

Allianz
pojišťovna, a. s.

Annual Report 2012



S vámi od A do Z

Allianz 

Basic Economic Facts

Brief Summary (in CZK mln)	2012	2011	Change 2012/2011
Gross premiums written	11 568	11 044	4,7%
Life insurance	4 307	3 736	15,3%
Non-life insurance	7 261	7 308	-0,6%
Claims paid	6 237	6 263	-0,4%
Life insurance	2 172	2 176	-0,2%
Non-life insurance	4 065	4 087	-0,5%
Net claims ratio retention in non-life insurance	62,6%	59,6%	3,0 p.p.
Gross expenses ratio	25,2%	23,5%	1,7 p.p.
Technical result	934	1 137	-17,9%
Profit before tax	1 209	1 299	-6,9%
Financial placements	18 110	18 476	-2,0%
Equity	4 100	5 028	-18,5%
Equity ratio (in % of net written premiums)	39,5%	52,8%	-13,3 p.p.
Technical provisions	23 106	21 086	9,6%
Life insurance	14 409	12 279	17,3%
Non-life insurance	8 697	8 807	-1,3%
Number of contracts in portfolio (ths)*	1 776	1 741	2,0%
Number of employees	830	778	6,9%
Number of agents	1 879	1 795	4,7%

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Introduction of the Chairman of the Board of Management

Dear Ladies and Gentlemen,

2012 was a significant year for Allianz pojišťovna in two respects. First, we completed twenty years of conducting business in the Czech insurance market and, I may proudly say, these have been twenty successful years. Secondly, in the past year, we were among insurance companies having the greatest growth in premiums written.

In 2012, Allianz pojišťovna was particularly successful in the segment of life insurance, having growth in premiums there more than compensating for the drop-off in non-life insurance. This development copies the trend of the market, which is stagnating namely in connection with motor insurance products being on the threshold limit of profitability. In all segments, however, we outperformed the market.

The company's net profit (according to Czech accounting standards) totalled CZK 972 million in 2012. The equity of Allianz pojišťovna is CZK 4.1 billion and the balance sheet sum grew to CZK 27.7 billion.

Allianz pojišťovna's total gross written premiums amounted to CZK 11.57 billion in 2012, an increase of 4.7% compared to 2011. According to the new methodology of the Czech Association of Insurance Companies, this increase amounts to 3.8%, with the market having decreased by 0.1%. In non-life insurance, our premiums written decreased by 0.6% to a total of CZK 7.3 billion. In life insurance, premiums written increased by 15.3% to CZK 4.3 billion. Overall, we have done better than the other insurance companies compared to the market as a whole.

These positive trends in both the business and financial figures of Allianz pojišťovna are a clear signal to clients that we are a strong and reliable partner. Our solid capital background enables us to continuously develop and innovate our products and improve our client service.

Our claims settlement did not have to handle large-scale calamities in 2012; there were only two natural disasters. At the beginning of the year came snow storms, which caused their greatest damage to cars. Apart from road accidents, this was damage caused by elements of nature, that is, risks covered by a new rider offered by Allianz to supplement motor third party liability insurance. Due to the hot weather in the Czech Republic in

early summer and at the end of July, there were an increased number of summer storms so intense that they frequently resulted in large-scale damage to property. At the beginning of 2012, a new Claims Settlement Contact Centre was created in Pardubice for reporting damage and providing basic information about claims settlement.

New products and innovations to client service implemented by Allianz pojišťovna during the course of 2012 won a number of awards. We are pleased to have “scored” both in public opinion polls and professional competitions. For us, these awards are not only a form of appreciation for our work, but, above all, a major commitment and inspiration for the future.

I want to thank our employees, insurance advisors and business partners for their professional work. The successes of Allianz pojišťovna achieved in 2012 were particularly due to their efforts. I would also like to thank all our clients for the confidence they have placed in us through their concluded insurance contracts. The ultimate goal of Allianz pojišťovna is to never fail our clients’ trust. We work diligently for Allianz pojišťovna to continue offering the solid background of a strong and trustworthy insurer as well as highly professional products and services.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jakub Strnad', with a stylized flourish at the end.

Jakub Strnad
Chairman of the Board of Management

Company Profile

Allianz pojišťovna is a 100% subsidiary of Allianz New Europe Holding GmbH and a member of the world's leading insurance group Allianz. Allianz pojišťovna entered the Czech market in 1993 and has become one of the top three insurers in the Czech Republic over the years.

It started out by offering life insurance. It has gradually expanded its product portfolio and now offers comprehensive products tailored to both individuals and corporations, ranging from life insurance to private property, liability, travel insurance, entrepreneurial and industrial insurance to comprehensive vehicles insurance.

Allianz pojišťovna is the sole shareholder of Allianz penzijní fond, a. s., established in 1994 (from 1 January 2013, the fund has been transformed to Allianz penzijní společnost). The comprehensive product portfolio, thus, includes supplementary pension schemes offered by one of the market's leading pension funds.

In 1999, Allianz pojišťovna was among the first twelve insurance companies to offer motor third party liability insurance. In 2010, Allianz pojišťovna became the pioneer in a motor third party liability insurance product offering the most comprehensive coverage of risks in the Czech Republic.

Prompt, transparent and modern claims settlement of Allianz pojišťovna forms an integral part of services rendered to clients and ranks at the top on the local market.

Superior and high-quality assistance also provides a significant benefit for the company's clients. In this particular area, Allianz pojišťovna collaborates with Mondial Assistance.

In reinsurance, Allianz pojišťovna maintains exclusive cooperation with renowned companies, such as Allianz SE, Swiss Re, Munich Re and others.

The long tradition and experience, international know-how and capital power of Allianz Group are a guarantee of the company's stability and continued development.

Awards and Prizes

Various prizes awarded to Allianz pojišťovna during 2012 in professional competitions, contests and public opinion polls are a proof of the supreme quality of the company's products and its client service.

In the prestigious Bank of the Year 2012 competition, organized by Fincentrum, Allianz pojišťovna improved its ranking from past years and moved up to the 2nd position in the Insurance Company of the Year category. In addition, its PROženy (FORwomen) product placed 3rd in the Life Insurance category of this competition.

The PROženy product, which we designed in response to the change in life insurance rates for women, as directed by the European Union, also scored in the Hospodářské noviny competition for the Best Bank and the Best Insurance Company of 2012. In public online polls, this product won the category of the Insurance Innovator. Our insurance company as a whole was also successful in this competition, having placed 2nd in the category of the Most Client-Friendly Insurance Company and 3rd in the category of the Best Insurance Company.

Allianz's travel insurance was also successful. In the Zlatá koruna (Golden Crown) competition, it ranked 2nd in the category of Non-Life Insurance. In TTG Travel Awards 2012, it placed 3rd in the category of the Best Insurance Company for Travel Insurance.

Our motor insurance products also did well. In the Fleet Awards, our Motor Fleet Insurance with Sixth Sense won the Insurance category. In the enquiry organized for its members, the Association of Czech Insurance Brokers ranked Allianz pojišťovna 1st in the category of Motor Insurance.

Allianz pojišťovna highly values these as well as the other awards it has received. They appreciate the work of its employees in creating insurance products and their efforts in providing our clients with broad and superior-quality services, being a great inspiration for our further work.

Board of Management

Jakub Strnad

Chairman

Petr Sosík

Member

Karel Waisser

Member

Tomáš Vysoudil

Member

since 3 February 2012

Supervisory Board

Wolfgang Deichl

Chairman

Harold Langley-Poole

Member

Veit Valentin Stutz

Member



Jakub Strnad



Petr Sosík



Karel Waisser



Tomáš Vysoudil

Organisational Structure

SECTION 01

Jakub Strnad

Chairman of the Board of Management

Václav Bálek

Internal and External Communications

Robert Fekete

HR Development Division

Drahomír Kubáň

Legal and Compliance Division

Maya Mašková

Internal Audit and Control Department

Dalibor Šajar

Market Management

SECTION 02

Jakub Strnad

Chairman of the Board of Management

Radek Baštýř

Motor Fleet Division

Václav Bohdanecký

Industrial Corporate Clients Division

Zdeněk Kučera

Retail Property and Liability Insurance Division

Josef Lukášek

Actuarial and Product Controlling Division

Libor Novák

Life Insurance Division

Pavel Prokš

Motor Retail Division

SECTION 03

Petr Sosík

Member of the Board of Management

Petr Kmínek

Risk Controlling

Robert Mareš

Asset Management

Radek Stamenov

Controlling Division

Anna Švehlová

Accounting Department

Jan Tichý

Tax Department

Martin Vítek

Reinsurance Division

Daniela Volhejnová

Collection/Financial Transactions Payment Department

SECTION 04

Karel Waisser

Member of the Board
of Management

Jiřina Cislerová

Customer Care

Martin Geba

Project and
Organization Division

Petr Jandek

Non-Life Claims Division

Tomáš Klofát

Motor Claims Division

Hana Páleníková

Administration of Travel Insurance
Policies

Ryszard Schwarz

IT Division

Miroslav Šrámek

Facility Management Division

Jaroslav Šubrt

Life and Health Claims Division

SECTION 05

Tomáš Vysoudil

Member of the Board
of Management

Martin Dolanský

Distribution Development
Division

N N

Sales Support Division

Martin Pišťák

External Distribution Channels
Division

Petr Schütz

Dealers Division

Igor Šlajchrt

Allianz Academy

REGIONAL OFFICES

Petr Hladný

North Moravia

Kateřina Jungmannová

North-East Bohemia

Milan Mojžiř

Prague and Central Bohemia

Petr Musil

South Moravia

Josef Zelenka

South-West Bohemia

Products

Allianz pojišťovna is one of the three leading insurers in the Czech Republic. Its wide offer of products ranges from life insurance to non-life insurance, allowing individuals as well as corporations to choose optimal insurance coverage.

Motor Insurance

In 2012, Allianz pojišťovna continued selling innovated Motor Insurance product packages and assessed the impact of changes made to these products in the year before.

Our motivation is to continue providing motor third party liability (MTPL) insurance with the broadest insurance protection in the Czech Republic and offer our clients, as part of MTPL, additional coverage of insurance risks that they fear most. This is a brand new type of insurance; in the past, such insurance coverage was only provided for motor hull insurance, or was not offered at all.

Clients may choose from three packages, Normal, Optimal or Exclusive, which differ by the indemnity limits of CZK 35, 50 and, from the autumn of 2012, 150 million, and, above all, by the range of risks covered. By concluding an insurance policy, clients may, in addition to MTPL insurance, obtain insurance for damage to their vehicle caused by natural forces, by an animal or by a collision with it. Such MTPL insurance also includes an option of direct settlement with free towing service and replacement car rental; there is also a guaranteed payment of up to CZK 0.5 million for a new car and up to CZK 30,000 per year for its operations in the event of consequences of a car accident, along with accident insurance of underage children in the vehicle and eligibility for free MTPL insurance for two small motorcycles or trailer carts.

Our greatest innovation in 2012, designed particularly for owners of older cars, was supplementary insurance against theft of the entire car. It may be concluded for any MTPL alternative, including the cheapest one, for only several hundred CZK a year. This inexpensive option makes protection against thieves available even to drivers with cars the value of which does not exceed CZK 100 thousand, without the need to conclude motor hull insurance.

We also made several changes in motor hull insurance. The major change was in the Exclusive package, where the deductible is now solely in the fixed amounts of CZK 1,000, CZK 5,000 and CZK 10,000, which is more advantageous for the client than the traditional percentage of the deductible.

In basic assistance services, we introduced the possibility of a replacement car loan for up to 30 days for drivers whose car has been stolen, or for 24 hours in the event that their car becomes immobile. We also help clients

who have had a car accident to fill in the accident record, organize and pay for taking photographs of the place of the accident, as well as arrange for towing away of cars of the other persons involved in the accident.

The changes made to this product in 2012 were designed to improve the quality of our customer service and to guarantee the maximum comfort in connection with operations of a car insured with Allianz pojišťovna.

Motor Fleet Insurance

Allianz motor fleet insurance is one of the top products in the Czech insurance market. Its sophisticated building-block system combining all options of motor and motor fleet insurance gives this product a strong competitive edge, facilitating tailor-made solutions for each fleet depending on the unique circumstances of the given company. The system provides excellent care and easy administration for all clients.

Highly competitive premium rates and the pro-active approach of the Motor Fleet Division in 2012 had a positive impact on the growing number of insured vehicles. A combination of high-quality products and outstanding rates along with excellent claims adjustment services forms grounds for the success attained by Allianz motor fleet insurance.

In 2012, the Risk Service Department continued contributing to decreasing the client's claims ratio and provided companies with the know-how necessary to reduce the risk rate. This department employs modern procedures shared within the entire Allianz group. The high-quality work in risk management leads to sustainable profitability of the product. As a part of risk control, Allianz pojišťovna offers motor third party liability insurance with a deductible. This deductible is a significant tool motivating drivers to drive safely.

Allianz Sixth Sense has become an integral part of our motor fleet insurance. This product is not only modern, but also extremely practical. It makes use of telematic services and significantly contributes to increased road safety. In the event of an accident, it speeds up intervention by rescue services and is a major help in locating a stolen car.

Entrepreneurial and Private Property Insurance

Allianz pojišťovna's long-term offer of high-quality property and liability insurance for private clients covers virtually all risks related to movable property and real estate. The three basic packages – Normal, Optimal and Exclusive – provide insurance coverage for property and homes that are occupied year-round, or on a recreational basis, and for apartment houses. Allianz pojišťovna adjusts its products over time in order to simplify the conclusion of insurance and make them more attractive to its clients. In 2012, we significantly extended and improved our coverage, particularly in real estate and liability insurance.

Allianz pojišťovna was the first insurer in the Czech Republic to offer the advantage of Home Assistance services to holders of real estate or household insurance policies. Continuously developed, this highly competitive service provides clients with assistance during severe household problems requiring immediate intervention, such as

Life Insurance



Our clients may encounter many unexpected events during their lifetimes that could affect themselves as well as their loved ones and adversely change their current standard of living. We offer a wide range of life insurance products to cover such cases. One of the most interesting is the unit-linked life insurance **Rytmus**, providing the most comprehensive coverage of risks. In 2012, we introduced the unique **PRO ženy** (FOR women) insurance product. **Pastelka** (Crayon) life insurance is designed for carefree life of children and their parents. Last but not least, we also offer **PRO život** (FOR life) risk insurance.

fire or flooding, or with less serious, yet annoying situations such as locked out keys, clogged drainage or broken windows. The Home Assistance service has been modified and expanded over time. Presently, it is available to private individuals as well as clients with entrepreneurial risk insurance policies. Since 2009, the truly exceptional scope of the Home Assistance service has been made available to owners of apartment houses. Quality of the assistance services rendered has been increasing continually.

Our private property insurance received major appreciation by having placed 2nd in the private property category of the Insurance Company of the Year 2010 opinion poll and also by having placed 3rd and winning the Bronze Crown in 2011, which Allianz pojišťovna received for its Property Insurance with Home Assistance Service – Household Insurance. In 2012, Allianz pojišťovna placed 2nd in the Insurance of Citizens category of the Insurance Company of the Year polls organized by the Association of Czech Insurance Brokers.

To entrepreneurs, Allianz pojišťovna offers a wide range of customised products. In 2011, we innovated our PRO podnikatele (FOR Entrepreneurs) product for larger and more sophisticated clients.

Comprehensive Entrepreneurial Insurance Noe Plus is designed specially for medium-size and small entrepreneurs in the area of trade, manufacturing and services, but it can just as easily be used by owners of real estate. This product has also been continuously extended and modified.

These high-quality insurance products can be written very easily and quickly, covering all types of usual commodities, including insurance of operating and production facilities or inventory, cargo, buildings and other structures serving for business purposes, as well as liability insurance. Noe Plus is available in the form of packages, with the three variations, NORMAL, OPTIMAL and EXCLUSIVE, covering the entire segment of risks. All that clients need to do is choose the combination which matches their needs. In acknowledgement of its qualities, Comprehensive Entrepreneurial Insurance Noe was awarded the Zlatá koruna award for the best financial product of the year in 2004 and 2005. The product's exceptional success in this competition continued in 2009, winning the silver medal in the Entrepreneurs Award category. We also achieved another major success by having placed 3rd in the Industrial and Entrepreneurial Insurance category of the Insurance Company of the Year 2010 and 2011 opinion polls organized by the Association of Czech Insurance Brokers.

As in the past several years, Allianz pojišťovna focused on further modernisation of its current entrepreneurial and private property insurance products as well as design of new attractive promotional offers in 2012. In entrepreneurial insurance, these offers were, again, particularly for the segment of restaurants and pensions, and for the segment of sports equipment dealers and service providers.

In addition to its traditional products, such as extended warranty, vessel insurance and guarantees, Allianz pojišťovna made significantly more attractive multiple dwelling insurance and liability insurance for committees of owners' societies in 2012. Allianz pojišťovna also has further expanded its professional liability insurance offer.

Industrial and Corporate Risk Insurance

In industrial insurance, Allianz pojišťovna maintained its focus on the local market and Czech industrial entities in 2012. The aggravated economic situation, particularly in new investments, the hire-purchase market and development projects caused a significant drop in the demand for new insurance. Owing to its rich portfolio of products, competitive prices and a high-quality reinsurance programme, the company succeeded in coping with these adverse market effects and grew in this segment.

On the contrary, the results were unfavourable in the international transactions segment, in which we support insurance programmes delegated from abroad – the effects of decreased prices and rising claims performance resulted in the Allianz Group not being quite able to follow the development in prices, which was reflected in the marked drop in this segment for Allianz pojišťovna.

Despite the strongly competitive environment, Allianz pojišťovna will continue to focus on the Czech market in 2013. Its main goals will be growth in local business and sufficient profitability. Its projects will emphasize further development of cooperation with its insurance brokers, improvement in quality of services and increase in the efficiency of processes.

Travel Insurance

Allianz travel insurance is a comprehensive package of products providing optimal insurance protection to clients travelling in the Czech Republic and abroad. Allianz travel insurance offers the widest range of insurance coverages and is unique for having unlimited coverage of medical care expenses abroad. The insurance coverage of medical care expenses also includes risks related to terrorism, search and rescue activities of the Mountain Rescue Service and selected types of leisure time sporting activities.

The basic product is medical care expense insurance, which is supplemented by luggage insurance, including luggage and flight delay, liability insurance, accident insurance and insurance of a cancellation penalty, with unlimited coverage and a common amount of deductible. In addition to individual and group tariffs and business travel products for corporate clients, Allianz pojišťovna offers advantageous annual or semi-annual travel insurance policies that cover long-term foreign travel as well as repeated short trips abroad.

On-line underwriting through the Internet or by telephone has become increasingly popular for travel insurance. More than two-thirds of our travel insurance policies were concluded through these modern distribution channels in 2012.

An integral part of Allianz travel insurance is extensive and high-quality assistance service, offered free-of-charge via Mondial Assistance. Prompt and transparent claims settlement forms an integral part of a successful insurance product.

Life Insurance

2012 was a year of far-reaching changes in life insurance. This segment was fundamentally influenced by a decision of the Court of Justice of the European Union, which required that insurance companies unify their premium rates for men and women from 21 December 2012. This act has had an impact upon all life insurance products, as it directly affects all newly concluded insurance policies as well as selected changes in already concluded policies.

Owing also to the innovations made, our Rytmus product reinforced its position as the flagship of life insurance. As in the year before, it received independent awards confirming its excellent qualities. Improving its ranking from the previous year, the unit-linked life insurance Rytmus placed 1st in the Insurance category of the Financial Product of the Year 2012 competition. Similar to Rytmus, we also updated our Allianz F1 and Allianz Mercury products to support long-term cooperation with our external distributors.

We boosted our sales by introducing several advantageous features, such as BONUS EXTRA (or ACCIDENT BONUS), LADY BONUS, PARTNERS BONUS, supplementary insurance of wedding cancellation or supplementary insurance of long-term inability to work. Clients also took keen interest in our new and unique supplementary insurance product for women – PRO ženy (FOR women), which focuses on covering female-specific risks. Allianz pojišťovna received several awards for this product: PRO ženy won the Innovator 2012 title in the competition of Hospodářské noviny and placed 3rd in the prestigious Bank of the Year 2012, organized by Fincentrum, in the Life Insurance category.

The success of these products facilitated excellent results in life insurance in 2012. In the key area of current premiums, premiums written exceeded CZK 2.3 billion, which is an increase of 19.7% compared to 2011. Owing to this, Allianz was the fastest growing of the major insurance companies in the market, with its growth being nearly nine times of that of the entire market (2.2%).

Allianz pojišťovna focuses on individual clients as well as the employer sector. To employers, we offer AMMIS, an insurance programme combining life and supplementary pension insurance. This product allows both employers and employees to fully utilize tax relief on both coverages within one policy and represents a very popular benefit as well as stabilizing element. Clients may also use discounts on other Allianz insurance products, such as motor or household insurance. In the coming year, we expect to see increased interest in this programme, as the amount of the insurance paid by employers for an employee was increased to CZK 30,000 a year for purposes of income tax exemption.

During the course of 2012, Allianz pojišťovna also launched new tranches of single premium unit-linked insurance with capital protection. In the first half of the year, we offered Allianz STARinvest and, in cooperation with UniCredit Bank Czech Republic, a.s., the TIMBI 2015 / 2017 product. At the end of the year, we introduced Allianz QUATROinvest and, in cooperation with UniCredit Bank Czech Republic, a.s., the MULTI INVEST 2018 product. BRIG 2015 / 2017 was introduced in the summer, which was a product offered exclusively by UniCredit Bank Czech Republic, a.s. All these products contributed to our excellent results in single premium insurance: we wrote premiums of nearly CZK 2 billion, which is 10.4% more than in 2011.

Claims Settlement

High-quality service and client satisfaction are a priority for Allianz pojišťovna. Communications with clients are transparent and open. Allianz pojišťovna was the first in the insurance market to allow its clients an anonymous online view of the status of a claim's settlement on the Internet..

Motor Claims Settlement

Electronic claims settlement made further progress in its day-to-day application by clients, their representatives and our claims settlement personnel. Some partial changes were made in the software to additionally improve user comfort, communications and settlement services as such, and also in connection with the new features in Allianz Motor Insurance 2012.

During 2012, we succeeded in creating and staffing a new Settlement Contact Centre in Pardubice for reporting claims and providing basic information about settlements. The high stability, solid expertise and further growth potential of this team are crucial for even the initial information that the callers learn about, or which they enquire about to be promptly provided, comprehensive and factually correct. Our task for coming years is to maintain the compact quality of the team and keep increasing its proficiency for providing information, also in respect to our having terminated external cooperation in this area with Mondial Assistance (this company will provide "only" assistance service in the future). In this connection, working hours of the centre have been adjusted in 2013 so that clients and partners may use its services (such as online reporting, monitoring a claim's progress or uploading documents) on a 24/7 basis through the Allianz website.

We also created a new division team for support of claims investigations, with its main task being to help detection of insurance fraud in car claims settlement, work closely with both the internal audit department and our loss adjusters and, thus, increase the volume of saved indemnity funds in all types of motor insurance.

Save for minor local cases, Allianz pojišťovna did not have to deal with the settlement of claims resulting from large-scale natural calamities and disasters in 2012, so its claim adjusters could devote their maximum efforts to increasing the quality of standard procedures, reducing bureaucracy and improving communications. This facilitated further reductions in the total settlement time including the time from submission of the last document until issuance of a coverage letter for common damages to one business day, or until payment of indemnity for common damages to two to three business days.

We were also extremely active in relation to our contracting partners, particularly contract car repair shops. Their total number in the Czech Republic increased to 1,000. We continued to improve the quality in working with contracting service stations (inspections of damaged cars at all our partners even without the necessity to then have the car repaired there, specialties such as windshield or bodywork repair after a hailstorm) as well as decrease the costs of repairs or costs of replacement cars and other provided services. A feature called Home Service has become well-established; it is the favorite service station of the client where the car is preferably directed to and where we may obtain other related services for the client (such as a longer rental time of a replacement car).

The decision to change our supplier of software for calculations of repair costs, including records of electronic inspections, has, after some initial “teething” troubles, proved highly cost-effective and efficient in terms of the unified form of inspection records, legibility, processing and archiving.

2012 confirmed the long-term tendency of key accounts to request, whether directly or through brokers, specific terms and rules of claims settlement. The motor claims settlement division is always prepared to discuss and accommodate these wherever the organisation of work and technical support permit, provided that the quality of the claims settlement service and cost intensity are maintained.

Analyses of our regular client satisfaction surveys have indicated that the motor claims settlement division is heading in the right direction and that our clients’ satisfaction, and with it the satisfaction of the section heads and the entire Allianz pojišťovna, is growing every day. However, we do not rest on our laurels; there are always things to improve upon and the new situations we encounter every day require an active and accommodating approach of all employees and units of claims settlement service. We shall also maintain such an approach in 2013.

Property Claims Settlement

Our property claims settlement is a high-quality and professional service, complementing the high standard of the business services offered by Allianz pojišťovna. In line with our corporate business strategy, we work continuously to improve our standards as a client-oriented company.

We make changes building on a higher quality in the company’s approach to clients, working with process management and using modern technologies. It is committed to increasing the standards of its communications with clients.

Claims are reported mostly by telephone and online over the Internet. Reporting by telephone is the most common, but online reporting is on the rise. These options have brought greater comfort to clients and have cut their costs to a minimum. In addition to these up-to-date means of communication, we have also preserved traditional methods such as fax or mail, which are mainly used by retail customers.

Private Property Insurance



We are also a reliable partner for resolving unpleasant situations and risks to the homes or apartments of our clients. We assist with calamities such as burst water pipes, roofs damaged by a strong hailstorm or flooded cellars. We offer insurance of **households or real estate as well as liability insurance**. We also insure holiday vessels or planes. Assistance service is a natural part of our property insurance.

Allianz pojišťovna actively communicates with its clients in the form of satisfaction surveys regarding claims settlement. Evaluations of claims settlement services of Allianz pojišťovna continued to be highly positive in 2012. The survey conducted by the independent organisation, Epsi Rating, which endeavours to find out about the satisfaction of clients of insurance companies on the Czech market with a particular focus on property insurance, rated clients of Allianz pojišťovna as the most satisfied. Claims settlement has been a major contributor to client satisfaction. During 2012, the Net Promoter Score in property claims settlement increased by 9%.

Optimisation of claims settlement processes will continue. This will no longer involve fundamental changes to the processes, but rather their finetuning and supplementing.

Claims Settlement – Life and Health

In addition to professional, prompt and convenient claims settlement, the primary tasks in this area include effective prevention and detection of insurance fraud.

Client satisfaction is monitored by means of the Net Promoter Score indicator. In 2012, the figures for claims settlement in life and health improved significantly compared to the previous year.

In the long term, injuries account for the vast majority of claims raised by clients. It is these claims where adjustment tends to proceed in a particularly prompt and flexible way, and without delays. These claims may be reported by telephone or using an online form, which substantially shortens the time of the main adjustment process. In 2012, every third report of a claimed injury was received by telephone or over the Internet. The promptness of claims adjustment is evidenced by the fact that 50% of claims in cases of child injuries are adjusted by the next day after they are reported (the time from delivery of the report until the adjuster's decision); 93% of the total number of claims are closed within one week of being reported.

An integral part of claims settlement is the system for prevention and detection of insurance fraud. Through these activities, the claims settlement section in charge of life and health claims saved over CZK 18 million in this area in 2012.

Sales

In 2012, our agenda in sales focused on integration of the multi-channel concept of distribution with a view of delivering the appropriate value offer to each client segment. Accordingly, we adapted our distribution strategy for individual distribution channels as well as the management model, without which it would have been impossible to implement such a number of changes.

These changes concerned product innovation and client service; emphasis was on both extensive and intensive development of distribution with new sales support, including the campaign system and sales quality evaluation. Legislative changes were a great challenge for distribution, particularly those in the pension system and unification of rates for men and women in life insurance.

Tied Agent Sales Force

The tied agent sales force is one of the largest distribution channels of Allianz pojišťovna and its role is and will remain crucial for the company. In 2012, our investments in the development of distribution showed year-on-year in a 20% increase in current life insurance and over a 260% rise in supplementary pension insurance. At the same time, the quality level went up in terms of increased number of risks per policy and extended duration of insurance policies.

Changes were reflected not only in the organisation of sales, where five territorial head offices were established in 2011 as part of the multi-channel concept integration to coordinate the tied agent sales force and its ten regional offices, but also in the regional broker business within administered locations in the Czech Republic, with a step action in all our distribution channels.

The strategy of extensive growth was reflected in the increased number of insurance advisors as well as in the expansion of our sales points. In 2012, we launched a pilot project for the first franchise system of branch offices in the Czech Republic, which will continue in 2013.

Important tools for further development and growth of our tied agent sales force are a new system of remuneration, and a career plan and the segmentation of brokers and clients, including working with the portfolio. In 2012, we introduced a new campaign system, which also contributed to increased sales and helped further build relationships with individual clients.

We have made fundamental changes in our professional education system and founded the Allianz Academy, which develops the tied-agent method of sales and focuses on management and business skills in distribution.

Central Brokers

In 2012, Allianz pojišťovna successfully continued in developing cooperation with its major insurance brokers, primarily in the area of industrial insurance. It was particularly in motor fleet insurance where the greatest number of changes were made. Not only did we adjust the portfolio of fleets with a high claims ratio, but tools are now automatically applied to reduce claim performance in our new acquisitions. In 2012, Allianz pojišťovna expanded its portfolio to include agricultural risks.

In 2012, we also set up a new business model for the cooperation of partner networks of major insurance brokers. Identification of a clear strategy to contribute to increased profitability in individual segments of insurance in the future was another priority.

Online Underwriting

Allianz pojišťovna has been one of the pioneers of online underwriting of products and services in the Czech market. Today, clients can use the Internet or telephone to take out travel, MTPL, comprehensive motor insurance, supplementary pension schemes as well as property, household or individual liability insurance.

In addition to online underwriting, the Allianz Online service also includes electronic administration of insurance policies or possible online payment of the first premium.

Allianz pojišťovna expects a further increase in online sales and an expansion of its electronic communications with clients. This trend has been confirmed by the year-on-year increase in the number of policies in individual areas and clients' responses to our gradually expanding online services.

Bancassurance

Allianz pojišťovna has been intensely developing reciprocal cooperation with its partners in the banking sector. It has set up the basic parameters of a new model for bancassurance and activities of mortgage advisors, which are managed by regional mortgage managers.

In 2012, Allianz pojišťovna successfully continued its cooperation with UniCredit Bank, which offers Allianz's private property insurance, and newly also single premium life insurance, to clients at its branch offices. This mutual cooperation further expanded in the area of mortgage loans.

Motor Insurance



Our clients benefit from **motor third party liability insurance having the broadest protection on the market**. Our individual packages include coverage of damage to a vehicle not caused by the client, such as collision with an animal or damage caused by natural forces, and assistance with settlement of damage caused to the client by a third party, which is called direct settlement. We also offer motor hull insurance, insurance of windshields, luggage insurance and accident insurance for passengers travelling in a car. Our insurance automatically includes assistance service.

Modrá pyramida (MPSS) has been a long-term partner of Allianz pojišťovna, particularly in the area of property insurance.

Our business activities with LBBW Bank focus on life and non-life insurance products of Allianz. The bank's clients may also conclude Allianz supplementary pension insurance.

In addition to its traditional partners in the banking sector, Allianz pojišťovna successfully cooperated with the Makro C&C wholesale chain store, mainly in the area of extended guarantees.

External Distribution Channels

In 2012, we continued to reinforce our position as the dominant contributor to insurance production of our premium VIP partners – OVB, Partners, Fincentrum and other major players in the Czech insurance market.

This success owed particularly to the release of products for unit-linked life insurance with the minimum possible costs and the maximum extent of insurance. The result was a significant increase in our production and our gaining a key production share with the largest consulting structures, which appreciated the quality of our product innovations.

In particular, Allianz pojišťovna focused on the effectiveness and stabilisation of processes as the fundamental building blocks of a good partnership. This aims for even greater effectiveness in managing relationships with key partners.

Public Contracts

In 2012, Allianz pojišťovna paid increased attention to public tenders. It monitored all announced public tenders for insurance services and, in most cases, tendered its bids for those public contracts.

With our extensive portfolio of products and services and the cooperation between entrepreneurial and industrial insurance, we cover nearly all of the risks requested by potential clients in both life and non-life insurance.

Allianz pojišťovna actively follows the Public Contracts Act and its changes, as well as attends seminars concerning this topic; it is also owing to these efforts that we have won public contracts for insuring some of the central bodies of the Czech Republic, cities and also major industrial enterprises. These successes in public contracts have made Allianz one of the key players on the insurance market.

Social Responsibility

As a successful player on the Czech market and one of the market leaders, Allianz pojišťovna acknowledges its responsibilities toward our clients, employees and Czech society.

Accordingly, it largely focuses on business ethics, maintaining good relationships with clients, shareholders and business partners, observing human rights, equal opportunities and standards of conduct. As part of its corporate philanthropy, Allianz pojišťovna has chosen mostly family projects, as well as culture and charity, as the central focus of its sponsorship and material support.

Sponsorship

Allianz pojišťovna supports financially and is actively involved in many important projects focused on children, youth and family. This segment is also linked to areas that Allianz pojišťovna emphasizes: culture, sports and charity. These efforts go beyond promoting the brand of Allianz and associating it with interesting projects. Their purpose is always long-term cooperation built on trust, professionalism and responsibility to both partners and communities taking part in these projects.

Key Projects

DRIVING SCHOOL OF THE NATION

Allianz sponsored a countrywide competition entitled The Driving School of the Nation, which was broadcast by Czech Television in the spring of 2012. Cooperation on this popular show was part of our insurance company's new strategy to support road traffic safety.

PRAGUE BOTANICAL GARDEN

This joint project of Allianz pojišťovna and the Prague Botanical Garden is one of the smaller, but highly family-oriented partnerships. During 2012, visitors to the Prague Botanical Garden had an opportunity to encounter signage combining the garden's exhibits with products of Allianz pojišťovna in an educational, yet untraditional form. In addition, Allianz pojišťovna sponsored the purchase of a two-metre tall olive tree for the Exposition of Turkish and Mediterranean Flora and organised an entertaining afternoon for visitors on the occasion of the tree's planting.

CZECH MISS

For six years now, Allianz has been the general partner to the Czech Miss beauty contest. Winners of the contest fully enjoy products of Allianz pojišťovna throughout the year and represent the Czech Republic at Miss World or Miss Universe shows.

THEATRE MINOR

Since 2003, Allianz pojišťovna has been the “general friend” of the puppet theatre of the Capital Prague – Theatre Minor. In its shows, Minor brings exceptional theatrical experiences to more than 80,000 children every year.

BUSINESSWOMAN OF THE YEAR and FORBES AWARDS

In 2012, Allianz sponsored two events aiming to support women in business. As part of these events, Allianz promoted its life insurance product designed specially for women.

REGIONS TO CHILDREN

In 2012, Allianz pojišťovna was again a partner of Regions to Children, events organised under the auspices of BESIP. This sporting and cultural charitable event was designed to acquaint the general public, in an entertaining manner, with the fundamentals of giving first aid in an accident and to educate them about accident prevention.

CZECH SKIERS ASSOCIATION – ALPINE SKIING Since it broadened its activities within the area of sports and support of talents in the autumn of 2010, Allianz pojišťovna has been the official partner of the Czech Skiers Association, especially its Alpine Skiing Section.

Other major projects included the long-term partnership of Allianz pojišťovna with the BERNARDFEST music festival and its partnership with the golf resorts at Slapy and Konopiště, which commenced in 2011.

Apart from the above nationwide projects, individual regional offices of Allianz pojišťovna participate in sponsorship activities in their respective regions every year.

Environmental

Since 2008, Allianz pojišťovna has been actively involved in a global environmental programme of Allianz Group aimed at minimizing its impact on the environment. With specific measures and savings in consumption of energy, water and paper, in waste management and in the area of business trips, the group was striving to decrease the volume of CO₂ emissions generated by its own operations by the year 2012. These efforts have proved highly beneficial and the company succeeded in reducing its emissions. We intend to carry on in 2013 and reduce our carbon footprint even further.

Entrepreneurial and Industrial Insurance



We assist our clients – entrepreneurs with remedying adverse consequences of unexpected events. We insure **real estate (such as offices or other premises), movable items, stock, machines, cargo, electronics or service interruption as well as professional and service liability.**

We offer tailor-made insurance solutions. Our specialities include packages for pharmacies, restaurants or sports equipment dealers.

Innovations

Since 2006, Allianz pojišťovna has had in place a programme for promoting innovations, entitled “i2s – Ideas to Success.” This programme supports innovations and ideas of employees and work teams, agents or clients, and promotes their implementation. Ideas building on day-to-day practice significantly contribute to the success of Allianz pojišťovna in the area of new products and services, improving client service as well as internal procedures and processes. In 2012, the company decided to try a new approach – move from the quantity of ideas to their quality by accepting for i2s ideas that have a greater potential for society and its prosperity. Every year, we also take part in the international Global Innovation Awards competition organised by the Allianz Group.

Charitable Projects

In 2012, Allianz pojišťovna was also actively involved in social activities and not only contributed financial amounts to those in need, but also lent a helping hand.

PARALYMPIC ASSOCIATION

In 2012, Allianz pojišťovna signed an agreement on cooperation with the Czech Paralympic Association and, among others, became the official insurer of the Czech paralympic team at the Summer Olympic Games 2012 in London. By this, we have followed up on the long-term partnership of Allianz SE and the International Paralympic Association.

2ND ANNUAL SOMEWHAT DIFFERENT DINNER

In 2011, with Allianz, Hilton and KPMG as its partners, the civic association Remedium invited 60 senior citizens between 65 and 90 years of age to a dinner party at the Hilton Hotel in Prague. The party was held on the occasion of International Seniors Day; the wait staff for the dinner were members of the top management of the above companies. The event was a great success and prompted Allianz pojišťovna to repeat it on 17 October 2012.

CONTRIBUTION TO SPECIAL WHEELCHAIR FOR VRATISLAV HUDEČEK

Allianz pojišťovna also contributes to people needing special care. In this particular case, a financial donation went to Mr. Hudeček, who is heavily paralysed and for whom the Sopur NEON wheelchair, for which the donation was made, is indispensable.

ALLIANZ ENDOWMENT FUND

Allianz pojišťovna is committed to being a responsible company in terms of CSR. This is why it established the Allianz Endowment Fund on 28 February 2012, with its mission to contribute to increasing road traffic safety and help drivers protect their own health – as well as the health of other people involved in road traffic. Through the fund, we want to actively help make passages, roads and motorways safe for everyone involved in road traffic.

Employees

Allianz pojišťovna relies upon its strong focus on the customer, meaning the provision of high-quality insurance protection and flexible satisfaction of the customer's insurance needs, as the foundation of its success. The superior quality of products and services and their continued improvement are an imperative. The company maintains a highly professional team of motivated experts and systematically develops their potential.

Employee Training and Development

Employee training and professional development receive a high priority at Allianz pojišťovna. The company provides its employees with a number of courses, training as well as comprehensive programmes in order to enhance their professional, personal and managerial development. As part of this training system, the company offers the following to its employees:

- Development of soft skills at Allianz Knowledge Academy;
- In-house training courses;
- Professional education courses;
- Language courses;
- Induction training for new employees;
- Training abroad for selected specialized professions;
- Participation of employees in conferences and professional gatherings; and
- Extra-work education (such as expert certification or ACCA).

Employee Benefits

Allianz pojišťovna aims at continuously reinforcing its position among leading insurers as well as among important employers. The company fully appreciates that its excellent results are, to a large extent, owed to the high commitment of its employees. To motivate them and award them for their efforts, the company provided the following employee benefits package in 2012:

- A week of vacation in addition to the time prescribed by law;
- Working week shortened to 37.5 hours;
- Free beverages at the workplace, new coffee machines;
- Catering at the company's head office at reduced prices; a catering allowance for employees working outside the head office;
- Significantly reduced tariffs on all Allianz pojišťovna insurance products; with selected products, the offer extended to family members and partners as well;
- Employer contributions to the employee's supplementary pension scheme;
- Basic life insurance for the case of death due to any cause;
- Maintenance of bank accounts and some other services with LBBW Bank at preferential terms;
- Special offers on UniCredit Bank products and services;
- 50% discount on tickets to Theatre Minor;
- As part of a partnership with the Botanical Garden, 50% discount on tickets;
- T-Mobile programme – special tariffs for employees and their family members; and
- Discounts for products of the computer company DELL.

Corporate Culture

Allianz pojišťovna's corporate culture is based on corporate values and principles of the management culture as adopted by Allianz SE, aiming at fulfilling the group's mission and a uniform culture of governance in all of its member companies.

Our corporate culture also includes regular annual surveys of employees' motivations in order to monitor the atmosphere in the company and invite new suggestions for increasing employee satisfaction. The long-term strong participation in these voluntary surveys, which was 88% in 2012, reflects the interest of employees in expressing their opinions and contributing to the further development of the company.

The Allianz Code of Conduct, Business Ethics and Compliance reiterates the company's strong emphasis on the professional conduct of its employees and their adherence to internal rules. In 2005, the Allianz Group introduced this uniform code in all of its companies. Observance of the rules of equal opportunities and intolerance of any discrimination form an integral part of our corporate culture.

The corporate culture of Allianz pojišťovna is supported by regular management meetings with employees for official anniversaries and on other occasions, as well as other sporting and social events for employees to promote team spirit.

Our employees also take a keen interest in the company's volunteer project "D Day – A Day That Counts", which Allianz pojišťovna has organised since November 2011 with Byznys pro společnost (Business for Society) in cooperation with Fórum dárců (Donors Forum), with the individual events being implemented through the

Travel Insurance



Clients can rely upon us for short trips as well as during long-term sojourns. Our travel insurance is the only comprehensive insurance having **unlimited coverage of medical expenses abroad**. This insurance further includes accident insurance, luggage insurance, liability insurance and insurance of cancellation penalties.

www.zapojimse.cz portal (I Shall Become Involved). Once a year employees have an opportunity, as part of their working hours, to help manually, by expert advice or simply by their presence (talking to senior citizens in retirement homes) at a selected non-profit organization. In 2012, 127 of our employees signed up for the project and helped in 22 non-profit organizations. More than half of them (51%) became involved in environment-related projects. The social and health area and activities with children and youth are also popular. Volunteering is beneficial to employees, as it provides them with an opportunity for personal growth in areas other than their expertise, helps them set their personal priorities and reinforces their positive affiliation to the employer.

To ensure fluent communications with employees about important corporate events and changes in the company, Allianz pojišťovna circulates regular letters by the Board of Management, provides regular weekly information, operates a new intranet portal and makes use of other electronic informational media.

A Word of Thanks from the Board of Management

The Board of Management would like to thank all sales agents, brokers, external partners, business partners and all employees for their work for Allianz pojišťovna, their dedication, enthusiasm and professionalism. We also thank the shareholder for their support and cooperation and clients for the trust they have placed in Allianz pojišťovna.

Board of Management

Financial Part



KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

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

Financial statements

On the basis of our audit, on 21 February 2013 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Allianz pojišťovna, a. s., which comprise the balance sheet as of 31 December 2012, and the income statement and the statement of changes in equity for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note I.1. to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Allianz pojišťovna, a. s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are 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 relevant guidance of 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 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 controls 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 controls. 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.

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Obchodní rejstřík vedený
Městským soudem v Praze
oddíl C, vložka 24185.

IČ 49619187
DIČ CZ699001996



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Allianz pojišťovna, a. s. as of 31 December 2012, and of its financial performance for the year then ended in accordance with Czech accounting legislation.”

Report on relations between related parties

We have reviewed the factual accuracy of the information disclosed in the report on relations between related parties of Allianz pojišťovna, a. s. for the year ended 31 December 2012. The responsibility for the preparation and factual accuracy of this report rests with the Company’s statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company’s 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 report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations between related parties of Allianz pojišťovna, a. s. for the year ended 31 December 2012 contains material factual misstatements.

Annual report

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of Company’s statutory body. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.

In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague
12 April 2013

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

Romana Benešová
Partner
Licence number 1834

Balance sheet as at 31 December 2012

(In thousands of Czech crowns TCZK)

	2012	2012	2012	2011
	Gross	Adjustment	Net	Net
I. ASSETS				
A. Receivables for subscribed registered capital				
B. Intangible fixed assets, thereof	679 334	565 818	113 516	119 137
a) Incorporation expenses				
b) Goodwill				
C. Financial placements (investments)	18 109 978		18 109 978	18 476 121
I. Land and buildings (real estate), thereof				
a) Land and buildings - self-occupied				
II. Investments in affiliated undertakings and participating interests	713 807		713 807	577 657
1. Participating interests with controlling influence	284 007		284 007	184 007
2. Debt securities issued by, and loans to, undertakings - controlling influence	429 800		429 800	
3. Participating interests with significant influence				
4. Debt securities issued by, and loans to, undertakings - significant influence				393 650
III. Other financial placements	17 396 171		17 396 171	17 898 464
1. Shares and other variable-yield securities, other participating interests	253 806		253 806	256 476
2. Bonds and other fixed-income securities	16 771 636		16 771 636	17 491 292
a) bonds and other fixed-income securities valued at fair value through profit and loss	14 525 762		14 525 762	15 242 372
b) "OECD" bonds held to maturity	2 245 874		2 245 874	2 248 920
c) other bonds and other fixed-income securities held to maturity				
3. Financial placements in investment associations				
4. Other loans	14 272		14 272	15 007
5. Deposits with financial institutions	360 325		360 325	205 134
6. Other financial placements	-3 868		-3 868	-69 445
IV. Deposits with ceding undertakings				
D. Financial placements for the benefit of life assurance policyholders who bear the investment risk	6 782 048		6 782 048	5 317 194

	2012	2012	2012	2011
	Gross	Adjustment	Net	Net
E. Debtors	1 678 233	351 052	1 327 181	1 660 060
I. Receivables arising from direct insurance operations	1 089 661	335 097	754 564	801 826
1. Policyholders, thereof	982 812	228 248	754 564	800 271
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
2. Intermediaries, thereof	106 849	106 849		1 555
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
II. Receivables arising from reinsurance operations, thereof	188 820		188 820	402 340
a) Receivables due from entities in which the Company has a controlling influence				
b) Receivables due from entities in which the Company has a significant influence				
III. Other receivables, thereof	399 752	15 955	383 797	455 894
a) Receivables due from entities in which the Company has a controlling influence	102 242		102 242	1 016
b) Receivables due from entities in which the Company has a significant influence				
F. Other assets	500 147	163 508	336 639	333 302
I. Tangible fixed assets other than land and buildings (real estate), and inventories	239 126	163 508	75 618	78 420
II. Cash on accounts in financial institutions and cash in hand	261 021		261 021	254 882
III. Other assets				
G. Temporary asset accounts	984 201		984 201	685 369
I. Accrued interest and rent	3 191		3 191	8 457
II. Deferred acquisition costs	908 127		908 127	592 187
a) in life-assurance business	782 991		782 991	465 539
b) in non-life insurance	125 136		125 136	126 648
III. Other temporary asset accounts, thereof	72 883		72 883	84 725
a) Estimated receivables	46 639		46 639	52 849
TOTAL ASSETS	28 733 941	1 080 378	27 653 563	26 591 183

Balance sheet as at 31 December 2012

(In thousands of Czech crowns TCZK)

		2012		2011
II. LIABILITIES				
A. Equity		4 099 534		5 027 631
I. Registered capital, thereof		600 000		600 000
a) Changes in registered capital				
II. Share premium		29 782		29 782
III. Revaluation fund				
IV. Other capital funds		550 884		549 038
V. Statutory reserve fund and other funds from profit		438 925		385 423
VI. Profit or loss brought forward		1 507 886		2 393 344
VII. Profit or loss for the financial year		972 057		1 070 044
B. Subordinated liabilities				
C. Technical provisions		15 183 016		14 322 635
1. Provision for unearned premiums				
a) gross amount	2 117 527		2 050 435	
b) reinsurance share (-)	181 291	1 936 236	302 986	1 747 449
2. Life assurance provision				
a) gross amount	6 116 291		6 039 699	
b) reinsurance share (-)	1 320	6 114 971	15 825	6 023 874
3. Provision for outstanding claims				
a) gross amount	6 664 729		6 481 567	
b) reinsurance share (-)	944 160	5 720 569	1 107 163	5 374 404
4. Provision for bonuses and rebates				
a) gross amount	246 279		223 391	
b) reinsurance share (-)		246 279		223 391
5. Equalization provision				198 673
6. Other technical provisions				
a) gross amount				
b) reinsurance share (-)				
7. Provision for liabilities from the technical interest rate applied and other calculation parameters				
a) gross amount	642 715		137 205	
b) reinsurance share (-)		642 715		137 205
8. Non-life insurance provision				
a) gross amount				
b) reinsurance share (-)				
9. Provisions for liabilities of the Bureau				
a) gross amount	536 384		637 800	
b) reinsurance share (-)	14 138	522 246	20 161	617 639
D. Life assurance technical provision where the investment risk is borne by the policyholders		6 782 048		5 317 194
a) gross amount	6 782 048		5 317 194	
b) reinsurance share (-)		6 782 048		5 317 194
E. Provisions		259 106		249 161
1. Provisions for pensions and similar obligations				
2. Provisions for taxation		230 221		221 390
3. Other provisions		28 885		27 771

	2012	2011
F. Deposits received from reinsurers	11 467	31 827
G. Creditors	1 047 942	1 278 811
I. Payables arising from direct insurance operations, thereof	708 875	611 701
a) Payables to entities in which the Company has a controlling influence	119	48
b) Payables to entities in which the Company has a significant influence		
II. Payables arising from reinsurance operations, thereof	135 237	430 026
a) Payables to entities in which the Company has a controlling influence		
b) Payables to entities in which the Company has a significant influence		
III. Debenture loans		
a) Payables to entities in which the Company has a controlling influence, thereof		
aa) Convertible loans		
b) Payables to entities in which the Company has a significant influence, thereof		
ba) Convertible loans		
IV. Amounts owed to credit institutions, thereof		
a) Payables to entities in which the Company has a controlling influence		
b) Payables to entities in which the Company has a significant influence		
V. Other payables, thereof	203 830	237 084
a) Tax liabilities and payables due to social security and health insurance institutions	34 517	35 739
b) Payables to entities in which the Company has a controlling influence		
c) Payables to entities in which the Company has a significant influence		
VI. Guarantee Fund of the Bureau		
H. Temporary liability accounts	270 450	363 924
I. Accrued expenses and deferred revenues	30 662	65 457
II. Other temporary liability accounts, thereof	239 788	298 467
a) Estimated payables	239 788	298 467
TOTAL LIABILITIES	27 653 563	26 591 183

Profit and loss account for the year 2012

(In thousands of Czech crowns TCZK)

	2012	2012	2012	2011
	Base	Subtotal	Result	Result
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	7 261 003	x	x	x
b) outward reinsurance premiums (-)	1 152 166	6 108 837	x	x
c) change in the gross provision for unearned premiums (+/-)	68 310	x	x	x
d) change in the provision for unearned premiums, reinsurers' share (+/-)	-120 452	188 762	5 920 075	5 721 465
2. Allocated investment return transferred from the non-technical account	x	x	482 856	263 741
3. Other technical income, net of reinsurance	x	x	643 664	674 645
4. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	4 064 747	x	x	x
bb) reinsurers' share (-)	639 536	3 425 211	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	124 337	x	x	x
bb) reinsurers' share (-)	-155 151	279 488	3 704 699	3 411 890
5. Changes in other technical provisions, net of reinsurance (+/-)		x	-95 393	65 092
6. Bonuses and rebates, net of reinsurance	x	x	233 890	220 787
7. Net operating expenses:	x	x	x	x
a) acquisition costs	x	482 101	x	x
b) change in deferred acquisition costs (+/-)	x	1 512	x	x
c) administrative expenses	x	1 270 920	x	x
d) reinsurance commissions and profit participation (-)	x	198 368	1 556 165	1 499 025
8. Other technical expenses, net of reinsurance	x	x	832 643	680 247
9. Change in the equalisation provision (+/-)	x	x	-198 673	-200 486
10. Sub-total on the technical account for non-life insurance	x	x	1 013 264	983 296

	2012	2012	2012	2011
	Base	Subtotal	Result	Result
II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE	x	x	x	x
1. Earned premiums, net of reinsurance:	x	x	x	x
a) gross premiums written	x	4 307 296	x	x
b) outward reinsurance premiums (-)	x	26 080	x	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	x	25	4 281 191	3 701 018
2. Income from financial placements (investments):	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x		x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings (real estate)		x	x	x
bb) income from other financial placements (investments)			x	x
c) value adjustments on financial placements	x	618 753	x	x
d) income from disposal of financial placements	x	4 088 076	4 706 829	3 487 441
3. Unrealised gains on financial placements	x	x	1 961 789	1 893 017
4. Other technical income, net of reinsurance	x	x	135 967	116 325
5. Claims incurred, net of reinsurance:	x	x	x	x
a) claims paid:	x	x	x	x
aa) gross amount	2 171 941	x	x	x
bb) reinsurers' share (-)	23 987	2 147 954	x	x
b) change in the provision for outstanding claims:	x	x	x	x
aa) gross amount	58 825	x	x	x
bb) reinsurers' share (-)	-7 852	66 677	2 214 631	2 247 795
6. Changes in other technical provisions, net of reinsurance (+/-):	x	x	x	x
a) life assurance provisions:	x	x	x	x
aa) gross amount	76 592	x	x	x
bb) reinsurers' share (-)	-14 505	91 097	x	x
b) other technical provisions, net of reinsurance	x	1 970 364	2 061 461	799 398
7. Bonuses and rebates, net of reinsurance	x	x	26 281	15 049
8. Net operating expenses	x	x	x	x
a) acquisition costs	x	1 114 230	x	x
b) change in deferred acquisition costs (+/-)	x	-317 452	x	x
c) administrative expenses	x	351 405	x	x
d) reinsurance commissions and profit participation (-)	x	14 843	1 133 340	789 221
9. Expenses connected with financial placements (investments):	x	x	x	x
a) investment management charges, including interest	x	2 347	x	x
b) value adjustments on financial placements	x	x	x	x
c) book value of disposed financial placements	x	4 044 432	4 046 779	2 702 874
10. Unrealised losses on financial placements (investments)	x	x	809 795	1 904 228
11. Other technical expenses, net of reinsurance	x	x	112 724	148 141
12. Allocated investment return transferred to the non-technical account (-)	x	x	759 811	437 151
13. Sub-total on the technical account for life assurance	x	x	-79 046	153 944

Profit and loss account for the year 2012

(In thousands of Czech crowns TCZK)

	2012	2012	2012	2011
	Base	Subtotal	Result	Result
III. NON-TECHNICAL ACCOUNT	x	x	x	x
1. Result of the technical account for non-life insurance	x	x	1 013 264	983 296
2. Result of the technical account for life assurance	x	x	-79 046	153 944
3. Income from financial placements:	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	x	x	x	x
b) income from other investments, with a separate indication of that derived from controlling influence	x	x	x	x
aa) income from land and buildings	x	x	x	x
bb) income from other financial placements (investments)	x		x	x
c) value adjustments on financial placements	x		x	x
d) income from disposal of financial placements	x			
4. Allocated investment return transferred from the technical account for life-assurance	x	x	759 811	437 151
5. Expenses connected with financial placements:	x	x	x	x
a) investment management charges, including interest	x		x	x
b) value adjustments on financial placements	x		x	x
c) book value of disposed financial placements	x			
6. Allocated investment return transferred to the technical account for non-life-insurance	x	x	482 856	263 741
7. Other income	x	x	60 040	29 874
8. Other expenses	x	x	61 772	41 674
9. Income tax on ordinary activities	x	x	237 042	228 788
10. Profit or loss on ordinary activities after tax	x	x	972 399	1 070 062
11. Extraordinary income	x	x		
12. Extraordinary expenses	x	x		
13. Extraordinary profit or loss	x	x		
14. Income tax on extraordinary activities	x	x		
15. Other taxes not shown under the preceding items	x	x	342	18
16. Profit or loss for the financial year	x	x	972 057	1 070 044

Statement of changes in equity for the year 2012

(In thousands of Czech crowns TCZK)

	Registered capital	Own shares	Share premium	Reserve funds	Capital funds	Changes in valuation	Profit (loss)	Total
Balance at 1.1. 2011	600 000		29 782	331 253	555 714	-5 824	3 449 514	4 960 439
Correction of significant errors								
FX gains (losses) and changes in valuation not included in the profit and loss statement						-852		-852
Net profit/loss for accounting period							1 070 044	1 070 044
Dividends							-1 002 000	-1 002 000
Addition to funds				54 170			-54 170	
Reduction of funds								
Shares issued								
Reduction in registered capital								
Own shares purchased								
Balance at 31.12. 2011	600 000		29 782	385 423	555 714	-6 676	3 463 388	5 027 631
Balance at 1.1. 2012	600 000		29 782	385 423	555 714	-6 676	3 463 388	5 027 631
Correction of significant errors								
FX gains (losses) and changes in valuation not included in the profit and loss statement						1 846		1 846
Net profit/loss for accounting period							972 057	972 057
Dividends							-1 902 000	-1 902 000
Addition to funds				53 502			-53 502	
Reduction of funds								
Shares issued								
Reduction in registered capital								
Own shares purchased								
Balance at 31.12. 2012	600 000		29 782	438 925	555 714	-4 830	2 479 943	4 099 534

Notes to the financial statements 31 December 2012

I. GENERAL CONTENTS

I. 1. Description and principal activities

Allianz pojišťovna, a.s. ("the Company") was entered into the Commercial Register on 23 December 1992 (Identification number 47115971).

Shareholders:

The Company's sole shareholder is Allianz New Europe Holding GmbH based in Vienna, Austria.

The Company received a license to carry on insurance activities on 17 December 1992. The Company commenced its insurance activities in 1993.

The Company carries on insurance, reinsurance and relating activities within the following range:

1. Insurance activities in compliance with Section 7 (3) of Act No. 363/1999 Coll., on insurance and on amendment to some related laws (the Insurance Act), as amended:

- in the range of insurance classes I. (a), (b), (c), II., III., VI., VII., IX. of life assurance in part A of the appendix No. 1 of Act No. 277/2009 Sb., Insurance Act;
- in the range of insurance classes 1; 2 (a), (b), (c); 3; 4; 5; 6; 7; 8; 9; 10; 11; 12; 13; 15; 16 (b), (c), (d), (e), (f), (h), (i), (j); 18 of non-life insurance in part B of Appendix No. 1 to Act No. 277/2009 Sb., the Insurance Act.

2. Reinsurance activities for non-life insurance.

3. Activities relating to insurance and reinsurance activities (Section 3 (4) of Act No. 363/1999 Sb., on insurance):

- mediation activity under the Insurance Act;
- advisory activity relating to insurance of natural and legal persons under the Insurance Act;
- investigation of claims on the basis of insurance agreements under the Insurance Act;
- mediation activity in the field of building savings or in the field of pension insurance;
- educational activities for insurance brokers and independent insurance assessors;
- mediation activity in the field of mortgages.

Registered office of the Company

Allianz pojišťovna, a. s.
Ke Štvanici 656/3
186 00 Prague 8

The Company is incorporated in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1815.

Members of the Board of Directors as at 31 December 2012:

Chairman: RNDr. Jakub Strnad, Ph.D., Dobřejovice
Members: Ing. Petr Sosík, Ph.D., CFA, Prague
Mgr. Karel Waisser, Nučice
PhDr. Tomáš Vysoudil, Dubicko¹⁾

¹⁾ PhDr. Tomáš Vysoudil resigned as a member of the Board of Directors with effect as at 3 February 2012.

Mr Stefan Markschies resigned as a member of the Board of Directors as of 3 February 2012.

Two members of the Board of Directors or one member of the Board of Directors together with a proxy shall always act jointly on behalf of the Company. Signing for the Company shall be carried out in such a way that their signatures shall be jointly attached to the printed or written name of the Company.

Members of the Supervisory Board as at 31 December 2012:

Chairman: Wolfgang Deichl, Dachau, Germany
Members: Harold Langley-Poole, Munich, Germany
Veit Valentin Stutz, Munich, Germany

Proxies of the Company as at 31 December 2012:

In order to sign for the Company, the signature of the proxies, plus an amendment indicating that the person is acting as a proxy, shall be attached to the registered name of the Company:

Ing. Zdeněk Kučera, Prague
Drahomír Kubáň, Prague
Ing. Miroslav Šrámek, Prague
RNDr. Maya Mašková, Odolná Voda

Proxies who act on behalf of the Company independently:

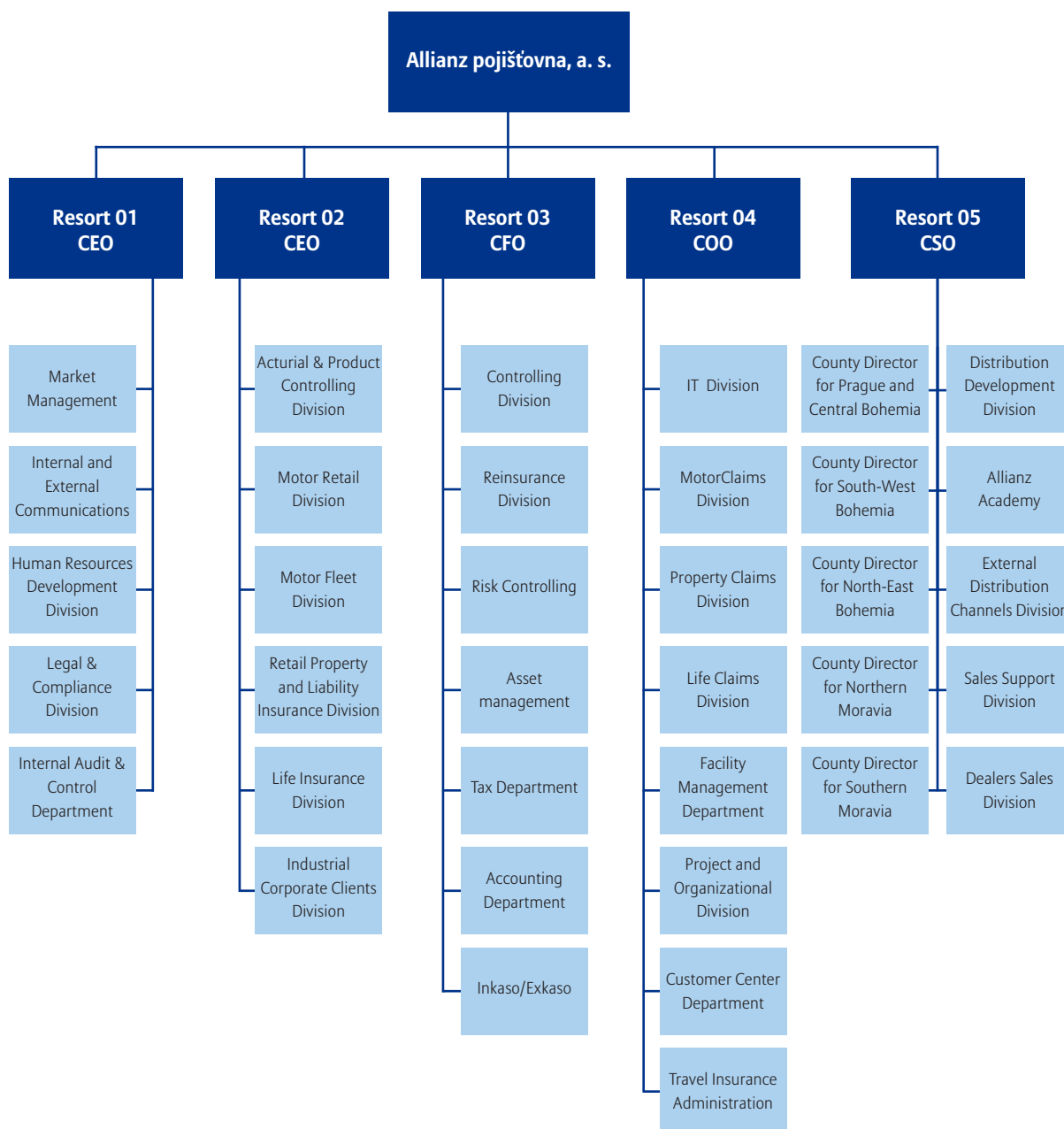
Ing. Václav Bohdanecký, Roztoky
Ing. Pavel Prokš, Poděbrady
Mgr. Radek Baštýř, Beroun

Ms Ivana Fischerová was removed as a proxy with effect as at 31 May 2012.

Significant events

On 8 June 2004 the Company informed the Ministry of Finance of its intention to extend its operations to the territory of all Member States of the European Union and countries forming the European Economic Area based on freedom of services. In 2012, the Company carried on its operations in the Slovak Republic, Poland, Austria, Germany, Hungary, Bulgaria, Lithuania, Latvia, Romania, Estonia, France, the Great Britain, Netherlands and Cyprus based on freedom of services.

Organisational structure



I. 2. Compliance with legislation

At the balance sheet date the Company fully complied with Act No. 277/2009 Coll., on Insurance, as amended (“the Insurance Act”), Act No. 37/2004 Coll., on Insurance Contracts, as amended, Act No. 38/2004 Coll., on Insurance Intermediaries and Independent Loss Adjusters, as amended, Act No. 168/1999 Coll., on the Liability Insurance for Losses Caused by the Operation of a Motor Vehicle, as amended (“the Act on Motor Third-Party Liability Insurance”) including the applicable implementing regulations, and with other legislation in force. The Company carries on both life assurance and non-life insurance classes.

I. 3. Basis for the preparation of the financial statements

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

The accounting records of the Company are maintained in such a manner that the financial statements prepared based on these records present a true and fair view of the accounting and financial position of the Company.

Since 1 January 2008, the Company’s accounts have been kept by Allianz Business Services, spol. s r.o. based in Bratislava, Slovakia.

I. 4. Significant accounting policies

(a) *Tangible and intangible fixed assets*

Tangible and intangible fixed assets are stated at acquisition cost.

Tangible fixed assets costing less than TCZK 40 and intangible fixed assets costing less than TCZK 60 are charged to the income statement in the year in which they are acquired. The annual depreciation rate reflects the assets’ expected useful lives.

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

Fixed Assets	Method	Depreciation rate in %
Software	straight-line	33.3
Machinery and technical equipment	straight-line	25
Motor vehicles	straight-line	20
Office equipment	straight-line	16.7
Special technical equipment	straight-line	8.3
Investments in rented buildings	straight-line	According to the duration of lease contract
(grouped according to material subclasses with the same depreciation rate)		

(b) Financial placements (investments)

Debt securities

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

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

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

Amortised debt securities are revalued at their fair value as at the balance sheet date with the exception of bonds held to maturity that have been issued by a member state of the Organisation for Economic Co-operation and Development and awarded a rating at the level of the Czech Republic or higher by at least two reputable rating agencies ("OECD bonds held to maturity").

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

Fair value means the price published by a domestic or foreign stock exchange or other public (organised) market. The Company applies the most recent published market price as at the date of the financial statements (balance sheet date). If there is no available price or if it does not sufficiently represent the fair value, the fair value is determined on the basis of a qualified estimate.

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

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

A change in the fair value of debt securities valued through profit and loss and available for sale is recognised in the income statement. A change in the fair value of debt securities held to maturity that are revalued at fair value is recognised in the income statement.

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

For debt securities where, due to legislative amendments, the accounting policy has been changed since they were acquired such that changes in fair value are now recognised in the income statement rather than in equity, the cumulative revaluation differences previously recognised in equity are derecognised and recognised in the income statement only at the moment of sale or maturity of the relevant security.

Shares and other variable-yield securities

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

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

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

Fair value means the price published by a domestic or foreign stock exchange or other public (organised) market. The Company applies the most recent published market price as at the date of the financial statements (balance sheet date). If no market price is available or if it does not sufficiently represent the fair value, the fair value is determined on the basis of a qualified estimate.

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

Participating interests

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

Participating interests with substantial influence are participations in another enterprise in which the company holds a substantial influence. Unless proven to the contrary, substantial influence is considered to be a holding of at least 20% of the voting rights.

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

The fair value of participating interests is determined based on a qualified estimate or the opinion of a qualified external appraiser.

At the balance sheet date, participating interests are revalued at their fair value. Changes in fair value are recognised in equity.

As it is not possible to determine the fair value of some participating interests within the group at the end of the balance sheet date reliably, the Company uses acquisition cost as the carrying value of participating interests pursuant to the Section 25 of Act No. 563/1991 Coll., on Accounting.

Deposits with financial institutions

Deposits with financial institutions are initially recognised at nominal value. At the end of each financial year, deposits with financial institutions are remeasured at fair value. The fair value of short-term deposits with financial institutions is determined as their nominal value including accrued interest.

Other financial placements denominated in foreign currency are translated based on the current exchange rate published by ČNB and the appropriate exchange rate difference is included in the fair value. Changes in fair value are reflected in the Company's income statement.

Derivatives

Derivatives are valued at fair value. The fair value of financial derivatives is determined as the present value of expected cash flows from these transactions, using valuation models generally accepted on the market. The parameters used in these models, such as foreign exchange rates, yield curves, volatility of financial instruments, etc., are ascertained on the active market.

Hedging derivatives

Hedging derivatives are carried at fair value. The method of recognizing fair value depends on the model of hedge accounting applied.

Hedge accounting is only applied where:

- the hedge is in line with the Company's risk management strategy,
- the hedge relationship is formally documented at the inception of the hedge,
- the effectiveness of the hedge relationship can be objectively measured,
- the hedge relationship is highly effective throughout the accounting period,
- in the case of hedging expected transactions, it is highly probable that the transaction will occur.

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

If the derivative hedges the exposure to changes in cash flows related to recorded assets and liabilities, the change in its fair value is recognised in equity.

Embedded derivatives

In certain cases a derivative may be a component of a hybrid (combined) financial instrument that comprises both a host contract (instrument) and a derivative (referred to as "embedded derivative"), which influences cash flows or otherwise modifies the characteristics of the host instrument.

The embedded derivative is separated from the host instrument and accounted for separately provided all of the following criteria are met at the same time:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host instrument,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
- the host instrument is either not revalued at fair value or it is revalued at fair value but the revaluation is reported in the balance sheet.

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

Financial placements for the benefit of life assurance policyholders who bear the investment risk are accounted for separately from other financial placements.

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

(d) Adjustments

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

Adjustments to receivables from policyholders are calculated based on an analysis of their recoverability. Adjustments to individual receivables are established based on the due date of the respective receivable.

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers.

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

(e) Impairment of assets

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

(f) Deferred acquisition costs

Deferred acquisition costs represent the proportion of the acquisition costs incurred during the current financial year that relates to the revenues of subsequent financial years. At the end of each financial year the Company carries out a liability adequacy test to determine whether the amount of the deferred acquisition costs is appropriate, for non-life insurance on the basis of the liability adequacy test and for life assurance on the basis of the technical provisions adequacy test.

Non-life insurance

In respect of non-life insurance, deferred acquisition costs are based on total acquisition costs incurred in the current period. Direct acquisition costs are deferred on an individual basis according to the deferrals of premium of individual insurance contracts. As for the additional acquisition costs, the ratio of the gross provision for unearned premiums at the balance sheet date to the total gross premiums written for the financial year is used.

Life assurance (except Unit-linked assurance)

For life assurance, the Company determines deferred acquisition costs using the zillmerisation method, which is applied to calculate the life assurance provision, see section I. 4.(i).

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

In unit-linked assurance the Company determines deferred acquisition costs using actuarial methods, based on the value of expected future deductions from initial units determined to cover the acquisition costs.

(g) Income tax

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

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

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

(h) Provision for unearned premiums

The provision for unearned premiums is created in respect of life assurance and non-life insurance, except for single premium life assurance. The provision amount represents the part of gross premiums written which is to be allocated, in terms of time, to the subsequent financial year or to future financial years and is determined as the sum of all amounts calculated for individual contracts using the "pro rata temporis" method.

(i) Life assurance provision

The life assurance provision comprises the sum of the provisions for individual life assurance policies. The life assurance provision is calculated using actuarial methods, including profit shares declared and allocated and a provision for expenses, related to the administration of contracts, after deducting the value of future premiums.

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

(j) Provision for outstanding claims

The provision for outstanding claims in respect of both life and non-life insurance comprises the amount of expected costs in respect of claims:

- a) Reported but not settled during the period (RBNS),
- b) Incurred but not reported during the period (IBNR).

The provision for outstanding claims reported by the end of the year represents the sum of all amounts calculated for individual claims.

The provision for outstanding claims created for claims incurred but not reported as at the balance sheet date is determined using statistical methods.

The provision for outstanding claims includes all relating external and internal claims handling costs.

The provision is reduced by the estimated value of salvage and subrogation recoveries, such as claims enforced against debtors (the party that caused the damage) or other insurance companies arising from general liability insurance. In the case where the provision for outstanding claims related to the applied recourse had been reverse due to the completed claims settlement process, the estimated value of the refundable recourse was reported in estimated receivables, see section II. 7 (b).

When calculating the provision for outstanding claims, the provision is not discounted, with the exception of the provision for outstanding claims in the form of annuities (mainly motor third party liability insurance has a part paid in the form of annuities).

Where the claim payment for individual types of insurance is provided in the form of annuities, the provision for outstanding claims is established based on actuarial methods.

When creating the provision for outstanding claims in respect of claims where the insurance company acts as the leading co-insurer, the applicable provisions of the Act on Insurance Contracts are taken into consideration.

Although the Board of Directors considers that the provision for outstanding claims is fairly stated on the basis of the information available to them as at the balance sheet date, the ultimate liability may vary as a result of subsequent events or new information, which may result in significant adjustments to the amounts provided for. Adjustments to the amounts of the provisions are reflected in the financial statements for the period in which the adjustments are made. The procedures and methods used in making estimates are reviewed regularly.

(k) Provision for bonuses and rebates

The provision for bonuses and rebates is created in accordance with the respective terms set out in insurance contracts. In respect of non-life insurance, the provision is created principally in cases where the Company is liable to refund to policyholders a portion of the premiums relating to the current financial year due to favourable claims experience.

In respect of life assurance, the provision for bonuses and rebates includes shares of surpluses arising as at 31 December of the current period, which have not been allocated to individual insurance contracts and thus are not included within the provision for life assurance.

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

(l) Equalisation provision

The equalisation provision is created for settling the technical loss or the above-average claims experience during the relevant financial year in the credit insurance class and the surety insurance class.

The creation and release of the equalisation provision are in compliance with Decree No. 434/2009 Coll.

The Company creates the equalisation provision only if the total amount of written premiums in the relevant class of non-life insurance for the financial year equals or exceeds 4% of the total written premiums in non-life insurance for the financial year, or exceeds CZK 67 500 000.

To calculate the equalisation provision, the Company has chosen method No. 1 in compliance with Decree No. 434/2009 Coll.

The equalisation provision for a domestic insurance company equals the sum of equalisation provisions that were calculated separately for the credit insurance class and the surety insurance class.

The Company decided to release the difference between the equalisation provision created in compliance with Decree No. 303/2004 Coll. and the new Decree No. 434/2009 Coll. on a straight-line basis within three years. The total difference was released in 2012.

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

The Company carries out a life assurance liability adequacy test as at the balance sheet date (“the liability adequacy test”) in order to assess the adequacy of the life assurance provisions (provision for unearned premiums, life assurance provision, provision for outstanding claims, provision for bonuses and rebates and life assurance provision, where the investment risk is borne by the policyholder).

The liability adequacy test is performed using discounted projected cash flows. Future policyholder bonuses are considered in the liability adequacy test consistently with the past practice of bonus allocations. Management of the Company decides about the amount of the future profit shares paid to policyholder. The future profit shares paid to policyholders are included in the liability adequacy test in accordance with medium-term and long-term plans of the Company.

The minimum value of liabilities to policyholder is determined using best estimates of the future development of entry parameters adjusted by market value margins.

Where this amount exceeds the amount of the life assurance provisions reduced by any unamortised acquisition costs and other intangible assets, the deficiency is recognised through the creation of a provision for liabilities arising from the applied technical interest rate and other calculation parameters.

In compliance with Section 66 (2) of the Insurance Act, the Company informed ČNB about the method for calculating the provision for liabilities arising from the applied technical interest rate and other calculation parameters.

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

(n) Provision for liabilities of the Bureau

The Company is a member of the Czech Bureau of Insurers (“the Bureau”). Pursuant to Section 18 (6) of the Act on Motor Third-Party Liability Insurance a member of the Bureau must guarantee the liabilities of the Bureau in an amount calculated pro rata based on the respective amounts of members’ contributions. To meet this requirement, members must create technical provisions for liabilities that are not covered by relevant assets of the Bureau.

The amount of the provision for liabilities of the Czech Bureau of Insurance is determined using actuarial methods pursuant to the Insurance Act.

Based on information available to them, the Board of Directors of the Company believes that the provision established is adequate to cover the cost of claims incurred corresponding to the liability assumed by the Company in relation to statutory motor liability insurance. The ultimate claims expenses will remain unknown for several years. The Company’s share of these outstanding claims will be determined according to its share of the market for this class of insurance at the time these claims are finally settled.

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

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

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

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

(p) Reinsurers' share of technical provisions

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

The Company presents the reinsurers' share of the provision for unearned premiums, the life assurance provision, the provision for outstanding claims and the provision for the liabilities of the Czech Bureau of Insurers. The reinsurers do not participate in the other technical provisions.

(q) Provisions

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

Provision for taxes

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

(r) Gross premiums written

Gross premiums written comprise all amounts due during the financial year in respect of insurance contracts regardless of the fact that such amounts may relate in whole or in part to future financial years.

(s) Claims paid

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

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

(t) Acquisition costs

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

(u) Expenses and income from financial placements

Allocation of expenses and income from financial placements between life assurance and non-life insurance accounts

All expenses and revenues from financial placements are recorded initially in the technical account for life assurance. Expenses and revenues from financial placements, which are not related to life assurance activities, are subsequently transferred to the non-technical account. The relevant amount of the expenses and revenues from financial placements to cover the non-life insurance provisions is subsequently transferred to the technical account for non-life insurance from the non-technical account.

The allocation is calculated using internal evidence of financial placements related to the respective technical life provisions and technical non-life provisions. According to this allocation a part of expenses and revenues from life and non-life insurance is determined and the rest of expenses and revenues remains on the non-technical account.

Method of accounting for realised gains and losses upon disposal of financial placements

The disposal of financial placements is presented on a gross basis, whereby the revenues from disposal in the amount of the selling price of the relevant financial instruments are recorded separately from the carrying value of the related financial placements.

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

In order to account for items common to both life assurance and non-life insurance, the Company uses a method in compliance with Decree No. 502/2002 Coll. Under this method individual items are grouped according to the class of insurance to which they relate. For items that cannot be allocated directly, the following basis is used:

Expenses and revenues from financial placements

Expenses and revenues from financial placements are allocated between life assurance and non-life insurance using the method stated in point I. 4. (u).

Other revenues and expenses

During the accounting period clearly attributable expenses and revenues are accounted for directly in the technical account for life assurance or non-life insurance or the non-technical account. Expenses and income that cannot be directly attributed are recorded primarily in the non-technical account and subsequently allocated to the technical account for life assurance or non-life insurance. The allocation is carried out using the activity-based-costing method (ABC). The Company analyzed the activities of the business and assigned them to the life and non-life technical segments. The rate for allocation of other income and expenses between life and non-life technical accounts is calculated based on the ratio of those segments.

The allocation is not applied to taxes, fees, or other expenses incurred outside insurance or reinsurance activities.

(w) Foreign currency translation

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

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

(x) Consolidation

Pursuant to Section 38 of Decree No. 502/2002 Coll., the financial statements of the Company have been included in the consolidated financial statements of Allianz SE, with its registered office in Munich, Federal Republic of Germany, prepared in compliance with International Financial Reporting Standards. The consolidated financial statements of Allianz SE will be published in accordance with s. 38a (2c) of Decree No. 502/2002 and in accordance with Section 21a of the Act on

Accounting. As all requirements stipulated in Decree No. 502/2002 Coll. have been met, the Company will not prepare consolidated financial statements.

I. 5. Change in accounting policies and procedures

During the year 2012, there were no changes in accounting policies and procedures made by the Company, and during the financial year the Company did not apply any deviations from these policies and procedures.

I. 6. Risk management

In compliance with Decree No. 434/2009 Coll., to implement certain provisions of the Act on Insurance, the Company has ensured that the set-up of the internal control system covers all of its operations.

The set-up of the internal control system enables consistent and systematic risk management. The risk management system, which forms an inseparable part of the internal control system, is governed by an internal policy defining the major requirements for this area. The Board of Directors is fully responsible for compliance with the statutory requirements and delegates the competence to the Risk Committee. The Chief Risk Officer (CRO) of the Company is the chairman of the Risk Committee. The Risk Committee is responsible for introducing and maintaining infrastructure, management and processes that pro-actively identify, monitor and manage any risks at the Company level.

The risk management policies and procedures are comprehensive and interrelated with the policies and procedures governing maintenance of capital determined to cover these risks, which not only comply with the legislative requirements but also with the Allianz Group standards.

Since the beginning of 2011, the Company has used a new internal model for economic capital calculation and risk management. This internal model is based on requirements of the Solvency II framework and thus includes the key quantifiable risks the insurance company is exposed to. The other risks not incorporated directly in this model are monitored and managed through other tools and methodologies in compliance with the Allianz Group standards, which are an integral part of the own risk and solvency assessment (ORSA) to be required in the future. This assessment will be required in terms of the preparations for Solvency II.

The main risk exposures of the Company are as follows:

(a) Non-life underwriting risk

The Company is exposed to underwriting risks following from the sale of non-life insurance products. The basic quantification of non-life underwriting risks is included in two subcategories, the subcategory of premium risk and reserve risk.

The insurance risk is defined as the risk of losses caused by an unexpectedly high volume of claims, which cannot be covered from the collected premiums. In the internal model the insurance risk is further divided into the catastrophe risk and non-catastrophe risk.

The reserve risk is the risk of losses caused by the difference between the actual amount of insurance settlements paid and the provisions for incurred claims, which have not been fully settled yet, or as a result of use of insufficient data for determining the amount of provisions.

This category stands for the major portion of the capital requirement within the liabilities from non-life insurance.

The Company also applies the following internal directives to managing these risks: The process of creation of a new product

and change of a product, Additions to and utilisation of technical provisions, Minimum underwriting standards in terms of non-life insurance and reinsurance strategy.

The Company applies the geographic information system (GIS) to concentration risk management and monitoring in terms of catastrophic claims, primarily the risk of floods. Its contribution is, next to the check of concentration of the insured values, also an adequate measurement of the potential insurance liabilities.

(b) Life underwriting risk

The Company is exposed to risks resulting from an unfavourable development of assumptions compared to their determining at the moment of valuation of products. This involves, for example, the risk of unfavourable development of mortality or survival, risk of a different development of investment return, risk resulting from an unexpected development of cost inflation or behaviour of clients upon cancellation of the contract. In the above cases the Company is exposed to the danger of a loss resulting from the discrepancy between collected premiums and claims paid, investment returns and expenses.

Other risks are, for example, the objective and subjective risk of the insured. The objective risk is determined by objective factors such as the age, sex, health condition or profession. The subjective risk is determined by subjective factors such as the effort of the insured to survive or maintain a healthy life or the poor financial condition of the insured.

Other risks to which the Company is exposed are as follows:

- Risks with a low-frequency occurrence and a significant impact, which in life assurance may represent any claim that affects several persons insured at the same time and in the same place (e.g. natural disasters)
- Risk of concentration of high sums assured, which do not constitute a significant part of the portfolio but which may have significant impact on the amount of settlements and as a result also the profit (loss) of the Company

The goal of risk management is identification, quantification, elimination and monitoring of risks in order to prevent changes that have a negative impact on the profit (loss) of the Company and the Company's equity.

The Company uses an internal model to quantify and monitor the risks. This model covers all significant and quantifiable risks relating to life assurance.

The Company applies profit testing when valuing insurance products and further the liability adequacy test. Profit testing is used to determine adequate insurance rates for the insurance and financial guarantees for individual products and for the determined assumptions.

The purpose of the liability adequacy test is to assess the amount of the life assurance provisions in terms of the updated assumptions. The level of sensitivity of the results to a change in the individual assumptions is also a component of these procedures.

In respect of the objective and subjective risks of the insured, these risks must be assessed individually upon conclusion of the contract, primarily in the event of a higher sum assured. There are procedures for identifying and assessing these risks; as part of such procedures it is necessary to carry out a qualified assessment of the health condition, or, if appropriate, the financial condition of the client, or to assess the level of risk to which the insured is exposed. Based on information on the health condition, subjective risk and other actuarial risks, the premium rate is determined. In addition to a discount or a surcharge on the premium, certain risks, types of injury or illnesses may be excluded from the insurance, or the amount of the sum assured may be limited.

The Company has no significant concentration of exposure to any group of persons insured.

In order to manage the insurance risk, the Company primarily uses reinsurance and a prudent underwriting policy.

Reinsurance strategy

The Company reinsures some of the risks it underwrites in order to control its exposures to losses and protect its own capital resources. The Company has based its reinsurance scheme on a complementary combination of contracts with external reinsurers and reinsurance contracts with its parent company.

The Company concludes a combination of proportionate and non-proportionate reinsurance treaties to reduce its net exposure. The maximum net exposure limits (own retentions) for particular business lines are reviewed annually. To provide additional protection the Company uses facultative reinsurance for certain insurance contracts.

(c) Market risk

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

The basic quantification in terms of the market risks is comprised in the following subcategories:

- Interest rate risk – the risk of losses incurred due to the impact of market interest rate fluctuations
- Equity risk – the risk of losses incurred as a result of changes of the market value of shares and equity funds
- Volatility risk – the risk of fluctuation of the financial instrument prices on the financial markets
- Real estate market risk – the risk of losses incurred as a result of changes of real estate market prices
- Currency risk – the risk of losses incurred as a result of movements in the exchange rates of foreign currencies

The main exposure is that the revenues from investments will not be sufficient to cover the liabilities from insurance contracts. The market risks are also a basic part of the internal model.

Interest rate risk

The Company is exposed to interest rate risk due to the impact of up-to-date market interest rate fluctuations. The fair value and investment return may both grow or decrease as a result of these fluctuations.

Besides changes in the value of assets, the interest rate fluctuations may also result in changes of liabilities.

Based on a cash flow analysis, the Company prepares the portfolio of securities the value of which changes together with a change in the value of liabilities upon a change in the interest rate.

The risk of changes in cash flows as a result of a change in interest rate represents exposure primarily to the insurance contracts with a guaranteed interest rate, where the client compares the revenue guaranteed by the contract with the revenue offered in the market. Where the market interest rates increase, some types of contracts may show an increase in the lapse rate, and on the other hand, in the event of decrease in the interest rates, an increased number of clients claiming a settlement in the form of pension may be observed, or the payment of settlements from contracts with a guaranteed revenue higher than the revenue offered in the market, may be deferred.

Price fluctuation risk

The Company is exposed to a price fluctuation risk, which consists in the fact that the value of the financial instrument will change due to changes in the market prices. These changes may be caused by factors specific to a single instrument or by the issuers of the instruments or by factors affecting all instruments traded in the capital or money markets.

Equity risk

The equity risk is connected with the losses incurred as a result of changes of the market value of shares and equity funds. The Company manages this risk by diversifying the portfolio and determining and monitoring the limits both for the individual and total investments in this type of asset.

Currency risk

The Company is exposed to currency risk through transactions in foreign currencies and through its assets and liabilities denominated in foreign currencies. As the currency in which the Company presents its financial statements is the Czech crown (CZK), movements in the exchange rates between these currencies and the CZK affect the Company's financial statements.

The Company uses derivatives in order to hedge against currency risk.

The market risk is constantly monitored, measured and managed using Asset/Liability management (ALM). The basic method of ALM involves adjusting the due date of assets to the liabilities from insurance contracts. The Company regularly approves the strategic asset allocation (SAA) with the parent company.

Asset/Liability management (ALM)

The basic goal of ALM is to achieve balance in the structure of assets and liabilities, in particular from the point of view of their maturity, interest rates and currency structure. The aim is to ensure that the assets permanently generate sufficient cash flows in the required currency structure necessary to cover the due liabilities to clients (including the guaranteed revenues) and at the same time to ensure that the system enables the generation of adequate profit for shareholders.

For this purpose the Company performs regular monitoring of assets and liabilities, followed by ALM calculation, which enables the Company to monitor and compare the structure of its assets and liabilities in terms of their maturity, achieved and guaranteed interest rates and in terms of their currency structure. This type of output is one of the underlying tools for making decisions on the further allocation of financial investments.

(d) Credit risk

The Company is exposed to the credit risk, which follows from the counterparty failing to pay the amounts due in full. The credit risks are fully a part of the internal model.

The main areas of the Company's exposure to the credit risk:

- Reinsurers' share in insurance liabilities
- Reinsurer's debt, which relates to a claim that has already been paid
- Receivables from policyholders
- Counterparty risk relating to derivative transactions

- Risk of failure to repay the principal or income from financial investments
- Risk of a failure to repay the provided loans

Concentrations of credit risk arise where groups of counterparties have similar economic characteristics that would cause their ability to meet their contractual obligations to be similarly affected by changes in economic or other conditions.

The credit risk is limited by external limits regulating the structure of financial placement (Decree No. 434/2009 Coll., to implement certain provisions of the Act on Insurance).

In accordance with the requirements of the Allianz Group, the Company further determines internal limits for the individual issuers/counterparties based on their credit quality and regularly monitors whether these are met. The limits are reassessed on a regular basis. This limit system is an integral part of the internal model.

Outstanding premium is monitored continually and the manner of establishing adjustments is described in note I. 4. (d).

Recovery of debt from insurance is carried out by the Company in cooperation with an external partner.

When concluding reinsurance contracts with reinsurers, the Company adheres to the Allianz Group Reinsurance Security Guideline and thus influences its credit risk from reinsurance contracts. The basic principle of this Guideline is the set up of a security limit for automatic concluding of reinsurance contracts based on the Allianz Security List (a basic guideline is the requirement for the minimum S&P rating "A" for "short-tail business" and S&P rating "A+" for "long-tail business"). Any requirements for variations from the rules are negotiated as part of the Allianz Group Security Vetting process. The Company regularly monitors the financial position of its reinsurers and their rating development.

(e) Operational risk

Operational risk is the risk of a potential loss following from missing or insufficient internal processes, human resources and systems or other causes, which may arise due both to internal and external events.

The Company analyses these risks and designs modifications to work procedures and processes to eliminate the risks associated with operational events.

The calculation of the capital requirement for operational risks is also an integral part of the internal model.

(f) Liquidity risk

The Company is exposed to requirements for liquidity on a daily basis. These requirements are related to claim settlements. The liquidity risk is a risk that the cash necessary for payment of liabilities will not be available at the due date and at adequate cost.

The need for liquidity is continuously monitored in order to ensure necessary resources.

The Company has access to a diverse funding base, and in compliance with the legislation in force it has invested a sufficient portion of its financial placement in liquid financial instruments.

II. ADDITIONAL DISCLOSURES IN RESPECT OF THE BALANCE SHEET (in thousands of Czech crowns "TCZK")**II. 1. Intangible fixed assets**

Intangible fixed assets of the Company as at 31 December 2012 comprised the following items:

	Software	Acquisition of assets and advances paid	Total
Acquisition cost at 1/1/2012	608 038	25 809	633 847
Additions	56 752	3 471	60 223
Transfers	24 470	-24 470	-
Disposals	-14 736	-	-14 736
Acquisition cost at 31/12/2012	674 524	4 810	679 334
Accumulated amortization at 1/1/2012	514 710	-	514 710
Amortization expense	59 838	-	59 838
Disposals	-8 730	-	-8 730
Accumulated amortization at 31/12/2012	565 818	-	565 818
Net book value at 1/1/2012	93 328	25 809	119 137
Net book value at 31/12/2012	108 706	4 810	113 516

II. 2. Investment**(a) Participating interests****Participating interests with controlling influence**

2012						
Trade name, registered office	Participating interests as % of registered capital	Acquisition cost	Fair value	Total registered capital	Total equity	Profit or loss for the financial year
Allianz penzijní fond, a.s. Ke Stvanici 656/3 186 00 Praha 8	100	283 607	283 607	*300 000	*1 668 856	*357 367
Allianz kontakt, s.r.o. Ke Stvanici 656/3 186 00 Praha 8	100	200	200	*200	*5 186	*490
Allianz generální služby, s.r.o. Ke Stvanici 656/3 186 00 Praha 8	100	200	200	*200	*139	*-10
VERONIA SHELF, s.r.o. Mánesova 917/28 120 00 Praha 2	90**	7 608	0	*200	*-14 207	*56 344
Total	-	291 615	284 007	300 600	1 659 974	414 191

*) unaudited financial data

**) Allianz generální služby, s.r.o., which is a 100% subsidiary of the Company, holds a 10% ownership interest in the registered capital of VERONIA SHELF, s.r.o.

In 2012 the Company increased the registered capital of Allianz penzijní fond, a.s. by TCZK 100 000.

2011						
Trade name, registered office	Participating interests as % of registered capital	Acquisition cost	Fair value	Total registered capital	Total equity	Profit or loss for the financial year
Allianz penzijní fond, a.s. Ke Stvanici 656/3 186 00 Praha 8	100	183 607	183 607	*60 000	*1 044 375	*357 587
Allianz kontakt, s.r.o. Ke Stvanici 656/3 186 00 Praha 8	100	200	200	*200	*3 534	*1 163
Allianz generální služby, s.r.o. Ke Stvanici 656/3 186 00 Praha 8	100	200	200	*200	*163	*287
Total	-	184 007	184 007	60 400	1 048 072	359 037

*) unaudited financial data

Participating interests with significant influence

In 2012 the Company increased its ownership percentage in VERONIA SHELF, s.r.o. Therefore the Company has a participating interest with controlling influence.

2011						
Trade name, registered office	Participating interests as % of registered capital	Acquisition cost	Fair value	Total registered capital	Total equity	Profit or loss for the financial year
VERONIA SHELF, s.r.o. Mánesova 917/28 120 00 Praha 2, Vinohrady	49	7 526	0	*200	*-70 551	*-52 049
Total	-	7 526	0	200	-70 551	-52 049

*) unaudited financial data

There are no differences between the ownership percentage and the voting rights in respect of the above companies.

(b) Loans to associated companies

	Fair value		Acquisition cost	
	2012	2011	2012	2011
VERONIA SHELF, s.r.o.	429 800	393 650	603 619	359 279
Total	429 800	393 650	603 619	359 279

(c) Shares and participation certificates

	Fair value		Acquisition cost	
	2012	2011	2012	2011
Issued by financial institutions				
Listed elsewhere	42 479	60 503	42 393	79 447
Issued by non-financial institutions				
Listed elsewhere	18 318	3 969	17 677	3 857
Other				
Listed elsewhere	193 009	192 004	177 832	228 866
Total	253 806	256 476	237 902	312 170

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

	Fair value		Acquisition cost	
	2012	2011	2012	2011
Issued by financial institutions				
Listed on a recognised CR exchange	-	-	-	-
Listed elsewhere	3 426 714	2 743 687	2 885 045	2 364 093
Issued by non-financial institutions				
Listed on a recognised CR exchange	-	-	-	-
Listed elsewhere	-	20 494	-	20 000
Issued by government sector				
Listed on a recognised CR exchange	10 900 685	11 822 308	9 726 253	11 076 707
Listed elsewhere	193 558	128 532	130 889	81 404
Issued by insurance institutions				
Listed on a recognised CR exchange	-	-	-	-
Listed elsewhere	-	522 417	-	492 300
Other				
Listed on a recognised CR exchange	-	-	-	-
Listed elsewhere	4 805	4 934	4 345	4 709
Total	14 525 762	15 242 372	12 746 532	14 039 213

(e) "OECD" debt securities held to maturity

	Amortised value		Fair value		Acquisition cost	
	2012	2011	2012	2011	2012	2011
Listed on a recognised CR exchange	2 245 874	2 248 920	2 779 405	2 194 192	2 195 156	2 195 156
Total "OECD" debt securities held to maturity	2 245 874	2 248 920	2 779 405	2 194 192	2 195 156	2 195 156

(f) Other loans

As at 31 December 2012, the Company had provided other loans to policyholders, guaranteed by the insurance contract entered into, in the amount of TCZK 14 272 (2011: TCZK 15 007).

(g) Deposits with financial institutions

As at 31 December 2012 deposits due within one year with financial institutions totalled TCZK 360 325 (2011: TCZK 205 134).

(h) Other financial placements

	Nominal value		Fair value	
	2012	2011	2012	2011
Fixed-term transactions	1 793 266	1 351 464	-12 993	-79 989
Options	-	-	9 125	10 544
Total	1 793 266	1 351 464	-3 868	-69 445

(i) Derivatives**Hedging derivatives**

Fixed-term contracts with a negative fair value	Nominal value		Fair value	
	2012	2011	2012	2011
Term currency transactions	1 793 266	1 351 464	-12 993	-79 989
Total	1 793 266	1 351 464	-12 993	-79 989

The above derivatives hedge the currency risk resulting from foreign currency financial placements.

Remaining maturity of derivatives

At 31 December 2012	Up to 3 months	3 months to 1 year	1 to 5 years	Total
Hedging derivatives				
Term currency transactions	-665	-	-12 328	-12 993
At 31 December 2011				
Hedging derivatives				
Term currency transactions	-38 479	-23 517	-17 993	-79 989

II. 3. Financial placements relating to life assurance where the investment risk is borne by the policyholder

Description	Fair value		Acquisition cost	
	2012	2011	2012	2011
Shares and other variable-yield securities	6 103 740	4 699 207	5 628 945	4 549 888
Debt securities	629 645	614 799	566 678	578 962
Deposits with financial institutions	50 107	24 982	49 846	24 982
Derivatives	-1 444	-21 794	-	-
Total	6 782 048	5 317 194	6 245 469	5 153 832

II. 4. Currency structure of financial placements

Currency	Shares and variable-yield securities		Fixed income securities		Deposits and other financial placements		Securities where the investment risk is borne by the policyholder	
	2012	2011	2012	2011	2012	2011	2012	2011
CZK	110 992	36 167	16 108 728	16 439 653	658 604	395 891	4 035 819	2 764 726
EUR	142 814	220 309	560 581	951 115	438 260	350 455	2 743 477	2 551 631
USD	-	-	102 327	100 524	-12 328	-17 993	2 752	837
Total	253 806	256 476	16 771 636	17 491 292	1 084 536	728 353	6 782 048	5 317 194

II. 5. Receivables

31 December 2012	Receivables from policy holders	Receivables from insurance brokers	Receivables from reinsurance transactions	Other receivables	Total
Not overdue	132 869	53	125 282	384 840	643 044
Overdue	849 943	106 796	63 538	14 912	1 035 189
Total	982 812	106 849	188 820	399 752	1 678 233
Adjustment	228 248	106 849	-	15 955	351 052
Total net	754 564	0	188 820	383 797	1 327 181

31 December 2011	Receivables from policy holders	Receivables from insurance brokers	Receivables from reinsurance transactions	Other receivables	Total
Not overdue	155 921	1 676	266 756	456 109	880 462
Overdue	883 312	108 339	135 584	15 573	1 142 808
Total	1 039 233	110 015	402 340	471 682	2 023 270
Adjustment	238 962	108 460	-	15 788	363 210
Total net	800 271	1 555	402 340	455 894	1 660 060

(a) Other receivables

	2012	2011
Inter-company receivables	102 282	2 266
Deferred tax asset	6 991	9 728
Income tax prepayments	210 096	366 843
Other receivables	64 428	77 057
Total other receivables	383 797	455 894

II. 6. Other assets**(a) Tangible fixed assets**

	Tangible fixed assets
Acquisition cost at 1/1/2012	244 105
Additions	43 915
Disposals	-48 894
Acquisition cost at 31/12/2012	239 126
Accumulated depreciation at 1/1/2012	165 685
Depreciation expense	26 527
Disposals	-28 704
Accumulated depreciation at 31/12/2012	163 508
Net book value at 1/1/2012	78 420
Net book value at 31/12/2012	75 618

II. 7. Temporary asset accounts**(a) Deferred acquisition costs for life assurance contracts**

	2012	2011
Traditional life assurance	3 951	4 108
Unit-linked life assurance	779 040	461 431
Total	782 991	465 539

(b) Estimated receivables

	2012	2011
Estimated written premiums	747	16 292
Recourses	39 053	32 521
Other	6 839	4 036
Total	46 639	52 849

II. 8. Equity

(a) Registered capital

The registered capital of the Company consists of 600 registered shares in book-entry form with a nominal value of TCZK 1 000 per share. As at 31 December 2012, 100%, i.e. TCZK 600 000, of the share capital was paid up.

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

Based on the decision of the sole shareholder, the Company paid out dividends amounting to TCZK 1 902 000 (2011: TCZK 1 002 000).

(b) Other capital funds

	2012	2011
Other capital funds	555 714	555 714
Revaluation of assets and liabilities	-4 830	-6 676
Total	550 884	549 038

Revaluation of assets and liabilities at fair value

	2012	2011
Balance at 1/1	-6 676	-5 824
Change in fair value of financial placements (excl. hedging derivatives)	-	-
Change in fair value of hedging derivatives	2 382	-476
Net losses on financial placements reclassified to the Profit and loss account on disposal, impairment or maturity	0	-576
Change in deferred tax	-454	200
Revaluation of shares with controlling influence	-82	-
Balance at 31/12	-4 830	-6 676

Proposed distribution of current period profit

Current period profit	972 057
Transfer to statutory reserve fund	48 603
Profit to be added to retained earnings	923 454

During 2013 the general meeting will decide on the amount of dividends paid.

II. 9. Technical provisions

(a) Summary of technical provisions

Type of provision	Year	Gross	Reinsurer's share	Net
Provision for unearned premiums	2012	2 117 527	181 291	1 936 236
	2011	2 050 435	302 986	1 747 449
Life assurance provision	2012	6 116 291	1 320	6 114 971
	2011	6 039 699	15 825	6 023 874
Provision for outstanding claims	2012	6 664 729	944 160	5 720 569
	2011	6 481 567	1 107 163	5 374 404
Provision for bonuses and rebates	2012	246 279	-	246 279
	2011	223 391	-	223 391
Equalisation provision	2012	-	-	-
	2011	198 673	-	198 673
Provision for liabilities arising from the applied technical interest rate	2012	642 715	-	642 715
	2011	137 205	-	137 205
Provision for liabilities of the Bureau	2012	536 384	14 138	522 246
	2011	637 800	20 161	617 639
Life assurance technical provision where the investment risk is borne by the policyholder	2012	6 782 048	-	6 782 048
	2011	5 317 194	-	5 317 194
Total	2012	23 105 973	1 140 909	21 965 064
	2011	21 085 964	1 446 135	19 639 829

(b) Provision for unearned premiums (gross)

	2012	2011
Non-life insurance	2 008 118	1 939 808
Life assurance	109 409	110 627
Total	2 117 527	2 050 435

(c) Life assurance provision

	2012	2011
Unzillmerised provision	6 369 796	6 334 464
Zillmer adjustment	-257 923	-299 499
Elimination of negative reserves	4 418	4 734
Zillmerised provision presented in the balance sheet	6 116 291	6 039 699

(d) Provision for outstanding claims

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

	2012	2011
RBNS	5 542 365	5 204 512
IBNR	1 122 364	1 277 055
Total	6 664 729	6 481 567

Claims run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 31 December 2011, the claims payments during 2012 (with respect to claims included within this provision) and the residual amount of this provision as at 31 December 2012.

The net run-off result is as follows:

Class of insurance	2012	2011
Motor	142 263	135 503
Motor third party liability	696 812	724 935
Industry	56 065	64 860
Commercial	44 027	31 589
Private property	25 823	29 233
Accident	-	-
Sickness	-	-
Travel	17 942	4 648
Other	-	-
Total	982 932	990 768

Provision for outstanding claims paid in the form of annuities

The gross provision for outstanding claims from motor third party liability insurance paid in the form of annuities is, after discounting, TCZK 645 768 (2011: TCZK 595 029).

The Company used a wage valorisation rate and a disability pension valorisation rate of 5.2% to calculate the provision for outstanding claims paid in the form of annuities from statutory motor third-party liability insurance for the subsequent years. The provision was then discounted at 2%. Annualised annuities amount to TCZK 12 174 (2011: TCZK 12 280).

The expected average period of time that will elapse before all annuity claims included within the above provision have been paid is 23 years.

(e) Provision for bonuses and rebates (gross)

Class of insurance	2012	2011
Non-life insurance	103 063	105 821
Life assurance	143 216	117 570
Total	246 279	223 391

(f) Equalisation provision

	2012	2011
Insurance against damage to property caused by storm, natural forces, landslide or subsidence, hailstorm or frost, and other types of property insurance	-	41 007
Insurance against damage caused by nuclear energy	-	2
Credit insurance	-	941
Insurance against damage to ground transportation vehicles	-	154 748
Other classes	-	1 975
Total	-	198 673

The Company has decided that the difference between the equalisation provision established in accordance with Decree No. 303/2004 Coll. and the new Decree No. 434/2009 Coll. will be released on a straight-line basis over a period of three years. The total difference was thus released in 2012.

(g) Provision for liabilities of the Bureau

	Opening balance	Additions	Utilisation	Closing balance
Provision for liabilities of the Bureau	637 800	0	101 416	536 384
Total	637 800	0	101 416	536 384

The reinsurer's share in the provision for liabilities of the Bureau amounts to TCZK 14 138 (2011: TCZK 20 161).

II. 10. Provisions

Type of provision	Opening balance	Additions	Utilisation	Closing balance
Provision for taxes	221 390	230 221	221 390	230 221
Other provisions	27 771	17 408	16 294	28 885
Total	249 161	247 629	237 684	259 106

II. 11. Payables

31 December 2012	Payables to policyholders	Payables to brokers	Payables from reinsurance transactions	Other payables	Total
Not overdue	463 333	139 746	120 597	180 788	904 464
Overdue	20 002	85 794	14 640	23 042	143 478
Total	483 335	225 540	135 237	203 830	1 047 942

31 December 2011	Payables to policyholders	Payables to brokers	Payables from reinsurance transactions	Other payables	Total
Not overdue	400 968	113 014	417 530	226 646	1 158 158
Overdue	17 800	79 919	12 496	10 438	120 653
Total	418 768	192 933	430 026	237 084	1 278 811

(a) Social security and health insurance liabilities

Liabilities in respect of social security and health insurance total TCZK 17 991 (2011: TCZK 13 794), of which TCZK 11 801 (2011: TCZK 9 655) relates to social security and TCZK 6 190 (2011: TCZK 4 139) relates to health insurance. None of these liabilities are overdue.

(b) Tax liabilities

Tax liabilities amount to TCZK 16 526 (2011: TCZK 21 945). None of these liabilities are overdue.

(c) Long-term payables (maturity over five years)

Long-term payables with a remaining period to maturity in excess of five years as at the balance sheet date totalled TCZK 15 967 (2011: TCZK 15 476).

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

The Company has a net receivable from reinsurers of TCZK 42 116 (2011: a net payable of TCZK 59 513).

II. 12. Temporary liability accounts

Estimated payables

	2012	2011
Estimated reinsurance premiums	33 710	49 866
Commissions to brokers	132 726	131 655
Services	48 492	34 883
Employee bonuses	24 636	48 575
Other	224	33 488
Total	239 788	298 467

II. 13. Inter-company receivables and payables

(a) Receivables and payables due to or from companies in which the Company has a controlling influence

Company name	Receivables		Payables	
	2012	2011	2012	2011
<i>Short-term</i>				
Allianz penzijní fond, a.s.	102 233	1 008	45	48
Allianz kontakt, s.r.o.	9	8	74	-
Allianz generální služby, s.r.o.	-	-	-	-
VERONIA SHELF, s.r.o.	-	-	-	-
DIAMANT REAL spol., s.r.o.	-	-	-	-
Total	102 242	1 016	119	48

(b) Other inter-company receivables and payables

Company name	Receivables		Payables	
	2012	2011	2012	2011
Allianz SE	66 091	188 947	16 514	194 282
Allianz Global Risk Nederland	61	1 000	-	-
Allianz GCS Switzerland	76	-	206	-
Allianz S.p.A	-	-	6	-
Stanislas Haine	320	-	-	-
Allianz Elementar	412	183	186	183
Allianz Insurance Company of Canada	-	163	-	680
Mondial Assistance International AG	11 572	8 055	13 527	8 060
Allianz Global Risk US	571	682	7 612	8 001
Allianz Global Corporate&Specialty München	5 103	382	13 512	11 968
Allianz Global Corporate&Specialty France	-	30	-	36
Allianz GCS, Hamburg	575	1 893	871	2 445
Allianz GCS München	148	9 534	1 330	11 364
Allianz Slovenská poisťovňa, a.s.	9 680	9 209	-	244
Allianz Zagreb d.d., Chorvatsko	0	2	-	-
T.U. Allianz Polska S.A.	5 022	4 747	110	195
Allianz Hungária Biztosító Zrt.	1 182	922	257	257
Allianz GCS UK	400	1 308	2 498	6 952
Allianz GCS Austria Branch	6	205	6	-
AGCS AG Italy Branch	122	-	283	-
Allianz Sigorta a.s.	3 402	24	77	36
AGCS Nederlands	25	74	133	443
Allianz Shared Infrastructure Services GmbH	-	-	2 471	721
Allianz Business Services, s.r.o.	-	-	2 288	2
Mondial Assistance s.r.o.	-	-	-	7 071
Insurance Joint Stock Comp AZ	-	519	-	-
Allianz Ukraine LLC	69	70	-	-
Allianz Tiriatic Asigurari S.A.	433	317	-	-
Allianz Direct s.r.o.	-	1 202	-	-
Allianz GCS Nordic Region	42	-	139	-
Allianz Insurance Lanka Ltd.	104	-	-	-
ZAO Allianz Russia	1 276	-	-	-
Allianz Insurance PLC	-	-	1 271	-
Total	106 692	229 468	63 297	252 940

All material transactions with related parties were carried out based on the arm's length principle.

III. ADDITIONAL DISCLOSURES IN RESPECT OF THE INCOME STATEMENT

III. 1. Non-life insurance

Non-life insurance for 2012 and 2011 divided by classes of insurance:

	Insurance class	Gross premiums written	Gross premiums earned	Gross claims paid	Gross operating expenses	Reinsur. balance
Direct insurance						
Accident and sickness	1,2,18					
2012		196 393	199 349	63 360	35 642	-6 186
2011		201 187	201 347	74 080	38 846	-5 132
Motor – other classes	3					
2012		2 291 988	2 264 997	1 633 566	542 265	-16 318
2011		2 289 057	2 256 547	1 579 006	547 625	-5 167
Motor – liability	10					
2012		2 112 772	2 124 977	1 129 355	500 845	-99 517
2011		2 236 051	2 235 386	1 210 118	542 184	-104 307
Aviation, marine and transport	4,5,6,7,11,12					
2012		121 030	122 011	285 859	22 143	190 287
2011		145 243	147 151	10 559	25 097	-73 000
Fire and other damage to property	8,9,15,16					
2012		2 048 885	2 013 461	855 922	538 172	-646 455
2011		1 984 994	1 956 275	721 245	514 898	-590 993
Liability	13					
2012		489 935	467 898	221 022	115 466	-17 699
2011		451 071	439 887	136 073	108 866	-136 568
Total						
	2012	7 261 003	7 192 693	4 189 084	1 754 533	-595 888
	2011	7 307 603	7 236 593	3 731 081	1 777 516	-915 167

III. 2. Life assurance

Gross premiums written in life assurance:

	2012	2011
Individual (special) premium	4 291 113	3 721 705
Premiums under group contracts	16 183	14 498
Total	4 307 296	3 736 203
Regular premium	2 346 369	1 959 495
Single premium	1 960 927	1 776 708
Total	4 307 296	3 736 203
Premiums from non profit-sharing contracts	719 403	812 782
Premiums from profit-sharing contracts	502 865	550 826
Premiums from contracts where the investment risk is borne by the policyholder	3 085 028	2 372 595
Total	4 307 296	3 736 203
Reinsurance balance	-10 964	-9 195

III. 3. Gross premiums written by country

Analysis of gross premiums written by country in which the insurance contract was concluded:

Country	2012	2011
Czech Republic	11 512 225	10 988 399
Belgium	0	0
Bulgaria	528	432
Estonia	65	1 629
Finland	0	0
Croatia	10	0
Italy	4	0
Lithuania	372	60
Latvia	26	27
Hungary	1 478	1 868
Netherlands	95	339
Poland	5 604	5 128
Austria	10	10
Romania	1 078	1 237
Slovakia	31 326	31 068
Slovenia	113	0
Germany	14 584	12 759
France	0	0
Cyprus	340	292
Great Britain	441	558
Total	11 568 299	11 043 806

III. 4. Bonuses and rebates

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

	2012	2011
Non-life insurance	236 649	207 761
Life assurance	634	1 180
Total bonuses and rebates	237 283	208 941

In accordance with the methods described in note I. 4. (k), the Company recorded the following changes in the provision for bonuses and rebates:

	2012	2011
Non-life insurance		
Additions	544 339	302 255
Utilisation	-547 098	-289 229
Change	-2 759	13 026
Life assurance		
Additions	488 588	107 385
Utilisation	-462 941	-93 516
Change	25 647	13 869
Total change	22 888	26 895

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

	2012			2011		
	Non-life insurance	Life assurance	Total	Non-life insurance	Life assurance	Total
Commissions						
Initial	297 301 ¹⁾	955 254	1 252 555	354 286 ³⁾	594 771	949 057
Renewal	677 067 ²⁾	71 583	748 650	608 690 ⁴⁾	66 022	674 712
Total commissions	974 368	1 026 837	2 001 205	962 976	660 793	1 623 769
Other acquisition costs	184 800	158 976	343 776	211 352	129 721	341 073
Change in deferred acquisition costs	1 512	-317 452	-315 940	13 836	-233 687	-219 851
Total commissions and other acquisition costs	1 160 680	868 361	2 029 041	1 188 164	556 827	1 744 991

¹⁾ of which TCZK 39 388 relates to assumed facultative reinsurance

²⁾ of which TCZK 12 959 relates to assumed facultative reinsurance

³⁾ of which TCZK 26 060 relates to assumed facultative reinsurance

⁴⁾ of which TCZK 16 796 relates to assumed facultative reinsurance

The Company discloses renewal commissions under administrative expenses.

Other acquisition costs primarily comprise expenses relating to other bonuses, promotion, advertising and other administrative expenses associated with the conclusion of insurance contracts.

III. 6. Administrative expenses

	2012	2011
Personnel expenses (payroll, social and health insurance)	467 126	457 111
Rental	77 448	76 506
Depreciation and net book value of disposed of fixed assets	76 813	63 963
Renewal commissions	748 650	674 712
Telephone and fax fees, postage	50 772	52 460
Consultancy fees	42 354	34 057
Travel and entertainment	16 544	14 611
Materials consumption	10 418	12 524
Other services	80 290	78 985
Other administrative expenses	7 086	5 787
Hardware maintenance and repair	5 860	6 363
Software maintenance and repair	21 634	18 949
Data network maintenance and repair	17 330	12 613
Total administrative expenses	1 622 325	1 508 641

The amounts in table III. 6. Administrative expenses include expenses allocated for expenses relating to claims

III. 7. Other technical expenses and income

2012	Gross	Reinsurer's share	Net
Non-life insurance			
Other technical expenses	832 643	-	832 643
Other technical income	643 664	-	643 644
Balance – non-life insurance	188 979	-	188 979
Life assurance			
Other technical expenses	112 724	-	112 724
Other technical income	135 967	-	135 967
Balance – life assurance	-23 243	-	-23 243
<hr/>			
2011	Gross	Reinsurer's share	Net
Non-life insurance			
Other technical expenses	680 247	-	680 247
Other technical income	674 645	-	674 645
Balance – non-life insurance	5 602	-	5 602
Life assurance			
Other technical expenses	148 141	-	148 141
Other technical income	116 325	-	116 325
Balance – life assurance	31 816	-	31 816

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

2012	Gross	Reinsurer's share	Net
Additions to (+)/Release of (-) adjustments to receivables	-22 078	-	-22 078
Write-off of receivables	52 415	-	52 415
Foreign exchanges losses (+)/gains (-)	5 687	-	5 687
Other technical expenses and income	152 955	-	152 955
Balance of other expenses and income	188 979	-	188 979

2011	Gross	Reinsurer's share	Net
Additions to (+)/Release of (-) adjustments to receivables	-75 140	-	-75 140
Write-off of receivables	79 042	-	79 042
Foreign exchanges losses (+)/gains (-)	9 876	-	9 876
Other technical expenses and income	-8 176	-	-8 176
Balance of other expenses and income	5 602	-	5 602

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

2012	Gross	Reinsurer's share	Net
Additions to (+)/Release of (-) adjustments to receivables	9 925	-	9 925
Write-off of receivables	16 999	-	16 999
Foreign exchanges losses (+)/gains (-)	140	-	140
Other technical expenses and income	-50 307	-	-50 307
Balance of other expenses and income	-23 243	-	-23 243

2011	Gross	Reinsurer's share	Net
Additions to (+)/Release of (-) adjustments to receivables	46 310	-	46 310
Write-off of receivables	24 370	-	24 370
Foreign exchanges losses (+)/gains (-)	16 217	-	16 217
Other technical expenses and income	-55 081	-	-55 081
Balance of other expenses and income	31 816	-	31 816

III. 8. Other expenses and income

	2012	2011
Non-technical account		
Other expenses	61 772	41 674
Other income	60 040	29 874
Balance of other expenses and income	1 732	11 800

The balance of other expenses and income comprises the following items:

	2012	2011
Foreign exchange gains and losses	3 510	1 061
Foreign exchange differences on revaluation	-898	-712
Provisions	2 585	10 197
Other	-3 465	1 254
Balance of other expenses and income	1 732	11 800

III. 9. Employees and executives

Average adjusted number of employees and executives and remuneration for 2012 and 2011:

2012	Average adjusted number	Payroll expense	Social and health insurance	Other expenses
Employees	743	339 027	113 136	12 343
Executives	87	133 677	29 763	2 338
Total	830	*472 704	*142 899	*14 681
2011	Average adjusted number	Payroll expense	Social and health insurance	Other expenses
Employees	692	350 258	111 209	7 354
Executives	86	110 358	32 006	1 223
Total	778	*460 616	*143 215	*8 577

*) These amounts are inclusive of expenses allocated to claims paid.

(a) Remuneration of members of statutory, management and supervisory bodies

In 2012 members of statutory and supervisory bodies received remuneration totalling TCZK 29 672 (2011: TCZK 17 733).

(b) Loans, other receivables and advances provided to the existing members of statutory, management and supervisory bodies

In 2012 and 2011 the Company had no receivables from members of the Board of Directors or the Supervisory Board relating to loans or advances provided.

III. 10. Expense allocation between technical accounts and the non-technical account

As at the balance sheet date the total amount of expenses allocated between the technical accounts for life assurance and non-life insurance and the non-technical account based on the method stated in note I.4.(u) amounted to TCZK 279 822 (2011: TCZK 244 577).

III. 11. Result of the non-technical account

The result of the non-technical account as at 31 December 2012 amounted to TCZK 275 223 (2011: TCZK 161 610).

III. 12. Profit before tax

The Company's profit before tax as at 31 December 2012 amounted to TCZK 1 209 441 (2011: TCZK 1 298 850).

III. 13. Taxation

(a) Income tax in the profit and loss account

	2012	2011
Provision for current period income tax	230 221	221 390
Difference between prior period income tax and the release of the prior period income tax provision	7 615	12 150
Current income tax relating to prior periods	-3 077	-6 609
Change in deferred tax asset/liability	2 283	1 857
Income tax in the income statement	237 042	228 788

The current income tax relating to prior periods comprises additional tax assessed based on an inspection by the tax authority..

(b) Deferred tax assets/liabilities

Deferred tax assets and liabilities are as follows:

Temporary differences	Assets		Liabilities		Net	
	2012	2011	2012	2011	2012	2011
Tangible fixed assets	660	315	-	-	660	315
Intangible fixed assets	0	1 039	798	-	-798	1 039
Receivables	2 739	2 376	-	-	2 739	2 376
Provisions	3 855	3 855	-	-	3 855	3 855
Losses carried forward	0	-	-	-	0	-
Other temporary differences recorded in the income statement	1 188	2 342	-	-	1 188	2 342
Effect on the income statement	8 442	9 927	798	-	7 644	9 927
Revaluation of assets and liabilities	232	2 751	885	2 950	-653	-199
Other temporary differences recorded in Equity	-	-	-	-	-	-
Effect on Equity	232	2 751	885	2 950	-653	-199
Deferred tax asset/(liability)	8 674	12 678	1 683	2 950	6 991	9 728
Offset of related deferred tax assets and liabilities	-	-	-	-	-	-
Deferred tax asset/(liability)	8 674	12 678	1 683	2 950	6 991	9 728

In accordance with the accounting policy described in note I. 4. (g), deferred tax was calculated using the tax rate valid for the period in which the tax asset/liability is expected to be utilised, i.e. 19%.

IV. OTHER DISCLOSURES

IV. 1. Group relations

The Company has not concluded a controlling agreement with its majority shareholder, Allianz New Europe Holding GmbH, having its registered office in Vienna, Austria. A report on relations between related parties will form part of the annual report.

IV. 2. Transactions not disclosed in the balance sheet

As at the balance sheet date, the Company did not have any transactions not disclosed in the balance sheet.

IV. 3. Contingent liabilities

(a) Co-insurance

The Company is the leading co-insurer in several coinsurance contracts in respect of which a claim of a material amount has been reported as at the balance sheet date.

The Company considers it improbable that the beneficiary will file a legal claim against the Company, as the leading co-insurer, in the full amount pursuant to Section 30 of Act No. 37/2004 Coll., on Insurance Contracts, and has therefore established a provision for outstanding claims only in the amount of its share.

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

As a member of the Bureau, the Company has undertaken to guarantee the liabilities of the Bureau pursuant to Section 18 (6) of the Act on Motor Third Party Liability Insurance. To that end, the Company contributes to the guarantee fund and establishes a provision for liabilities of the Bureau. The amount of contributions and of the provision for liabilities of the Bureau is determined using actuarial methods.

If any of the members of the Bureau was unable to meet their obligations arising from statutory motor third-party liability insurance due to insolvency, the Company could incur an obligation to make additional contributions to the guarantee fund.

(c) Membership of the Czech Nuclear Pool

The Company is a member of the Czech Nuclear Pool. Under a "Joint and Several Liability" agreement, it has undertaken that, should one or more members of the Czech Nuclear Pool be unable to fulfil their obligation, it will assume such an obligation in proportion to its net retention for the given contract. The total contingent liability of the Company, including joint and several liability, is contractually limited to double its net retention for the specific insured risk.

IV. 4. Subsequent events

The Company, as the sole shareholder of Allianz penzijní společnost, a.s., has decided on an additional payment of TCZK 300 000 in excess of the registered capital, into other capital contributions of Allianz penzijní společnost, a.s. The additional payment was approved on 31 January 2013. The additional payment helps to strengthen the registered capital, to develop business activities and to cover the liabilities of Allianz penzijní společnost, a.s.

As at 24 January 2013 loans provided to VERONIA SHELF, s.r.o. were capitalised and therefore the acquisition investment of the Company in VERONIA SHELF, s.r.o. was increased. The total acquisition investment is TCZK 787 925.

At the beginning of 2013, the merger of VERONIA SHELF, s.r.o. and DIAMANT REAL spol. s r.o., which is its 100% subsidiary, was started.

In Prague, 21 February 2013



Jakub Strnad
Chairman of the Board of Directors



Petr Sosík
Member of the Board of Directors

Report on Relationships between Related Parties

We provide this report on relationships between related parties based on the duty as stipulated by the Czech Commercial Code. By relationships, we mean commercial relationships to controlling, controlled and other related parties. The parties involved are companies of the Allianz Group. During accounting period 2012, or during preceding periods, Allianz pojišťovna, a. s. did not conclude any controlling agreement and transfer of profit agreement.

Below we have listed those companies of the Allianz Group, with which Allianz pojišťovna, a. s. has major commercial relationships.

Summary

Controlling party

Allianz New Europe Holding GmbH, Vienna, Austria;

Allianz Holding eins GmbH, Vienna, Austria;

Allianz SE, Munich, Germany.

Controlled parties

Allianz penzijní fond, a. s., Prague;

Allianz Direct, s. r. o., Prague;

Allianz kontakt, s. r. o., Prague;

Allianz generální služby, s. r. o., Prague;

Allianz nadační fond, Prague, from 28 February 2012;

VERONIA SHELF, s.r.o., Prague, from 3 December 2012;

DIAMANT REAL, spol. s r.o., Prague, from 3 December 2012.

Other Related Parties

Allianz – Slovenská poisťovňa, a. s., Bratislava, Slovakia;

Allianz Business Services, spol. s r. o., Bratislava, Slovakia;

Mondial Assistance s.r.o., Prague;

Allianz Lebensversicherungs-AG, Stuttgart, Germany;

AGA International SA, Paris, France, through its branch in Prague, as the legal successor of Mondial Assistance International AG, Wallisellen, Switzerland, through its branch Mondial Assistance International AG – organizační složka, Prague;

Allianz Global Corporate & Specialty AG, Munich, Germany;

Euler Hermes Services Česká republika, s.r.o., Prague;

Euler Hermes Europe SA, organizační složka, Prague;

Allianz Managed Operations & Services SE, formerly Allianz Shared Infrastructure Services GmbH, Unterföhring, Germany;

Allianz Global Investors Advisory GmbH, Frankfurt am Main, Germany;

Allianz Deutschland AG, Munich, Germany;

Allianz Investment Management SE, Munich, Germany

Allianz Global Investors Kapitalanlagegesellschaft mbH, formerly Deutscher Investment – Trust Gesellschaft für Wertpapieranlagen mbH, Frankfurt am Main, Germany;

Allianz Global Investors Luxembourg S.A., Luxembourg;

PIMCO Europe Ltd., London, Great Britain.

PIMCO Global Advisors (Ireland) Limited, Dublin, Ireland;

Allianz Hungaria Zrt., Budapest, Hungary;

Allianz Suisse Versicherungs-Gesellschaft-AG, Zurich, Switzerland;

Relationships to Controlling and Controlled Parties, other than via Reinsurance

Allianz New Europe Holding GmbH

Allianz New Europe Holding GmbH is the parent company of Allianz pojišťovna, a. s. from 11 May 2006.

Allianz New Europe Holding GmbH acquired the 100% holding in Allianz pojišťovna, a. s. from Allianz Aktiengesellschaft.¹⁾

Allianz Holding eins GmbH

Allianz Holding eins GmbH is the parent company of Allianz New Europe Holding GmbH. As the parent company of Allianz New Europe Holding GmbH, Allianz SE transferred its holding in this company to a concern company, Allianz Holding eins GmbH, on 7 April 2010.

Allianz SE

Allianz SE is the group holding company. Allianz SE and Allianz pojišťovna, a. s. signed an agreement on management services in 2003, which replaced the service agreement concluded in 1994. The agreement on management services is automatically renewable for one year at a time, unless terminated by either party. It provides for cooperation in management, marketing, IT, services in the area of human resources processes (sales techniques training, personnel development programmes), temporary or permanent secondment of employees and support of quality control, development and implementation of a corporate controlling system. The contract has been concluded under the standard terms and conditions as would apply to third parties. In 2006 and 2007, Allianz SE and Allianz pojišťovna, a. s. concluded an agreement on sharing IT system costs in common holding operations. An agreement on cost sharing and provision of services in human resources and an agreement on provision of software licences and related services were entered into in 2009. In 2010, Allianz pojišťovna, a. s. purchased a bond issued by Allianz SE in the amount of EUR 20 million, which was paid up in 2012 as planned. In 2010, Allianz pojišťovna, a. s. also concluded an agreement on cash pooling with Allianz SE. In 2012, Allianz pojišťovna, a. s. and Allianz SE concluded an agreement on provision of consultation services in implementation of Solvency II.

¹⁾ Effective as of 16 October 2006, Allianz Aktiengesellschaft changed its legal form from Aktiengesellschaft to Societas Europea.

Allianz penzijní fond, a. s.

Allianz penzijní fond, a. s. is a 100% subsidiary of Allianz pojišťovna, a. s. Allianz penzijní fond, a. s. and Allianz pojišťovna, a. s. closely cooperate and coordinate their sales activities. In 1995, the two companies signed an agreement on cooperation regarding the sale of supplementary pension schemes by Allianz pojišťovna, a. s. sales agents. The contract is automatically renewable for one year at a time, with the option of termination by notice. Contracts on supplementary pension scheme brokerage, including commission arrangements, have been concluded under the standard terms and conditions as would apply to third parties.

In order to use synergic effects, Allianz pojišťovna, a. s. and Allianz penzijní fond, a. s. closely cooperate and coordinate their activities in the area of management, management of Allianz pojišťovna, a. s. sales agents in the sale of supplementary pension schemes, asset management, marketing, IT, and services in the area of human resources processes (sales techniques training, personnel development programmes, parallel employment). To provide for this type of cooperation and to fairly divide the related operating costs, Allianz pojišťovna, a. s. and Allianz penzijní fond, a. s. signed an agreement on cooperation in 2004. The contract is signed for an unlimited period of time, with the option of termination by notice.

In 2004, Allianz penzijní fond, a. s. and Allianz pojišťovna, a. s. concluded an agreement on cooperation in using IT infrastructure, which replaced the service agreement concluded in 1997. The current agreement provides for the sharing of operating costs related to the use of IT infrastructure of Allianz pojišťovna, a. s. by Allianz penzijní fond, a. s. The agreement is concluded for an indefinite period of time, with the option of termination by notice. In 2005, Allianz penzijní fond, a. s. and Allianz pojišťovna, a. s. entered into an amendment to the above agreement on cooperation in using IT infrastructure, which provides for the sharing of costs related to the Alfa information system used by Allianz penzijní fond, a. s. for administering supplementary pension schemes and by Allianz pojišťovna, a. s. for administering the joint product named "Future." In 2006, the above arrangement from 2004 was replaced by an agreement on cooperation in using IT infrastructure with a similar subject matter and similar terms and conditions. In 2007, the companies concluded an agreement on cooperation in using IT, which replaced the agreement on cooperation in using IT infrastructure from 2006.

In 2002, the companies concluded a sublease agreement concerning non-residential premises that house the registered office of Allianz penzijní fond, a. s. In connection with the change of Allianz penzijní fond's registered office, the above agreement was replaced by a new sublease agreement in 2006. In 2006, the companies entered into an agreement on the lease of interior equipment. The agreements have been concluded under the standard terms and conditions as would apply to third parties.

In 2012, the companies concluded another sublease agreement and an agreement on the lease of interior equipment.

Allianz Direct, s. r. o.

Until April 2007, Allianz Direct, s. r. o. had been a 100% subsidiary of Allianz pojišťovna, a. s. Established in 2006, Allianz Direct, s. r. o. is an insurance broker that sells insurance exclusively for Allianz pojišťovna, a. s. In April 2007, Allianz pojišťovna, a. s. transferred its participation interest to Allianz Direct New Europe Spółka z Ograniczona Odpowiedzialnoscia, based in Warsaw. Allianz pojišťovna, a. s. and Allianz Direct, s. r. o. have concluded an agreement on cooperation and cost sharing, an agreement on the sublease of non-residential premises, an agreement on the lease of interior equipment and an agreement on cooperation in the use of IT. The agreements have been concluded under standard terms and conditions as would apply to third parties.

With effect as of 15 July 2012, Allianz Direct, s. r. o. was wound up with liquidation and a liquidator was appointed. The contractual relationships between Allianz pojišťovna, a. s. and Allianz Direct, s. r. o. were terminated by an agreement.

Allianz kontakt, s. r. o.

Allianz kontakt, s. r. o. is a 100% subsidiary of Allianz pojišťovna, a. s. Established in 2005, the company brokers insurance for Allianz pojišťovna, a. s. on the basis of a sales representation agreement from 2005. In connection with the change of Allianz kontakt's registered office, a sublease agreement was concluded in 2006 to replace the sublease agreement of 2005. The

sublease agreement has been concluded under the standard terms and conditions as would apply to third parties. An agreement on the lease of interior equipment was signed in 2007, replacing a similar agreement from 2006. In 2009, the companies entered into an agreement on cooperation in the use of information technologies.

Allianz generální služby, s. r. o.

Allianz generální služby, s. r. o. is a 100% subsidiary of Allianz pojišťovna, a. s. It was founded in December 2007 and incorporated in January 2008. Its scope of business includes, without limitation, facility management and maintenance. Allianz generální služby, s. r. o. acquired a 10% participation interest in VERONIA SHELF, s.r.o. on 3 December 2012.

Allianz Endowment Fund

On 7 November 2011, Allianz pojišťovna, a. s. established the Allianz Endowment Fund, which was registered in the Commercial Register on 10 February 2012. Purposes of the Fund include, without limitation, prevention of insured losses, promotion of road traffic safety and support of cultural and educational programmes. Allianz pojišťovna, a. s. provided financial donations to the Endowment Fund in 2012.

VERONIA SHELF, s.r.o.

VERONIA SHELF, s.r.o. became a controlled person on 3 December 2012. On that date, Allianz pojišťovna, a. s., which had previously held a 49% interest in this company, and its subsidiary, Allianz generální služby s. r. o., together acquired the 100% interest in VERONIA SHELF, s.r.o. from their consortium partner, IMMOEAST Projekt Quadragesimus Holding GmbH. Since 3 December 2012, Allianz pojišťovna, a. s. has held a 90% interest and Allianz generální služby, s. r. o. a 10% interest. Allianz pojišťovna, a. s. appoints the statutory bodies. VERONIA SHELF, s.r.o., as the debtor, and Allianz pojišťovna, a. s., as the creditor, concluded a loan agreement in 2006. On 3 December 2012, the receivable of IMMOEAST Projekt Quadragesimus Holding GmbH from VERONIA Shelf, s.r.o. on account of the loan was assigned to Allianz pojišťovna, a. s. The company is the sole participant in DIAMANT REAL, spol. s r.o.

DIAMANT REAL, spol. s r.o.

DIAMANT REAL, spol. s r.o. is the owner of the real estate property at Ke Štvanici 656/3, 186 00 Prague 8, where Allianz pojišťovna, a. s. has its registered office. DIAMANT REAL, spol. s r.o. is the creditor of VERONIA SHELF, s.r.o. on account of a loan.

Relationships to Related Parties, other than via Reinsurance

Allianz – Slovenská poisťovňa, a. s.

Allianz – Slovenská poisťovňa, a. s. is an Allianz Group member. The mutual cooperation between the two companies is based on an agreement on cooperation concluded in 1997, which is automatically renewable. The contract involves cooperation in insurance product development and IT. The contract has been concluded under the standard terms and conditions as would apply to third parties. The two companies also collaborate in the field of investments.

Allianz Business Services, spol. s r. o.

Allianz Business Services, spol. s r. o. is a subsidiary of Allianz – Slovenská poisťovňa, a. s. and Allianz New Europe Holding GmbH. In December 2007, Allianz pojišťovna, a. s. and Allianz Business Services, spol. s r. o. concluded an agreement on outsourcing of accounting activities. At the same time, the two companies collaborate in implementation of insurance activities management models. The contract has been concluded under the standard terms and conditions as would apply to third parties.

Mondial Assistance s. r. o.

Mondial Assistance s.r.o. is a subsidiary of Swiss insurer Mondial Assistance International AG and an Allianz Group member. On a contractual basis, Mondial Assistance s.r.o. provides Allianz pojišťovna clients with assistance services in medical

expense insurance abroad, travel insurance, motor hull insurance, motor third party liability insurance and household insurance. The assistance service contracts have been concluded under the standard terms and conditions as would apply to third parties. As of 31 December 2012, the agreement on cooperation as part of the Call Centre was terminated.

Euler Hermes Services Česká republika, s.r.o., formerly Euler Hermes Čescob Service s. r. o.

Euler Hermes Services Česká republika, s.r.o., as a subsidiary of Euler Hermes Europe SA, Brussels, Belgium, is an Allianz concern company. On the basis of an agency agreement concluded in 1999, this company and Allianz pojišťovna, a. s. cooperate in mutual brokerage of their insurance products. The agreement has been concluded under the standard terms and conditions as would apply to third parties.

Euler Hermes Europe SA, organizační složka, formerly Euler Hermes Čescob, úvěrová pojišťovna, a. s.

Euler Hermes Europe SA, organizační složka, a branch of Euler Hermes Europe SA, Brussels, Belgium, is an Allianz concern company. Allianz pojišťovna, a. s. and Euler Hermes Europe SA, organizační složka, coordinate their activities in the sale of credit and warranty insurance products. In 2006, the two companies concluded an agreement on cooperation. Sales of insurance products are brokered for the said company by Euler Hermes Services Česká republika, s.r.o.

Allianz Managed Operations & Services SE

Allianz Managed Operations & Services SE is a member of Allianz Group. In April 2008, Allianz pojišťovna, a. s., Allianz SE and the said company entered into an agreement on the assignment of rights and obligations under an agreement on sharing cost of information systems concluded between Allianz SE and Allianz pojišťovna, a. s. to Allianz Managed Operations & Services SE. Further, the agreement newly provides for certain other relationships within the cooperation between Allianz pojišťovna, a. s. and the new contracting partner. In 2009, the two companies entered into a framework agreement on the provision of IT infrastructure services. In February 2012, Allianz pojišťovna, a. s., Allianz SE and the said company concluded an agreement on assignment of rights and obligations under the information systems agreement between Allianz SE and Allianz pojišťovna, a. s. to Allianz Managed Operations & Services SE.

Allianz Global Corporate & Specialty AG

Allianz Global Corporate & Specialty AG is a member of Allianz Group. The company renders consulting services to Allianz pojišťovna, a. s. in the area of large-scale and special risks insurance.

Allianz Global Investors Advisory GmbH

Allianz Global Investors Advisory GmbH is a member of Allianz Group. The company renders investment consulting services to Allianz pojišťovna, a. s. under an agreement dated February 2008.

Allianz Deutschland AG

Allianz Deutschland AG is a member of Allianz Group. The two companies collaborate in the area of client projects under an agreement dated October 2008.

Allianz Investment Management SE

Allianz Investment Management SE provides Allianz pojišťovna, a. s. with investment consultancy services.

In the area of information technologies, Allianz pojišťovna, a. s. cooperates with Allianz Deutschland AG, Allianz Hungaria Zrt. and Allianz Suisse Versicherungs-Gesellschaft-AG.

In addition, Allianz pojišťovna, a. s. uses instruments of investment companies Allianz Global Investors Kapitalanlagegesellschaft mbH, Allianz Global Investors Luxembourg S.A., PIMCO Europe Ltd. and PIMCO Global Advisors (Ireland) Limited.

Relationships to Controlling and Related Parties in the Area of Reinsurance

The following Allianz Group companies take part in the reinsurance programme of Allianz pojišťovna, a. s.:

Allianz SE;

Allianz Global Corporate & Specialty AG;

Allianz Versicherungs AG;

AGA International SA – organizační složka.

Other group members are active and passive facultative reinsurers of Allianz pojišťovna, a. s. Reinsurance is invoiced on the basis of reinsurance contracts concluded between Allianz pojišťovna, a. s., and the above Allianz Group companies under the standard terms and conditions as would apply to third parties. The reinsurers' shares are stated in accordance with valid accounting principles.

Allianz SE

Allianz SE, as the Group reinsurer, has a major stake in the reinsurance programme of Allianz pojišťovna, a. s. in both life and non-life insurance.

Allianz Global Corporate & Specialty AG

Allianz Global Corporate & Specialty AG acts as the Allianz pojišťovna, a. s. reinsurer of property insurance, aviation insurance and of directors and officers liability insurance (D&O).

Allianz Versicherungs AG is the Allianz pojišťovna, a. s. reinsurer for extended warranty insurance.

AGA International SA – organizační složka acts as the Allianz pojišťovna, a. s. reinsurer for travel insurance and technical assistance insurance for vehicles as well as extended warranty insurance.

During the respective accounting period, Allianz pojišťovna, a. s. provided no guarantees or loans, save for the above, and assumed no other financial obligations with respect to the related persons.

Closing Statement of the Board of Management of Allianz pojišťovna, a. s.

We declare that, according to Section 66a (9) of the Commercial Code, the report of Allianz pojišťovna, a. s. on related parties for the accounting period starting starting 1 January 2012 and ending 31 December 2012 includes all of the following items, known to us as of the execution date of this report to have been concluded or carried out during this period:

- Contracts between related parties;
- Services provided to or by related parties;
- Other legal acts undertaken in the interest of these parties; and
- Any decisions or arrangements made in the interest, or upon request, of these parties.

We hereby declare that we are not aware of any of the above agreements or arrangements being detrimental to the assets of Allianz pojišťovna, a. s.

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