

NA PARTNERSTVÍ ZÁLEŽÍ



# Annual Report 2013

Komerční pojišťovna, a.s.

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

- KP's total assets rose by 17%.
- Technical provisions amounted to CZK 35.3 billion.
- Gross written premiums totalled CZK 8.4 billion in 2013.
- Appreciation for KP's clients ranged from 2.0% to 2.5% in 2013.



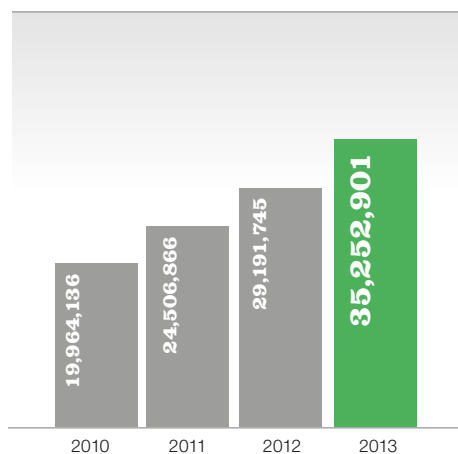
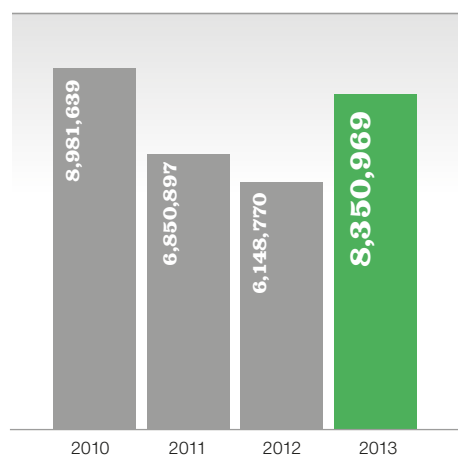
### Contacts

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### Additional information

For more information on KP's products and services go to [www.kb-pojistovna.cz](http://www.kb-pojistovna.cz).

**Technical provisions (gross) (CZK thousand)****Written premiums (gross) (CZK thousand)**

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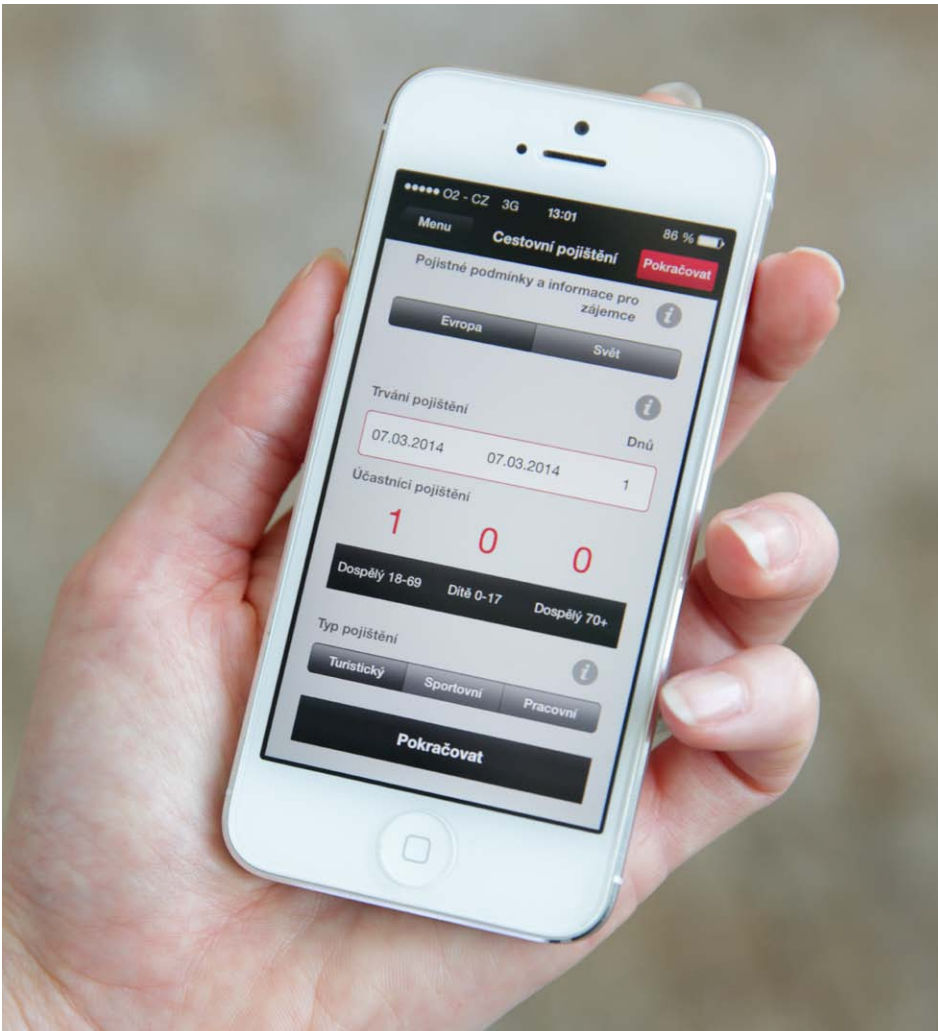
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	Units	2013	2012	2011	2010
Total assets	CZK thousand	37,617,835	32,047,712	26,257,298	21,700,214
Share capital	CZK thousand	1,175,398	1,175,398	1,175,398	904,152
Equity	CZK thousand	2,564,419	2,389,057	1,346,544	1,382,292
Profit for the accounting period	CZK thousand	418,372	175,418	251,046	139,116
Written premiums (gross)	CZK thousand	8,350,969	6,148,770	6,850,897	8,981,639
Costs of claims (gross)	CZK thousand	2,204,211	1,933,341	1,926,337	1,821,015
Technical provisions (gross)	CZK thousand	35,252,901	29,191,745	24,506,866	19,964,136
Number of employees	Persons	155	154	151	149



**1,700**

travel insurance contracts  
concluded via mobile application  
since June 2013



**Komerční pojišťovna scored a great success in the internal innovation competition SG Innovation Trophy**

The mobile application for KP travel insurance scored a great success in the internal innovation competition SG InnovTrophy. KP won top awards at both the International Banking and Financial Services level in the Digital Bank category and the SG Group level in the Our Clients category. KP's new product was selected among the finalists from a total of 1,200 submitted innovations.



# Company Profile

## Business name

Komerční pojišťovna, a.s.

## Legal form

Joint-stock company

## Date of founding

1 September 1995

## Registered office

Karolinská 1/650, Prague 8

## Company Registration No.

63998017, incorporated by the Municipal Court in Prague, Section B, File 3362

## Shareholders

SOGECAP, S.A., registered office at 50 avenue du Général de Gaulle, 92093 Paris la Défense Cedex

(51% share)

Komerční banka, a.s., registered office at Na Příkopě 33, Prague 1

(49% share)

## Registered capital

CZK 1,175,397,600

## Scope of business

- insurance;
- operations related to insurance and reinsurance.

**Komerční pojišťovna is a member of the Komerční banka Financial Group and Sociétés Générale Financial Group.**

Since the acquisition of Komerční banka, a.s. (hereinafter “KB” or “Komerční banka”) by Sociétés Générale S.A. (hereinafter “SG” or “Sociétés Générale”) in 2001, Komerční pojišťovna, a.s. (hereinafter “KP”, “Komerční pojišťovna” or “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 Sociétés Générale Group companies. 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 become an important part of the Company’s distribution network, while cooperation with them has been expanding.

KP enjoys the status of a universal insurance company which permits it to provide life as well as non-life insurance services in the

Czech Republic and also within the EU on the basis of a single licence. Since 2008, KP has been successfully cooperating with SG Group companies abroad, rendering 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 49% minority shareholder. Due to the shareholders’ structure, KP has had 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 Sociétés 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.

## Foreword of the Chairman of the Board of Directors



**Stéphane Corbet**  
Chairman of the Board of Directors and CEO

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**KP's assets under management increased last year by 17%, gross written premium grew by 36% and net profit grew by 139%. The number of external business partners we cooperate with increased from 30 to 44. The number of risk life insurance contracts has grown continuously.**

2013 was quite a special year for Komerční pojišťovna as we received our first awards on the Czech market: Most Client Friendly Life Insurance Company 2013 and second Best Life Insurance Company 2013, according to Hospodářské noviny Awards. All of us were very proud to receive such a prestigious award and equally proud that all the efforts we put into improving the quality of the service and the quality of the products we offer to clients were recognized.

We also reaffirmed our position in the World Finance Insurance awards where we won for the second time the trophy of Best Life Insurance Company 2013.

These awards testified to KP's dynamic growth in 2013: growth of assets under management by 17%, growth of gross written premium by 36%, growth of net profit by 139%, growth of the number of external partners we cooperate with from 30 to 44, continuous growth of the number of risk life insurance contracts. KP's gross technical provisions reached CZK 35.3 billion. KP is over-performing the market in terms of its ability to transform written premiums into growth of technical provisions with ratios

of conversion regularly above 70%, where main competitors are around 30%. This performance rewards the professionalism and the engagement of the Komerční banka distribution network.

For the first time, we performed in cooperation with IPSOS, external research agency, a clients' satisfaction survey which brought very positive results. Clients satisfaction and loyalty were 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 +6 when insurance companies score -13 in average. It confirmed the right heading and stable position of KP on the Czech insurance market.

In 2013 we launched a stand alone risk life insurance product MojeJistota for the KB distribution network that offers a complex scope of guarantees to ensure the protection of our clients and their families. This was a very important step towards strengthening KP's bank insurance product portfolio offer. MojeJistota is fully integrated into KB's MojePlány, a new tool that provides clients with complete financial consultation and recommendation of saving, investment, loan and insurance products within the whole KB Group. Furthermore, we have implemented successfully and on time the new Civil Code into KP processes.

Besides the business oriented projects we focused on Corporate and Social Responsibility activities and we launched intranet as a new internal communication tool.

Needless to say that it will be very challenging to replicate such results in 2014. But I am confident that we can do it. We will have to validate the successful launch of

MojeJistota and pursue our development with brokers. We will have to go on improving our processes in order to increase the satisfaction of our clients and partners. Once again, we have many projects on the table this year: Group life insurance for top corporate clients of the bank, enhancement of our online offerings and mobile banking applications and improvement of MojeJistota.

KP's employees are very talented and motivated, which constitutes our strongest asset in maintaining the dynamics observed in the recent years. I am sure that, thanks to them and to our partners, KP will make 2014 another year of growth.



**STÉPHANE CORBET**

Chairman of the Board of Directors and CEO

# Report of the Board of Directors

The key objective of Komerční pojišťovna is to offer a broad range of insurance products to provide customers with insurance protection and support them in achieving their personal wishes and goals.

Komerční pojišťovna, a member of the Société Générale Financial Group, focuses on life insurance, but it also sells other types of insurance that suitably complement banking and other financial products offered by its partners within SG Group. KP's products are mostly distributed via KB Group members, especially through the distribution network of KB, and also by the Company's external business partners.

Komerční pojišťovna uses a single licence for the delivery of services within the European Union territory and cooperates with partner

companies of the Société Générale Group in Bulgaria, Romania and Germany.

## Macroeconomic Overview 2013

In 2013, the Czech economy contracted by 0.9% year-on-year (measured by GDP). The strong deflationary trend was prominent throughout the year. It even accelerated in the second half of the year despite an intervention that weakened the currency and resulted in a faster growth rate of consumer prices. Both year-on-year and average inflation rate slowed to 1.4% in 2013. Unemployment rose

## Komerční pojišťovna's business strategy is built upon four pillars

### Bank-insurance business model in cooperation with Komerční banka

- Savings and unit-linked life insurance
- Risk life insurance
- Non-life insurance

1.

### Cooperation with other partners in the KB Financial Group – MPSS, ESSOX, KB PS

- Savings and unit-linked life insurance
- Risk life insurance
- Non-life insurance

2.

### External business partners

- Risk life insurance

3.

### International cooperation within the Société Générale Group

- Non-life insurance

4.



to 8.2% at the end of 2013, compared to 7.4% recorded in the previous year.

### Trends in the Czech Insurance Market

In 2013, total written premiums increased by 7.5% year-on-year to CZK 150.6 billion. The total volume of premium in life insurance amounted to CZK 71.6 billion (down 0.7% year-on-year). Conversely, the volume of premium in the non-life insurance segment totalled more than CZK 79 billion (up 16.1% year-on-year). All figures have been calculated in accordance with the Czech Insurance Association's old methodology).

### KP's Position in the Insurance Market

2013 was a very successful year for Komerční pojišťovna. It succeeded in surpassing the CZK 8 billion mark in written premiums. In the long run, Komerční pojišťovna has been achieving excellent results, in particular as a result of offering competitive products which

provide above-average appreciation to clients despite the volatile conditions in the financial markets and decreasing interest rates.

Depending on the product type, KP ensured an attractive appreciation of 2.0% to 2.5% for its clients in 2013. In addition, Komerční pojišťovna significantly boosted its product sales outside the Komerční banka Group. 2013 was again a very successful year in terms of distribution of KP's risk life insurance within the sales networks of external partners from the ranks of insurance brokers; compared to 2012, the volume of written premiums doubled.

Komerční pojišťovna has ranked among five leading insurance companies in the Czech life insurance market for over three years. At the end of 2013, KP's market share accounted for 11.24% (the figure has been calculated in accordance with the Czech Insurance Association's old methodology).

Komerční pojišťovna also successfully developed the non-life insurance segment, notably in sales of Merlin products (insurance

against loss or misuse of payment or credit card) and payment card travel insurance in cooperation with Komerční banka.

Similarly to prior years, cooperation with SG Group's companies continued in 2013. Total written premiums generated from sales of non-life insurance products by international partner companies climbed by 21% year-on-year.

In 2013, KP created provisions for bonuses and discounts in the amount of CZK 268 million for the clients' future profit sharing (see Note 2.7. to the Financial Statements).

### Product Portfolio and New Products in 2013

Komerční pojišťovna again designed an array of new products to expand its product offer.

At the beginning of the year, Komerční pojišťovna became actively engaged in the pension reform by offering its clients risk life insurance Penze, which covers contributions to pension savings plans within the scope of the 2nd and 3rd pillars of the pension reform in case of sickness or injury. In addition, Komerční pojišťovna is prepared to offer clients of pension companies annuities from the 2nd pillar of the pension reform.

In February KP launched new guaranteed funds Certus and Certus 2, providing clients with an opportunity to participate in growing stock prices of the world's major food and pharmaceutical companies.

In cooperation with Komerční banka, in July Komerční pojišťovna began to sell travel insurance via mobile application, which is part of Komerční banka's mobile banking application Mobilní banka 2. This innovation allows clients to take out travel insurance simply and quickly from any location.

The distribution of risk life insurance in a package with Komerční banka's consumer loans was modified in mid-2013. Until July, the insurance policy was provided to clients taking consumer loans as a benefit at no extra charge. Since August 2013 the insurance has been optional and is subject to a fee in line with the transparent fee policy. High insurance penetration shows the clients' positive perception of the product and their awareness of the risks arising from their potential inability to repay loans due to sickness or injury.

### Komerční pojišťovna voted first in The Most Client Friendly Life Insurance Company of 2013

"We are delighted by the awards in Hospodářské noviny's competition. This is the first official appreciation of the successful bank insurance model that we started to develop together with Komerční banka and Modrá pyramida stavební spořitelna some years ago. The availability of our products in KB's and MPSS's branch network and the high-quality advice provided by relationship managers in this area make Komerční pojišťovna a stable partner for clients. This success also supports our effort to promote cooperation with external business partners, making it possible for us, among other things, to compare the quality of our products and services with the whole market, and so also continuously improve these areas," said Stéphane Corbet, Komerční pojišťovna's Chairman and CEO.



A significant project of Komerční pojišťovna in the 2013 product offer was launching new comprehensive risk life insurance *MojeJistota* designed for the Komerční banka distribution network. It provides complex coverage of a number of insurance risks – permanent consequences of an injury, working inability, death, serious illnesses and many others.

## 1. Unit-linked and Capital Life Insurance – Vital Product Family

### Vital Invest – unit-linked life insurance

This is a modern and flexible product that not only protects the client, but also provides an innovative guarantee of return on investment in case of the client's death. This guarantee ensures the return of invested funds to the client's relatives even in the event of major market fluctuations. With the Vital Invest product, KP also offers a guaranteed appreciation fund with a yield of 2.0% for clients in 2013. Our product offer also comprises the Forte, Optimo and Certus guaranteed funds, some of which provide not only the opportunity to participate in capital markets yields, but also the certainty of a guaranteed yield.

### Brouček – children's unit-linked life insurance

The product allows creating a financial reserve necessary for children to start their adult life and to insure both the adults and their children against unforeseeable

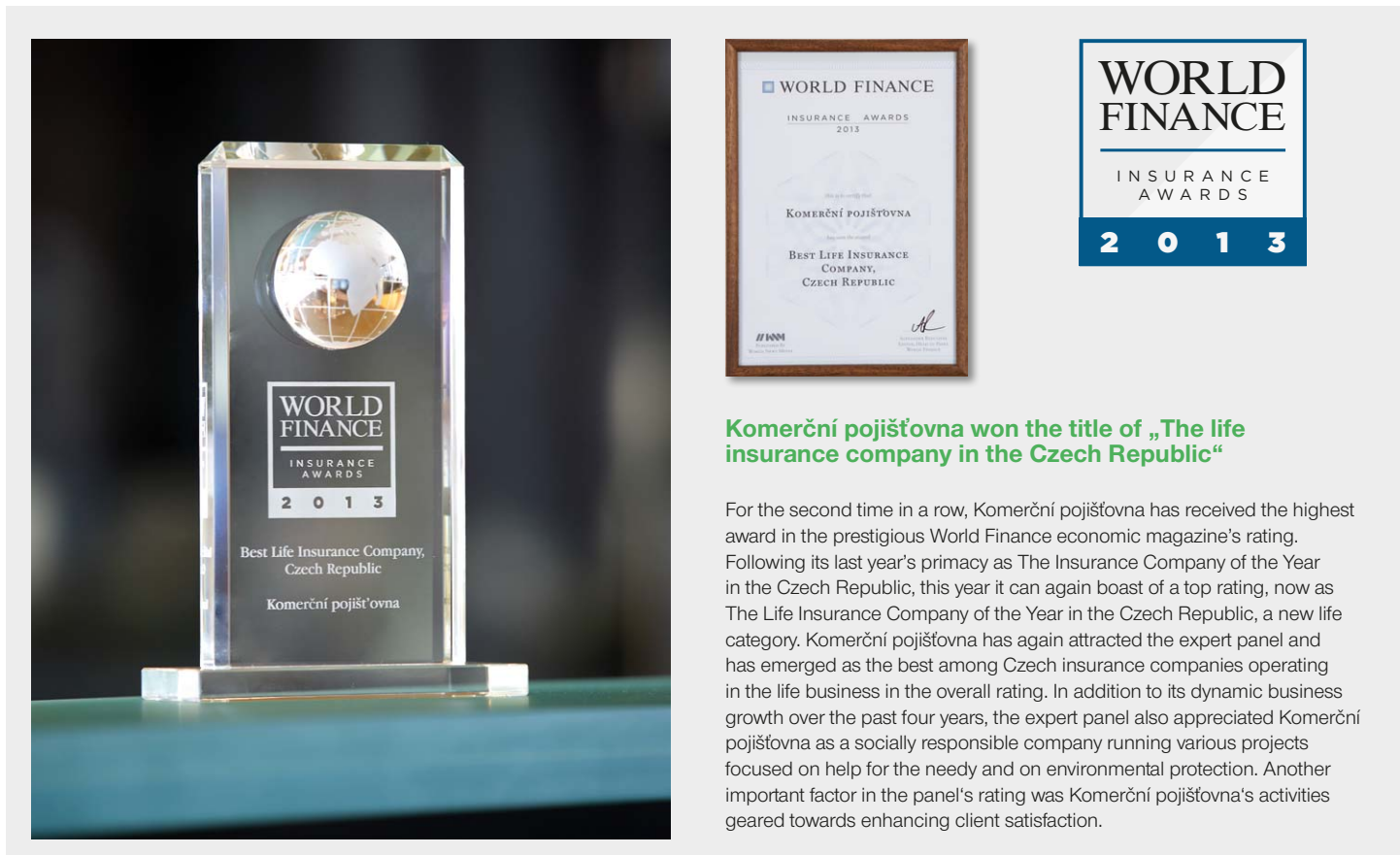
events. The product comes complete with assistance services.

### Program Vital – life insurance with employer's contribution

This capital life insurance for employees offers an interesting appreciation and tax benefits. The programme allows companies and their employees to play an active part in their pension insurance and improve their standard of living even when retired. It is up to each employer to decide which group of employees should be motivated and what the amount for motivation should be to enhance their loyalty toward the company. Policyholders may take advantage of signing insurance contracts for this product directly with the employer.

### Vital Premium – savings life insurance for KB's private banking and affluent clients

Komerční pojišťovna offers KB's VIP clientele a highly flexible savings product with an attractive guaranteed appreciation, which in 2013 accounted for 2.2%. Since 2012 the product has been available in euros as well, where 2013 appreciation accounted for 2.5%.



### Komerční pojišťovna won the title of „The life insurance company in the Czech Republic“

For the second time in a row, Komerční pojišťovna has received the highest award in the prestigious World Finance economic magazine's rating. Following its last year's primacy as The Insurance Company of the Year in the Czech Republic, this year it can again boast of a top rating, now as The Life Insurance Company of the Year in the Czech Republic, a new life category. Komerční pojišťovna has again attracted the expert panel and has emerged as the best among Czech insurance companies operating in the life business in the overall rating. In addition to its dynamic business growth over the past four years, the expert panel also appreciated Komerční pojišťovna as a socially responsible company running various projects focused on help for the needy and on environmental protection. Another important factor in the panel's rating was Komerční pojišťovna's activities geared towards enhancing client satisfaction.





1



2



3

### Our support for Children's Home and Special Nursery School in Beroun

In 2013, we continued using the grant to support the Children's Home and Special Nursery School in Beroun, which we obtained following our success in the DSFS Solidarity Challenge competition. We organized a trip to Prague Zoo for the children placed in the home, purchased a special baby carriage and provided funds for other necessary equipment.

To promote CSR activities, KP has introduced a corporate Charity Day. Each of our employees has the opportunity to spend one working day a year being actively involved in events organized by Komerční pojišťovna in cooperation with selected organizations.

In 2013 we helped organize Children's Day for children's homes in the Vysočina region. We also lent a hand in founding a forest nursery in Nový Hráčov, engaged in relief work after floods afflicted Prague's Střelecký Island and assisted in the clean-up of the garden at the day-care and week-care centre in Jihlava. In addition, a large number of KP employees take part in volunteering outside the Company premises - in their spare time they help out in a variety of non-profit organizations, children's homes, endowment funds, scout associations.

We cooperate with the day/week-care centre in Jihlava, which provides outpatient and residential care services for children and adults with mental and multiple disabilities. In 2013 we participated in the collection of clothes for charity organizations Charita CR and Diakonia Broumov. We contributed to fundraising on the Forget-Me-Not Day organized to support Safety Hotline and to a drive for collection of plastic caps for Davidek to treat his illness. We also donated computer technology to elementary schools and children's homes.

- 1 Day spent in the Children's Home and Special Nursery School in Beroun
- 2 Founding a forest nursery in Nový Hráčov
- 3 Relief work after floods afflicted Prague's Střelecký Island

## 2. Risk-oriented Insurance Products

### Risk life insurance

Risk life insurance provides coverage of clients' key risks and helps them to overcome financial losses arising from death, disability, long-term illness or involuntary loss of job.

### Risk insurance against defaulted loans

This insurance policy protects clients against inability to repay a loan. The clients can decide which of the four main life risks they want to be insured against. In the event of death or disability, KP shall pay the balance of the loan; in the event of inability to work or loss of job, KP shall take over the client's loan instalments.

For more information call the Client Service of Komerční pojišťovna using the free Info Line 800 10 66 10.

### Pension insurance – insurance against inability to pay contributions within pension plans associated with KB PS products

This risk insurance enables policyholders, in case of unexpected events, to continue payments to their pension savings plans, i.e. within the second pillar or supplementary pension savings plan – third pillar.

### Comprehensive life insurance Moje Jistota/Moudré pojištění/Elán

This product covers clients against major risks – 2nd and 3rd-degree disability, permanent consequences of injury, serious diseases, death, working inability, loss of job, hospitalization.

### Merlin, Vega and Super Vega – insurance against loss and misuse of payment or credit cards

Today, each payment card can be fully secure if it is insured. At a favourable price, the card is protected against misuse, plus the policy covers any expenses related to a loss of house keys or identification documents. It also covers the purchase of a new mobile phone if the client's old phone is misused. In addition, the Merlin product includes insurance of personal belongings and coverage of selected KB bank fees. No loss participation is required from the policyholders. KP makes this type of product available for other SG Group companies within the EU.

### Profi Merlin – insurance against loss and misuse of payment or credit cards for entrepreneurs

Insurance of credit and payment cards also comprises the corporate segment.





At a favourable price, clients can take out insurance against card fraud, payment of stop-listing fees, stolen cash withdrawn from ATMs, business proceeds stolen on the way to a KB branch, and a stolen or misused mobile phone. In addition, the Profi Merlin product includes insurance of personal belongings and coverage of selected KB bank fees. No loss participation is required from the policyholders.

### MojePojištění plateb – payments insurance

MojePojištění plateb ensures funds needed for regular monthly payments executed from the client's current account maintained by Komerční banka in the event of long-term working inability, disability, loss of job or sudden death. The amount of regular indemnity is determined on the basis of regular payments from the policyholder's account, such as rent, electricity and phone bills, etc.

### Profi pojištění plateb – payments insurance

Profi pojištění plateb ensures funds needed for regular monthly payments executed from the client's business account maintained by Komerční banka in the event of long-term working inability, disability, or sudden death.

### Travel insurance

Komerční pojišťovna covers a full range of risks associated with travelling, i.e. medical expenses, loss of luggage, accident and liability for damage. KP provides travel insurance also within the framework of payment and credit cards of Komerční banka, as well as for SG Group's partners within the EU. Travel insurance can be concluded at all Komerční banka branches, online, and since 2013 also through mobile application.

## Internal Processes

The greatest challenge for KP's operations in 2013 was the implementation of a large-scale project ensuing from adopting the new Civil Code. Naturally, it will also significantly impact operations in 2014 and the following years.

Several organizational changes introduced in the operation section in 2013 aimed to enhance methodology support for the team and to optimize the composition of relevant organization units engaged in claims handling. In addition, a new Distribution

Support department was set up to provide remote support for external business partners.

The Underwriting department was also subject to major changes designed to streamline relevant internal processes.

In connection with the sale of insurance policies by external business partners, a website project implementation was launched in 2013 with the objective of providing an easy-access information platform for external business partners, including the actual status of the insurance policies portfolio. The final version of the website will be made available for the production environment at the end of H1 2014.

In the past year, Komerční pojišťovna also focused on innovations and quality of the client service and conducted several surveys of customer satisfaction among clients and distributors of insurance products. The results of the surveys served to draw an action plan that has been implemented within the scope of the Quality Programme.

Another important project intended to enhance customer comfort, launched in 2013, related to streamlined mass mailing. For the first time, clients received statements for tax purposes together with annual letters containing updates about the status and value of their insurance policies.

2013 was a year of operational innovations in the sale and administration of new risk life insurance MojeJistota designed for the Komerční banka sales network.

Regarding the improvement of the quality of operational processing, DMS project was acclaimed as a major innovation, aimed to replace the current platform designed for monitoring the document flow with a more efficient tool.

KP also implemented an integrated tool for creating methodological processes to harmonize them with the platform used by Komerční banka.

In the claims handling segment, KP continued to work on expanding the reporting base for insurance fraud detection in response to the recent implementation of more complex risk products with a high level of insurance coverage variability.

A retention centre was set up in 2013 within the client service to minimize the volume of cancelled policies through an active acquisition to Komerční pojišťovna's clients and distributors.

In Komerční pojišťovna also encompasses environmental protection. KP actively participates in the Green Firm project.

In terms of research and development KP is mainly focused on product's development including IT systems used for products administration.

## Human Resources

In 2013 an HR Business Partnership concept was introduced, based on establishing and developing equal strategic partnerships between KP Management and HR Business partners. This alliance helped the Human Resources team to actively engage in company management and execute its strategy, and also get acquainted with the clients, products and processes. The HR Business partners team utilizes the gained knowledge to provide professional advisory and support for KP management in meeting the set targets. The results of a survey and positive feedback from managers confirm that the goal of the HR Business Partnership concept has been fulfilled.

Changes in benefits introduced with regard to family and work-life balance were also evaluated as a step in the right direction. As a result, Komerční pojišťovna has retained a strong position on the Czech labour market compared to its competitors.

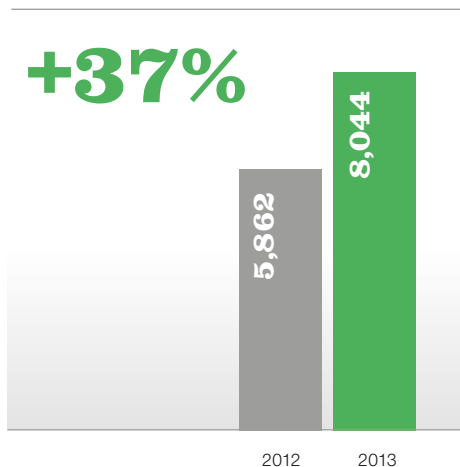
Due to active support for internal and external mobility, 11 employees, including those returning from maternity/parental leave, were assigned to their previous or new positions within KP and KB Group.

In the spring, Komerční pojišťovna for the third time participated in an international employee satisfaction survey, SG Barometer. 87% of KP employees took part in the survey, demonstrating a high level of engagement and growing interest in providing this kind of feedback to company management. The results and outputs of the subsequent workshop were used to draw an action plan that was presented to the employees in February 2014.

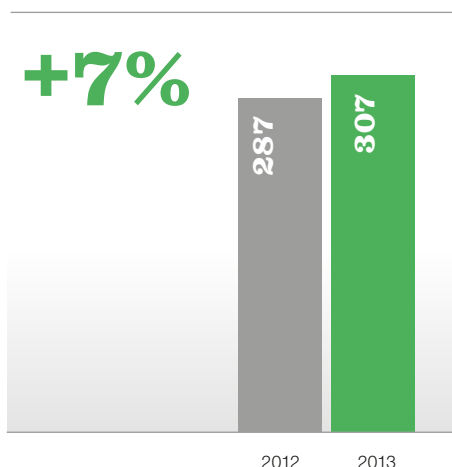


# Comments on the Financial Results

**Year-on-year trend in gross written premiums – life insurance (CZK million)**



**Year-on-year trend in gross written premiums – non-life insurance (CZK million)**



## Profit

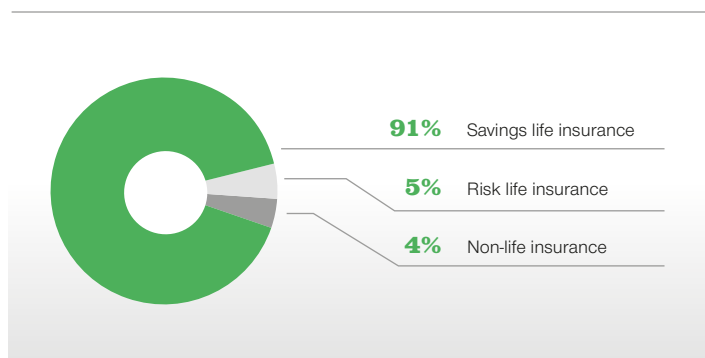
According to Czech Accounting Standards, Komerční pojišťovna posted a profit of CZK 418 million for 2013. According to International Financial Reporting Standards used for the purpose of consolidation with KB, KP's 2013 profit amounted to CZK 424 million.

## Gross Written Premiums

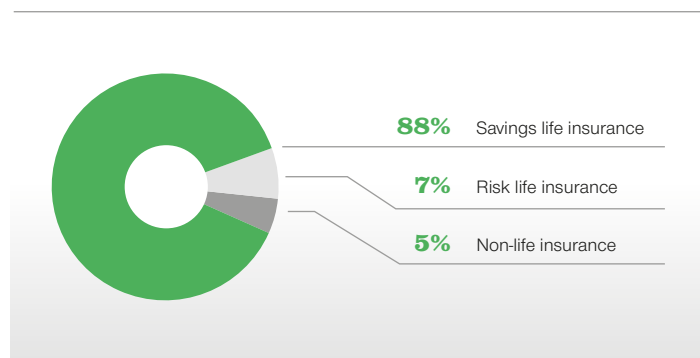
In 2013, gross written premiums totalled CZK 8,351 million. Gross written premiums in the life insurance segment amounted to CZK 8,044 million, representing an increase of 37.2% year-on-year.

Written premiums generated in the non-life segment totalled CZK 307 million, which represented a 7.2% increase compared to 2012.

**Structure of gross written premiums in 2013 (%)**



**Structure of gross written premiums in 2012 (%)**



## Structure of Gross Written Premiums

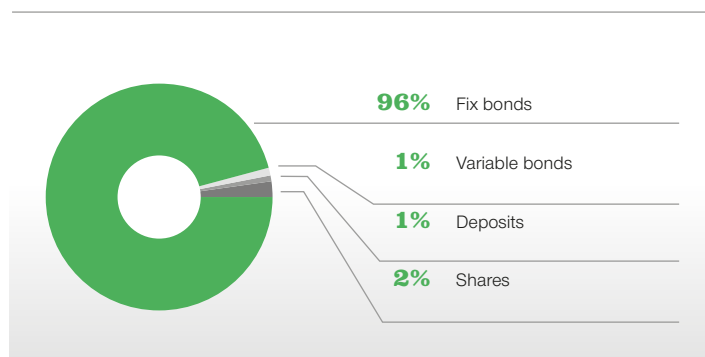
The structure of gross written premiums did not change significantly in 2013. Although there was slight increase in risk life and non-

life insurance, their share in total gross written premiums decreased.

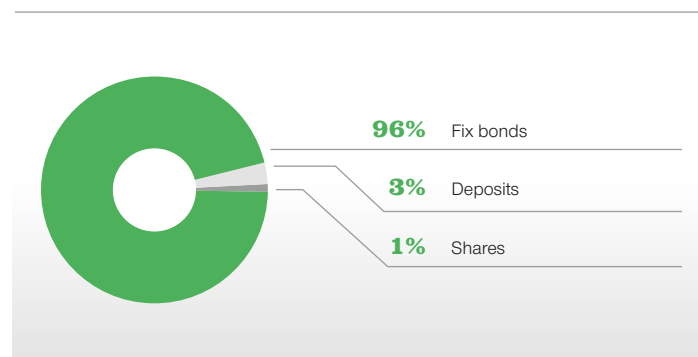
The reason is the evergrowing interest of clients in saving life insurance products, which

represent the largest part of the portfolio. It is concerned in particular products with guaranteed appreciation and Certus and Certus II funds offered within the Vital Invest insurance sold by Komerční banka and MPSS.

### Komerční pojišťovna's portfolio structure as at 31 December 2013 (%)



### Komerční pojišťovna's portfolio structure as at 31 December 2012 (%)

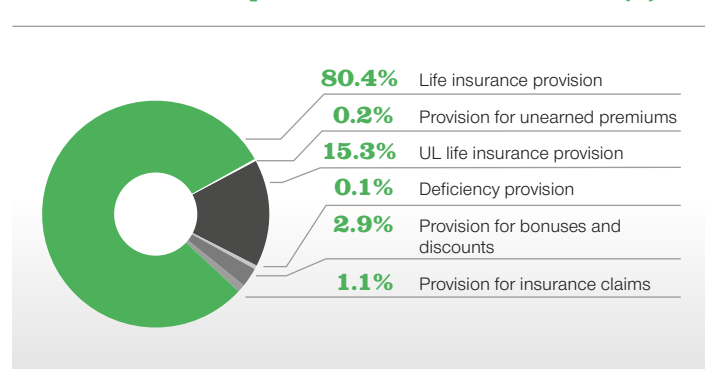


### Portfolio Structure

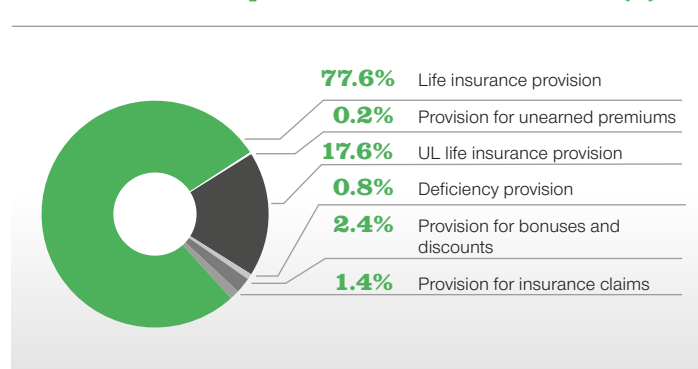
Few changes have been made to the investment portfolio structure in recent years. Komerční pojišťovna continued to focus on conservative items. Fixed-income bonds accounted for 96% of the portfolio in 2013, making it possible to guarantee the clients

a fixed yield. Czech government bonds constituted a large part of the portfolio, followed by bonds issued by banks and corporations seated within the EU, term deposits and shares.

### Structure of technical provisions as at 31 December 2013 (%)



### Structure of technical provisions as at 31 December 2012 (%)



### Technical Provisions

The volume of technical provisions rose by 21% year-on-year to CZK 35.3 billion as at 31 December 2013.

### Equity

As at 31 December 2013, equity totalled CZK 2,564 million, which represents a 7% increase compared to 2012. The balance sheet sum amounted to CZK 37,618 million, a 17% increase year-on-year, as at 31 December 2013.

# Statutory Bodies

## Board of Directors

### STÉPHANE CORBET

#### Chairman of the Board of Directors and CEO

Born 11 September 1969 in France, resident of Prague, French citizen, elected Chairman of the Board of Directors as of 29 September 2011. Member of the Board of Directors of Komerční pojišťovna since 1 September 2003. He held various actuarial positions, most recently at SOGECAP, after an engagement with A.G.F. (Allianz Group member). Mr. Corbet is a graduate of the Institute of Statistics of Paris University and member of the French Institute of Actuaries.

### JIŘÍ KOUTNÍK

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

Born 8 October 1969, resident of Prague, elected member of the Board of Directors as of 19 April 2011. Mr. Koutník joined Komerční banka in 2003 and worked in top IT positions, the last one being Head of SW Development for Distribution Channels. In April 2011 he joined KP as Head of Project and Information Technology Management Section. He is a graduate of Czech Technical University in Prague, Faculty of Electrical Engineering.

### HELENA ENDLEROVÁ

#### Member of the Board of Directors since 22 January 2014 Head of Financial Section since 1 February 2014

Born 14 August 1980, resident of Prague, elected member of the Board of Directors as of 22 January 2014. Ms. Endlerová started her professional career at Ernst & Young. She joined Komerční banka in 2006, specifically the Financial Group Management Department. In 2009, she joined Komerční pojišťovna as Head of Controlling and Planning Department and in February 2011, she was appointed Deputy Head of Financial Section. Ms. Endlerová is a graduate of Technical University of Liberec, Faculty of Economics, and member of the UK-based Association of Chartered Certified Accountants.

### ŠÁRKA ŠINDLEROVÁ

#### Member of the Board of Directors Head of Client Service and Operations Section since 1 February 2014 (Head of Financial Section until 31 January 2014)

Born 11 January 1973, resident of Velké Popovice, elected member of the Board of Directors as of 1 July 2007. Ms. Šindlerová has worked in the financial sector since 1996, namely at Deloitte and ING. In November 2002 she joined Komerční pojišťovna in the position of Head of Financial Section. She is a graduate of Silesian University, School of Economics.

### WILLIAM CHONIER

#### Member of the Board of Directors and Head of Development Section

Born 25 January 1971 in France, resident of Prague, French citizen, elected member of the Board of Directors as of 27 September 2011. Prior to joining KP on 1 September 2011 as Head of Development Section, he held the position of Sales Director of SG Insurance Russia. Mr. Chonier is a graduate of Clermont-Ferrand University in France, where he majored in Economics and Management.

### ZDENĚK ZAVADIL

#### Member of the Board of Directors Head of External Partnership Section since 1 February 2014 (Head of Client Service and Operations Section until 31 January 2014)

Born 22 April 1969, resident of Prague, elected member of the Board of Directors as of 10 May 2001. Mr. Zavadil began his professional career in Motokov in 1992. After working in several lease companies he joined Komerční pojišťovna in May 2001. He is a graduate of University of Economics in Prague, Faculty of Business Administration.



1 Stéphane Corbet  
2 Zdeněk Zavadil  
3 Helena Endlerová

4 Šárka Šindlerová  
5 William Chonier  
6 Jiří Koutník

## Supervisory Board

### PHILIPPE PERRET

#### Chairman of the Supervisory Board

Born 11 January 1963 in France, resident of Paris, France, French citizen, elected member of the Supervisory Board as of 4 March 2006, elected Chairman of the Supervisory Board as of 4 December 2009. He has worked in the financial sector since 1987, first in NATIO-VIE (BNP Group member), and since 1997 at SOGECAP of which he became CEO as of 1 December 2009. Mr. Perret is a graduate of the National School of Statistics and Economic Management and member of the Executive Committee of the Association of French Insurance Companies and the French Institute of Actuaries.

### ALBERT LE DIRAC'H

#### Member of the Supervisory Board

Born 16 October 1954 in France, resident of Prague, French citizen, elected member of the Supervisory Board as of 2 August 2013. A graduate of management studies at University of Rennes. In 1979–1980 he worked in the National Insurance Group. Mr. Le Dirac'h joined Société Générale in 1980, first as Inspector of General Inspection Department in Paris, from 1987 as Deputy Director and then Director of Back Offices in Capital Markets Division and since 1995 as Human Resources Director in Human Resources Division. In 1999–2006 he served as CEO and member of the Board of Directors of SGBT Luxembourg, in 2001–2007 as Chairman of the Supervisory Board of SG Private Banking Belgium and in 2006–2008 as Deputy Director in the Group's Human Resources Division. From 2008 to 2012, he served as CEO and Chairman of the Board of Directors of Société Générale Morocco based in Casablanca. As of 2 August 2013, KB's Board of Directors

elected Albert Le Dirac'h Chairman of the Board of Directors and CEO of Komerční banka. In addition, Albert Le Dirac'h is Member of the Supervisory Board of SG Equipment Finance Czech Republic and Chairman of the Supervisory Board of MPSS and ESSOX.

### PASCAL BIED-CHARRETON

#### Member of the Supervisory Board

Born 28 December 1964 in France, resident of Paris, France, citizen of France, elected member of the Supervisory Board as of 2 December 2009. He graduated in economics from the university Ecole Centrale de Paris. Mr. Bied-Charreton has worked in the insurance sector since 1988, in the companies CARDIF, NATIO-VIE and BNP Paribas. From September 2006 to November 2009, he was Director for International Development of Société Générale Insurance (Asia). On 1 December 2009 he was appointed Deputy General Manager of SOGECAP. He is a member of the French Institute of Actuaries.

### PAVEL ČEJKA

#### Member of the Supervisory Board

Born 13 December 1964, resident of Prague, elected member of the Supervisory Board as of 21 March 2007. He is a graduate of Czech Technical University and University of Chicago, Graduate School of Business. Mr. Čejka started his career with the auditing and consulting firm Arthur Andersen. He then held the position of Head of Finance Management at Československá obchodní banka. He joined Komerční banka in 2003, first as Deputy Executive Director for Finance and from February 2006 to July 2012 as Executive Director for Strategy and

Finance. Since 1 August 2012, he has been member of KB's Board of Directors and is in charge of managing the Strategy and Finance, Operations, Information Technology, Project Organization and Management, Support Services and Investment banking – Operations Sections.

### MARTIN KALIVODA

#### Member of the Supervisory Board

Born 17 March 1974, resident of Střížov, elected member of the Supervisory Board as of 16 November 2011. He is a graduate of Masaryk University in Brno. His career started in public administration. In 2007 he joined Komerční pojišťovna, first as Applications Manager and then Quality Manager. Mr. Kalivoda is the holder of the Six Sigma Green Belt certificate.

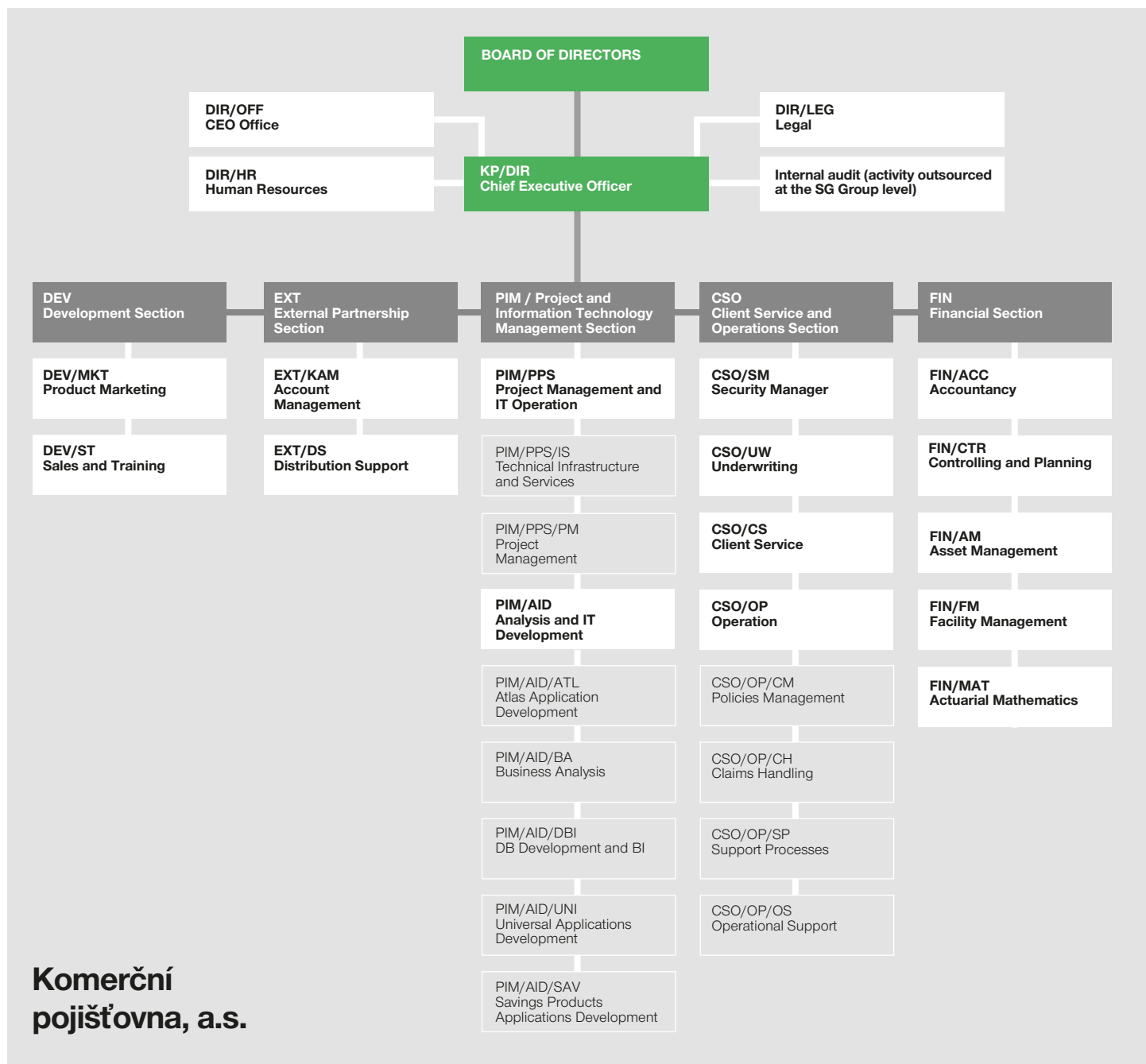
### JIŘÍ POTUŽIL

#### Member of the Supervisory Board

Born 30 June 1975, resident of Prague, elected member of the Supervisory Board as of 16 November 2011. He is a graduate of the Faculty of Mathematics and Physics, Charles University. Mr. Potužil started his career at the Generali Insurance company. In 2010 he joined Komerční pojišťovna in the position of Head of Actuarial Department. He is a certified member of the Czech Society of Actuaries.



# Organizational Structure as at 1 February 2014



# Shareholders' Decisions at General Meetings

Pursuant to Section 187(1) of the Commercial Code, the following decisions of the General Meeting were made:

## **The regular General Meeting at its session held on 19 April 2013:**

- discussed the Report of the Board of Directors on Company Business and Assets for 2012;
- discussed the submitted financial statements and the Board of Directors' proposal for distribution of profits for 2012;
- reviewed the Report of the Supervisory Board on the results of overseeing the activities of the Board of Directors and a review of the Board of Directors' Related Party Report pursuant to Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, as amended;
- approved the Company's annual financial statements for 2012;
- decided on distribution of profits for 2012 by allocating to the reserve fund CZK 8,770,881.88 out of the after-tax profit of CZK 175,417,637.57. The General Meeting approved dividends from profit generated from non-life insurance activities for 2012 in the amount of CZK 118,400,254.71, and dividends from retained profits from non-life insurance activities in the amount of CZK 48,209,345.29. CZK 48,246,500.98 was transferred to retained earnings of prior years. The resulting amount of retained earnings is CZK 303,837,782.94.

## **Dividends were paid out under the following conditions:**

1. The total amount of dividends paid was CZK 166,609,600.  
The amount of the dividend per share of the nominal value of CZK 72,735 is CZK 10,310.  
The amount of the dividend per share of the nominal value of CZK 145,470 is CZK 20,620.
2. The dividends were distributed by bank transfer.  
The total amount of dividends paid out to SOGECAP SA is CZK 84,975,020.  
The total amount of dividends paid out to Komerční banka, a.s., is CZK 81,634,580.
3. The decision date for dividend payment was 19 April 2013.
4. Dividends were payable as of 20 April 2013.
5. The cost of dividend distribution was borne by the Company.

## **The regular General Meeting:**

- elected members of the Audit Committee of Komerční pojišťovna, a.s., namely Mr. Pascal Bied-Charreton, Mr. Jiří Příbyl and Mr. Christophe Pautet, for a four-year term;
- authorized Deloitte Audit, s.r.o., Karolinská 654/2, 186 00 Praha 8 to perform a statutory audit of the Company for 2013.

## **The extraordinary General Meeting at its session held on 31 July 2013:**

- elected Mr. Albert Le Dirac'h member of the Supervisory Board of Komerční pojišťovna, a.s. for a four-year term as of 2 August 2013;
- elected Mr. Pascal Bied-Charreton member of the Supervisory Board of Komerční pojišťovna, a.s. for another four-year term as of 3 December 2013;
- elected Ing. Zdeněk Zavadil member of the Board of Directors of Komerční pojišťovna, a.s. for another four-year term as of 31 July 2013;
- approved Agreements on serving as Supervisory Board members of Komerční pojišťovna, a.s., entered into by and between Komerční pojišťovna, a.s. and Mr. Albert Le Dirac'h and Mr. Pascal Bied-Charreton;
- approved an Agreement on serving as Board of Directors member of Komerční pojišťovna, a.s., entered into by and between Komerční pojišťovna, a.s. and Ing. Zdeněk Zavadil.

# Report of the Supervisory Board

Throughout 2013, the Supervisory Board carried out the tasks stipulated by law and by the Articles of Association of a joint-stock company. 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 from 1 January to 31 December 2013, 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 2013; 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 2013, as well as the result of its operations for 2013 in compliance with the relevant regulations of the Czech Republic.

The Supervisory Board recommends that the General Meeting approve the financial statements for 2013, as proposed by the Board of Directors.

The Supervisory Board reviewed the Related Party Report for 2013 prepared by the Company under the provision of Section 66a(9) of the Commercial Code, and stated, based on the presented documents, that during the accounting period from 1 January

2013 to 31 December 2013 Komerční pojišťovna, a.s. did not suffer any losses.

Prague, on 20 March 2014

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



**PHILIPPE PERRET**  
Chairman of the Supervisory Board

## Sworn Statement

Komerční pojišťovna, a.s. hereby declares that all information and data included in this Annual Report is true and complete. Furthermore, Komerční pojišťovna, a.s. declares that no subsequent events occurred prior to the date of preparing this Annual Report that would have a material impact on the Company's financial position.

Prague, on 20 March 2014

Signed on behalf of the Board of Directors:



**STÉPHANE CORBET**  
Chairman of the Board of Directors and CEO



**HELENA ENDLEROVÁ**  
Member of the Board of Directors and Head of Financial Section

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	<b>27</b>	Profit and Loss Statement for the Year 2013
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# Independent Auditor's Report to the Shareholders of Komerční pojišťovna, a.s.

**Deloitte.**

Deloitte Audit s.r.o.  
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Registered at the Municipal Court in  
Prague, Section C, File 24349  
Id. Nr.: 49620592  
Tax Id. Nr.: CZ49620592

## **INDEPENDENT AUDITOR'S REPORT** To the Shareholders of Komerční pojišťovna, a.s.

Having its registered office at: Karolinská 1, 186 00 Praha 8  
Identification number: 639 98 017

### **Report on the Financial Statements**

Based upon our audit, we issued the following audit report dated 7 March 2014 on the financial statements which are included in this annual report on pages 24 to 54:

"We have audited the accompanying financial statements of Komerční pojišťovna, a.s. which comprise the balance sheet as of 31 December 2013, and the profit and loss account and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Statutory Body's Responsibility for the Financial Statements**

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Komerční pojišťovna, a.s. as of 31 December 2013, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic."

### **Report on the Related Party Transactions Report**

We have also reviewed the factual accuracy of the information included in the related party transactions report of Komerční pojišťovna, a.s. for the year ended 31 December 2013 which is included in this annual report on pages 55 to 65. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/cz/about](http://www.deloitte.com/cz/about) for a more detailed description of DTTL and its member firms.

We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Komerční pojišťovna, a.s. for the year ended 31 December 2013 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

The related party transactions report was prepared in accordance with Section 66a of Act No. 513/1991 Coll., the Commercial Code.

#### **Report on the Annual Report**

We have also audited the annual report of the Company as of 31 December 2013 for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report of the Company is consistent, in all material respects, with the financial statements referred to above.

In Prague on 31 March 2014

Audit firm:

Deloitte Audit s.r.o.  
certificate no. 79



Statutory auditor:

David Batal  
certificate no. 2147



## Balance Sheet as of 31 December 2013

(CZK thousand)	Row No.	2012	2013		
		Prior period	Gross	Adjustment	Net
<b>ASSETS</b>					
<b>A. Receivables for subscribed share capital</b>	1	0	0	0	<b>0</b>
<b>B. Intangible fixed assets, of which:</b>	2	12,855	206,979	196,270	<b>10,709</b>
a) Start-up costs	3	0	4,402	4,402	0
<b>C. Financial placements (investments)</b>	4	26,381,036	31,638,334	0	<b>31,638,334</b>
<b>I. Land and buildings (real estate)</b>	5	0	0	0	<b>0</b>
<b>II. Financial placements in businesses</b>	6	0	0	0	<b>0</b>
<b>III. Other financial placements</b>	7	26,381,036	31,638,334	0	<b>31,638,334</b>
1. Shares and other variable yield securities, other equity holdings	8	255,821	502,293	0	502,293
2. Bonds and other fixed income securities	9	25,636,614	32,543,956	0	32,543,956
3. Deposits placed with financial institutions	10	903,000	378,000	0	378,000
4. Other financial placement	11	(414,399)	(1,785,915)	0	(1,785,915)
<b>IV. Deposits in respect of active reinsurance</b>	12	0	0	0	<b>0</b>
<b>D. Financial placements of life insurance, if investment risk borne by the policyholder</b>	13	5,136,987	5,380,972	0	<b>5,380,972</b>
<b>E. Debtors</b>	14	275,984	455,490	264,251	<b>191,239</b>
<b>I. Receivables arising from direct insurance transactions</b>	15	145,433	73,086	24,891	<b>48,195</b>
1. Policyholders	16	145,433	73,086	24,891	48,195
<b>II. Receivables arising from reinsurance transactions</b>	17	0	0	0	<b>0</b>
<b>III. Other receivables</b>	18	130,551	382,404	239,360	<b>143,044</b>
<b>F. Other assets</b>	19	95,295	202,262	25,415	<b>176,847</b>
<b>I. Tangible fixed assets, other than land, buildings (real estate), and inventory</b>	20	13,575	34,667	25,348	<b>9,319</b>
<b>II. Cash on accounts with financial institutions and cash on hand</b>	21	81,720	167,595	67	<b>167,528</b>
<b>III. Treasury shares or treasury interim certificates, own equity holdings</b>	22	0	0	0	<b>0</b>
<b>G. Temporary assets</b>	23	145,555	219,734	0	<b>219,734</b>
<b>I. Accrued interest and rental (income)</b>	24	0	0	0	<b>0</b>
<b>II. Deferred acquisition costs of insurance policies, of which separately:</b>	25	68,513	100,006	0	<b>100,006</b>
a) Life insurance	26	43,991	74,105	0	74,105
b) Non-life insurance	27	24,522	25,901	0	25,901
<b>III. Other temporary assets, of which:</b>	28	77,042	119,728	0	<b>119,728</b>
a) Estimated receivables	29	66,823	111,397	0	111,397
<b>TOTAL ASSETS</b>	30	32,047,712	38,103,771	485,936	<b>37,617,835</b>

(CZK thousand)	Row No.	2012		2013	
		Prior period	Gross	Adjustment	Net
<b>LIABILITIES</b>					
<b>A. Equity</b>	31	2,389,057	0	0	<b>2,564,419</b>
<b>I. Share capital, of which:</b>	32	1,175,398	0	0	<b>1,175,398</b>
a) Changes in share capital	33	0	0	0	0
b) Own shares and shares certificates	34	0	0	0	0
<b>II. Share premium</b>	35	0	0	0	<b>0</b>
<b>III. Revaluation reserve fund</b>	36	0	0	0	<b>0</b>
<b>IV. Other capital funds</b>	37	681,910	0	0	<b>605,510</b>
of which: Revaluation gains or losses on securities	38	841,864	0	0	747,543
<b>V. Reserve fund and other funds from profit</b>	39	52,493	0	0	<b>61,264</b>
<b>VI. Retained earnings or accumulated losses brought forward</b>	40	303,838	0	0	<b>303,875</b>
<b>VII. Profit or loss for the period</b>	41	175,418	0	0	<b>418,372</b>
<b>B. Subordinated liabilities</b>	42	0	0	0	0
<b>C. Technical provisions</b>	43	23,875,737	29,871,929	896,496	<b>28,975,433</b>
<b>1. Provision for unearned premiums</b>	44	56,644	56,689	338	<b>56,351</b>
of which: a) Provision for unearned premiums – life insurance business	45	17,059	17,083	122	16,961
b) Provision for unearned premiums – non-life insurance business	46	39,585	39,606	216	39,390
<b>2. Life insurance provision</b>	47	22,536,068	28,368,103	822,769	<b>27,545,334</b>
<b>3. Provision for insurance claims</b>	48	335,516	396,030	73,389	<b>322,641</b>
of which: a) Provision for insurance claims – life insurance business	49	185,982	180,090	1,437	178,653
b) Provision for insurance claims – non-life insurance business	50	149,534	215,940	71,952	143,988
<b>4. Provision for bonuses and discounts</b>	51	712,830	1,010,469	0	<b>1,010,469</b>
of which: a) Provision for bonuses and discounts – life business	52	712,336	1,009,998	0	1,009,998
b) Provision for bonuses and discounts – non-life business	53	495	471	0	471
<b>5. Equalisation provision</b>	54	0	0	0	<b>0</b>
<b>6. Deficiency provision</b>	55	234,679	40,638	0	<b>40,638</b>
<b>7. Non-life insurance provision</b>	56	0	0	0	<b>0</b>
of which: a) Non-life insurance provision – life insurance business	57	0	0	0	0
b) Non-life insurance provision – non-life insurance business	58	0	0	0	0
<b>8. Other provisions</b>	59	0	0	0	<b>0</b>
of which: a) Other provisions – life insurance business	60	0	0	0	0
b) Other provisions – non-life insurance business	61	0	0	0	0

(CZK thousand)	Row No.	2012	2013		
		Prior period	Gross	Adjustment	Net
<b>D. UL life insurance provision</b>	62	5,136,987	5,380,972	0	<b>5,380,972</b>
<b>E. Reserves for other risks and losses</b>	63	57,513	0	0	<b>119,156</b>
<b>1. Reserve for pensions and similar liabilities</b>	64	0	0	0	<b>0</b>
<b>2. Reserve for taxation</b>	65	36,454	0	0	<b>98,249</b>
<b>3. Other reserves</b>	66	21,059	0	0	<b>20,907</b>
<b>F. Deposits in respect of passive reinsurance</b>	67	0	0	0	<b>0</b>
<b>G. Creditors</b>	68	357,636	0	0	<b>334,356</b>
<b>I. Payables arising from direct insurance transactions</b>	69	152,282	0	0	<b>96,862</b>
<b>II. Payables arising from reinsurance transactions</b>	70	17,130	0	0	<b>54,384</b>
<b>III. Loans backed by a debt security, of which:</b>	71	0	0	0	<b>0</b>
a) Convertible loans	72	0	0	0	0
<b>IV. Payables to financial institutions</b>	73	0	0	0	0
<b>V. Other payables, of which:</b>	74	188,224	0	0	<b>183,110</b>
a) Tax liabilities and social security payables	75	8,692	0	0	9,614
<b>VI. Guarantee fund of the Bureau</b>	76	0	0	0	<b>0</b>
<b>H. Temporary liabilities</b>	77	230,783	0	0	<b>243,499</b>
<b>I. Accrued expenses and deferred income</b>	78	0	0	0	<b>0</b>
<b>II. Other temporary liabilities, of which:</b>	79	230,783	0	0	<b>243,499</b>
a) Estimated payables	80	230,783	0	0	243,499
<b>TOTAL LIABILITIES</b>	81	32,047,712	0	0	<b>37,617,835</b>



# Profit and Loss Statement for the Year 2013

(CZK thousand)	Row No.	2012			2013		
		Base	Sub-total	Result	Base	Sub-total	Result
<b>I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE</b>							
	<b>1. Earned premium, net of reinsurance:</b>	x	x	x	x	x	x
	a) Gross premium written	286,621	x	x	307,149	x	x
	b) Premium ceded to reinsurers	9,460	277,161	x	14,392	292,757	x
	c) Change in the gross balance of the provision for unearned premium (+/-)	4,246	x	x	(136)	x	x
	d) Change in the balance of the provision for unearned premium, net of reinsurers' share (+/-)	(22)	4,268	<b>272,893</b>	59	(195)	<b>292,952</b>
	<b>2. Income from financial placements (investments) transferred from non-technical account (item III.6.)</b>	x	x	<b>15,952</b>	x	x	<b>11,091</b>
	<b>3. Other technical income, net of reinsurance</b>	x	x	<b>16,817</b>	x	x	<b>4,531</b>
	<b>4. Costs of claims, net of reinsurance:</b>	x	x	x	x	x	x
	a) Costs of claims:	x	x	x	x	x	x
	aa) Gross amount	50,985	x	x	53,692	x	x
	ab) Reinsurers' share	4,665	46,320	x	4,394	49,298	x
	b) Change in the balance of the provision for claims (+/-):	x	x	x	x	x	x
	ba) Gross amount	(32,943)	x	x	(6,266)	x	x
	bb) Reinsurers' share	(11,749)	(21,195)	<b>25,125</b>	(720)	(5,546)	<b>43,752</b>
	<b>5. Change in the balance of other technical provisions, net of reinsurance (+/-)</b>	x	x	<b>(279)</b>	x	x	<b>(23)</b>
	<b>6. Bonuses and discounts, net of reinsurance</b>	x	x	<b>944</b>	x	x	<b>593</b>
	<b>7. Net operating expenses:</b>	x	x	x	x	x	x
	a) Acquisition costs of insurance policies	x	66,359	x	x	70,834	x
	b) Change in the balance of deferred acquisition costs (+/-)	x	(1,950)	x	x	155	x
	c) Administrative overheads	x	49,407	x	x	60,034	x
	d) Commission from reinsurers and shares of profit	x	0	<b>113,816</b>	x	6,257	<b>124,766</b>
	<b>8. Other technical costs, net of reinsurance</b>	x	x	<b>44,067</b>	x	x	<b>35,600</b>
	<b>9. Change in the balance of the equalisation provision (+/-)</b>	x	x	<b>0</b>	x	x	<b>0</b>
	<b>10. Sub-total, balance (result) of the non-life insurance technical account (item III.1.)</b>	x	x	<b>121,989</b>	x	x	<b>103,886</b>
<b>II. TECHNICAL ACCOUNT – LIFE INSURANCE</b>							
	<b>1. Earned premium, net of reinsurance:</b>	x	x	x	x	x	x
	a) Gross premium written	x	5,862,149	x	x	8,043,820	x
	b) Premium ceded to reinsurers	x	123,194	x	x	691,768	x
	c) Change in the balance of the reserve for unearned premium, net of reinsurance (+/-)	x	(382)	<b>5,739,336</b>	x	(97)	<b>7,352,149</b>
	<b>2. Income from financial placements (investments):</b>	x	x	x	x	x	x
	a) Income from equity investments, with a special mention of income from controlled entities	x	0	x	x	0	x
	b) Income from other financial placements (investments) with a special mention of income from controlled entities, of which:	x	x	x	x	x	x
	ba) Income from land and buildings (real estate)	0	x	x	0	x	x
	bb) Income from other investments	1,385,403	1,385,403	x	1,711,581	1,711,581	x
	c) Change in the value of financial placements (investments)	x	0	x	x	0	x
	d) Income from the realisation of financial placements (investments)	x	70,964	<b>1,456,367</b>	x	89,867	<b>1,801,448</b>
	<b>3. Additions to financial placements (investments)</b>	x	x	<b>748,374</b>	x	x	<b>619,060</b>

(CZK thousand)	Row No.	2012			2013		
		Base	Sub-total	Result	Base	Sub-total	Result
<b>4. Other technical income, net of reinsurance</b>	37	x	x	<b>52,116</b>	x	x	<b>53,995</b>
<b>5. Costs of claims, net of reinsurance:</b>	38	x	x	<b>x</b>	x	x	<b>x</b>
a) Costs of claims:	39	x	x	<b>x</b>	x	x	<b>x</b>
aa) Gross amount	40	1,882,356	x	<b>x</b>	2,150,519	x	<b>x</b>
ab) Reinsurers' share	41	4,992	1,877,364	<b>x</b>	16,450	2,134,069	<b>x</b>
b) Change in the balance of the provision for claims (+/-):	42	x	x	<b>x</b>	x	x	<b>x</b>
ba) Gross amount	43	25,424	x	<b>x</b>	(7,418)	x	<b>x</b>
bb) Reinsurers' share	44	516	24,908	<b>1,902,272</b>	(90)	(7,328)	<b>2,126,741</b>
<b>6. Change in the balance of other technical provisions, net of reinsurance (+/-):</b>	45	x	x	<b>x</b>	x	x	<b>x</b>
a) Change in the balance of the life insurance provision:	46	x	x	<b>x</b>	x	x	<b>x</b>
aa) Change in the gross balance	47	3,230,495	x	<b>x</b>	5,533,445	x	<b>x</b>
ab) Reinsurers' share	48	104,547	3,125,948	<b>x</b>	718,223	4,815,222	<b>x</b>
b) Change in the balance of other technical provisions, net of reinsurance	49	x	1,458,324	<b>4,584,273</b>	x	541,647	<b>5,356,869</b>
<b>7. Bonuses and discounts, net of reinsurance</b>	50	x	x		x	x	
<b>8. Net operating expenses :</b>	51	x	x	<b>x</b>	x	x	<b>x</b>
a) Acquisition costs of insurance policies	52	x	204,386	<b>x</b>	x	183,765	<b>x</b>
b) Change in the balance of deferred acquisition costs (+/-)	53	x	(23,901)	<b>x</b>	x	(30,114)	<b>x</b>
c) Administrative overheads	54	x	199,589	<b>x</b>	x	198,044	<b>x</b>
d) Commission from reinsurers and shares of profits	55	x	2,571	<b>377,503</b>	x	6,659	<b>345,036</b>
<b>9. Costs of financial placements (investments):</b>	56	x	x	<b>x</b>	x	x	<b>x</b>
a) Costs of administering financial placements (investments), including interest	57	x	502,132	<b>x</b>	x	755,979	<b>x</b>
b) Change in the balance of financial placements (investments)	58	x	0	<b>x</b>	x	0	<b>x</b>
c) Costs attributable to the realisation of financial placements (investments)	59	x	70,964	<b>573,097</b>	x	89,867	<b>845,846</b>
<b>10. Disposals of financial placements (investments)</b>	60	x	x	<b>311,586</b>	x	x	<b>531,421</b>
<b>11. Other technical costs, net of reinsurance</b>	61	x	x	<b>141,700</b>	x	x	<b>199,066</b>
<b>12. Income from financial placements (investments) transferred to non-technical account (item III.4.)</b>	62	x	x	<b>71,750</b>	x	x	<b>94,639</b>
<b>13. Sub-total, balance (result) of the life insurance technical account (item III.2.)</b>	63	x	x	<b>34,014</b>	x	x	<b>327,034</b>
<b>III. NON-TECHNICAL ACCOUNT</b>							
<b>1. Result of the non-life insurance technical account (item I.10.)</b>	64	x	x	<b>121,989</b>	x	x	<b>103,886</b>
<b>2. Result of the life insurance technical account (item II.13.)</b>	65	x	x	<b>34,014</b>	x	x	<b>327,034</b>
<b>3. Income from financial placements (investments):</b>	66	x	x	<b>x</b>	x	x	<b>x</b>
a) Income from equity investments, with a special mention of income from controlled entities	67	x		<b>x</b>	x		<b>x</b>
b) Income from other financial placements (investments) with a special mention of income from controlled entities, of which:	68	x	x	<b>x</b>	x	x	<b>x</b>
ba) Income from land and buildings (real estate)	69	0	x	<b>x</b>	0	x	<b>x</b>
bb) Income from other investments	70	0	0	<b>x</b>	0	0	<b>x</b>
c) Change in the balance of financial placements (investments)	71	x	0	<b>x</b>	x	0	<b>x</b>
d) Income from the realisation of financial placements (investments)	72	x	0	<b>0</b>	x	0	<b>0</b>

(CZK thousand)	Row No.	2012			2013		
		Base	Sub-total	Result	Base	Sub-total	Result
<b>4. Income from financial placements (investments) transferred from the life insurance technical account (item II.12.)</b>	73	x	x	<b>71,750</b>	x	x	<b>94,639</b>
<b>5. Costs of financial placements (investments):</b>	74	x	x	<b>x</b>	x	x	<b>x</b>
a) Costs of administering financial placements (investments), including interest	75	x	0	<b>x</b>	x	0	<b>x</b>
b) Change in the balance of financial placements (investments)	76	x	0	<b>x</b>	x	0	<b>x</b>
c) Costs attributable to the realisation of financial placements (investments)	77	x	0	<b>0</b>	x	0	<b>0</b>
<b>6. Income from financial placements (investments) transferred to the non-life insurance technical account (item I.2.)</b>	78	x	x	<b>15,952</b>	x	x	<b>11,091</b>
<b>7. Other income</b>	79	x	x	<b>6,443</b>	x	x	<b>1</b>
<b>8. Other expenses</b>	80	x	x	<b>4,381</b>	x	x	<b>0</b>
<b>9. Income tax on current activities</b>	81	x	x	<b>38,018</b>	x	x	<b>96,065</b>
<b>10. Profit or loss on current activities after taxation</b>	82	x	x	<b>175,845</b>	x	x	<b>418,404</b>
<b>11. Extraordinary expenses</b>	83	x	x	<b>0</b>	x	x	<b>0</b>
<b>12. Extraordinary income</b>	84	x	x	<b>0</b>	x	x	<b>0</b>
<b>13. Extraordinary profit or loss</b>	85	x	x	<b>0</b>	x	x	<b>0</b>
<b>14. Income tax on extraordinary activities</b>	86	x	x	<b>0</b>	x	x	<b>0</b>
<b>15. Other taxes not reported above</b>	87	x	x	<b>427</b>	x	x	<b>32</b>
<b>16. Profit or loss for the period (item III.3.)</b>	88	x	x	<b>175,418</b>	x	x	<b>418,372</b>

## Statement of Changes in Equity for the Year Ended 31 December 2013

(CZK thousand)	Share capital	Treasury shares	Share premium	Reserve funds	Capital funds	Valuation gains or losses	Profit/(loss)	Total
<b>Balance at 1 January 2012</b>	<b>1,175,398</b>	<b>0</b>	<b>0</b>	<b>39,941</b>	<b>0</b>	<b>(185,185)</b>	<b>316,391</b>	<b>1,346,544</b>
FX differences and valuation gains or losses not included in profit/(loss)	0	0	0	0	0	867,095	0	867,095
Net profit/(loss) for the period	0	0	0	0	0	0	175,418	175,418
Transfers to funds	0	0	0	12,552	0	0	(12,552)	0
<b>Balance at 31 December 2012</b>	<b>1,175,398</b>	<b>0</b>	<b>0</b>	<b>52,493</b>	<b>0</b>	<b>681,910</b>	<b>479,256</b>	<b>2,389,057</b>
<b>Balance at 1 January 2013</b>	<b>1,175,398</b>	<b>0</b>	<b>0</b>	<b>52,493</b>	<b>0</b>	<b>681,910</b>	<b>479,256</b>	<b>2,389,057</b>
FX differences and valuation gains or losses not included in profit/(loss)	0	0	0	0	0	(76,400)	0	(76,400)
Net profit/(loss) for the period	0	0	0	0	0	0	418,372	418,372
Dividends	0	0	0	0	0	0	(166,610)	(166,610)
Transfers to funds	0	0	0	8,771	0	0	(8,771)	0
<b>Balance at 31 December 2013</b>	<b>1,175,398</b>	<b>0</b>	<b>0</b>	<b>61,264</b>	<b>0</b>	<b>605,510</b>	<b>722,247</b>	<b>2,564,419</b>

# Notes to the Financial Statements for the Year Ended 31 December 2013

## 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 principal operations are as follows:

As of 31 December 2013, the Company is licensed to undertake insurance activities, and activities relating to insurance and reinsurance activities as follows:

1. 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
  - 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
2. Activities relating to insurance and reinsurance pursuant to Section 13 (1) of the Insurance Act:
  - Agency activities undertaken in connection with insurance activities under the Insurance Act
  - Advisory activities relating to insurance of individuals and legal entities under the Insurance Act
  - Investigation into insurance claims undertaken on a contractual basis with an insurance company under the Insurance Act
  - Mediation of financial services listed under (a) to (e):
    - a) Agency services in respect of building society savings programmes;
    - b) Agency services in respect of retirement benefit programmes;
    - c) Agency services in respect of the arrangement of consumer and mortgage loans;
    - d) Agency services in respect of the arrangement of credit cards;
    - e) Leasing agency services.
  - Training activities for insurance brokers and independent loss adjusters.

#### 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 2013:

**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 50, Avenue du Général de Gaulle, 92093 Paris, La Défense Cedex, identification number: 086380730 R.C.S. NANTERRE; a 51.01 percent shareholder.

#### Registered Office of the Company:

Karolinská 1/650  
186 00, Prague 8

The Company has no foreign branch.

## 1.2. Board of Directors and Supervisory Board as of 31 December 2013

	Position	Name
<b>Board of Directors</b>	Chairman	Stéphane Corbet
	Member	Ing. Zdeněk Zavadil
	Member	Ing. Jiří Koutník
	Member	Ing. Šárka Šindlerová
	Member	William Chonier
<b>Supervisory Board</b>	Chairman	Philippe Perret
	Member	Albert Le Dirac'h
	Member	Pascal Bied-Charreton
	Member	Ing. Pavel Čejka
	Member	Mgr. Martin Kalivoda
	Member	Mgr. Jiří Potužil

### 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 or the Company's stamp.

## 1.3. Equity Holdings in Other Businesses

The Company held no equity investments in other businesses as of 31 December 2013.

## 1.4. Changes and Amendments to the Commercial Register

The following changes or amendments to the Commercial register were made in 2013:

Henry Bonnet's term as a member of the Supervisory Board expired on 25 July 2013 and this change was recorded in the Commercial Register on 17 October 2013.

Pascal Bied-Charreton's four-year term in the Supervisory Board was renewed with effect from 3 December 2013 and this change was recorded in the Commercial Register on 17 October 2013.

Albert Le Dirac'h became a member of the Supervisory Board with effect from 2 August 2013 and this change was recorded in the Commercial Register on 17 October 2013.

Zdeněk Zavadil's four-year term in the Board of Directors was renewed with effect from 31 July 2013 and this change was recorded in the Commercial Register on 23 November 2013.

## 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 didn't report any changes in the share capital in the year ended 31 December 2013.



## 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 recalculated 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 2013.

### 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.

In respect of information technologies, the Company invests in research and development; these expenses are principally related to the preparation of development studies and implementation of individual projects.

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 2013.

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 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 2013 as follows:

- Intangible fixed assets, including acquisition, are presented in lines 2–4; and
- Tangible fixed assets (both depreciable and non-depreciable), including acquisition, are presented in line 20.

The Company recognised tax depreciation charges for tangible and intangible assets in 2013.

### 2.3. Financial Placements

#### Deposits

Deposits placed with financial institutions are measured at their nominal value upon acquisition. As of the year-end, these assets are recalculated 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

Debt securities are stated at cost upon acquisition. Purchased accrued interest income is added to the cost of the investment. The difference between the cost of the jacket of debt securities and their nominal value is recorded to income or expense over the remaining maturity of these 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 and any foreign exchange rate difference is included in the fair value recalculation.

The Company recalculated individual components of financial placements at fair values as of the balance sheet date, excluding the securities held until maturity and issued by an OECD member state (refer to below). The fair value of publicly tradable securities is defined as the value at which the security is traded on the Prague Stock Exchange or quoted by major securities dealers, as appropriate.

The gains or losses from the revaluation of securities are charged against equity (account 404) as all the securities held by the Company are not intended for trading.

The securities held until maturity, which were issued by an OECD member state and the rating of which, stated by at least two internationally recognised rating agencies, was defined at the level of the Czech Republic or higher, have been measured at amortised cost.

#### Derivatives

As part of the implemented investment strategy, KP 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, KP 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. The fair value of swaps is calculated using the net present value of the fixed future cash flows from these derivatives.

#### Other Financial Placement Components

The gains or losses from the revaluation of other financial placement components (shares), if any, are recognised in the profit and loss account (accounts 539 and 639).

The structure of the financial placement portfolio follows the obligatory limits set out in Insurance Act No. 277/2009 Coll., and Finance Ministry Decree No. 434/2009 Coll., which provides implementation guidance on certain provisions of the Insurance Act.

### 2.4. Receivables

Receivables are stated at nominal value.

Following the analysis of the recoverability of past due debts undertaken by the Company, individual groups of receivables were assigned specific coefficients for provisioning. The Company used coefficients of similar product groups for the newly sold products.

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.

### 2.5. Permanent or Long-Term Impairment of Assets

At the balance sheet date, the Company assesses whether there is any indication that assets, which are not measured at fair value or assets that are fair valued but the revaluation differences are included in the balance sheet, may be impaired.

## 2.6. Cash and Cash Equivalents

Cash comprises cash on hand and current bank accounts designed to secure the Company's operations. Term deposits, with the exception of foreign currency term deposits, which are also used to finance the Company's operations, are reported as a component of financial placements.

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

Cash and cash equivalents are stated at nominal value.

## 2.7. Technical Provisions

The Company records technical provisions pursuant to Insurance Act No. 277/2009 Coll., as amended, as follows:

### Life Insurance Provision

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

### Provision for Unearned Premiums

The provision for unearned premium 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.

### Provision for Insurance Claims

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

The provision for insurance claim also reflects the amount of the estimated claims handling costs associated with settling claims.

The RBNS is recognised as equal to the sum of provisions 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 only;
- 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 provision for insurance 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 provision 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.

### Provision for Bonuses and Discounts

The provision 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 provision also reflects a portion of income from financial placements held for anticipated but not yet awarded profit shares.

In 2013, the Company increased, in accordance with Section 63 (2) of the Insurance Act, the provision for bonuses and discounts by CZK 268 million up to the final amount of CZK 916 million. 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 provision, 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.

If the Company does not take the above decision within eight years from the recognition of the provision, it undertakes to allocate this amount (or its so far unallocated part) to policies (ie 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 provision. Each policy holder should receive an amount calculated as an average balance of the life insurance provision of the relevant policy holder during the 8th calendar year from the recognition of this provision for bonuses and discounts/(divided) by the total average value of the life insurance provision of these policy holders (ie policy holders of those products that stipulate the right for the profit share to the share holder) during the eighth calendar year from the recognition of the reserve for bonuses and discounts \* (multiplied by) the reserve for bonuses and discounts recognised in the year of recognition, or its unpaid part.

The provision for bonuses and discounts was recognised in addition to the profit shares that were allocated to individual policies and that became part of the life insurance provision upon the allocation of shares for 2013.

No part of the similar increases of CZK 194 million in 2012, CZK 174 million in 2011, CZK 165 million and CZK 115 million made in 2010 and 2009, respectively, was used in 2013.

### **Deficiency Provision**

The Company creates a deficiency provision resulting from life insurance contracts. At the balance sheet date, the Company undertakes a test of the adequacy of life insurance technical provisions (the "liability adequacy test") designed to verify the sufficiency of the total sum of amounts of life insurance provision. 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 provisions 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 provisions, the Company creates a provision equivalent to this deficiency.

The methodology for creating and using deficiency provision is in accordance with Special Directive No. 3 of the Czech Society of Actuaries as of 22 September 2003.

### **UL Life Insurance Provision**

This provision is held to cover obligations of the insurance company to the policy holders for the life insurance products where it is the policy holder who bears the investment risk on the basis of the insurance contract; the Company has recognised this provision since 2006 when the sale of these products began.

The provision 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 67 (3) of the Insurance Act, a provision is recognised for a portion of liabilities from the insurance contracts which arise from (a) covering the risk of death and (b) funds placed in the guaranteed fund in accordance with Section 65 of the Insurance Act.

## **2.8. Reserves 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, a reserve for outstanding vacation days, a reserve for auditing, annual letters to clients, annual report, and a restructuring reserve.

### **Restructuring Reserve**

Following the reporting of significant losses in the year ended 31 December 2001 and in prior years, the parent company initiated the Company's restructuring in 2002.

Based upon an analysis of anticipated costs resulting from this restructuring, the Company recorded, in 2002 and 2003, a reserve for the portion of those costs that can be recognised in the current period under applicable accounting regulations.

## 2.9. Payables

Payables are stated at nominal value.

Payables to the policyholders principally comprise insurance premium prepayments and overpayments, 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;
- 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 2.7.).

## 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 WILLIS, s.r.o., AXA Assistance CZ, s.r.o., Gras Savoye 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 provisions.

Risk life insurance commissions where the acquirers are broker companies are deferred for the period of two years.



## 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.

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 23.3% for non-life insurance and 76.7% for life insurance.

## 2.15. Financial Placement Costs and Income Recognition

### Recognition of Costs and Income from Financial Placements 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 provisions,
- ii) Portfolio of securities covering life insurance provisions,
- iii) Portfolio of securities covering funds of the Company's equity.

Income from and costs of financial placements 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 accounts.

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

### Accounting Treatment for the Realisation of Financial Placements

The Company's accounts for the realisation of financial placements on a gross basis and accordingly records separately all the revenues arising from realisation as equal to the selling value of the relevant financial placement 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 and ascertained with reasonable certainty. No profit shares were recognised as of 31 December 2013.

The reinsurer's share of provisions 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 fixed assets, provisions against receivables, reserves and tax losses carried forward.

In 2013, 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 recalculation 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 50, avenue du Général De Gaulle, 92093 Paris la Defense Cedex, which can be obtained at the same place.

## 2.22. Use of Estimates

The presented financial statements for the year ended 31 December 2013 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.

## 3. Additional Information to the Financial Statements

### 3.1. Tangible and Intangible Fixed Assets

#### Acquisition cost

(CZK thousand)	Additions	Disposals	31 December 2013	31 December 2012
Depreciated tangible assets	980	2,240	34,431	35,691
of which: cars	920	0	9,629	8,709
hardware	60	1,606	14,686	16,232
office equipment		634	8,010	8,644
furniture and fixtures	0	0	2,106	2,106
Amortised intangible assets	1,510	0	202,803	201,293
Non-depreciated tangible assets	0	0	236	236
Acquisition of assets	4,176	0	4,176	0
of which: intangible assets	4,176	0	4,176	0
tangible assets	0	0	0	0
<b>Total</b>	<b>6,666</b>	<b>2,240</b>	<b>241,646</b>	<b>237,220</b>

**Accumulated Depreciation**

(CZK thousand)	Additions	Disposals	31 December 2013	31 December 2012
Depreciated tangible assets	5,236	2,240	25,348	22,352
of which: cars	1,383	0	7,493	6,110
hardware	3,035	1,606	9,439	8,010
office equipment	622	634	6,584	6,596
furniture and fixtures	195	0	1,831	1,636
Amortised intangible assets	7,832	0	196,270	188,438
<b>Total</b>	<b>13,068</b>	<b>2,240</b>	<b>221,618</b>	<b>210,790</b>

**Net Book Value**

(CZK thousand)	31 December 2013	31 December 2012
Depreciated tangible assets	9,083	13,339
of which: cars	2,135	2,599
hardware	5,247	8,222
office equipment	1,427	2,048
furniture and fixtures	274	470
Amortised intangible assets	6,534	12,855
Non-depreciated tangible assets	236	236
Acquisition of assets	4,176	0
of which: intangible assets	4,176	0
tangible assets	0	0
<b>Total</b>	<b>20,028</b>	<b>26,430</b>

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

(CZK thousand)	31 December 2013	31 December 2012
Intangible assets (line 2)	10,709	12,855
Tangible movable assets (line 29)	9,319	13,575
<b>Total</b>	<b>20,028</b>	<b>26,430</b>

In 2013, principal additions to tangible depreciated assets include the purchase of business cars, (CZK 919 thousand).

With respect to amortised intangible assets, the most significant item was the purchase of new software equipment (CZK 1,510 thousand). Disposals of depreciated tangible assets predominantly included the retirement of servers (CZK 1,053 thousand).

**3.2. Financial Placements****Fair Value of Financial Placements**

Group of assets (CZK thousand)	31 December 2013	31 December 2012
Debt securities issued by an EU member state or its central bank	17,514,623	15,397,713
Debt securities issued by banks of EU member states	5,436,460	3,420,747
Listed bonds issued by EU businesses	5,978,830	4,151,202
Listed municipal bonds	620,089	343,600
Listed debt securities issued by banks and trading companies of non-EU member states	2,993,954	2,323,352
Debt securities issued by EIB, ECB, EBRD or IBRD	0	0
Provision against securities	0	0
<b>Total fixed income securities</b>	<b>32,543,956</b>	<b>25,636,614</b>
Shares	502,293	255,821
Deposits with banks	378,000	903,000
Other financial placements – Cross Currency Swap	(1,785,915)	(414,399)
<b>Total securities and deposits</b>	<b>31,638,334</b>	<b>26,381,036</b>

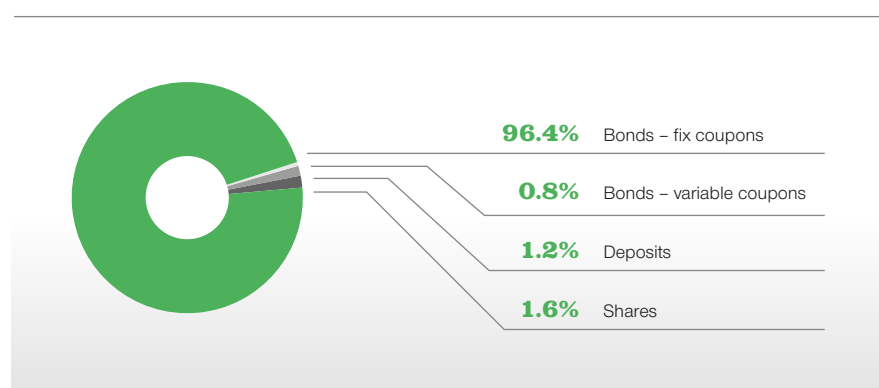
The financial placement of assets originated from the Company's technical provisions complies with the requirements set out in respect of the structure of financial placements by the Insurance Act and Decree No. 434/2009 Coll., which provides implementation guidance on the Insurance Act.

45 percent (2012: 47 percent) of financial placements are allocated to government bonds issued by the Czech Republic. Financial placements 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 and bank deposits.

Investments in shares represent an additional instrument added to the portfolio at the beginning of 2007. The limit for these investments is 2 percent of the total volume of the portfolio. At the end of 2013, the volume of stock investments amounted to 1,6 percent (2012: 1 percent).

In 2013, apart from the bonds denominated in CZK (acquisition cost: CZK 3.05 billion), 18 bonds denominated in EUR and USD were purchased and included in the investment portfolio. Their total acquisition cost amounted to EUR 154.2 million and USD 14.6 million (an equivalent of CZK 4.3 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.

### KP portfolio of investments



### 3.3. Receivables

#### Analysis of receivables

(CZK thousand)	31 December 2013	31 December 2012
Receivables from direct insurance from policy holders	73,086	172,514
Receivables from agents (brokers)	0	0
Amounts due from reinsurance transactions	0	0
Other receivables from direct insurance and reinsurance	7,221	9,690
<b>Total receivables from direct insurance and reinsurance</b>	<b>80,307</b>	<b>182,204</b>
Operating prepayments	48,122	51,810
Other debtors	289,786	287,533
Amounts due from employees	(18)	0
Prepaid income tax	37,293	20,879
<b>Total receivables</b>	<b>455,490</b>	<b>542,426</b>

As of 31 December 2013, 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 2013, operating prepayments totalling CZK 48,122 thousand (2012: CZK 51,810 thousand) primarily included prepayments for the share in the profit of collective contracts of CZK 37,553 thousand (2012: CZK 39,798 thousand), a prepayment of CZK 1,724 thousand provided to AXA ASSISTANCE (2012: CZK 1,701 thousand) and a rental guarantee payment of CZK 7,567 thousand (2012: CZK 7,555 thousand).

As of 31 December 2013, other debtors primarily consist of receivables from the outstanding principal and security coupon amounting to CZK 285,694 thousand (2012: CZK 282,960 thousand).

#### Aging Analysis of Receivables from Direct Insurance for Policy Holders:

(CZK thousand)	Months past due date 2013				Total
	0-3	4-6	7-12	over 12	
Other non-life products	30	2	16	11,159	11,207
International insurance products	13	26	179	0	218
Merlin	294	1,278	208	390	2,170
Patron	1,564	1,778	138	175	3,655
Card insurance	92	0	0	0	92
Travel individual	16	57	52	812	937
Other life insurance products	1,180	96	25	388	1,689
Group risk life insurance	545	0	0	0	545
Vital	1,252	55	0	99	1,406
Vital Corporate	1,441	34	10	87	1,572
Vital Grand	214	35	96	2,633	2,978
Vital Invest, Blue Vital Invest, Brouček	8,654	104	11	132	8,901
Vital Premium	5,748	0	0	0	5,748
Individual risk life insurance	6,127	751	1,673	8,270	16,821
Consumer loans insurance	7,381	5,637	2,129	0	15,147
<b>Total</b>	<b>34,551</b>	<b>9,853</b>	<b>4,537</b>	<b>24,145</b>	<b>73,086</b>

(CZK thousand)	Months past due date 2012				Total
	0-3	4-6	7-12	over 12	
Other non-life products	29	6	15	11,169	11,219
International insurance products	5,100	0	0	0	5,100
Merlin	5,898	1,230	23,163	390	30,681
Patron	1,897	1,168	65	57	3,187
Card insurance	0	0	0	0	0
Travel individual	57	74	56	657	844
Other life insurance products	1,263	103	20	380	1,766
Group risk life insurance	5,843	0	0	0	5,843
Vital	1,790	42	6	225	2,063
Vital Corporate	1,728	11	3	34	1,776
Vital Grand	327	63	111	3,230	3,731
Vital Invest, Blue Vital Invest, Brouček	12,935	1,517	152	305	14,909
Vital Premium	32,800	0	0	0	32,800
Individual risk life insurance	6,403	637	791	8,395	16,226
Consumer loans insurance	21,917	18,408	2,044	0	42,369
<b>Total</b>	<b>97,987</b>	<b>23,259</b>	<b>26,426</b>	<b>24,842</b>	<b>172,514</b>



**Provisions against Receivables from Direct Insurance:**

(CZK thousand)	Months past due date 2013				Total
	0-3	4-6	7-12	over 12	
Other non-life products	0	0	2	11,159	11,161
International insurance products	0	0	0	0	0
Merlin	0	0	0	0	0
Patron	0	5	47	175	227
Card insurance	0	0	0	0	0
Travel individual	0	57	52	812	921
Other life insurance products	0	51	18	388	457
Group risk life insurance	0	0	0	0	0
Vital	0	52	0	99	151
Vital Corporate	0	28	9	87	124
Vital Grand	0	28	96	2,633	2,757
Vital Invest, Blue Vital Invest, Brouček	0	99	10	132	241
Vital Premium	0	0	0	0	0
Individual risk life insurance	0	202	380	8,270	8,852
Consumer loans insurance	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>522</b>	<b>614</b>	<b>23,755</b>	<b>24,891</b>

(CZK thousand)	Months past due date 2012				Total
	0-3	4-6	7-12	over 12	
Other non-life products	0	5	2	11,169	11,176
International insurance products	0	0	0	0	0
Merlin	0	0	0	0	0
Patron	0	9	32	57	98
Card insurance	0	0	0	0	0
Travel individual	0	74	56	657	787
Other life insurance products	0	55	14	380	449
Group risk life insurance	0	0	0	0	0
Vital	0	40	6	225	271
Vital Corporate	0	8	3	34	45
Vital Grand	0	50	111	3,230	3,391
Vital Invest, Blue Vital Invest, Brouček	0	1,442	144	305	1,891
Vital Premium	0	0	0	0	0
Individual risk life insurance	0	265	349	8,359	8,973
Consumer loans insurance	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1,948</b>	<b>717</b>	<b>24,416</b>	<b>27,081</b>

The Company recognised the provisions against receivables only for individual policies. In the event of collective 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.

Apart from the provisions described above, the Company recognised provisions against other receivables.

As of 31 December 2013, a provision for the principal and two coupons of the Landsbanki bond 4.40/09 in the amount of CZK 239,360 thousand (2012: CZK 239,360 thousand) was recognised in respect of other receivables.

**Receivables Arising from Reinsurance Transactions**

The amount of receivables arising from reinsurance transactions is CZK 0 thousand (2012: CZK 0 thousand).

### 3.4. Cash and Cash Equivalents

(CZK thousand)	2013	2012
Current accounts	166,340	82,477
Cash on hand	39	82
Cash equivalents	640	630
Cash in route	576	(1,402)
Provision against UB	(67)	(67)
<b>Total</b>	<b>167,528</b>	<b>81,720</b>

The Company recognised a full provision against its current account maintained with Union banka, amounting to CZK 96 thousand in 2003. In 2004 and 2010, this outstanding receivable was partly settled in the amount of CZK 29 thousand. The underlying provision was reduced by the same amount. The Company will record the provision until the liquidation of Union banka is completed.

### 3.5. Temporary Assets

#### Analysis of temporary assets

(CZK thousand)	31 December 2013	31 December 2012
Deferred acquisition costs	100,006	68,513
of which: Non-life insurance commissions	25,901	24,522
Life insurance commissions	74,105	43,991
Other deferred expenses	8,331	10,219
Accrued income	0	0
Estimated receivables	111,397	66,823
of which: Premiums	66,151	32,841
Reinsurer's commission and share in claims	9,739	654
Other	35,507	33,328
<b>Total</b>	<b>219,734</b>	<b>145,555</b>

The balance of estimated premium receivables as of 31 December 2013 of CZK 66,151 thousand (2012: CZK 32,841 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 2013 of CZK 9,739 thousand (2012: CZK 654 thousand) results from the settlement of reinsurance balances mainly for the last quarter of 2013.

Other estimated receivables results mainly from not invoiced managerial fees related to Forte funds of CZK 32,810 thousand (2012: CZK 30,765 thousand).

For further details about reinsurance balances refer to Note 3.25.

### 3.6. Equity

(CZK thousand)	31 December 2013	31 December 2012
Share capital	1,175,398	1,175,398
Other capital funds	605,510	681,910
– valuation gains and losses of securities	1,955,994	886,405
– valuation gains and losses of derivatives	(1,702,704)	(383,542)
– valuation of up-front fees	494,253	339,001
– deferred tax	(142,033)	(159,954)
Statutory reserve fund	61,264	52,493
Retained earnings	303,875	303,838
Accumulated losses brought forward	0	0
Profit/(loss) for the period	418,372	175,418
<b>Total</b>	<b>2,564,419</b>	<b>2,389,057</b>

## 3.7. Technical Provisions

(CZK thousand) Name of provision	31 December 2013			31 December 2012 Net balance
	Gross balance	Reins. share	Net balance	
<b>Life insurance provision</b>	<b>28,368,103</b>	<b>822,769</b>	<b>27,545,334</b>	<b>22,536,068</b>
<b>UL life insurance provision</b>	<b>5,380,972</b>	<b>0</b>	<b>5,380,972</b>	<b>5,136,987</b>
of which:				
Vital Invest, Brouček, Modrý Vital Invest	5,380,972	0	5,380,972	5,136,987
<b>IBNR provision</b>	<b>73,698</b>	<b>2,193</b>	<b>71,505</b>	<b>67,803</b>
of which:				
Non-life insurance	41,202	1,879	39,323	42,521
Patron	3,017	0	3,017	2,377
Travel individual	5,000	0	5,000	5,000
Travel cards	7,339	1,652	5,687	8,631
Merlin	509	0	509	379
International insurance products	374	0	374	295
Other non-life insurance	24,963	227	24,736	25,839
Life insurance	32,496	314	32,182	25,282
Vital Grand	91	0	91	155
Individual risk life	18,205	0	18,205	13,093
Consumer loans	11,091	0	11,091	9,129
Riders	1,792	0	1,792	1,661
Other life insurance	1,317	314	1,003	1,244
<b>RBNS provision</b>	<b>322,332</b>	<b>71,196</b>	<b>251,136</b>	<b>267,713</b>
of which:				
Non-life insurance	174,738	70,073	104,665	107,013
Patron	3,215	0	3,215	3,148
Travel individual	3,815	167	3,648	3,420
Travel cards	33,686	7,374	26,312	30,988
Merlin	3,643	0	3,643	2,523
International insurance products	1,325	0	1,325	856
Other non-life insurance	129,054	62,532	66,522	66,078
Life insurance	147,594	1,123	146,471	160,700
Vital Invest, Brouček, Modrý Vital Invest	16,119	0	16,119	14,938
Vital	63,432	0	63,432	79,626
Vital Corporate	1,818	0	1,818	1,297
Vital Premium	17,792	0	17,792	18,214
Vital Grand	2,086	0	2,086	1,914
Individual risk life	13,304	500	12,804	10,583
Group risk life insurance	0	0	0	396
Consumer loans	9,690	0	9,690	8,939
Riders	2,332	0	2,332	1,940
Other life insurance	21,021	623	20,398	22,853
<b>Provision for bonuses and discounts</b>	<b>1,010,469</b>	<b>0</b>	<b>1,010,469</b>	<b>712,830</b>
of which:				
Non-life insurance	471	0	471	495
Other non-life insurance	471	0	471	495
Life insurance	1,009,998	0	1,009,998	712,336
Vital Invest, Brouček, Modrý Vital Invest	0	0	0	4,787
Vital	958,676	0	958,676	671,620
Vital Corporate	3,323	0	3,323	575
Vital Premium	47,918	0	47,918	35,294
Consumer loans	81	0	81	60

(CZK thousand) Name of provision	31 December 2013			31 December 2012
	Gross balance	Reins. share	Net balance	Net balance
<b>Provision for unearned premiums</b>	<b>56,689</b>	<b>338</b>	<b>56,351</b>	<b>56,644</b>
of which:				
Non-life insurance	39,606	216	39,390	39,585
Patron	10,957	0	10,957	13,554
Travel individual	311	78	233	345
Merlin	624	0	624	796
International insurance products	26,523	0	26,523	24,047
Other non-life insurance	1,191	138	1,053	843
Life insurance	17,083	122	16,961	17,059
Vital Corporate	21	0	21	21
Vital Grand	399	0	399	428
Individual risk life	9,185	0	9,185	8,688
Riders	1,651	0	1,651	1,763
Other life insurance	5,827	122	5,705	6,159
<b>Deficiency provision</b>	<b>40,638</b>	<b>0</b>	<b>40,638</b>	<b>234,679</b>
Vital	14,119	0	14,119	107,926
Vital Corporate	36	0	36	2,337
Vital Premium	24,291	0	24,291	111,096
Vital Grand	900	0	900	5,878
Other life insurance	1,292	0	1,292	7,442
<b>TOTAL</b>	<b>35,252,901</b>	<b>896,496</b>	<b>34,356,405</b>	<b>29,012,724</b>

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

(CZK thousand)	2013	2012
Balance of the provision for claims as of 1 January	150,330	170,626
Claims paid in the current period arising from claims from the prior period	8,046	15,386
Balance of the provision for claims as of 31 December	119,412	124,325
<b>Result of claims settlement</b>	<b>22,872</b>	<b>30,915</b>

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

(CZK thousand)	2013	2012
Balance of the provision for claims as of 1 January	1,350	1,521
Claims paid in the current period arising from claims from the prior period	445	543
<b>Balance of the provision for claims as of 31 December</b>	<b>872</b>	<b>883</b>
<b>Result of claims settlement</b>	<b>33</b>	<b>95</b>

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

## 3.10. Reserve for Other Risks and Losses

(CZK thousand)	31 December 2013	31 December 2012
Reserve for corporate income tax	98,249	36,454
Reserve for legal disputes and similar risks	13,407	13,559
Restructuring reserve	7,500	7,500
<b>Total reserve for other risks and losses</b>	<b>119,156</b>	<b>57,513</b>

The reserve for legal disputes and similar risks represents a reserve for estimated losses of pending litigations and other estimated losses on transactions entered into by the year-end, specifically in relation to industrial and business insurance. Based on all information available, management of the Company established and updated this reserve as an appropriately prudent estimate of the ultimate balance of costs associated with the matters referred to above.

The balance of the restructuring reserve as of 31 December 2013 was the same as of 31 December 2012. During the reporting period, the reserve was not released in relation to the sales network agent settlement.

## 3.11. Payables

(CZK thousand)	31 December 2013	31 December 2012
Payables from direct insurance to the policy holders	96,862	152,186
Payables to agents	0	96
Payables from reinsurance transactions	54,384	15,229
Other payables from direct insurance and reinsurance	0	1,901
<b>Total payables from direct insurance and reinsurance</b>	<b>151,246</b>	<b>169,412</b>
Payables to staff from dependent activities	8,671	9,939
Settlement balances with social security and health insurance institutions	4,810	4,293
Payables to financial institutions	0	0
Other payables	164,824	169,593
Other direct taxes	2,299	2,200
Other indirect taxes and fees	2,506	2,199
<b>Total payables</b>	<b>334,356</b>	<b>357,636</b>

None of the Company's payables were secured by a pledge or any other encumbrance as of 31 December 2013.

As of 31 December 2013, the Company records overdue payables from direct insurance to the policy holders (older than 5 years, in the amount of CZK 10,205 thousand; 2012: CZK 13,103 thousand). These consist of unpaid claims and overpayments of premiums.

Other payables that do not relate to insurance predominantly include deferred tax liability in CZK 132,340 thousand and unpaid invoices (older than 5 years: CZK 0 thousand).

## 3.12. Temporary Liabilities

## Analysis of Temporary Liabilities

(CZK thousand)	31 December 2013	31 December 2012
<b>Deferred income</b>	<b>0</b>	<b>0</b>
<b>Estimated payables</b>	<b>243,499</b>	<b>230,783</b>
of which: Reinsurer's share in premiums	12,638	6,367
Commissions to acquirers	187,358	191,143
Insurance claims	4,048	2,184
Other	39,455	31,089
<b>Total temporary liabilities</b>	<b>243,499</b>	<b>230,783</b>

Estimated commissions payables to acquirers of CZK 187,358 thousand (2012: CZK 191,143 thousand) represent an estimate of unpaid commissions for the acquisition of insurance policies. This balance predominantly consists of commissions not paid to ESSOX amounting to CZK 65,443 thousand (2012: CZK 68,854 thousand) and commissions not paid to Komerční banka, a.s. totalling CZK 88,511 thousand (2012: CZK 92,809 thousand).

Other temporary liabilities of CZK 39,455 thousand (2012: CZK 31,089 thousand) principally comprise unbilled supplies of CZK 31,421 thousand (2012: CZK 24,280 thousand) and costs of staff bonuses for 2013 amounting to CZK 7,765 thousand (2012: CZK 6,073 thousand).

### 3.13. Taxation

#### Income Tax Due

The tax due in the fiscal year 2013 totals CZK 95,933 thousand. The tax arising from the independent tax base is CZK 2,316 thousand. The difference between tax provision created in 2012 and the real paid tax is the revenue of CZK 2,253 thousand.

#### Deferred Tax

The Company's deferred tax liability amounted to CZK (132,340) thousand as of 31 December 2013, of which CZK (142,033) thousand was recognised in equity and CZK 69 thousand in the profit and loss account in 2013 as a decrease of the deferred tax asset due to fixed assets and reserves.

(CZK thousand) Deferred tax arising from:	31 December 2013	31 December 2012
Net book value of tangible and intangible fixed assets	7,232	7,251
Non-current financial assets	(142,033)	(159,954)
Reserve	2,461	2,510
<b>Total deferred tax</b>	<b>(132,340)</b>	<b>(150,193)</b>

### 3.14. Non-Life Insurance

(CZK thousand)	2013	2012
<b>Gross written premiums</b>	<b>307,149</b>	<b>286,621</b>
Patron	35,126	38,494
Travel individual	13,011	14,652
Card insurance	55,770	49,897
Merlin	123,993	117,452
International insurance products	78,056	64,738
Other non-life insurance	1,193	1,388
<b>Gross earned premiums</b>	<b>307,285</b>	<b>282,375</b>
Patron	37,723	41,564
Travel individual	13,046	14,677
Card insurance	55,770	49,897
Merlin	124,164	117,520
International insurance products	75,579	57,534
Other non-life insurance	1,003	1,184
<b>Gross costs of insurance claims</b>	<b>53,692</b>	<b>50,985</b>
Patron	3,098	2,780
Travel individual	1,957	5,060
Card insurance	23,600	20,123
Merlin	14,214	13,322
International insurance products	9,085	7,026
Other non-life insurance	1,738	2,674
<b>Reinsurance balance</b>	<b>(3,740)</b>	<b>(4,795)</b>



(CZK thousand)	2013	2012
<b>Acquisition costs of insurance policies</b>	<b>70,988</b>	<b>64,409</b>
– commissions	70,834	66,359
– other acquisition costs	0	0
– release of deferred expenses and accrued income	155	0
– recognition of deferred expenses and accrued income	0	(1,950)

### 3.15. Life insurance

(CZK thousand)	2013	2012
Gross written premiums	8,043,820	5,862,149
Earned premiums	8,043,917	5,862,536
Gross costs of insurance claims	2,150,519	1,882,356
Reinsurance balance	(668,659)	(115,631)
Acquisition costs of insurance policies	153,651	180,486
– commissions	181,964	202,760
– other acquisition costs	1,801	1,627
– deferred expenses and accrued income	(30,114)	(23,901)

### Summary of life insurance, written premiums

(CZK thousand)	2013	2012
Individual contracts	7,852,090	5,658,476
of which: insurance contracts where the investment risk is assumed by the policy holder	593,287	1,106,216
Collective contracts	191,730	203,673
<b>Life insurance – total</b>	<b>8,043,820</b>	<b>5,862,149</b>
Single premiums	7,182,997	4,982,593
of which: insurance contracts where the investment risk is assumed by the policy holder	571,196	1,079,549
Regular premiums	860,823	879,556
of which: insurance contracts where the investment risk is assumed by the policy holder	22,092	26,667
<b>Life insurance – total</b>	<b>8,043,820</b>	<b>5,862,149</b>
Insurance contracts without premium	0	0
Insurance contracts with premium	8,043,820	5,862,149
of which: insurance contracts where the investment risk is assumed by the policy holder	593,287	1,106,216
<b>Life insurance – total</b>	<b>8,043,820</b>	<b>5,862,149</b>

### 3.16. Territorial Analysis of Total Premiums Written

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

(CZK thousand)	2013	2012
<b>Written premiums arise from contracts into which the Company entered:</b>		
in the EU member state where it has its registered office	8,272,876	6,083,713
in other EU member states	78,093	65,057
<b>Total premiums written</b>	<b>8,350,969</b>	<b>6,148,770</b>

### 3.17. Summary of Commissions

For the year ended 31 December 2013, the aggregate balance of commissions in respect of direct insurance was CZK 252,798 thousand (2012: CZK 269,119 thousand) and was segmented as follows:

(CZK thousand)	Life insurance		Non-life insurance	
	2013	2012	2013	2012
Expenses on commissions	181,964	202,760	70,834	66,359

### 3.18. Income and Expense Related to Financial Placements of Technical Provisions

For the year ended 31 December 2013, the net income on the Company's financial placements amounted to CZK 1,049,246 thousand (2012: CZK 909,740 thousand), of which the net income from assets generated from technical provisions amounted to CZK 965,698 thousand (2012: CZK 853,941 thousand).

As discussed in Note 2.15, income and expense from financial placements 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 and subsequently re-allocated to the non-life insurance technical accounts. For the year ended 31 December 2013, this re-allocated balance was CZK 11,091 thousand (2012: CZK 15,952 thousand).

(CZK thousand)	2013		2012	
	Life insurance	Non-life insurance	Life insurance	Non-life insurance
Year-end net balances of provisions	29,615,912	256,017	23,687,751	262,461
Year-end net balances of provisions - investment risk is borne by the policy holder	5,380,972	0	5,136,987	0
Income from provisions	954,607	11,091	837,989	15,952

### 3.19. Administrative Expenses

The total amount of administrative expenses was CZK 258,078 thousand in 2013 (2012: CZK 248,996 thousand). The administrative expenses are analysed as follows:

(CZK thousand)	2013	2012
Staff cost (wages, social security and health insurance)	144,873	135,130
Training	1,978	2,559
Advisory services	12,031	14,383
Telecommunication	2,091	2,133
IT costs	14,579	17,630
Depreciation	14,905	15,138
Rental	19,323	18,962
Banking and postal fees	8,000	10,227
Other administrative costs	40,297	32,834
<b>Total</b>	<b>258,078</b>	<b>248,996</b>

The costs of the audit of the financial statements amounted to CZK 1,581 thousand in 2013 (2012: CZK 1,790 thousand).

### 3.20. Other Technical Income and Expenses and Non-Technical Account

Other income from non-life insurance primarily includes the exchange rate differences in the amount of CZK 4,235 thousand (2012: CZK 1,365 thousand).

Other technical expenses of non-life insurance amounting to CZK 35,600 thousand (2012: CZK 44,067 thousand) mainly include the profit shares totalling CZK 33,496 thousand (2012: CZK 26,753 thousand).

Other technical income of life insurance primarily includes the commissions related to assets under administration for the sale of Forte funds amounting to CZK 48,294 thousand (2012: CZK 43,257 thousand).

Other technical expenses of life insurance include items relating to the cost of profit sharing in the amount of CZK 101,387 thousand (2012: CZK 105,793 thousand) and commissions related to assets under administration in the amount of CZK 91,664 thousand (2012: CZK 79,372 thousand).

### 3.21. 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 2.16 was CZK 258,078 thousand (2012: CZK 245,742 thousand) as of 31 December 2013.

### 3.22. Transactions with Related Parties

	2013	2012	Text
<b>Amounts owed to the Group entities</b>	<b>510,354</b>	<b>865,964</b>	
Of which: Komerční banka, a.s.	56,140	53,484	Estimated accrued expenses – Profit sharing
	17,878	7,661	Invoiced commissions for insurance arrangement
	33,206	39,113	Estimated accrued expenses – Commissions
	1,686	1,314	Uninvoiced accrued expenses – Trade payables
	259	245	Bank Fees
	583	534	Trade payables
	1,797,020	414,399	Payables from the cross currency swaps
	(741,129)	330,330	Up-front fee from the cross currency swaps
	4,851	7,226	Reported insurance claims
	152	16	Payables from insurance
Of which: ESSOX, s.r.o.	1,995	1,955	Estimated accrued expenses – Profit sharing
	63,591	66,828	Estimated accrued expenses – Commissions
Of which: ESSOX SK, s.r.o.	0	0	Estimated accrued expenses – Profit sharing
	34	272	Estimated accrued expenses – Commissions
Of which: MPSS, a.s.	2,829	3,606	Estimated accrued expenses – Commissions
	52	1,373	Trade payables
Of which: SG	4,341	3,872	Estimated accrued expenses – Trade payables
Of which: Sogecap	7,658	6,500	Estimated accrued expenses – Trade payables
	281	231	Trade payables
	54,384	14,350	Payables from insurance
	(822,769)	(104,547)	Technical life provision – reinsurer
Of which: SGEB	5,473	4,862	Estimated accrued expenses – Profit sharing
	898	1,077	Estimated accrued expenses – Commissions
Of which: BRD	2,137	2,009	Estimated accrued expenses – Commissions
	8,186	7,091	Estimated accrued expenses – Profit sharing
Of which: BRD Finance	73	54	Estimated accrued expenses – Profit sharing
	999	559	Estimated accrued expenses – Commissions
Of which: PFKB	0	0	Payables from insurance
	414	428	Trade payables
Of which: HB	1,151	517	Estimated accrued expenses – Profit sharing

	2013	2012	Text
	7,591	604	Estimated accrued expenses – Commissions
Of which: Sogelease	1	1	Estimated accrued expenses – Commissions
Of which: Sogessur	230	0	Uninvoiced trade payables
Of which: ALD Automotive	159	0	Trade payables
<b>Amounts due from the Group entities</b>	<b>3,566,295</b>	<b>3,531,458</b>	
Of which: Komerční banka, a.s.	474,945	951,192	Current accounts and deposits
	4,000	4,920	Accrued commissions
	13,858	14,873	Estimated accrued income – premiums
	13,469	49,985	Receivables from insurance
	23	23	Prepayments
	11,106	0	Valuation difference – currency swaps
	808,710	400,255	Financial placement
Of which: ESSOX, s.r.o.	35,907	37,945	Prepayments
	7,668	31,809	Receivables from insurance
	32,265	10,081	Estimated accrued income – premiums
	319	335	Accrued commissions
Of which: ESSOX SK, s.r.o.	8	23	Estimated accrued income – premiums
	0	23	Receivables from insurance
	26	233	Prepayments
Of which: Komerční banka Bratislava, a.s.	0	0	Current accounts and deposits
Of which: HB	5,917	2,680	Current accounts and deposits
	4,476	2,950	Accrued commissions
	12,506	1,031	Estimated accrued income – premiums
	0	4,263	Receivables from insurance
Of which: BRD	13,833	13,014	Accrued commissions
	2,763	2,590	Estimated accrued income – premiums
	28,509	16,407	Current accounts and deposits
Of which: BRD Finance	2,066	1,546	Accrued commissions
	1,193	667	Estimated accrued income – premiums
Of which: MPSS	14,159	2,025	Accrued commissions
Of which: PFKB	0	0	Estimated accrued income – premiums
Of which: SG	1,998,191	1,957,450	Financial placements
Of which: SGEB	1,100	1,262	Accrued commissions
	2,537	1,528	Estimated accrued income – premiums
	35,199	17,961	Current accounts and deposits
	0	727	Receivables from insurance
Of which: SGCIB	3,792	1,704	Trade receivables
	32,810	0	Estimated accrued income – premiums
	819	1,955	Receivables from insurance
Of which: Sogecap	19	0	Trade receivables
	4,095	0	Estimated accrued income – premiums
Of which: Sogelease	3	1	Estimated accrued income – premiums
	4	0	Receivables from insurance
<b>Expenses with the Group entities</b>	<b>218,652</b>	<b>718,437</b>	
Of which: Komerční banka, a.s.	57,162	54,150	Expenses on profit sharing
	5,251	6,804	Use of trademark + advertising
	3,652	3,715	Bank Fees
	920	1,044	Accrued expenses – Commissions
	556,326	386,011	Accrued expenses – Cross currency swaps
	2,725	2,771	Offices lease related expenses

	2013	2012	Text
	8,814	6,771	Financial investment related expenses
	220,163	203,766	Commissions
	1,943	637	Advisory services
	17,161	13,925	Expenses on instance claims
	132	96	Company benefits
	8,629	3,971	Other expenses
Of which: SG	4,532	3,840	Advisory services
	(341)	2,208	Other expenses
Of which: Komerční banka Bratislava, a.s.	0	0	Bank Fees
Of which: ESSOX, s.r.o.	67,250	70,320	Expenses on profit sharing
	8,294	8,926	Expenses on insurance claims
Of which: ESSOX SK, s.r.o.	52	303	Expenses on profit sharing
Of which: MPSS, a.s.	21,978	13,770	Commissions
	(12,134)	(2,024)	Accrued expenses – Commissions
	90	608	Use of trademark + advertising
Of which: BRD	6	6	Bank Fees
	19,977	18,509	Commissions
	(500)	(2,344)	Accrued expenses – Commissions
	4,264	3,795	Expenses on profit sharing
Of which: BRD Finance	94	54	Expenses on profit sharing
	(415)	(394)	Accrued expenses – Commissions
	2,857	1,988	Commissions
Of which: HB	634	503	Expenses on profit sharing
	(232)	(458)	Accrued expenses – Commissions
	7,255	4,272	Commissions
Of which: PFKB	2,615	2,369	Company benefits
	50	0	Other expenses
	260	0	Use of trademark + advertising
Of which: SGEB	14	11	Bank Fees
	5,376	3,241	Expenses on profit sharing
	81	(15)	Accrued expenses – Commissions
	9,559	7,253	Commissions
Of which: Sogecap	10,741	4,738	Advisory services
	(12,506)	0	Expenses on insurance claims – reinsurance
	(804,966)	(106,704)	Creation of technical life provision – reinsurance
Of which: Sogelease	8	1	Commissions
Of which: ALD Automotive	663	0	Other expenses
	28	0	Commissions
Of which: Sogessur	190	0	Other expenses
<b>Income with the Group entities</b>	<b>215,869</b>	<b>758,153</b>	
Of which: Komerční banka, a.s.	3,599	6,420	Interest from current accounts and deposits
	402,402	323,273	Accrued interest – cross currency swaps
	242,044	234,584	Written premiums
	178	76	Other income
	17,340	255	Financial placement income
Of which: SG	85,941	93,766	Financial placement income
	51	0	Other income
Of which: ESSOX, s.r.o.	91,656	97,227	Written premiums

	2013	2012	Text
Of which: ESSOX SK, s.r.o.	37	319	Written premiums
Of which: MPSS, a.s.	0	0	Written premiums
Of which: BRD	35,168	32,577	Written premiums
	1	6	Interest from current accounts and deposits
Of which: BRD Finance	4,285	2,997	Written premiums
Of which: HB	11,944	8,639	Written premiums
Of which: PFKB	0	0	Written premiums
Of which: SGEB	25,795	17,577	Written premiums
	64	11	Interest from current accounts and deposits
	0	0	Advertising
Of which: SGCIB	48,294	43,257	Other income
Of which: Sogecap	(670,997)	(104,537)	Written premiums – reinsurance
	1,430	0	Commissions – reinsurance
	3,340	3,859	Other income
	(86,744)	(2,157)	Release of technical life provision – reinsurance
Of which: Sogelease	41	4	Written premiums

### 3.23. Profit/(Loss)

(CZK thousand)	2013	2012
Non-life insurance	103,886	121,989
Life insurance	327,034	34,014
Non-technical account (before tax)	83,549	57,860
<b>Profit/(loss) before tax</b>	<b>514,469</b>	<b>213,863</b>
Other taxes	96,097	38,445
<b>Profit/(loss) for the accounting period</b>	<b>418,372</b>	<b>175,418</b>

### 3.24. Staff Costs and Similar Costs

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

#### 2013

(CZK thousand)	Average recalculated headcount	Wages and salaries	Social security and health insurance	Other staff costs	Total staff costs
Staff	150	91,105	30,683	2,801	124,589
Management	5	16,174	3,772	339	20,285
<b>Total</b>	<b>155</b>	<b>107,279</b>	<b>34,455</b>	<b>3,140</b>	<b>144,874</b>

#### 2012<sup>1)</sup>

(CZK thousand)	Average recalculated headcount	Wages and salaries	Social security and health insurance	Other staff costs	Total staff costs
Staff	149	85,456	28,234	2,431	116,121
Management	5	16,116	2,504	389	19,009
<b>Total</b>	<b>154</b>	<b>101,573</b>	<b>30,738</b>	<b>2,820</b>	<b>135,130</b>

<sup>1)</sup> In 2012, the staff costs were adjusted by the amount of estimated employee bonuses and related payments of social security and health insurance.



**Bonuses paid to administrative, management, supervisory and other bodies**

(CZK thousand)	2013	2012
Bonuses to the Supervisory Board	30	24
Bonuses to the Board of Directors	990	990

As of 31 December 2013, eighteen employees of the Company have been provided with business cars for both business and private purposes. 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.

**3.25. Reinsurance****The aggregate reinsurance result**

(CZK thousand)	2013	2012
Reinsurer's share of premiums	(706,160)	(132,654)
Reinsurer's share of insurance claims	20,844	9,657
Commissions	12,916	2,571
<b>Reinsurance balance</b>	<b>(672,400)</b>	<b>(120,426)</b>
Reinsurer's share in the creation and use of provisions	717,475	93,287
<b>Reinsurance result</b>	<b>45,075</b>	<b>(27,139)</b>

**The amounts due from and to reinsurers:**

(CZK thousand)	31 December 2013	31 December 2012
Receivable from reinsurers	0	0
Estimated receivable	9,739	654
Payable to reinsurers	(54,384)	(17,130)
Estimated payable	(12,638)	(6,367)
<b>Net receivable (payable) from reinsurers</b>	<b>(57,283)</b>	<b>(22,843)</b>

**4. Off-balance Sheet Commitments**

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

**5. 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.

# Report on Relations Between Related Parties for the Reporting Period of 2013

(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 part of a business group 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 Among Related Entities was prepared in accordance with provisions of Section 66a (9) of Act No. 513/1991 Coll., as amended (the Commercial Code), for the year ended 31 December 2013, i.e. from 1 January 2013 to 31 December 2013 (hereinafter referred to as the "Reporting Period").

## I. Introduction

In the period from 1 January 2013 to 31 December 2013, 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 the "SG" or "SG Paris").

In the 2013 Reporting Period, the Company entered into arrangements with the following Related Entities:

Company	Registered office	SG's share of voting
ESSOX, s.r.o.	Senovážné náměstí 231/7, 370 21 České Budějovice	100.00%
Komerční banka, a.s.	Na Příkopě 33, 114 07 Praha 1	60.74%
Modrá pyramida stavební spořitelna, a.s.	Bělehradská 128/222, 120 21 Praha 2	100.00%
SG Equipment Finance Czech Republic s.r.o.	Náměstí Junkových 2772/1, 155 00 Praha 5, Stodůlky	100.00%
KB Penzijní společnost, a.s.	Náměstí Junkových 2772/1, 155 00 Praha 5, Stodůlky	100.00%
Société Générale S. A.	29, BLD Hausmann, 75009 Paříž, Francie	100.00%
Sogecap S.A.	Paris La Défence Cedex, 50, Av. Du Général De Gaulle, 92093 Francie	100.00%
BRD Group Societe Generale S. A.	Bucharest, B-dul Ion Mihalache, BRD Building, Rumunsko	60.17%
Société Générale ESPRESSBANK AD	92 bd, Vladislav Varnenchik Str., 9000 Varma, Bulharsko	99.74%
Sogelife Bulgaria USC	73 Aleksandar Stamboliyski Blvd, Vazrazhdane Region, Sofia 1303, Bulharsko	99.89%
BRD Finance	Rue Ion Mihalache no. 1-7, Tour BRD, Secteur 1, Bucarest, Rumunsko	100.00%
Hanseatic Bank Gmbh & Co KG	Bramfelder Chaussee 101, Hamburg, Německo	75.00%
Sogelease Bulgaria Ltd.	73 Aleksandar Stamboliyski Blvd, Sofia 1303, Bulharsko	99.74%
ESSOX SK, s.r.o.	Cesta na Senec 2/A, 821 04 Bratislava, Slovenská republika	100.00%

## II. Arrangements with Related Entities

### A. Contracts and Agreements with the Controlling Entity and Other Related Entities

#### I. Contracts and agreements entered into within the Reporting Period

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Separate Distribution Agreement for product Risk life insurance Pojištění penze (as of 2 January 2013)	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Annex No. 13 (as of 4 January) to Insurance Agency Agreement No. 1 (as of 24 September 2009)	Société Générale EXPRESSBANK AD	Commission	Intermediation and arrangement of insurance contracts	None
Annex No. 14 (as of 6 January) to Insurance Agency Agreement No. 1 (as of 24 September 2009)	Société Générale EXPRESSBANK AD	Commission	Intermediation and arrangement of insurance contracts	None
Annex No. 15 (as of 15 January) to Insurance Agency Agreement No. 1 (as of 24 September 2009)	Société Générale EXPRESSBANK AD	Commission	Intermediation and arrangement of insurance contracts	None
Agreement on the international hiring out of a labour force (as of 28 January 2013)	Société Générale S.A.	Hiring of a labour force	Fees for provision of the seconded employee	None
Commitment letter – Certus and Certus 2 in CZK (as of 14 January 2013)	Société Générale S.A. and Komerční banka, a.s.	Contractual remuneration	Sale of fund	None
Framework agreement concerning remuneration of clients (as of 21 January 2013)	Komerční banka, a.s.	Remuneration of the client	Remuneration of the client	None
Contract for Collective insurance provided to corporate and gold corporate payment cards KB No. 3290000000	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Contract for processing of personal data and about cooperation	KB Penzijní společnost, a.s.	Processing of client's personal data and cooperation	Provision of client's personal data and cooperation	None
Report on agreement on decrease of commissions for regular, irregular and extra premium for Brouček, Vital Invest and Vital Premium	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Amendment No. 5 (as of 21 January 2013) to the contract for collective insurance provided to payment cards No. 2149500001	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Amendment No. 6 (as of 31 July 2013) to the contract for collective insurance provided to payment cards No. 2149500001	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Amendment no. 4 (as of 23 January 2013) to the Contract for collective insurance Merlin and Profi Merlin no. 31700000000	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Agreement for Group assistance Insurance during travel abroad for cardholders of cards issued by SGEB JSCO – Master policy #0001 (as of 5 February 2013)	Société Générale EXPRESSBANK AD	Provision of insurance (Insurance Indemnity)	Insurance premium	None
Group Credit Life Insurance Agreement for borrowers & Group loss of Employment Insurance Agreement of borrowers of TBI Credit JSC – Master Policy #1012 (as of 5 February 2013)	Sogelife Bulgaria IJSC, TBI Credit JSC	Provision of insurance	Insurance premium	None
Group Credit Life Insurance Agreement for borrowers co-debtors & Group loss of Employment Insurance Agreement of borrowers/co-debtors of Société Générale EXPRESSBANK – Master Policy #1018 (as of 5 February 2013)	SOGELIFE BULGARIA IJSC, SOCIÉTÉ GÉNÉRALE EXPRESSBANK AD	Provision of insurance	Insurance premium	None
Agreement for Group Insurance of cardholders of revolving bank cards issued by SGEB AD – Master Policy #1023 (as of 5 February 2013)	SOGELIFE BULGARIA IJSC, SOCIÉTÉ GÉNÉRALE EXPRESSBANK AD	Provision of insurance	Insurance premium	None
Group Insurance Agreement of lessees/co-debtors – physical person on financial leasing contracts for cars having product Toyota Optimal Leasing Protect with lessor Sogelease Bulgaria – Master Policy #1024 (as of 5 February 2013)	Sogelife Bulgaria IJSC, Sogelease Bulgaria Ltd.	Provision of insurance	Insurance premium	None

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Group Insurance Agreement of lessees/co-debtors on leasing contracts concluded with Sogelease Bulgaria – Master Policy #1027 (as of 5 February 2013)	Sogelife Bulgaria IJSC, Sogelease Bulgaria Ltd.	Provision of insurance	Insurance premium	None
Amendment no. 18 (as of 8 February 2013) to the SDA for product Vital Invest	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Amendment no. 19 (as of 18 November 2013) to the SDA for product Vital Invest	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Amendment no. 2 (as of 11 February 2013) to the SDA for product Vital Invest	Modrá pyramida stavební spořitelna, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Report on agreement on decrease of commissions for regular, irregular and extra premium for Vital Invest (as of 28 February 2013)	Modrá pyramida stavební spořitelna, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Termination (as of 1 March 2013) of the Contract for financial compensation in the form of profit sharing (as of 1 August 2006)	ESSOX SK, s.r.o.	Profit sharing	Insurance premium	None
Contract for collateral of securities (as of 28 March 213)	Komerční banka, a.s.	Collateral of securities	Pledge of securities	None
Contract for collateral of securities (as of 10 April 213)	Komerční banka, a.s.	Collateral of securities	Pledge of securities	None
Framework agreement on trading on financial market – qualified appointment (as of 11 April 2013)	Komerční banka, a.s.	Trading on financial market	Trading on financial market	None
Amendment No. 3 (as of 24 April 2013) to the Collective insurance Contract card protection /keys) č. 3220000000	BRD Group Societe Generale S.A.	Provision of insurance	Insurance premium	None
Report on agreement on decrease of commissions for extra premium for product Vital (as of 2 May 2013)	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Amendment no. 1 (as of 2 May 2013) to the Separate Distribution Agreement for product "Vital Premium EUR"	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Appendix no. 11 (as of 17 May 2013) to the Financial Protocol related to the Insurance Agency Agreement No. 1 (as of 24 September 2009)	Société Générale EXPRESSBANK AD	Commission	Intermediation and arrangement of insurance contracts	None
Agreement for Group Insurance Purchase Protection Included in V Pay Card issued by SGEB – Master Policy #0002 (as of 17 May 2013)	Société Générale EXPRESSBANK AD	Provision of insurance	Insurance premium	None
Amendment no. 2 (as of 17 July 2013) to the Insurance Agency Agreement No. 1 (as of 24 September 2009)	Société Générale EXPRESSBANK AD	Commission	Intermediation and arrangement of insurance contracts	None
Amendment No. 5 (as of 7 June 2013) to Collective insurance agreement for consumer loans No. 3010000000	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Agreement on the Organisation of Periodic Control (as of 24 June 2013)	Société Générale S.A. and Komerční banka, a.s.	Contractual remuneration	Provision of services – outsourcing (Internal audit services)	None
Agreement on Cancellation of Obligation (as of 24 June 2013) under the Agreement on the Organisation of Periodic Control dated on 30 March 2011	Société Générale S.A. and Komerční banka, a.s.	Contractual remuneration	Provision of services – outsourcing (Internal audit services)	None
Agreement on BI consultancy services (as of 26 June 2013)	Komerční banka, a.s.	Contractual remuneration	Provision of services	None
Amendment No. 3 (as of 1 July 2013) to Collective insurance agreement for consumer loans of the company ESSOX No. 3100000000	ESSOX, s.r.o.	Provision of insurance	Insurance premium	None
Adherence letter (as of 3 July 2013)	Orange Business Czech Republic, s.r.o., Komerční banka, a.s.	Contractual remuneration	Provision of services	None

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Agreement on Termination (as of 11 July 2013) of the Contract on cooperation on provision of insurance to payment cards Americal Express No. 2105800003	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Agreement on Termination (as of 11 July 2013) of the Contract on cooperation on provision of insurance to payment cards EC/MC and VISA No. 2105800011	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Agreement on Termination (as of 11 July 2013) of the Contract on collective insurance to payment cards MC, VISA, AMEX No. 2150500001	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Amendment no. 3 (as of 12 July 2013) to Separate Distribution Agreement for product Travel Insurance	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Amendment no. 2 (as of 19 July 2013) to the Group Insurance Contract (Termination of Best Price)	Hanseatic Bank, Willis GmbH & Co KG	Commission	Intermediation and arrangement of insurance contracts	None
Amendment No. 2 (as of 30 July 2013) to the Group Risk Life Policy for employees No. 3280000000	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Amendment No. 3 (as of 29 October 2013) to the Group Risk Life Policy for employees No. 3280000000	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Amendment No. 4 (as of 11 September 2013) to the Framework contract for cooperation between KB and KP, Spektrum Insurance Programme No. 3010000235	Komerční banka, a.s.	Entering into insurance contracts	Intermediation of insurance contracts	None
Contract on optional collective insurance to consumer loans No. 3300000000 (as of 28 August 2013)	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Distribution Agreement for the product Risk Life Insurance MOJE-JISTOTA (as of 27 September 2013)	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for provision of advantageous conditions to KP's employees – participants of the building society savings in MPSS (as of 1 November 2013)	Modrá pyramida stavební spořitelna, a.s.	No performance	Arrangement of building savings contracts for employees of KP	None
Contract for collateral of securities (as of 21 November 2013)	Komerční banka, a.s.	Collateral of securities	Pledge of securities	None
Agreement on Termination (as of 4 February 2013) of the contract for rent of non-residential premises – Plzeň (as of 25 July 2011)	Komerční banka, a.s.	Rent payments	Provision of premises	None

## II. Performance received and provided in the reporting period under contracts entered into in prior reporting periods

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Agreement Relating to the Financial Instrument – Optimo Komodity (as of 7 February 2012)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Subcontract No. 1 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010)	Komerční banka, a.s.	Contractual remuneration	Provision of services - infrastructure and information technology	None
Subcontract No. 2 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010)	Komerční banka, a.s.	Contractual remuneration	Provision of services - infrastructure and information technology	None
Subcontract No. 3 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010)	Komerční banka, a.s.	Contractual remuneration	Provision of services - infrastructure and information technology	None
Subcontract No. 4 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010) + 1 Amendment	Komerční banka, a.s.	Contractual remuneration	Provision of services - infrastructure and information technology	None
Record of agreement to decrease base for commission for travel insurance (as of 29 June 2012)	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Group Risk Life Policy for employees N. 3280000000 (as of 29 February 2012) + 3 Amendments	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
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.	Provision of insurance	Insurance premium	None
Master contract for Cooperation within the DSFS Group in the Czech republic (as of 6 March 2012)	ESSOX, s.r.o.	Contractual remuneration	Provision of services	None
Contract for provision of direct banking (as of 6 March 2012)	Komerční banka, a.s. pobočka zahraničnej banky	Fees according to the price list	Provision of direct banking	None
Administration order (as of 6 February 2012)	Komerční banka, a.s. pobočka zahraničnej banky	Fees according to the price list	Provision of direct banking	None
Commitment letter (Optimo Komodity II) as of 24 April 2012	Société Générale S.A. and Komerční banka, a.s.	Contractual remuneration	Sale of fund	None
Agreement Relating to the Financial Instrument (Optimo Komodity II) (as of 24. April 2012)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Agreement on Settlement and Replacement of Rights and Obligations (as of 25. April 2012)	Sogecap	Contractual remuneration	Provision of services	None
Record Agreement relating to the decrease of commission on entry fee from extra premium within products Brouček, Vital and Vital Invest (as of 14 May 2012)	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Agreement for insurance agency No. 3 (as of 16 May 2012) + 2 Annexes and Financial protocol + 2 Appendixes	Sogelease Bulgaria Ltd.	Commission	Intermediation and arrangement of insurance contracts	None
Master policy No. 1024 (as of 4 June 2012)	Sogelease Bulgaria Ltd., Sogellife Bulgaria	Provision of insurance	Insurance premium	None
Contract for issuance and use of payment cards (as of 15 June 2012)	Komerční banka, a.s.	Fees according to the price list	Issuance of card	None
Master policy No. 1027 (as of 27 June 2012)	Sogelease Bulgaria Ltd., Sogellife Bulgaria	Provision of insurance	Insurance premium	None
Agreement relating to collateral of securities (as of 2 July 2012)	Komerční banka, a.s.	Collateral of securities	Collateral of securities	None
Master Policy No. 1023 (as of 31 September 2012)	Société Générale EXPRESSBANK AD	Provision of insurance	Insurance premium	None
The agreement on setting individual prices (as of 30 August 2012)	Komerční banka, a.s.	Fees according to the price list	Provision of banking services	None
Subcontract Nr. 5 for Master contract concerning IT Process Procedure (as of 7 September 2012)	Komerční banka, a.s.	Contractual remuneration	Provision of notification services	None
General Distribution Agreement (as of 15 October 2012)	Modrá pyramida stavební spořitelna, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Separate Distribution Agreement for Product Vital Invest (as of 15 October 2012) + 2 Amendments	Modrá pyramida stavební spořitelna, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Separate Distribution Agreement for Product Moudré pojištění Risk Life Insurance (as of 15 October 2012) + 1 Amendment	Modrá pyramida stavební spořitelna, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Separate Distribution Agreement for Product Pyramida Risk Life insurance (as of 15 October 2012) + 1 Amendment	Modrá pyramida stavební spořitelna, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Framework agreement relating to trading/dealing on financial market (as of 19 November 2012)	Komerční banka, a.s.	Trading/dealing on financial market	Trading/dealing on financial market	None
Separate Distribution Agreement for product VITAL PREMIUM in EUR (as of 23 November 2012) + 1 Amendment	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None



Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Cooperation agreement (as of 21 December 2012)	Komerční banka, a.s.	Commission	Cooperation in developing products and other business activities	None
Master Policy 1018 – Group Credit Life insurance agreement for borrowers/ co-debtors of Societe Generale EXPRESSBANK (as of 1 February 2011)	Sogelife Bulgaria IJSC	Commission	Intermediation and arrangement of insurance contracts	None
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 5 (as of 8 February 2011)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 6 (as of 8 February 2011)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 7 (as of 8 February 2011)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 8 (as of 8 February 2011)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Contract for two types of collective insurance provided to A karta and Lady cards of Komerční banka No. 3230000000 (as of 1 April 2011)	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Agreement on the organisation of periodic control (as of 30 March 2011)	Komerční banka, a.s., Société Générale	Contractual remuneration	Provision of services - outsourcing (Internal audit services)	None
Master policy 1022 Group Credit life insurance agreement for borrowers of Credibul & Group loss of employment insurance for borrowers of Credibul (as of 4. June 2011)	Sogelife Bulgaria IJSC, Credibul AD	Commission	Intermediation and arrangement of insurance contracts	None
Agreement for insurance agency No. 1 (as of 4 June 2011) + 1 Annex	Credibul AD	Commission	Intermediation and arrangement of insurance contracts	None
Financial Protocol for the commercialization of Insurance contracts between Komerční pojišťovna and Credibul (as of 4 June 2011) + 1 Appendix	Credibul AD	Commission	Intermediation and arrangement of insurance contracts	None
Commitment Letter 3-8 Autocallable in CZK (Forte 9) (as of 21 July 2011)	Société Générale S.A. and Komerční banka, a.s.	Contractual remuneration	Sale of fund	None
Contract for rent of non-residential premises – Plzeň (as of 25 July 2011)	Komerční banka, a.s.	Rent payments	Provision of premises	None
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	Provision of insurance	Insurance premium	None
Contract for rent of non-residential premises – Hradec Králové (as of 29 August 2011)	Komerční banka, a.s.	Rent payments	Provision of premises	None
Data protection agreement - Processing of HR Data by Société Générale (as of 16 September 2011)	Société Générale S.A.	No performance	No performance	None
Commitment Letter - Optimo 6Y EMTN in CZK (as of 20 September 2011)	Société Générale S.A. and Komerční banka, a.s.	Contractual remuneration	Sale of fund	None
Framework contract on financial market trading (as of 3 October 2011)	Komerční banka, a.s.	Financial market trading	Financial market trading	None
Agreement relating to collateral of securities (as of 3 October 2011)	Komerční banka, a.s.	Collateral of securities	Collateral of securities	None
Agreement relating to the structured product Optimo (as of 5 October 2011)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Agreement relating to the structured product Forte 9 (as of 5 October 2011)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Contract of collective insurance “Profi pojištění plateb” No. 3250000000 (as of 7 December 2011) + 1 Amendment	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Contract of collective insurance “Moje pojištění plateb” No. 3240000000 (as of 7 December 2011) + 1 Amendment	Komerční banka, a.s.	Provision of insurance	Insurance premium	None

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Personnel costs re-invoicing agreement for employees assigned to ASSU/SOGECAP (as of 19 December 2011)	Sogecap S.A.	No performance	No performance	None
Certificate for Identity for Insurance Agent No. 1 (as of 1 January 2010)	SG EXPRESSBANK JSC, Bulgaria	No performance	No performance	None
Worldwide Insurance Plan (as of 7 January 2010)	Société Générale S.A.	No performance	No performance	None
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 13 January 2010)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
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 EXPRESBANK AD, Sogelife Bulgaria IJSC	Commission	Intermediation and arrangement of insurance contracts	None
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 15 March 2010)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Agreement for provision of services – outsourcing HR services (as of 21 April 2010)	Komerční banka, a.s.	Contractual remuneration	Provision of services – outsourcing (HR services)	None
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 30 April 2010)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Commitment Letter - 3-8Y Autocallable in CZK Forte 3 (as of 30 April 2010)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Framework agreement for the provision of services (as of 3 May 2010)	Sogecap S.A.	Contractual remuneration	Provision of services	None
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.	Provision of insurance	Insurance premium	None
Agreement on custody services (as of 7 July 2010) + 1 Amendment	Komerční banka, a.s.	Contractual remuneration	Securities management	None
Agreement on confidentiality (as of 9 July 2010)	Komerční banka, a.s.	No performance	No performance	None
Cost re-invoicing from KP to MPSS (as of 10 October 2010)	Modrá pyramida stavební spořitelna, a.s.	Provision of sales documents	Payment for sales documents	None
Framework agreement for provision of services (as of 14 September 2010)	Komerční banka, a.s.	Remuneration hourly rate	Provision of services – infrastructure and information technology	None
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.	No performance	No performance	None
Commitment Letter - 3-8Y Autocallable in CZK Forte 4 (as of 7 September 2010)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Agreement relating to the Structured product which terms and conditions are enclosed herein - Forte 4 (as of 27 September 2010)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Collective insurance contract of the optional insurance for card protection / keys/ documents No. 3220000000 (as of 1 November 2010) + 3 Amendments	BRD -Societe Generale S.A.	Commission	Intermediation and arrangement of insurance contracts	None
Framework agreement for the provision of services (as of 16 December 2010) + 1 Amendment	Sogecap S.A.	Contractual remuneration	Provision of services	None
Agreement on KB Call Centre services (as of 31 December 2009)	Komerční banka, a.s.	Contractual remuneration	Provision of call centre services	None
Collective insurance agreement to consumer loans of the company ESSOX, No. 3130000000 (as of 2 January 2009) + 1 Amendment	ESSOX, s.r.o.	Provision of insurance	Insurance premium	None
Contract for collective insurance related to payment cards, No. 2149500001 (as of 26 January 2009) + 6 Amendments	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Group Insurance Contract (as of 30 March 2009) + 2 Amendments	Hanseatic Bank, Willis GmbH & Co KG	Commission	Intermediation and arrangement of insurance contracts	None
Contract for rent of non-residential premises – Ostrava (as of 30 September 2009)	Komerční banka, a.s.	Rent payments	Provision of premises	None

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Contract for intermediation of Vital Plus (as of 14 April 2009) + 4 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for collective insurance to loans, No. 3140000000 (as of 5 May 2009) + 1 Amendment	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Commitment letter (as of 29 July 2009)	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Insurance Agency Agreement No.1 (as of 24 September 2009) + 15 Annexes and Financial Protocol to agreement + 11 Appendixes + 2 Amendment	Société Générale EXPRESSBANK AD	Commission	Intermediation and arrangement of insurance contracts	None
Contract for collective insurance MERLIN and PROFI MERLIN No. 3170000000 (as of 5 October 2009) + 4 Amendments	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Custody contract for "VITAL INVEST FORTE" (as of 6 October 2009)	Komerční banka, a.s.	Contractual remuneration	Securities management	None
Framework contract for the arrangement of term deposits with an individual interest rate (as of 22 October 2009)	Komerční banka, a.s.	Contractual remuneration	Arrangements of term deposits	None
Contract for collective insurance of purchased goods provided to KB credit cards, No. 3190000000 (as of 29 October 2009)	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Commitment letter - 3-8Y autocallable in CZK Forte 2 (as of 12 November 2009) + 1 Amendment	Société Générale S.A.	Contractual remuneration	Sale of fund	None
Insurance Collective Contract of the optional insurance for the card protection and purchase protection no. 3160000000 (as of 17 November 2009) + 4 Amendments	BRD Finance – Societe Generale S.A.	Commission	Intermediation and arrangement of insurance contracts	None
Separate Distribution Agreement No. 1 for "VITAL PREMIUM" (as of 18 December 2006) + 6 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for accepting electronic payments via Mojeplatba (as of 14 December 2009)	Komerční banka, a.s.	Fees according to the price list	Acceptance of electronic payments	None
Contract for cooperation in valuation (as of 9 December 2009)	Komerční banka, a.s.	Contractual remuneration	Valuation of investment instruments	None
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.	Contractual remuneration	Sale of fund	None
Contract for provision of SG ´s consultancy services (as of 31 January 2008)	Société Générale S.A.	Contractual remuneration	Provision of consultancy services	None
Framework cooperation contract No. 3010000246 (as of 9 April 2008)	Modrá pyramida stavební spořitelna, a.s.	Provision of insurance	Insurance premium	None
Agreement to terminate the Contract for connection to KB ´s HIS (as of 10 April 2008)	Komerční banka, a.s.	No performance	No performance	None
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.	Provision of insurance	Insurance premium	None
Agreement fees ´ clearance (as of 1 October 2008)	Komerční banka, a.s.	No performance	No performance	None
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.	Provision of insurance	Insurance premium	None
Contract for Groupwide cooperation in terms of the value added tax (as of 21 November 2008)	Komerční banka, a.s.	Contractual remuneration	Fulfillment of duties of the Group ´s representative member	None
Contract for accepting payment cards – Internet (as of 29 March 2007) + 1 Amendment	Komerční banka, a.s.	Fees according to the price list	Acceptance of payment cards	None
Collective insurance agreement for consumer loans No. 3010000000 (as of 1 August 2007) + 5 Amendments	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Agreement for provision of a chip card scanner (as of 2 April 2007)	Komerční banka, a.s.	Contractual remuneration	Provision of chip card scanner	None

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Agreement to send electronic messages about clearance (as of 5 June 2007)	Komerční banka, a.s.	Fees according to the price list	Sending of electronic messages about clearance	None
Framework contract for distribution (as of 22 June 2007) + 1 Amendment	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for the use of safety deposit boxes (as of 16 July 2007)	Komerční banka, a.s.	Fees according to the price list	Use of safety deposit boxes	None
Contract for mutual cooperation (as of 1 August 2007) + 1 Amendment	Komerční banka, a.s.	No performance	Provision of banking services	None
Contract for collective insurance to the consumer loans of ESSOX, s.r.o., No. 3100000000 (as of 31 August 2007) + 3 Amendments	ESSOX, s.r.o.	Provision of insurance	Insurance premium	None
Contract for collective insurance to credit cards of Komerční banka, a.s., No. 3040000000 (as of 1 November 2007) + 2 Amendments	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Contract for provision of consultancy services	Sogecap S.A.	Contractual remuneration	Provision of consultancy services	None
Contract for provision of collective insurance to loans of ESSOX SK, s.r.o., No. 3080000000 (as of 1 August 2006) + 1 Amendment	ESSOX SK, s.r.o.	Provision of insurance	Insurance premium	None
Separate Distribution Agreement on Vital Invest (as of 4 October 2006) + 19 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for financial compensation in the form of profit sharing (as of 1 August 2006)	ESSOX SK, s.r.o.	Profit sharing	Insurance premium	None
Insurance contract for collective insurance of persons (as of 9 January 2003) + 8 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Framework contract for personal data processing entered into between KB and KP (as of 24 March 2006)	Komerční banka, a.s.	No performance	Personal data processing	None
Contract for intermediation of "PATRON" (as of 25 April 2006)	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for intermediation of "PROFI PATRON" (as of 25 April 2006)	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for intermediation of "RISK LIFE FOR MORTGAGE LOANS" (as of 25 April 2006) + 4 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for intermediation of "PROFI MERLIN" (as of 25 April 2006) + 1 Amendment	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for intermediation of "MERLIN" (as of 25 April 2006) + 1 Amendment	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for intermediation of "VITAL AND VITAL PLUS" (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for intermediation of "VITAL GRANT" (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for intermediation of "VITAL" (as of 25 April 2006) + 4 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Agreement on cooperation in delivering payments (as of 29 May 2006)	Komerční banka, a.s.	Contractual remuneration	Cooperation in delivering payments	None

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
Separate Distribution Agreement for product "travel insurance" (as of 14 June 2006) + 3 Amendments	Komerční banka, a.s.	Commission	Intermediation and arrangement of insurance contracts	None
Contract for collective insurance to consumer loans of ESSOX, s.r.o., No. 3090000000 (as of 1 August 2006) + 1 Amendment	ESSOX, s.r.o.	Provision of insurance	Insurance premium	None
Agreement to alter contractual conditions (as of 31 August 2006)	Komerční banka, a.s.	Fees according to the price list	Provision of direct banking	None
Framework cooperation contract No. 3010000245 (SPEKTRUM PROGRAMME) (as of 17 October 2006)	Penzijní fond Komerční banky, a.s.	Arrangement of insurance contracts	Intermediation and arrangement of insurance contracts	None
Contract for provision of direct banking / Administration order (as of 5 October 2006)	Komerční banka, a.s.	Fees according to the price list	Provision of direct banking	None
Contract for TVIS/STVIS and spot transactions (as of 7 December 2006)	Komerční banka, a.s.	Fees according to the price list	Realisation of TVIS/STVIS and spot transactions	None
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.	Fees according to the price list	Current account's management	None
Contract for provision of advantageous conditions to employees of Komerční pojišťovna, a.s. – participants of the building society savings in MPSS (as of 15 June 2005)	Modrá pyramida stavební spořitelna, a.s.	No performance	Arrangement of building savings contracts for employees of KP	None
Contract for renting non-residential premises (Brno) (as of 31 September 2005)	Komerční banka, a.s.	Rent	Provision of premises	None
Contract for provision of services on the short-term bonds market (as of 23 October 2001)	Komerční banka, a.s.	Fees according to the price list	Provision of services on the short-term bonds market	None
Contract for the use of KB safety deposit box (2 contracts)	Komerční banka, a.s.	Fees according to the price list	Provision of safety deposit boxes	None
Contract for rent of non-residential premises – Jihlava (as of 31 January 2003) + 3 Amendments	Komerční banka, a.s.	Rent payments	Provision of premises	None
Licence agreement (as of 20 December 2004)	Komerční banka, a.s.	Contractual remuneration	Provision of the KB trademark	None
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)	Societe Generale Equipment Finance	Contractual remuneration	Intermediation and arrangement of insurance contracts	None
Contract for cooperation (as of 27 December 2000)	Komerční banka, a.s.	Cooperation in developing products and other business activities	Cooperation in developing products and other business activities	None
Contract for collective insurance to KB credit cards, No. 3040000000 (as of 1 November 2004) + 2 Amendments	Komerční banka, a.s.	Provided insurance, insurance indemnity	Insurance premium	None
Contract for Patron collective insurance (as of 25 August 2003) + 1 Amendment	Komerční banka, a.s.	Provision of insurance	Insurance premium	None
Framework contract for cooperation between KB and KP, Spektrum Insurance Programme (as of 28 January 2003) No. 3010000235 + 4 Amendments	Komerční banka, a.s.	Entering into insurance contracts	Intermediation of insurance contracts	None
Contract for collective insurance to loans of ESSOX, s.r.o., No. 3020000000 (as of 1 August 2004) + 1 Amendment	ESSOX, s.r.o.	Provision of insurance	Insurance premium	None
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.	Provision of insurance	Insurance premium	None
Contract for collective insurance to revolving loans and credit cards of ESSOX, s.r.o., No. 3050000000 (as of 1 December 2004) + 2 Amendments	ESSOX, s.r.o.	Provision of insurance	Insurance premium	None

Type of Contract (or Subject-matter of the Contract – unless clear from the title)	Contracting Party	Provided Performance	Accepted Performance	Damage Incurred
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.	Provision of insurance	Insurance premium	None
Contract for cooperation in the field of additional pension insurance with a state contribution (as of 18 August 2003)	Penzijní fond Komerční banky, a.s.	Cooperation in administrating the additional pension insurance contracts	Commission	None
Contract for personal data processing (as of 10 October 2002)	Penzijní fond Komerční banky, a.s.	No performance	No performance	None
Agreement on financial compensation in the form of Profit Sharing (as of 30 November 2005) + 5 Amendments	ESSOX, s.r.o.	Provision of insurance	Insurance premium	None
Contract for personal data processing (as of 1 October 2003)	ESSOX, s.r.o.	No performance	No performance	None
Cooperation agreement (as of 22 September 2005)	Komerční banka, a.s.	Cooperation in developing products and other business activities	Cooperation in developing products and other business activities	None

#### B. Other Legal Actions Taken by the Company y in the Interest of the Controlling Entity and Other Related Entities

Pursuant to a decision of the General Meeting held on 19 April 2013, the shareholder, SOGECAP SA, received dividends for the year 2012 in the amount of CZK 84,975,020 CZK and the shareholder Komerční banka, a.s. received dividends for the year 2012 in the amount CZK 81,634,580.

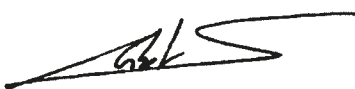
#### C. Measures Taken or Implemented by the Company y in the Interest or at the Initiative of the Controlling Entity and Other Related Entities

During 2013, the Company did not take or implement any measures that would be in the interest and at the initiative of the Controlling Entity another Related Entities.

### III. Conclusion

The Board of Directors of the Company has reviewed all arrangements put in place between the Company and the Related Entities during the 2013 Reporting Period and states that the Company incurred no damage as a result of any contracts, agreements, or any other legal steps or measures taken or implemented in the Reporting Period.

Prague, on 20 March 2014



**STÉPHANE CORBET**

Chairman of the Board of Directors and CEO



**HELENA ENDLEROVÁ**

Member of the Board of Directors and Head of Financial Section



# Notes

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NA PARTNERSTVÍ ZÁLEŽÍ

