

ANNUAL REPORT 2017

Komerční pojišťovna, a.s.



NA PARTNERSTVÍ ZÁLEŽÍ



Komerční pojišťovna, a.s.
is a universal insurance
company that specializes
primarily in the provision of life
insurance services.

- The total assets of the insurance company increased by 0.5 %.
- Technical provisions reached CZK 48.4 billion.
- In 2017, the gross written premiums amounted to CZK 6.1 billion.
- Appreciation for KP's clients ranged from 0.5–1.1 % in 2017.

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Additional Information

For more information
on KP's products and services,
visit www.kb-pojistovna.cz.

Technical provisions (gross, CZK thousand)

2013	35,252,901
2014	43,306,605
2015	45,428,778
2016	47,449,991
2017	48,355,006

Written premiums (gross, CZK thousand)

2013	8,350,969
2014	10,192,286
2015	6,577,143
2016	6,660,083
2017	6,149,823

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	Units	2017	2016	2015	2014	2013
Total assets	CZK thousand	48,344,797	48,109,578	46,687,061	45,273,502	37,617,835
Share capital	CZK thousand	1,175,398	1,175,398	1,175,398	1,175,398	1,175,398
Shareholder's equity	CZK thousand	1,719,326	2,597,615	2,983,090	3,113,341	2,564,419
Profit/loss	CZK thousand	437,270	486,960	372,781	283,082	418,372
Written premium (gross)	CZK thousand	6,149,823	6,660,083	6,577,143	10,192,286	8,350,969
Cost of claims (gross)	CZK thousand	4,508,360	4,211,505	4,322,183	2,522,666	2,204,211
Technical reserves (gross)	CZK thousand	48,355,006	47,449,991	45,428,778	43,306,605	35,252,901
Number of employees	Persons	186	179	166	157	155

| Company Profile

Business name

Komerční pojišťovna, a.s.

Legal form

Joint-stock company

Date of registration

1 September 1995

Registered office

Karolinská 650/1, Prague 8, postal code 186 00

Identification No.

63998017, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 3362

Shareholders

SOGECAP, S.A., with its registered office at Tour D2, 17 bis, place des Reflets, 92919 Paris la Défense Cedex, France (holds ownership interest of 51%), Komerční banka, a.s., with its registered office at Na Příkopě 33, Prague 1 (holds ownership interest of 49%)

Registered capital

CZK 1,175,397,600

Scope of business

- Insurance activities;
- Operations related to insurance and reinsurance.

Since the acquisition of Komerční banka, a.s. (hereinafter “KB” or “Komerční banka”) by Société Générale S.A. (hereinafter “SG” or “Société Générale”) in 2001, Komerční pojišťovna, a.s. (hereinafter “KP”, “Komerční pojišťovna” or the “Company”) has implemented SG’s bank-insurance business model. KP therefore co-operates primarily with companies that form part of the KB Group. In addition to KB’s largest network, other sales networks comprise ESSOX, s.r.o. (hereinafter “ESSOX”), Modrá pyramida stavební spořitelna, a.s. (hereinafter “MPSS”) and Penzijní společnost Komerční banky, a.s. (hereinafter “KB PS”).

Insurance brokers joining the ranks of KP’s external business partners since 2009 have also become an important part of the Company’s distribution network, while co-operation with them has continued to expand successfully.

KP uses its status of a universal insurance company to provide services in the segments of life and non-life insurance in the Czech Republic, as well as across the EU under a single licence. Since 2008, KP has successfully cooperated with foreign companies in the SG Group and provides its services in Bulgaria, Romania and Germany.

The majority owner of KP’s shares is insurance company SOGECAP, S.A. (hereinafter “SOGECAP”), SG’s wholly-owned subsidiary, which holds a 51% ownership interest; KB is a minority shareholder with a 49% ownership interest. Due to the shareholders’ structure, KP has direct access to top know-how and long-term experience in the field of financial advisory.

Komerční pojišťovna is a member of the Komerční banka Financial Group and the Société Générale Financial Group. KP’s products are offered to Komerční banka’s clients in particular, thus complementing KB’s services so that clients can obtain comprehensive financial advisory, including insurance.

Komerční pojišťovna does not have any branches abroad.

Foreword of the Chairman of the Board of Directors

In 2017, Komerční pojišťovna accelerated its transformation in order to gain in agility and time to market. We implemented a new process aiming to promote innovations inside the company. The first innovation campaign mobilized many employees who wanted to contribute to this transformation. At the same time we started to co-operate with an external start-up, Creative Dock, that is helping us to accelerate the path of innovations and transformation.


In 2017, our main strategic priorities were to focus on business development, innovations, regulatory agenda and IT transformation projects. These will be our strategic priorities for the year to come as well.

As regards to business developments, the main strategic orientations are the following ones:

- Offer optimization and support the sales of existing products;
- Pursue smooth growth of assets under management (AUM) focused on investment life insurance where the policyholder carries the investment risk within investment life insurance;
- Design a new segmented and modular insurance offer adapted to clients' needs in day-to-day banking;
- Multi-channel approach – develop multi-channel integrated solution for sales of insurance products;
- Develop an offer for small-medium enterprises (SMEs) segment.

As for the results in the clients' satisfaction survey we performed in co-operation with IPSOS, external research agency, the positive trend we observed during previous years was again confirmed. Clients satisfaction and loyalty were again measured by net promoter score, the metric to assess willingness of clients to recommend certain company, product or service to his friends, relatives or colleagues, and KP scored +29 which is well above standard of the market and rewards the attention we put on clients' needs.

Komerční pojišťovna has been constantly growing steadily during the last couple of years. Even if the employment market is particularly tough in the Czech Republic and especially in Prague, we have been able so far to convince very talented colleagues to join our team. Komerční pojišťovna can count today on very strong level of commitment of its employees to achieve its ambitious goals.



Stéphane Corbet
Chairman of the Board of Directors and CEO

| Report of the Board of Directors

Komerční pojišťovna, a member of the Société Générale Financial Group, focuses on the provision of life insurance and the sale of other types of insurance that complement the banking and financial products of partners in the SG Group. KP products are mostly distributed by members of the KB Financial Group, in particular by the KB and MPSS distribution network, but also by external business partners. Komerční pojišťovna uses a single licence to provide its services throughout the European Union territory and co-operates with partner companies in the Société Générale Group in Bulgaria, Romania and Germany.

Macroeconomic overview of 2017

In terms of macroeconomy, 2017 ranked among the most successful years. Real GDP growth accelerated by more than 4%. The average inflation rate of 2.5% in 2017 exceeded the inflation target of the Czech National Bank. In December, consumer prices climbed by 2.4% year-on-year. Employment reached an all-time high in 2017. The unemployment rate fell to 3.8% at the end of the year.

Komerční pojišťovna's strategy

Vision

- Be a respected and reliable insurer that offers attractive and transparent products;
- Continue to develop, innovate and maintain long-term, steady growth with the objective of meeting the needs of the clients, distributors, shareholders and KP employees;
- Continuously improve the comfort and quality of service for KP clients and partners;
- Create a corporate culture that encourages employees' engagement, open communication, team spirit and collaboration.



Trends in the insurance market in the Czech Republic

In 2017, the total written premiums in the insurance market in the Czech market increased by 2.0% year on year to CZK 146.8 billion. The total volume of premiums in life insurance amounted to CZK 55.9 billion (year-on-year decrease of 3.8%). In contrast, the total volume of non-life insurance amounted to CZK 90.9 billion and increased by 6.0% compared to the previous year. All of these values were derived using the original methodology of the Czech Insurance Association (CAP)¹.

Position of KP on the insurance market

In 2017, Komerční pojišťovna achieved very good business results and reached the threshold of CZK 6.1 billion in the volume of written premiums. Depending on the product type, Komerční pojišťovna ensured appreciation of 0.5–1.1% for its clients in 2017. Komerční pojišťovna has ranked among the five major insurance companies on the Czech market in the segment of life insurance for more than six years. At the end of 2017, Komerční pojišťovna's market share achieved 10.2% (calculated in accordance with the original methodology of the CAP¹).

In the segment of non-life insurance, Komerční pojišťovna in 2017 continued to develop property insurance, which was launched the previous year. This new property insurance product contributed to continuous growth in production and written premiums in 2017. In total, the written premiums in non-life insurance increased by 11% compared to 2016, as a result of that new type of insurance.

Komerční pojišťovna continued successful co-operation with external partners from the ranks of insurance brokers, whereby the volume of total written premiums in risk life insurance sold by these partners has been increasing for several consecutive years. In 2017, it rose by 4%. Distribution of risk life insurance was also successful in the Komerční banka and MPSS sales networks. In total, the total written premiums in risk life insurance grew by 6% in 2017 compared to 2016.

Long-standing co-operation in the non-life insurance segment with partner companies in the Société Générale Group also continued in 2017. The volume of the total written premiums in non-life insurance products offered by foreign partner companies rose by nearly 1% compared to the previous year.

What's new in 2017

In 2017, Komerční pojišťovna focused primarily on making the existing products and sales processes more attractive in order to meet the client needs.

Komerční pojišťovna complemented property insurance launched in 2016 with an offer of accident insurance for the entire family and introduced an option to take out this product on-line.

Clients interested in risk life insurance now have an opportunity to insure an adult and children in a single policy.

In the segment of investment life insurance, Komerční pojišťovna continued to focus on expanding the range of funds offered in the Vital Invest investment life insurance. During 2017, the Company introduced new guaranteed funds – Certus 8 and Certus 9, allowing clients to make attractive investments in structured bonds with a potential of appreciation exceeding the guaranteed rate of return of invested funds. The offer of funds has been modified not only for the Vital Invest product, but also for the children's insurance product. In addition, Komerční pojišťovna launched new funds, KB Absolutních výnosů and Amundi Multi Asset Conservative, targeting in particular conservative clients.

Innovation platform

In mid-2017, Komerční pojišťovna launched an innovation platform, aiming to increase support for an innovative environment that invigorates creative and open thinking. The innovation platform provides creative space for seeking and creating new customer-oriented opportunities in products, services and internal processes. By taking this step, Komerční pojišťovna wants to respond better to the requirements of its clients and to make full use of both internal and external innovation potential. Part of the innovation strategy is to commence and develop cooperation with start-ups and other organizations supporting an innovative environment.

¹ According to the non-public statistics of the Czech Insurance Association distributed to CAP members

Product portfolio

1. Investment and Capital Life Insurance – Vital Product family

Komerční pojišťovna offers a range of products that enable clients to create financial reserves for the future.

These products include:

- **Vital Invest investment life insurance** with a wide range of funds, including a fund with guaranteed appreciation and a guaranteed return on investment in the event of death of the insured;
- **Brouček investment** life insurance for children with insurance coverage for both a child and an adult and interesting assistance services;
- **Program Vital capital life insurance**, which enables employers to assist their employees in securing themselves for their retirement using tax benefits;
- **Vital Premium investment** life insurance with guaranteed appreciation for KB's VIP clients, which is offered in two tranches – EUR and USD.

2. Risk Life Insurance

Risk life insurance is an important part of the offer of Komerční pojišťovna, it covers key life risks of clients and helps them overcome financial losses in case of unexpected events, such as disability, death, long illness or involuntary loss of employment. Risk life insurance includes:

- **MojeJistota/Moudré pojištění/Elán universal life insurance** with a broad range of insurance risks, among which the client can freely choose, and a newly introduced option to insure children;
- **Risk life insurance for consumer loans and mortgages**, which pays the loan instalments or repays the loan balance for the client in case of unexpected events.

3. Non-life Insurance

The key product in this segment is MojePojištění majetku.

This comprehensive property, household, liability and accident insurance is unique in the Czech property insurance market in many aspects, primarily due to the non-application of the underinsurance principle in property insurance.

KP provides **Merlin, Profi Merlin, Vega and Super Vega** non-life insurance protecting against the loss and misuse of credit/payment cards. In addition to card misuse, this insurance also covers other risks – theft and misuse of a mobile phone, loss of keys or personal documents, etc. This insurance is offered with KB payment cards as well as payment cards issued by other companies in the SG Group (ESSO, major banks in Bulgaria, Romania and Germany).

Other types of non-life insurance include **MojePojištění plateb** and **ProfiPojištění plateb**, i.e. payment insurance that secures the funds for the payment of regular monthly expenses from the current or business account of the KB client.

4. Travel Insurance

The offer is complemented with **travel insurance** covering the full range of risks related to travelling. Clients may take out separate travel insurance for the whole year or for individual trips at any branch of Komerční banka, via the internet or via the increasingly used KB mobile application Mobilní Banka.

Travel insurance is also offered with payment cards issued by KB and by other banks comprised in the Société Générale Group within the European Union.

Internal Processes

In the area of internal processes, 2017 was focused on ongoing streamlining and optimization in order to speed up customer service and increase client satisfaction. A new project was implemented in 2017, which was certified Green Belt according to the Lean Six Sigma methodology for its scope and benefits.

Komerční pojišťovna again conducted a satisfaction survey among its clients in 2017. The results were thoroughly analysed and utilized for enhancing the efficiency of processes. They were also taken into account in the development of new products.

Komerční pojišťovna takes a responsible approach to its business. The company is engaged in the Zelená firma (Green Company) project aimed at environmental protection. In research and development, Komerční pojišťovna focuses on the development of new products, including the information systems in which the products are managed.

Internal control system and Risk management

Corporate governance

In accordance with the requirements of Directive 2009/138/ EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), KP introduced four key functions: actuarial function, compliance function, risk management function and internal audit function. These key functions are supported by a set of committees, which are part of the risk management system as well as the internal control system. The key functions closely cooperate both at the local level in KP in the Czech Republic, and at the group level. The group key functions provide local functions with methodical instructions, tools and procedures.

Risk management system

The KP risk management system consists of three types of components: organisational framework, technical means and human resources.

The organisational components include the organisational structure, which ensures the independence of the risk management functions from the operational functions, and direct access of the function to the Company's Board of Directors. It enables the risk management function to implement risk management strategies, policies and tools.

Risk management system technical means comprise tools for the identification, analysis and assessment of existing or potential risks and tools for their monitoring, reduction and reporting.

Human resources play a key role in the entire risk management system. They include all and any interactions between the KP staff, three lines of defence as well as all stakeholders, such as KP shareholders, suppliers and business partners, and state authorities. In connection with the human resources component, KP views as important the values based on open communication, team spirit, social responsibility, professionalism, knowledge and skills.

The KP risk management system has four building blocks:

- Risk identification;
- Risk analysis and assessment;
- Risk management and monitoring;
- Reporting.

For these four processes, risk management uses risk management tools; in addition, it is closely linked with the internal control system. The risk management system and internal control system support each other. The internal control system principles serve as a basis for the identification, assessment, monitoring and management of risks as well as for their reporting.

The relationship between the internal control environment system and risk management system is facilitated by the organisation, which enables permanent management of the main risks that may affect the solvency of KP or, subsequently, the SOGECAP Group.

The risk management system processes provide an overview of the main risks faced by KP, and they also provide the background for informed decision-making of KP's Board of Directors so that the KP risk exposure stays within the required range. The risk management system processes have been set up in a way that allows an early warning of the Board of Directors, who, if necessary, can take action to implement corrective measures or action plans in order to prevent or mitigate materialisation of the relevant risk.

Human resources

In respect of human capital and personnel issues, 2017 was again a year of change, innovation and dynamic development. Operations of the Human Resources department were determined by the HR Strategy reflecting the company and employee local needs, whilst taking into account the HR trends at Société Générale.

Key priorities in 2017 included hiring new staff and their orientation, developing leadership, acting on employee survey results, including modifications to the action plan, and promoting innovation across the Company. In all HR activities, KP utilised synergies with the KB and Société Générale Group. These synergies have brought positive results, particularly in staff recruitment and mobility, professional or personal development and efficient outsourcing of services. KP also flexibly responded to new labour market trends in the Czech Republic and applied them in its remuneration policy and recruitment strategy.

In 2017, the staff recruitment was significantly affected by the trends in the Czech labour market, notably the low unemployment rate and a high number of job vacancies. Among the greatest challenges were effective work with sources of job applicants, modern HR marketing and competitiveness in salaries and benefits. KP has long been ranked among stable employers that offers its employees a broad portfolio of benefits that promote the work-life balance (for example, 5 days of sick leave, paternity leave, flexible working hours, work from home and a cafeteria). An important part of the recruitment strategy was employee mobility between Komerční banka and Komerční pojišťovna.

The priority task for KP in 2017 was to focus on both new and existing employees. Great efforts were made to work with the results of an employee survey, which produced three key topics: team co-operation, innovation and remuneration. KP achieved improvements in all given areas, following long-term work on these topics. KP established an innovation platform in which a large number of employees got involved. The innovation platform provides space for creativity, fresh insights into business issues, and supports new directions in corporate governance. Under the auspices of the sponsors – Board of Directors members – implementation teams were set up to work on selected topics, from initial ideas to the final implementation.

Other Significant Post Balance Sheet Events

At the financial statements date, management of the Company is not aware of any events that would require adjustment of the Company's financial statements.

Comments on the Financial Results

Comparison of the year-on-year trend in gross written premiums – life insurance (CZK thousand)

2016	6,283,168
2017	5,729,912

-8.8%

Comparison of the year-on-year trend in gross written premiums – non-life insurance (CZK thousand)

2016	376,915
2017	419,911

+11.4%

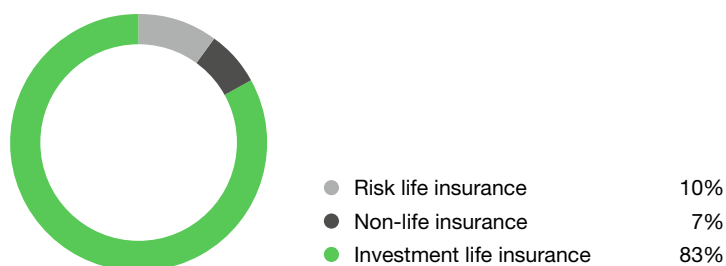
Profit

The profit of Komerční pojišťovna according to Czech Accounting Standards reached CZK 437 million in 2017. According to the International Financial Reporting Standards (IFRS) used for the purposes of consolidation with KB, KP's profit amounted to CZK 437 million (unaudited).

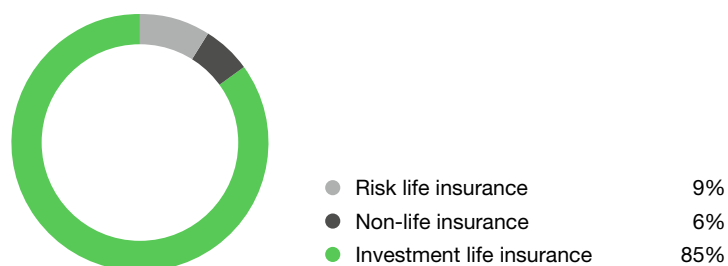
Gross Written Premiums

The total volume of gross written premiums in 2017 amounted to CZK 6,150 million. Gross written premiums in the life insurance segment totalled CZK 5,730 million in 2017, which accounts for a year-on-year decrease of 8.8%. In the segment of non-life insurance, Komerční pojišťovna generated written premiums in the amount of CZK 420 million. Compared to 2016, the written premiums increased by 11.4%.

Structure of gross written premiums in 2017 (%)



Structure of gross written premiums in 2016 (%)

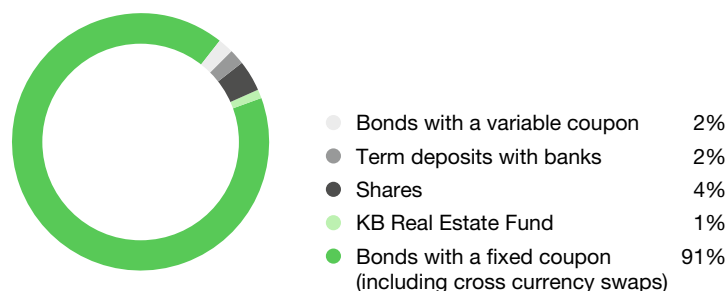


Structure of Gross Written Premiums

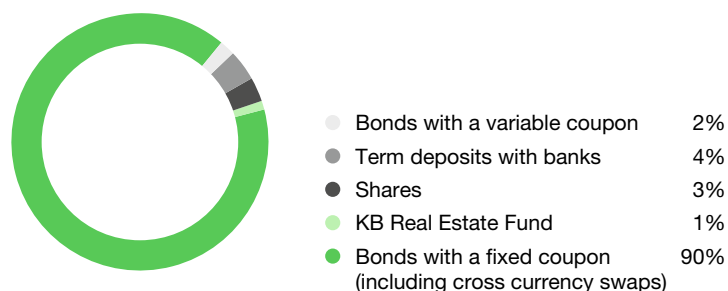
The structure of the gross written premiums moderately changed in 2017 when gross written premiums in investment life insurance fell by 10% year-on-year. Non-life insurance climbed by 11% compared to the previous year. Risk life insurance also showed a year-on-year increase of 6%. The major part of the portfolio is comprised of investment life insurance products sold by Komerční banka, in particular products with guaranteed appreciation.

During 2017, the Company introduced new guaranteed funds – Certus 8 and Certus 9. The offer of funds was modified for the Vital Invest product and for the children's insurance product (Brouček). In addition, Komerční pojišťovna launched new funds, KB Absolutních výnosů and Amundi Multi Asset Conservative, targeting in particular conservative clients.

Komerční pojišťovna portfolio structure as at 31 December 2017 (%)



Komerční pojišťovna portfolio structure as at 31 December 2016 (%)

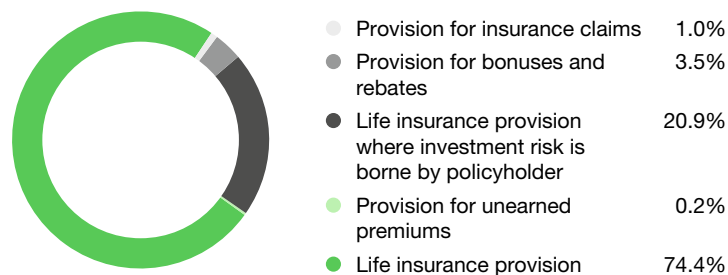


Portfolio Structure

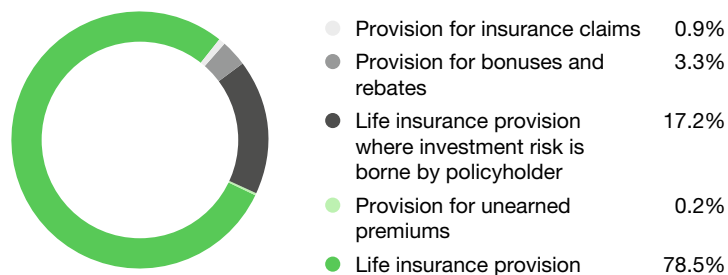
The structure of the investment portfolio is almost the same as in previous years. Komerční pojišťovna focuses mainly on conservative items. Bonds with a fixed coupon (including cross currency swaps) account for approximately 91% of the portfolio, thus guaranteeing clients strong return on their investments.

A significant part of the portfolio is composed of Czech government bonds and bonds issued by banks and corporations based in the EU. The portfolio also includes term deposits and shares and, marginally, bonds with a variable coupon.

Technical provisions structure as at 31 December 2017 (%)



Technical provisions structure as at 31 December 2016 (%)



Technical Provisions

The volume of technical provisions increased by 1.9% compared to 2016 and amounted to CZK 48,355 million as of 31 December 2017.

Equity

The equity amounted to CZK 1,719 million as of 31 December 2017, representing a 34% decline compared to 2016. The drop resulted from the revaluation of securities due to an increase in market interest rates.

The total balance sheet sum amounted to CZK 48,345 million as of 31 December 2017, i.e. a year-on-year increase of 0.5%.

Board of Directors

Stéphane Corbet

Chairman of the Board of Directors and CEO

He was born in France on 11 September 1969, is a French citizen and currently lives in Prague. He was elected Chairman of the Board of Directors effective 29 September 2011. He has been a member of the Board of Directors of Komerční pojišťovna since 1 September 2003. He held various actuarial positions, the last one in the SOGECAP company, previously in the A. G. F. company (a member of the Allianz group). He graduated from the Institute of Statistics at University of Paris and is a member of the French Institute of Actuaries.

Jiří Koutník

Member of the Board of Directors and Head of Project and Information Technology Management Section

He was born on 8 October 1969 and lives in Prague. He was elected member of the Board of Directors effective 19 April 2011. He had been working in Komerční banka in top IT positions since 2003, most recently as the Head of Distribution Channel Software Development. In April 2011, he joined KP as the Head of the Project and Information Technology Management Section. He graduated from the Faculty of Electrical Engineering of Czech Technical University in Prague.

Helena Indrová

Member of the Board of Directors and Head of Financial Section

She was born on 14 August 1980 and lives in Prague. She was elected member of the Board of Directors effective 22 January 2014. She started her career at Ernst & Young. Since 2006, she had been working for Komerční banka in the Financial Group Management Department. She joined Komerční pojišťovna in 2009 as the Head of the Controlling and Planning Department; in February 2011, she was appointed the Deputy Head of the Financial Section. She graduated from the Faculty of Economics of Technical University of Liberec and is a member of the UK-based Association of Chartered Certified Accountants.

Šárka Šindlerová

Member of the Board of Directors and Head of Client Service and Operations Section

She was born on 11 January 1973 and lives in Prague. She was elected member of the Board of Directors effective 1 July 2007. She has been working in the financial sector since 1996, namely at Deloitte and ING. She joined Komerční pojišťovna as the Head of the Financial Section in November 2002. She graduated from the School of Economics of Silesian University in Opava, School of Economics.

Catherine de la Croix

Member of the Board of Directors and Head of Development Section

She was born on 28 February 1970 in France, is a French citizen and currently lives in Prague. She was elected member of the Board of Directors effective 1 December 2016. She joined the Société Générale Group in August 2002. Since 2008 she continued her career abroad. Most recently, she was the Chairwoman of the Management Board in Société Générale Osiguranje, a life insurance company based in Croatia. She joined Komerční pojišťovna on 1 September 2016 as the Head of the Development Section. She is a graduate of International Private Law at the Jean Monnet Faculty of Law (Paris-Sud University), and earned a Master's degree in Wealth Management at the Faculty of Law of Rennes University.

Zdeněk Zavadil

Member of the Board of Directors and Head of External Partnership Section

He was born on 22 April 1969 and lives in Prague. He was elected member of the Board of Directors effective 10 May 2001. He began his professional career at Motokov in 1992 and then worked for several leasing companies. He joined Komerční pojišťovna as the Head of the Client Services and Operations Section in May 2001. He graduated from the Faculty of Business Administration of University of Economics in Prague.

Supervisory Board

Philippe Perret

Chairman of the Supervisory Board

He was born in France on 11 January 1963, is a French citizen and currently lives in Paris, France. He was elected member of the Supervisory Board effective 4 March 2006, and became the Chairman of the Supervisory Board on 4 December 2009. Since 1987, he has worked in the financial sector, initially at NATIO-VIE (a member of the BNP group); he joined SOGECAP in 1997. He has been the CEO of the Company since 1 December 2009. He graduated from the National School of Statistics and Economic Management and is a member of the Executive Committee of the Association of French Insurance Companies and the French Institute of Actuaries.

Pascal Bied-Charreton

(membership terminated as of 23 November 2017)

Member of the Supervisory Board

He was born in France on 28 December 1964, is a French citizen and currently lives in Paris, France. He was elected member of the Supervisory Board on 2 December 2009. He graduated from École Centrale de Paris in the field of economics. Since 1988, he has been active in the insurance industry and worked in CARDIF, NATIO-VIE and BNP Paribas. From September 2006 to November 2009, he was the Director for International Development of Société Générale Insurance for Asia. On 1 December 2009, he was appointed the Deputy General Manager of SOGECAP. He is a member of the French Institute of Actuaries.

Laurent Doubrovine

(membership commenced as of 1 December 2017)

Member of the Supervisory Board

He was born in France on 23 February 1969, is a French citizen and currently lives in Paris. He was elected member of the Supervisory Board effective 1 December 2017. He holds a diploma from the National Statistical and Economic Administration (ENSAE), the French Institute of Actuaries and the Institute of Advanced Business Studies (IHEE). In 2008–2016, he was the Director of Natixis Assurances. In October 2016 – April 2017, he worked as an adviser to SOGECAP's Chairman and CEO. From May 2017 to October 2017, he held the position of the Director of Bank Insurance in the same company. In October 2017, he was appointed SOGECAP's Head of International Activities.

Albert Le Dirac'h

(membership terminated as of 1 August 2017)

Member of the Supervisory Board

He was born in France on 16 October 1954, is a French citizen and currently lives in Prague. He was elected member of the Supervisory Board effective 2 August 2013. He graduated from University of Rennes in the field of management. In 1979–1980, he worked in the National Insurance Group. Since 1980, he has been working in the Société Générale group, first as an inspector of the General Inspection Department in Paris; from 1987, he worked as the Deputy Director and the Director of Back Offices within the Capital Markets Division, and from 1995 as the Human Resources Director in the Human Resources Division. In 1999–2006, he worked as the CEO and member of the Board of Directors of SGBT Luxembourg; in 2001–2007, he was the Chairman of the Supervisory Board of SG Private Banking Belgium; and in 2006–2008 he was the Deputy Director of the Human Resources Division of the group. From 2008 to 2012, he worked as the CEO and Chairman of the Board of Directors of Société Générale Morocco based in Casablanca. Effective 2 August 2013, Albert Le Dirac'h was elected Chairman of the Board of Directors and CEO of Komerční banka by the KB Board of Directors. Mr. Le Dirac'h was also a member of the Supervisory Board of SG Equipment Finance Czech Republic and Chairman of the Supervisory Board of MPSS and ESSOX.

Jan Juchelka
(membership commenced as of 19 October 2017)
Member of the Supervisory Board

He was born on 19 September 1971 in the Czech Republic and currently lives in Prague. He was elected member of the Supervisory Board effective 19 October 2017. He graduated from Silesian University in Opava. In 1995 he began to work in the National Property Fund of the Czech Republic, in 2002–2005 he was the Chairman of the Executive Committee. From 1999 to 2006 he was a member of the Supervisory Board of Komerční banka. He joined Komerční banka in 2006, first as the Director of the Corporate Banking Business Division in Prague, and then in the same year as a member of the Board of Directors responsible for management of Top Corporations and Investment Banking. Since 2012 he worked at the Société Générale headquarters in Corporate and Investment Banking, where he held the position of Managing Director, Head of Coverage, responsible for corporate clientele in Central and Eastern Europe, the Middle East and Africa. At the same time, he worked as Senior Banker for Central and Eastern Europe. Effective 3 August 2017, KB's Board of Directors elected Jan Juchelka Chairman of the Board of Directors and Chief Executive Officer of Komerční banka, with direct management responsibilities for Human Resources, Internal Audit, Marketing and Communication, and the Strategic Plan.

Libor Löfler
Member of the Supervisory Board

He was born on 29 May 1966 and lives in Prague. He was elected member of the Supervisory Board effective 28 April 2015. He graduated from University of Economics in Prague and has spent his entire career in the banking sector. He worked at the Czechoslovak State Bank, the Investment Bank and the Consolidation Bank in the area of IT projects and, subsequently, financial management. In 1998 and 1999, he held the position of CEO of the Consolidation Bank. Since 1999, he has been working for the Komerční banka group, where he participated in privatisation and restructuring and transformation projects in the field of finance and the financial group. In 2002–2006, he held the position of Director of Financial Management. From 2006 to 2010, he held the position of Vice-Chairman of Modrá pyramida in charge of credit approval, IT and projects. From 2010 to 2012, he was Deputy Senior Executive Director for Strategy and Finance of Komerční banka. In 2012, he took over as the Executive Director of Strategy and Finance. With effect from 1 April 2015, he was elected by a member of the Board of Directors of Komerční banka in charge of Strategy and Finance, Transaction and Payment Services, Investment Banking Services, Support Services, Information Technology, Organisation and Change Management and Information Management.

Audit Committee

The Audit Committee consists of three members. Audit Committee members shall be appointed by the General Meeting from the members of the Supervisory Board or third parties.

Composition of the Audit Committee

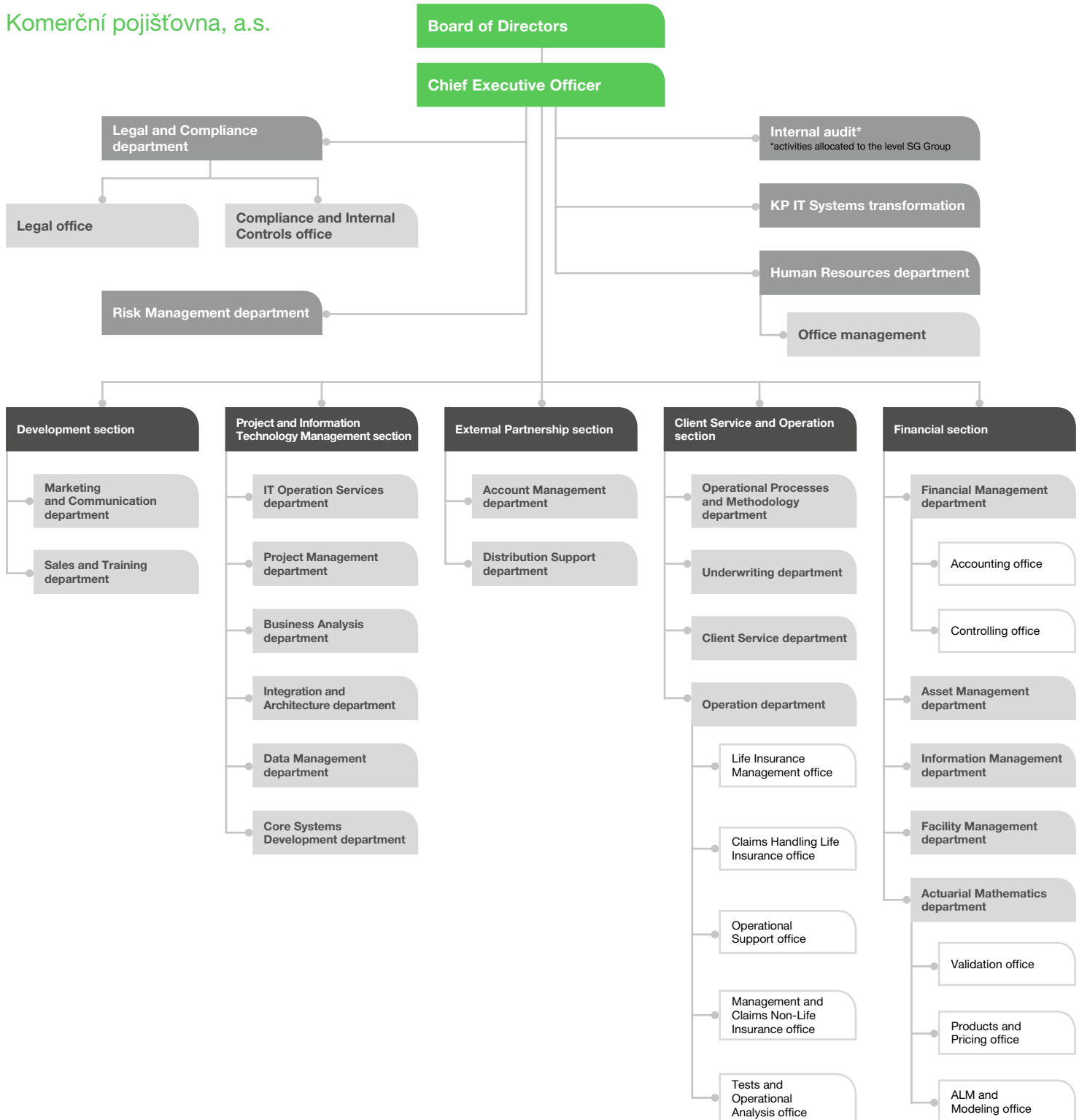
Etienne Loulergue
Chairman of the Audit Committee

Laurent Doubrovine
Vice-Chairman of the Audit Committee

Jiří Příbyl
Member of the Audit Committee

Organisational Structure as of 31 December 2017

Komerční pojišťovna, a.s.



Shareholders' Decisions at General Meetings

Pursuant to Section 421(2) of Act No. 90/2013 Coll. on Business Corporations and Cooperatives (the Business Corporations Act), the following decisions of the General Meeting were made:

On 28 April 2017, the General Meeting:

- Considered the Report of the Board of Directors concerning the Company's business operations and assets in 2016;
- Considered the submitted financial statements and the proposal of the Board of Directors for the distribution of profits for 2016;
- Reviewed the Report of the Supervisory Board concerning the results of the audit activities and reviewed the Board of Directors' Report on Related Parties;
- Approved the annual financial statements of the Company for 2016;
- Decided to distribute the profit for 2016 so that from the profit after taxes amounting to CZK 486,959,876.59, the dividend paid from the profit from non-life insurance activities for 2016 amounts to CZK 107,552,866.02; the dividend paid from life insurance activities for 2016 amounts to CZK 304,527,133.98, and the amount of CZK 74,879,876.59 is transferred to the account of retained earnings from life insurance activities.

Dividends were paid out under the following conditions:

1. The total amount of dividends paid was CZK 412,080,000. The amount of the dividend per share with a nominal value of CZK 72,735 was CZK 25,500. The amount of dividend per share with a nominal value of CZK 145,470 was CZK 51,000.
2. The dividend payment was made by bank transfer. The amount of the dividend paid out to SOGECAP, S.A. was CZK 210,171,000. The amount of the dividend paid out to Komerční banka, a.s. was CZK 201,909,000.
3. The relevant date for the dividend payment was 21 April 2017.
4. The dividends were payable as of 2 May 2017.
5. The dividends were paid out at the expense of the Company.

The General Meeting also:

- Appointed Ernst & Young Audit, s.r.o., Na Florenci 2116/15, 110 00 Prague 1 – Nové Město, to perform an audit of the Company for the financial year 2017.

On 18 October 2017, the General Meeting:

- Decided to change the Company's Articles of Association – changes to the Articles of Association include the stipulation of the obligations and competencies of the Company's bodies, change in the status of the Audit Committee, which becomes a committee of the Supervisory Board, and abolition of the obligation to create a reserve fund.

| Report of the Supervisory Board

Throughout 2017, the Supervisory Board carried out the tasks stipulated by law and by the Articles of Association. It performed its supervision over the activities of the insurance company and submitted its proposals to the Board of Directors.

Having reviewed the Company's financial statements for the year ended 31 December 2017, and on the basis of the external auditor's report on these financial statements, the Supervisory Board acknowledges that accounting records were maintained in a transparent manner, in compliance with the generally binding regulations governing the bookkeeping of insurance companies, and in compliance with the Company's Articles of Association, and that the financial statements provide a true and fair view of the Company's financial position in all material respects.

The statutory external auditor performed an audit of the Company's financial statements for the year ended 31 December 2017; the audit states that the financial statements give a true and fair view, in all material respects, of the assets, liabilities, equity and financial position of the Company as at 31 December 2017, as well as the result of its operations for 2017 in compliance with the relevant regulations of the Czech Republic.

The Supervisory Board recommends that the General Meeting approve the financial statements for 2017, as submitted by the Board of Directors.

The Supervisory Board reviewed the Related Party Report for 2017 prepared by the Company pursuant to the provisions of Section 82 and following of the Business Corporations Act, and stated, based on the presented documents, that Komerční pojišťovna, a.s. suffered any losses in the accounting period from 1 January 2017 to 31 December 2017.

Prague, 18 April 2018

On behalf of the Supervisory Board Komerční pojišťovna, a.s.



Philippe Perret
Chairman of the Supervisory Board

| Management affidavit

Komerční pojišťovna, a.s. declares that all information and data contained in this Annual Report are accurate and complete. Komerční pojišťovna, a.s. further declares that no subsequent events occurred prior to the date of preparing this Annual Report that would have a material negative impact on the Company's financial position.

Prague, 20 April 2018

Signed on behalf of the Board of Directors by:



Stéphane Corbet
Chairman of the Board of Directors and CEO



Helena Indrová
Member of the Board of Directors
and Head of Financial Section

FINANCIAL SECTION

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Independent Auditor's Report to the Shareholders of Komerční pojišťovna, a.s.



(Translation of a report originally issued in Czech - see Note 1.7 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Komerční pojišťovna, a.s.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Komerční pojišťovna, a.s. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2017 and the profit and loss statement and 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 information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Komerční pojišťovna, a.s. as at 31 December 2017 and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Fair value of investments

The Company's investments portfolio, disclosed in Note 4.2 to the financial statements, represents a major part of the Company's total assets. These

We assessed the governance and process over the valuation of investments. We confirmed our understanding of the design and implementation of

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investments are carried at amortized cost (debt securities) or at fair value (equity securities and derivatives) as disclosed in Note 2.3 to the financial statements. Fair value of debt securities is disclosed in Note 4.2. The Company assesses the market activity in order to determine the appropriate valuation method for investments in its investment portfolio. The fair value of liquid and quoted investments should be determined using the market observable prices. A part of the investment portfolio consists of illiquid or non-quoted investments. Fair values of these investments should be based on valuation models that use inputs and assumptions that are either observable or unobservable. The determination of the fair value of these investments involves higher degree of management judgment and estimate applied in the valuation models. Due to this fact this area requires significant audit effort and was assessed as a key matter for our audit.

the Company's internal controls over the valuation process including selection of the valuation method. We reviewed the methodology applied by the Company to assess the market activity of investments in its portfolio. For a selected sample of instruments across the whole portfolio of investments we tested that illiquid or non-quoted instruments were correctly identified and valuation method correctly selected.

For a sample of liquid and quoted financial instruments we compared their fair value to the quoted market price. With the assistance of valuation specialists we evaluated the models, inputs and assumptions used by the Company in determining fair values of illiquid or non-quoted instruments. For a sample of these instruments we performed independent revaluation of fair value. In case of non-observable inputs we performed an expert assessment of their reasonableness such as review and analysis of the projected cash flows or corroboration of the assumptions used. We compared the fair values derived from our internal valuation model to the fair values determined by the Company. We also considered the adequacy of the Company's disclosures in accordance with accounting principles generally accepted in the Czech Republic.

Estimates and data used in calculation of technical reserves and Liability Adequacy Test

The Company's technical reserves, disclosed in Note 4.7 to the financial statements, represent a significant part of the Company's total liabilities. Technical reserves are valued in accordance with accounting principles generally accepted in the Czech Republic. Consistent with the insurance industry, the Company uses actuarial models to support the valuation of the insurance contract liabilities, as disclosed in Note 2.8. The complexity of the models may give rise to errors as a result of inadequate/incomplete data or design or application of the models. Economic and actuarial assumptions, such as investment return, costs, interest rates, mortality, morbidity, claims settlement expectations and patterns and customer behavior are key inputs used to estimate these long-term liabilities, as disclosed in Note 3. Data including premiums and claims subledgers is another key input used in the models.

This area involves significant management estimate and judgement over uncertain future outcomes, including primarily the timing and ultimate full settlement of long term policyholder liabilities and proper controls and reconciliations in respect of data inputs, which requires significant audit effort.

We used actuarial specialists to assist us in performing our audit procedures. Our audit focused on the models considered more complex and/or requiring significant judgement in the setting of assumptions such as mortality, morbidity, claims development, variables related to profit sharing and the model adjustments related to profit-sharing principles.

We assessed the governance and process over the calculation of technical reserves. We tested the design and the operating effectiveness of internal controls over the actuarial process including governance and approval process for setting of economic and actuarial assumptions.

We also assessed the process over the Company's actuarial analyses including estimated versus actual results and experience studies. For the assumption setting process, we assessed the experience analyses performed by the Company. Our assessments also included, as necessary, review of specified economic and actuarial assumptions considering management's rationale for

the actuarial judgments applied along with comparison to applicable industry experiences.

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As a consequence we considered it a key audit matter for our audit.

We evaluated actuarial judgements used in the models and reconciled input data used, which may vary depending on the product and/or the specifications of the product, and also the compliance of the models with the accounting principles generally accepted in the Czech Republic. Furthermore we performed audit procedures to determine the models were calculating the technical reserves accurately and completely.

We verified the validity of management's liability adequacy testing which is a key test performed to check that the technical reserves are adequate as compared to the expected future contractual obligations. Our work on the liability adequacy tests included review of the projected cash flows and of the assumptions adopted in the context of both the Company and industry experience and specific product features.

We also assessed the adequacy of the disclosures regarding technical reserves in the financial statements to determine they were in accordance with accounting principles generally accepted in the Czech Republic.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors 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 law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these 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 the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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 Company's Board of Directors and Audit Committee for the Financial Statements

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

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In preparing the financial statements, the Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 law or regulation, 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 the Audit Committee 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Board of Directors and the Audit Committee, 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 the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of ISAs:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the Annual General Meeting on 28 April 2017 and our uninterrupted engagement has lasted for 3 years.

Consistence 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 28 March 2018 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements.

Ernst & Young Audit, s.r.o.
License No. 401

Lenka Bízová, Auditor
License No. 2331

Tomáš Němec
Partner

6 April 2018
Prague, Czech Republic

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Financial Statements

Balance sheet as of 31 December 2017

No.	CZK thousand (rounded to whole figures)	Row no.	2017			2016
			Gross amount	Adjustment	Net amount	Prior period
			1	2	3	4
ASSETS						
B.	Intangible fixed assets, of which:	2	277,313	226,547	50,766	44,374
C.	Investments	4	37,243,303	0	37,243,303	39,078,379
III.	Other investments	13	37,243,303	0	37,243,303	39,078,379
1.	Shares and other variable yield securities, other equity holdings	14	1,674,207	0	1,674,207	1,666,240
2.	Bonds and other fixed income securities	15	34,964,680	0	34,964,680	37,525,774
	b) bonds "OECD" held to maturity	16	12,246,389	0	12,246,389	13,468,945
	c) other securities held to maturity	17	22,718,291	0	22,718,291	24,056,829
6.	Deposits placed with financial institutions	20	787,705	0	787,705	1,573,695
7.	Other investments	21	(183,289)	0	(183,289)	(1,687,330)
D.	Investments of life insurance, if investment risk borne by the policyholder	23	10,129,642	0	10,129,642	8,184,597
E.	Debtors	24	369,794	24,783	345,011	209,847
I.	Receivables arising from direct insurance transactions	25	72,328	24,783	47,545	68,894
1.	Policyholders	26	72,328	24,783	47,545	68,894
II.	Receivables arising from reinsurance transactions	28	160	0	160	280
III.	Other receivables	29	297,306	0	297,306	140,673
F.	Other assets	30	288,608	22,088	266,520	292,696
I.	Tangible fixed assets, other than on item "C.I. Land and buildings", and inventory	31	36,724	22,030	14,694	12,771
II.	Cash on accounts with financial institutions and cash on hand	32	251,884	58	251,826	279,925
G.	Temporary assets	34	309,555	0	309,555	299,685
II.	Deferred acquisition costs of insurance policies, of which separately:	36	158,958	0	158,958	137,998
	a) Life insurance	37	111,224	0	111,224	97,045
	b) Non-life insurance	38	47,734	0	47,734	40,953
III.	Other temporary assets, of which:	39	150,597	0	150,597	161,687
	a) Estimated receivables	40	111,307	0	111,307	130,821
TOTAL ASSETS		41	48,618,215	273,418	48,344,797	48,109,578

No.	CZK thousand (rounded to whole figures)	Row no.	2017		2016	
			Gross amount	Net amount	Gross amount	Net amount
LIABILITIES						
A.	Equity	42		1,719,326		2,597,615
I.	Share capital, of which:	43		1,175,398		1,175,398
	a) changes of share capital			0		0
IV.	Other capital funds	47		(579,396)		324,083
	of which revalutaion gains or losses on securities	48		(715,304)		400,102
V.	Reserve fund and other funds from profit	49		61,264		61,264
VI.	Retained earnings or accumulated losses brought forward	50		624,790		549,910
VII.	Profit or loss for the period	51		437,270		486,960
C.	Technical provisions	53		35,884,934		36,561,338
1.	Provisions for unearned premiums	54				
	a) gross amount	55	84,134		77,354	
	b) reinsurers' share (-)	56	37	84,097	39	77,315
2.	Life insurance provision	57				
	a) gross amount	58	35,984,934		37,237,648	
	b) reinsurers' share (-)	59	2,320,542	33,664,392	2,681,709	34,555,939
3.	Provision for insurance claims	60				
	a) gross amount	61	483,039		405,611	
	b) reinsurers' share (-)	62	19,851	463,188	22,308	383,303
4.	Provision for bonuses and discounts	63				
	a) gross amount	64	1,673,257		1,544,781	
	b) reinsurers' share (-)	65		1,673,257		1,544,781
D.	UL life insurance provision	69		10,129,642		8,184,597
	a) gross amount		10,129,642		8,184,597	
	b) reinsurers' share (-)			10,129,642		8,184,597
E.	Reserves for other risks and losses	69		105,750		137,935
2.	Reserve for taxation	71		93,815		119,687
3.	Other reserves	72		11,935		18,248
G.	Creditors	74		277,924		410,884
I.	Payables arising from direct insurance transactions	75		126,166		223,629
II.	Payables arising from reinsurance transactions	76		64,880		36,048
V.	Other payables, of which:	80		86,878		151,207
	a) Tax liabilities and social security payables	81		16,055		16,240
H.	Temporary liabilities	84		227,221		217,209
II.	Other temporary liabilities, of which:	86		227,221		217,209
	a) Estimated payables	87		227,221		217,209
	TOTAL LIABILITIES	88		48,344,797		48,109,578

Profit and Loss statement for the Year 2017

CZK thousand (rounded to whole figures)		Row no.			2017	2016
			Base	Sub-total	Result	Result
		b	1	2	3	3
I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE						
1.	Earned premium, net of reinsurance:	1	x	x	x	x
a)	Gross premium written	2	419,911	x	x	x
b)	Premium ceded to reinsurers	3	28,411	391,500	x	x
c)	Change in the gross balance of the provision for unearned premium (+/-)	4	6,001	x	x	x
d)	Change in the balance of the provision for unearned premium, net of reinsurers' share (+/-)	5	(3)	6,004	385,496	347,632
2.	Income from investments transferred from non-technical account (item III.6.)	6	x	x	749	2,446
3.	Other technical income, net of reinsurance	7	x	x	37,750	973
4.	Costs of claims, net of reinsurance:	8	x	x	x	x
a)	Costs of claims:	9	x	x	x	x
aa)	Gross amount	10	66,506	x	x	x
ab)	Reinsurers' share	11	6,924	59,582	x	x
b)	Change in the balance of the provision for claims (+/-):	12	x	x	x	x
aa)	Gross amount	13	13,744	x	x	x
bb)	Reinsurers' share	14	1,541	12,203	71,785	9,190
5.	Change in the balance of other technical provisions, net of reinsurance (+/-)	15	x	x	(129)	(15)
6.	Bonuses and discounts, net of reinsurance	16	x	x	256	289
7.	Net operating expenses:	17	x	x	x	x
a)	Acquisition costs of insurance policies	18	x	112,372	x	x
b)	Change in the balance of deferred acquisition costs (+/-)	19	x	(7,069)	x	x
c)	Administrative overheads	20	x	115,397	x	x
d)	Commission from reinsurers and shares of profit	21	x	11,987	208,713	156,142
8.	Other technical costs, net of reinsurance	22	x	x	48,215	71,339
10.	Sub-total, balance (result) of the non-life insurance technical account (item III.1.)	24	x	x	95,155	114,106
II. TECHNICAL ACCOUNT – LIFE INSURANCE						
1.	Earned premium, net of reinsurance:	25	x	x	x	x
a)	Gross premium written	26	x	5,729,912	x	x
b)	Premium ceded to reinsurers	27	x	299,507	x	x
c)	Change in the balance of the provision for unearned premium, net of reinsurance (+/-)	28	x	779	5,429,626	5,722,470
2.	Income from investments:	29	x	x	x	x
b)	Income from other investments with a special mention of income from controlled entities, of which:	31	x	x	x	x
bb)	Income from other investments	33	2,100,100	2,100,100	x	x
d)	Income from the realisation of investments	35	x	33,866	2,133,966	2,511,087
3.	Additions to investments	36	x	x	437,356	353,205
4.	Other technical income, net of reinsurance	37	x	x	94,997	67,247

CZK thousand (rounded to whole figures)		Row no.			2017	2016
			Base	Sub-total	Result	Result
		b	1	2	3	3
5.	Costs of claims, net of reinsurance:	38	x	x	x	x
a)	Costs of claims:	39	x	x	x	x
	aa) Gross amount	40	4,441,854	x	x	x
	bb) Reinsurers' share	41	467,627	3,974,227	x	x
b)	Change in the balance of the provision for claims (+/-):	42	x	x	x	x
	aa) Gross amount	43	63,685	x	x	x
	bb) Reinsurers' share	44	(3,997)	67,682	4,041,909	3,866,411
6.	Change in the balance of other technical provisions, net of reinsurance (+/-):	45	x	x	x	x
a)	Life insurance provision:	46	x	x	x	x
	aa) Change in the gross balance	47	(1,073,728)	x	x	x
	ab) Reinsurers' share	48	(182,182)	(891,546)	x	x
b)	Other technical provisions, net of reinsurance	49	x	2,073,650	1,182,104	1,789,697
8.	Net operating expenses :	51	x	x	x	x
a)	Acquisition costs of insurance policies	52	x	209,165	x	x
b)	Change in the balance of deferred acquisition costs (+/-)	53	x	(14,179)	x	x
c)	Administrative overheads	54	x	243,635	x	x
d)	Commission from reinsurers and shares of profits	55	x	43,130	395,491	410,822
9.	Costs of investments:	56	x	x	x	x
a)	Costs of administering investments, including interest	57	x	1,247,172	x	x
c)	Costs attributable to the realisation of investments	59	x	33,866	1,281,038	1,572,310
10.	Disposals of investments	60	x	x	531,028	314,644
11.	Other technical costs, net of reinsurance	61	x	x	230,984	206,293
12.	Income from investments transferred to non-technical account (item III.4.)	62	x	x	44,979	72,838
13.	Sub-total, balance (result) of the life insurance technical account (item III.2.)	63	x	x	388,412	420,994
III.	NON-TECHNICAL ACCOUNT					
1.	Result of the non-life insurance technical account (item I.10.)	64	x	x	95,155	114,106
2.	Result of the life insurance technical account (item II.13.)	65	x	x	388,412	420,994
4.	Income from investments transferred from the life insurance technical account (item II.12.)	73	x	x	44,979	72,838
6.	Income from investments transferred to the non-life insurance technical account (item I.2.)	78	x	x	749	2,446
9.	Income tax on current activities	81	x	x	90,486	118,491
10.	Profit or loss on current activities after taxation	82	x	x	437,311	487,001
15.	Other taxes not reported above	87	x	x	41	41
16.	Profit or loss for the period	88	x	x	437,270	486,960

Statement of Changes in Equity for the Year Ended 31 December 2017

(CZK thousand)	Share capital	Treasury shares	Share premium	Reserve funds	Capital funds	Valuation gains or losses	Profit/(loss)	Total
Balance as at 1 January 2016	1,175,398	-	-	61,264	-	890,286	856,142	2,983,090
FX differences and valuation gains or losses not included in profit/(loss)	-	-	-	-	-	(566,203)	-	(566,203)
Net profit/(loss) for the period	-	-	-	-	-	-	486,960	486,960
Dividends	-	-	-	-	-	-	(306,232)	(306,232)
Transfers to funds	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	1,175,398	-	-	61,264	-	324,083	1,036,870	2,597,615
Balance as at 1 January 2017	1,175,398	-	-	61,264	-	324,083	1,036,870	2,597,615
FX differences and valuation gains or losses not included in profit/(loss)	-	-	-	-	-	(903,479)	-	(903,479)
Net profit/(loss) for the period	-	-	-	-	-	-	437,270	437,270
Dividends	-	-	-	-	-	-	(412,080)	(412,080)
Transfers to funds	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	1,175,398	-	-	61,264	-	(579,396)	1,062,060	1,719,326

Notes to the Financial Statements for the Year Ended 31 December 2017

1. General information

1.1. Description of the Business and Principal Activities of the Company

Komerční pojišťovna, a.s., (hereinafter the “Company” or “KP”) was incorporated following its registration in the Commercial Register kept by the Municipal Court in Prague, Section B, File 3362, on 1 September 1995. The Company undertakes insurance activities since 1995.

The principal operations are as follows:

As of 31 December 2017, the Company is licensed to undertake insurance activities and activities relating to insurance activities as follows:

Insurance activities pursuant to Section 13 (1) of the Insurance Act No. 277/2009 Coll., as amended (hereinafter the “Insurance Act”):

- To the extent of life insurance segments I, II, III, VI, VII and IX as set out in Part A of the Appendix 1 to the Insurance Act; and
- To the extent of non-life insurance segments 1, 2, 3, 4, 7, 8, 9, 10c, 13, 14, 15, 16 and 18 as set out in Part B of the Appendix 1 to the Insurance Act.

Share capital:

The share capital amounts to CZK 1,175,397,600 and consists of 6,580 ordinary registered shares with a nominal value of CZK 145,470 in the book-entry form and 3,000 ordinary registered shares with a nominal value of CZK 72,735 in the book-entry form. The Company's share capital is fully paid.

Shareholders as of 31 December 2017:

Komerční banka, a.s., having its registered office at Prague 1, Na Příkopě 33/969, 114 07, incorporated with the Municipal Court in Prague, Section B, File 1360, Corporate ID: 45 31 70 54; a 48.99 percent shareholder.

SOGECAP S.A., having its registered office at Tour D2, 17 bis place des reflets, 92919 Paris La Défense Cedex, France, identification number: 086380730 R.C.S. NANTERRE; a 51.01 percent shareholder.

Registered Office of the Company:

Karolinská 1/650
186 00, Prague 8
IČO: 63998017

The Company has no foreign branch.

1.2. Board of Directors and Supervisory Board as of 31 December 2017

	Position	Name
Board of Directors		
	Chairman	Stéphane Corbet
	Member	Ing. Zdeněk Zavadil
	Member	Ing. Jiří Koutník
	Member	Ing. Šárka Šindlerová
	Member	Catherine Renée Claude de la Croix
	Member	Ing. Helena Indrová
Supervisory Board		
	Chairman	Philippe Perret
	Member	Ing. Jan Juchelka
	Member	Laurent Doubrovine
	Member	Ing. Libor Löfler

Acting on behalf of the Company:

The Board of Directors acts on behalf of the Company. No less than two members of the Board of Directors act jointly on behalf of the Board of Directors. The act of signing is conducted in such a manner that no less than two members of the Board of Directors attach their signatures to the written or printed name of the Company.

The audit committee

The Committee has 3 members appointed by the General Meeting from the membership of the Supervisory Board or third parties.

	Position	Name
Audit committee		
	Chairman	Etienne Loulergue
	Vice chairman	Laurent Doubrovine
	Member	Jiří Příbyl

1.3. Equity Holdings in Other Businesses

The Company held no equity investments in other businesses as of 31 December 2017 or as of 31 December 2016.

1.4. Changes and additions to the company registration in the Commercial Register

The following changes to the Commercial Register were made in 2017:

The change of the address of Ing. Šárka Šindlerová from original address Na Zeleném Vršku 164, Brtnice, 251 69 Velké Popovice to the new address Štúrova 1701/55, Krč, 142 00 Praha 4, was recorded on 24 March 2017.

Ing. Jan Juchelka, permanent address Vojtěšská 240/11, Nové Město, 110 00 Praha 1, became a member of the Supervisory Board with effect from 19 October 2017.

Mr. Laurent Simon Doubrovine, permanent address 75003 Paris, rue Portefoin 8, France, became a member of the Supervisory Board with effect from 1 December 2017.

Albert Marie Le Dirac'h's membership in the Supervisory Board was terminated in 2017. This change was recorded in the Commercial Register with effect from 1 August 2017

Pascal Bied-Charreton's membership in the Supervisory Board was terminated in 2017. This change was recorded in the Commercial Register with effect from 23 November 2017.

1.5. Legal Relations

As of the balance sheet date, all of the Company's legal relations comply with the Insurance Act, including the related implementation guidance notes. The Company operates both in life and non-life insurance segments.

1.6. Movements in Share Capital

The Company did not report any changes in the share capital in the year ended 31 December 2017 or in the year ended 31 December 2016.

1.7. Preparation of financial statements in English

The financial statements have been prepared in Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.

2. Accounting policies

2.1. Basis of Accounting

In maintaining its accounting books and records and in preparing the financial statements, the Company complied with Accounting Act No. 563/1991 Coll., as amended, Decree No. 502/2002, which provides implementation guidance on certain provisions of the Accounting Act No. 563/1991 Coll., as amended, for reporting entities that are insurance companies (hereinafter "Decree 502"), and with Czech Accounting Standards for reporting entities that maintain their accounts under Decree 502.

The Company's accounting books and records are maintained in such a manner so as to ensure that the financial statements prepared on the basis of the accounting books and records give a true and fair view of assets, liabilities, equity and the financial position of the Company while complying with the prudence and going concern principles.

The financial statements are prepared on the accruals basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate. Assets that are not revalued at fair value and suffered impairment are stated at net recoverable amount.

The reporting currency used in the financial statements is the Czech crown ("CZK") with accuracy to CZK thousand, unless indicated otherwise. The financial statements were prepared as of and for the year ended 31 December 2017.

2.2. Tangible and Intangible Fixed Assets

Tangible fixed assets include assets with an acquisition cost greater than CZK 40,000 on an individual basis and an estimated useful life exceeding one year. Tangible assets costing less than CZK 40,000 are expensed in the year of acquisition.

Intangible fixed assets include start-up costs greater than CZK 20,000 and other intangible assets with an acquisition cost greater than CZK 60,000 on an individual basis and an estimated useful life exceeding one year. Intangible assets costing less than CZK 60,000 are expensed in the year of acquisition.

The Company creates provisions against tangible and intangible fixed assets if the inventory count highlights that their fair value is lower than their carrying value and the impairment is temporary. No provisions were recognised against fixed assets in the year ended 31 December 2017 and in the year ended 31 December 2016.

Depreciation of fixed assets is recorded on a straight line basis for accounting purposes. Accounting depreciation is based on the expected useful life of the tangible and intangible assets. The depreciation period is indicated below:

Category of assets	Depreciation period in years
Cars	4
Furniture and fixtures	7-10
Software	4
AIA and DWH Software	5
Start-up costs	5

As a result of binding statutory requirements regarding the presentation of financial statements of insurance companies, the components of fixed assets shown above are classified on the face of the balance sheet as of 31 December 2017 and as of 31 December 2016 as follows:

- Intangible fixed assets, including acquisition, are presented in line 2;
- Tangible fixed assets (both depreciable and non-depreciable), including acquisition, are presented in line 31.

The Company recognised tax depreciation charges for tangible and intangible assets in 2017 and 2016.

2.3. Investments

Deposits

Deposits placed with financial institutions are measured at their nominal value upon acquisition. As of the year-end, these assets are revalued at fair value. The fair value of short-term deposits placed with financial institutions is the nominal value including accrued interest. Deposits denominated in foreign currencies are retranslated into Czech crowns at the ruling exchange rate of the Czech National Bank and any foreign exchange rate difference is included in the valuation. Revaluation is recognised through the profit and loss account.

Debt Securities

Valuation of debt securities

Debt securities are stated at cost upon acquisition. Purchased accrued interest income is added to the cost of the investment. Premium or discount is recorded to income or expense over the remaining maturity of the debt securities using the effective interest rate method. Accrued interest income on securities is reflected directly in the relevant account of these securities. The same types of securities are valued using a price determined by the FIFO method. Debt securities denominated in foreign currencies are retranslated into Czech crowns at the ruling exchange rate of the Czech National Bank.

The change of valuation method of debt securities held to maturity resulting from the amendment to the Act no. 563/1991 Coll. On Accounting and Decree no. 502/2002 Coll. implementing some provisions of Act on accounting, as amended.

Since 1st January 2016 according to Decree no. 502/2002 all bonds held to maturity are now valued at amortized cost.

Derivatives

Derivates are measured at their fair value. Fair value of the financial derivates is being measured as a current value of the expected cash flows arising from these derivates. Derivatives are presented in Balance Sheet in Other investments.

Hedging derivatives

As part of the implemented investment strategy, Company hedges cash flows from foreign currency debt securities using cross-currency swaps. The purpose of hedging derivatives is to eliminate the currency risk posed by the holding of foreign-currency debt securities. Pursuant to the current legislation, Company classifies these derivatives as hedging derivatives and the gains or losses from the revaluation of swaps at their fair value are recognised in equity accounts. Revaluation of foreign-currency debt securities arising from changes in exchange rate (CZK/EUR, CZK/USD) is also charged to equity. Cash flows in the foreign currency from the hedged item (bonds) are settled by the cash flows in foreign currency from the hedging instrument. All cash flows from the hedging instrument (cross currency swap) are known in advance and thus the hedged risk is eliminated.

The difference between nominal value and purchase price of the debt securities (premium or discount and purchase accrued interest income) in case that the foreign currency part of the cross currency swap was concluded only as a nominal value of a bond, is recognised in equity as an Up front fee. At the time of the first payment of the coupon, the purchased accrued interest is derecognised against balance sheet accounts. During the holding of the security, premium and discount are amortised through the profit and loss accounts.

Cash flow hedge

Changes in fair value of derivatives, which are classified as cash flow hedging and fulfils requirements for accounting as cash flow hedging and which are highly effective regarding the hedged risk, are recognised in equity accounts and to expenses/income in the same period when the hedged asset or liability impacts the profit and loss accounts. In this way, the Company hedges against foreign exchange risk of particular assets. The hedging assets are cross currency swaps.

If any of the derivative transactions does not fulfill the requirements for hedge accounting based on specific rules in Czech Accounting Standards no. 110 for financial institutions, derivative is disclosed as derivative available for sale and changes in its fair value are recognized as gain/loss from revaluation to fair value through profit or loss

Test of effectivity of hedging

The Company performs regularly tests of effectivity of hedging assets using both prospective and retrospective method.

Other Components of Investments

The gains or losses from the revaluation of other financial placement components (shares and investment funds), if any, are recognised in the profit and loss account. Other components of investments (shares and yield securities) are recognized in Balance sheet in the line “Shares and other variable yield securities, other equity holdings”, row 14.

Investment requirements in accordance with the principle of prudent investments comply with the Act no. 277/2009 Coll., Act on Insurance and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive EP and Council 2009/138 / EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

Investment life insurance where the policyholder carries the investment risk

Investments of life insurance, where the investment risk is carried by the policyholder, is recognised separately from other financial placement components.

As of the balance sheet date the investments of life insurance where the investment risk is carried by the policyholder is revaluated to the fair value. All changes of fair values are recognised through the profit and loss accounts.

2.4. Debtors (Receivables)

Receivables are stated at nominal value.

Specific coefficients for provisioning were assigned to individual groups of receivables based on the expected return from these receivables.

In determining debt provisioning levels, the risk (the number of past due days) attached to all amounts due from a specific debtor is considered to be equal to the risk (the number of past due days) of the oldest of these receivables.

Operating prepayments

Bonus prepayments related to collective insurance contracts are being paid in line with concluded contracts and in the agreed frequency (usually once a year) are being settled with real costs.

2.5. Permanent or Long-Term Impairment of Assets

At the balance sheet date, the Company assesses the existence of any objective indications of the potential permanent decrease of value of assets.

An objective indications of the decrease of value of assets is based of one or more events that occurred in the period following the purchase of assets, while these loss events have an impact to future cash flows connected with particular financial assets.

In this case, it proceeded in accordance with the provisions of the Czech Accounting Standard no. 108 Debt Securities and the loss recognized in equity is transferred without undue delay to the profit and loss account, at the expense of losses from financial operations.

If, following the recognition of impairment in the profit and loss account there will be observable increase in the fair value of debt securities, this increase is going to be recognized in profit and loss account up to the value of impairment that was recognized in the profit and loss account.

2.6. Cash on accounts with financial institutions and cash on hand (Cash and Cash Equivalents)

Cash comprises cash on hand and current bank accounts designed to secure the Company's operations. Term deposits are reported as a component of financial placements.

Cash equivalents comprise labels, meal vouchers, stamps, flexi pass vouchers, gift vouchers, vouchers and Prague public transport tickets.

Cash and cash equivalents are stated at nominal value.

2.7. Equity

Share capital of the Company is stated in the amount recorded in the Commercial Register of the Municipal Court. Any increase or decrease of the share capital based on the decision of the Board of the Directors, which has not been registered at the date of the financial statements, is stated as a change of the share capital.

Other capital funds include revaluation of debt securities and derivatives (described in detail in chapter 2.3) and consists of the following items:

- Difference in valuation of securities include the revaluation of debt securities denominated in foreign currency due to exchange rate changes.
- Difference in valuation of derivatives include revaluation of cross currency swaps to fair value.
- Upfront fee corresponds to the amount of the difference between nominal value and the cost of a debt security when foreign part of cross currency swap was concluded only on the nominal value of the bond.
- Deferred tax is calculated on all temporary differences between tax and accounting values, ie. in case of revaluation of investments through Other capital funds the value of revaluation is taken as the difference.

In the past years the Company was creating the reserve fund from its profit. Its creation and release is governed by the Articles of the Company.

2.8. Technical Reserves

The Company records technical reserves pursuant to Insurance Act No. 563/1991 Coll., as amended and degree No. 502, as follows:

Life Insurance Reserve

The life insurance reserve is created as a sum of reserves calculated under individual life insurance policies and represents the sum of the Company's liabilities net of the value of future premiums. The technical reserve includes the allocated share of profit and the costs associated with insurance administration. The life insurance reserve for traditional life insurance products is calculated using the "Zillmer" method where negative values are substituted with zero.

Unearned Premium Reserve

The unearned premium reserve represents actual (or estimated as appropriate) written premiums that do not relate to the current reporting period and are calculated using a daily 'pro rata' method of the aggregate written premiums according to the number of days that relate to the current reporting period and to the following reporting periods.

The claim reserve for Outstanding Claims

Provision for outstanding claims, for both life and non-life insurance, consists of a reserve for insurance claims reported but not settled during the year ('RBNS') and a reserve for insurance claims incurred but not reported during the year ('IBNR').

The claim reserve also reflects the amount of the estimated claims handling costs associated with settling claims.

The RBNS is recognised as equal to the sum of reserves for anticipated insurance payments for individual reported, but unsettled claims according to estimated damage amounts arising from claims recorded as of the balance sheet date.

The IBNR is determined using actuarial methods based on an analysis of available information that includes, but is not limited to:

- Supporting evidence underlying the insurance portfolio split by classes of individual insurance activities;
- Historical series relating to individual classes of insurance activities that monitor the moment of claim origination and the moment of claim settlement (the Chain-Ladder method applied to quarterly data) – it is used typically for non-life insurance activities;
- The estimated aggregate claims ratio; and
- The estimated claims need for a determined period of time is usually used for life insurance activities.

While the Board of Directors considers the balance of the reserve for outstanding claims to be fairly presented on the basis of the information available at the balance sheet date, the ultimate balance of liabilities may differ as a result of subsequent information and events and can result in significant changes in the final amounts. Changes in the reserve balance are reflected in the financial statements for the period in which they occur. The adopted approaches and estimates are assessed on a regular basis.

Reserve for Bonuses and Discounts

The reserve for bonuses and discounts is recorded to cover costs of bonuses and discounts provided to policy holders under insurance policies.

In respect of life insurance, this reserve also reflects a portion of income from financial placements held for anticipated but not yet awarded profit shares.

In 2017, the Company reversed part of the provision in amount of CZK 136 million (CZK 115 million created in 2009 and 21 million created in 2010), this amount has been used for the financing of client's profit share in 2017 and at the same time the company created a reserve for bonuses and discounts by CZK 359 million up to the final amount of CZK 1,673 million. (In 2016, the Company increased, the reserve for bonuses and discounts by CZK 203 million up to the final amount of CZK 1,450 million.). From the analogous increases carried out in 2015 (CZK 280 million), 2014 (CZK 51 million), 2013 (CZK 268 million), 2012 (CZK 194 million), 2011 (CZK 174 million), 2010 (CZK 165 million) and 2009 (CZK 115 million), was not used any portion in 2016.

The amount reflects the obligation of the Company to provide policy holders with relevant insurance claim payments and cannot be used for any other purpose. The Company undertakes to allocate the amount to individual policies by the relevant resolution of the Company adopted with the Company's full authority which complies with the provisions of insurance policies for profit shares in the following years but no later than within eight years from the recognition of this reserve, specifically to those persons who will be the policy holders of the particular products that stipulate the right for the profit share to the policy holder as of the last date of the calendar year in which the Company takes such decision. The Company confirmed this commitment by means of public pledge announced on its web sites on 18 December 2015.

If the Company does not take the above decision within eight years from the recognition of the reserve, it undertakes to allocate this amount (or its so far unallocated part, hereinafter "mandatory part of the provision" or "PRA") to policies (i.e. products that stipulate the right for the share in the profit for the policy holder) of individual policy holders who will be the policy holders on the last day of the 8th year from the recognition of the reserve. Each policy holder should receive an amount (hereinafter "PAn") calculated as an average balance of the reserve of life insurance of the relevant policy holder during the 8th calendar year from the recognition of this reserve for bonuses and discounts (hereinafter "pRŽPn") divided by the total average value of the reserve of life insurance of these eligible policy holders (hereinafter "pRŽP") and multiplied by the mandatory reserve (hereinafter "PRA") based on the following formula:

$$PAn = pR\check{Z}Pn / pR\check{Z}P * PRA$$

The above mentioned reserve for bonuses and rebates was recognised in addition to the profit shares that were allocated to individual policies and that became part of the reserve of life insurance upon the allocation of shares for 2017.

Other Technical reserves

The Company creates a reserve for obligations resulting from life insurance contracts. At the balance sheet date, the Company undertakes a test of the adequacy of life insurance technical reserves (the "liability adequacy test") designed to verify the sufficiency of the total sum of amounts of life insurance reserves. The basic testing method is the model of discounted financial cash flows.

The result of the liability adequacy test is the minimum value of liabilities to the policy holders calculated when using the best estimate of the presumptions of the future development of input parameters adjusted for an additional charge reflecting risk and uncertainty.

The reserves are insufficient when the minimum value of insurance liabilities is greater than the amount of life provisions decreased by the corresponding outstanding acquisition costs. If the result of the liability adequacy test shows insufficiency of technical reserves, the Company creates a reserve equivalent to this deficiency.

Technical provisions for Investment life insurance where the policyholder carries the investment risk

This reserve is held to cover obligations of the insurance company to the policy holders for the life insurance products where it is the policyholder who carries the investment risk on the basis of the insurance contract;

The reserve amount is determined as a sum of the liabilities to the policy holders in the amount of their shares of allocated premiums from individual contracts according to the principles specified in insurance contracts.

In compliance with Section 16 (9) of Decree no 502/2002 Coll. for part of liabilities from these contracts that arise from (a) covering the risk of death and (b) funds placed in guaranteed funds, the reserve is created according to Section 16 (5) of the Decree.

Provision (Provision for Other Risks and Losses)

The Company creates other reserves for risks that are not directly related to its insurance activities.

Specifically, the Company recorded a reserve for anticipated risks and losses associated with legal disputes and similar situations.

2.9. Creditors (Payables)

Payables are stated at nominal value.

Payables to the policyholders principally comprise insurance premium overpayments and prepayments as well as received payments temporary unmatched with the related receivables at the balance sheet date.

2.10. Temporary Assets and Liabilities

Temporary assets and liabilities principally comprise:

- Deferred expenses – primarily deferred acquisition costs of insurance policies and capitalized internal and external cost of selected projects.
- Within information technologies company incurs expenditure on R & D, mainly related to development studies and implementation of individual projects;
- Accrued income – particularly accrued revenues from term deposits;
- Estimated receivables – primarily estimated funds to be collected from reinsurers (shares of insurance claims, commissions and profit shares) and an estimate for premiums not yet written in the operating systems; and
- Estimated payables – primarily estimated balances of anticipated premiums ceded to the reinsurers, unpaid commissions, fees and unbilled supplies.

2.11. Gross Written Premiums

Gross written premiums include all premiums amounts stated in insurance policies during the period, regardless of whether these amounts relate partly or wholly to the following accounting periods.

Income from written premiums is recognised on an accruals basis by recording a reserve for unearned premiums in accordance with accounting procedures for insurance companies (refer to Note 2.8.).

2.12. Costs of Insurance Claims

Costs of insurance claims are recorded as equal to the amounts awarded for the settlement of claims and also include external costs of the Company incurred in processing claims. Costs of insurance claims are reduced by claims of recourse or other similar claims of the Company. The cost is recognised in the current period when the level of a payable to a client is acknowledged.

The costs of insurance claims (specifically life insurance claims) include not only the claims incurred (non-life insurance, death or endowment in respect of life insurance) but also client payments from capital life insurance accounts and the lump-sum settlement when this insurance is cancelled.

In settling non-life insurance claims the Company cooperates with AXA Assistance CZ, s.r.o., Inter Partner Assistance branch, Willis Tower Watson and Mondial Assistance in respect of organisational, economic and technical advice, including investigations into insured events, preparation of full documentation in support of examining and settling these insured events.

2.13. Acquisition Costs of Insurance Policies

Acquisition costs of insurance policies include all direct and indirect costs incurred in acquiring insurance policies. Acquisition costs of insurance policies principally comprise:

- Commission paid to insurance policy acquirers; and
- Payment for medical assessments.

Non-life insurance commissions are deferred in line with the proportion of the unearned premiums to premiums written or reflect the estimated period of validity of the policy to which the commission relates.

Acquisition costs of traditional life insurance products are deferred in the form of Zillmer life insurance reserves.

Commission on risk life insurance, where brokers of initial brokers commissions are brokerage companies and MPSS, these commissions were accrued over a period of 60 months in 2017 (in 2016 they were accrued over a period of 60 months from 1. 12. to 31. 12. 2016, from 30. 11. 2016 they were accrued for 24 or 36 months). The change in 2016 was caused by the change in legislation.

Commissions related to investment life insurance are not deferred.

2.14. Administrative Costs

Administrative costs consist of costs that are not directly involved in entering into insurance policies, such as consumption of material and fuel, travel expenses, rental expenses, advisory services, postal fees, other fees, wages and other social costs, or depreciation of assets.

If administrative costs are clearly identifiable, they are charged directly to the relevant technical life or non-life accounts during the year.

Other unallocated administrative costs are primarily posted to non-technical cost accounts and, at the year-end, they are re-allocated to life and non-life insurance technical accounts in a proportion that matches the allocation based on the ABC (Activity Based Costing) method, regulating the matching of costs to individual types of insurance. The proportion was 32.1% for non-life insurance and 67.9% for life insurance. In 2016 the proportion was 26.15% for non-life insurance and 73.85% for life insurance.

2.15. Costs of Investments and Income Recognition

Recognition of Costs and Income from Investments and their Allocation between Life and Non-life Insurance

The Company has split its portfolio of securities into the following three parts:

- i) Portfolio of securities covering non-life insurance reserves;
- ii) Portfolio of securities covering life insurance reserves; and
- iii) Portfolio of securities covering funds of the Company's equity.

Income from and costs of investments are primarily recorded on the life insurance technical accounts. At the year end, net income not related to life insurance is re-allocated to the non-technical accounts and the relevant amount of income is re-allocated from the non-technical accounts to the non-life insurance technical account.

The Company uses the proportion of the average balances of life insurance technical reserves and equity as a basis for re-allocating expenses and income from financial placements.

Accounting Treatment for the Realisation of Investments

The Company's accounts for the realisation of investments on a gross basis and accordingly records separately all the revenues arising from realisation as equal to the selling value of the relevant investment instruments and the costs as equal to their carrying value.

2.16. Other Costs and Income

Clearly identifiable costs and income are recorded directly on the life and non-life technical accounts during the year.

Costs that are not clearly identifiable are primarily recorded on the non-technical accounts and subsequently reallocated to the technical life or non-life accounts. As a basis for reallocating the costs and income, the Company uses separate coefficients for life and non-life insurance (refer to Note 2.14).

This treatment does not apply to taxes and fees, and other expenses not related to insurance and reinsurance.

2.17. Reinsurance

Under the terms of reinsurance arrangements, the reinsurer's share of premiums is calculated, invoiced and paid based on the premiums collected from reinsured policies. At the balance sheet date, the Company records an estimated payable in respect of the anticipated reinsurer's share of premiums not yet billed.

Under the terms of reinsurance arrangements, the reinsurer's share of claims is calculated and paid based on the actually settled insurance claims. The Company recognises estimated receivables in respect of the anticipated but not yet paid reinsurer's share of recorded insurance claims.

Under the terms of reinsurance arrangements, reinsurance commissions are calculated and paid based on the paid reinsurer's share of premiums reflecting loss experience.

The Company recognises its share of the reinsurer's profit when the entitlement to this profit share can be determined.

The reinsurer's share of reserves is determined pursuant to the reinsurer's share of collected premiums or insurance claims taking into account other relevant factors.

2.18. Income Taxation

The income tax for the relevant period consists of the due tax and the change in the deferred tax. The due tax consists of the tax calculated from the tax base using the tax rate valid in the current year and all additionally assessed taxes and refunds of the overpaid taxes of previous periods, as well as the reserve for the due tax, including the independent tax base (dividends received from abroad).

2.19. Deferred Income Tax

Deferred income tax is provided using the balance sheet method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates effective in the periods in which the temporary tax difference is expected to be realised. The principal temporary differences arise from depreciation on tangible and intangible fixed assets, creation of reserves and revaluation of debt securities.

In 2017 the Company recognised a deferred tax asset and in 2016 the Company recognised a deferred tax liability.

2.20. Foreign Currency Retranslation

Transactions during the year were retranslated at the Czech National Bank's exchange rate prevailing as of the transaction date or at the rate at which the transaction was realised. Assets and liabilities denominated in foreign currencies at the year-end are retranslated using the Czech National Bank's exchange rate prevailing as of that date. Foreign exchange rate gains and losses are recognised through the profit and loss account, except for the foreign-currency debt securities for which these foreign exchange gains or losses are included in revaluation at fair value.

2.21. Consolidation

These financial statements have been prepared on an unconsolidated basis. The Company's financial information is included in the consolidated financial statements of Komerční banka, a.s., having its registered office at Na Příkopě 33/969, Prague 1, 114 07, and SOGECAP S.A., having its registered office at Tour D2, 17 bis place des reflets, 92919 Paris La Défense Cedex, France, which can be obtained at the same place.

2.22. Use of Estimates

The presented financial statements for the year ended 31 December 2017 are based on the best estimates available as of the reporting period-end which specifically relate to the determination of fair values of financial instruments, impairment of assets and determination of reserves. Management of the Company believes that the financial statements give the truest and fairest view of the Company's financial results and financial position using all relevant and available information at the financial statements date.

2.23. Going concern

The financial statements have been prepared under the going concern assumption.

3. Risk management

In accordance with the Act no. 277/2009 Coll., Act on Insurance and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive EP and Council 2009/138 / EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II). The company ensured setting of the internal control system to cover all of its operations. The control system of the company is set up to allow a continuous and systematic risk management. The set-up of the internal control system enables consistent and systematic risk management.

The Company is exposed to insurance risk which naturally results from the underwritten insurance contracts as well as other risks, mainly the market risk, credit risk, operational risk, liquidity risk and concentration risk.

The policies and procedures for risk management are comprehensive and interrelated with the policies and procedures for maintenance of the capital determined to cover these risks.

The Company's Board of Directors has the primary responsibility for risk management system effectiveness.

(a) Life assurance risk

The Company is exposed to risks resulting from an unfavourable development of assumptions compared to their determination at the moment of valuation of products. This involves, for example, the risk of unfavourable development of mortality, morbidity or survival, risk of a unfavourable development of interest rates, risk resulting from an unexpected development of cost inflation or uncertainty in the expected future claims settlement. In the above cases the Company is exposed to the danger of a loss resulting from the discrepancy between collected premiums and claims paid, investment returns and expenses.

The Company reinsures some of the risks it underwrites with external reinsurers.

(b) Non-life insurance risk

The Company is exposed to insurance risk and underwriting risks arising from the sale of non-life insurance products.

Insurance risk relates to uncertainty in respect of the period, frequency and amount of damage covered by insurance contracts or uncertainty in the expected future claims settlement.

The most significant components of insurance risk are the risk of underestimated technical provisions and the premium risk. The premium amount is determined using historical assumptions, which may differ from the actual situation. The risk of trend, risk of estimate, change in assumption, etc., may have a significant impact on determining the amount of provisions.

(c) Market risk

The Company is exposed to market risk, which arises from trading positions in interest rate, currency and equity instruments that are all exposed to common and specific changes in the market.

The main exposure is that the revenues from investments will not be sufficient to cover the liabilities from insurance contracts.

The market risk is constantly monitored, measured and managed using asset/liability management (ALM). The basic method of ALM involves adjusting the due date of assets to the liabilities from insurance contracts.

(d) Credit risk

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

The main areas of the Company's exposure to the credit risk are risk of failure to repay the principal or in income from financial investments and insurance and reinsurance receivables.

(e) Operational risk

Operational risk is the risk arising from the failure of internal processes, human resources or systems, or the risk of loss that may arise due to external events, including the risk of loss arising from a breach of or noncompliance with a legal standard.

Loss means any harm or damage incurred by the Company.

The Company monitors these risks, modifies work procedures and processes to eliminate the loss events.

(f) Liquidity risk

The Company is exposed to requirements for liquidity on a daily basis. These requirements are related to claim settlements. 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 need for liquidity is continuously monitored in order to ensure necessary resources.

4. Additional information to the financial statements

4.1. Tangible and Intangible Fixed Assets

Acquisition cost

(CZK thousand)	Additions	Disposals	31. December 2017	31. December 2016
Depreciated tangible assets	6,702	13,730	36,077	43,106
of which: cars	5,533	5,496	10,054	10,017
hardware	1,169	8,066	14,642	21,539
office equipment	0	169	8,996	9,165
furniture and fixtures	0	0	2,385	2,385
Amortised intangible assets	29,279	0	276,673	247,394
Non-depreciated tangible assets	0	0	236	236
Technical improvements of intangible assets	5,552	5,491	143	82
Technical improvements of tangible assets	(665)	0	0	665
Acquisition of assets	24,853	34,839	908	10,894
of which: intangible assets	17,869	28,137	497	10,765
tangible assets	6,984	6,702	411	129
Total	65,720	54,060	314,037	302,377

Accumulated Depreciation

(CZK thousand)	Additions	Disposals	31. December 2017	31. December 2016
Depreciated tangible assets	4,395	13,730	22,030	31,365
of which: cars	1,309	5,496	4,702	8,889
hardware	2,464	8,066	7,633	13,235
office equipment	549	169	7,487	7,107
furniture and fixtures	73	0	2 207	2 134
Amortised intangible assets	12,681	0	226,548	213,867
Total	17,076	13,730	248,577	245,232

Net Book Value

(CZK thousand)	31. December 2017	31. December 2016
Depreciated tangible assets	14,047	11,740
of which: cars	5,352	1,128
hardware	7,008	8,304
office equipment	1,509	2,057
furniture and fixtures	178	251
Amortised intangible assets	50,126	33,527
Non-depreciated tangible assets	236	236
Technical improvements of intangible assets	143	82
Technical improvements of tangible assets	0	665
Acquisition of assets	908	10,894
of which: intangible assets	497	10,765
tangible assets	411	129
Total	65,460	57,145

The assets shown in the tables above represent tangible and intangible fixed assets reported within the following balance sheet lines:

(CZK thousand)	31. December 2017	31. December 2016
Intangible assets (line 2)	50,766	44,374
Tangible movable assets (line 31)	14,694	12,771
Total	65,460	57,145

Major additions to the tangible depreciated assets in 2017 were related to the purchase of new cars (CZK 5,533 thousand). Major additions to the tangible depreciated assets in 2016 were related to the purchase of new servers (CZK 5,742 thousand).

With respect to the amortised intangible assets, the most significant item was the investment into data warehouse and support of software AIA used for evidence of life insurance (16,831 thousand). In 2016 the most significant item was the investment into data warehouse and document management system (DMS) (CZK 21,997 thousand).

4.2. Investments

Group of assets (CZK thousand)	31. December 2017	31. December 2016
Debt securities issued by an EU member state or its central bank	15,425,692	17,281,002
Debt securities issued by financial institutions of EU member states	9,254,154	8,489,423
Listed bonds issued by EU businesses	4,186,328	5,233,517
Listed municipal bonds	667,348	673,109
Listed debt securities issued by banks and trading companies of non-EU member states	5,431,159	5,848,723
Total fixed income securities	34,964,680	37,525,774
Shares and KB Real estate Fund	1,674,207	1,666,240
Deposits with banks	787,705	1,573,695
Other investments – Cross Currency Swap	(183,289)	(1,687,330)
Total investments	37,243,303	39,078,379

The investments are carried out in accordance with the principle of prudent investment according to Act no. 277/2009 Coll., Act on Insurance and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive EP and Council 2009/138 / EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

35% (2016: 38%) of investments are allocated to government bonds issued by the Czech Republic. Investments have also been allocated to debt securities issued by banks, bonds issued by businesses (registered both in the Czech Republic and abroad), municipal bonds, shares, KB Real estate Fund and bank deposits. In 2017 and 2016 were all bonds categorized as held to maturity. As of 31 December 2017 and as of 31 December 2016 the bad debt provision to bonds was zero.

(CZK thousand)	Amortized cost		Fair value	
	31. December 2017	31. December 2016	31. December 2017	31. December 2016
OECD debt securities held to maturity – listed on the Prague Stock Exchange	12,246,389	13,468,945	12,985,107	15,037,965
Other debt securities	22,718,291	24,056,829	23,891,353	25,182,063
Total	34,964,680	37,525,774	36,876,460	40,220,028

The fair value of liquid and quoted investments (item „OECD debt securities held to maturity“) is based on the market observable prices. The fair value of illiquid or non-quoted investments (item „Other debt securities“) is based on valuation models that use inputs and assumptions that are either observable or unobservable.

In 2017 all debt securities are valued at amortized cost in total amount of CZK 34,964,680 thousand, refer to line C. III. 2. Bonds and other fixed income securities.

In 2016 all debt securities were valued at amortized cost in total amount of CZK 37,525,774 thousand, refer to line C. III. 2. Bonds and other fixed income securities on the balance sheet.

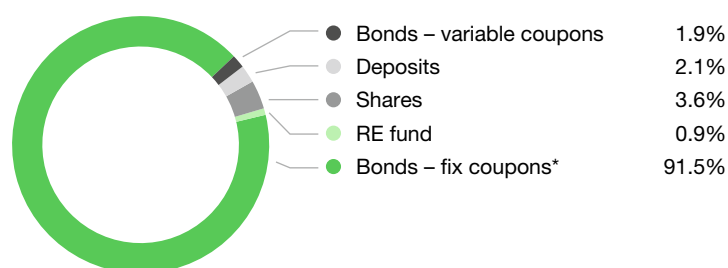
Investments in shares represent an additional instrument added to the portfolio. At the end of 2017, the volume of stock investments amounted to 3.6% (2016: 3.4%). As of 31 December 2017 the investment in shares include investment in the KB Real estate Fund in the amount of CZK 352,680 thousand. (2016: CZK 325,410 thousand).

The real value of the Cross Currency Swaps can be split into swaps with a positive real value in the total amount of CZK 462,491 thousand (2016: CZK 44,072 thousand) and negative real value in the total amount of CZK 645,780 thousand (2016: CZK 1,731,402 thousand).

In 2017, apart from the bonds denominated in CZK (acquisition cost: CZK 0.656 billion), 13 bonds denominated in EUR and USD were purchased and included in the investment portfolio. Their total acquisition cost amounted to CZK 3.245 billion. In 2016, apart from the bonds denominated in CZK (acquisition cost: CZK 0.4 billion), 9 bonds denominated in EUR and USD were purchased and included in the investment portfolio. Their total acquisition cost amounted to CZK 2.9 billion.

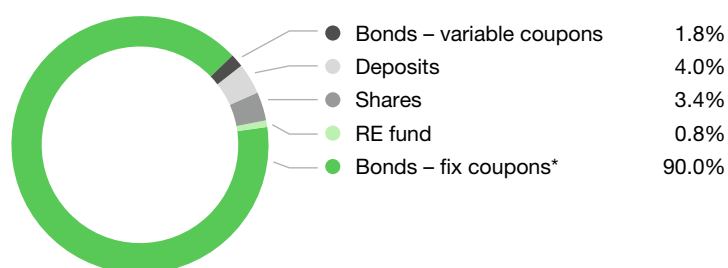
The future foreign-currency cash flows from these investments were hedged against the currency risk by the retranslation of cash flows from the foreign-currency bonds into Czech crowns at a previously stipulated exchange rate using the cross-currency swaps. The foreign-currency bonds were purchased because of their higher yield offered by issuers on the European financial market compared to the domestic market.

Company portfolio of investments as of 31 December 2017 (%)



* includes also cross currency swaps

Company portfolio of investments as of 31 December 2016 (%)



* includes also cross currency swaps

Investment life insurance where the policyholder carries the investment risk

As of 31 December 2017, the fair value of Investments to life insurance where the investment risk is carried by the policyholder was CZK 10,129,642 thousand (2016: CZK 8,184,597 thousand). Significant part of the investments to life insurance where the investment risk is carried by policyholder is placed in bond funds.

4.3. Debtors (Receivables)

Analysis of receivables (gross amount)

(CZK thousand)	31. December 2017	31. December 2016
Receivables from direct insurance from policy holders	72,328	92,189
Amounts due from reinsurance transactions	160	31,120
Total receivables from direct insurance and reinsurance	72,488	123,309
Other receivables from direct insurance and reinsurance	10,530	8,315
Operating prepayments	36,828	42,478
Other debtors	19,637	19,235
Prepaid income tax	230,311	70,645
Total receivables	369,794	263,982

Amounts due from reinsurance transactions in total amounted to CZK 160 thousand. The sharp decrease in current year is caused mainly by settlement of receivable claim arising from industry instance (2016: CZK 0). Total allowances for receivables from collateral amounted to CZK 30,840 thousand as at 31 December 2016. This allowance was fully reversed as at 31 December 2017.

As of 31 December 2017 and as of 31 December 2016, other receivables from direct insurance and reinsurance arise from the delay between the transfer of insurance claim payments through the client payment check system and their settlement (i.e. the settlement of receivables against the related account payables to the policy holders).

As of 31 December 2017, operating prepayments totalling CZK 36,828 thousand (2016: CZK 42,478 thousand) primarily include bonus prepayments related to collective insurance contracts of CZK 27,625 thousand (2016: CZK 33,253 thousand), a prepayment of CZK 1,705 thousand provided to AXA ASSISTANCE (2016: CZK 1,720 thousand) and a rental guarantee payment of CZK 4,219 thousand (2016: CZK 4,351 thousand).

As of 31 December 2017, other debtors consist of ex-coupon receivables amounting to CZK 5,523 thousand (2016: CZK 5,481 thousand) and receivable from outstanding commissions to company SGCIB amounting to CZK 13,839 thousand (2016: 13,642 thousand). During the year 2018 this receivable was settled.

In the line "Prepaid income tax" and "deferred tax receivable" is indicated advanced income tax payment for 2017 in amount of CZK 92,714 thousand (2016: 0 Kč). In the previous period the Company recorded deferred tax payable.

Aging Analysis of Receivables from Direct Insurance for Policy Holders:

(CZK thousand)	Months past due date 2017				Total
	0-3	4-6	7-12	Over 12	
Life insurance	26,388	8,669	1,311	11,683	48,051
Non-life insurance	7,817	1,624	204	14,632	24,277
Total	34,205	10,293	1,515	26,315	72,328

(CZK thousand)	Months past due date 2016				Total
	0-3	4-6	7-12	Over 12	
Life insurance	39,146	5,129	1,086	10,895	56,256
Non-life insurance	18,832	2,009	494	14,598	35,933
Total	57,978	7,138	1,580	25,493	92,189

The Company recognised the provisions against receivables only for individual insurance policies. For collective insurance policies, i.e. Merlin, Group risk life insurance, International products or Consumer loans life insurance, the risk of default is on the side of policy holders and no provisions are recognised.

Provisions against Receivables from Direct Insurance:

(CZK thousand)	Months past due date 2017				Total
	0-3	4-6	7-12	Over 12	
Life insurance	0	334	597	10,120	11,051
Non-life insurance	0	186	422	13,125	13,732
Total	0	520	1,019	23,245	24,783

(CZK thousand)	Months past due date 2016				Total
	0-3	4-6	7-12	Over 12	
Life insurance	0	570	534	9,669	10,773
Non-life insurance	0	13	32	12,477	12,522
Total	0	583	566	22,146	23,295

4.4. Cash on accounts with financial institutions and cash on hand (Cash and Cash Equivalents)

(CZK thousand)	31. December 2017	31. December 2016
Current accounts	250,377	274,343
Cash on hand	111	71
Cash equivalents	556	505
Cash in transit	840	5,073
Provision against UB	(58)	(67)
Total	251,826	279,925

The Company recognised a full provision against its current account maintained with Union banka, amounting to CZK 96 thousand in 2003. In 2004, 2010 and 2017 this outstanding receivable was partly settled in the amount of CZK 38 thousand (2017: 9 thousand). The underlying provision was reduced by the same amount. The Company will record the provision until the liquidation of Union banka is completed.

Item Cash in transit contains unconverted transactions from investments in life insurance, where the policyholder carries the investment risk.

4.5. Temporary Assets

Analysis of temporary assets

(CZK thousand)	31. December 2017	31. December 2016
Deferred acquisition costs	158,958	137,998
of which: Non-life insurance commissions	47,734	40,953
Life insurance commissions	111,224	97,045
Other deferred expenses	39,290	30,866
of which: capitalized expenses of selected projects	31,384	21,961
other deferred expenses	7,905	8,905
Estimated receivables	111,307	130,821
of which: premiums	33,358	61,710
reinsurer's commission and share in claims	64,142	58,347
other	13,808	10,764
Total	309,555	299,685

For further details about reinsurance balances refer to Note 4.17. or rather 2.13.

Capitalized costs of the projects in 2017 include primarily costs associated with the implementation of property insurance into company's IT systems.

The balance of estimated premium receivables as of 31 December 2017 of CZK 33,358 thousand (2016: CZK 61,710 thousand) represents premiums under policies that have been entered into but not recorded in the operating system by the closing date.

The balance of estimated receivables from reinsurer's commission and share of reinsurer as of 31 December 2017 of CZK 64,142 thousand (2016: CZK 58,347 thousand) results from the settlement of reinsurance balances mainly for the last quarter of 2017.

Other estimated receivables results mainly from not invoiced managerial fees related to Forte funds and Certus funds amounting to CZK 13,465 thousand (2016: CZK 10,121 thousand).

Detailed information are presented in chapter 4.27.

4.6. Equity

(CZK thousand)	31. December 2017	31. December 2016
Share capital	1,175,398	1,175,398
Other capital funds	(579,397)	324,083
– valuation gains and losses of securities	(696,860)	1,820,204
– valuation gains and losses of derivatives	(106,941)	(1,580,362)
– up-front fees	88,497	160,261
– deferred tax	135,908	(76,019)
Statutory reserve fund	61,264	61,264
Retained earnings	624,790	549,910
Profit/(loss) for the period	437,270	486,960
Total	1,719,326	2,597,615

4.7. Technical Reserves

(CZK thousand)			31. December 2017	31. December 2016
Name of reserve	Gross balance	Reins. share	Net balance	Net balance
Life insurance reserve	35,984,934	2,320,542	33,664,393	34,555,939
Life insurance reserve where the investment risk is assumed by the policy holder	10,129,642	0	10,129,642	8,184,597
IBNR reserve	120,465	2,344	118,121	96,520
of which:				
Non-life insurance	42,516	2,057	40,458	32,327
Life insurance	77,950	286	77,663	64,193
RBNS reserve	362,574	17,507	345,067	286,783
of which:				
Non-life insurance	66,459	12,507	53,952	49,880
Life insurance	296,115	5,000	291,115	236,903
Reserve for bonuses and discounts	1,673,257	0	1,673,257	1,544,781
of which:				
Non-life insurance	257	0	257	386
Life insurance	1,673,000	0	1,673,000	1,544,395
Reserve for unearned premiums	84,134	37	84,097	77,313
of which:				
Non-life insurance	58,937	37	58,900	52,895
Life insurance	25,197	0	25,197	24,418

4.8. Result of Non-Life Insurance Claims Settlement – Run-Off Analysis (Net)

(CZK thousand)	2017	2016
Balance of the reserve for claims as of 1 January	81,015	141,216
Claims paid in the current period arising from claims from the prior period	16,655	29,539
Balance of the reserve for claims as of 31 December	55,778	53,805
Result of claims settlement	8,582	57,872

4.9. Result of Life Insurance Claims Settlement – Run-off Analysis (Net)

(CZK thousand)	2017	2016
Balance of the reserve for claims as of 1 January	161,922	115,966
Claims paid in the current period arising from claims from the prior period	62,064	53,603
Balance of the reserve for claims as of 31 December	90,015	70,355
Result of claims settlement	9,843	(7 993)

The run-off analysis (net) of life insurance products is presented for risk and accident riders. The run-off in respect of insurance capital products is zero.

4.10. Reserves (Reserves for Other Risks and Losses)

(CZK thousand)	31. December 2017	31. December 2016
Reserve for corporate income tax	93,815	119,687
Other reserves	11,935	18,248
Total reserve for other risks and losses	105,750	137,935

Other reserves include particularly reserve for unused holiday and annual letters.

There was a reversal of the provision for restructuring in area of industry and business insurance in the amount of CZK 7,500 thousand because of final settlement with reinsurer (The remaining part of the provision amounts to CZK 0 as at 31 December 2017).

4.11. Creditors (Payables)

(CZK thousand)	31. December 2017	31. December 2016
Payables from direct insurance to the policy holders	125,925	223,629
Payables to insurance brokers	241	0
Payables from reinsurance transactions	64,880	36,048
Total payables from direct insurance and reinsurance	191,046	259,678
Payables to staff from dependent activities	12,635	11,834
Settlement balances with social security and health insurance institutions	7,682	7,339
Other payables	58,188	123,132
Other direct taxes	3,363	3,591
Other indirect taxes and fees	5,010	5,311
Total payables	277,924	410,884

None of the Company's payables were secured by a pledge or any other encumbrance as of 31 December 2017 and as of 31 December 2016.

As of 31 December 2017, the Company records overdue payables from direct insurance to the policy holders (older than 5 years, in the amount of CZK 25,789 thousand; 2016: CZK 24,627 thousand). These consist of unpaid overpayments of premiums.

Other payables that do not relate to insurance predominantly include liability from cooperation with insurance brokers.

In 2016 was in this line included deferred tax liability in amount of CZK 73,646 thousand. In 2017 there is recorded deferred tax asset in amount of CZK 137,585 thousand.

4.12. Temporary Liabilities

Analysis of Temporary Liabilities

(CZK thousand)	31 December 2017	31 December 2016
Estimated payables	227,221	217,209
of which:		
Reinsurance value	23,964	24,015
Commissions to acquirers	151,317	140,044
Insurance claims	3,018	1,950
Other	48,923	51,200
Total temporary liabilities	227,221	217,209

Estimated commissions payables to acquirers of CZK 151,317 thousand (2016: CZK 140,044 thousand) represent an estimate of unpaid commissions for the acquisition of insurance policies. This balance predominantly consists of bonuses not paid to ESSOX amounting to CZK 45,895 thousand (2016: CZK 43,399 thousand) and bonuses not paid to Komerční banka, a.s. totalling CZK 70,337 thousand (2016: CZK 69,462 thousand).

Other temporary liabilities of CZK 48,923 thousand (2016: CZK 51,200 thousand) principally comprise unbilled supplies of CZK 40,582 thousand (2016: CZK 43,418 thousand) and costs of staff bonuses for 2017 amounting to CZK 8,009 thousand (2016: CZK 6,947 thousand).

4.13. Taxation

The income tax due was calculated as follows:

(CZK thousand)	2017	2016
Profit /(Loss) before taxation	527,797	605,492
Revenues exempted from taxation (rate of 19%)	(84,239)	(59,693)
Tax non deductible expenses	12,979	44,379
Tax base	456,536	590,177
Income tax due in amount of 19%	86,734	112,126
Tax arising from independent tax base	7,081	7,561
Income tax due	93,815	119,687
Impact to P&L arising from last year income tax report (provision vs. final tax)	(4,025)	(2,096)
Total Income tax due	89,790	117,591

Deferred tax receivable (+)/ payable (-) is being analyzed accordingly:

(CZK thousand)	31. December 2017	31. December 2016
Deferred tax payable:		
Net book value of tangible and intangible fixed assets	(1,974)	(878)
Non current financial assets	0	(76,019)
Deferred tax payable total	(1,974)	(76,897)
Deferred tax receivable:		
Long-term financial assets	135,908	0
Reserves	2,129	1,931
Bonuses	1,522	1,320
Deferred tax receivable total	139,559	3,251
Net deferred tax receivable/liability (+/-)	137,585	(73,646)

Change of net deferred tax receivable/payable is being analyzed accordingly:

(CZK thousand)	2017	2016
Net deferred tax receivable/payable (+/-) as of January 1	(73,646)	(205,560)
Change of deferred tax recognized in profit and loss statement	(696)	(900)
Change of deferred tax recognized in equity	211,927	132,813
Net deferred tax receivable/payable (+/-) as of December 31	137,585	(73,646)

(CZK thousand)	2017	2016
Total income tax due	89,790	117,591
Change of deferred tax recognized in profit and loss statement	696	900
Income tax due	90,486	118,491

The Company recorded deferred tax receivable as of 31 December 2017 in full amount of CZK 137,585 thousand due to the probable availability of future taxable profits, which would enable its utilisation. In the year 2016 there was recorded deferred tax payable in the amount of CZK 73,646 thousand.

4.14. Non-Life Insurance

(CZK thousand)	2017	2016
Gross written premium	419,911	376,915
Gross earned premium	413,910	370,259
Gross costs of insurance claims	66,506	106,141
Reinsurance balance	(7,962)	(33,092)
Acquisition costs of insurance policies	105,304	89,135
– commissions	112,372	96,962
– other acquisition costs	0	0
– release of deferred expenses and accrued income	0	0
– creation of deferred expenses and accrued income	(7,069)	(7,827)
Administrative overhead	115,397	81,861

4.15. Life insurance

(CZK thousand)	2017	2016
Gross written premium	5,729,912	6,283,168
Earned premium	5,729,132	6,275,814
Gross costs of insurance claims	4,441,854	4,105,364
Reinsurance result	25,072	63,141
Acquisition costs of insurance policies	194,986	217,357
– commissions	209,165	201,969
– other acquisition costs	0	1,615
– change in deferred expenses and accrued income	(14,179)	13,772
Administrative overhead	243,635	231,208

Summary of life insurance, written premium

(CZK thousand)	2017	2016
Individual contracts	5,597,556	6,144,571
of which: insurance contracts where the investment risk is carried by the policyholder	1,708,213	1,450,075
Collective contracts	132,356	138,597
Life insurance – total	5,729,912	6,283,168
Single premium	4,783,918	5,358,939
of which: insurance contracts where the investment risk is carried by the policyholder	1,680,517	1,427,918
Regular premium	945,993	924,229
of which: insurance contracts where the investment risk is carried by the policyholder	27,696	22,157
Life insurance – total	5,729,912	6,283,168
Insurance contracts without premium	637,380	609,924
Insurance contracts with premium	5,092,532	5,673,244
of which: insurance contracts where the investment risk is carried by the policyholder	1,708,213	1,450,075
Life insurance – total	5,729,912	6,283,168

4.16. Territorial Analysis of Total Premium Written

The Company entered into insurance contracts in the Czech Republic, Slovakia, Bulgaria, Romania and Germany.

(CZK thousand)	2017	2016
Written premium arise from contracts into which the Company entered:		
in the EU member state where it has its registered office	6,031,094	6,515,202
in other EU member states	118,729	144,881
Total premiums written	6,149,823	6,660,083

4.17. Summary of Commissions

The total balance of commissions in respect of direct insurance amounted to CZK 321,537 thousand in 2017 (2016: CZK 300,547 thousand) and was segmented as follows:

(CZK thousand)	Life insurance		Non-life insurance	
Year	2017	2016	2017	2016
Expenses on commissions	209,165	203,585	112,372	96,962

4.18. Income and Expense Related to Investments of Technical Reserves

For the year ended 31 December 2017, the net income on the Company's investments amounted to CZK 860,895 thousand (2016: CZK 957,956 thousand), of which the net income from assets generated from technical reserves amounted to CZK 816,665 thousand (2016: CZK 887,564 thousand).

As discussed in Note 2.15, income and expense from investments are recorded primarily on the life insurance technical account during the reporting period.

At the year-end, net financial income unrelated to life insurance is re-allocated to the non-technical accounts (2017: CZK 44,979 thousand, 2016: 72,838 thousand) and subsequently re-allocated to the non-life insurance technical accounts (2017: 749 thousand, 2016: CZK 2,446 thousand).

Year	2017		2016	
(CZK thousand)	Life insurance	Non-life insurance	Life insurance	Non-life insurance
Year-end net balances of reserves	38,057,197	168,168	39,116,841	148,552
Year-end net balances of reserves – investment risk is carried by the policyholder	10,129,642	-	8,184,597	-
Income from reserves	815,916	749	885,118	2,446

4.19. Change in other technical provisions, net of reinsurance

In accordance with the procedures set forth in item 2.8. the Company accounted for the following changes in technical provisions:

(CZK thousand)	2017	2016
Change in life insurance premium (line C.2. in Balance sheet)	(891,547)	(185,418)
Change in other technical provisions (line C.6 in Balance sheet)	0	(90,706)
Subtotal Change in life insurance premium – net amount (line 6.a) in Profit and Loss statement	(891,546)	(276,124)
Change in provision for bonuses and discount (line C.4 in Balance sheet)	128,476	-
Change in Unit link life insurance provision (line D. in Balance sheet)	1,945,045	1,844,190
Subtotal Change in other technical reserves (line 6.b) in Profit and Loss Statement	2,073,521	1,844,190
Change in provision for unearned premium – life insurance business (line C.1) in Balance sheet)	779	7,354
Change in provision for unearned premium – non-life insurance business (line C.1) in Balance sheet)	6,004	6,785
Subtotal Change in provision for unearned premium – net amount	6,783	14,139
Change in provision for outstanding insurance claims – life business (line C.3) in Balance sheet)	67,682	42,209
Change in provision for outstanding insurance claims – non-life business (line C.3) in Balance sheet)	12,203	(59,008)
Subtotal Change in provision for unearned premium – net amount	79,885	(16,799)
Total Change in technical provisions – net amount	1,268,642	1,565,406

4.20. Unrealised gains and losses on investments

Unrealised gains and losses on investments include revaluation Life insurance reserve where the investment risk is carried by the policyholder and the revaluation of KB Real estate fund. Total unrealized loss on shares amounted to CZK 19,302 thousand in 2017 (2016: the total unrealized loss on shares value amounted to CZK 6,231 thousand). Unrealised gain from revaluation of KB Real Estate fund amounted to CZK 27,270 thousand in 2017 (2016: CZK 25,410 thousand). The unrealised gains from investments of life insurance, where the investment risk is assumed by the policy holder amounted to CZK 96,644 thousand in 2017 (2016: CZK 19,382 thousand).

4.21. Administrative Expenses

The total amount of administrative expenses was CZK 359,032 thousand in 2017 (2016: CZK 313,069 thousand). The administrative expenses are analysed as follows:

(CZK thousand)	2017	2016
Staff cost (wages, social security and health insurance)	190,335	179,181
Training	2,361	2,496
Advisory services	27,239	25,638
Telecommunication	2,477	1,969
IT costs	28,593	23,800
Tangible and Intangible asset Depreciation	17,076	10,081
Depreciation of capitalised cost of selected projects	3,927	1,575
Rental	17,493	17,861
Banking and postal fees	9,111	8,945
Other administrative costs	60,421	41,523
Total	359,032	313,069

The costs of the audit of the financial statements amounted to CZK 2,193 thousand in 2017 (2016: CZK 1,729 thousand).

4.22. Other Technical Income and Expenses and Non-Technical Account

The most significant items of Other technical income from non-life insurance primarily includes reversion of an allowance for industry insurance in the amount of CZK 30,840 thousand and reversion of restructuring reserve for industry insurance in the amount of CZK 7,500 thousand. Further, it includes foreign exchange rate differences in the amount of CZK 439 thousand (2016: 810 thousand).

Other technical expenses of non-life insurance amounting to CZK 48,215 thousand (2016: CZK 71,339 thousand) mainly include cost of bonuses totalling CZK 39,977 thousand (2016: CZK 35,907 thousand) and the foreign exchange rate differences. Allowance for industry insurance in the amount of CZK 30,840, that made a significant part of other technical expenses in 2016 was reversed in 2017.

Other technical income of life insurance primarily includes the management fee for the sale of Forte funds amounting to CZK 58,438 thousand (2016: CZK 45,625 thousand).

Other technical expenses of life insurance include items relating to the cost of bonuses in the amount of CZK 55,461 thousand (2016: CZK 69,136 thousand) and fees related to assets under administration in the amount of CZK 159,809 thousand (2016: CZK 142,758 thousand).

4.23. Reallocation of Costs between Technical and Non-Technical Accounts

The aggregate balance of costs re-allocated between the life insurance technical accounts, the non-life insurance technical accounts and the non-technical accounts on the basis as disclosed in Note 2.14 as of 31 December 2017 amounted to CZK 359,032 thousand (2016: CZK 313,069 thousand).

4.24. Transactions with Related Parties

(CZK thousand)	2017	2016
Income from companies within the group		
Gross written premiums	436,630	438,516
Income from investments	664,138	675,870
Other income	58,608	12,119
Profit sharing – reinsurer	38,027	33,587
Direct premiums ceded to reinsurer	(268,649)	(492,434)
Reinsurers share for usage of provision for life-insurance	(583,934)	(402,652)
Reinsurers share for usage of claims provision	(12,838)	(5,323)
Total income	331,982	259,683
Cost against companies within the group		
Commissions/variable bonuses	483,974	460,203
Reinsurers share on costs for insurance benefits	(460,812)	(269,991)
Costs linked to investments (cross currency swaps)	907,115	952,235
Reinsurers share on creation of provision for life-insurance	(401,753)	(694,352)
Reinsurers share on creation of claim provision	(10,576)	(3,740)
Other costs	50,495	45,484
Total costs	568,444	489,839
Receivables against companies within the group		
Securities and other investments	2,694,773	2,946,481
Current accounts and deposits	1,038,015	1,847,962
Receivables for insurance	69,407	46,040
Temporary assets	183,592	183,840
Total receivables	3,985,787	5,024,324
Receivables against companies within the group		
Payables for reinsurance and other payables	100,002	103,939
Valuation differences – currency swaps	183,289	1,720,235
Provision for premium life-insurance – reinsurer	(2,320,542)	(2,685,143)
Provision for premium insured events – reinsurer	(2,236)	(1,065)
Temporary liabilities	173,946	145,154
Total payables	(1,865,541)	(716,880)

4.25. Profit/(Loss)

(CZK thousand)	2017	2016
Non-life insurance	95,155	114,106
Life insurance	388,412	420,994
Non-technical account (before tax)	44,230	70,392
Profit/(loss) before tax	527,797	605,492
Income tax and other taxes	90,527	118,532
Profit/(loss) for the accounting period	437,270	486,960

4.26. Staff Costs and Similar Costs

Staff and similar costs paid by the Company were as follows:

2017				
(CZK thousand)	Average recalculated headcount	Wages and salaries	Social security and health insurance	Total staff costs
Staff	180	127,044	38,847	165,891
Management	6	20,246	4,198	24,444
Total	186	147,290	43,045	190,335

2016				
(CZK thousand)	Average recalculated headcount	Wages and salaries	Social security and health insurance	Total staff costs
Staff	173	117,234	36,610	153,844
Management	6	20,935	4,402	25,337
Total	179	138,169	41,012	179,181

As of 31 December 2017 the Company enables , seventeen employees to use business cars for both business and private purposes (as of 31 December 2016 eighteen employees). The Company has provided no other advances, borrowings or loans to the members of its statutory, executive and supervisory bodies in addition to this benefit.

4.27. Reinsurance

The aggregate reinsurance result

(CZK thousand)	2017	2016
Reinsurer's share of premiums	(327,918)	(575,843)
Reinsurer's share of insurance claims	474,551	319,105
Commissions	55,117	52,597
Reinsurance balance	201,750	(204,141)
Reinsurer's share on the creation and use of reserves	(184,641)	234,189
Reinsurance result	17,109	30,048

The amounts due from and to reinsurers:

(CZK thousand)	31. December 2017	31. December 2016
Receivable from reinsurers	160	281
Estimated receivable	64,142	58,347
Payable to reinsurers	(64,880)	(36,048)
Estimated payable	(24,045)	(19,105)
Net receivable (payable) from reinsurers	(24,623)	3,475

5. Off-balance sheet commitments

The Company is not aware of any off-balance sheet commitments.

6. Other significant post balance sheet events

At the financial statements date, management of the Company is not aware of any events that would require adjustment of the Company's financial statements.

Proposed distribution of 2017 profit is not known as at the date of issue to the financial statements for the year 2017.

Report on Relations among Related Entities for the year ended 31 December 2017

(hereinafter referred to as the "**Report on Relations**")

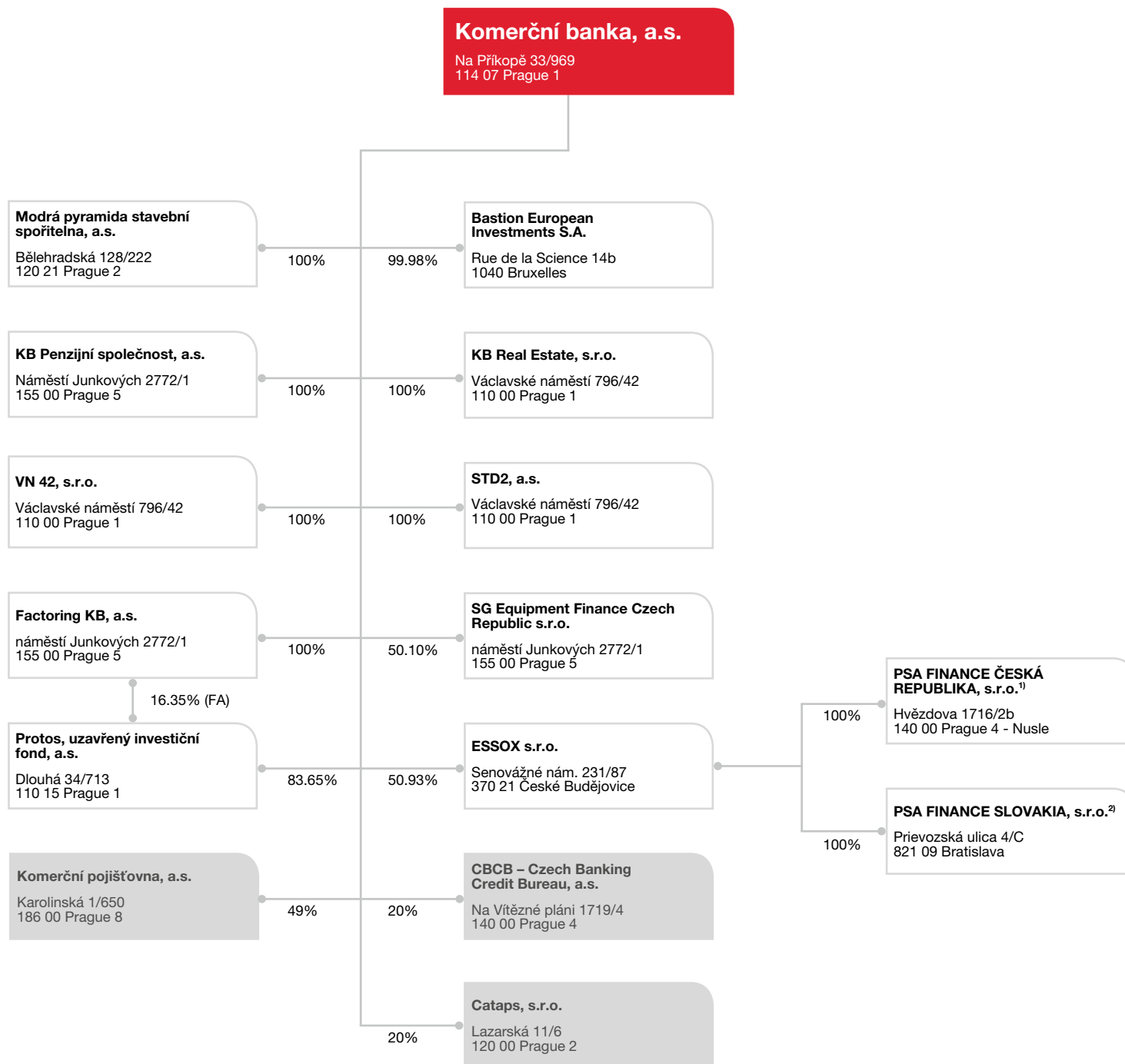
Komerční pojišťovna, a.s., with its registered office in Prague 8, Karolinská 1/650, post code 186 00, Corporate ID 63998017, incorporated with the Municipal Court in Prague, Section B, File 3362, (hereinafter referred to as the "Company"), is a part of a business group (holding company) in which the following relations between the Company and its Controlling Entity and further between the Company and other entities controlled by the same Controlling Entity (hereinafter referred to as the "**Related Entities**") exist.

This report on relations was prepared in accordance with Section 82 et seq. of Act No. 90/2012 Coll., on Business Companies and Cooperatives (the Corporations Act) for the year ended 31 December 2017, ie, from 1 January 2017 to 31 December 2017 (hereinafter referred to as the "**Reporting Period**").

I. Introduction

In the period from 1 January 2017 to 31 December 2017, the Company was a member of the Société Générale S.A. Group with its registered office at 29, BLD Hausmann, 75009 Paris, France, number of registration in the French Commercial Register: R.C.S. Paris B552120222 (1955 B 12022) (hereinafter referred to as "**SG**" or "**SG Paris**").

The structure of the relations between the members of the SG Group is illustrated in amendment no.1 to this report. The structure of the relations between the members of KB Group is as follows:



¹⁾ As of 1 January 2018, the company merged with ESSOX s.r.o.

²⁾ As of 1 January 2018, the company changed its trade name to ESSOX Finance, s.r.o. and its registered office moved to Karadžičova 16, 821 08 Bratislava, Slovakia.
Note: Percentage of share capital and participation in voting rights may differ.

During the course of the 2017 reporting period, the Company entered into arrangements with the following Related Entities that are a part of the Group¹⁾:

Company	Registered office	SG's share of voting rights
ESSOX s.r.o.	Senovážné náměstí 231/7, 370 21 České Budějovice	100%
ALD Automotive s.r.o.	U Stavoservisu 527/1, 108 00 Praha 10	100%
KB Penzijní společnost, a.s.	náměstí Junkových 1, 155 00 Praha 5	100%
Komerční banka, a.s.	Na Příkopě 33, 114 07 Praha 1	60.735%
Modrá pyramida stavební spořitelna, a.s.	Bělehradská 128/222, 120 21 Praha 2	100%
SG Equipment Finance Czech Republic s.r.o.	náměstí Junkových 1, 155 00 Praha 5	100%
Société Générale S.A.	29, BLD Hausmann, 75009 Paříž, France	
Sogecap S.A.	Tour D2, 17 bis, place des Reflets, 92919 Paris La Défense Cedex, France	100%
Sogelife Bulgaria IJSC	Osogovo 38-40 street, Cristal Building, Sofia 1303, Bulgaria	100%
BRD Finance	Rue Ion Mihalache no.1-7, Tour BRD, Secteur 1, Bucarest, Romania	100%
BRD Societe Generale SA	B-dul Ion Mihalache no.1-7, Tour BRD, Secteur 1, Bucarest, Romania	100%
Hanseatic Bank GmbH & Co KG	Bramfelder Chaussee 101, Hamburg, Germany	75%
Sogelease Bulgaria Ltd.	73 Aleksandar Stamboliyski Blvd, Sofia 1303, Bulgaria	100%
Sogessur SA	Tour D2, 17 bis place des Reflets – 92919 Paris La Défense Cedex, France	100%
Societe Generale Corporate Investment Banking	29, BLD Hausmann, 75009 Paříž, France	100%
Sogelife Luxembourg SA	11, Avenue Emilie Reuter, L-2420 Luxembourg	100%
Société Générale EXPRESSBANK AD	92 bd, Vladislav Varnenchik Str., 9000 Varna, Bulgaria	99.74%

¹⁾These are companies controlled by SG Paris in direct and also indirect course in meaning of § 79 section of the Corporations Act.

The role of the Company within the Group:

The Company is a part of the Komerční banka financial group (hereinafter the “KB Group”) and also a part of the international financial group of Société Générale (hereinafter the “SG Group”). The majority owner of Company’s 51% of shares, is the insurance company SOGECAP S.A. France (hereinafter “SOGECAP”), a SG’s wholly-owned subsidiary. The minority shareholder is Komerční banka a.s. (hereinafter “KB”) which holds 49% interest. SG as the majority owner and KB act in concert.

The Company focuses on life insurance services but also sells other types of insurance that suitably complement banking and other financial products offered by its partners within the SG Group. The company’s products are mostly distributed via the KB Group members, especially through the distribution network of KB (eg. Modrá Pyramida stavební spořitelna, ESSOX) and also the Company’s external partners.

As a part of the KB Group, KB provides the Company with trade mark licences and also certain IT services, data processing and consultancy. Within the SG group a particular infrastructure of the IT technology is shared as well as knowledge in the area of the insurance and provision of financial services, development of financial services and products, operation of information technologies, risk management, regulation of financial markets and a company management.

The Company provides data to the KB and Sogecap on a regular basis – the data include, inter alia, data for consolidation purposes or consolidated reporting to the regulators or data for publishing purposes, budgets, business plans, anti-money-laundering measures and a business continuity plan.

The Company does not participate in the creation of the Group policies in the Czech Republic.

Ways and means of control

SOGECAP, as the majority shareholder, exerts its influence on the activity of the Company through the General Meeting; SOGECAP had two representatives in the Company’s four-member Supervisory Board during the year 2017. The minority shareholder KB had two representatives in the Company’s Supervisory Board in the year 2017.

SOGECAP is, pursuant to Section 79 of the Corporations Act, a controlling entity in respect of Company. The control is formally exercised by the implementation of SOGECAP’s methodologies in the Company’s internal regulations, in particular in the area of risk management and capital adequacy (solvency). Furthermore, there is an informal control taking the form of consultancy in individual areas of the Company’s activity.

II. Arrangements with Related Entities

A. Important Arrangements Made during the Reporting Period at the Initiative or in the Interest of the Controlling Entity or Entities Controlled by the Controlling Entity and Relating to Assets Exceeding 10 % of the Equity

Pursuant to the decision of the General Meeting dated 28 April 2017, the majority shareholder, SOGECAP S.A., received dividends for the year 2016 in the amount of CZK 210,171,000. The General Meeting also approved payment of dividends for the year 2016 in the amount of CZK 201,909,000 to the minority shareholder Komerční banka, a.s. Czech Republic.

B. An Overview of the Mutual Contracts Between the Controlled Entity and the Controlling Entity or Between Controlled Entities

Title of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Date of contract
General terms and conditions for fleet management + 1 Amendment	ALD Automotive s.r.o.	1.1.2014
Agreement of the provision of services	ALD Automotive s.r.o.	16.9.2015
Agreement of the provision of services	ALD Automotive s.r.o.	17.12.2015
Agreements of the provision of services number 150081239, 150081247, 150081232	ALD Automotive s.r.o.	5.6.2017
Agreements of the provision of services number 150080869, 150080868, 150080863, 150080864, 150080865, 150080866, 150080867	ALD Automotive s.r.o.	19.5.2017
Agreements of the provision of services number 150079273	ALD Automotive s.r.o.	23.3.2017
Collective insurance contract of the optional insurance for card protection / keys/ documents No. 3220000000 (as of 1 November 2010) +8 Amendments	BRD – Societe Generale SA	1.11.2010
Insurance Collective Contract of the optional insurance for the card protection and purchase protection no. 3160000000 (as of 17 November 2009) + 8 Amendments	BRD Finance	17.11.2009
Contract for personal data processing (as of 1 October 2003)	ESSOX s.r.o.	1.10.2003
Contract for collective insurance to loans of ESSOX s.r.o., No. 3020000000 (as of 1 August 2004) + 1 Amendment	ESSOX s.r.o.	1.8.2004
Contract for collective insurance to revolving loans and futuro cards of ESSOX s.r.o., No. 3030000000 (as of 1 September 2004) + 4 Amendments	ESSOX s.r.o.	1.9.2004
Contract for collective insurance to revolving loans and credit cards of ESSOX s.r.o., No. 3050000000 (as of 1 December 2004) + 3 Amendments	ESSOX s.r.o.	1.12.2004
Contract for collective insurance to the loans of ESSOX s.r.o., No. 3070000000 (as of 1 April 2005) + 7 Amendments	ESSOX s.r.o.	1.4.2005
Agreement on financial compensation in the form of Profit Sharing (as of 30 November 2005) + 6 Amendments	ESSOX s.r.o.	30.11.2005
Contract for collective insurance to consumer loans of ESSOX s.r.o., No. 3090000000 (as of 1 August 2006) + 3 Amendments	ESSOX s.r.o.	1.8.2006
Contract for collective insurance to the consumer loans of ESSOX s.r.o., No. 3100000000 (as of 1 August 2007) + 3 Amendments	ESSOX s.r.o.	1.8.2007
Contract for collective insurance of revolving loans and credit cards of ESSOX, No.3110000000 (as of 29 February 2008) + 2 Amendments	ESSOX s.r.o.	29.2.2008
Contract for collective insurance to revolving loans and credit card of ESSOX No. 3120000000 (as of 1 June 2008) + 2 Amendments	ESSOX s.r.o.	1.6.2008
Collective insurance agreement to consumer loans of the company ESSOX, No. 3130000000 (as of 2 January 2009) + 1 Amendment	ESSOX s.r.o.	2.1.2009
Contract for collective insurance to the leasing and credit contracts of ESSOX, s. r. o., No. 3180000000 (as of 1 June 2010) + 2 Amendments	ESSOX s.r.o.	1.6.2010
Master contract for Cooperation within the DSFS Group in the Czech republic (as of 6 March 2012)	ESSOX s.r.o.	6.3.2012
Group Insurance Contract (as of 30 March 2009) + 5 Amendments	Hanseatic Bank GmbH & Co KG	30.3.2009
Group Insurance Contract + 2 Amendments	Hanseatic Bank GmbH & Co KG	30.11.2014
Group Insurance Contract + 2 Amendments	Hanseatic Bank GmbH & Co KG	9.3.2016
Group Insurance Contract for SicherReise Insurance (as of 22 May 2017)	Hanseatic Bank GmbH & Co KG	22.5.2017
Contract for personal data processing (as of 10 October 2002)	KB Penzijní společnost, a.s.	10.10.2002
Contract for cooperation in the field of additional pension insurance with a state contribution (as of 18 August 2003)	KB Penzijní společnost, a.s.	18.8.2003

Title of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Date of contract
Framework cooperation contract No. 3010000245 (SPEKTRUM PROGRAMME) (as of 17 October 2006) + 2 Amendments	KB Penzijní společnost, a.s.	17.10.2006
Contract for personal data processing (as of 21 January 2013)	KB Penzijní společnost, a.s.	21.1.2013
Providing of consulting services in the area of technical provisions calculation for the year 2014 + 2 Amendments	KB Penzijní společnost, a.s.	10.12.2014
Contract for cooperation (as of 27 December 2000)	Komerční banka, a.s.	27.12.2000
Contract for provision of services on the short-term bonds market (as of 23 October 2001)	Komerční banka, a.s.	23.10.2001
Insurance contract for collective insurance of persons (as of 9 January 2003) + 8 Amendments	Komerční banka, a.s.	9.1.2003
Framework contract for cooperation between KB and KP, Spektrum Insurance Programme (as of 28 January 2003) No. 3010000235 + 4 Amendments	Komerční banka, a.s.	28.1.2003
Contract for rent of non-residential premises – Jihlava (as of 31 January 2003) + 8 Amendments	Komerční banka, a.s.	31.1.2003
Contract for Patron collective insurance (as of 25 August 2003) + 1 Amendment	Komerční banka, a.s.	25.8.2003
Contract for the use of KB safety deposit box (2 contracts)	Komerční banka, a.s.	21.11.2003
Contract for collective insurance to KB credit cards, No. 3040000000 (as of 1 November 2004) + 3 Amendments	Komerční banka, a.s.	1.11.2004
Licence agreement (as of 20 December 2004) + 1 Amendment	Komerční banka, a.s.	20.12.2004
Contract for establishment and management of a CZK current account at Komerční banka, a.s. (as of 21 January 2005) + 2 Amendments	Komerční banka, a.s.	21.1.2005
Contract for renting non-residential premises (Brno) (as of 31 May 2005)	Komerční banka, a.s.	31.5.2005
Cooperation agreement (as of 22 September 2005)	Komerční banka, a.s.	22.9.2005
Framework contract for personal data processing entered into between KB and KP (as of 24 March 2006)	Komerční banka, a.s.	24.3.2006
Contract for intermediation of “PATRON” (as of 25 April 2006)	Komerční banka, a.s.	25.4.2006
Contract for intermediation of “PROFI PATRON” (as of 25 April 2006)	Komerční banka, a.s.	25.4.2006
Contract for intermediation of “RISK LIFE FOR MORTGAGE LOANS” (as of 25 April 2006) + 4 Amendments	Komerční banka, a.s.	25.4.2006
Contract for intermediation of “PROFI MERLIN” (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	25.4.2006
Contract for intermediation of “MERLIN” (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	25.4.2006
Contract for intermediation of “PRODUCT VITAL AND PROGRAMME VITAL PLUS” (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	25.4.2006
Contract for intermediation of “VITAL GRANT” (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	25.4.2006
Contract for intermediation of “VITAL” (as of 25 April 2006) + 5 Amendments	Komerční banka, a.s.	25.4.2006
Agreement on cooperation in delivering payments (as of 29 May 2006)	Komerční banka, a.s.	29.5.2006
Separate Distribution Agreement for product “TRAVEL INSURANCE” (as of 14 June 2006) + 3 Amendments	Komerční banka, a.s.	14.6.2006
Agreement to alter contractual conditions (as of 31 August 2006)	Komerční banka, a.s.	31.8.2006
Separate Distribution Agreement on Vital Invest (as of 4 October 2006) + 33 Amendments	Komerční banka, a.s.	4.10.2006
Contract for provision of direct banking / Administration order (as of 5 October 2006)	Komerční banka, a.s.	5.10.2006
Contract for TVIS/STVIS and spot transactions (as of 7 December 2006)	Komerční banka, a.s.	7.12.2006
Separate Distribution Agreement No. 1 for “VITAL PREMIUM” (as of 18 December 2006) + 8 Amendments	Komerční banka, a.s.	18.12.2006
Contract for accepting payment cards – Internet (as of 29 March 2007) + 1 Amendment	Komerční banka, a.s.	29.3.2007
Agreement for provision of a chip card scanner (as of 2 April 2007)	Komerční banka, a.s.	2.4.2007
Agreement to send electronic messages about clearance (as of 5 June 2007)	Komerční banka, a.s.	5.6.2007
Framework contract for distribution (as of 22 June 2007) + 1 Amendment	Komerční banka, a.s.	22.6.2007
Contract for the use of safety deposit boxes (as of 16 July 2007)	Komerční banka, a.s.	16.7.2007
Collective insurance agreement for consumer loans No. 3010000000 (as of 1 August 2007) + 6 Amendments	Komerční banka, a.s.	1.8.2007
Contract for mutual cooperation (as of 1 August 2007) + 1 Amendment	Komerční banka, a.s.	1.8.2007
Contract for collective insurance to credit cards of Komerční banka, a.s., No. 3040000000 (as of 1 November 2007) + 3 Amendments	Komerční banka, a.s.	1.11.2007
Agreement to terminate the Contract for connection to KB’s HIS (as of 10 April 2008)	Komerční banka, a.s.	10.4.2008
Agreement fees’ clearance (as of 1 October 2008)	Komerční banka, a.s.	1.10.2008

Title of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Date of contract
Contract for Groupwide cooperation in terms of the value added tax (as of 21 November 2008) + 2 Amendments (Amendment number 2 as of 9 September 2014)	Komerční banka, a.s.	21.11.2008
Contract for collective insurance related to payment cards, No. 2149500001 (as of 26 January 2009) + 9 Amendments	Komerční banka, a.s.	26.1.2009
Contract for intermediation of Vital Plus (as of 14 April 2009) + 4 Amendments	Komerční banka, a.s.	14.4.2009
Contract for collective insurance to loans, No. 3140000000 (as of 5 May 2009) + 2 Amendments	Komerční banka, a.s.	5.5.2009
Separate distribution Agreement for product “Brouček” + 5 Amendments	Komerční banka, a.s.	15.6.2009
Contract for rent of non-residential premises – Ostrava (as of 30 September 2009) + 2 Amendments	Komerční banka, a.s.	30.9.2009
Contract for collective insurance MERLIN and PROFÍ MERLIN No. 3170000000 (as of 5 October 2009) + 8 Amendments	Komerční banka, a.s.	5.10.2009
Custody contract for “VITAL INVEST FORTE” (as of 6 October 2009) + 2 Amendments	Komerční banka, a.s.	6.10.2009
Framework contract for the arrangement of term deposits with an individual interest rate (as of 22 October 2009)	Komerční banka, a.s.	22.10.2009
Contract for collective insurance of purchased goods provided to KB credit cards, No. 3190000000 (as of 29 October 2009) + 1 Amendment	Komerční banka, a.s.	29.10.2009
Contract for cooperation in portfolio valuation (as of 9 December 2009)	Komerční banka, a.s.	9.12.2009
Contract for accepting electronic payments via Mojeplatba (as of 14 December 2009)	Komerční banka, a.s.	14.12.2009
Agreement on KB Call Centre services (as of 31 December 2009)	Komerční banka, a.s.	31.12.2009
Agreement for provision of services – outsourcing HR services (as of 21 April 2010) + 1 Amendment	Komerční banka, a.s.	21.4.2010
Agreement on custody services (as of 7 July 2010) + 2 Amendments	Komerční banka, a.s.	7.7.2010
Agreement on confidentiality (as of 9 July 2010)	Komerční banka, a.s.	9.7.2010
Framework agreement for provision of IT services (as of 14 September 2010)	Komerční banka, a.s.	14.9.2010
Acceptance of Rules for cooperation between KB and Members of the Group In the field of sourcing and purchasing (as of 15 October 2010)	Komerční banka, a.s.	15.10.2010
Contract for two types of collective insurance provided to A karta and Lady cards of Komerční banka No. 3230000000 (as of 1 April 2011) + 1 Amendment	Komerční banka, a.s.	1.4.2011
Contract for rent of non-residential premises – Hradec Králové (as of 29 August 2011) + 2 Amendments	Komerční banka, a.s.	29.8.2011
Framework contract on financial market trading (as of 3 October 2011)	Komerční banka, a.s.	3.10.2011
Agreement relating to collateral of securities (as of 3 October 2011)	Komerční banka, a.s.	3.10.2011
Contract of collective insurance “Profí pojištění plateb” No. 3250000000 (as of 7 December 2011) + 2 Amendments	Komerční banka, a.s.	7.12.2011
Contract of collective insurance “Moje pojištění plateb” No. 3240000000 (as of 7 December 2011) + 2 Amendments	Komerční banka, a.s.	7.12.2011
Subcontract No. 1 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010)	Komerční banka, a.s.	22.2.2012
Subcontract No. 2 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010) + 1 Amendment	Komerční banka, a.s.	22.2.2012
Subcontract No. 3 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010) + 2 Amendments	Komerční banka, a.s.	22.2.2012
Subcontract No. 4 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010) + 2 Amendments	Komerční banka, a.s.	22.2.2012
Group Risk Life Policy for employees N. 3280000000 (as of 29 February 2012) + 8 Amendments	Komerční banka, a.s.	29.2.2012
Agreement on Cooperation (as of 29 June 2012) in Execution on Contract for Group Risk life Insurance of Employees No. 3280000000, in the wording of Amendment No. 1 (as of 29 February 2012)	Komerční banka, a.s.	29.2.2012
Agreement relating to collateral of securities (as of 2 July 2012)	Komerční banka, a.s.	2.7.2012
The agreement on setting individual prices (as of 30 August 2012) + 2 Amendments	Komerční banka, a.s.	30.8.2012
Subcontract Nr. 5 for Master contract concerning IT Process Procedure (as of 7 September 2012) + 1 Amendment	Komerční banka, a.s.	7.9.2012
Framework agreement relating to trading/dealing on financial market (as of 19 November 2012)	Komerční banka, a.s.	19.11.2012

Title of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Date of contract
Separate Distribution Agreement for product VITAL PREMIUM v EUR (as of 23 November 2012) + 2 Amendments	Komerční banka, a.s.	23.11.2012
Cooperation agreement as of 21 December 2012 no.000020484/0000 + 2 Amendments	Komerční banka, a.s.	21.12.2012
General agreement concerning compensation for clients as of 21 January 2013	Komerční banka, a.s.	21.1.2013
Collective insurance agreement to corporate cards and Gold corporate cards no.3290000000 as of 21 January 2013	Komerční banka, a.s.	21.1.2013
Agreement relating to collateral of securities as of 28 March 2013	Komerční banka, a.s.	28.3.2013
Agreement relating to collateral of securities as of 10 April 2013	Komerční banka, a.s.	10.4.2013
General agreement about dealing on financial markets – special agreement as of 11 April 2013	Komerční banka, a.s.	11.4.2013
Advisory service agreement regarding the BI as of 26 June 2013 + 2 Amendments	Komerční banka, a.s.	26.6.2013
Collective insurance agreement for consumer loans no.3300000000 as of 28 August 2013	Komerční banka, a.s.	28.8.2013
Insurance intermediary agreement for the individual risk life insurance product MOJE JISTOTA as of 27 September 2013 + 3 Amendments	Komerční banka, a.s.	27.9.2013
Agreement relating to collateral of securities as of 21 November 2013	Komerční banka, a.s.	21.11.2013
Contract for issuance and use of payment cards	Komerční banka, a.s.	1.2.2014
Administration order (as of 13 February 2014)	Komerční banka, a.s.	13.2.2014
Record of agreement to not provide discount on entry fees in case of maturing contracts on Vital Plus product	Komerční banka, a.s.	7.4.2014
Group insurance agreement on work related accident and occupational disease insurance for members of board of directors and administrators of financial group of Komerční banka/Société Generale no. 333000000	Komerční banka, a.s.	1.7.2014
Separate contract no.6 -Providing services for technical infrastructure WEBEX, ref.no. 0000021303/0000	Komerční banka, a.s.	1.8.2014
Current bank account agreement	Komerční banka, a.s.	25.8.2014
Administration order	Komerční banka, a.s.	25.8.2014
Current bank account agreement	Komerční banka, a.s.	13.10.2014
Administration order	Komerční banka, a.s.	17.10.2014
Agreement relating to collateral of securities	Komerční banka, a.s.	31.10.2014
Framework agreement about trading/dealing on financial market + 1 Amendment	Komerční banka, a.s.	5.11.2014
Agreement relating to collateral of securities	Komerční banka, a.s.	5.11.2014
Administration order	Komerční banka, a.s.	26.11.2014
Agreement relating to collateral of securities	Komerční banka, a.s.	26.11.2014
Agreement relating to collateral of securities	Komerční banka, a.s.	1.12.2014
Administration order	Komerční banka, a.s.	12.12.2014
Service level agreement – cooperation in accounting and reporting	Komerční banka, a.s.	1.1.2015
Order related to collateral of securities	Komerční banka, a.s.	26.1.2015
Agreement relating to collateral of securities	Komerční banka, a.s.	30.1.2015
Distribution Agreement for product VITAL PREMIUM IN USD	Komerční banka, a.s.	31.3.2015
Cash pooling agreement	Komerční banka, a.s.	23.6.2015
Administration order	Komerční banka, a.s.	31.8.2015
Agreement for providing of the smart card reader	Komerční banka, a.s.	1.10.2015
Administration order	Komerční banka, a.s.	1.10.2015
Service level agreement – outsourcing – BI services	Komerční banka, a.s.	10.12.2015
Service level agreement – outsourcing – BI services (SOL2)	Komerční banka, a.s.	10.12.2015
Administration order	Komerční banka, a.s.	22.12.2015
Current bank account agreement	Komerční banka, a.s.	22.12.2015
Administration order	Komerční banka, a.s.	14.4.2016
Separate Distribution Agreement for product “MojePojištění majetku” + 1 Amendment	Komerční banka, a.s.	25.4.2016
Contract of the purchase and sale of securities + 1 Amendment	Komerční banka, a.s.	12.5.2016
Profi Visa debit card agreement	Komerční banka, a.s.	10.6.2016
Debit card agreement (L. Pittner)	Komerční banka, a.s.	28.6.2016
Contract of payment of the insurance premium and commissions for insurance brokers	Komerční banka, a.s.	30.6.2016
Administration order	Komerční banka, a.s.	7.7.2016

Title of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Date of contract
Group Insurance Agreement on work-related accident and occupational disease insurance for members of the board of directors and administrators of the financial group of Komerční banka/Société Générale no. 334000000 +1 Amendment	Komerční banka, a.s.	13.7.2016
Debit card agreement	Komerční banka, a.s.	25.7.2016
Cooperation agreement with implementation of the Group Insurance Agreement on work-related accident and occupational disease insurance for members of the board of directors and administrators of the financial group of Komerční banka/Société Générale no. 334000000	Komerční banka, a.s.	4.8.2016
Debit card agreement (M. Jirásek)	Komerční banka, a.s.	30.8.2016
Administration order	Komerční banka, a.s.	30.8.2016
Power of attorney (A. Vítková)	Komerční banka, a.s.	29.9.2016
Debit card agreement (Catherine de La Croix) + 1 Amedement	Komerční banka, a.s.	16.11.2016
Administration order	Komerční banka, a.s.	22.11.2016
Agreement on costs payment for using the IBM Websphere application Server license	Komerční banka, a.s.	1.2.2017
Administration order	Komerční banka, a.s.	10.5.2017
Administration order	Komerční banka, a.s.	16.6.2017
Debit card agreement (Jana Lovětínská)	Komerční banka, a.s.	29.8.2017
Debit card agreement (Hana Šabacká)	Komerční banka, a.s.	29.8.2017
Agreement on termination of a payment card issuance (Lenka Burešová)	Komerční banka, a.s.	31.8.2017
Agreement on establishment and maintenance of a current account	Komerční banka, a.s.	30.10.2017
Administration order	Komerční banka, a.s.	20.10.2017
Subcontract No. 7, Providing of services for technical infrastructure solutions, SOC – Vulnerability Detection (VD)	Komerční banka, a.s.	1.4.2017
Termination agreement – Agreement on cooperation in delivering payments (as of 3 December 2007)	Komerční banka, a.s.	24.3.2017
Agreement on cooperation in delivering payments (as of 3 December 2007)	Komerční banka, a.s.	3.12.2007
Agreement on direct banking (as of 6 March 2012)	Komerční banka, a.s. and Komerční banka, a.s. Slovensko	6.3.2012
Administration order (as of 9 February 2012)	Komerční banka, a.s. and Komerční banka, a.s. Slovensko	9.2.2012
Commitment Letter – Accumulator Note in CZK	Komerční banka, a.s. & Société Générale S.A.	25.4.2015
Collective co-insurance agreement for clients of VSSKB to cover death to loan reinsurance no.37-9861	Modrá pyramida stavební spořitelny a.s. and Česká pojišťovna, a.s.	5.12.1995
Operational agreement to reinsurance of collection co-insurance of VSSK clients	Modrá pyramida stavební spořitelny a.s. and Česká pojišťovna, a.s.	5.12.1995
Framework cooperation contract No. 3010000246 (as of 9 April 2008)	Modrá pyramida stavební spořitelny a.s.	9.4.2008
General Distribution Agreement (as of 15 October 2012) + 2 Amendments, including invoicing of the marketing cost from MPSS to KP and from KP to MPSS	Modrá pyramida stavební spořitelna, a.s.	15.10.2012
Separate Distribution Agreement for Moudré pojištění (as of 15 October 2012) + 3 Amendments	Modrá pyramida stavební spořitelna, a.s.	15.10.2012
Separate Distribution Agreement for Product Pyramida Risk Life insurance (as of 15 October 2012) + 2 Amendments	Modrá pyramida stavební spořitelna, a.s.	15.10.2012
Contract for provision of advantageous conditions to employees of Komerční pojišťovna, a.s. – participants of the building society savings in MPSS (as of 1 November 2013)	Modrá pyramida stavební spořitelna, a.s.	1.11.2013
Separate Distribution Agreement for product “MojePojištění majetku” + 1 Amedement	Modrá pyramida stavební spořitelna, a.s.	23.9.2016
Minutes on agreement to reduce administrative costs for one-time insurance, current and extra insurance for Vital Invest serving as a basis for commission calculation	Modrá pyramida stavební spořitelna, a.s.	2.1.2017
Adherence letter (as of 3 July 2013)	Orange Business Czech Republic, s.r.o., Komerční banka, a.s.	3.7.2013
Commitment Letter – Participation note on SGI Harmonia CZK Index	Société Générale & Komerční banka, a.s.	26.10.2015
Commitment letter – Certus 5 Note	Société Générale & Komerční banka, a.s.	12.1.2016
Framework agreement No. 3010001126 Contract for cooperation between Komerční pojišťovna a. s. and Franfinance Czech republic, s. r. o. – Program Vital (as of 14 June 2004)	Société Générale Equipment Finance	14.7.2004
Agreement on intermediation number 1, Insurance Agency Agreement (as of 24 September 2009) + 21 Amendements and Financial Protocol to Agreement	Société Générale EXPRESSBANK AD	24.9.2009

Title of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Date of contract
Certificate for Identity for Insurance Agent No. 1 (as of 1 January 2010)	Société Générale EXPRESSBANK AD	1.1.2010
Collective insurance no.0002 – insurance coverage to the goods bought through V PAY cards issued by SGEB + 1 Amendment	Société Générale EXPRESSBANK AD	1.8.2011
Framework agreement no. 1023 (31 February 2012)	Société Générale EXPRESSBANK AD	31.8.2012
Master Policy No. 0001 (as of 31 September 2012) – collective assistance insurance to travel cards	Société Générale EXPRESSBANK AD	5.2.2013
Master policy 0002 – Purchase protection insurance included in V PAY card issued by Societe Generale ExpressBank (as of 1 September 2011) + 1 Annex	Société Générale EXPRESSBANK AD	17.5.2013
Group Loss of employment Insurance Agreement for borrowers/co-debtors, Specification of Insurance Policy 0003 + Annex 1	Société Générale EXPRESSBANK AD	23.2.2015
Master policy 0001 Assistance insurance during travel abroad for holders of cards issued by Societe Generale Expressbank (as of 15 January 2010) + 2 Amendments	Société Générale EXPRESSBANK AD, Sogelife Bulgaria IJSC	15.1.2010
Contract for provision of SG's consultancy services (as of 31 January 2008)	Société Générale S.A.	31.1.2008
Commitment letter (as of 29 July 2009)	Société Générale S.A.	29.7.2009
Intra-Group Corporate services fees agreement + 1 Amendment	Société Générale S.A.	28.9.2009
Commitment letter – Forte 2 (as of 12 November 2009) + 1 Amedement	Société Générale S.A.	12.11.2009
Contract relating to the Contract (as of 29 July 2009) regulating structured products and their conditions (as of 23 November 2009)	Société Générale S.A.	23.11.2009
Worldwide Insurance Plan (as of 7 January 2010)	Société Générale S.A.	7.1.2010
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 13 January 2010)	Société Générale S.A.	13.1.2010
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 15 March 2010)	Société Générale S.A.	15.3.2010
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 30 April 2010)	Société Générale S.A.	30.4.2010
Commitment Letter – 3-8Y Autocallable in CZK Forte 3 (as of 30 April 2010)	Société Générale S.A.	30.4.2010
Commitment Letter Forte 4 (as of 7 September 2010)	Société Générale S.A.	7.9.2010
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 4 (as of 27 September 2010)	Société Générale S.A.	27.9.2010
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 5 (as of 8 February 2011)	Société Générale S.A.	8.2.2011
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 6 (as of 8 February 2011)	Société Générale S.A.	8.2.2011
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 7 (as of 8 February 2011)	Société Générale S.A.	8.2.2011
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 8 (as of 8 February 2011)	Société Générale S.A.	8.2.2011
Commitment Letter 3-8 Autocallable in CZK (Forte 9) (as of 21 July 2011)	Société Générale S.A. and Komerční banka, a.s.	21.7.2011
Data protection agreement – Processing of HR Data by Société Générale (as of 16 September 2011)	Société Générale S.A.	16.9.2011
Commitment Letter – Optimo 6Y EMTN in CZK (as of 20 September 2011)	Société Générale S.A. and Komerční banka, a.s.	20.9.2011
Agreement relating to the structured product Optimo (as of 5 October 2011)	Société Générale S.A.	5.10.2011
Agreement relating to the structured product Forte 9 (as of 5 October 2011)	Société Générale S.A.	5.10.2011
Agreement Relating to the Financial Instrument – Optimo Komodity (as of 7 February 2012)	Société Générale S.A.	7.2.2012
Agreement Relating to the Financial Instrument (Optimo Komodity II) (as of 24. April 2012)	Société Générale S.A.	24.4.2012
Commitment letter (Optimo Komodity II) as of 24 April 2012	Société Générale S.A. and Komerční banka a.s.	24.4.2012
Commitment letter – Certus and Certus 2 in CZK as of 14 January 2013	Société Générale S.A. and Komerční banka, a.s.	14.1.2013
Agreement of the hiring of international workforce (28 January 2013)	Société Générale S.A.	28.1.2013
Outsourcing agreement of internal audit function as of 24 June 2013	Société Générale S. A. and Komerční banka, a.s.	24.6.2013
Agreement relating to the financial instrument – Certus 3	Société Générale S.A.	22.10.2015
Agreement relating to the financial instrument – Certus 4	Société Générale S.A.	6.1.2016
Acceptation of Standards DPRH	Société Générale S.A.	1.2.2016

Title of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Date of contract
Master agreement relating to financial instruments	Société Générale S.A.	11.5.2016
Commitment Letter – Certus 6	Société Générale S.A.	4.7.2016
Supplement to the Agreement (Certus 5)	Société Générale S.A.	3.9.2016
Supplement to the Agreement (Certus 6)	Société Générale S.A.	3.9.2016
Agreement relating to the financial instrument – Commitment letter Certus 7	Société Générale S.A.	17.10.2016
Supplement to the Master Agreement (as for 11 May 2016) – Certus 7	Société Générale S.A.	1.2.2017
Agreement relating to the financial instrument – Commitment letter Certus 8	Société Générale S.A. and Komerční banka, a.s.	3.2.2017
Agreement relating to the financial instrument – Commitment letter Certus 9	Société Générale S.A.	18.9.2017
Framework agreement for the provision of services (as of 3 Mai 2010)	Sogecap S.A.	3.5.2010
Framework agreement for the provision of services (as of 16 December 2010) + 1 Amendment	Sogecap S.A.	16.12.2010
Personnel costs re-invoicing agreement for employees assigned to ASSU/SOGECAP (as of 19 December 2011)	Sogecap S.A.	19.12.2011
Agreement on Settlement and Replacement of Rights and Obligations (as of 25. April 2012)	Sogecap S.A.	25.4.2012
Quota Share Reinsurance Treaty, ID no. SGQSR12	Sogecap S.A.	10.6.2013
Agreement for insurance agency No. 3 (as of 16 May 2012) + 2 Annexes and Financial protocol + 2 Appendixes	Sogelease Bulgaria Ltd.	16.5.2012
Master policy No. 1024 (as of 4 June 2012)	Sogelease Bulgaria Ltd., Sogellife Bulgaria	4.6.2012
Master policy No. 1027 (as of 27 June 2012)	Sogelease Bulgaria Ltd., Sogellife Bulgaria	27.6.2012
Quota Share Reinsurance Treaty, ID no. SGBG2014	Sogelife Bulgaria	1.12.2014
Master Policy 1018 – Group Credit Life insurance agreement for borrowers/ co-debtors of Societe Generale Expressbank (as of 1 February 2011)	Sogelife Bulgaria IJSC	1.2.2011
Framework insurance policy #1023 SGEB AD as of 5 February 2013	Sogelife Bulgaria IJSC, Société Générale Expressbank AD	5.2.2013
Framework insurance policy #1024 (Toyota Optimal Leasing Protect and Sogelease Bulgaria) (5 February 2013)	Sogelife Bulgaria IJSC, Sogelease Bulgaria Ltd.	5.2.2013
Framework insurance policy #1027 (5 February 2013)	Sogelife Bulgaria IJSC, Sogelease Bulgaria Ltd.	5.2.2013
Framework insurance policy #1012 (5 February 2013)	Sogelife Bulgaria IJSC, TBI Credit JSC	5.2.2013
Quota Share Reinsurance Treaty (Vital Premium USD)	Sogelife Luxembourg SA	1.1.2015
Service level agreement	Sogessur	1.1.2015

C. An Assessment of the Advantages and Disadvantages Arising from the Relations within the Group and an Assessment of Injury

The Advantages and Disadvantages arising from the Relations within the Group

Since the acquisition of Komerční banka, a.s. by SG in 2001, the Company started implementing SG's bank-insurance business model. This business model has been already fully implemented and today KP's products are offered and sold mostly through the distribution networks of SG Group companies. The whole Group takes advantage of mutual synergistic effects including product pooling, a strong international brand and SG's know how. The advantages of the Company's integration in the SG Group contribute to the Company's positive financial results.

Injury Assessment

The Company's Board of Directors has reviewed all arrangements put in place between the Company and the companies that were part of the Group during the 2017 reporting period and states that the Company incurred no injury as a result of any contracts, agreements or any other legal acts made or implemented by the Company or as a result of any other influence otherwise exerted in the reporting period.

Prague, on 21 March 2018



Stéphane Corbet

Chairman of the Board of Directors and CEO



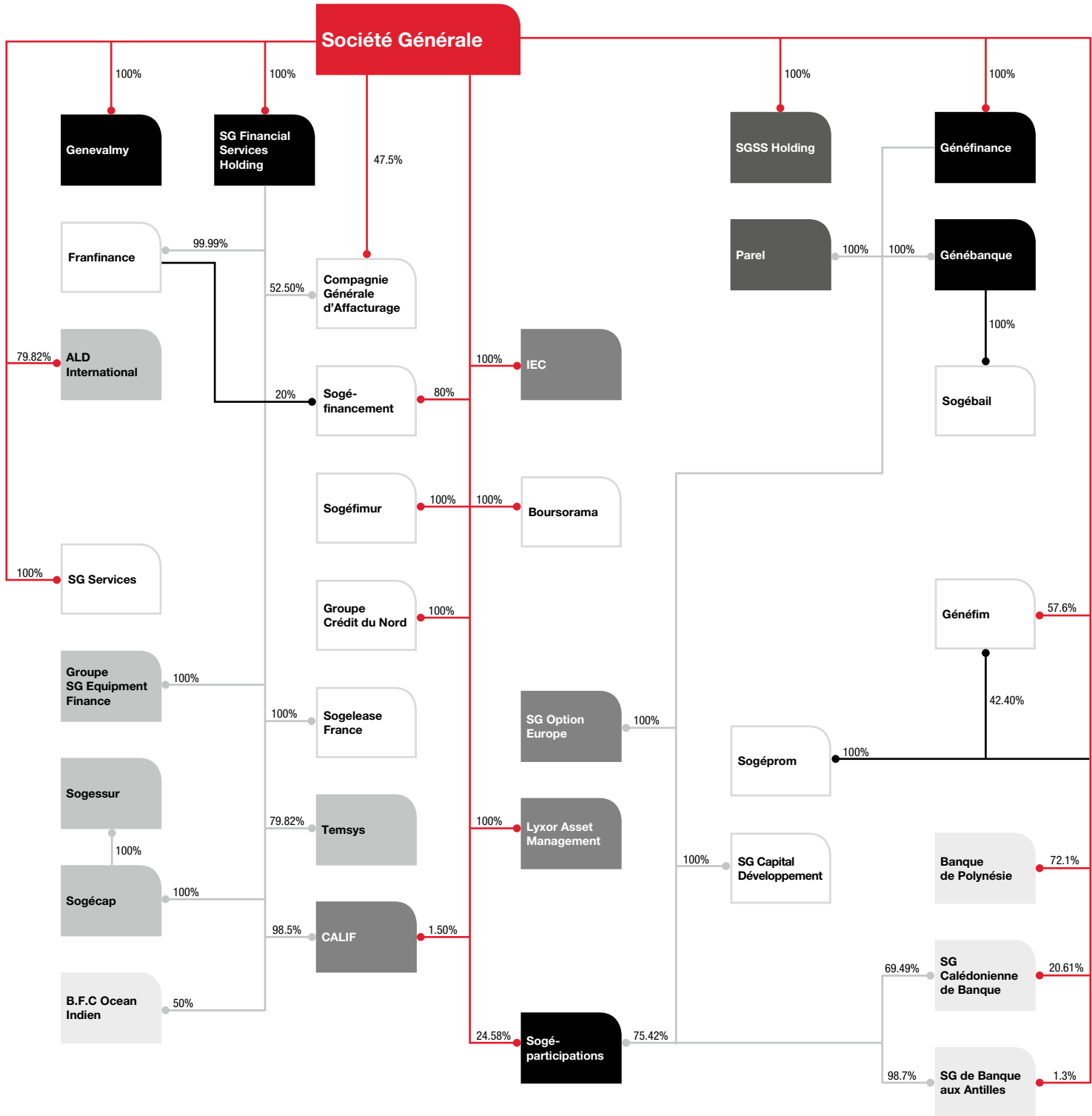
Helena Indrová

Member of the Board of Directors
and Head of Financial Section

The structure of relationships SG Group –

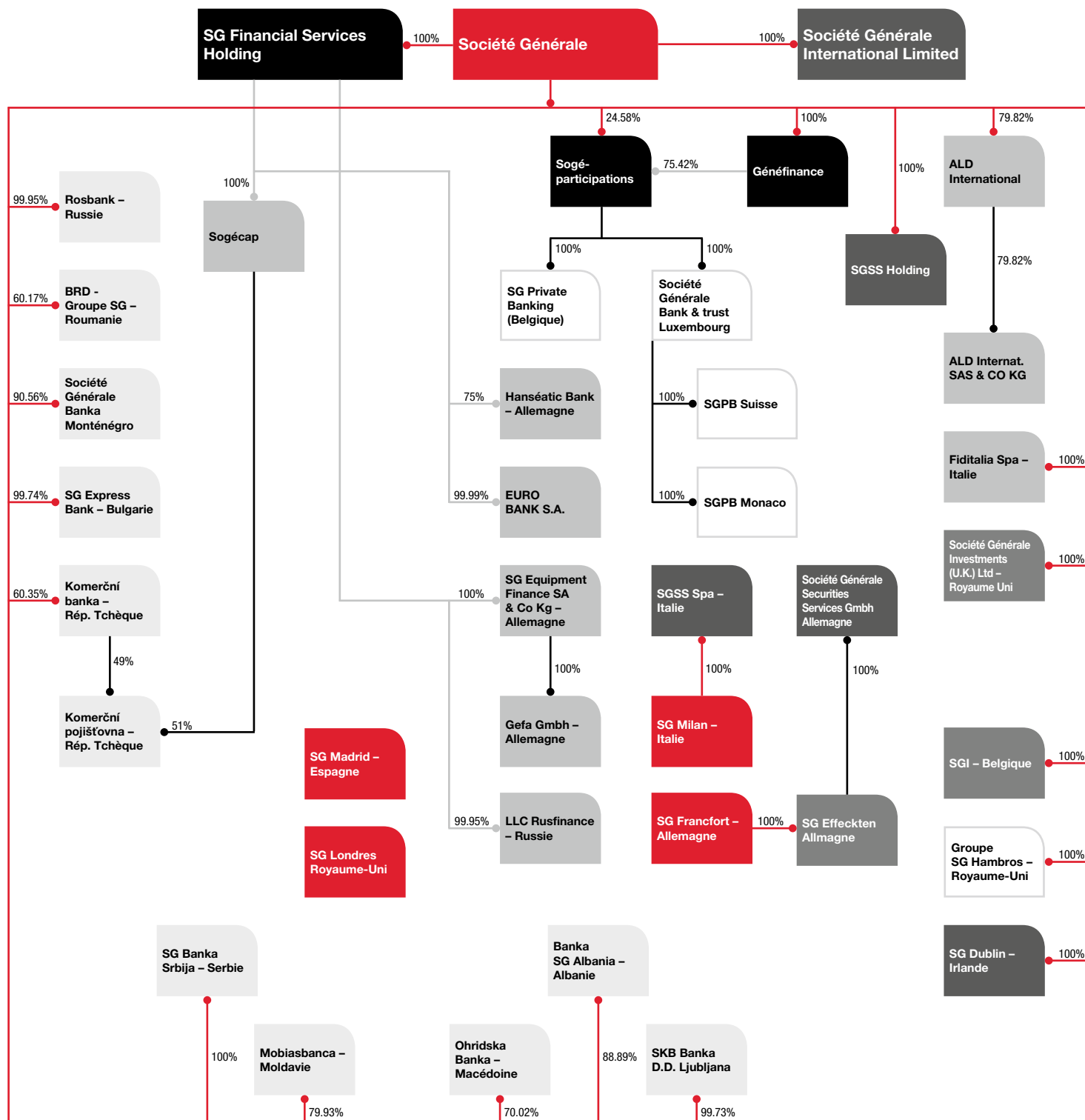
% of the share capital

FRANCE



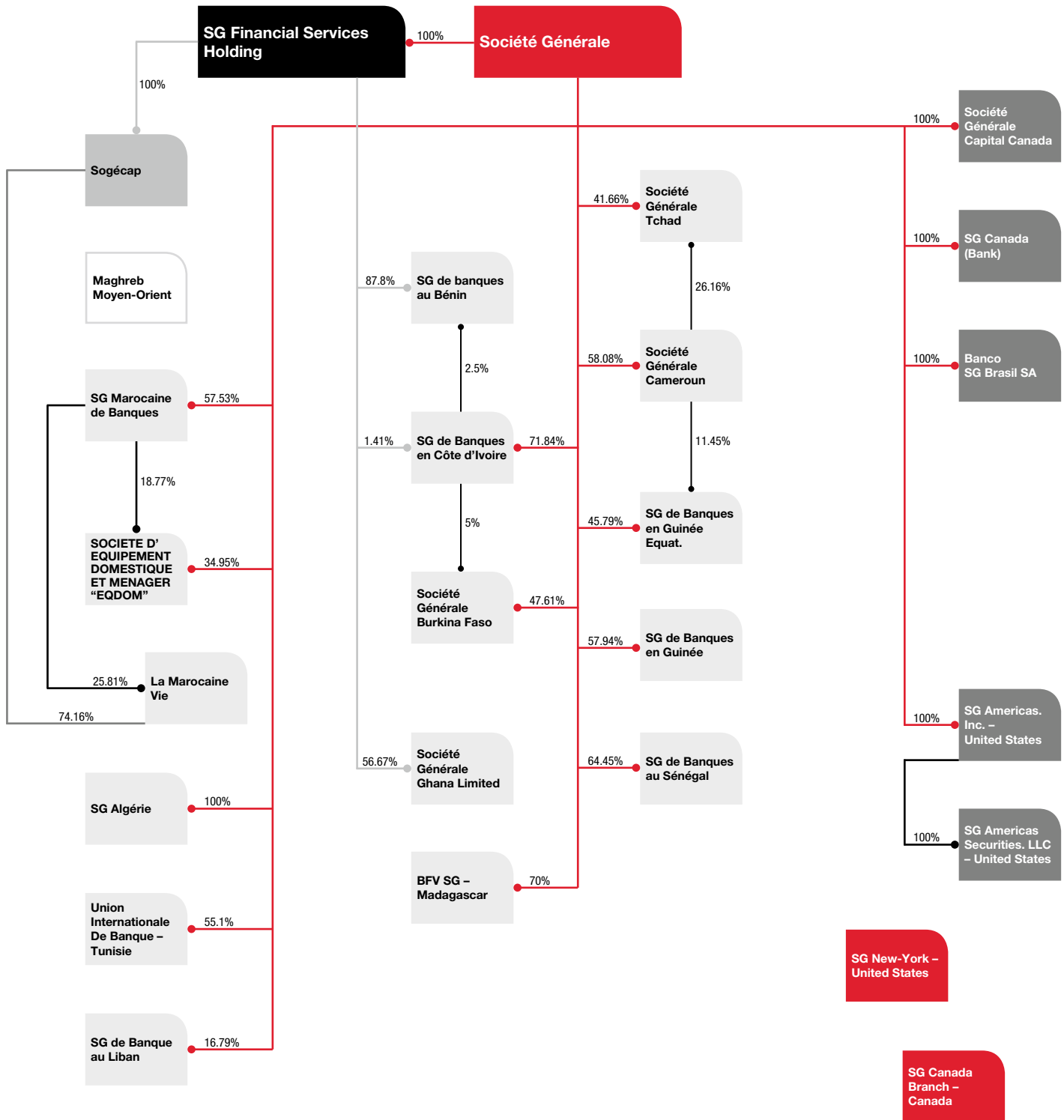
Note: Share capital and of the voting rights may vary

EUROPE



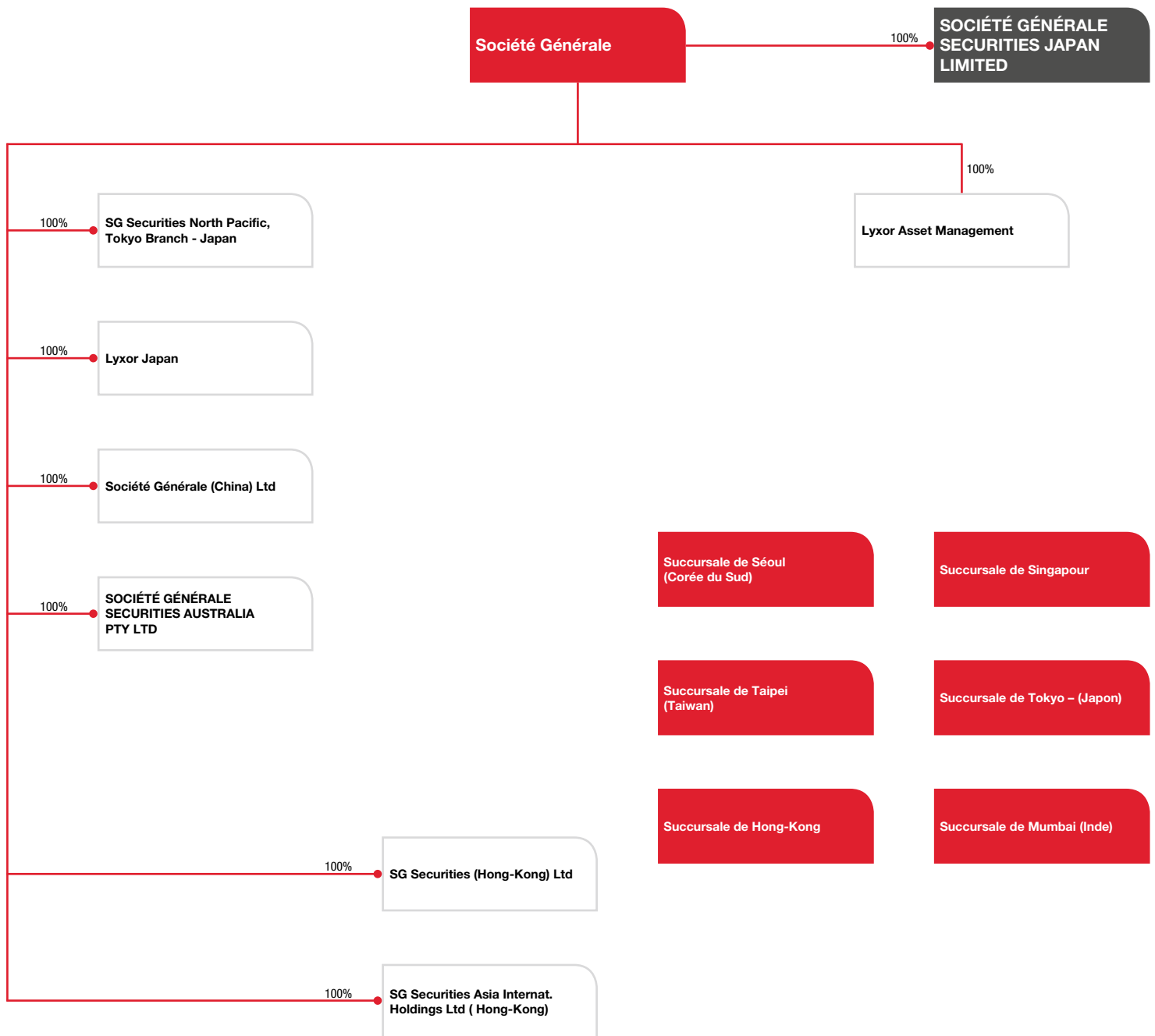
Note: Share capital and of the voting rights may vary

AFRICA AND AMERICA



Note: Share capital and of the voting rights may vary

ASIA AND AUSTRALIA



Note: Share capital and of the voting rights may vary

| Notes

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