advantages of those brands and local know-how, which allows high proximity to customers and in the end helps the group succeed.

Financial strenght and high rating

Internationally respected rating agency Standard & Poor's granted Vienna Insurance Group „A+“ rating with stable view of the future. So, the group remains a company with the highest rating among other companies in ATX, which is main index of Vienna stock market. Shares of Vienna Insurance Group are tradable on stock markets in Vienna and Prague. Around 70 % of VIG stocks are owned by Wiener Städtische Versicherungsverein, which is a key and stable shareholder with long-term strategy. The rest of shares is owned by small shareholders.



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

The background features a complex network diagram with various sized nodes (circles) connected by thin lines. The nodes are in shades of brown and tan, and the lines are thin and light brown. The overall aesthetic is professional and technical.

AUDITOR'S REPORT



KPMG Česká republika Audit, s.r.o.
 Pobřežní 1a
 186 00 Prague 8
 Czech Republic
 +420 222 123 111
 www.kpmg.cz

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2020 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 2020, 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), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of provision for liabilities arising from the applied technical interest rate (life insurance)

As at 31 December 2020, Provision for liabilities arising from the applied technical interest rate: MCZK 0 within Other technical provisions.

Refer to additional information disclosed in Note I.4. (m) and II.8. (d) of the Company's financial statements.

Key audit matter	How the audit matter was addressed
<p>Life insurance contracts liabilities represent significant liability items in the statement of financial position. Measurement thereof is associated with significant estimation uncertainty as it requires management board to exercise judgment and develop complex and subjective assumptions. These assumptions are used as inputs into the valuation model that uses standard actuarial methodologies.</p> <p>At each reporting date, the Company is also required to perform a liability adequacy test (hereinafter, "LAT") with an aim to determine whether its recognized liabilities arising from the applied technical interest rate are adequate. The test is based on the comparison of the management's current estimates of the present value of future cash flows arising from the in-force insurance contracts with the stated amounts of provisions. In case the LAT shows that the amounts of the liabilities are insufficient in light of the estimated future cash flows, the entire deficiency is recognized as a provision for liabilities arising from the applied technical interest rate in correspondence with a profit or loss.</p> <p>Relatively insignificant changes in the assumptions applied by the Company</p>	<p>Our procedures in the area, performed, where applicable, with the assistance of our own actuarial specialists, included the following, among other things:</p> <ul style="list-style-type: none"> – We critically assessed the method and models applied by the Company against current industry practice and relevant regulatory and financial reporting requirements; – We assessed relevance and reliability of key input data used in the LAT model. As part of our procedures we traced significant data elements to the Company's records and experience analysis. – We assessed the results of the Company's experience studies ('back-testing'), and using those historical results, as well as market data, to challenge the key assumptions used in the measurement of the provision for liabilities arising from the applied technical interest rate such as, among others: <ul style="list-style-type: none"> (i) policyholders' life expectancy, (ii) morbidity and mortality rates, (iii) lapse rates of the policies, and (iv) expenses



<p>can have a material effect on the amounts of liabilities arising from the applied technical interest rate. The assumptions that we consider as those with most significant impact are the ones for discount rates used, policyholders' life expectancy, morbidity and mortality rates, lapse rates of the policies and expenses.</p> <p>For the above reasons, we considered this area to be associated with a significant estimation uncertainty of a material misstatement which required our increased attention in the audit. As such we considered it to be a key audit matter.</p>	<ul style="list-style-type: none"> – We performed a retrospective assessment of the Company's liability adequacy test model by comparing the predictions of the previous year's model with the actual outcomes; and – We assessed the Company's disclosures regarding provision for liabilities arising from the applied technical interest rate against the requirements of the relevant financial reporting standards.
---	--

Measurement of accumulated debt (life insurance)

As at 31 December 2020: Accumulated debt in life insurance: MCZK 0 within Other temporary assets.

Refer to additional information disclosed in Note I.4. (g) and II.6. (a) of the Company's financial statements.

Key audit matter	How the audit matter was addressed
<p>The Company recognises accumulated debt in life assurance of MCZK 0 in assets as part of Other temporary assets. As described in Note I.4. (g) the accumulated debt balances are associated with the Company's unit linked insurance products. We have designated the above area as a key audit matter as the Company's management makes subjective and complex assumptions and judgments in determining the amount of any such accumulated debt.</p> <p>Relatively insignificant changes in the assumptions applied by the Company can have a material effect on the amounts of accumulated debt as at the reporting date.</p> <p>The accumulated debt in life assurance is determined using the prospective method, where negative account balances on client accounts are multiplied by activation percentage. The</p>	<p>Our procedures in the area, performed, where applicable, with the assistance of our own actuarial specialists, included the following, among other things:</p> <ul style="list-style-type: none"> – We critically assessed the method and models applied by the Company against current industry practice and relevant regulatory and financial reporting requirements; – We tested the design and implementation of selected controls over the Company's process for setting and updating actuarial assumptions, and validating the outcomes of actuarial models; – We assessed relevance and reliability of data applied in the measurement of accumulated debt, including tracing total amount of negative balances on clients' accounts to technical database;

<p>activation percentage parameter is derived as a proportion of future expected profits on contracts with negative account balances to total value of negative value balances. The assumptions that we consider as those with most significant impact on the estimate of accumulated debt are the ones for lapse rates, claims, expenses and other financial and non-financial assumptions.</p> <p>Relevance and reliability of data used in the Company's actuarial calculations were also our area of focus.</p>	<ul style="list-style-type: none"> – We challenged the key assumptions used in measurement of accumulated debt such as among others expected lapse rate of the existing insurance portfolio, its claim frequency and related expenses by reference to the Company's experience studies as well as publicly available market data; – We independently estimated the activation percentage parameter by reference to the Company's data and compare it with the Company's estimate and prior year percentage; – Based on the outcome of the above procedures we independently estimated the amount of accumulated debt as at 31 December 2020; and – We assessed the Company's disclosures regarding accumulated debt against the requirements of the relevant financial reporting standards.
---	---

Measurement of provisions for outstanding claims (life and non-life insurance)

As at 31 December 2020, provision for outstanding claims: MCZK 6,260 (including provision for insurance claims incurred but not yet reported in the period (IBNR) of MCZK 1,717 and provision for claims incurred and reported, but not yet settled (RBNS) of MCZK 4,543).

Refer to additional information disclosed in Note I.4. (k) and II.8. (b) of the Company's financial statements.

Key audit matter	How the audit matter was addressed
<p>In measuring the provision for outstanding claims, particular complexity is associated with the assessment of the amount of the expected ultimate cost of claims incurred but not yet reported ('IBNR') as well as reported but not yet settled ('RBNS'). A range of methods may be used, and in many cases standard actuarial methods need adjustments specific to the circumstances and such adjustments also require the application of significant judgment.</p> <p>When determining the IBNR provision, the Company uses actuarial and</p>	<p>Our procedures in the area, performed, where applicable, with the assistance of our own actuarial and information technology (IT) specialists, included the following, among other things:</p> <ul style="list-style-type: none"> – We tested the design and implementation of selected system (IT-based) and manual controls over measurement of the provisions for outstanding claims, including those over determination of actuarial assumptions. We also tested the operating effectiveness of selected controls over the determination of expenses for insurance claims and



<p>statistical methods. For majority classes of insurance the Company uses the chain-ladder method based on the amount of insurance claims incurred. The Company applies Monte Carlo simulations for large claims and annuities of motor third party liability insurance.</p> <p>Key inputs in determining the IBNR provision represent data on claims incurred in prior periods, in particular their amount and frequency, as well as market claims data (for IBNR in motor third party liability insurance).</p> <p>In determining the amount of the RBNS provision, the Company estimates total amounts of claims 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>Relatively minor changes in management's assumptions can have a significant effect on the recognized amounts of the technical provisions.</p> <p>Due to the above factors, we considered measurement of the provisions for outstanding claims to be our key audit matter.</p>	<p>RBNS provisions;</p> <ul style="list-style-type: none"> — In respect of the RBNS provision, for a sample of claims, we inquired of the Management Board as to the reasons for changes from prior year, traced the claims data underlying the actuarial projections to source systems and the data used in estimating the provision to corresponding policies and claims documentation; — In respect of the IBNR provision, with specific consideration of the expected effects of the COVID-19 pandemic, we: <ul style="list-style-type: none"> • critically assessed the method and model applied in measuring the amount of the provision against the relevant requirements of the financial reporting standards and market practice. • assessed the key assumptions applied, such as the characteristics of the insurance portfolio and expected amount and frequency of future insurance claims, by reference to publicly available market data and the Company's experience studies. — We analysed significant year-to-year variations in the amount of the provisions and made relevant inquiries of the Company's actuarial experts. We also carried out own independent recalculations of key elements of the IBNR provisions; — We evaluated the reasonableness of the IBNR and RBNS claim provisions by performing the comparison of the actual experience to previously expected results; and — In addition, we assessed the Company's disclosures regarding provisions for outstanding claims against the requirements of the relevant financial reporting standards.
---	--

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 is responsible for overseeing the Company's financial reporting process. The Audit Committee is responsible for monitoring 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 2 May 2018 and our uninterrupted engagement has lasted for 14 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 25 March 2021 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

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

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

Statutory Auditor Responsible for the Engagement

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group as at 31 December 2020 based on which this independent auditor's report has been prepared.

Prague
25 March 2021

KPMG Česká republika Audit

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

Jindřich Vašina
Partner
Registration number 2059

FINANCIAL PART



BALANCE SHEET

AS AT 31 DECEMBER 2020

(IN THOUSANDS OF CZECH CROWNS TCZK)

Description	Line Number	2020 Gross	2020 Adjustment	2020 Net	2019* Net
I. ASSETS					
A. Receivables for subscribed registered capital	10				
B. Intangible fixed assets, thereof	11	537 326	385 260	152 066	127 766
C. Investments	14	12 398 211	1 759	12 396 452	11 285 647
I. Land and buildings, thereof					
1. Buildings	15	6 906	1 759	5 147	5 555
2. Buildings	19	6 906	1 759	5 147	5 555
a) Land and buildings – self-occupied	16	6 906	1 759	5 147	5 555
II. Investments in affiliated undertakings and participating interests	17	411 636		411 636	389 198
1. Participating interests with controlling influence	18	405 108		405 108	374 807
2. Debt securities issued by, and loans and credits to, undertakings – controlling influence	19	6 528		6 528	14 391
III. Other investments	22	11 979 669		11 979 669	10 890 894
1. Shares and other variable-yield securities, other participating interests	23	764 268		764 268	918 958
2. Bonds and other fixed-income securities	24	10 137 412		10 137 412	9 892 364
a) valued at fair value		5 330 730		5 330 730	4 433 452
b) held to maturity		4 806 682		4 806 682	5 458 912
5. Other loans and credits	26	1 069 972		1 069 972	1 491
6. Deposits with financial institutions	27	0		0	70 188
7. Other investments	28	8 017		8 017	7 893
IV. Deposits with ceding undertakings					

Description	Line Number	2020 Gross	2020 Adjustment	2020 Net	2019* Net
D. Investments for the benefit of life assurance policyholders who bear the investment risk	30	2 257 321		2 257 321	2 078 438
E. Debtors		1 587 262	318 452	1 268 810	776 123
I. Receivables arising from direct insurance operations	31	879 040	317 754	561 286	586 847
1. Policyholders, thereof	32	771 525	225 197	546 328	572 514
2. Intermediaries, thereof	35	107 515	92 557	14 958	14 333
II. Receivables arising from reinsurance operations, thereof	38	17 085		17 085	33 454
III. Other receivables, thereof	41	691 137	698	690 439	155 822
F. Other assets	44	852 995	127 757	725 238	615 581
I. Tangible fixed assets other than those listed under "C.I. Land and buildings", and inventories	45	160 228	127 757	32 471	39 623
II. Cash on accounts in financial institutions and cash in hand	46	692 767		692 767	575 958
G. Temporary asset accounts	48	3 281 091		3 281 091	3 070 035
II. Deferred acquisition costs	50	2 764 279		2 764 279	2 643 782
a) in life-assurance business	51	1 993 766		1 993 766	1 959 541
b) in non-life insurance	52	770 513		770 513	684 241
III. Other temporary asset accounts	53	516 812		516 812	426 253
a) Estimated receivables	54	460 144		460 144	377 296
TOTAL ASSETS		20 914 206	833 228	20 080 978	17 953 590

Description	Line Number		2020		2019*
II. LIABILITIES					
A. Equity	55		3 404 851		2 701 818
I. Registered capital, thereof	56		1 000 000		1 000 000
IV. Other capital funds	61		231 604		135 095
V. Reserve fund and other funds from profit	62		10 731		4 737
VI. Profit or loss brought forward	63		1 543 880		920 745
VII. Profit or loss for the financial year	64		618 636		641 241
B. Subordinated liabilities	65				
C. Technical provisions	66		9 951 694		9 265 415
1. Provision for unearned premiums	67				
a) gross amount	68	3 276 123		2 931 839	
b) reinsurance share (-)	69	761 528	2 514 595	699 282	2 232 557
2. Life assurance provision	70				
a) gross amount	71	3 115 379		3 201 301	
b) reinsurance share (-)	72		3 115 379		3 201 301
3. Provision for outstanding claims	73				
a) gross amount	74	6 259 768		5 759 485	
b) reinsurance share (-)	75	2 745 349	3 514 419	2 580 128	3 179 357
4. Provision for bonuses and rebates	76				
a) gross amount	77	767 299		606 742	
b) reinsurance share (-)	78	31 181	736 118	17 649	589 093
6. Other technical provisions	86				
a) gross amount	87	74 948		63 480	
b) reinsurance share (-)	88	3 765	71 183	373	63 107

Description	Line Number		2020		2019*
D. Life assurance technical provision where the investment risk is borne by the policyholders	89		2 257 321		2 078 438
a) gross amount	124	2 257 321		2 078 438	
b) reinsurance share (-)	125				
E. Provisions	90		392 401		31 432
1. Provisions for pensions and similar obligations	91		40 137		28 582
2. Provisions for taxation	92		345 513		0
3. Other provisions	93		6 751		2 850
F. Deposits received from reinsurers	94		2 384 980		2 264 237
G. Creditors	95		626 741		747 331
I. Payables arising from direct insurance operations, thereof	96		419 188		493 011
II. Payables arising from reinsurance operations, thereof	99		40 809		54 254
V. Other payables, thereof	110		166 744		200 066
a) Tax liabilities and payables due to social security and health insurance institutions	111		30 410		25 049
H. Temporary liability accounts	115		1 062 990		864 919
I. Accrued expenses and deferred revenues	116		393 174		293 263
II. Other temporary liability accounts	117		669 816		571 656
a) Estimated payables	118		669 816		571 656
TOTAL LIABILITIES			20 080 978		17 953 590

* Year 2019 was influenced due to re-segmentation of deferred acquisition costs, see point I.4 (h) in Notes to financial statements.

INCOME STATEMENT FOR THE YEAR ENDED

(IN THOUSANDS OF CZECH CROWNS TCZK)

Registered office of the Company: Pobřežní 665/23, 186 00, Praha 8
IČO: 63 99 85 30

Description	2020 Base	2020 Subtotal	2020 Result	2019* Result
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	8 677 468	x	x	x
b) outward reinsurance premiums (-)	2 624 337	6 053 131	x	x
c) change in the gross provision for unearned premiums (+/-)	339 452	x	x	x
d) change in the provision for unearned premiums, reinsurance share (+/-)	62 246	277 206	5 775 925	5 317 702
2. Allocated investment return transferred from the non-technical account	x	x	40 685	131 619
3. Other technical income, net of reinsurance	x	x	48 023	104 748
4. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	4 082 400	x	x	x
bb) reinsurance share (-)	1 208 332	2 874 068	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	411 436	x	x	x
bb) reinsurance share (-)	168 035	243 401	3 117 469	3 169 838
5. Changes in other technical provisions, net of reinsurance (+/-)	x	x	3 395	-194 125
6. Bonuses and rebates, net of reinsurance	x	x	160 690	100 061
7. Net operating expenses:	x	x	x	x
a) acquisition costs	x	2 449 753	x	x
b) change in deferred acquisition costs (+/-)	x	-86 272	x	x

c) administrative expenses	x	353 504	x	x
d) reinsurance commissions and profit participation (-)	x	853 135	1 863 850	1 699 209
8. Other technical expenses, net of reinsurance	x	x	187 782	335 914
10. Sub-total on the technical account for non-life insurance	x	x	531 447	443 172

Description	2020 Base	2020 Subtotal	2020 Result	2019* Result
II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	x	2 608 497	x	x
b) outward reinsurance premiums (-)	x	409 581	x	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	x	4 832	2 194 084	2 075 391
2. Income from investments:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x		x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings		x	x	x
bb) income from other investments	141 128	141 128	x	x
c) value adjustments on investments	x	4 403	x	x
d) income from disposal of investments	x	36 582	182 113	410 652
3. Unrealised gains on investments	x	x	78 201	265 567
4. Other technical income, net of reinsurance	x	x	19 618	40 387
5. Claims incurred, net of reinsurance:	x	x	x	x

Description	2020 Base	2020 Subtotal	2020 Result	2019* Result
a) claims paid:	x	x	x	x
aa) gross amount	1 194 762	x	x	x
bb) reinsurance share (-)	132 734	1 062 029	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	88 847	x	x	x
bb) reinsurance share (-)	-2 814	91 661	1 153 690	1 102 953
6. Changes in other technical provisions, net of reinsurance (+/-):	x	x	x	x
a) life assurance provisions:	x	x	x	x
aa) gross amount	-85 922	x	x	x
bb) reinsurance share (-)		-85 922	x	x
b) other technical provisions, net of reinsurance	x	183 564	97 642	219 034
7. Bonuses and rebates, net of reinsurance	x	x	127 389	120 331
8. Net operating expenses:	x	x	x	x
a) acquisition costs	x	937 586	x	x
b) change in deferred acquisition costs (+/-)	x	-34 225	x	x
c) administrative expenses	x	113 259	x	x
d) reinsurance commissions and profit participation (-)	x	267 034	749 586	763 742
9. Expenses connected with investments:	x	x	x	x
a) investment management charges, including interest	x	7 642	x	x
b) value adjustments on investments	x	69	x	x
c) book value of disposed investments	x	39 673	47 384	250 411
10. Unrealised losses on investments	x	x	16 101	820
11. Other technical expenses, net of reinsurance	x	x	20 442	22 953
12. Allocated investment return transferred to the non-technical account (-)	x	x		
13. Sub-total on the technical account for life assurance	x	x	261 782	311 753

Description	2020 Base	2020 Subtotal	2020 Result	2019* Result
III. NON-TECHNICAL ACCOUNT	x	x	x	x
1. Result of the technical account for non-life insurance	x	x	531 447	443 172
2. Result of the technical account for life assurance	x	x	261 782	311 753
3. Income from investments:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	7 190	x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings		x	x	x
bb) income from other investments	129 385	129 385	x	x
c) value adjustments on investments	x	15 737	x	x
d) income from disposal of investments	x	992 424	1 144 736	1 195 430
4. Allocated investment return transferred from the technical account for life-assurance	x	x		
5. Expenses connected with investments:	x	x	x	x
a) investment management charges, including interest	x	45 571	x	x
b) value adjustments on investments	x	62 201	x	x
c) book value of disposed investments	x	996 278	1 104 050	1 063 811
6. Allocated investment return transferred to the technical account for non-life-insurance	x	x	40 685	131 619
7. Other income	x	x	39 533	41 481
8. Other expenses	x	x	37 167	23 944
9. Income tax on ordinary activities	x	x	176 901	131 121
10. Profit or loss on ordinary activities after tax	x	x	618 695	641 341
15. Other taxes not shown under the preceding items	x	x	59	100
16. Profit or loss for the financial year	x	x	618 636	641 241

* Year 2019 was influenced due to re-segmentation of deferred acquisition costs, see point I.4 (h) in Notes to financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.12.2020

(IN THOUSANDS OF CZECH CROWNS TCZK)

Registered office of the Company: Pobřežní 665/23, 186 00, Praha 8
IČO: 63 99 85 30

	Registered capital	Own shares	Share premium	Reserve funds	Changes in valuation	Profit (loss)	Total
Balance at 1.1. 2019	1 000 000			3 242	-31 550	1 329 680	2 301 372
FX gains (losses) and changes in valuation not included in the profit and loss statement					166 645		166 645
Net profit/loss for accounting period						641 241	641 241
Profit shares						-396 755	-396 755
Transfers to funds				12 180		-12 180	
Reduction of funds				-10 685			-10 685
Balance at 31.12. 2019	1 000 000			4 737	135 095	1 561 986	2 701 818

	Registered capital	Own shares	Share premium	Reserve funds	Changes in valuation	Profit (loss)	Total
Balance at 1.1. 2020	1 000 000			4 737	135 095	1 561 986	2 701 818
Correction of significant errors							
FX gains (losses) and changes in valuation not included in the profit and loss statement					96 509		96 509
Net profit/loss for accounting period						618 636	618 636
Addition to funds				18 106		-18 106	
Reduction of funds				-12 112			-12 112
Balance at 31.12. 2020	1 000 000			10 731	231 604	2 162 516	3 404 851

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2020

I. GENERAL INFORMATION

I. 1. Description and principal activities

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

ID number of the Company: 639 98 530

Principal business activities:

1. insurance activities pursuant to Act No. 277/2009 Coll., on Insurance, as amended, („the Insurance Act“), Annex No. 1 to the Insurance Act:

- in the scope of life assurance classes listed in Part A, par. I, letters (a), (b), (c), par. II and par. III;
- in the scope of non-life insurance classes listed in Part B, par. 14, 15, 16, 17, 18;
- in the scope of non-life insurance classes listed in Part C, letters (a), (b), (c), (d), (e), (f), (g), (h).

2. reinsurance activities in the scope of non-life reinsurance;

3. activities related to insurance activities:

- intermediary activity carried out in relation to insurance activities in accordance with the Insurance Act
- advisory activity related to insurance of individuals and legal entities in accordance with the Insurance Act
- investigation of claims performed based on a contract entered into with the Insurance Company in accordance with the Insurance Act

- pursuit of intermediary activities in terms of:
 - construction savings
 - supplementary pension insurance with state contribution, supplementary pension savings and retirement insurance
 - consumer loans
- educational activities for insurance intermediaries and independent loss adjusters.

Registered office of the Company:

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

Members of the Board of Directors and Supervisory Board as at 31 December 2020:

Members of the Board of Directors:

Chairman:

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

Members:

Ing. František Vltnář, date of birth: 6 June 1960
Praha 4, Mikuláše z Husi 1521/2, post code 140 00
Function held from: 1 November 2015
Membership held from: 1 November 2015
Ing. Jaroslav Kulhánek, date of birth: 12 March 1957

Hradec Králové, Zalomená 175/22; post code 500 02
Membership held from: 1 January 2019

Mag. Christoph Rath, date of birth: 16 November 1976
1090 Wien, Clusiusgasse 1, Austria
Membership held from: 1 April 2019

Supervisory Board:

Chairman:

Ing. Vladimír Mráz, date of birth: 11 April 1940
Pobřežní 881/9, 110 00 Praha 1
Function held from: 1 July 2020
Membership held from: 1 January 2019

Vice-chair:

Prof. Elizabeth Stadler, date of birth: 1 December 1961
3550 Langenlois, Höllgasse 32, Austria
Function held from: 26 January 2019
Membership held from: 1 January 2019

Members:

Mgr. Jolana Kolaříková, date of birth: 9 February 1978
Pobřežní 210/4, 108 00 Praha 10
Membership held from: 1 January 2019

Ing. Petr Vokřál, date of birth: 23 November 1973
Politických vězňů 123, 281 51 Velký Osek
Membership held from: 1 January 2019

Ing. Martin Diviš, MBA, date of birth: 1 December 1973
Divoká Šárka 39/4, Liboc, 164 00 Praha 6
Membership held from: 1 January 2019

Mag. Gerhard Lahner, date of birth: 15 March 1977
2130 Mistelbach, Gartengasse 21, Austria
Membership held from: 1 May 2020

Sole shareholder:

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

Course of action:

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

Organisational structure:

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

I. 2. Compliance with legislation

At the reporting date the Company fully complied with Act No. 277/2009 Coll., on Insurance, as amended (“the Insurance Act”), Act No. 89/2012 Coll., the Civil Code, Act No. 170/2018 Coll., on Insurance and Reinsurance Distribution, Act No. 168/1999 Coll., on Liability Insurance for Losses Caused by the Operation of a Motor Vehicle, as amended (“the Act on Motor Third-Party Liability Insurance”), and related implementing decrees and other applicable legislation.

I. 3. Basis of preparation

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

The accounting records of the Company are maintained in such a manner that the financial statements prepared based on those records give a true and fair view of the Company’s financial position and financial performance.

The financial statements are based on the assumption that the Entity will continue as a going concern and that there is no circumstance that would restrict or prevent the Entity’s ability to continue as a going concern in the foreseeable future. In connection with the ongoing COVID-19 pandemic and the governmental measures implemented in the fight against its outbreak, we are not aware of any substantial impact endangering the further operation of the Company in 2021. The Company has performed its own assessment of risks relating to the pandemic and regularly monitors their development. In a similar manner, it regularly reports the information to the Czech National Bank.

I. 4. Significant accounting policies

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost.

Tangible fixed assets costing less than TCZK 40 referred to as low-value assets are depreciated over a three-year period except for IT assets that are charged to expenses in the year in which they are acquired. Intangible fixed assets costing less than TCZK 60 are charged to the income statement in the year in which they are acquired. The annual depreciation rate reflects the assets’ expected useful lives.

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

Fixed assets	Method	Depreciation rate in %
Software	Straight-line	25.0
Other intangible fixed assets	Straight-line	16.7 – 100.0
Long-term operating movable assets – class I and II	Straight-line	16.7 – 25.0
Long-term operating movable assets – class III	Straight-line	16.7

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

(b) Investments

Land and buildings

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

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

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

Investments in affiliated undertakings and participating interests

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

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

At the acquisition date and at the balance sheet date, participating interests are stated at their acquisition cost. The acquisition cost is the amount for which the participating interests were acquired and includes all expenses directly associated with the acquisition. Similarly as for the other assets, as at the balance sheet date the Company assesses whether the participating interests are impaired.

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

Debt securities

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

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

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

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

Fair value means the price derived from the listed market mid prices which are published by a domestic or foreign stock exchange or other public (organised) market. The Company applies the most recent published market price as at the date of the financial statements (balance sheet date). If no market price is available or if it does not sufficiently represent the fair value, the fair value is determined on the basis of a qualified estimate. The Company uses in its models intended to establish the fair value of the Company's securities exclusively available market data. Valuation models reflect current market conditions existing at the date of valuation, which may not reflect the market situation before or after that date.

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

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

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

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

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

Shares and other variable-yield securities

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

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

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

Fair value means the price derived from the listed market mid prices which are published by a domestic or foreign stock exchange or other public (organised) market. The Company applies the most recent published market price as at the date of the financial statements (balance sheet date). If no market price is available or if it does not sufficiently represent the fair value, the fair value is determined on the basis of a qualified estimate. The Company uses in its models intended to establish the fair value of the Company's securities exclusively available market data. Valuation models reflect current market conditions existing at the date of valuation, which may not reflect the market situation before or after that date.

The change in fair value of available-for-sale shares and units is recognised in the balance sheet. The change in fair value of other variable-yield securities is recognised in the income statement.

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

Deposits with financial institutions

Deposits with financial institutions are initially recognised at nominal value. As at the balance sheet date, this nominal value is adjusted by accrued interest.

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

Derivatives intended for trading

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

All derivatives are presented in Other investments.

Valuation differences of financial derivatives held for trading are presented as unrealised gains or unrealised losses on investments in the income statement.

Hedging derivatives

Hedging derivatives are recognised in the balance sheet at fair value. Hedge accounting is only applied where:

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

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

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

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

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

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

(d) Adjustments

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

Adjustments to receivables from policyholders are established based on an analysis of their recoverability. Adjustments are created inclusively based on an ageing analysis of the receivables.

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

(e) Impairment of assets

At the balance sheet date the Company assesses whether those assets, which are not carried at fair value are impaired. The impairment of an asset is recognised in the income statement.

(f) Deferred acquisition costs

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

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

Non-life insurance

In respect of non-life insurance, deferred acquisition costs are based on total acquisition costs incurred in the current period and the ratio of the gross provision for unearned pre-

miums at the balance sheet date to the total gross premiums written for the financial year.

Life assurance (traditional products)

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

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

Deferred acquisition costs in unit-linked assurance are determined using actuarial methods.

(g) Accumulated debt

Accumulated debt arises in respect of unit-linked assurance contracts. This receivable due from the insured persons represents an aggregate of costs incurred by the Company in connection with unit-linked assurance contracts which have not been settled by the policyholders yet. The expected recovery of the asset is carried out prospectively considering all relevant future cash flows and using careful estimates of the lapse rate, claim frequency, costs, and other insurance contracts' parameters. A change of the accumulated debt from unit-linked assurance is charged to profit or loss.

(h) Income tax

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

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

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

On 1 January 2020, Act No. 364/2019 Coll. regulating the taxation of technical provisions came into effect. Technical provisions for tax calculation purposes are defined in accordance with the Solvency II EU Directive, and their amount is provided in the Solvency and Financial Condition Report. Under the transitory provisions of this act, the current period income tax in 2020 is calculated not only from the difference in the change of provisions pursuant to Solvency II and the Czech accounting standards for 2020, but further as half of the difference between the amount of adjusted provisions determined pursuant to the Solvency II directive and their amount pursuant to the accounting standards as at 1 January 2020. In connection with the new legislative regulation, a deferred tax asset was calculated in 2020 due to the different book and tax values of the technical provisions.

(i) Provision for unearned premiums

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

(j) Life assurance provision

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

The Company accounts for the provision using the zillmerisation method. The zillmerisation method results in the deferral of acquisition costs for life assurance contracts. These acquisition costs are included in the life assurance provision using actuarial methods. The provision is net of temporary negative balances, which are capitalised and presented as deferred acquisition costs. The acquisition costs are capitalised and deferred in accordance with the prudence principle and taking into account the risk of lapses and cancellations.

The life assurance provision also includes a portion to cover the risks (2020: TCZK 40 000; 2019: TCZK 40 000) arising

from the uncertainty in the current market which are connected with the interpretation of the new regulation connected with the general trend of strengthening the rights and protection of consumers.

(k) Provision for outstanding claims

Provision for outstanding claims is not discounted to present value (with the exception of the provision for outstanding claims where claims payments are made in the form of annuities) and is intended to cover the liabilities resulting from claims:

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

The amount of RBNS provision is determined as the sum of estimated costs on individual insurance settlements. The provision for outstanding claims is reduced by an estimate of the value of salvage and subrogation and similar recoveries. The Company establishes a provision for litigations in the full amount of the sum subject to the litigation.

The fair value of the IBNR provision is determined using actuarial and statistical methods.

The Company uses the Chain Ladder method based on the amount of claims paid or on the amount of incurred claims, as applicable, for all insurance classes except for motor third party liability insurance. For motor third party liability insurance the provision is determined using the Monte Carlo simulation. The Monte Carlo simulation provides the opportunity to estimate the probability distribution of a liability, especially to predict the different security levels also in form of a split to the risk commencement years and underwriting years.

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

On an annual basis, the Board of Directors reassesses the adequacy of the reliability level of the estimated provision for outstanding claims in respect of individual groups of insurance in accordance with the Company's accounting policies. Due to the ongoing pandemic of COVID-19 in 2020 and the

related increased uncertainty regarding the development of claims settlement, the safety margins for the year of the occurrence of claims in 2020 were doubled. This measure was implemented within the entire portfolio of non-life and life insurance. In addition, a specific security margins was created for travel agency bankruptcy insurance. It covers possible negative effects due to the risk of bankruptcy of insured travel agencies, which has been postponed by government measures. It reflects the volume of advances received from clients of travel agencies for trips that have not yet taken place.

(l) Provision for bonuses and rebates

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

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

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

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

In determining the provision for liabilities arising from the applied technical interest rate and other calculation parameters, the present 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 present value of the liabilities, the not yet recorded revenues on held-to-maturity assets to cover life assurance provisions are taken into account. The Company compares the present value of insurance liabilities with the total sum of the life assurance provision, provision for unearned premiums, life assurance

provision where the investment risk is borne by the policyholder, provision for outstanding claims, non-life insurance provisions if established by the life assurance section of the Company, and provision for bonuses and rebates (the total sum of the above provisions is below referred to as the "life assurance provision") reduced by the respective unamortised deferred acquisition costs and by the respective intangible assets (e.g. the accumulated debt). Where the present value of insurance liabilities exceeds the amount of 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 present value of insurance liabilities and the life assurance provision reduced by the respective outstanding acquisition costs and by the respective intangible assets.

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

(n) Provision for the credit risk in respect of intermediaries

In light of an amendment to the Act on Insurance Intermediaries from 2016 introducing a five-year period during which intermediaries guarantee negotiated contracts with their commissions, a provision for the credit risk in respect of intermediaries has been established. The provision reflects the risk that unearned commissions will not be returned by insurance agents due to insolvency.

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

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

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

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

(p) Reinsurance share of technical provisions

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

The Company presents the reinsurance share of the provision for unearned premiums, the provision for outstanding claims and the provision for bonuses and rebates. The reinsurer does not participate in the other technical provisions.

(q) Provisions

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

Provision for taxes

The provision for taxes is created at the balance sheet date and amounts to the estimated corporate income tax liability due. The use (release) of the provision is accounted for when the tax return is filed. The Company reduces the provision for taxes by corporate income tax prepayments. The result is presented in provision for taxes (note II.9) or in other receivables in case the income tax prepayments exceed the expected tax liability for the current period (note II.3).

Provision for employee benefits

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

Provision for restructuring

The provision has been established based on the restructuring programme approved by the Board of Directors. The programme comprised transformation projects of the compa-

nies from the VIG group in the Czech Republic. The provision has been established only to cover the expenses connected directly with the restructuring which are in accordance with Section 16 (4) of Decree No. 500/2002 Coll. In 2020, the provision was released as a result of termination of the restructuring programme.

(r) Gross premiums written

Gross premiums written comprise all amounts written for the insurance period as at the date of the commencement of insurance coverage (in case of unit-linked assurance also paid amounts) based on insurance contracts during the financial year regardless of whether such amounts may relate in whole or in part to future financial years.

(s) Claims paid

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

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

(t) Acquisition costs

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

(u) Personnel expenses, supplementary pension insurance and social fund

The Company makes contributions to the defined contribution pension plans and to the endowment insurance of its employees. These contributions are recognised directly in personnel expenses. The Company creates a social fund to cover the social needs of its employees and the employee programme. In compliance with Czech accounting legislation, the allocation to the social fund is not recognised in the income stated but as profit distribution. The funds drawn from the social fund are not recognised in the income statement but as a decrease in the fund. The social fund forms an integral part of equity and is not recognised as a liability.

(v) Loss prevention fund

Under Section 23a (2) of the amendment to Act No. 168/1999 Coll., on Liability Insurance for Losses Caused by the Operation of a Motor Vehicle, which came into effect on 1 January 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.

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

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

Expenses and income from investments

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

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

Other expenses and income

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

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

(x) Foreign currency translation

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

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

(y) Consolidation

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

I. 5. Change in accounting policies and procedures and corrections of prior year errors

In 2020, the taxation of technical provisions was changed under Act No. 364/2019 Coll. Technical provisions for tax calculation are newly defined pursuant to the Solvency II EU Directive, not pursuant to accounting standards. Due to this new legal regulation, the provision for taxes was increased and the deferred tax asset was recognised in the same amount.

In 2020, the Company carried out a re-segmentation of the recognition of deferred acquisition costs on non-life insurance in respect of life assurance products. Since 2020, the deferred acquisition costs on these insurance riders have been recognised in non-life insurance, not in life assurance. This change was also applied retrospectively on the data as at 1 January 2019. The deferred acquisition costs on non-life insurance riders in respect of life assurance products amounted to TCZK 16 811 as at 31 December 2020 and TCZK 20 640 as at 31 December 2019 and TCZK 15 285 as at 1 January 2019.

I. 6. Risk management

The financial condition and operating results of the Company are affected by a number of key risks, namely, market risk, credit risk, liquidity risk, insurance risk, operational risk, and compliance risk. Risk management complies with the relevant legislation pursuant to the Solvency II directive.

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

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

(a) Strategy for using financial instruments

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

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

The Company also uses financial instruments to mitigate currency and interest rate risks.

(b) Market risk

The Company is exposed to market risk. Market risk follows from trading positions in interest rates, currencies and eq-

uity instruments that are all exposed to common and specific changes in the market and from changes in the level of volatility of market rates or prices, such as interest rates, foreign exchange rates, and equity prices. The Board of Directors sets the strategy for the portfolio characteristics and the limits on the level of risk that may be accepted, monitored on a daily basis. The portfolio is managed under the prudent investment principle in accordance with Czech insurance legislation in force. Investment limits are set for the individual types of financial investments while respecting the counterparty risk. VaR models are used to monitor investment portfolio risks as well.

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

(c) Interest rate risk

The Company's financial position and cash flows are exposed to the risk of effects of fluctuations in the prevailing levels of market interest rates. Income from investments may both grow and decrease as a result of these fluctuations. As a part of its investment strategy, the Company insulates itself from possible losses by preventing the rate of return on investments to drop below the level of the technical interest rate. Based on methods stemming from cash flow analysis, the Company prepares portfolios of securities so that their value and structure preferably corresponds to the value and structure of liabilities.

(d) Currency risk

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

(e) Credit risk

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

Commercial and personal insurance is written primarily through intermediaries. Intermediaries are subject to rigorous monthly checks of information on unearned commis-

sions in order to mitigate part of the credit risk associated with the intermediaries' involvement in the underwriting process.

The Company uses reinsurance in managing insurance risk. However, this does not release the Company from its responsibility of the initial insurer. If the reinsurer does not for any reason pay the insurance settlement, the Company has to pay it itself. The Company periodically monitors the creditworthiness of the individual reinsurers. Reinsurers are selected from an internal list, which is issued and regularly updated by a special working group on VIG level. The Company determines the maximum acceptable cession limits for individual reinsurers based on the type of insurance and type of the reinsurance contract.

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

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

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

(f) Liquidity risk

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

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

payments from lapsed policies, and surrenders. Minimum liquidity limits are set to manage this risk.

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

(g) Insurance risk

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

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

The Company manages insurance risks in particular by:

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

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

(h) Operational risk

Operational risk means a risk of loss due to insufficiency or failure of internal processes, employees and systems, or due to external effect. The Company categorises its operational

risks into groups by characteristics and each operational risk group comprises specific risks assessed as follows:

Operational risk groups comprise:

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

Operational risk is evaluated in two ways. Firstly, by quantification through SCR calculated based on a standard formula – i.e. from the amount of technical provisions and premiums written. Secondly, by qualitative assessment through processional approach, risk mapping and evaluation of the control environment within which the risk owners of all divisions identify the risks their divisions are exposed to. The employees assess the effects of the risks and determine adequate measures, including control mechanisms aimed at mitigating these risks. The output is the risk and control matrix (RCM). All organisational units including regional directorates are included in the operational risk mapping process. The Company also specifically manages residual risks from important projects (i.e. risks that are further evaluated and managed by specific owners). Risk mapping output and the level of risk mapping and important projects residual risk action plans' implementation helps to monitor the risk profile in operational risk. The division of non-financial risks of Kooperativa pojišťovna, a.s., Vienna Insurance Group operating under shared services regime¹ methodically manages first line protection departments, carries out independent control in the second line protection and reports through the Risk and capital management committee about the situation of operational risk management in the Company and proposes other operational risk solutions to the Board of Directors.

(i) Compliance risk

Compliance risk is the risk of legal and regulatory sanctions, financial loss (including the insurance company's criminal liability) or the loss of reputation that the Company may suffer as a result of non-compliance with statutory and regulatory requirements, rules relating to the codes of the Company, the VIG group, and the Code of Ethics of the Czech Insurance Association. Compliance risk is a subcategory of operational risk.

Systematic management of compliance risk is one of the Company's basic obligations.

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

- monitoring legal and regulatory changes;
- reflecting legal and regulatory changes in the Company's internal management documents;
- subsequent review of the compliance of performed activities with internal management documents and legislation;
- monitoring mutual compliance of internal management documents;
- identification, measuring, evaluation, monitoring and reporting of compliance risks, and adopting measures to remove or mitigate these risks.

The Compliance department of Kooperativa pojišťovna, a.s., Vienna Insurance Group operating under shared services regime monitors any upcoming legislation (new legislation, changes in current legislation) on an ongoing basis, as well as case law, including regulatory requirements of the supervisory authorities, and evaluates their impact on the Company's activity. For this purpose the department of Compliance and Legal publishes Legal news.

In accordance with the group's compliance standards, the following reports are regularly presented to the Company's Board of Directors and at the same time they are reported to the VIG Group Compliance:

- Compliance Report (summarising compliance activities for the previous calendar year);
- Compliance Plan (summarising compliance activities planned for the following year);
- Compliance Risk Analysis Report (summarising the results of the compliance risk mapping for the current year).

¹ The cooperation is based on the contract on expenses sharing concluded between Kooperativa pojišťovna, a.s., Vienna Insurance Group and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group.

II. ADDITIONAL DISCLOSURES IN RESPECT OF THE BALANCE SHEET

II. 1. Intangible fixed assets

Intangible fixed assets of the Company as at 31 December 2020 comprise the following items:

	Software	Other intangible fixed assets	Total
Acquisition cost at 1/1/2020	470 377	635	471 012
Additions	66 814	3 742	70 556
Disposals	4 242	0	4 242
Acquisition cost at 31/12/2020	532 949	4 377	537 326
Accumulated amortisation at 1/1/2020	342 852	394	343 246
Amortisation expense	40 791	1 223	42 014
Disposals	0	0	0
Accumulated amortisation at 31/12/2020	383 643	1 617	385 260
Net book value at 1/1/2020	127 525	241	127 766
Net book value at 31/12/2020	149 306	2 760	152 066

II. 2. Investments

(a) Land and buildings

The amounts stated in this section comprise improvements to third-party property as at 31 December 2020 amounting to TCZK 5 147 (2019: TCZK 5 555).

(b) Participating interests with controlling influence

Company name	Share of registered capital in %	Carrying amount	Acquisition cost	Fair value	Total registered capital	Total equity	Profit (loss) for the period
2020							
Participating interests with controlling influence							
ČPP Servis, s.r.o.**	100	29 300	29 300	29 300	300	42 192	1 245
VIG ND, a.s.*	11,71	278 386	302 006	278 316	2 391 000	2 376 623	32 298
AIS servis, s.r.o.**	30	51 404	51 404	51 404	7 400	62 568	2 663
VIG FUND, a.s.*	0,69	40 886	40 510	43 683	5 003	6 109 271	203 401
Global Expert, s.r.o.	30	5 132	5 132	3 628	200	12 092	5 742
Total		405 108	428 352	406 331	2 403 903	8 602 746	245 349

* the data is based on non-audited financial statements.

** the fair value cannot be objectively determined and therefore it equals the acquisition cost; the data is based on the audited financial statements as at 31 December 2020.

All companies have their registered office in Prague, except for Global Expert, s.r.o. which has its registered office in Pardubice, and AIS servis, s.r.o. which has its registered office in Brno.

In 2020, ČPP contributed TCZK 29 000 to the equity of ČPP Servis, s.r.o. outside of registered capital.

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

Company name	Share of registered capital in %	Carrying amount	Acquisition cost	Fair value	Total registered capital	Total equity	Profit (loss) for the period
2019							
Participating interests with controlling influence							
ČPP Servis, s.r.o.**	100	300	300	300	300	3 586	945
VIG ND, a.s.*	11,71	278 386	302 006	279 071	2 391 000	2 383 071	38 746
AIS servis, s.r.o.**	30	51 405	51 405	51 405	7 400	61 432	3 277
VIG FUND, a.s.*	0,69	39 584	40 510	41 590	5 003	5 851 567	291 859
Global Expert, s.r.o.	30	5 132	5 132	3 277	200	10 923	4 350
Total		374 807	399 353	375 643	2 403 903	8 310 579	339 177

* the data is based on non-audited financial statements.

** the fair value cannot be objectively determined and therefore it equals the acquisition cost; the data is based on the audited financial statements as at 31 December 2019.

All companies have their registered office in Prague, except for Global Expert, s.r.o. which has its registered office in Pardubice, and AIS servis, s.r.o. which has its registered office in Brno.

In 2019, the registered capital of VIG FUND, a.s. was increased. ČPP participated in this increase and as a result, its participating interest in the company increased to 0.69%.

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

(c) Shares and other variable-yield securities

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

	2020	2019
Shares and other variable-yield securities at fair value through profit or loss	94 061	89 903
Available-for-sale shares and other variable-yield securities	670 207	829 055
Total	764 268	918 958

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

	Fair value		Acquisition cost	
	2020	2019	2020	2019
Other				
- Listed on a recognised CR exchange	0	0	0	0
- Unlisted	94 061	89 903	83 913	80 325
Total	94 061	89 903	83 913	80 325

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

	Fair value		Acquisition cost	
	2020	2019	2020	2019
Issued by financial institutions				
- Listed on a recognised CR exchange	25 720	4 148	19 446	4 548
- Listed elsewhere	32 668	31 018	18 872	18 872
- Unlisted	55 727	32 346	33 885	31 366
Other				
- Listed on a recognised CR exchange	21 402	13 752	18 934	11 104
- Listed elsewhere	191 695	63 302	191 184	56 165
- Unlisted	342 995	684 489	274 717	631 553
Total	670 207	829 055	557 038	753 608

(d) Debt securities

Classification of debt securities

	2020	2019
Available-for-sale debt securities	5 330 730	4 433 452
Debt securities held to maturity	4 806 682	5 458 912
Total	10 137 412	9 892 364

Analysis of available-for-sale debt securities

	Fair value		Acquisition cost	
	2020	2019	2020	2019
Issued by financial institutions				
- Listed on a recognised CR exchange	239 608	378 576	225 000	377 807
- Listed elsewhere	521 842*	537 826	565 364	530 809
Issued by government sector				
- Listed on a recognised CR exchange	3 857 457	2 965 340	3 715 837	2 887 935
- Listed elsewhere	109 416	109 724	113 713	113 713
Other				
- Listed on a recognised CR exchange	174 013	175 851	171 881	175 489
- Listed elsewhere	308 764	266 135	301 118	265 672
- Unlisted	119 630		118 465	
Total	5 330 730	4 433 452	5 211 378	4 351 425

* With regard to the current situation caused by the COVID-19 pandemic, a 100% allowance was created for bonds with a nominal value of TCZK 50 000.

Analysis of debt securities held to maturity

	Fair value		Amortised value		Acquisition cost	
	2020	2019	2020	2019	2020	2019
Issued by financial institutions						
- Listed on a recognised CR exchange	468 686	459 282	451 905	461 463	499 881	499 881
- Listed elsewhere	86 226	86 422	81 033	81 043	79 955	79 955
Issued by government sector						
- Listed on a recognised CR exchange	4 609 643	5 174 266	4 222 245	4 864 909	4 223 232	4 822 688
Other						
- Listed elsewhere	53 134	54 260	51 499	51 497	49 973	49 973
Total securities held to maturity	5 217 689	5 774 230	4 806 682	5 458 912	4 853 041	5 452 497

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

	Fair value		Amortised value		Acquisition cost	
	2020	2019	2020	2019	2020	2019
Loans granted (controlled entities)	6 651	14 422	6 528	14 391	6 474	14 301
Total	6 651	14 422	6 528	14 391	6 474	14 301

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

	Fair value		Acquisition cost	
	2020	2019	2020	2019
Deposits	0	70 188	0	70 188
Other loans and credits	1 069 972	1 491	1 069 972	1 491
Total	1 069 972	71 679	1 069 972	71 679

In 2020, other loans and credits comprised reverse repurchase transactions of TCZK 1 068 000 (31 December 2019: TCZK 0).

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

Description	Acquisition cost		Fair value	
	2020	2019	2020	2019
Shares and other variable-yield securities	1 784 641	1 664 507	2 257 321	2 078 438
Total	1 784 641	1 664 507	2 257 321	2 078 438

(h) Other investments – derivatives

Hedging derivatives

Fixed term contracts	Nominal value		Fair value	
	2020	2019	2020	2019
Term currency transactions	461 062	493 394	8 017	7 893
Total	461 062	493 394	8 017	7 893

The above derivatives hedge the currency risk resulting from foreign currency instruments in investments.

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

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

(i) Currency structure of investments

2020	Variable-yield securities	Debt securities	Deposits and other investments	Life assurance investments where the investment risk is borne by the policyholders	Total
CZK	522 459	9 839 814	1 445 869	1 947 724	13 755 866
EUR	119 344	290 544	45 805	309 597	765 290
USD	122 465	0	3 098	0	125 563
PLN	0	7 054	0	0	7 054
Total	764 268	10 137 412	1 494 772	2 257 321	14 653 773

2019	Variable-yield securities	Debt securities	Deposits and other investments	Life assurance investments where the investment risk is borne by the policyholders	Total
CZK	636 996	9 691 180	426 848	1 788 428	12 543 452
EUR	93 918	193 844	42 270	290 010	620 042
USD	188 044	0	5 207	0	193 251
PLN	0	7 340	0	0	7 340
Total	918 958	9 892 364	474 325	2 078 438	13 364 085

II. 3. Receivables and payables

(a) Receivables

31 December 2020	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	32 703	14 300	12 523	382 810	442 336
Overdue	738 822	93 215	4 562	308 327	1 144 926
Total	771 525	107 515	17 085	691 137	1 587 262
Adjustment	225 197	92 557	0	698	318 452
Total net amount	546 328	14 958	17 085	690 439	1 268 810

31 December 2019	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	168 379	12 165	20 977	75 191	276 712
Overdue	587 340	91 995	12 477	81 415	773 227
Total	755 719	104 160	33 454	156 606	1 049 939
Adjustment	183 205	89 827	0	784	273 816
Total net amount	572 514	14 333	33 454	155 822	776 123

(b) Other receivables

	2020		2019	
	Gross amount	Adjustments	Gross amount	Adjustments
Other prepayments	84 375	0	36 462	0
Deferred tax asset	565 212	0	40 179	0
Pre-paid AFS tax	6 162	0	7 789	0
Income tax prepayments	30 081	0	62 795	0
Loans to employees	681	0	1 108	0
Czech Nuclear Pool	2 956	0	4 241	0
Advance payment for claims adjusting	0	0	0	0
Other receivables	1 670	698	4 032	784
Total	691 137	698	156 606	784

Corporate income tax prepayments of TCZK 377 019 relating to the tax liability for 2020 (2019: TCZK 123 914) were offset against corporate income tax provision of TCZK 722 532 (2019: TCZK 61 119). This year's balance is presented in "Provision for taxes" (note II.9) and last year's balance in "Other receivables". The deferred tax asset as at 31 December 2020 comprises taxation of the difference resulting from the new legal regulation of TCZK 566 163 (see note I.4.(h)). "Income tax prepayments" comprise the advances paid for the income tax in 2020 which relate to the tax liability for 2021.

(c) Liabilities

31 December 2020	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Due	414 493	596	37 598	155 810	608 497
Overdue	0	4 099	3 211	10 934	18 244
Total	414 493	4 695	40 809	166 744	626 741

31 December 2019	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Due	443 564	45 479	51 811	159 009	699 863
Overdue	0	3 968	2 443	41 057	47 468
Total	443 564	49 447	54 254	200 066	747 331

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

The Company has a net payable to reinsurers excluding reinsurance deposits of TCZK 23 724 (2019: a net payable of TCZK 20 800).

II. 4. Inter-company receivables and payables

	2020	2019
Receivables		
Receivables from reinsurance operations	2 951 076	2 694 558
Other receivables	27 095	22 195
Total receivables	2 978 171	2 716 753
Payables		
Payables from reinsurance operations	2 435 809	2 328 924
Other payables	225 071	168 937
Total payables	2 660 880	2 497 861

Receivables from reinsurance operations include reinsurance assets of TCZK 2 928 331 (2019: TCZK 2 668 307). Payables from reinsurance operations include a reinsurance deposit of TCZK 2 380 980 (2019: TCZK 2 260 278).

II. 5. Tangible fixed assets and inventories

	Total
Acquisition cost at 1/1/2020	168 548
Additions	22 422
Disposals	30 742
Acquisition cost at 31/12/2020	160 228
Accumulated depreciation at 1/1/2020	128 925
Depreciation expense	23 378
Disposals	24 546
Accumulated depreciation at 31/12/2020	127 757
Net book value at 1/1/2020	39 623
Net book value at 31/12/2020	32 471

II. 6. Temporary asset or liability accounts

(a) Other temporary asset accounts

	2020	2019
Estimated premiums	67 737	56 713
Estimated receivables arising from reinsurance operations		
Estimated receivable - service agreements	65 428	53 954
Prepaid services	326 979	266 629
Prepaid services	56 668	48 957
Total	516 812	426 253

Estimated premiums

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

Estimated receivables arising from reinsurance operations

Under estimated receivables arising from reinsurance operations, the Company discloses an estimate of the appropriate profit commission from the reinsurers' share related to the estimate of the written premiums disclosed.

Estimated receivable resulting from service agreements

Estimated receivable resulting from service agreements comprises the estimated impact of the results of service agreements at the given moment of time, depending on the recognition of the other items relating to these agreements.

(b) Estimated payables

	2020	2019
Estimated payables arising from reinsurance operations	86 457	99 652
Accrued commission	283 237	232 751
Services not invoiced	76 805	69 898
Accruals in respect of personnel expenses	145 409	104 654
Bonification of the service agreement	57 326	43 844
Other estimated payables	20 582	20 857
Total	669 816	571 656

Estimated payables arising from reinsurance operations

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

Accrued commission

The Company discloses as Accrued commission the expected amount of commissions relating to premiums written in the current accounting period where the insurance intermediary's right to receive the commission is dependent on meeting additional specific criteria.

Accruals in respect of personnel expenses

As the business targets and results of the Company were significantly exceeded in 2020, accruals in respect of personnel expenses were adjusted accordingly. This item also reflects the accruals relating to the planned bonuses connected with the change in the organisational structure.

The accruals are intended as bonuses for exceeding business results and the Company's management uses them as a financial reward of employees for the performance achieved. This reward is used as a motivation tool for employees, leading to achieving new targets according to the Company's aims.

Services not invoiced

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

II. 7. Registered capital

The registered capital consists of 10 000 registered ordinary shares in book-entry form with a nominal value of TCZK 100. As at 31 December 2020, 100%, i.e. TCZK 1 000 000 (2019: TCZK 1 000 000) of the registered capital was paid up.

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

(a) Other capital funds

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

	2020	2019
Balance at 1/1	135 095	-31 550
Change in the fair value of investments	119 147	205 735
Change in deferred tax	-22 638	-39 090
Balance at 31/12	231 604	135 095

(b) Proposed distribution of current period profit

Profit for the current period	618 636
Transfer to social fund	22 000
Payment of profit shares	507 141
Profit brought forward	89 495

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

II. 8. Technical provisions

(a) Provision for unearned premiums (gross)

	2020	2019
Non-life insurance	3 264 134	2 924 681
Life assurance	11 989	7 158
Total	3 276 123	2 931 839

(b) Provision for outstanding claims (gross amount)

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

	2020	2019
RBNS	4 543 022	4 183 261
IBNR	1 716 746	1 576 224
Total	6 259 768	5 759 485

Claims run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 31 December 2019, the claims payments during 2020 (with respect to claims included within this provision) and the residual amount of this provision as at 31 December 2020.

The gross run-off result is as follows:

Class of insurance	2020	2019
Motor third-party liability insurance	65 763	308 772
Motor – other classes	53 317	11 707
Fire and other damage to property	18 967	-68 820
Liability	65 246	-3 443
Accident and sickness – non-life insurance	-2 331	-2 961
Life assurance	62 952	12 269
Other	74 466	-54 763
Total	338 380	202 761

Provision for outstanding claims in the form of annuities

The gross provision for outstanding claims from motor third party liability insurance paid in the form of annuities arising from reported claims after discounting is TCZK 905 854 (2019: TCZK 757 237). The impact of discounting is TCZK 234 562 (2019: TCZK 335 499) and it is carried out only in respect of these liabilities.

The Company used a wage valorisation rate and a disability pension valorisation rate according to the Bureau methodology as at 1 June 2020 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% (2019: 1.5%). The method and criteria used to estimate the remaining period for payment of the annuities are based on the currently valid Calculation tool for provisioning for annuities provided by the Czech Bureau of Insurers. In 2020, the discount rate was decreased by 0.5 pp in connection with a decrease of the market interest rates as a result of the continuing COVID-19 pandemic. This decrease was not reflected in the Calculation tool because of the timing of the preparation of its current version.

(c) Provision for bonuses and rebates (gross)

Class of insurance	2020	2019
Non-life insurance	69 098	35 931
Life assurance	698 201	570 811
Total	767 299	606 742

(d) Other technical provisions (gross)

	Opening balance	Additions	Utilisation	Closing balance
Non-life insurance provision	745	6 787	0	7 532
Provision for credit risk	62 735	4 681	0	67 416
Total	63 480	11 468	0	74 948

II. 9. Provisions

Type of provision	Opening balance	Additions	Utilisation	Closing balance
Provision for taxes	0	345 513	0	345 513
Provision for employee benefits	28 582	11 555	0	40 137
Other provisions	2 850	6 751	2 850	6 751
Total	31 432	363 819	2 850	392 401

Corporate income tax prepayments of TCZK 377 019 (2019: TCZK 123 914) were offset against corporate income tax provision of TCZK 722 532 (2019: TCZK 61 119). This year's balance was presented in "Provision for taxes" and the last year's balance in "Other receivables" (see note II.3). In 2020, provision for taxes was increased by the effect of additional taxation of the technical provisions of TCZK 566 163 (see note I.4.(h)).

Other provisions include the provision for litigations of TCZK 6 751 (2019: provision for restructuring of TCZK 2 850).

III. ADDITIONAL DISCLOSURES IN RESPECT OF THE INCOME STATEMENT

III. 1. Non-life insurance

Non-life insurance for 2020 and 2019, by class of insurance:

	Gross premiums written	Gross premiums earned	Gross claims paid	Gross operating expenses	Reinsurance balance
Direct insurance					
Accident and sickness					
2020	149 659	149 172	46 497	82 040	-5 244
2019	108 537	106 472	26 824	62 930	-7 178
Motor – other classes					
2020	2 001 393	1 950 505	1 134 713	619 202	-25 832
2019	1 933 507	1 883 843	1 302 007	577 551	11 369
Fire and other damage to property					
2020	1 389 838	1 350 011	663 107	434 883	-89 256
2019	1 271 634	1 223 968	756 550	371 944	18 585
Motor – liability					
2020	3 643 554	3 514 571	2 005 844	1 102 204	-97 997
2019	3 361 595	3 253 726	1 859 588	975 566	-101 997
Liability insurance					
2020	1 072 982	950 738	547 519	372 272	21 530
2019	1 025 528	866 892	612 902	340 154	-40 488
Reinsurance accepted					
2020	420 042	423 019	96 156	106 384	-105 108
2019	393 998	391 507	84 395	104 025	-86 205
Total					
2020	8 677 468	8 338 016	4 493 836	2 716 985	-301 907
2019	8 094 799	7 726 408	4 642 266	2 432 170	-205 914

III. 2. Life assurance

Gross premiums written in life assurance:

	2020	2019
Individual (special) premiums	2 608 497	2 452 296
Total	2 608 497	2 452 296
Regular premium	2 537 267	2 365 274
Single premium	71 230	87 022
Total	2 608 497	2 452 296
Premiums from contracts without bonuses	43 308	16 868
Premiums from contracts with bonuses	374 419	241 563
Premiums from contracts where the investment risk is borne by policyholders	2 190 770	2 194 865
Total	2 608 497	2 452 296
Reinsurance balance (- expense/+ revenue)	-12 628	-12 808

III. 3. Total amount of gross premiums written by country in which the insurance contract was concluded

All gross life assurance and non-life insurance premiums written arise from insurance policies concluded in the Czech Republic.

III. 4. Bonuses and rebates

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

	2020	2019
Gross amount		
Non-life insurance	154 812	104 512
Total gross amount	154 812	104 512
Reinsurers' share	13 756	0
Total net amount	141 056	104 512

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

2020	Gross amount	Reinsurance share	Net
Non-life insurance			
Creation	187 978	31 181	156 797
Release	154 812	17 649	137 163
Change of balance	33 166	13 532	19 634
Life assurance			
Creation	698 201	0	698 201
Release	570 812	0	570 812
Change of balance	127 390	0	127 390
Total change of balance	160 557	13 532	147 025
2019	Gross amount	Reinsurance share	Net
Non-life insurance			
Creation	102 821	17 649	85 171
Release	104 512	14 891	89 622
Change of balance	-1 693	2 758	-4 451
Life assurance			
Creation	570 812	0	570 812
Release	450 481	0	450 481
Change of balance	120 331	0	120 331
Total change of balance	118 638	2 758	115 880

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

	2020			2019		
	Non-life insurance	Life assurance	Total	Non-life insurance	Life assurance	Total
Commissions	1 693 568	733 051	2 426 619	1 574 835	686 987	2 261 822
Other acquisition costs	756 185	204 535	960 720	689 325	186 254	875 579
Change in deferred acquisition costs	-86 272	-34 225	-120 497	-152 264*	11 971*	-140 293
Total commissions and other acquisition costs	2 363 481	903 361	3 266 842	2 111 896	885 212	2 997 108

* The data for 2019 has been adjusted by TCZK 5 355 due to the re-segmentation (see note I.4.(h)).

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

III. 6. Administrative expenses

	2020	2019
Personnel expenses (payroll, social and health insurance)	250 626	227 180
IT expenses	228 402	201 897
Expenses related to the operation of buildings	54 113	57 779
Communications	26 205	26 761
Other services	18 739	13 111
Company car expenses	3 785	4 779
Material consumption	9 114	1 055
Insurance	1 879	1 939
Bank fees	8 842	5 858
Advisory	11 803	20 107
Representation expenses and presents	2 744	2 277
Depreciation of assets	1 805	828
Education	10 724	7 659

	2020	2019
Travel expenses	484	1 851
Other financial expenses	6 103	4 399
Outsourcing *	223 121	163 766
Other administrative expenses	5 845	14 777
Total administrative expenses before reallocation	864 334	756 023
Reallocation to acquisition costs	-167 674	-141 458
Reallocation to claims handling costs	-218 346	-178 806
Reallocation to costs on investments	-11 551	-19 515
Total reallocation	-397 571	-339 779
Total administrative expenses	466 763	416 244

* In 2020, the price for shared services was updated to reflect the extent of the activities and the related expenses.

III. 7. Other technical expenses and income

	2020	2019
Non-life insurance		
Other technical expenses	187 782	335 914
Other technical income	-48 023	-104 748
Balance – non-life insurance (+ expense/- revenue)	139 759	231 166
Life assurance		
Other technical expenses	20 442	22 953
Other technical income	-19 618	-40 387
Balance – life assurance (+ expense/- revenue)	824	-17 434

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

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

	2020	2019
Creation (+)/Release (-) of adjustments for receivables	39 750	-186
Depreciation (+)/Payments after depreciation (-) for receivables	12 095	18 815
Foreign exchanges losses (+)/gains (-)	-2 847	-2 273
Contribution to the loss prevention fund	107 120	98 611
Delegated insurance events	-5 866	-6 500
Cost of the Bureau's liabilities*	-2 560	154 760
Other	-7 933	-32 061
Balance of other expenses and income	139 759	231 166

* According to the decision of the general meeting of the Czech Bureau of Insurers, in 2019 the liabilities towards the Bureau were paid by an extraordinary contribution and the existing provision was released.

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

	2020	2019
Creation (+)/Release (-) of adjustments for receivables	4 972	-7 680
Depreciation (+)/Payments after depreciation (-) for receivables	1 072	8 088
Foreign exchanges losses (+)/gains (-)	- 687	- 1 241
Other	-4 533	-16 601
Balance of other expenses and income	824	-17 434

III. 8. Employees and management

The average number of employees and executives and remuneration for 2020 and 2019 are as follows:

2020	Average number of employees	Payroll expenses	Social and health insurance	of which other personnel expenses
Employees	785	4 39 980	141 414	22 578
Executives	71	121 594	35 018	6 240
Total	856	561 574	176 432	28 818

2019	Average number of employees	Payroll expenses	Social and health insurance	of which other personnel expenses
Employees	776	4 05 431	120 600	20 832
Executives	72	120 393	32 201	6 186
Total	848	525 824	152 801	27 018

TCZK 250 626 (2019: TCZK 227 180) of the total payroll, social security and health insurance expenses represents administrative expenses before reallocation and TCZK 487 380 (2019: TCZK 451 445) accounts for expenses incurred to acquire insurance contracts.

(a) Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 21 126 (2019: TCZK 17 529), of which TCZK 14 056 (2019: TCZK 11 769) relates to social security and TCZK 7 070 (2019: TCZK 5 850) to health insurance. None of these liabilities are overdue.

(b) Tax liabilities and subsidies

Tax liabilities total TCZK 9 284 (2019: a liability of TCZK 7 520), which represents outstanding taxes arising from personal income tax as at the end of the current period.

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

The Company recognised the following monetary and non-monetary remuneration to the statutory, executive and supervisory board members for the financial years 2020 and 2019:

	2020	2019
Members of the Board of Directors	24 734	28 494
Members of the Supervisory Board	1 631	1 582
Total remuneration	26 365	30 076

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

In neither 2020 nor 2019 did the Company present any receivables from members of the Board of Directors or the Supervisory Board relating to granted loans or advances paid.

III. 9. Information on remuneration for statutory auditors

Information about fees payable to statutory auditors are provided in the notes to the consolidated financial statements of the parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. The audit firm provided the Company and companies controlled by the Company with non-audit services of TCZK 735 in 2020 (2019: TCZK 699). The services represented the audit of the Solvency II reporting.

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

As at the balance sheet date, the total amount of investment return allocated between the technical account for non-life insurance and the non-technical account by means of the method stated in note I.4.(v) amounted to TCZK 40 685 (2019: TCZK 131 619).

III. 11. Result of non-technical account

As at 31 December 2020, the result of the non-technical account before tax totalled a profit of TCZK 2 366 (2019: a profit of TCZK 17 537).

III. 12. Result before tax

As at 31 December 2020, profit before tax totalled TCZK 795 596 (2019: TCZK 772 462).

III. 13. Taxation**(a) Income tax in the income statement**

	2020	2019
Current period income tax	722 611	61 119
Current income tax relating to prior periods	334	-5 982
Change in deferred tax asset/Change in deferred tax liability	-547 671	75 808
Current tax expense – restated current tax from AFS	1 627	176
Income tax in the income statement	176 901	131 121

The income tax for 2020 includes the taxation of the difference between the technical provisions pursuant to the Insurance Act and pursuant to the Act on Accounting of TCZK 566 163 (see note I.4.(h)).

(b) Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

Temporary differences	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Fixed assets	0	0	-11 517	-10 032	-11 517	-10 032
Receivables	28 356	36 524	0	0	28 356	36 524
Technical provisions	566 163	0	0	0	566 163	0
Provisions	36 537	45 376	0	0	36 537	45 376
Total temporary differences recorded in the income statement	631 056	81 900	-11 517	-10 032	619 539	71 868
Revaluation of assets and liabilities	0	0	-54 327	-31 689	-54 327	-31 689
Deferred tax asset/(liability)	631 056	81 900	-65 844	-41 721	565 212	40 179

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

IV. OTHER DISCLOSURES

IV. 1. Contingent liabilities

(a) Co-insurance

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

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

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

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

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

(c) Membership in the Czech Nuclear Pool

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

IV. 2. Subsequent events

The Company's management is not aware of any material subsequent events that have occurred since the balance sheet date that would have a material impact on the financial statements as at 31 December 2020.

Prague, 25 March 2021

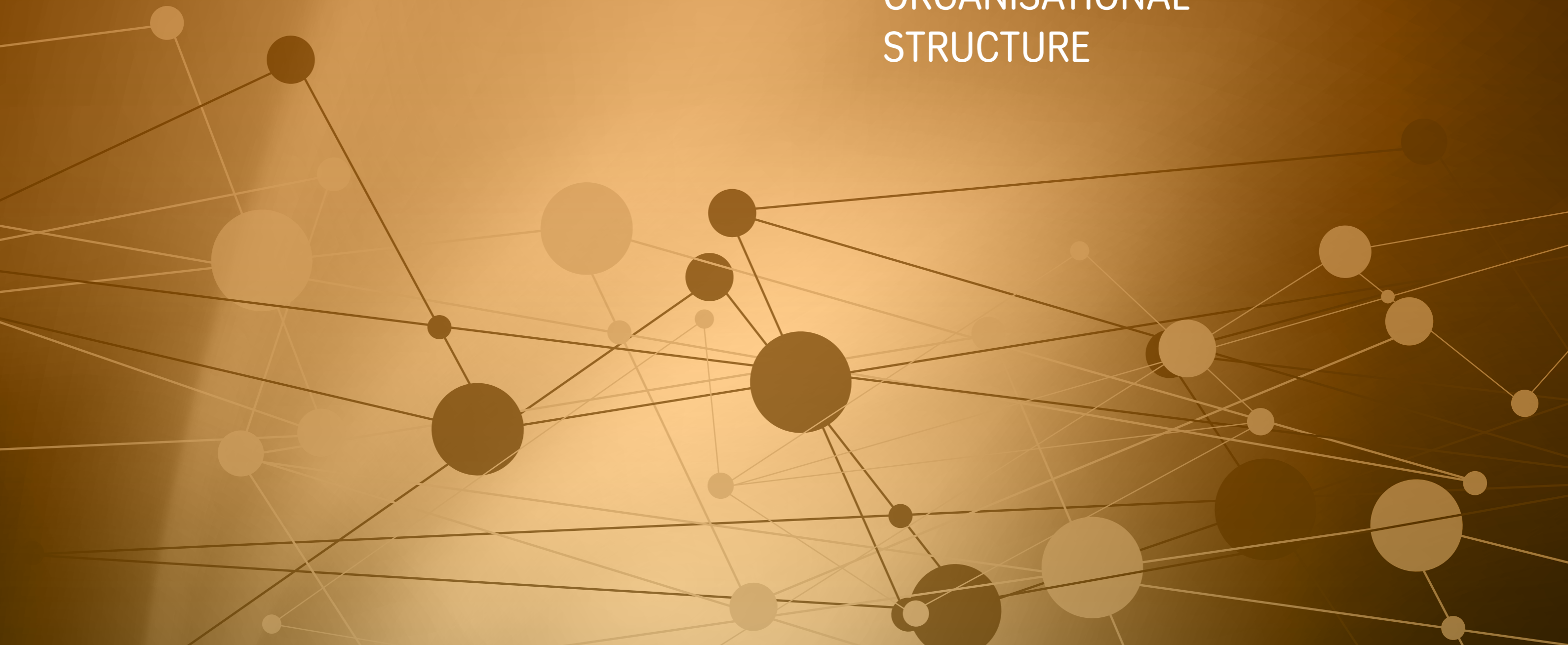


Ing. Jaroslav Besperát
Chairman of the Board of Directors



Mag. Christoph Rath
Member of the Board of Directors

ORGANISATIONAL STRUCTURE



ORGANISATIONAL STRUCTURE

AS AT 31 DECEMBER 2020

SUPERVISORY BOARD

Ing. Vladimír Mráz

Chairman of the Supervisory Board

Prof. Elisabeth Stadler

Vice-chair of the Supervisory Board

Ing. Martin Diviš, MBA

Member of the Supervisory Board

Mag. Gerhard Lahner

Member of the Supervisory Board since 1 May 2020

Mgr. Jolana Kolaříková

Member of the Supervisory Board

Ing. Petr Vokřál

Member of the Supervisory Board

Mag. Liane Hirner

Member of the Supervisory Board until 30 April 2020

BOARD OF DIRECTORS

Ing. Jaroslav Besperát

Chairman of the Board of Directors

Ing. František Vlnař

Member of the Board of Directors

Ing. Jaroslav Kulhánek

Member of the Board of Directors

Mag. Christoph Rath

Member of the Board of Directors

AUDIT COMMITTEE

Ing. Vladimír Mráz

Chairman of the Audit Committee

Prof. Elisabeth Stadler

Vice-chair of the Audit Committee

Ing. Martin Diviš, MBA

Member of the Audit Committee

Ing. František Dostálek

Member of the Audit Committee

EXPERT DIVISIONS

General Secretary Division

Ing. René Činátl

Internal Trade Division

Mgr. René Mička

External Networks Division

Bc. Jan Křehlík

Business Risks Division

Ing. Pavel Wiesner

Sales Support Division

Ing. Zdeněk Kolář

Business Development and Innovations Division

Mgr. Renata Hucková

Product Development Division

Bc. Marek Woitsch

Life Assurance Administration and Claims Settlement Division

Mgr. Jiří Urbaník

Non-life Insurance and Fleet Insurance Division

Ing. Petr Žaba

Non-life Insurance Claims Settlement Division


Bořek Těžký

Marketing and PR Division

Mgr. Jolana Kolaříková

HR Division

Romana Hartlová



REGIONAL DIRECTORATES
AND A LIST OF BRANCH
OFFICES – APPENDIX

PRAGUE

Head office

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

Regional directorate

Praha, Budějovická 778/3, 140 21 Praha, tel.: 957 554 045

Branch office

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

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

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

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

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

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

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

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

Praha 4 – Pankrác, Budějovická 3a, 140 21 Praha 4, tel.: 957 554 046

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

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

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

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

Rakovník, Husovo náměstí 52, 269 01 Rakovník, tel.: 313 502 590

Station of branch office

Mladá Boleslav, Kvasiny 145 – Odbory KOVO, 517 02 Mladá Boleslav, tel.: 494 530 053

Mladá Boleslav, Tř. Václava Klementa 869 – Odbory KOVO, 293 01 Mladá Boleslav II, tel.: 326 817 198, 731 135 622

BRNO

Regional directorate

Brno, Vlněna 526/1, 602 00 Brno, tel.: 957 553 019

Branch office

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

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

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

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

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

Hodonín, Národní 301/26, 695 01 Hodonín, tel.: 957 548 120

Kroměříž, Vejvanovského 1592/20, 767 01 Kroměříž, tel.: 573 331 759

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

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

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

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

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

Station of branch office

Brno – Vlněna 526/1, 602 00 Brno, tel.: 957 533 000

ČESKÉ BUDĚJOVICE

Regional directorate

Průmyslová 1656, 370 01 České Budějovice, tel.: 957 554 615

Branch office

České Budějovice, Průmyslová 1656, 370 01 České Budějovice, tel.: 957 554 606

Český Krumlov, Tovární 198, 381 01 Český Krumlov, tel.: 380 711 260

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

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

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

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

Písek, Fráni Šrámka 167, 397 01 Písek, tel.: 382 217 082

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

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

Tábor, Fügnerova 822, 390 02 Tábor, tel.: 381 257 556

Station of branch office

Strakonice, Krále Jiřího z Poděbrad 772, 386 01 Strakonice, tel.: 734 522 750

Vimperk, Pivovarská 109, 385 01 Vimperk, tel.: 957 548 101

Dačice, Havlíčkovo nám. 103, 380 01 Dačice, tel.: 957 548 110

Trhové Sviny, Žižkovo náměstí 136, 374 01 Trhové Sviny, tel.: 387 202 282

České Budějovice, IGY centrum – Pražská tř. 1247/24 370 04, České Budějovice, tel.: 386 350 320

HRADEC KRÁLOVÉ

Regional directorate

Škroupova 441/9, 500 02 Hradec Králové, tel.: 957 553 628

Branch office

Česká Lípa, Berkova 107/2, 470 01 Česká Lípa, tel.: 487 821 194

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

Hradec Králové, Škroupova 441/12, 500 02 Hradec Králové, tel.: 957 553 628

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

Jablonec nad Nisou, Komenského 33, 466 01 Jablonec nad Nisou, tel.: 485 143 499

Jičín, Havlíčkova 176, 506 01 Jičín, tel.: 493 599 093

Liberec, Kostelní 4/2 – vchod z náměstí Dr. E. Beneše, 460 01 Liberec 1, tel.: 485 105 104

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

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

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

Svitavy, nám. Míru 53/59, 568 02 Svítavy, tel.: 461 530 317

Trutnov, Palackého 103, 541 01 Trutnov, tel.: 499 813 359

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

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

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

Station of branch office

Hradec Králové, Habrmanova 204/6, 500 02 Hradec Králové, tel.: 495 591 506

Hradec Králové, Šimkova 1223/2A, 500 03 Hradec Králové, tel.: 495 510 100

Jablonec nad Nisou, Lidická 2090/18, 466 01 Jablonec nad Nisou, tel.: 483 319 881

Liberec – OC Plaza, Palachova 1404/2, 460 01 Liberec, tel.: 485 104 411

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

OSTRAVA

Regional directorate

28. října 3337/7, 702 00 Ostrava, tel.: 596 115 561

Branch office

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

Frýdek-Místek, Ostravská 2125, 738 01 Frýdek-Místek, tel.: 558 436 796

Jeseník, Poštovní 884/1, 790 01 Jeseník, tel.: 584 413 100

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

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

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

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

Ostrava, ul. Dlouhá 194/3, 702 00 Ostrava – Moravská Ostrava, tel.: 596 123 476

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

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

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

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

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

Station of branch office

Frenštát pod Radhoštěm, Kostelní 478, 744 01 Frenštát pod Radhoštěm, tel.: 556 801 365

Rožnov pod Radhoštěm, Nádražní 23, 756 61 Rožnov pod Radhoštěm, tel.: 571 438 438

Ostrava, Dr. Martínka 1590, 700 30 Ostrava-Hrabůvka, tel.: 596 110 536

Olomouc, Tovární 1197/42a, 779 00 Olomouc – Hodolany, tel.: 585 203 251

Valašské Meziříčí, Náměstí 71, 757 01 Valašské Meziříčí, tel.: 571 610 581

Český Těšín, Smetanova 9, 737 01 Český Těšín, tel.: 558 711 225

PILSEN

Regional directorate

Lochotínská 18, 301 00 Plzeň, tel.: 957 553 310

Branch office

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

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

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

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

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

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

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

Plzeň, Lochotínská 18, 301 00 Plzeň, tel.: 957 553 328

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

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

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

Station of branch office

Litvínov, DS Unipetrol RPA – 436 70 Litvínov-Záluží, tel.: 476 162 800

Plzeň – Gerská, Gerská 1951/15, 323 00 Plzeň, tel.: 377 320 283

Plzeň – Luna, Skupova 24 – Obchodní centrum LUNA, 301 00 Plzeň, tel.: 377 540 509

Plzeň – nám. Generála Píky, náměstí Generála Píky 15, 326 00 Plzeň, tel.: 377 970 790

Rokycany, Jiráskova 1298, 337 01 Rokycany, tel.: 371 785 223

Žatec, Karla IV. 353, 438 01 Žatec, tel.: 415 214 435

Sušice, Americké armády 78, 342 01 Sušice, tel.: 376 522 171

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

POINTS OF SALE OF ČPP SERVIS

Centrála ČPP Servis s.r.o.

Budějovická 778/3, 140 21 Praha 4

Brno, Tolstého 562/35, 616 00 Brno

Brno, Úvoz 31, 602 00 Brno

Dobříš, Pionýrů 373, 263 01 Dobříš

Havířov, Národní třída 576/2, 736 01 Havířov

Hořice, Aloise Hlavatého 2185, 508 01 Hořice

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

Jičín, Valdštejnovo náměstí 88, 506 01 Jičín

Karlovy Vary, Chebská 73/8, 360 06 Karlovy Vary

Kolín, A. Dvořáka 1101, 280 02 Kolín

Moravský Krumlov, Palackého 112, 672 01 Moravský Krumlov

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

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

Pardubice, U Divadla 784, 530 02 Pardubice

Pardubice – Polabiny, Na Labišti 527, 530 09 Pardubice

Praha 4, Budějovická 3a, 140 21 Praha 4

Praha 10, Rubensova 2237, 100 00 Praha 10

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

Třebíč, Komenského náměstí 140/4, 674 01 Třebíč

Zlín, Vavrečkova 7074, 760 01 Zlín

The background features a complex network diagram with various sized nodes (circles) connected by thin lines. The nodes are in shades of brown and tan, and the lines are thin and light brown. The overall aesthetic is professional and modern, with a warm, monochromatic color palette.

REPORT OF THE BOARD
OF DIRECTORS
ON RELATIONS

REPORT OF THE BOARD OF DIRECTORS

ON RELATIONS BETWEEN RELATED PARTIES PURSUANT TO SECTION 82 OF ACT NO. 90/2012 COLL., ON CORPORATIONS.

I. STRUCTURE OF RELATIONS

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, with its registered office at Pobřežní 665/23, 186 00 Praha 8, ID No.: 63998530, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 3433 (“**ČPP**”) is the controlled entity.

Kooperativa pojišťovna, a.s., Vienna Insurance Group, with its registered office at Pobřežní 665/21, 186 00 Praha 8, ID No.: 47116617, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 1897 (“**Kooperativa**”) is the controlling entity.

Kooperativa is controlled by VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, with its registered office at Schottenring 30, A-1010 Vienna, Austria (“**VIG AG**”) recorded in the Commercial Register maintained by the Vienna Commercial Court, section FN, insert 75687 F.

II. ČPP'S ROLE IN THE GROUP

VIG AG is the controlling entity of the Vienna Insurance Group (the “**VIG Group**”), having a legal form of joint-stock company. Within the VIG Group, Kooperativa is primarily engaged in insurance activities pursuant to Act No. 277/2009 Coll., on insurance, and in activities directly associated with insurance.

ČPP is a corporation carrying out insurance activities pursuant to Act No. 277/2009 Coll., on insurance, and activities directly associated with insurance.

III. MANNER AND MEANS OF CONTROL

Kooperativa owns ČPP's shares in an aggregate nominal value of 100% of its registered capital and controls ČPP primarily through decision-making of the sole shareholder when exercising the powers of a general meeting.

A list of VIG AG's subsidiaries is included in an appendix to this report (the “**VIG group companies**”).

IV. AN OVERVIEW OF CONTRACTS BETWEEN ČPP AND THE VIG GROUP COMPANIES

1. Contracts and agreements which were in force between the controlling entities (Kooperativa, VIG AG) and the controlled entity ČPP in 2020.

- Contracts for provision of reinsurance coverage in respect of property and liability insurance concluded between ČPP and Kooperativa
- Contracts on property and liability insurance concluded between ČPP and Kooperativa.
- Contracts on ČPP's co-insurance or reinsurance share in insurance contracts led by Kooperativa
- Group contract between ČPP and Kooperativa on insurance of car fleet auto-complex insurance
- Contract for exclusive business representation concluded between ČPP and Kooperativa
- Contracts for lease and sublease of non-residential premises concluded between ČPP and Kooperativa
- Contract for inter-company cooperation concluded between ČPP and Kooperativa
- Contract for cost sharing concluded between ČPP and Kooperativa
- Contract for management life assurance between ČPP and Kooperativa
- Insurance contract for management liability insurance concluded between ČPP and Kooperativa.
- Agreement between ČPP and Kooperativa on personal data processing
- Agreement between ČPP and Kooperativa, Global Assistance, a.s., and Autem bez starostí s.r.o., on mutual settlement of receivables
- A proportional quota reinsurance contract on MTPL insurance coverage concluded between ČPP and VIG AG
- An accidental proportional quota reinsurance contract concluded between ČPP and VIG AG
- Agreement between ČPP and VIG AG on services and maintenance
- Agreements between ČPP and VIG AG on software license use

2. Contracts and agreements in force between ČPP and the other controlled entities from the VIG group in 2020.

- Insurance contracts for property and liability insurance between ČPP and ČPP Servis, s.r.o. (“ČPP Servis”)
- Insurance contract for liability insurance for damage caused by members of the bodies of corporations concluded between ČPP and ČPP Servis
- Insurance contract for the policy holder’s liability insurance in providing other financial services concluded between ČPP Servis and ČPP
- Contract for sublease concluded between ČPP and ČPP Servis
- Contracts for business representation concluded between ČPP and ČPP Servis
- Contract for cost sharing concluded between ČPP and ČPP Servis
- Contract for professional liability concluded between ČPP and ČPP Servis
- Contract for data and personal data protection concluded between ČPP and ČPP Servis
- Insurance contract for GDPR liability between ČPP and ČPP Servis
- Insurance contract for investment intermediary’s liability between ČPP and ČPP Servis
- Insurance contract for consumer loan intermediary’s liability between ČPP and ČPP Servis
- Contract for business representation concluded between ČPP and FinServis Plus, s.r.o.
- Contract for liability insurance concluded between ČPP and FinServis Plus, s.r.o.
- Insurance contract for liability insurance concluded between ČPP and Obecně prospěšná společnost Kooperativa
- Insurance contracts for property and liability insurance between ČPP and VIG ND, a.s. (“VIG ND”)
- Loan contract between ČPP and VIG ND
- Contract for maintenance services concluded between ČPP and AIS Servis, s.r.o. (“AIS Servis”)
- Contract for work between ČPP and AIS Servis on Golem and SAP training
- Loan agreement concluded between ČPP and AIS Servis
- Contract for personal data handling concluded between ČPP and GLOBAL ASSISTANCE a.s. (“GLOBAL ASSISTANCE”)
- Contracts for cooperation on providing assistance services between ČPP and GLOBAL ASSISTANCE
- Framework contract between ČPP and GLOBAL ASSISTANCE on the provision of discounts
- Contract between ČPP and GLOBAL ASSISTANCE on cooperation relating to legal expenses insurance
- Contract for cooperation on providing technical assistance between ČPP and GLOBAL ASSISTANCE
- Agreement between ČPP and GLOBAL ASSISTANCE on confidentiality
- Outsourcing contracts concluded between ČPP and Global Expert, s.r.o. (“Global Expert”)
- Personal data processing contract between ČPP and Global Expert
- Sublease contract concluded between ČPP and Global Expert
- Settlement agreement concluded between ČPP and Global Expert

- Reinsurance contracts concluded between ČPP and VIG RE zajišťovna, a.s.
- Reinsurance contract concluded between ČPP and WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group
- Contract for business representation concluded between ČPP and KAPITOL pojišťovací a finanční poradenství, a.s.
- Contracts for business representation concluded between ČPP and Bohemia Servis Finance a.s.
- Contract on the provision of user rights for software and related services concluded between ČPP and CP Solutions a.s.
- Contract on the supply of a solution for introducing a biometric signature concluded between ČPP and Pražská softwarová s.r.o.

V. AN OVERVIEW OF FACTS PERFORMED IN THE LAST ACCOUNTING PERIOD AT THE INSTIGATION OR IN THE INTEREST OF VIG AG OR OTHER VIG GROUP COMPANIES

In 2020, no legal acts or other measures were performed in the interest or at the instigation of the related parties.

VI. ASSESSMENT OF DAMAGE AND RELATED SETTLEMENT

ČPP did not incur any damage from contracts entered into between ČPP and Kooperativa, VIG AG and other VIG Group companies and from other acts performed in the last accounting period in the interest or at the instigation of Kooperativa or other VIG Group companies.

VII. CONFIDENTIALITY

Information and facts that form part of the trade secret of the VIG Group companies as well as any information indicated as confidential by any VIG Group company are considered confidential within the VIG Group. Furthermore, these comprise any business information that may, separately or combined with other information or facts, cause a detriment to any of the VIG Group companies.

In order to prevent any damage to be incurred by the controlled entity, this report does not include any financial information about performance and counter-performance relating to concluded contracts and agreements.

VIII. ASSESSMENT OF RELATIONS AND RISKS WITHIN THE VIG GROUP

The VIG Group belongs to the strongest insurance and reinsurance groups in the European market. As a result, ČPP has access to know-how relating, among others, to Solvency II, audit, compliance and information technologies. Both Kooperativa and ČPP generate advantages from their mutual relations. Risks arising from their participation in the VIG Group are considered to be entirely proportionate when taking into account related advantages.

IX. CONCLUSION

This report has been prepared by the Board of Directors of the controlled person, Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, for the period from 1 January 2020 to 31 December 2020, and will be submitted for review to the Supervisory Board. As ČPP is obliged under the law to prepare an annual report, this report constitutes an integral part of the annual report. The annual report will be submitted for review to the audit firm KPMG Česká republika Audit, s.r.o.

Prague, 25 March 2021



Jaroslav Besperát
Chairman of the Board of Directors



Christoph Rath
Member of the Board of Directors

ANNEX TO THE RELATED PARTIES REPORT 2020

RELATED PARTIES TO VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE

Consolidated Companies		
Company	Country	The current capital share in %
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY	Bulgaria	100,00
"Compensa Vienna Insurance Group", ADB	Lithuania	100,00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H.	Austria	100,00
Anděl Investment Praha s.r.o.	Czech Republic	100,00
Anif-Residenz GmbH & Co KG	Austria	100,00
arithmetica Consulting GmbH	Austria	100,00
Asigurarea Românească – ASIROM Vienna Insurance Group S.A.	Romania	99,72
ATBIH GmbH	Austria	100,00
BCR Asigurări de Viață Vienna Insurance Group S.A.	Romania	93,98
Blizzard Real Sp. z o.o.	Poland	100,00
BTA Baltic Insurance Company AAS	Latvia	100,00
Bulgarski Imoti Asistans EOOD	Bulgaria	100,00
Businesspark Brunn Entwicklungs GmbH	Austria	100,00
CAL ICAL "Globus"	Ukraine	100,00
Camelot Informatik und Consulting Gesellschaft m.b.H.	Austria	95,00
CAPITOL, akciová spoločnosť	Slovakia	100,00
CENTER Hotelbetriebs GmbH	Austria	80,00
Central Point Insurance IT-Solutions GmbH	Austria	100,00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Czech Republic	100,00
Compania de Asigurări "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni	Moldova	99,99

Consolidated Companies		
Company	Country	The current capital share in %
Compensa Life Vienna Insurance Group SE	Estonia	100,00
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group	Poland	99,97
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group	Poland	99,94
CP Solutions a.s.	Czech Republic	100,00
DBLV Immobesitz GmbH	Austria	100,00
DBLV Immobesitz GmbH & Co KG	Austria	100,00
DBR-Liegenschaften GmbH & Co KG	Germany	100,00
DBR-Liegenschaften Verwaltungs GmbH	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH	Austria	100,00
Donau Brokerline Versicherungs-Service GmbH	Austria	100,00
DONAU Versicherung AG Vienna Insurance Group	Austria	100,00
DVIB alpha GmbH	Austria	100,00
DVIB GmbH	Austria	100,00
DV ImmoHolding GmbH	Austria	100,00
ELVP Beteiligungen GmbH	Austria	100,00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH	Austria	100,00
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H.	Austria	100,00
Global Assistance Baltic SIA	Latvia	100,00
Insurance Company Nova Ins EAD	Bulgaria	100,00
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group	Bosnia and Herzegovina	100,00

Consolidated Companies		
Company	Country	The current capital share in %
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP"	Bulgaria	100,00
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Germany	100,00
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group	Poland	100,00
InterRisk Versicherungs-AG Vienna Insurance Group	Germany	100,00
INTERSIG VIENNA INSURANCE GROUP Sh.A.	Albania	89,98
Joint Stock Company Insurance Company GPI Holding	Georgia	90,00
Joint Stock Company International Insurance Company IRAO	Georgia	100,00
Joint Stock Insurance Company WINNER-Vienna Insurance Group	Macedonia	100,00
Kaiserstraße 113 GmbH	Austria	100,00
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság	Hungary	100,00
Kapitol pojišťovací a finanční poradenství, a.s.	Czech Republic	100,00
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group	Slovakia	100,00
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	Slovakia	98,47
Kooperativa pojišťovna, a.s., Vienna Insurance Group	Czech Republic	97,28
LD Vermögensverwaltung GmbH	Austria	100,00
Limited Liability Company "UIG Consulting"	Ukraine	100,00
LVP Holding GmbH	Austria	100,00
MAP-WSV Beteiligungen GmbH	Austria	100,00
MC EINS Investment GmbH	Austria	100,00
MH 54 Immobilienanlage GmbH	Austria	100,00
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	Austria	100,00
OMNIASIG VIENNA INSURANCE GROUP S.A.	Romania	99,54
Palais Hansen Immobilienentwicklung GmbH	Austria	56,55
Passat Real Sp. z o.o.	Poland	100,00
Pension Assurance Company Doverie AD	Bulgaria	92,58

Consolidated Companies		
Company	Country	The current capital share in %
PFG Holding GmbH	Austria	89,23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG	Austria	92,88
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG	Austria	100,00
PRIVATE JOINT-STOCK COMPANY "INSURANCE COMPANY "KNAZHA LIFE VIENNA INSURANCE GROUP"	Ukraine	99,81
Private Joint-Stock Company "Insurance company" Ukrainian insurance group"	Ukraine	100,00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP"	Ukraine	99,99
PROGRESS Beteiligungsges.m.b.H.	Austria	70,00
Projektbau GesmbH	Austria	100,00
Projektbau Holding GmbH	Austria	90,00
Rathstraße 8 Liegenschaftsverwertungs GmbH	Austria	100,00
Ray Sigorta A.Ş.	Turkey	94,96
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG	Austria	100,00
SECURIA majetkovosprávna a podielová s.r.o.	Slovakia	100,00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH	Austria	100,00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Austria	66,70
SIA "Alauksta 13/15"	Latvia	100,00
SIA "Artilērijas 35"	Latvia	100,00
SIA "Ģertrūdes 121"	Latvia	100,00
SIA "Urban Space"	Latvia	100,00
Sigma InterAlbanian Vienna Insurance Group Sh.a	Albania	89,05
SMARDAN 5 DEVELOPMENT S.R.L.	Romania	100,00
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje - Vienna Insurance Group	Macedonia	94,26
SVZ GmbH	Austria	100,00

Consolidated Companies		
Company	Country	The current capital share in %
SVZD GmbH	Austria	100,00
SVZI GmbH	Austria	100,00
T 125 GmbH	Austria	100,00
TBI BULGARIA EAD in Liquidation	Bulgaria	100,00
TECHBASE Science Park Vienna GmbH	Austria	100,00
twinformatics GmbH	Austria	100,00
UNION Vienna Insurance Group Biztosító Zrt.	Hungary	98,64
Untere Donaulände 40 GmbH & Co KG	Austria	100,00
Vienibas Gatve Investments OÜ	Estonia	100,00
Vienibas Gatve Properties SIA	Latvia	100,00
Vienna-Life Lebensversicherung AG Vienna Insurance Group	Lichtenstein	100,00
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group	Poland	100,00
VIG-AT Beteiligungen GmbH	Austria	100,00
VIG-CZ Real Estate GmbH	Austria	100,00
VIG FUND, a.s., Prag (Konzernabschluss)	Czech Republic	100,00
VIG Home, s.r.o.	Slovakia	100,00
V.I.G. ND, a.s.	Czech Republic	100,00
VIG Offices 1, s.r.o.	Slovakia	100,00
VIG Properties Bulgaria AD	Bulgaria	99,97
VIG RE zajišťovna, a.s.	Czech Republic	100,00
VIG REAL ESTATE DOO	Serbia	100,00
VIG Services Ukrajina, LLC	Ukraine	100,00
VITEC Vienna Information Technology Consulting GmbH	Austria	51,00
WGPV Holding GmbH	Austria	100,00
WIBG Holding GmbH & Co KG	Austria	100,00
WIBG Projektentwicklungs GmbH & Co KG	Austria	100,00

Consolidated Companies		
Company	Country	The current capital share in %
Wiener Osiguranje Vienna Insurance Group ad	Bosnia and Herzegovina	100,00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje	Croatia	97,82
WIENER RE akcionarsko društvo za reosiguranje	Serbia	100,00
WIENER STÄDTISCHE OSIGURANJE akcionarsko društvo za osiguranje	Serbia	100,00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Austria	97,75
Wiener TU S.A. Vienna Insurance Group	Poland	100,00
"WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE GESELLSCHAFT M.B.H."	Austria	100,00
WILA GmbH	Austria	100,00
WINO GmbH	Austria	100,00
WNH Liegenschaftsbesitz GmbH	Austria	100,00
WSBV Beteiligungsverwaltung GmbH & Co KG	Austria	100,00
WSV Beta Immoholding GmbH	Austria	100,00
WSVA Liegenschaftbesitz GmbH	Austria	100,00
WSVB Liegenschaftbesitz GmbH	Austria	100,00
WSVC Liegenschaftbesitz GmbH	Austria	100,00
WSV Immoholding GmbH	Austria	100,00
WSV Triesterstraße 91 Besitz GmbH & Co KG	Austria	100,00
WSV Vermögensverwaltung GmbH	Austria	100,00
WWG Beteiligungen GmbH	Austria	87,07

Companies consolidated using the equity method		
Company	Country	The current capital share in %
Schwarzatal Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH	Austria	100,00
AB Modřice, a.s.	Czech Republic	100,00
AIS Servis, s.r.o.	Czech Republic	100,00
Alpenländische Gemeinnützige WohnbauGmbH	Austria	94,84
Beteiligungs- und Immobilien GmbH	Austria	25,00
Beteiligungs- und Wohnungsanlagen GmbH	Austria	25,00
Bohemia Servis Finance a.s.	Czech Republic	100,00
Bohemika HYPO s.r.o.	Czech Republic	100,00
ČPP Servis, s.r.o.	Czech Republic	100,00
CROWN-WSF spol. s.r.o.	Czech Republic	30,00
EGW Erste gemeinnützige Wohnungsgesellschaft mbH	Austria	99,77
ERSTE d.o.o. - za upravljanje obveznim i dobrovoljnim mirovinskim fondovima	Croatia	25,30
FinServis Plus, s.r.o.	Czech Republic	100,00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Austria	55,00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Austria	99,92
Gewista-Werbegesellschaft m.b.H.	Austria	33,00
GLOBAL ASSISTANCE, a.s.	Czech Republic	100,00
Global Expert, s.r.o.	Czech Republic	100,00
Global Partner ČR, a.s.	Czech Republic	65,00
HOTELY SRNÍ, a.s.	Czech Republic	100,00
Main Point Karlín II., a.s.	Czech Republic	100,00
NEUE HEIMAT OberRakousko Gemeinnützige Wohnungs- und SiedlungsgesmbH	Austria	99,82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H.	Austria	61,00
Pražská softwarová s.r.o.	Czech Republic	100,00

Companies consolidated using the equity method		
Company	Country	The current capital share in %
Rakouskoisches Verkehrsbüro Aktiengesellschaft	Austria	36,58
S - budovy, a.s.	Czech Republic	100,00
Sanatorium Astoria, a.s.	Czech Republic	100,00
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Austria	54,17
SURPMO, a.s.	Czech Republic	100,00
Towarzystwo Ubezpieczeń Wzajemnych „TUW”	Poland	52,16
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H.	Austria	51,46
VBV - Betriebliche Altersvorsorge AG	Austria	25,32

Unconsolidated companies		
Company	Country	The current capital share in %
"Assistance Company "Ukrainian Assistance Service" LLC	Ukraine	100,00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H.,	Austria	20,13
"JAHORINA AUTO" d.o.o.	Bosnia and Herzegovina	100,00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H.	Austria	79,51
Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group	Montenegro (Rep.)	100,00
ALBA Services GmbH	Austria	48,87
Amadi GmbH	Germany	100,00
AQUILA Hausmanagement GmbH	Austria	97,75
AREALIS Liegenschaftsmanagement GmbH	Austria	48,87
Autosig SRL	Romania	99,54
B&A Insurance Consulting s.r.o.	Czech Republic	48,45
BEESAFE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	99,99
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99,94
Brunn N68 Sanierungs GmbH	Austria	48,87
Bulstrad Trudova Meditzina EOOD	Bulgaria	100,00
CAPITOL CONSULTANCY SERVICES S.R.L.	Romania	99,15
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L.	Romania	99,15
CARPLUS Versicherungsvermittlungsagentur GmbH	Austria	97,75
CLAIM EXPERT SERVICES S.R.L.	Romania	99,15
Compensa Dystrybucja Sp. z o. o.	Poland	99,98
DELOIS s. r. o.	Slovakia	98,47
DV Asset Management EAD	Bulgaria	100,00
DV CONSULTING EOOD	Bulgaria	100,00
DV Invest EAD	Bulgaria	100,00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H.	Austria	100,00

Unconsolidated companies		
Company	Country	The current capital share in %
EBS Wohnungsgesellschaft mbH Linz	Austria	24,44
EBV-Leasing Gesellschaft m.b.H.	Austria	47,90
EGW Datenverarbeitungs-Gesellschaft m.b.H.	Austria	71,92
EGW Liegenschaftsverwertungs GmbH	Austria	71,92
EGW-NOE Erste gemeinnützige Wohnungsgesellschaft mbH	Austria	71,92
ERSTE Biztosítási Alkusz Kft	Hungary	98,64
European Insurance & Reinsurance Brokers Ltd.	United Kingdom	100,00
EXPERTA Schadenregulierungs-Gesellschaft mbH	Austria	99,44
Finanzpartner GmbH	Austria	48,87
Foreign limited liability company "InterInvestUchastie"	Belarus	100,00
GELUP GmbH	Austria	32,58
GGVier Projekt-GmbH	Austria	53,76
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG	Austria	28,51
Global Assistance Polska Sp.z.o.o.	Poland	99,99
GLOBAL ASSISTANCE SERVICES s.r.o.	Czech Republic	100,00
GLOBAL ASSISTANCE SERVICES SRL	Romania	99,21
GLOBAL ASSISTANCE SLOVAKIA s.r.o.	Slovakia	99,22
Global Services Bulgaria JSC	Bulgaria	100,00
Hausservice Objektbewirtschaftungs GmbH	Austria	20,72
Hotel Voltino in Liquidation	Croatia	97,82
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH	Austria	98,29
Immodat GmbH	Austria	20,72
IMOVE Immobilienverwertung- und -verwaltungs GmbH	Austria	20,72
INSHIFT GmbH & Co. KG	Germany	23,53
InterRisk Informatik GmbH	Germany	100,00
ITIS Sp.z.o.o.	Poland	49,01

Unconsolidated companies		
Company	Country	The current capital share in %
Joint Stock Company "Curatio"	Georgia	90,00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group	Macedonia	100,00
Kitzbüheler Bestattung WV GmbH	Austria	97,75
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company	Belarus	98,26
KWC Campus Errichtungsgesellschaft m.b.H.	Austria	48,87
Lead Equities II. Auslandsbeteiligungs AG	Austria	21,59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG	Austria	21,59
LiSciV Muthgasse GmbH & Co KG	Austria	28,51
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság	Hungary	98,64
PFG Liegenschaftsbewirtschaftungs GmbH	Austria	73,69
POLISA - ŻYCIE Ubezpieczenia Sp.z.o.o.	Poland	99,97
Privat Joint-stock company "OWN SERVICE"	Ukraine	100,00
Projektbau Planung Projektmanagement Bauleitung GesmbH	Austria	54,51
Renaissance Hotel Realbesitz GmbH	Austria	40,00
Risk Consult Bulgaria EOOD	Bulgaria	51,00
Risk Consult Polska Sp.z.o.o.	Poland	68,15
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H.	Austria	51,00
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi	Turkey	64,19
Risk Experts Risiko Engineering GmbH	Austria	12,24
Risk Experts s.r.o.	Slovakia	51,00
Risk Logics Risikoberatung GmbH	Austria	51,00
Rößlergasse Bauteil Drei GmbH	Austria	100,00
Rößlergasse Bauteil Zwei GmbH	Austria	97,75
samavu s.r.o	Slovakia	98,47
SB Liegenschaftsverwertungs GmbH	Austria	40,26

Unconsolidated companies		
Company	Country	The current capital share in %
S.C. CLUB A.RO S.R.L.	Romania	99,72
S.C. Risk Consult & Engineering Romania S.R.L.	Romania	51,00
S.C. SOCIETATEA TRAINING IN ASIGURARI S.R.L.	Romania	99,15
serviceline contact center dienstleistungs-GmbH	Austria	97,75
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama	Croatia	100,00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH	Austria	97,75
Slovaexperta, s.r.o.	Slovakia	98,70
Soleta Beteiligungsverwaltungs GmbH	Austria	28,51
Sparkassen-Versicherungsservice Gesellschaft m.b.H.	Austria	97,75
Spółdzielnia Usługowa VIG EKSPERT W WARSZAWIE	Poland	99,97
TAUROS Capital Investment GmbH & Co KG	Austria	19,55
TAUROS Capital Management GmbH	Austria	24,93
TBI Info OOD	Bulgaria	20,00
TGMZ TGMZ Team Gesund Medizin Zentren GmbH	Austria	39,10
TOGETHER CCA GmbH	Austria	24,71
twinfaktor GmbH	Austria	74,16
UAB "Compensa Life Distribution"	Lithuania	100,00
UNION-Erted Ellatasszervező Korlatolt Felelőségi Társaság	Hungary	89,69
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H.	Austria	47,90
Vienna Insurance Group Polska Spółka z ograniczoną odpowiedzialnością	Poland	99,99
Vienna International Underwriters GmbH	Austria	100,00
viesure innovation center GmbH	Austria	98,87
VIG Asset Management, a.s.	Czech Republic	100,00
VIG AM Services GmbH	Austria	100,00
VIG Management Service SRL	Romania	99,15
VIG Offices, s.r.o.	Slovakia	98,47

Unconsolidated companies		
Company	Country	The current capital share in %
VIG POLSKA REAL ESTATE SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	99,97
VIG Services Bulgaria EOOD	Bulgaria	100,00
VIG Services Shqiperi Sh.p.K.	Albania	89,52
VIG ZP, s. r. o.	Slovakia	99,22
VIG/C-QUADRAT TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH SPÓŁKA AKCYJNA	Poland	39,99
VIVECA Beteiligungen GmbH	Austria	100,00
VÖB Direkt Versicherungsagentur GmbH	Austria	48,87
WAG Wohnungsanlagen Gesellschaft m.b.H.	Austria	24,44
Wien 3420 Aspern Development AG	Austria	23,92
Wiener Städtische Donau Leasing GmbH	Austria	97,75
Wiener Verein Bestattungsbetriebe GmbH	Austria	97,75
WOFIN Wohnungsfinanzierungs GmbH	Austria	20,72
WSBV Beteiligungsverwaltung GmbH	Austria	97,75

The background features a complex network of interconnected nodes and lines. The nodes are represented by circles of varying sizes and shades of brown, ranging from light tan to dark chocolate. The lines are thin and dark brown, creating a web-like structure that spans the width of the page. The overall aesthetic is modern and professional, with a warm, monochromatic color palette.

NON-FINANCIAL PART

NON-FINANCIAL PART

1. Company development

In spite of the COVID-19 crisis, in 2020 ČPP was among the fastest growing insurance companies of the TOP 10 Czech insurance companies. Its market share of 7.7% strengthened the position of ČPP as the fifth largest insurance company in the total ranking. ČPP's operations in the Czech insurance market are successful primarily owing to the quality of provided services, the intensive development of relations with clients, business partners and the general public, the implementation of attractive product innovations, the application of modern digital procedures, and the use of alternative technologies. Transparency, professionalism and flexibility along with a human approach, compliance in negotiations and helpfulness – these are just examples of ČPP's characteristic features appreciated by the professional public and ČPP's clients. In 2020, ČPP achieved success in the Insurance Company of the Year survey organised by the Association of Czech Insurance Brokers, in the Best Insurance Company competition organised by the daily *Hospodářské noviny*, and in the Zlatá koruna (Golden Crown) competition.

2. Research and development

In its research and development activities, ČPP focuses on areas closely connected with its business, i.e. the provision of insurance services. It prioritises the intensive development and wider use of information and communication technologies and implements projects focusing on the digitalisation of insurance processes. The research and development outputs are then used when concluding or managing contracts or settling claims. The pandemic in 2020 has become a clear catalyst of distance selling and a higher level of work from home for the insurance industry and expedited the process of digitalisation and use of modern technologies. Over the entire year 2020, ČPP did its best to maintain comfortable and readily available services for its clients and partners.

3. Environmental protection and social and employment relations

As a significant player in the insurance market, ČPP considers responsible and ethical business activities an integral part of its business strategy, giving rise to a commitment whose fulfilment will result in long-term prosperity and sustainability. ČPP wants to be an attractive employer for next generations, since without their talent and innovative thinking the implementation of digitalisation would be unfeasible. ČPP therefore systematically pays attention to the development of the potential of its employees while remembering the needs of the community in which it operates. The underlying values of the Company's corporate culture also include an environment-friendly approach and the protection of natural resources. ČPP motivates its employees to follow the principles of environmental protection and frugality. Due to the circumstances in 2020, we have imposed restrictions on manual volunteering activities and instead engaged in material help for children's homes and regional non-profit organisations.

4. Foreign branches

ČPP has no foreign branches.


5. Acquisition of own shares or ownership interests

ČPP did not acquire any of its own shares or ownership interests.

6. Other requirements set out by special legal regulations

ČPP meets the requirements associated with its business activity, which is insurance. Insurance is legislatively regulated by the Act on Insurance and the Act on Insurance Intermediaries and Independent Loss Adjusters. No other special requirements have been determined for the Company.

More detailed information on ČPP's corporate social responsibility and sustainability strategy can be found in our Sustainability Report 2020, available at ČPP's website in section Corporate Responsibility.



Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group Pobřežní
665/23, 186 00 Praha 8
Client phone line: 957 444 555, e-mail: info@cpp.cz
www.cpp.cz Layout: ESPRESOO communication s.r.o.