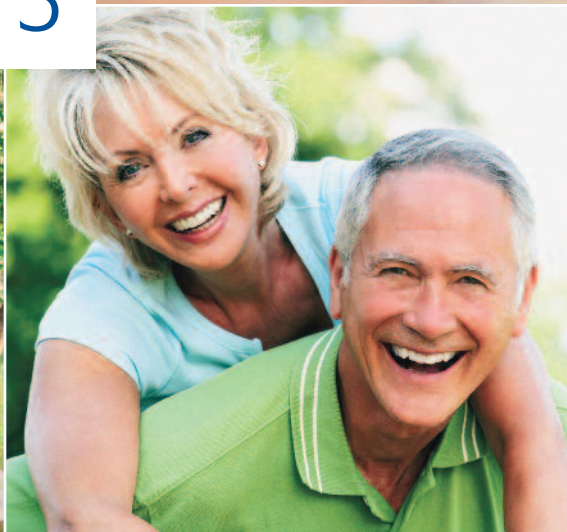




Annual Report 2013



S vámi od A do Z

Allianz 



Basic Economic Facts

Selected indicators (in CZK bil.)	2013	2012	2011
Gross premiums written	11.871	11.568	11.044
Life insurance	4.481	4.307	3.736
Non-life insurance	7.390	7.261	7.308
Claims paid	7.119	6.237	6.263
Life insurance	2.527	2.172	2.176
Non-life insurance	4.592	4.065	4.087
Net claims ratio retention in non-life insurance	54.8%	62.6%	59.6%
Gross expenses ratio	28.4%	25.2%	23.5%
Technical result	933	934	1.137
Profit before tax	1.105	1.209	1.299
Financial placements	18.171	18.110	18.476
Equity	4.486	4.100	5.028
Equity ratio (in % of net written premiums)	41.8%	39.5%	52.8%
Technical provisions	24.089	23.106	21.086
Life insurance	15.588	14.409	12.279
Non-life insurance	8.501	8.697	8.807
Number of contracts in portfolio (ths)	1.832	1.776	1.741
Number of employees	831	830	778
Number of agents	1.776	1.879	1.795



Allianz pojišťovna, a. s.
Annual Report 2013

Insurance from A to Z





Contents

Introduction of the Chairman of the Board of Management	06
Company profile	08
Awards and Prizes	09
Board of Management and Supervisory Board	10
Organisational Structure	11
Motor Insurance	14
Private Property and Entrepreneurial Insurance	17
Life insurance	20
Travel insurance	23
Industrial and Corporate Risk Insurance	25
Claims settlement	26
Property Claims Settlement	27
Claims Settlement- Life and Health	28
Sales	29
Tied Agent Sales Force, Central Brokers	29
Online Underwriting, Bancassurance, Alternative Distribution Channels	30
Employees	31
Employee Training and Development, Employee Benefits	31
Corporate Culture	32
A Word of Thanks from the Board of Management	33
Financial Part	34
Independent Auditor's Report to the Shareholders of Allianz pojišťovna, a.s.	35
Balance sheet as at 31 December 2013	37
Profit and loss account for the year 2013	41
Statement of changes in equity for the year 2013	44
Notes to the financial statements	45
Report on Relations between Related Parties	89
Contacts	96



Introduction of the Chairman of the Board of Management

Dear Ladies and Gentlemen,

In 2013, Allianz pojišťovna started the third decade of its activity in Czech insurance market. It extended its product portfolio and managed with honour the calamities prepared by nature after 11 years again. We proved our ability to be prepared not only in the area of new products but also in the area of floods claims settlement.

In 2013, Allianz pojišťovna was particularly successful in the segment of life insurance and it continued on outperforming others insurers. The company's net profit (according to Czech accounting standards) totalled CZK 938,7 million in 2013. The equity of Allianz pojišťovna is CZK 4.5 billion and the balance sheet sum grew to CZK 29.3 billion.



The total gross written premiums amounted to CZK 11.87 billion in 2013, an increase of 2.6% compared to 2012. According to new methodology of the Czech Association of Insurance Companies, this increase amounts to 6.2%, with the market having increased by 0.1%. Allianz pojišťovna became the most quickly growing insurer of the first ten insurers.

In non-life insurance, our premiums written increased by 2.6% to a total of CZK 7.2 billion according to new Methodology of the Czech Association of Insurance Companies. In life insurance, premiums written increased by 15.9% to CZK 2.94 billion.

The business results of Allianz pojišťovna are clear signal to clients that we are strong and reliable partner. At the same time, they enable the creation of new products ensuring the coverage of new risks and better service.

In 2013, all Middle Europe realized very intensively, that nature disasters become an integral part of our common life. Thanks to high-quality reinsurance and risk underwriting, however, the floods accompanied often by strong storms, were shown minimally in our economic result.

“ AS THE FIRST INSURER IN OUR COUNTRY, WE SET NEW PRICE SEGMENTATION IN AREA OF LIFE INSURANCE. WHO LOVES A HEALTHY WAY OF LIFE, WILL PAY LESS. ”



The warranty of the highest indemnity was an important product innovation in the frame of accident insurance in 2013, i.e. we compare regularly the valuation tables of five biggest insurers and if we find out some of them pays more for a serious accident, we will increase the indemnity for our clients to this level. In property insurance, we maximally extended the list of risks, it means we are able to pay all claims insurable in the Czech market. Allianz pojišťovna started to offer the insurance for case of car theft to the MTPL. Clients loving the healthy way of life will pay less money. As the first insurer in the Czech Republic, we set new price segmentation in area of life insurance.

Thanks to high-quality of services and offer of product portfolio we won a number of awards both by experts and by public during the course of 2013.

I want to thank our employees, insurer advisors and business partners for their professional work. I would like to thank all our clients for the confidence and at the same time, I want to assure them we will never fail their trust. Allianz pojišťovna will continue to be strong and trustworthy insurer.

Sincerely,

Jakub Strnad
Chairman of the Board of Management



Company profile

Allianz pojišťovna is a 100% subsidiary of Allianz New Europe Holding GmbH and as a member of the world's 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 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 a 100% 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 offering motor third party liability insurance (MTPL). In 2010, Allianz pojišťovna became the pioneer in a motor third party liability insurance product offering the most comprehensive coverage of all risks in the Czech market.

Prompt, transparent and modern claims settlement of Allianz pojišťovna forms an integral part of services rendered to clients and ranks at the top in 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, for Allianz clients the services are provided under the name of Allianz 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.

“ **IN 1993 WE ENTERED THE CZECH MARKET AND HAVE BECOME ONE
OT THE TOP THREE INSURERS IN THE CZECH REPUBLIC OVER THE YEARS.** ”



Awards and Prizes

In 2013, Allianz pojišťovna reached 28 most prestigious brands in the Czech Republic, it took over **Superbrands Award 2013** in October. The board consisting of leading communication and marketing experts awarded the long-term quality of its products and services, which is accompanied by number of other awards.



Allianz pojišťovna reached excellent results in competition **Zlatá koruna (Golden Crown)** where it placed 1st in the Non-life Insurance category due to product Household insurance with unique Warranties, also it placed 1st in category Pension saving for Allianz pension supplementary insurance with Strážce penze (Pension Guard). It placed 2nd in category of Novinka roku (Innovation of the Year), for Household insurance with unique Warranties.



Allianz pojišťovna won the golden medal as **Best life insurer 2013** in competition by Hospodářské noviny for the Best Bank and the Best Insurance Company of 2013. In next three categories, it got silver, as the Best Non-Life Insurance Company of 2013, the Most Client-Friendly Insurance Company of 2013 and in category Insurance Innovator with iAuto product.



Investment life insurance Rytmus was also awarded, one of the most successful products of Allianz pojišťovna. In January 2013, this insurance was declared for **Financial product of 2012** by analytic company Scott & Rose, that is operator of Finparáda.cz portal.



Our motor insurance did also well. In the Fleet Awards 2013, our Motor Fleet insurance with Sixth Sense won. For the fifth time, Allianz pension fund was successful, it placed 1st under this name in category Zlatý Měšec (Golden Purse) – **the Best Financial Institution.**



“ ALLIANZ POJIŠŤOVNA HIGHLY VALUES THESE AND FOLLOWING AWARDS, THEY ARE FOR US GREAT INSPIRATION. THEY APPRECIATE WORK OF ITS EMPLOYEES IN CREATING INSURANCE PRODUCTS AND THEIR EFFORTS IN PROVIDING THE CLIENTS WITH HIGH-QUALITY PRODUCTS AND SERVICES. ”



Board of Management



Jakub Strnad
Chairman



Sonia Slavtcheva
Member



Tomáš Vysoudil
Member



Karel Waisser
Member

Supervisory Board

Wolfgang Deichl
Chairman

Harold Langley-Poole
Member

Veit Valentin Stutz
Member



Organisational Structure

RESORT CEO	RESORT CFO	RESORT COO
Jakub Strnad Chairman of the Board of Management	Sonia Slavtcheva Member of the Board of Management	Karel Waisser Member of the Board of Management
Václav Bálek Internal and External Communications	Tomáš Lain Planning and Controlling	Aleš Jelínek Customer Service Centre
Nelly Talášková Human Resources	Petr Kmínek Risk Controlling	Petr Jandek Property Claims
Ludvík Bohman Legal, Compliance and Investigation	Robert Mareš Asset Management	Tomáš Klofát Motor Claims
Maya Mašková Internal Audit	Jan Tichý Tax Department	Hana Páleníková Life Claims
Václav Bohdanecký Industry Insurance and Reinsurance	Anna Švehlová Accounting	Ryszard Schwarz IT
Libor Novák Product Management – Life, Health, Pension	Daniela Volhejnová Collection/Financial Transaction Payment	NN Facility Management, Document Handling and Procurement
		Aleš Dlask Projects and Organisation



Organisational Structure

RESORT CSO

Tomáš Vysoudil

Member of the Board of Management

County Directors:

Petr Hladný – Moravia
Josef Zelenka – South-West Bohemia
Jiří Hruška – North-East Bohemia + Prague

Petr Hrbáček

Central Brokers Sales

Martin Dolanský

Distribution Development

Jana Citterbergová

Sales Support

NN

External Distribution Channels

Pavel Proků

Car and Fleet Insurance

Antonín Hrudník

Allianz Academy

MARKET MANAGEMENT AND P&C PRODUCT MANAGEMENT

Dalibor Šajar

Pavel Jechort

Marketing

Veronika Hašplová

P&C Product Management

Daniel Červený, Václav Hrubý

CRM

Kristýna Melicharová

Central Sale of Travel Insurance

ACTUARIAL, DATA AND PRODUCT ANALYSIS RESORT

Josef Lukášek

Karel Pilař

Data Analysis and Actuarial Reporting

Ema Lanzendörferová

Pricing and Technical Implementation



MTPL insurance

- ✓ Insurance protection in case of damage caused by client
- ✓ Assistance services for case of accident and damage
- ✓ Price reductions for drivers without any caused accidents
- ✓ Validity of insurance throughout Europe



Motor Insurance

In 2013 Allianz pojišťovna prepared the adjustment of new legal rules following from the amendment of Civil Code from 01.01.2014. The changes affected the contents of policies and insurance conditions. It was a unique opportunity to improve these documents in the text and graphic respect, update them and make them more transparent for clients.

The product development continued. Our aim is to continue providing 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 risk that they fear most.

Clients may choose from three packages – Normal, Optimal and Exclusive, which differ by the indemnity limits of CZK 35, 50, and, from autumn 2012, CZK 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 operation 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 cars.

For owners of older cars we have 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. If the owner of the car is a loyal client of Allianz pojišťovna, and, e.g. he has already concluded household insurance, he will be able to obtain this supplementary insurance free one year.

Innovation of motor insurance offered by means of Internet, newly called Allianz iAuto, was one of the main product news in 2013. The first aim of this change was to simplify all process of motor insurance conclusion, with emphasis on the use of new technologies on the portals for communication with clients.

As example we can indicate the possibility of on-line finding the achieved claim-free record in MTPL by a client and its immediate use in concluding the policy. Also new is the moment of insurance beginning which coincides with the time of acceptance the proposal of policy. The client is really insured on-line without actually delayed beginning of insurance that is offered by competitive portals (e.g. from midnight on the day of concluded insurance). With this improvement, Allianz pojišťovna ranked among the best insurance providers on the Internet.



The second aim was to make the product offer more transparent and to improve its communication with potential clients. Generally, the Allianz pojišťovna products of motor insurance that are sold by means of our business service are very comprehensive, with a broad range of coverage, without latent exclusions from insurance and with clearly defined conditions. We have the same rule on the Internet, but thanks to the absence of insurance advisor who is able to explain the separate packages and find the optimal coverage for clients, the Internet offer of insurance is newly created as "building set". The client chooses MTPL insurance which is basis of insurance offer and step by step he chooses other insurance risks (insurance against natural disasters, hull insurance, car glass insurance etc) till the moment he achieves the required insurance range.

Also in the sphere of so called branded insurance which are tailored for customers buying the concrete brand, Allianz pojišťovna was active. In the second half of 2013 it added the product ŠKODA insurance to products Toyota insurance and Volvo Car. As follows from the insurance title, it is motor insurance for Škoda customers. This insurance involves MTPL insurance and hull insurance and provides the owners of Škoda cars with advantage and bonus. E.g. the concept of Home Service- while concluding the policy, the customer can choose the concrete car service that will repair his car in case of any insured event. In such case, the payment is in the prices of new spare parts and drivers do not have to fear of so called redemption.

Business results of motor insurance in 2013 are very good, especially in the area of cooperation with leasing companies. The changes made to the product in 2013 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.

”
INNOVATION OF MOTOR INSURANCE OFFERED BY MEANS
OF INTERNET AND NEWLY CALLED **ALLIANZ iAUTO**
” WAS ONE OF THE MAIN PRODUCT NEWS IN 2013.



Household Insurance

- ✓ The broadest coverage in the market
- ✓ Three unique WARRANTIES

Building Insurance

- ✓ We pay the real property value
- ✓ Protection for all risks in the market

Liability Insurance

- ✓ Everyone in the household is insured
- ✓ We pay damages for rent



Private Property and Entrepreneurial Insurance

Several years Allianz pojišťovna offers property and liability insurance and belongs to the high-quality and most awarded insurers in the Czech insurance market. It offers a best insurance protection not only for households and common kinds of property but also for apartment houses and recreational houses.

Last year Allianz pojišťovna significantly extended insurance coverage with three VIP Warranty at Exclusive version that are unique in the Czech market and it improved the range of covered risks even more.

The conclusion of VIP Garance (VIP Warranty) assures for clients advantage connected with possible settlement of insured event. **Warranty of non-refund the premium** abolishes the obligation to refund the paid premium for stolen electronic appliances if they have been found. **Warranty of non-application the underinsurance** assures the indemnity payment in full amount without any reduction, if the insurance sum was written in recommended amount, although it was not updated during insurance period. The most significant is **Warranty of broadest coverage** assuring the indemnity also from the risks that are not arranged in version Exclusive even in the cases these claims are covered by any of competitive insurance companies in the frame of the same type of insurance.

The **Home Assistance** services are integral part of property insurance for private persons and entrepreneurs. There is a special kind of assistance for apartment houses. Allianz pojišťovna always increases their range and quality.

Our private property insurance received the awards in various competitions. In survey of Asociace českých pojišťovacích makléřů (Association of Czech Insurance Brokers), the private property insurance placed 2nd and in the competition Zlatá koruna (Gold Crown) The Household insurance with unique WARRANTIES won in non-life insurance category. The same product placed 1st in the competition Novinka roku (Innovation of the Year)! Other awards had Allianz pojišťovna from Cena Hospodářských novin (Award of Hospodářské noviny) where it received a silver position in category The best non-life insurance.

To entrepreneurs, Allianz pojišťovna offers a wide range of customised products. The innovated product PRO podnikatele (FOR entrepreneurs) is 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 as used by owners of real estate. The 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, building and other structures serving for business purposes, as well as liability insurance. Noe Plus programme is available in packages. Three insurance variations- NORMAL, OPTIMAL and EXCLUSIVE cover the entire segment of risks. All that clients need to do is to choose the combination which matches their needs. The comprehensive entrepreneurial insurance Noe maintains the high standard.

In 2013, similarly as in the past years, Allianz pojišťovna focused on further modernisation of its current private property and entrepreneurial insurance as well as design of new attractive promotional offers. 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 for committees of owner´s societies. Allianz pojišťovna also has further expanded its professional liability insurance offer.

“
LAST YEAR ALLIANZ POJIŠŤOVNA SIGNIFICANTLY EXTENDED
INSURANCE COVERAGE WITH **THREE VIP WARRANTIES**
AT EXCLUSIVE VERSION THAT ARE UNIQUE IN THE CZECH MARKET
”
AND MADE THE RANGE OF COVERED RISKS MORE ATTRACTIVE.



Life insurance RYTMUS

- ✓ With or without investment
- ✓ For illness and accident

Life Insurance PRO ŽENY (FOR WOMEN)

- ✓ Especially for women and mothers
- ✓ We take care not only of you

Children Insurance PASTELKA (CRAYON)

- ✓ Protects and ensures your children
- ✓ One policy for all children



Life Insurance

2013 was a year of significant changes in the sphere of life insurance, similarly like last year. Allianz pojišťovna made far-reaching changes in all its life insurance products on the basis of own initiative, next changes were brought by a planned legislative change of new Civil Code since January 2014, which affects directly the new policies for next years.

Rytmus product maintained its stable position in the product offer of Allianz pojišťovna, owing to a lot of innovations. The most significant change was introducing of new segmentation into life insurance products, whose target group are mainly clients with healthy way of life. Their flag products Allianz F1 and Allianz Mercury were updated to support long-term cooperation with external distributors. The 1st position in category of the Best life insurance company 2013 and 2nd position in category Clients-most friendly life insurance company in the independent award of Hospodářské noviny confirm not only the product quality.

We boosted our sales by introducing several innovations. The greatest interest had Warranty of highest settlement at daily indemnity that Allianz pojišťovna introduced with accident insurance as the first in Czech insurance market. Other advantageous features introduced in 2013 were autumn campaign Achilles or brand new extension of insurance coverage in form of accompanying child in hospital. Accident bonus offered last year or insurance for case of involuntary employment loss was not missing. Exclusiveness at external distributive networks was maintained by a possibility to arrange supplementary insurance of wedding cancellation or supplementary insurance of long-term inability to work.

The success of these products and innovations facilitated excellent results in life insurance 2013. In the key area of current premiums, premiums written reached almost CZK 2.8 billion, which is an increase of 18.3% compared to 2012. The second year Allianz pojišťovna was the fastest growing of the major insurance companies in the market, with its growth being many times higher of that of the entire market (0.7%).

Allianz pojišťovna focuses on both individual client and employer sector. To employees it offers combination of life insurance and pension products. This programme offers both employees and employers to fully utilize tax relief on both coverages within one policy and represents very popular benefit as well as stabilization element. Clients may also use discounts on other Allianz insurance products, such as motor or household insurance.



During the course of 2013, Allianz pojišťovna also launched new tranches of single premium unit-linked insurance with capital protection. At the beginning of the year the clients could arrange Allianz product QUATROinvest and, in the cooperation with UniCredit Bank Czech Republic and Slovakia, a.s. the MULTI INVEST 2018 product. In autumn Allianz pojišťovna launched TITANinvest product and, in cooperation with UniCredit Bank Czech Republic and Slovakia, a.s. the GIGANTI product. All these products contributed to good result in single premium insurance, we wrote premium of more than CZK 1.7 billion.

“
ALLIANZ POJIŠŤOVNA IS FOCUSED ON BOTH
INDIVIDUAL CLIENTS AND EMPLOYER SECTOR.
”

”



Short-term travel insurance

- ✓ For holiday or business trip

Travel insurance for annual repeated stays

- ✓ For frequent tourists

Annual travel insurance

- ✓ For long-term stays





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 coverage and at the same time is a unique for having unlimited coverage of medical care expense abroad. The insurance coverage of medical care expense also includes risks related to terrorism, search and rescue activities of the Mountain Rescue Service and selected types of leisure time activities.

The basic product is medical care expense insurance with unlimited coverage which is supplemented by luggage insurance, including luggage and flight delay, liability insurance and other loss, accident insurance and insurance of cancellation penalty with 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 phone has become increasingly popular for travel insurance; the clients can arrange all themselves from their home. Fast, easily and still with price reduction.

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

News for 2013 was implementation of legal changes brought by Civil Code that is valid since 01.01.2014. The regulations concerned all documents of travel insurance, e.g. insurance terms, policies and leaflets.



Corporate products

- ✓ Vehicles
- ✓ Property and liability
- ✓ Travel insurance
- ✓ Life insurance
- ✓ Supplementary pension insurance
- offer for employers
- ✓ Individual risks and industry
- ✓ Aircraft insurance





Industrial and Corporate Risk Insurance

In industrial insurance, Allianz pojišťovna maintained its focus on the local market and Czech industrial entities in 2013. 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 active cooperation with insurance brokers, the company succeeded in coping grew in this segment.

Claim performance was influenced mostly by floods in June, but their economic consequences were limited with respect to systematic assessment of this danger at underwriting risks and thanks to high-quality reinsurance programme.

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

Despite the strongly competitive environment, Allianz pojišťovna will continue to focus on the Czech market in 2014. Its main goals will be growth in local business and sufficient profitability. Its projects will emphasize further development of cooperation with insurance brokers, improvement in quality of services and increase in the efficiency of processes.



Claims Settlement

Claims settlement is in the manner of its parent company a "shop window" of Allianz pojišťovna services, on a long term basis it takes care of a high-quality and professional service for clients and completes high standard of business services.

Electronic claims settlement has its stable position in motor claims settlement. Our claims settlement staff got used to new software, but all „conveniences“ are used mostly by our customers, injured persons, business representatives, brokers, contracting services etc. They themselves look for the most suitable ways that are offered by this form- phone communication, web services, e-mail correspondence. Sometimes they suggest various improvement, simplification and efficiency improvement. For claims settlement it was not only a fast feed-back but next impulse to increase the speed and correctness of internal system and claims settlement staff (e.g. processing new documents). Relatively routine procedure of electronic claims settlement has been improved continuously. There were some innovations, analyses and adjustments of procedures and work processes in order to improve the claims settlement service.

In 2013, the team of Settlement Contact Centre for reporting claims and providing basic information about settlements stabilized. The personnel changes were minimal, which was the basic condition of professional growth. More and more customers who call or ask find first information provided by Settlement Contact Centre staff binding for next process (inspection, repair, lending a replacement car, etc). The aim for coming year is to increase the factual correctness and speed of provided information, to minimize the error rate, to notify of various specific arrangements of policy concerning both obligations (e.g. repairs in contracting car repair shops) and advantage (cheaper replacement car, longer rental time, non-deduction of self-insurance retention, etc). Working hours of the centre became more effective on working days but the customers and partners can use other services on a 24/7 basis (online reporting, monitoring a claim´s progress, uploading the documents etc.) through the Allianz website.

High attention was paid to the detection of insurance fraud. To achieve higher effectiveness, the division team for support of claims investigation, whose main task was to support the detection of insurance fraud in car settlement, changed its position in the company´s organisational structure- it works under the new and increased team of company investigators.

The floods in June were important for us from the sphere of claims resulting from natural calamities. The damages on the cars were, however, higher, water and mud got into the engines and car interior. Very often these damages occurred due to negligence and risk of the clients trying to drive through flooded regions.



We were very active in relation to our contracting partners again. The trend to make the cooperation with contracting car repair shops more effective continued. The cooperation with car repair shops whose services did not provide the necessary “added value” to any party was terminated. Other car repair shops where there was a high business interest and that were regularly used by Allianz customers got new contracts in which the agreements about repairs were completely revised. Home services started to offer a new version PLUS which provides the clients with longer rental time of a replacement car, non-deductible self-insurance retention and other advantage. The internet exchange obtained high standard and reliability for expertise of damaged and destroyed cars. The similar situation was in software usage (e.g. CEZIA) for verification of technical and historical data of the cars (car identification, year of production, driven kilometres, equipment). Unfortunately, there were some facts found out at the settlement, about which the current owner had no idea- e.g. about car origin. The mobile technicians had new tablets with online connection for the inspections.

Further, 2013 showed the tendency of specific contracting arrangements and settlement rules for key clients or brokers. Where possible we met these requirements despite higher labour intensity or complicatedness of settlement but we made efforts to maintain the speed and simplicity of settlement service for client.

The regular survey of client satisfaction indicated that the motor claims settlement division is really professional in the claims settlement in the eyes of clients and other partners. This is, however, binding for 2014; the aim will be to maintain and improve the existing high indicators. The demanding philosophy application and stipulations of new Civil Code will be a new big challenge for all staff of this division.

Property Claims Settlement

Division of property claims settlement works continuously on changes building on a higher quality in the company’s approach to clients, on working with process management and using modern technologies. At the same time, it is committed to increasing the standards of its communications with clients.

Claims are reported mostly by phone and online over the Internet. Reporting by phone 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 conservative retail customers.

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 non-calamitous periods of 2013.

It is necessary to mention that 2013 was demanding year for the division of property claims settlement due to extensive calamities. In June there were floods on our territory and then during summer next natural disasters- storms, hailstorms, local thunderstorms etc. Totally there were more claims than in “floods” year 2002. The situation was complicated with fragmentation of damages over the whole republic and their diversification into several waves during all summer. Only from summer we solved almost 7 thousand claims for almost CZK 400 million. The highest share of these claims concerned private insurance.



At that time the customer line received ten times higher number of new reported claims, that is why its working hours were prolonged operatively, colleagues from Allianz Slovenská poisťovňa completed the team of mobile technicians and also adjusters worked at the weekends and overtime to be able to satisfy the clients.

The insured people from the most disaster areas were lent free of charge the dryer machines, the others were paid rent charge for these machines in case they rented them and the logically increased electrical power take off was paid all.

According to Net Promoter Score survey the most clients estimated us even during the worst calamity months positively. Unfortunately one fifth of our clients was not fully satisfied with the speed (not quality) of claim settlement which is our motivation for future how to improve the service for clients at the moments of these extraordinary events. At the end of the year we settled almost 90% of all calamity damages from private insurance.

2013 was a record year due to claims during the more than twenty years longer Allianz poisťovňa history. In 2013 almost 33 000 of claims from property insurance were reported.

Optimisation of claims settlement will continue, based on experience from last year. We want to develop our employees' skills and knowledge, support the high standard of business service and use modern technologies for development and improvement of claims settlement level. High-quality service and satisfaction of our clients, transparent and open communication with clients are priority for Allianz poisťovňa.

Claims Settlement- Life and Health

Claims settlement focused more on prompt and convenient service, which is not bothering for clients in 2013. On the other hand, the effective prevention and detection of insurance fraud are the important tasks in this area.

Client satisfaction is monitored by means of the Net Promoter Score indicator. In 2013, 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. Just in these claims where adjustment tends to proceed in a particularly prompt and flexible way, and without delays. The promptness of claims adjustment is evidences by the fact that 85% of all reported injuries are adjusted by one week after they are reported (time from delivery of the report until the adjuster's decision); 61% of the total number of claims are closed within two days 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 21.5 million in this area in 2013.



Sales

In 2013, our agenda in sales focused on integration of the multi-channel concept of distribution ways, especially with respect to increasing volume of sales of three sides. Excepting the fulfilment of sales plans, the main goal of sales management was to manage actively the sales activities of new workers and establishment of regional centres in the areas with low penetration. Sale of pension products and starting the pension reform were a great challenge for sales management.

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 2013, our investments in the development of distribution showed year-on-year no decrease, despite the market and especially external distribution partners showed on the market year-on-year decrease about 15%.

Changes were reflected in the organization of sales. Due to optimizing of distribution costs, the number of head offices was reduced from 5 to 3 and the part of savings was transferred to the investments strengthening the distribution capacity, especially to projects supporting the intensive growth. The strategy of extensive growth of sales performance enabled to increase penetration 20% and keep up the growth of new clients. The career system of remuneration, extended by building up and growth of new teams, continues to be a key tool for further development and growth of tied agent sales force. In the area of cooperation development it was segmentation of brokers and clients, including the work with portfolio. In 2013, we managed to address almost 10% of all clients in the frame of sales campaigns in order to increase their penetration.

The concept of sales points contributes to better availability of services, about 50 new points in the Czech Republic were established in the frame of franchise and classical concept.

Central Brokers

Despite the calamities we maintained the high standard of provided service, which resulted in closer cooperation with the greatest insurance brokers in the Czech Republic.

In the area of fleet insurance we successfully continued on stabilizing of portfolio. 2013 was the first all year of agriculture insurance, in 2014 Allianz pojišťovna will continue on this development. In 2013, the new model of cooperation with major insurance brokers emphasizing the profitability of mutual cooperation was implemented.



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 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 intensively developing reciprocal cooperation with its partners in the banking sector. It increased the sales model of cooperation for bancassurance. It managed to double building saving and to increase significantly the mortgage loans.

In 2013, the cooperation with 6 domestic banks was stabilized. The cooperation with UniCredit Bank continued successfully, this bank offers Allianz's private property insurance and single premium life insurance to clients at its branch offices. This mutual cooperation further expanded in the area of mortgage loans.

Modrá pyramida stavební spořitelna, LBBW Bank CZ, Raiffeisenbank im Stiftland have been long-term partners for Allianz pojišťovna, particularly in the area of non-life insurance.

Alternative Distribution Channels

In 2013, 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 maximal 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.

Allianz pojišťovna focused on effectiveness and stabilization of processes that are crucial for high-quality partnership. The goal is even more effective relationship management with its key partners.



Employees

Allianz pojišťovna underwent a large organizational change in 2013. It moved from a product-managed organization to a process-oriented organization with a clear aim of increasing efficiency. As a result of these changes, there were also changes in the organizational structure.

The basis of company's success are its employees. The employees, who are motivated to provide the best services to their clients. They create and improve products of Allianz, they offer products that best reflect the customer's needs and in case of insured accident will provide high-quality insurance protection which will ensure our clients with unmatched settlement service. 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:

- Allianz Academy- system of in-house training for business service;
- We teach each other – set of in-house 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 etc.

Employee Benefits

Allianz pojišťovna aims at continuously reinforcing its position among leading insurers as well as among important employers. The company fully appreciates that the excellent results are, to a large extent, owed to the high commitment of its employees. The most significant benefits in 2013:

- A week of vacation in addition to the time prescribed by law;
 - Free beverages at the workplace;
 - 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;
- Employer contribution to the employee's supplementary pension scheme;
- Basic life insurance for the case of death due to any cause;
- Special offers on UniCredit Bank products and services;
- 50% discount on tickets to Theatre Minor;
- As a part of partnership with the Botanical Garden, 50% discount on tickets;
- T-Mobile programme- special tariffs for employees and their family members; and
- Discount 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 survey of employees' motivation 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 2013, 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 are an integral part of our corporate culture.

The corporate culture of Allianz pojišťovna is supported by regular 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 www.zapojimse.cz portal (I Shall Become Involved). Once a year employees have opportunity, as a part of their working hours, to help manually, by expert advice or simply by their presence (talking to senior citizens in retirement houses) in selected non-profit organizations. In 2013, almost half of employees signed up for the project and helped in non-profit organizations. 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 reinforce their positive affiliation to the employer.

To ensure fluent communications with employees about important events and changes in the company, Allianz pojišťovna circulates regular letters by the Board of Management, provides regular weekly information, TV Allianz, 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



Allianz pojišťovna, a. s.

Financial Part



KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Česká republika

Telephone +420 222 123 111
Fax +420 222 123 100
Internet www.kpmg.cz

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

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

Financial statements

On the basis of our audit, on 21 February 2014 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 2013, 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 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.

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 2013, 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 2013 prepared in accordance with the applicable provisions of Act No. 90/2012 Coll., on Companies and Cooperatives. 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 2013 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 the 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
3 April 2014


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


Jindřich Vašina
Partner
Licence number 2059



Balance sheet as at 31 December 2013

(In thousands of Czech crowns TCZK)

	2013 Gross	2013 Adjustment	2013 Net	2012 Net
I. ASSETS				
A. Receivables for subscribed registered capital				
B. Intangible fixed assets, thereof	637 273	541 582	95 691	113 516
a) Incorporation expenses				
b) Goodwill				
C. Financial placements (investments)	18 170 660		18 170 660	18 109 978
I. Land and buildings (real estate), thereof				
a) Land and buildings - self-occupied				
II. Investments in affiliated undertakings and participating interests	1 830 722		1 830 722	713 807
1. Participating interests with controlling influence	953 651		953 651	284 007
2. Debt securities issued by, and loans to, undertakings - controlling influence	877 071		877 071	429 800
3. Participating interests with significant influence				
4. Debt securities issued by, and loans to, undertakings - significant influence				
III. Other financial placements	16 339 938		16 339 938	17 396 171
1. Shares and other variable-yield securities, other participating interests	588 267		588 267	253 806
2. Bonds and other fixed-income securities	15 498 338		15 498 338	16 771 636
a) bonds and other fixed-income securities valued at fair value through profit and loss	13 038 724		13 038 724	14 525 762
b) "OECD" bonds held to maturity	2 459 614		2 459 614	2 245 874
c) other bonds and other fixed-income securities held to maturity				
3. Financial placements in investment associations				
4. Other loans	15 043		15 043	14 272
5. Deposits with financial institutions	100 254		100 254	360 325
6. Other financial placements	138 036		138 036	-3 868
IV. Deposits with ceding undertakings				
D. Financial placements for the benefit of life assurance policyholders who bear the investment risk	8 079 352		8 079 352	6 782 048



Balance sheet as at 31 December 2013

(In thousands of Czech crowns TCZK)

	2013 Gross	2013 Adjustment	2013 Net	2012 Net
E. Debtors	1 780 562	368 614	1 411 948	1 327 181
I. Receivables arising from direct insurance operations	1 119 269	352 813	766 456	754 564
1. Policyholders, thereof	983 736	237 293	746 443	754 564
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	135 533	115 520	20 013	
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	329 196		329 196	188 820
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	332 097	15 801	316 296	383 797
a) Receivables due from entities in which the Company has a controlling influence	2 880		2 880	102 242
b) Receivables due from entities in which the Company has a significant influence				
F. Other assets	775 258	150 520	624 738	336 639
I. Tangible fixed assets other than land and buildings (real estate), and inventories	230 444	150 520	79 924	75 618
II. Cash on accounts in financial institutions and cash in hand	544 814		544 814	261 021
IV. Other assets				
G. Temporary asset accounts	873 215		873 215	988 190
I. Accrued interest and rent	7 135		7 135	3 191
II. Deferred acquisition costs	792 237		792 237	908 127
a) in life-assurance business	644 870		644 870	782 991
b) in non-life insurance	147 367		147 367	125 136
III. Other temporary asset accounts, thereof	73 843		73 843	76 872
a) Estimated receivables	54 974		54 974	50 628
TOTAL ASSETS	30 316 320	1 060 716	29 255 604	27 657 552



Balance sheet as at 31 December 2013

(In thousands of Czech crowns TCZK)

		2013		2012
II. LIABILITIES				
A. Equity		4 485 792		4 099 534
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		499 441		550 884
V. Statutory reserve fund and other funds from profit		487 528		438 925
VI. Profit or loss brought forward		1 930 340		1 507 886
VII. Profit or loss for the financial year		938 701		972 057
B. Subordinated liabilities				
C. Technical provisions		14 897 798		15 183 016
1. Provision for unearned premiums				
a) gross amount	2 321 361		2 117 527	
b) reinsurance share (-)	196 367	2 124 994	181 291	1 936 236
2. Life assurance provision				
a) gross amount	6 112 821		6 116 291	
b) reinsurance share (-)	3 712	6 109 109	1 320	6 114 971
3. Provision for outstanding claims				
a) gross amount	6 480 621		6 664 729	
b) reinsurance share (-)	912 247	5 568 374	944 160	5 720 569
4. Provision for bonuses and rebates				
a) gross amount	286 096		246 279	
b) reinsurance share (-)		286 096		246 279
5. Equalization provision				
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	381 833		642 715	
b) reinsurance share (-)		381 833		642 715
8. Non-life insurance provision				
a) gross amount				
b) reinsurance share (-)				



Balance sheet as at 31 December 2013

(In thousands of Czech crowns TCZK)

		2013		2012
9. Provisions for liabilities of the Bureau				
a) gross amount	427 392		536 384	
b) reinsurance share (-)		427 392	14 138	522 246
D. Life assurance technical provision where the investment risk is borne by the policyholders		8 079 352		6 782 048
a) gross amount	8 079 352		6 782 048	
b) reinsurance share (-)		8 079 352		6 782 048
E. Provisions		199 992		259 106
1. Provisions for pensions and similar obligations				
2. Provisions for taxation		165 727		230 221
3. Other provisions		34 265		28 885
F. Deposits received from reinsurers		16 557		11 467
G. Creditors		1 174 433		1 047 942
I. Payables arising from direct insurance operations, thereof		699 555		708 875
a) Payables to entities in which the Company has a controlling influence		912		119
b) Payables to entities in which the Company has a significant influence				
II. Payables arising from reinsurance operations, thereof		261 588		135 237
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		213 290		203 830
a) Tax liabilities and payables due to social security and health insurance institutions		29 702		34 517
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		401 680		274 439
I. Accrued expenses and deferred revenues		20 965		30 662
II. Other temporary liability accounts, thereof		380 715		243 777
a) Estimated payables		380 715		243 777
TOTAL LIABILITIES		29 255 604		27 657 552



Profit and loss account for the year 2013

(In thousands of Czech crowns TCZK)

	2013 Base	2013 Subtotal	2013 Result	2012 Result
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE				
1. Earned premiums, net of reinsurance:				
a) gross premiums written	7 390 180			
b) outward reinsurance premiums (-)	1 106 014	6 284 166		
c) change in the gross provision for unearned premiums (+/-)	202 183			
d) change in the provision for unearned premiums, reinsurers' share (+/-)	11 407	190 776	6 093 390	5 920 075
2. Allocated investment return transferred from the non-technical account			119 568	482 856
3. Other technical income, net of reinsurance			534 889	643 664
4. Claims incurred, net of reinsurance:				
a) claims paid:				
aa) gross amount	4 592 034			
bb) reinsurers' share (-)	994 335	3 597 699		
b) change in the provision for outstanding claims:				
aa) gross amount	-290 929			
bb) reinsurers' share (-)	-32 838	-258 091	3 339 608	3 704 699
5. Changes in other technical provisions, net of reinsurance (+/-)			-94 854	-95 393
6. Bonuses and rebates, net of reinsurance			222 353	233 890
7. Net operating expenses:				
a) acquisition costs		551 926		
b) change in deferred acquisition costs (+/-)		-22 232		
c) administrative expenses		1 307 061		
d) reinsurance commissions and profit participation (-)		135 025	1 701 730	1 556 165
8. Other technical expenses, net of reinsurance			555 821	832 643
9. Change in the equalisation provision (+/-)				-198 673
10. Sub-total on the technical account for non-life insurance			1 023 189	1 013 264



	2013 Base	2013 Subtotal	2013 Result	2012 Result
II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE				
1. Earned premiums, net of reinsurance:				
a) gross premiums written		4 480 934		
b) outward reinsurance premiums (-)		39 118		
c) change in the provision for unearned premiums, net of reinsurance (+/-)		-2 018	4 443 834	4 281 191
2. Income from financial placements (investments):				
a) income from participating interests, with a separate indication of that derived from controlling influence				
b) income from other investments, with a separate indication of that derived from controlling influence		43 336		
aa) income from land and buildings (real estate)				
bb) income from other financial placements (investments)		43 336		
c) value adjustments on financial placements		628 376		
d) income from disposal of financial placements		4 104 030	4 775 742	4 706 829
3. Unrealised gains on financial placements			1 544 533	1 961 789
4. Other technical income, net of reinsurance			159 384	135 967
5. Claims incurred, net of reinsurance:				
a) claims paid:				
aa) gross amount	2 527 209			
bb) reinsurers' share (-)	7 848	2 519 361		
b) change in the provision for outstanding claims:				
aa) gross amount	106 821			
bb) reinsurers' share (-)	925	105 896	2 625 257	2 214 631
6. Changes in other technical provisions, net of reinsurance (+/-):				
a) life assurance provisions:				
aa) gross amount	-3 470			
bb) reinsurers' share (-)	2 392	-5 862		
b) other technical provisions, net of reinsurance		1 036 423	1 030 561	2 061 461
7. Bonuses and rebates, net of reinsurance			40 003	26 281
8. Net operating expenses:				
a) acquisition costs		920 910		
b) change in deferred acquisition costs (+/-)		138 121		
c) administrative expenses		416 323		
d) reinsurance commissions and profit participation (-)		14 442	1 460 912	1 133 340
9. Expenses connected with financial placements (investments):				
a) investment management charges, including interest		2 318		
b) value adjustments on financial placements				
c) book value of disposed financial placements		4 007 221	4 009 539	4 046 779
10. Unrealised losses on financial placements (investments)			1 451 203	809 795
11. Other technical expenses, net of reinsurance			118 675	112 724
12. Allocated investment return transferred to the non-technical account (-)			277 204	759 811
13. Sub-total on the technical account for life assurance			-89 861	-79 046



	2013 Base	2013 Subtotal	2013 Result	2012 Result
III. NON-TECHNICAL ACCOUNT				
1. Result of the technical account for non-life insurance			1 023 189	1 013 264
2. Result of the technical account for life assurance			-89 861	-79 046
3. Income from financial placements:				
a) income from participating interests, with a separate indication of that derived from controlling influence				
b) income from other investments, with a separate indication of that derived from controlling influence				
aa) income from land and buildings				
bb) income from other financial placements (investments)				
c) value adjustments on financial placements				
d) income from disposal of financial placements				
4. Allocated investment return transferred from the technical account for life-assurance			277 204	759 811
5. Expenses connected with financial placements:				
a) investment management charges, including interest				
b) value adjustments on financial placements		366 042		
c) book value of disposed financial placements			366 042	
6. Allocated investment return transferred to the technical account for non-life-insurance			119 568	482 856
7. Other income			426 641	60 040
8. Other expenses			46 100	61 772
9. Income tax on ordinary activities			166 876	237 042
10. Profit or loss on ordinary activities after tax			938 587	972 399
11. Extraordinary income				
12. Extraordinary expenses				
13. Extraordinary profit or loss				
14. Income tax on extraordinary activities				
15. Other taxes not shown under the preceding items			-114	342
16. Profit or loss for the financial year			938 701	972 057



Statement of changes in equity for the year 2013

(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. 2012	600 000		29 782	385 423	555 714	-6 676	3 463 388	5 027 631
Correction of fundamental 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
Transfers 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
BALANCE AT 1.1. 2013	600 000		29 782	438 925	555 714	-4 830	2 479 943	4 099 534
Correction of significant errors								
FX gains (losses) and changes in valuation not included in the profit and loss statement						-51 443		-51 443
Net profit/loss for accounting period							938 701	938 701
Dividends							-501 000	-501 000
Addition to funds				48 603			-48 603	
Reduction of funds								
Shares issued								
Reduction in registered capital								
Own shares purchased								
BALANCE AT 31.12. 2013	600 000		29 782	487 528	555 714	-56 273	2 869 041	4 485 792



Notes to the financial statements

31 December 2013

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 Coll., the Insurance Act.
2. Reinsurance activities for non-life insurance.
3. Activities relating to insurance and reinsurance activities:
 - 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 intermediaries and independent loss adjusters;
 - 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 and Supervisory Board as at 31 December 2013:

Members of the Board of Directors

Chairman: RNDr. Jakub Strnad, Ph.D., Dobřejovice

Members: Ing. Sonia Mihaylova Slavtcheva, MBA, Prague¹⁾

Ing. Petr Sosík, Ph.D., CFA, Prague²⁾

Mgr. Karel Waisser, Nučice

PhDr. Tomáš Vysoudil, Říčany

¹⁾ Ing. Sonia Mihaylova Slavtcheva, MBA, Prague became a new member of the Board of Directors with effect as at 1 July 2013.

²⁾ Ing. Petr Sosík, Ph.D., CFA, Prague resigned as a member of the Board of Directors with effect as at 30 June 2013.

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

Chairman: Wolfgang Deichl, Dachau, Germany

Members: Harold Langley-Poole, Munich, Germany

Veit Valentin Stutz, Munich, Germany

Proxies of the Company as at 31 December 2013

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, Prague¹⁾

Drahomír Kubáň, Prague²⁾

Ing. Miroslav Šrámek, Prague³⁾

RNDr. Maya Mašková, Mníšek pod Brdy

Proxies who act on behalf of the Company independently:

Ing. Václav Bohdanecký, Roztoky

Ing. Pavel Prokš, Poděbrady

Mgr. Radek Baštýř, Beroun⁴⁾

JUDr. Ludvík Bohman, Prague⁵⁾

Tomáš Klofát, Pardubice⁶⁾

¹⁾ Mr Kučera was removed as a proxy with effect as at 30 July 2013.

²⁾ Mr Kubáň was removed as a proxy with effect as at 30 July 2013.

³⁾ Mr Šrámek was removed as a proxy with effect as at 30 July 2013.

⁴⁾ Mr Baštýř was removed as a proxy with effect as at 30 July 2013.

⁵⁾ Mr Bohman became a proxy of the Company with effect as at 19 November 2013.

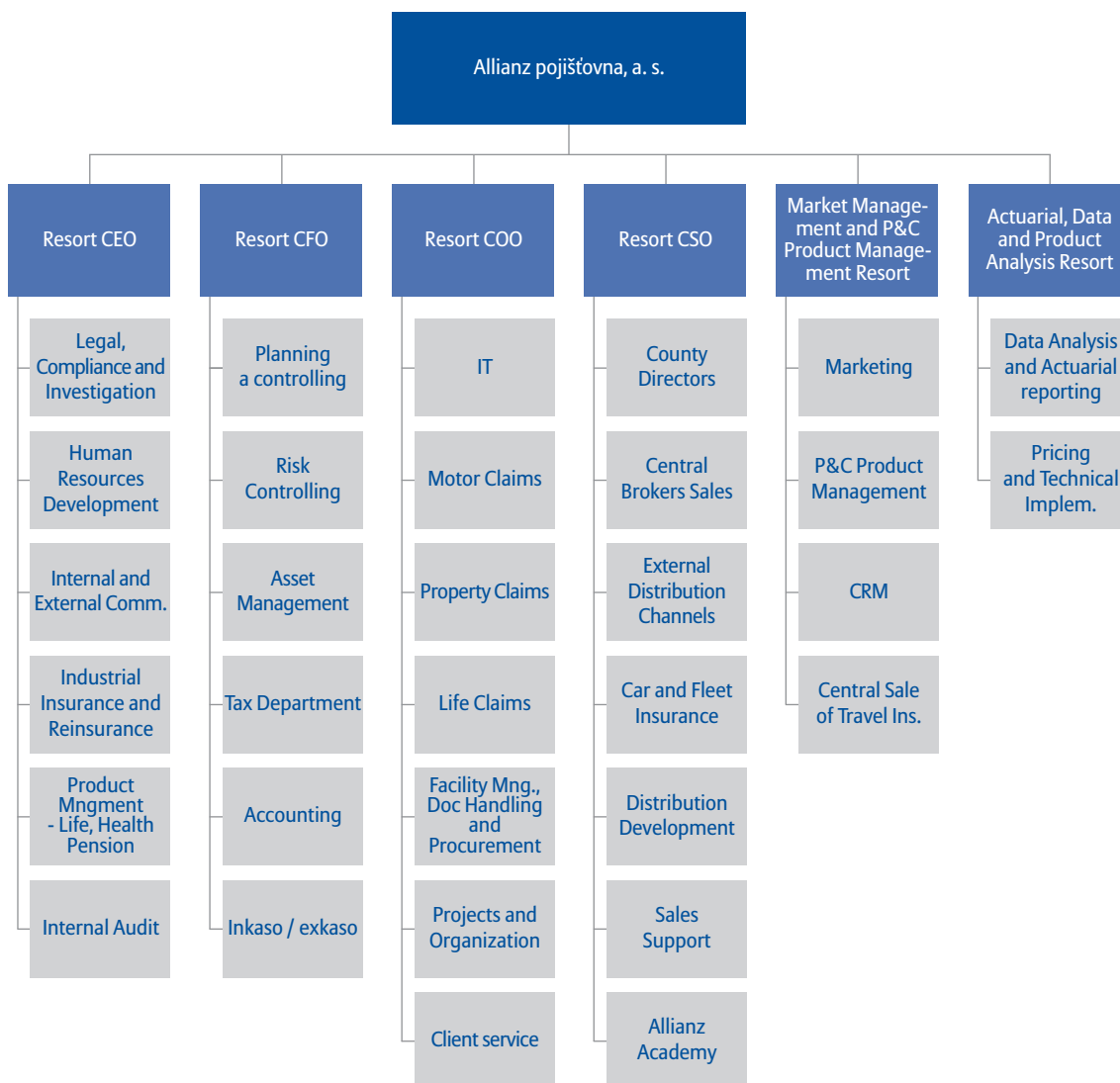
⁶⁾ Mr Klofát became a proxy of the Company with effect as at 19 November 2013.



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 to provide services. In 2013, the Company carried on its operations in the Slovak Republic, Poland, Austria, Germany, Hungary, Bulgaria, Lithuania, Latvia, Romania, Estonia, France, Great Britain, the Netherlands and Cyprus based on freedom to provide services.

Organizational 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 profit and loss account 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 profit and loss account 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 profit and loss account.

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 profit and loss account rather than in equity, the cumulative revaluation differences previously recognised in equity are derecognised and recognised in the profit and loss account only at the moment of sale or maturity of the relevant security.



Shares and other variable-yield securities

At the acquisition date, shares 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 profit and loss account.

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 balance sheet date, these assets are revalued at their 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 profit and loss account.

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 the 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 profit and loss account.

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 profit and loss account.

(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 profit and loss account.

(f) Deferred acquisition costs

Deferred acquisition costs represent the proportion of the acquisition costs incurred during the current financial year that relates to the revenues of subsequent financial years. At the end of each financial year the Company carries out a liability adequacy test to determine whether the amount of the deferred acquisition costs is appropriate.

Non-life insurance

In respect of non-life insurance, deferred acquisition costs are based on total acquisition costs incurred in the current period. 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 1.4.(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 profit and loss account are presented in "Bonuses and rebates".



(l) 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 and provision for bonuses and rebates).

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 profit and loss account.

(m) 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.



(n) 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.

(o) 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.

(p) 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.

(q) 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.



(r) 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.

(s) Acquisition costs

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

(t) 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.

(u) 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 1.4.(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.

(v) 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 profit and loss account.

(w) 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.

1.5. Change in accounting policies and procedures

During the year 2013, 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.



1.6. 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 2012, 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 in cooperation with a specialized department of the Allianz Group.



(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

II. 1. Intangible fixed assets

Intangible fixed assets of the Company as at 31 December 2013 comprised the following items:

	Software	Acquisition of assets and advances paid	Total
Acquisition cost at 1.1.2013	674 524	4 810	679 334
Additions	41 353	7 305	48 658
Transfers	3 472	-3 472	
Disposals	-90 719		-90 719
Acquisition cost at 31.12.2013	628 630	8 643	637 273
Accumulated amortization at 1.1.2013	565 818		565 818
Amortization expense	63 518		63 518
Disposals	-87 754		-87 754
Accumulated amortization at 31.12.2013	541 582		541 582
Net book value at 1.1.2013	108 706	4 810	113 516
Net book value at 31.12.2013	87 048	8 643	95 691

II. 2. Investment

(a) Participating interests

Participating interests with controlling influence

2013	Participating interest as % of registered capital	Acquisition cost	Fair value	Total registered capital	Total equity	Profit or loss for the financial year
Allianz penzijní společnost, a.s. Ke Štvanici 656/3, 186 00 Prague 8	100	583 607	583 607	*300 000	*730 705	*-44 942
Allianz kontakt, s.r.o. Ke Štvanici 656/3, 186 00 Prague 8	100	200	200	*200	*4 533	*-1 042
Allianz generální služby, s.r.o. Ke Štvanici 656/3, 186 00 Prague 8	100	200	200	*200	*125	*-15
Diamond Point, a.s. Mánesova 917/28, 120 00 Prague 2	100	795 342	369 644	*78 793	*369 644	*-32 319
Total	-	1 379 349	953 651	379 193	1 105 007	-78 317

*) unaudited financial data



As at 31 December 2012 the equity of Allianz penzijní fond, a.s., totalling TCZK 1 668 856, included valuation differences of TCZK 841 818 and retained earnings attributable to clients of TCZK 357 367, which were transferred to Allianz penzijní společnost, a.s., Allianz's new transformed fund, as at 1 January 2013 as part of a transformation process. Also as part of the transformation of Allianz penzijní fond, a.s., the remainder of the equity amount was transferred to Allianz penzijní společnost, a.s. as at 1 January 2013. In January 2013 the Company provided Allianz penzijní společnost, a.s. with a contribution of TCZK 300 000 made outside registered capital, to capital funds.

On 24 January 2013 the loans provided to VERONIA SHELF, s.r.o. were capitalised, which increased the acquisition cost of the Company's investment in VERONIA SHELF, s.r.o. by TCZK 787 725. Diamond Point, a.s. is a successor company that was formed on 1 May 2013 through a merger by acquisition, with the assets and liabilities of the dissolving company DIAMANT REAL spol. s r.o. being transferred to VERONIA SHELF, s.r.o. As part of the merger, VERONIA SHELF, s.r.o. changed its legal form and name and was recorded in the Commercial Register under the name Diamond Point, a.s. Diamond Point, a.s. is the owner of the building where the Company has its registered office. The Company subsequently purchased the remaining stake in Diamond Point, a.s. from Allianz generální služby, s.r.o., thus becoming its sole owner.

2012

Trade name, registered office	Participating interest 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 Štvanici 656/3, 186 00 Prague 8	100	283 607	283 607	*300 000	*1 668 856	*357 367
Allianz kontakt, s.r.o. Ke Štvanici 656/3, 186 00 Prague 8	100	200	200	*200	*5 186	*490
Allianz generální služby, s.r.o. Ke Štvanici 656/3, 186 00 Prague 8	100	200	200	*200	*139	*-10
VERONIA SHELF, s.r.o. Mánesova 917/28, 120 00 Prague 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.



Participating interests with controlling influence

The Company has no participating interests with controlling influence.

(b) Debt securities issued by controlled persons and loans provided to them

	Fair value		Acquisition cost	
	2013	2012	2013	2012
Diamond Point, a.s.	877 071	429 800	876 000	603 619
Total	877 071	429 800	876 000	603 619

The loan provided to VERONIA SHELF, s.r.o. (now Diamond Point, a.s.) was used in 2013 to settle the Company's liability arising from an increase in the registered capital of Diamond Point, a.s. The difference between the loan's nominal value and carrying amount, totalling TCZK 350 895, was recorded as a write-off of the liability in other non-technical income.

In June 2013 the Company purchased bonds issued by Diamond Point, a.s. at a nominal value of TCZK 876 000.

(c) Shares and participation certificates

	Fair value		Acquisition cost	
	2013	2012	2013	2012
Issued by financial institutions				
Listed on a recognized CR exchange	105 405		105 046	
Listed elsewhere	291 116	42 479	257 100	42 393
Issued by non-financial institutions				
Listed elsewhere	191 746	211 327	153 938	195 509
Other				
Listed elsewhere				
Total	588 267	253 806	516 084	237 902



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

	2013	Fair value 2012	2013	Acquisition cost 2012
Issued by financial institutions				
Listed on a recognised CR exchange	1 826 926	1 702 487	1 690 621	1 536 841
Listed elsewhere	1 584 281	1 724 227	1 188 701	1 348 204
Issued by non-financial institutions				
Listed on a recognised CR exchange	430 274		436 768	
Listed elsewhere	175 071	4 805	172 094	4 345
Issued by government sector				
Listed on a recognised CR exchange	8 576 225	10 900 685	7 702 905	9 726 253
Listed elsewhere	445 947	193 558	441 075	130 889
Issued by insurance institutions				
Listed on a recognised CR exchange				
Listed elsewhere				
Other				
Listed on a recognised CR exchange				
Listed elsewhere				
Total	13 038 724	14 525 762	11 632 165	12 746 532

(e) „OECD“ debt securities held to maturity

	Amortised value		Fair value		Acquisition cost	
	2013	2012	2013	2012	2013	2012
Listed on a recognised CR exchange	2 459 614	2 245 874	2 847 202	2 779 405	2 411 301	2 195 156
Total „OECD“ debt securities held to maturity	2 459 614	2 245 874	2 847 202	2 779 405	2 411 301	2 195 156

(f) Other loans

As at 31 December 2013, the Company had provided other loans to policyholders, guaranteed by the insurance contract entered into, in the amount of TCZK 15 043 (2012: TCZK 14 272).

(g) Deposits with financial institutions

As at 31 December 2013 deposits due within one year with financial institutions totalled TCZK 100 254 (2012: TCZK 360 325).



(h) Other financial placements

	Nominal value		Fair value	
	2013	2012	2013	2012
Loan provided to Allianz SE	200 000		200 148	
Fixed-term transactions	1 133 105	1 793 266	-81 369	-12 993
Options			19 257	9 125
Total	1 333 105	1 793 266	138 036	-3 868

(i) Derivatives

Hedging derivatives

Fixed-term contracts with a negative fair value	Nominal value		Fair value	
	2013	2012	2013	2012
Term currency transactions	1 133 105	1 793 266	-81 369	-12 993
Total	1 133 105	1 793 266	-81 369	-12 993

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

Remaining maturity of derivatives

At 31 December 2013	Up to 3 months	3 months to 1 year	1 to 5 years	Total
Hedging derivatives				
Term currency transactions	-56 001		-25 368	-81 369
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

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

	Fair value		Acquisition cost	
	2013	2012	2013	2012
Shares and other variable-yield securities	7 371 440	6 103 740	6 450 818	5 628 945
Debt securities	741 345	629 645	699 429	566 678
Deposits with financial institutions	1 128	50 107	1 111	49 846
Derivatives	-34 561	-1 444		
Total	8 079 352	6 782 048	7 151 358	6 245 469



II.4. Currency structure of financial placements

Currency	Shares and variable-yield securities		Debt securities		Deposits and other financial placements		Securities where the investment risk is borne by the policyholder	
	2013	2012	2013	2012	2013	2012	2013	2012
	CZK	132 114	110 992	15 577 628	16 108 728	1 269 095	658 604	4 801 159
EUR	456 153	142 814	692 977	560 581	-47 257	438 260	3 234 570	2 743 477
USD			104 804	102 327	-14 854	-12 328	43 623	2 752
Total	588 267	253 806	16 375 409	16 771 636	1 206 984	1 084 536	8 079 352	6 782 048

II.5. Receivables

31 December 2013	Receivables from policy holders	Receivables from insurance brokers	Receivables from reinsurance transactions	Other receivables	Total
Not overdue	148 979	20 026	301 558	315 439	786 002
Overdue	834 757	115 507	27 638	16 658	994 560
Total	983 736	135 533	329 196	332 097	1 780 562
Adjustment	237 293	115 520		15 801	368 614
Total net	746 443	20 013	329 196	316 296	1 411 948

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		188 820	383 797	1 327 181

(a) Other receivables

	2013	2012
Inter-company receivables	2 551	102 282
Deferred tax asset	10 215	6 991
Income tax prepayments	233 637	210 096
Other receivables	69 893	64 428
Total other receivables	316 296	383 797



II.6. Other assets

(a) Tangible fixed assets

	Tangible fixed assets
Acquisition cost at 1/1/2013	239 126
Additions	44 222
Disposals	-52 904
Acquisition cost at 31/12/2013	230 444
Accumulated depreciation at 1/1/2013	163 508
Depreciation expense	27 221
Disposals	-40 209
Accumulated depreciation at 31/12/2013	150 520
Net book value at 1/1/2013	75 618
Net book value at 31/12/2013	79 924

II.7. Temporary asset accounts

(a) Deferred acquisition costs for life assurance contracts

	2013	2012
Traditional life assurance	950	3 951
Unit-linked life assurance	643 920	779 040
Total	644 870	782 991

(b) Estimated receivables

	2013	2012
Estimated written premiums	6 408	4 736
Recourses	44 453	39 053
Other	4 113	6 839
Total	54 974	50 628



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 2013, 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.

(b) Other capital funds

	2013	2012
Other capital funds	555 714	555 714
Revaluation of assets and liabilities	-56 273	-4 830
Total	499 441	550 884

Revaluation of assets and liabilities at fair value

	2013	2012
Balance at 1/1	-4 830	-6 676
Change in fair value of financial placements (excl. hedging derivatives)		
Change in fair value of hedging derivatives	747	2 382
Net losses on financial placements reclassified to the Profit and loss account on disposal, impairment or maturity		
Change in deferred tax	-142	-454
Revaluation of shares with controlling influence	-52 048	-82
Balance at 31/12	-56 273	-4 830

Proposed distribution of current period profit

Current period profit	938 701
Transfer to statutory reserve fund	46 936
Profit to be added to retained earnings	891 765

The general meeting will decide on the amount of dividends to be paid for 2013, if any, when approving the financial statements.

In compliance with the sole shareholder's decision, the Company paid out a dividend for 2012 of TCZK 501 000 (2011: TCZK 1 902 000).



II.9. Technical provisions

(a) Summary of technical provisions

Type of provision	Year	Gross	Reinsurers' share	Net
Provision for unearned premiums	2013	2 321 361	196 367	2 124 994
	2012	2 117 527	181 291	1 936 236
Life assurance provision	2013	6 112 821	3 712	6 109 109
	2012	6 116 291	1 320	6 114 971
Provision for outstanding claims	2013	6 480 621	912 247	5 568 374
	2012	6 664 729	944 160	5 720 569
Provision for bonuses and rebates	2013	286 096		286 096
	2012	246 279		246 279
Provision for liabilities arising from the applied technical interest rate	2013	381 833		381 833
	2012	642 715		642 715
Provision for liabilities of the Bureau	2013	427 392		427 392
	2012	536 384	14 138	522 246
Life assurance technical provision where the investment risk is borne by the policyholder	2013	8 079 352		8 079 352
	2012	6 782 048		6 782 048
Total	2013	24 089 476	1 112 326	22 977 150
	2012	23 105 973	1 140 909	21 965 064

(b) Provision for unearned premiums (gross)

	2013	2012
Non-life insurance	2 210 301	2 008 118
Life assurance	111 060	109 409
Total	2 321 361	2 117 527

(c) Life assurance provision

	2013	2012
Unzillmerised provision	6 324 144	6 369 796
Zillmer adjustment	-211 928	-257 923
Elimination of negative reserves	605	4 418
Zillmerised provision presented in the balance sheet	6 112 821	6 116 291

(d) Provision for outstanding claims

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

	2013	2012
RBNS	5 391 235	5 542 365
IBNR	1 089 386	1 122 364
Total	6 480 621	6 664 729



Claims run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 31 December 2012, the claims payments during 2013 (with respect to claims included within this provision) and the residual amount of this provision as at 31 December 2013.

The net run-off result is as follows:

Class of insurance	2013	2012
Motor	230 682	142 263
Motor third party liability	1 005 997	696 812
Industry	81 290	56 065
Commercial	133 724	44 027
Private property	75 058	25 823
Accident		
Sickness		
Travel	9 897	17 942
Other		
Total	1 536 648	982 932

In 2013 the Company performed an analysis of the probability of payment for claims that meet the statutory limitation requirements. In accordance with the results of the analysis, as at 31 December 2013 the Company closed all claims meeting the statutory limitation requirements.

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 492 963 (2012: TCZK 645 768).

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 12 043 (2012: TCZK 12 174).

The expected average period of time that will elapse before all annuity claims included within the above provision have been paid is 21 years.

(e) Provision for bonuses and rebates (gross)

	2013	2012
Non-life insurance	105 201	103 063
Life assurance	180 895	143 216
Total	286 096	246 279



(f) Provision for liabilities of the Bureau

	Opening balance	Additions	Utilisation	Closing balance
Provision for liabilities of the Bureau	536 384		108 992	427 392
Total	536 384		108 992	427 392

The reinsurer has no share in the provision for liabilities of the Bureau in 2013. The reinsurer's share in the provision for liabilities of the Bureau amounted to TCZK 14 138 in 2012.

II.10. Provisions

Type of provision	Opening balance	Additions	Utilisation	Closing balance
Provision for taxes	230 221	165 727	230 221	167 727
Other provisions	28 885	17 566	12 186	34 265
Total	259 106	183 293	242 407	199 992

II.11. Payables

31 December 2013	Payables to policyholders	Payables to brokers	Payables to reinsurance transactions	Other payables	Total
Not overdue	481 523	121 055	239 971	200 750	1 043 299
Overdue	9 879	87 098	21 617	12 540	131 134
Total	491 402	208 153	261 588	213 290	1 174 433

31 December 2012	Payables to policyholders	Payables to brokers	Payables to 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

(a) Social security and health insurance liabilities

Liabilities in respect of social security and health insurance total TCZK 15 477 (2012: TCZK 17 991), of which TCZK 10 613 (2012: TCZK 11 801) relates to social security and TCZK 4 864 (2012: TCZK 6 190) relates to health insurance. None of these liabilities are overdue.

(b) Tax liabilities

Tax liabilities amount to TCZK 14 225 (2012: TCZK 16 526). 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 (2012: TCZK 15 967).

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

The Company has a net receivable from reinsurers of TCZK 230 317 (2012: TCZK 42 116).

II.12. Temporary liability accounts

Estimated payables

	2013	2012
Estimated reinsurance premiums	77 101	33 710
Commissions to brokers	131 197	132 726
Services	75 708	48 492
Employee bonuses	71 436	24 636
Other	25 273	4 213
Total	380 715	243 777

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	
	2013	2012	2013	2012
Short-term				
Allianz penzijní společnost, a.s.	2 551	102 233	252	45
Allianz kontakt, s.r.o.		9		74
Allianz generální služby, s.r.o.				
Diamond point, a.s.	329		69 263	
Total	2 880	102 233	69 515	119



(b) Other inter-company receivables and payables

Company name	Receivables		Payables	
	2013	2012	2013	2012
Allianz SE	131 487	66 091	103 698	16 514
Allianz Global Risk Nederland		61		
Allianz GCS Switzerland	57	76	127	206
Allianz S.p.A			149	6
Stanislas Haine	320	320		
Allianz Elementar	11	412		186
Mondial Assistance International AG	35 031	11 572	37 235	13 527
Allianz Global Risk US	1 097	571	7 722	7 612
Allianz Global Corporate&Speciality Mnichov	4 170	5 103	14 068	13 512
Allianz GCS, Hamburg	939	575		871
Allianz GCS München	677	148	1 082	1 330
Allianz Slovenská poisťovňa, a.s.	13 391	9 680	389	
T.U. Allianz Polska S.A.	5 214	5 022	310	110
Allianz Hungária Biztosító Zrt.	1 050	1 182	667	257
Allianz GCS UK	298	400	1 137	2 498
Allianz GCS Austria Branch	90	6		6
AGCS AG Italy Branch	749	122	308	283
Allianz Sigorta a.s.	2 998	3 402		77
AGCS Netherlands		25		133
Allianz Shared Infrastructure Services GmbH			1 632	2 471
Allianz Business Services, s.r.o.			1 317	2 288
Mondial Assistance s.r.o.			3 472	
Allianz Italia s.p.a.	216			
Allianz Ukraine LLC		69		
Allianz Tiriac Asigurari S.A.	2 103	433		
Allianz Compañía de Seguros	65		237	
Allianz GCS Spain	28		39	
Allianz GCS Nordic Region	538	42	463	139
AGCS AG Branch Office Belgium	108		388	
Allianz Insurance Lanka Ltd.		104		
ZAO Allianz Russia	1 519	1 276		
Allianz Insurance PLC			1 271	1 271
Total	202 156	106 692	175 711	63 297

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



III. ADDITIONAL DISCLOSURES IN RESPECT OF THE PROFIT AND LOSS ACCOUNT

III.1. Non-life insurance

Non-life insurance for 2013 and 2012 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					
2013		199 061	199 039	67 257	33 649	-8 973
2012		196 393	199 349	63 360	35 642	-6 186
Motor - other classes	3					
2013		2 370 613	2 281 395	1 561 243	573 011	-17 978
2012		2 291 988	2 264 997	1 633 566	542 265	-16 318
Motor - liability	10					
2013		2 067 139	2 036 644	732 855	498 947	-110 875
2012		2 112 772	2 124 977	1 129 355	500 845	-99 517
Aviation, marine and transport	4,5,6,7, 11,12					
2013		113 227	115 800	-3 296	21 426	-82 025
2012		121 030	122 011	285 859	22 143	190 287
Fire and other damage to property	8,9, 15,16					
2013		2 090 682	2 037 384	1 807 103	582 434	331 235
2012		2 048 885	2 013 461	855 922	538 172	-646 455
Liability	13					
2013		549 458	517 735	135 943	127 288	-123 607
2012		489 935	467 898	221 022	115 466	-17 699
Total						
	2013	7 390 180	7 187 997	4 301 105	1 836 755	-12 223
	2012	7 261 003	7 192 693	4 189 084	1 754 533	-595 888



III.2. Life assurance

Gross premiums written in life assurance:

	2013	2012
Individual (special) premium	4 466 634	4 291 113
Premiums under group contracts	14 300	16 183
Total	4 480 934	4 307 296
Regular premium	2 775 710	2 346 369
Single premium	1 705 224	1 960 927
Total	4 480 934	4 307 296
Premiums from non profit-sharing contracts	801 260	719 403
Premiums from profit-sharing contracts	445 671	502 865
Premiums from contracts where the investment risk is borne by the policyholder ³	234 003	3 085 028
Total	4 480 934	4 307 296
Reinsurance balance	-10 208	-10 964

III.3. Gross premiums written by country

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

Country	2013	2012
Czech Republic	11 808 502	11 512 225
Bulgaria	462	528
Denmark	486	0
Estonia	543	65
Croatia	0	10
Italy	933	4
Lithuania	14	372
Latvia	7	26
Hungary	475	1 478
Netherlands	90	95
Poland	10 634	5 604
Austria	0	10
Romania	2 515	1 078
Slovakia	32 049	31 326
Slovenia	0	113
Germany	13 548	14 584
Cyprus	340	340
Great Britain	516	441
Total	11 871 114	11 568 299



III.4. Bonuses and rebates

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

	2013	2012
Non-life insurance	220 215	236 649
Life assurance	2 325	634
Total bonuses and rebates	222 540	237 283

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

	2013	2012
Non-life insurance		
Additions	265 840	544 339
Utilisation	-263 702	-547 098
Change	2 138	-2 759
Life assurance		
Additions	66 459	488 588
Utilisation	-28 781	-462 941
Change	37 678	25 647
Total change	39 816	22 888

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

	2013			2012		
	Non-life insurance	Life assurance	Total	Non-life insurance	Life assurance	Total
Commissions						
Initial	361 746 ¹⁾	779 606	1 141 352	297 301 ³⁾	955 254	1 252 555
Renewal	668 522 ²⁾	77 675	746 197	677 067 ⁴⁾	71 583	748 650
Total commissions	1 030 268	857 281	1 887 549	974 368	1 026 837	2 001 205
Other acquisition costs	190 180	141 304	331 484	184 800	158 976	343 776
Change in deferred acquisition costs	-22 323	138 121	115 798	1 512	-317 452	-315 940
Total commissions and other acquisition costs	1 198 125	1 136 706	2 334 831	1 160 680	868 361	2 029 041

1) of which TCZK 39 980 relates to assumed facultative reinsurance 3) of which TCZK 39 388 relates to assumed facultative reinsurance

2) of which TCZK 16 565 relates to assumed facultative reinsurance 4) of which TCZK 12 959 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

	2013	2012
Personnel expenses (payroll, social and health insurance)	538 548	467 126
Rental	74 876	77 448
Depreciation and net book value of disposed of fixed assets	79 110	76 813
Renewal commissions	746 197	748 650
Telephone and fax fees, postage	57 400	54 079
Consultancy fees	27 679	28 196
Travel and entertainment	20 987	18 916
Materials consumption	8 343	8 046
Other services	105 328	89 359
Other administrative expenses	7 973	7 086
Hardware maintenance and repair	5 980	5 860
Software maintenance and repair	25 451	21 634
Data network maintenance and repair	25 513	19 112
Total administrative expenses	1 723 384	1 622 325

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

III. 7. Other technical expenses and income

2013	Gross	Reinsurers' share	Net
Non-life insurance			
Other technical expenses	555 821		555 821
Other technical income	534 889		534 889
Balance – non-life insurance	20 932		20 932
Life assurance			
Other technical expenses	118 675		118 675
Other technical income	159 384		159 384
Balance – life assurance	-40 709		-40 709
2012	Gross	Reinsurers' 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



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

2013	Gross	Reinsurers' share	Net
Additions to (+)/Release of (-) adjustments to receivables	3 424		3 424
Write-off of receivables	31 975		31 975
Foreign exchanges losses (+)/gains (-)	72		72
Other technical expenses and income	-14 539		-14 539
Balance of other expenses and income	20 932		20 932

2012	Gross	Reinsurers' 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

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

2013	Gross	Reinsurers' share	Net
Additions to (+)/Release of (-) adjustments to receivables	14 119		14 119
Write-off of receivables	18 261		18 261
Foreign exchanges losses (+)/gains (-)	467		467
Other technical expenses and income	-73 556		-73 556
Balance of other expenses and income	-40 709		-40 709

2012	Gross	Reinsurers' 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



III.8. Other expenses and income

	2013	2012
Non-technical account		
Other expenses	46 100	61 772
Other income	426 641	60 040
Balance of other expenses and income	-380 541	1 732

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

	2013	2012
Foreign exchange gains and losses	2 642	3 510
Foreign exchange differences on revaluation	-3 795	-898
Provisions	-1 508	2 585
Other	-377 880	-3 465
Balance of other expenses and income	-380 541	1 732

Other non-technical income includes an amount of TCZK 350 049 which relates to the increase in the registered capital of VERONIA SHELF, s.r.o. described in note II.2.

III.9. Employees and executives

The average adjusted number of employees and executives and remuneration for 2013 and 2012:

2013	Average adjusted		Social and health	
	počet zaměstnanců	Payroll expense	insurance	Other expenses
Employees	749	409 536	131 075	11 494
Executives	82	112 165	31 902	2 236
Total	831	*521 701	*162 977	*13 730

2012	Average adjusted		Social and health	
	počet zaměstnanců	Payroll expense	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

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



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

In 2013 members of statutory and supervisory bodies received remuneration totalling TCZK 15 236 (2012: TCZK 29 672).

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

In 2013 and 2012 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.(v) amounted to TCZK 338 648 (2012: TCZK 279 822).

III.11. Result of the non-technical account

The result of the non-technical account as at 31 December 2013 amounted to TCZK 172 135 (2012: TCZK 275 223).

III.12. Profit before tax

The Company's profit before tax as at 31 December 2013 amounted to TCZK 1 105 463 (2012: TCZK 1 209 441).

III.13. Taxation

(a) Income tax in the profit and loss account

	2013	2012
Provision for current period income tax	165 727	230 221
Difference between prior period income tax and the release of the prior period income tax provision	10 471	7 615
Current income tax relating to prior periods	-5 956	-3 077
Change in deferred tax asset/liability	-3 366	2 283
Income tax in profit and loss account	166 876	237 042

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	
	2013	2012	2013	2012	2013	2012
Tangible fixed assets	1 671	660			1 671	660
Intangible fixed assets			950	798	-950	-798
Receivables	2 784	2 739			2 784	2 739
Provisions	4 060	3 855			4 060	3 855
Losses carried forward						
Other temporary differences recorded in Profit and loss account	3 444	1 188			3 444	1 188
Influence in Profit and loss account	11 959	8 442	950	798	11 009	7 644
Revaluation of assets and liabilities	2 156	232	2 950	885	-794	-653
Other temporary differences recorded in Equity						
Influence in Equity	2 156	232	2 950	885	-794	-653
Deferred tax asset/(liability)	14 115	8 674	3 900	1 683	10 215	6 991
Offset of related deferred tax assets and liabilities						
Deferred tax asset/(liability)	14 115	8 674	3 900	1 683	10 215	6 991

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's management is not aware of any material subsequent events that have occurred since the balance sheet date that would have a material impact on the financial statements as at 31 December 2013.

In Prague, 21 February 2014

Jakub Strnad
Chairman of the Board of Directors

Sonia Mihaylova Slavtcheva
Member of the Board of Directors



Report on Relations between Related Parties

We provide this report on relationships between related parties on duty as stipulated by the Czech Act on Corporations. 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 2013, 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;
- Allianz Investment Management SE, Munich, Germany.

Controlled parties

- Allianz penzijní společnost, a.s., Prague;
- Allianz kontakt, s.r.o., Prague;
- Allianz generální služby, s.r.o., Prague;
- Allianz nadační fond, Prague;
- VERONIA SHELF, s.r.o., Prague, from 3 December 2012 to 30 April 2013;
- DIAMANT REAL, spol. s r.o., Prague, from 3 December 2012 to 30 April 2013;
- Diamond Point, a.s., Prague, from 1 May 2013.

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 Lebensversicherung-AG, Stuttgart, Germany;
 - AGA International SA, Paris, France, through its branch in Prague, as 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 Global Investors Kapitalanlagegesellschaft mbH, formerly Deutscher Investment- Trust Gesellschaft für Wertpapieranlagen mbH, Frankfurt am Main, Germany;
- Allianz Global Investors Luxemburg S.A., Luxemburg;
- PIMCO Europe Ltd., London, Great Britain;
- PIMCO Global Advisors (Ireland) Limited, Dublin, Ireland;
- Allianz Hungaria Zrt., Budapest, Hungaria;
- Allianz Suisse Versicherungs-gesellschaft- AG, Zürich, 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⁾ In 2013, Allianz New Europe Holding GmbH as a debtor and Allianz pojišťovna, a.s. as creditor concluded the agreement on loan. The agreement is fulfilled pursuant to the agreed terms and conditions.

Allianz Holding eins GmbH

Allianz Holding eins GmbH is the parent company of Allianz 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 (sales techniques training, personnel development programmes), temporary or permanent secondment of employees and support of quality control, development and implementation of 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 Europaea.



Allianz penzijní společnost, a. s., (till 31 December 2012 called Allianz penzijní fond, a.s.)

Allianz penzijní společnost, a.s. is a 100% subsidiary of Allianz pojišťovna, a.s.

Allianz penzijní společnost, a.s. and Allianz pojišťovna, a.s. cooperate closely 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.

In 2012, with effectiveness from January 2013, the agreement on business representation in offer and intermediation of contracts conclusion about supplementary pension saving and pension saving was signed between Allianz penzijní společnost, a.s. and Allianz kontakt s.r.o. as investment intermediary. The agreement is signed for unlimited period of time with the option of termination by notice.

In order to use synergic effects, Allianz pojišťovna, a.s. and Allianz penzijní společnost, a.s. cooperate closely and coordinate their activities in the area of management, asset management, marketing, IT, and services in the area of human resources (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 agreement is signed for unlimited period of time with the option of termination by notice.

In 2012, with effectiveness from January 2013, Allianz penzijní společnost, a.s. and Allianz pojišťovna, a.s. signed an agreement on cooperation in using IT that fully replaces the agreement on cooperation in using IT from 2 January 2007. The agreement is signed for unlimited period of time. In 2013, the companies concluded an agreement on cooperation and personnel data processing. The aim of this agreement is to fairly divide the operating costs between Allianz pojišťovna, a.s. and Allianz penzijní společnost, a.s. in the way of concrete performance value. The agreement is concluded for unlimited period of time and replaces Agreement on cooperation from 23 February 1995 and Agreement on cooperation from 15 December 2004.

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. The agreements have been concluded under the standard terms and conditions as would apply to third parties.

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 provisions 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 IT. In 2012, the companies concluded the sublease agreement and agreement of lease of interior equipment. In 2013, the companies concluded an agreement on cooperation and personnel data processing. The aim of this agreement to divide fairly the operating costs between Allianz pojišťovna, a.s. and Allianz kontakt, s.r.o. in the way of concrete performance value. The agreement is concluded for unlimited period of time. Allianz kontakt, s.r.o. is a sole investment intermediary for supplementary pension saving and pension saving for Allianz penzijní společnost, a.s.



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. On 31 May 2013, the companies concluded an agreement on transfer of securities against payment. 4 pieces of ordinary shares issued in name by business company Diamond Point, a.s. were the subject matter of this transfer.

Allianz nadační fond (Allianz Endowment Fund)

On 7 November 2011, Allianz pojišťovna established the Allianz Endowment Fund, which was registered in the Commercial Register on 10 February 2012. Purposes of the Fund, without limitation, are 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 2013.

Diamond Point, a.s.

Diamond Point, a.s. is a 100% subsidiary of Allianz pojišťovna, a. s. Diamond Point, a.s. is the successor company created as of 1 January 2013 by amalgamation of VERONIA SHELF, spol. s r.o. and DIAMANT REAL spol. s r.o. VERONIA SHELF spol. s r.o. was the original successor company, later renamed and entered in the Commercial Register under the name of Diamond Point, a.s. Diamond Point, a.s. as the successor company created from the merger changed its legal form from a limited liability company to a joint-stock company and acquired the assets of the dissolved DIAMANT REAL spol. s r.o. Diamond Point, a.s. is the owner of the building located at Ke Štvanici 656/3, Prague 8, that houses the registered office of Allianz pojišťovna, a.s. In 2013, the company entered into a loan agreement with Allianz pojišťovna, a.s.

VERONIA SHELF, s.r.o.

VERONIA SHALF, 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 remaining 51% interest in VERONA 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. VERONA 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 VERONA 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., which ceased to exist by means of merger with succession company VERONIA SHELF, s.r.o. after registration of the merger with business company Diamond Point, a.s. to the Commercial Register.

DIAMANT REAL, spol. s r.o.

DIAMANT REAL, spol. s r.o. was the owner of real estate property Ke Štvanici 656/3, Prague 8, where Allianz pojišťovna, a.s. has its registered office. DIAMANT REAL, spol. s r. o. is the creditor of VERONA SHELF, s.r.o. on the account of a loan. On 28 March 2013, the company VERONA SHELF, s.r.o. as the sole participant made a decision in the competence of general meeting, by which the Project of merger of DIAMANT REAL, s.r.o. with VERONA SHELF, s.r.o. into a succession company Diamond Point, a.s. was realized. The property from company DIAMANT REAL, s.r.o. came into the succession company Diamond Point, a.s. incl. real estates. On 1 May 2013, the company DIAMANT REAL, spol. s r.o. was erased from Commercial Register, incl. all registered matters of fact.



Relations 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 agreement involves cooperation in insurance product development and IT. The agreement 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 poisťovňa, 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. On 2 January 2013, Allianz poisťovňa, a.s. and Allianz Business Services, spol. s r. o. concluded an agreement on services. The agreements have 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 contractual basis, Mondial Assistance s.r.o. provides Allianz poisťovňa 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.

Euler Hermes Services Česká republika, s.r.o., as a subsidiary of Euler Hermes Europe SA, Brusel, is Allianz concern company. On the basis of agency agreement from 1999, this company brokeres for Allianz poisťovňa, a.s. the warranty insurance and receivables insurance. The agreement has been concluded under the standard terms and conditions and would apply to third parties.

Euler Hermes Europe SA, organizační složka

Euler Hermes Europe SA, organizační složka, as a branch of Euler Hermes Europe SA, is an Allianz concern company. Allianz poisťovňa, 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 poisťovňa, a.s., Allianz SE and the said company entered into an agreement on the assignment of rights and obligations under an agreement on sharing costs of information systems concluded between Allianz SE and Allianz poisťovňa, a.s. to Allianz Managed Operations & Services SE. Further, the agreement newly provides for certain other relations within the cooperation between Allianz poisťovňa, a.s. and new contracting partner. In 2009, the two companies entered into a framework agreement on the provision of IT infrastructure services. In February 2012, Allianz poisťovňa, 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 poisťovňa, 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 the 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.

In the area of IT, Allianz pojišťovna, a.s. cooperates with Allianz Deutschland AG, Allianz Hungaria Zrt. and Allianz Suisse Versicherungsgesellschaft-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 started 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 Allianz pojišťovna, a.s. reinsurer of aviation insurance and of directors and officers liability insurance (D&O).

Allianz Versicherungs AG Allianz Versicherung 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 for vehicles as well as extended warranty insurance.



In the course of the reporting period Allianz pojišťovna a.s. issued no guarantees and provided no loans other than described above, and assumed no other financial liabilities in respect of the related parties.

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

We declare that, according to Section 82 of law about commercial corporations, the report of Allianz pojišťovna for accounting period starting 1 January 2013 and ending 31 December 2013 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:

- Structures of relations between controlling and controlled parties and between controlled party and controlled parties by the same person,
- Contracts between related parties,
- Tasks of controlled party,
- Way and means of control,
- Negotiations during last accounting period,
- Rise of detriment.

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. Further we declare no disadvantage follow from the relationships between controlling and controlled party and between controlled party and controlled parties by the same person and that there is no risk for controlled party.

In Prague, 31 March 2014

Jakub Strnad
Chairman of the Board of Directors

Sonia Mihaylova Slavtcheva
Member of the Board of Directors



Contacts

HEAD OFFICE

Allianz pojišťovna, a. s.

Ke Štvanici 656/3
186 00 Prague 8

Tel.: 224 405 111
Fax: 242 455 555
e-mail: klient@allianz.cz
www.allianz.cz
Kontaktní centrum: 841 170 00

COUNTY DIRECTOR FOR PRAGUE AND CENTRAL BOHEMIA

Českomoravská 2420/15
190 93 Prague 9
Tel.: 284 011 590

Regional Office Prague

Českomoravská 2420/15
190 93 Prague 9
Tel.: 284 011 567

Regional Office Central Bohemia

Bucharova 2
158 00 Prague 5
Tel.: 224 405 771
Fax: 224 405 772

COUNTY DIRECTOR FOR SOUTH-WEST BOHEMIA

Lochotínská 22
301 11 Plzeň
Tel.: 373 374 016
Fax: 373 374 041

Regional Office Plzeň

Lochotínská 22
301 11 Plzeň
Tel.: 373 374 002
Fax: 373 374 041

Regional Office České Budějovice

Pražská 24
370 04 České Budějovice
Tel.: 385 791 304
Fax: 385 791 891

COUNTY DIRECTOR FOR NORTH-EAST BOHEMIA

Mírové nám. 37
400 02 Ústí nad Labem
Tel.: 472 707 111
Fax: 472 707 112

Regional Office Ústí nad Labem

Mírové nám. 37
400 02 Ústí nad Labem
Tel.: 472 707 111
Fax: 472 707 112

Regional Office Pardubice

Smilova 315
530 02 Pardubice
Tel.: 464 463 001
Fax: 464 463 020

Regional Office Liberec

Palachova 1404
460 01 Liberec 3
Tel.: 484 486 833
Fax: 484 486 823

COUNTY DIRECTOR FOR SOUTH MORAVIA

Čechyňská 23
602 00 Brno
Tel.: 543 425 850
Fax: 543 425 864

Regional Office Brno

Čechyňská 23
602 00 Brno
Tel.: 543 425 850
Fax: 543 425 864

COUNTY DIRECTOR FOR NORTH MORAVIA

28. října č. 29
702 00 Ostrava
Tel.: 596 279 000
Fax: 596 279 001

Regional Office Ostrava

28. října č. 29
702 00 Ostrava
Tel.: 596 279 000
Fax: 596 279 001

Regional Office Olomouc

Jeremenkova 40B
772 00 Olomouc
Tel.: 585 582 050

Published by

© 2013 Allianz pojišťovna, a. s.
Ke Štvanici 656/3, 186 00 Prague 8
Tel.: 224 405 111
Fax: 242 455 555
www.allianz.cz

Production

TAC-TAC agency s.r.o.
www.tac-tac.cz