



GENERALI
INVESTMENTS

ANNUAL REPORT 2017

**Generali Investments CEE,
investiční společnost, a.s.**

generali-investments.cz



(velikost + odbornost)
x
(energie + nápady)
=
Generali Investments CEE

(Translation of a report originally issued in Czech - see Note 2a to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Generali Investments CEE, investiční společnost, a.s.:

Opinion

We have audited the accompanying financial statements of Generali Investments CEE, investiční společnost, a.s. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



Roman Hauptfleisch, Auditor
License No. 2009

27 April 2018
Prague, Czech Republic

REPORT OF THE BOARD OF DIRECTORS

Dear Ladies and Gentlemen,

The year 2017 will go down in the Company history as a positive period of fairly uneventful and yet substantial expansion of stock markets, and also as the final stage of the implementation of new regulatory requirements for the entire Czech collective investment market.

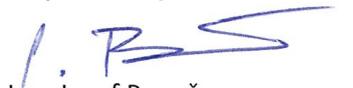
Generali Investments CEE, investiční společnost, a.s., is today the largest company of its kind in the Czech Republic. I am glad that this cannot be attributed solely to the Company's historical development, but also to continued growth of the volume of assets under the management and successful distribution of our funds. Last year, the volume of managed assets climbed to a total of CZK 299 billion. This figure is all the more important as it has been achieved in an increasingly tightly regulated financial environment.

I am aware that to continue dynamic growth, we must continue to innovate. Recently, the rising investor interest in a stable type of yield driven by real assets has led us to the idea of setting up two attractive qualified investors funds. One fund offers appreciation in the form of a share in corporate bond yields, and the other generates yield as rents from the lease of residential and commercial real estate in two regions of the Czech Republic.

2018 will be a challenging year - we expect the markets to become volatile again. We are continuously reminded of the mission of all people working in the field of asset management, that is, to persuade investors to take into account short-term volatility and to take a more prudent view of medium- and long-term investment returns with regard to their recommended investment terms. For this purpose, in the past year we made major investments in streamlining the work of our sales staff and in their professional growth. We are committed to keeping up these efforts and, in addition, to providing maximum information and service support for them.

For me personally, building a strong brand is a long-term task. We have operated in the Central and Eastern Europe for 25 years. Following the merger of two separate investment entities in 2016, the Company has been operating under the Generali Investments CEE brand. Today, the Prague headquarters manages the entire Central and Eastern European region. As its importance for the whole financial group has been increasing, the Group executive management has expanded our operations to two new countries. Since 2018, the region's new name is "Austria, CEE & Russia". Including assets in the Austrian part, the total volume of managed assets rose to EUR 29.4 billion. For comparison, it accounts for roughly two-thirds of the Czech state budget. In the next three years, we want to continue to maintain the fast growth pace in the segments defined in the newly approved CEE Asset Management strategy.

The Generali brand was founded in Trieste in 1831, originally for insurance business. Only a year later the name lit up on the building of its first branch in Prague. Today, the Group, including Česká pojišťovna, is the largest player in the Czech insurance market and it also holds the largest investment company and pension fund. I find this very gratifying but, first and foremost, I perceive it as extraordinary responsibility. To the shareholders, to our brand and, primarily, to our clients.



Ing. Josef Beneš
Board of Directors Chairman



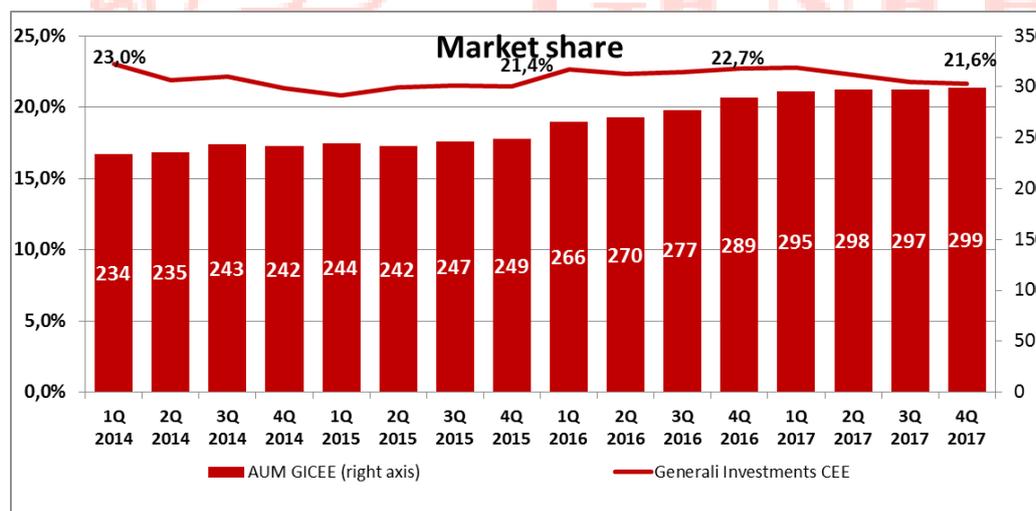
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ABOUT THE COMPANY

Generali Investments CEE, investiční společnost, a.s., (hereinafter the “Company” or „GICEE”) is included in Generali CEE Holding, which ranks among the largest insurance groups in Central and Eastern Europe, operating in 12 countries of the CEE region – Austria, Bulgaria, Croatia, the Czech Republic, Hungary, Montenegro, Poland, Romania, Russia, Serbia, Slovakia and Slovenia. Generali CEE Holding is part of the Generali Group, involved in insurance, finance and banking since 1831. It is one of the largest European insurance providers and a leader in Europe’s life assurance market.

The Company is an important part of the Generali Group, offering a comprehensive product portfolio and services for individual and corporate investors both in terms of fund products and asset management. Due to strong analytical backing, we can provide professional asset management services to individuals, municipalities, foundations and institutional investors, including primary insurance and reinsurance companies and pension funds.

The Company provides services in the segments of collective investment and investment management. It has been operating on the market since 1991 (formerly ČP INVEST) and, according to the latest data from the Czech Capital Market Association, is the largest asset manager in the Czech Republic.



The basic offer to individual investors is comprised of Czech mutual funds Generali Investments CEE denominated in CZK and Irish mutual funds Generali Invest CEE denominated in both CZK and EUR, which the Company manages. The offer of direct investments in a broad range of mutual funds is complemented by a product portfolio consisting of regular investment products, investment programs and life cycle products.

ECONOMIC SITUATION AND FINANCIAL MARKETS DEVELOPMENT

In terms of economic growth, 2017 was a very favorable year, and it applies for the Czech economy and the economies of most of the countries in the Central European region, and for the global economy as well. According to the World Monetary Fund's estimate, the global economy expanded by 3.7%, which is the best result over the past five years, whilst 2.5% GDP growth in the eurozone climbed to a ten-year high. This trend was accompanied by relatively moderate price pressures, in particular as regards core inflation in the developed economies (the US, the Eurozone), so the key drivers of overall inflation in 2017 were primarily commodity prices (food, oil).

In respect of the global monetary policy, 2017 saw another increase in interest rates and the general tightening of the US Federal Reserve's policy. Conversely, the monetary policy in the Eurozone remained quite relaxed, even though in April 2017 the ECB reduced the volume of monthly bond purchases under its APP program, and the volume of bond purchases was again reduced in January 2018. In all likelihood, the ECB will terminate its asset purchase program in the last quarter of 2018, but the monetary conditions in the Eurozone will remain unchanged for most of this year. The ECB's deposit rate stands at -0.40% and no change in ECB interest rates (i.e. no increase) is expected for this year either.

The primary driver of the accelerated pace of GDP growth in the Central European economies was the significant recovery of investment expenditure. The robust growth in investment spending was driven by an increased absorption of EU funds and the need for the domestic corporate sector to increase production capacities and productivity through investment in machinery and technology in a situation where demand for domestic production is growing and the labor markets in a number of countries are beginning to suffer from labor force shortages. The unemployment rate tumbled across the region; the Czech Republic has the lowest unemployment rate in the EU. Low unemployment generates pressures towards faster wage growth, whereas the aforementioned shortage of labor force is beginning to place a major brake on the growth of specific sectors and the economy as a whole. In 2018, the GDP growth rate is expected to slow down in the Czech Republic and other countries across the region, primarily due to slower growth of investment spending after the very robust growth reported for 2017. Still, the region's economies will continue to run above their potential, including the Czech economy.

As regards inflation, price pressures across the region have been uneven, especially in terms of meeting the central banks' inflation targets. In the Czech Republic, the inflation rate was above the two-percent target of the CNB throughout 2017, and the CNB was the first central bank in the EU to raise interest rates in the current economic cycle. This was preceded by a crucial step when the Bank ended its foreign exchange commitment. The CNB announced its commitment to keep the koruna exchange rate above CZK 27/EUR in November 2013, and this commitment had been in place until 6 April 2017, when it was terminated.

On the part of the Czech National Bank, the end of the foreign exchange commitment was a measure that allowed the koruna to strengthen against the euro with the aim to tighten monetary conditions in the Czech economy. The assumption that the koruna would strengthen after the end of the foreign exchange commitment and thus help tighten the monetary conditions has been fully justified. The Czech economy has also benefited from the fact that no significant fluctuations of the koruna exchange rate have occurred since the end of the commitment.

The Czech Central Bank initially raised interest rates in August 2017, and then again twice, most recently in early February 2018, when the two-week repo rate rose by a quarter percentage point to 0.75%. The CNB does not anticipate another rise in interest rates for the rest of 2018; according to the Bank's forecast, the necessary tightening of the monetary conditions should be based on the strengthening of the koruna exchange rate. In our opinion, however, another interest rate increase by the CNB cannot be ruled out if the strengthening of the koruna lags behind the Bank's forecasts.

The inflation rate in the Czech Republic is expected to remain slightly above the 2% target at least until the third quarter, but at the end of 2018 it may fall slightly below this level. This year, food prices will be the key factor pushing inflation down. Fuel prices should have mixed effects on the overall

inflation rate during the year. Another contributing factor to a moderate slowdown in price growth is core inflation, which will be affected by the current strengthening of the

Česká republika - predikce vývoje					
		2016	2017	2018 (F)	2019 (F)
HDP	(reálný růst)	2,5%	4,5%	3,2%	2,9%
CPI	(roční průměr)	0,7%	2,5%	2,2%	2,0%
Reálná mzda	(roční průměr)	3,0%	4,2%	5,0%	2,7%
Fiskální saldo	(vs. HDP)	0,6%	1,2%	0,8%	0,5%
Běžný účet PB	(vs. HDP)	1,1%	1,2%	1,0%	0,8%
ČNB repo sazba	(konec roku)	0,05%	0,5%	1,00%	1,50%
EUR/CZK	(roční průměr)	27,03	26,33	25,10	24,40

Zdroj: ČNB; ČSÚ; Generali Investments CEE, investiční společnost, a.s.

koruna and the weakening of the statistical effect of the first wave of the electronic registration of sales (EET). In other words: the inflation trend in the Czech Republic should be less dramatic this year than in 2017.

The developments in global financial markets in 2017 saw only moderate changes in government bond yields in the US (where the yield on the ten-year bond declined from 2.44% to 2.41%) and in the Eurozone (where the yield on Germany's the ten-year Bund increased from 0.21% to 0.43%). Total yields on ten-year government bonds in 2017 were 2.5% for the United States and -1.5% for Germany. This year, the developed economies should mostly see growing yields on government bonds. The year 2017 was very positive for the stock markets across regions. In the US, the S&P 500 index gained 21.8%, and the European DJ Euro Stoxx gained 11.2%. Credit instruments also did well with a 6.2% gain in the US and a 2.4% gain in Europe.

The yield on the Czech 10-year government bond rose from 0.43% to 1.72%. This jump upward resulted from the termination of the CNB's foreign exchange commitment, which halted the inflows of foreign speculative capital from abroad that for the duration of the foreign exchange commitment helped keep yields on the koruna government bonds very low and often even in negative figures. For this year we anticipate

a more uneventful development, whilst the spread of the ten-year Czech government bond and the Bund yields should be relatively stable in the course of 2018.

PRODUCT INNOVATIONS

Last year brought a very good appreciation of assets in our funds and it was also a year of innovation, new products for clients and improved service for our business partners.

We offered our clients two new qualified investors funds – Generali Fond kreditního výnosu and Generali Realitní fond. Introducing the two funds was preceded by thorough preparations and close cooperation between the product and business teams. Nowadays, no asset manager can do with just functioning titles for money markets, bonds and stocks. Especially at the time of low interest rates, we must relentlessly seek new themes and offer them to those who can make good use of them.

The sales results demonstrate just how great is demand for innovated products: in the branch network of sister company Česká pojišťovna alone, clients entrusted in excess of CZK 700 million to the two aforementioned funds.

Generali Investments CEE is today the largest asset manager in the Czech Republic. This fact obliges us to offer quality products and to provide investors with the best possible service. Sales networks of our business partners are indispensable for our endeavors as they significantly contribute to our success. To this end, last year we substantially simplified drafting, calculation and printing of customer contracts. We are determined to continue to support vendors by providing better information materials, manuals, etc.

We are very pleased with the growing sales volumes through bank advisors at three well-known Czech banks. In 2017, the distribution volume amounted to nearly CZK 2 billion. In total, we concluded over 10,000 new client investment contracts last year. As a result, we now manage fund assets totaling CZK 32 billion.

We could not be so successful in sales if we could not ensure good return on investment. Last year, our investors benefited primarily from the developments in stock markets. It also became evident that locally developed strategies can deliver superior results.

The Generali Fond světových značek is sufficient evidence for our partners. The yield on the assets entrusted by clients reached 14.91%. This investment strategy has been devised at the Prague headquarters. It is based on the assumption that strong-brand companies can be more profitable in the long run than others. This assumption now appears to be correct, as well as the belief that new positive trends can still be identified.

The Generali Prémiový dynamický fond, which represents the basis of the dynamic phase of the long-term investment program PARTNER Invest Plus, has also reported excellent results. The value of its assets climbed by 7.56%. Growth of the Generali balancovaný konzervativní fond is also worth attention. After the recommended three-year investment term, its clients generated a very good overall return of 10.88%.

Not all of our business activities are simply a matter of business strategy. The regulation of asset management has become increasingly sophisticated. Almost every year brings new requirements that we have to tackle. Last year we successfully implemented two EU regulations, MIFID II and PRIIPS. The latter has been timely and fully integrated into the Company's processes at the end of the year. It aims to provide clients with better and easily understandable key information on structured retail products.

Thanks to these innovations, 2017 was a successful year in terms of the Company's performance: net profit after taxes amounted to CZK 267 million, which represented a year-on-year increase of 10%. The value of the assets under administration rose by CZK 9.4 billion compared to 2016.

CORPORATE SOCIAL RESPONSIBILITY

The Company pays increased attention to Corporate Social Responsibility (CSR) in all its activities. In the past year (as in previous years), we provided funding for organizations providing support and assistance primarily to people with disabilities, both physical and mental. In addition to the support for external entities, as an employer we support our own employees within the scope of activities related to corporate social responsibility. These include sports and educational activities. Naturally, we help new graduates who find themselves on the labor market after completing their studies and try to apply their knowledge. We also endeavor to meet the requirements/suggestions of our employees to improve the working conditions that have been collected in the annual employee satisfaction survey.

Below are listed some of the CSR-related activities of the Company.

Support for foundations in the form of funding

Good Will Committee – Olga Havel Foundation (VDV)



- key activities of VDV
 - helping people with disabilities, people who are destitute and discriminated against in their integration into society, support for non-governmental non-profit organizations in healthcare, social, humanitarian and educational areas, if they focus on the integration of the people with disabilities, abandoned children, the sick and the elderly

Day-care Center AKORD



- key activities of the Day-care Center

- providing outpatient services to children, youth and adults aged 6 to 45 - people with mental disabilities and combined disorders who, due to their disability, need regular assistance in the areas of self-care, personality development and advocacy of their rights and interests (their disability prevents them from using standard institutions or receive required care in their families)



Leontinka Foundation

- key activities of the Foundation
 - assistance to children and students with impaired sight to enable these children to integrate into society; education, social, sports and leisure activities



Children's Center Paprsek

- key activities of the Center
 - comprehensive support for children and young adults with mental and combined disabilities and for their families



Environmental responsibility/social responsibility

GICEE as an investment company:

Generali Live Planet Fund

The fund focuses on investing in companies which have a pro-active approach to climate change issues, are environmentally friendly and socially responsible. Specific areas include water production and treatment, environmental controlling, recycling, organic food, alternative energy sources, new materials. Due to the environmental and economic problems that arise as a result of climate change and the limited supply of raw materials, solutions in these sectors are urgently needed.

Responsible investments

Investments in GICEE-managed portfolios are realized in accordance with the CSR policy, or with a policy reflecting responsible investments. This means that portfolio managers, when managing group assets, select from the range of investment instruments those that comply with the principle of non-investing in issuers proliferating nuclear weapons or involved in the production of biological or chemical weapons, issuers who seriously or systematically violate human rights, destroy the environment or commit corruption.

GICEE as an employer:

The Company respects environmental values:

- GICEE is a company that respects environmental values. Activities related to improving the quality of the environment comprise waste sorting and paperless policy.
- The building in which GICEE is seated is designed and built as an energy efficient building with the aim to make it environmentally friendly.
- Diversity Project - one of the activities carried out in this project is breakfast with the CEO for all women on the occasion of the International Women's Day.
- The Human Safety Net initiative is a major social initiative that both Generali and GICEE perceive as very important. All programs under the initiative focus on three areas: low-income families with children, refugees and their integration into the work process, and newborns who are at risk of asphyxia at birth and can suffer permanent brain damage. The initiative is inspired by the idea of chain assistance where those who receive help from this organization may one day help someone else to create a chain reaction of positive change that spreads all over the world.
- The Code of Ethics (Generali Group) – GICEE as part of Generali Group and its employees are bound by internal Group regulations. One of the rules is the Code of Ethics. One chapter of this document is devoted to corporate social responsibility.

Support for education

Support for education organizations

- Gift to Charles University - Faculty of Philosophy - this is a recurring activity designed to fund the operation of the Center for the Study of Political Philosophy, Ethics, Religion (specifically, support for the organization of thematic conferences, discussions or intensive seminars)

- Support for internships of university and secondary school students/cooperation in writing bachelor and master theses.
- In 2016 and 2017, GICEE collaborated with 10 students.

Volunteerism

- Voluntary day – Generali employees can take off two days a year for volunteering in non-profit organizations. They may help in an organization of their choice or they can sign up through the www.zapojimse.cz website where they can find various opportunities for volunteering.
- Employees actively participate in the collection of “caps”, organized within the individual activities of the employees.

Employee health/work environment /training

- Sports events for employees - GICEE seeks to support its employees in sporting activities, such as hockey, football or skiing.
- Continuous improvement of the work environment - the Company strives to improve the work environment and the working conditions for the employees on an ongoing basis. The key initiatives in this field include office improvements and privacy enhancement, workplace noise reduction, facilitating work from home and remote connection, etc.
- Support for employees' education and training with the aim to increase the knowledge, professional skills and competence of employees.

Generali Investments CEE, investiční společnost, a.s.

REPORT ON RELATED PARTIES

pursuant to the provisions of Sections 82 to 88 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Business Corporations Act), as amended

for the reporting period from 1 January 2017 to 31 December 2017

REPORT ON RELATED PARTIES FOR THE REPORTING PERIOD 2017

I. Company

Pursuant to the provisions of Section 82 of Act No. 90/2012 Coll., on Business Corporations and Co-operatives, as amended (hereinafter the "**Business Corporations Act**"), the Board of Directors of **Generali Investments CEE, investiční společnost, a.s.**, has prepared this **Report on Related Parties** (hereinafter the "**Report**") of Generali Investments CEE, investiční společnost, a.s., with its registered office at Na Pankráci 1720/123, Prague 4, business reg. No.: 43873766, entered in the Commercial Register maintained by the Municipal Court in Prague under file number B 1031 (hereinafter the "**Controlled Person**" or the "**Company**"), **between the Person controlling the Company**, which is CZI Holdings N.V., with its registered office at 1112XN Diemen, Diemerhof 42, the Kingdom of the Netherlands, ID No.: 34245976, and **the Company, and also between the Company and other entities controlled by the same Controlling Person** (hereinafter the "**Related Parties**") for the year ended 31 December 2017 (hereinafter the "**Reporting Period**"). The related parties are listed in the Annex to this Report.

II. The Structure of Relations between Related Parties, Role of the Controlled Person and the Method and Means of Control

The **person directly controlling the Company** in the reporting period was CZI Holdings N.V. with its registered office at Diemerhof 42, 1112XN Diemen, the Kingdom of the Netherlands (until 13 March seated at Diemerhof 32, 1112XN Diemen, the Kingdom of the Netherlands). This company held for the entire period 770 pcs of registered shares with the nominal value of CZK 100,000 and 1,400 pcs of registered shares with the nominal value of CZK 10,000, representing a 100% share in the Company's voting rights.

A list of funds that the Company is authorized to manage and/or administer is included in the Company's Annual Report. The Company is a shareholder and an asset manager of Generali Invest CEE plc, with its registered office at 33, sir John Rogerson's Quay, Dublin 2, Ireland, which is an umbrella fund.

In the reporting period, the Company was a member of the Generali insurance group. By virtue of this position, it was required to follow instructions issued by the managing company within the scope of the performance of its management and coordination activities and to implement measures adopted by the Italian supervisory authority IVASS (Istituto per la Vigilanza sulle Assicurazioni) in the interest of stable and efficient management of the Generali Group.

The structure of the financial group, or a part thereof, comprising entities directly controlling the Company/entities directly controlled by the Company, is depicted in the organization chart included in the Annex to the Report hereof.

III. Summary of agreements concluded with Related Parties and description of performance thereunder

In the reporting period, performance was provided between the Company and the Controlling Person and between the Company and other related parties under the valid contracts/agreements listed below, including transaction description and detriment, if any:

Contracting party	Title of contract/amendment /other changes to contract	Execution date	Description of performance	Replacement of contract/amendment	Detriment to Company
Acredité s.r.o. Business reg. No. (IC): 25600958	Cooperation and services agreement	1/11/2016	Postal services brokering		None
CZI Holdings N.V. (The Netherlands)	Asset Management Agreement	1/4/2010	Management of entrusted assets		None
	Amendment No. 1 to Asset Management Agreement	2/5/2011			None
	Amendment No. 2 to Asset Management Agreement	23/2/2015			None
	Amendment No. 3 to Asset Management Agreement	23/2/2016			None
Česká pojišťovna a.s., IC: 45272956	Agreement on Assignment of a Part of Receivable	1/12/2014	Receivable from a sales representative		None
	Master Agreement on Cost Sharing	19/12/2012	Services in the area of commission calculation and payment		None
	Confidentiality Agreement (between ČP INVEST investiční společnost, a.s., Česká pojišťovna, a.s. and Generali Infrastructure Services S.c.a.r.l.)	18.6.2014	Confidentiality in cooperation on IT analyses		None
	Management Life Insurance Agreements	11/10/2005	Life insurance provided to selected managers		None

Insurance Policies	20/4/2008	Car fleet insurance starting 1 May 2008		None
ISDA Master Agreement	15/8/2007	Financial market transactions		None
Agreement on Assignment of Rights and Assumption of Obligations (relating to the Agreement on the Provision of Operational Support for IT Technologies dated 1 March 2010 concluded with Generali Development s.r.o.)	28/6/2015	IT agreement		None
Agreement on Unified Method of Shared Costs Settlement (concluded with other Generali group members)	10/12/2014	Unified method of calculating the costs		None
Loyalty Bonus Agreement	26/3/2012	Investments in mutual funds		None
Loyalty Bonus Agreement	1/8/2015	Investments in mutual funds		None
Amendment No. 1 to Loyalty Bonus Agreement dated 1/8/2015	1/6/2016			None
Purchase Contract I.	31/12/2015	Sale of furniture		None
Purchase Contract II.	31/12/2015	Sale of furniture		None
Agreement on Assignment of a Part of Receivable	1/12/2014	Receivable from a sales representative		None
Asset Management Agreement	31/12/2015	Management of entrusted assets	Replaced with Investment Management Agreement of 30/6/2017	None
Amendment No. 1 to Asset Management Agreement of 31/12/2015	1/6/2017			None
Investment Management Agreement	30/6/2017			None

Contract for access to KPMG Helpline	3/12/2012	Consideration for access to KPMG Helpline		None
Purchase Contract	1/4/2014	Consideration for purchase of computer equipment		None
Cooperation Agreement in the Field of Life Insurance	18/6/2014	Maintaining confidentiality in providing IT technology-related information		None
Confidentiality Agreement (agreement between Generali Infrastructure Services Czech Branch, organizační složka, Česká pojišťovna and Generali Investments, a.s.)	18/6/2014	Confidentiality in cooperation on IT analyses		None
Travel insurance contracts		Consideration for insurance of staff business trips		None
Contract for the Lease of Movable Assets	4/1/2016	Lease of furniture (Prague)		None
Contract for the Sub-lease of Business Premises	4/1/2016	Lease of parking place		None
Contract for the lease of movable assets	4/1/2016	Lease of furniture (Brno)		None
Agreement on Termination of Contract for the Lease of Movable Assets	31/3/2017	Lease of furniture (Brno)		None
Contract for the Lease of Movable Assets	31/3/2017	Lease of furniture		None
Contract for the Sub-lease of Business Premises (Brno)	25/4/2017	Sub-lease of business premises		None
Contract for the Sub-lease of Business Premises (Praha)	25/4/2017	Sub-lease of business premises		None
Agreement on Sales Representation	1/1/2016	Distribution of funds' securities		None

	Amendment No. 1 to Sales Representation Agreement	1/6/2016			None
	Amendment No. 2 to Sales Representation Agreement	1/2/2017			None
	Contract for Assignment of and Amendment to the Agreement (Sales Representation Agreement)	27/4/2017			None
	Agreement on Assignment of Rights and Assumption of Obligations	28/6/2015	Provision of operational support for IT and SW development		None
	Master Agreement on Sharing of Non-IT and IT Technologies and Related Operating Expenses	1/1/2017	Technology sharing		None
	Master Agreement on Cost Sharing in Performance of Significant Operations	1/1/2017	Sharing of costs of performance of significant operations		None
	Loyalty Bonus Agreement	1/5/2017	Loyalty bonus		None
	Amendment No. 1 to Loyalty Bonus Agreement of 26 March 2012	28/6/2017	Loyalty bonus		None
	Insurance Policy	30/12/2016	Liability insurance	Replaced with Insurance Policy of 30/12/2017	None
	Insurance Policy	30/12/2017			None
	Contract for Project Participation	29/11/2017	Personal data		None
	Amendment No. 1 to Contract for Project Participation	18/12/2017			None
Česká pojišťovna a.s., Generali CEE Holding B.V. (formerly Generali PPF)	Agreement on Performance of Obligations Resulting from Membership in the Group	16/1/2009	Obligations pursuant to the VAT Act (Česká pojišťovna appointed as the	Replaced with Agreement on Performance of Obligations Resulting from	None

Holding B.V.), Generali Pojišťovna a.s., Generali Servis s.r.o. (no longer existing), Generali penzijní fond a.s. (no longer existing), Generali Services CEE, a.s. (formerly První Callin agentura a.s.), Penzijní společnost České pojišťovny a.s. (formerly Penzijní fond České pojišťovny, a.s.), Česká pojišťovna ZDRAVÍ a.s., Generali PPF Asset Management a.s. (later Generali Investments CEE, a.s. - no longer existing)	Amendment No. 1 to the Agreement on Performance of Obligations Resulting from Membership in the Group	16/12/2009	representing member)	Membership in the Group of 2/1/2017	None
	Amendment No. 2 to the Agreement on Performance of Obligations Resulting from Membership in the Group	1/6/2010			None
	Amendment No. 3 to the Agreement for Meeting the Obligations Resulting from Membership in the Group	1/3/2012			None
Česká pojišťovna a.s., Generali CEE Holding B.V., Generali Pojišťovna a.s., FINHAUS a.s., Penzijní společnost České pojišťovny a.s., Česká pojišťovna ZDRAVÍ a.s., Direct Care s.r.o., ČP Distribuce s.r.o., GENERALI SHARED SERVICES S.C.A.R.L., Acredité s.r.o.	Agreement on Performance of Obligations Resulting from Membership in the Group	2/1/2017	Obligations pursuant to the VAT Act (Česká pojišťovna appointed as the representing member)		None

<p>KPMG Česká republika, s. r. o., IC: 00553115, KPMG Legal s.r.o., advokátní kancelář, IC: 24733598, Česká pojišťovna a.s., IC: 45272956, Europ Assistance s.r.o., IC: 2527851, Generali Investments CEE, investiční společnost, a.s., IC: 43873766, Generali Real Estate S.p.A., CEE Branch, organizační složka IC: 01757601</p>	<p>Contract for the Provision of Advisory Services</p>	<p>31/10/2017</p>	<p>Advisory</p>		<p>None</p>
<p>Česká pojišťovna ZDRAVÍ a.s., IC: 49240749</p>	<p>Asset Management Agreement</p>	<p>31/3/2011</p>	<p>Management of entrusted assets</p>	<p>Replaced with Investment Management Agreement of 8/11/2017</p>	<p>None</p>
	<p>Amendment No. 1 to Asset Management Agreement</p>	<p>30/12/2012</p>			<p>None</p>
	<p>Amendment No. 2 to Asset Management Agreement</p>	<p>13/3/2013</p>			<p>None</p>
	<p>Amendment No. 3 to Asset Management Agreement</p>	<p>30/12/2013</p>			<p>None</p>
	<p>Amendment No. 4 to Asset Management Agreement</p>	<p>24/2/2014</p>			<p>None</p>
	<p>Amendment No. 5 to Asset Management Agreement</p>	<p>5/1/2015</p>			<p>None</p>
	<p>Amendment No. 6 to Asset Management Agreement</p>	<p>20/2/2015</p>			<p>None</p>

	Amendment No. 7 to Asset Management Agreement	2/11/2015			None
	Amendment No. 8 to Asset Management Agreement	10/3/2016			None
	Investment Management Agreement	8/11/2017	Management of entrusted assets		None
ČP Distribuce, s.r.o., IC: 44795084 (in 2018 ČP Distribuce, a.s.) (formerly Generali Development s.r.o.)	Contract for Assignment of and Amendment to the Agreement (Sales Representation Agreement)	27/4/2017	Distribution of funds' securities		None
	Amendment No. 3 to the Sales Representation Agreement	30/6/2017			None
	Amendment No. 4 to the Sales Representation Agreement	15/9/2017			None
	Loyalty Bonus Agreement	1/5/2017			None
Direct Care s.r.o. (formerly Generali Care s.r.o.), IC: 26416549	Sales Representation Agreement	4/1/2016	Distribution of funds' securities		None
	Amendment No. 1 to Sales Representation Agreement	27/6/2016			None
	Notification No. 1 on Supplementation of Commission and Bonus Terms and Conditions to Sales Representation Agreement (new fund)	26/1/2017			None
	Notification No. 2 on Supplementation of Commission and Bonus Terms and Conditions to Sales Representation Agreement (new fund)	15/9/2017			None

Európai Utazási Biztosító Zrt. (Hungary)	Investment Management Agreement	29/6/2016	Management of entrusted assets		None
FINHAUS a.s. (formerly: Generali Services, a.s. and prior: Generali PPF Services a.s.), IC: 27108562	Agreement No. 2013/0245 on Assignment of Rights and Assumption of Obligations Arising from Agreement No. 982603-256/2008 on Cashless Payment of the Prices of Postal Services	30/12/2013	Consideration for postal services		None
	Master Outsourcing Agreement	2.11.2015	Document digitization and indexing	Terminated with Agreement on the Termination of Master Outsourcing Agreement of 2/11/2015 (dated 30/6/2016)	None
	Agreement on the Termination of Master Outsourcing Agreement of 2/11/2015	30/6/2016			None
	Agreement on Sales Representation	26/8/2016	Distribution of funds' securities		None
	Notification No. 1 on Supplementation of Commission and Bonus Terms and Conditions to Sales Representation Agreement (new fund)	26/1/2017			None
	Notification No. 2 on Supplementation of Commission and Bonus Terms and Conditions to Sales Representation Agreement (new fund)	15/9/2017			None

Generali Biztosító Zrt. (Hungary)	Confidentiality Agreement	19/5/2016	Confidentiality		None
	Investment Management Agreement	26/9/2016	Management of entrusted assets		None
Generali Holding organizační složka (formerly Generali Holding B.V., org. složka), CEE B.V. PPF IC: 28239652	Agreement on the Provision of Services (concluded with ČP INVEST investiční společnost, a.s.)	1/1/2009	Personnel, consulting and IT services		None
	Agreement on Change to Agreement on the Provision of Services	1/6/2009			None
	Amendment No. 2 to Agreement on the Provision of Services	29/3/2013			None
	Amendment No. 3 to Agreement on the Provision of Services	2/1/2014			None
	Amendment No. 4 to Agreement on the Provision of Services				None
	Amendment No. 5 to Agreement on the Provision of Services				None
	Agreement on the Termination of Agreement on the Provision of Services (concluded with ČP INVEST investiční společnost, a.s.)	30/6/2017			None
	Asset Management Agreement	1/4/2010	Management of entrusted assets	Replaced with Investment Management Agreement of 1/6/2017	None
	Amendment No. 1 to Asset Management Agreement	12/5/2010			None
	Amendment No. 2 to Asset Management Agreement	2/3/2015			None
	Amendment No. 3 to Asset Management Agreement	16/3/2016			None

	Amendment No. 4 to Asset Management Agreement	10/5/2016			None
	Investment Management Agreement	1/6/2017	Management of entrusted assets		None
	Master Consultancy Service Agreement	9/12/2011	Advisory services		None
	Amendment No. 1 to Master Consultancy Service Agreement	13/9/2016			None
	Amendment No. 2 to Master Consultancy Service Agreement	6/1/2017			None
	Two Agreements for Transfer of Vacation Entitlement	2016	Personnel matters (transfer of employees)		None
	Service Agreement (concluded with Generali PPF Asset Management a.s.)	22/12/2008	Consideration for advisory and other services		None
	Amendment No.1 to Service Agreement	31/12/2009			None
	Amendment No.2 to Service Agreement	29/3/2013			None
	Amendment No.3 to Service Agreement	2/1/2014			None
	Amendment No.4 to Service Agreement	1/7/2014			None
	Amendment No.5 to Service Agreement	1/1/2017			None
	Amendment No.6 to Service Agreement	30/6/2017			None
Generali Insurance AD (Bulgaria)	Investment Management Agreement	29/10/2015	Management of entrusted assets	Replaced with Investment Management Agreement of 13/6/2017	None
	Investment Management Agreement	13/6/2017			None
Generali Invest CEE plc (formerly Generali PPF)	Information Sharing Agreement	31/7/2015	Sharing of information		None
	Amended and Restated	31/7/2015	Administration		None

Invest Ireland plc),	Administration Agreement				
	Amended and Restated Management Agreement	1/1/2016	Management of entrusted assets, distribution, etc.		None
Generali Poist'ovňa a.s. (formerly Generali Slovensko poist'ovňa, a.s.) - Slovakia, IC: 35709332	Asset Management Agreement	30/9/2016	Management of entrusted assets	Replaced with Investment Management Agreement of 28/12/2017	None
	Investment Management Agreement	28/12/2017			None
	Agreement on the Terms and Conditions of Issuing and Redeeming Securities of Investment Funds and on Maintaining Asset Account	1/1/2016	Distribution of funds' securities		None
	Loyalty Bonus Agreement	1/1/2016	Remuneration for the distribution of funds' securities		None
	Amendment No. 1 to Loyalty Bonus Agreement	20/11/2017			None
Generali Pojišťovna a.s., IC: 61859869	Agreement on the Terms and Conditions of Issuing and Redeeming Securities of Investment Funds and on Maintaining Asset Account	19/9/2016	Distribution of funds' securities		None
	Asset Management Agreement	13/10/2008	Management of entrusted assets	Replaced with Investment Management Agreement of 30/6/2017	None
	Amendment No. 1 to Asset Management Agreement	9/12/2008			None
	Amendment No. 2 to Asset Management Agreement	23/12/2008			None
	Amendment No. 3 to Asset Management Agreement	26/11/2009			None

Amendment No. 4 to Asset Management Agreement	17/12/2009			None
Amendment No. 5 to Asset Management Agreement	31/3/2010			None
Amendment No. 6 to Asset Management Agreement	25/5/2010			None
Amendment No. 7 to Asset Management Agreement	2/6/2010			None
Amendment No. 8 to Asset Management Agreement	2/8/2010			None
Amendment No. 9 to Asset Management Agreement	5/10/2010			None
Amendment No. 10 to Asset Management Agreement	3/12/2010			None
Amendment No. 11 to Asset Management Agreement	8/12/2010			None
Amendment No. 12 to Asset Management Agreement	20/12/2011			None
Amendment No. 13 to Asset Management Agreement	31/12/2013			None
Amendment No. 14 to Asset Management Agreement	11/5/2015			None
Amendment No. 15 to Asset Management Agreement	21/9/2015			None
Amendment No. 16 to Asset Management Agreement	31/12/2015			None
Amendment No. 17 to Asset Management Agreement	1/6/2017			None
Investment Management Agreement	30/6/2017	Management of entrusted assets		None

	Loyalty Bonus Agreement	19/3/2012	Remuneration for the distribution of funds		None
	Contract for Car Fleet Insurance	4/11/2016	Insurance		None
	Change to Contract for Car Fleet Insurance (Annex)	4/11/2016			None
	Change to Contract for Car Fleet Insurance (Annex)	29/3/2017			None
	Insurance Policy (vehicle insurance)	26/4/2017			None
	Amendment to Insurance Policy (vehicle insurance)	3/3/2016			None
	Insurance Policy (vehicle insurance)	29/6/2016			None
	Insurance Policy (vehicle insurance)	29/6/2016			None
Generali Real Estate Fund CEE a.s., investiční fond (formerly ČP INVEST Realitní uzavřený fond a.s.), IC: 247 36 694	Investment Fund Asset Management Agreement	15/9/2010	Management of entrusted assets	Replaced with Contract for the Performance of the Function of a Board of Directors Member of 23/6/2017	None
	Contract for the Performance of the Function of a Board of Directors Member	23/6/2017			
Generali Romania Asigurare Reasigurare SA (Romania)	Collaboration Agreement	19/12/2011	Investing in unit trusts		None
	Investment Management Agreement	6/5/2015	Management of entrusted assets (other than Unit Links)		None
	Amendment No. 1 to Investment Management Agreement	1/2/2016			None
	Investment Management Agreement (Unit Linked Products)	10/9/2015	Management of entrusted assets (Unit Links)		None
	Amendment No. 1 to Investment Management	1/2/2016			None

	Agreement (Unit Linked Products)				
Generali Życie Towarzystwo Ubezpieczen S.A. (Poland)	Collaboration Agreement	4/12/2012	Distribution of funds' securities		None
	Investment Management Agreement	27/4/2016	Management of entrusted assets		None
Generali Towarzystwo Ubezpieczen S.A. (Poland)	Investment Management Agreement	28/1/2016	Management of entrusted assets		None
Generali Shared Services Czech Branch, organizační složka (formerly Generali Infrastructure Services Czech Branch, organizační složka), IC: 29044707	Agreement No. 2013/0245 on Assignment of Rights and Assumption of Obligations Arising from Agreement No. 982603-256/2008 on Cashless Payment of the Prices of Postal Services	30/12/2013	Consideration for postal services		None
	Confidentiality Agreement (between ČP INVEST investiční společnost, a.s., Česká pojišťovna, a.s. and Generali Infrastructure Services Czech branch, organizační složka)	18/6/2014	Confidentiality in cooperation on IT analyses		None
	Master Agreement on the Terms and Conditions of Provision of Mobile Electronic Communication Services (between Generali Infrastructure Services Czech Branch, organizační složka and O2 Czech Republic - ČP INVEST investiční společnost, a.s., another party to the agreement)	2/1/2015	Provision of mobile electronic communication services		None

Amendment to the Agreement for the Provision of Publicly Available Electronic Communication Service - Transfer of the Parties (between T-Mobile Czech Republic a.s., ČP INVEST investiční společnost, a.s. and Generali Infrastructure Services Czech Branch, organizační složka)	23/12/2015	Provision of publicly available electronic communication services		None
Service Agreement for the Provision of Information Technology Services	1/10/2015	Provision of IT services		None
Agreement on Assignment of Rights and Assumption of Obligations (Premium SMS) (between ČP INVEST investiční společnost, a.s., Generali Infrastructure Services Czech Branch, organizační složka and ComGate Payments, a.s.)	1/11/2015	Assignment of rights to the given software with the preservation of the right of use		None
Agreement on Assignment of Rights and Assumption of Obligations (WM Ware)	18/9/2015	Assignment of rights to the given software with the preservation of the right of use		None
Agreement on Assignment of Rights and Assumption of Obligations (Total Commander)	31/7/2015	Assignment of rights to the given software with the preservation of the right of use		None
Confidentiality Agreement	18/6/2014	Confidentiality in cooperation on IT analyses		None

	Purchase agreement	1/10/2015	IT materials (hardware, software)		None
	License Assignment Request (LAR)Form (Symantec)	1/12/2015	Assignment of rights to the given software with the preservation of the right of use		None
	Confirmation of License Transfer (Team Viewer)	1/1/2016	Assignment of rights to the given software with the preservation of the right of use		None
Generali Investments Europe S.p.A. societa di gestione del risparmio (Italy)	Investment Advisory Agreement	20/7/2015	Investment advisory		None
Genertel Biztosító Zrt. (Hungary)	Investment Management Agreement	1/9/2016	Management of entrusted assets		None
GP REINSURANCE EAD (Bulgaria)	Investment Management Agreement	23/5/2016	Management of entrusted assets	Replaced with Investment Management Agreement of 23/10/2017	None
	Investment Management Agreement	23/10/2017	Management of entrusted assets		None
Penzijní společnost České pojišťovny, a.s., IC: 61858692	Asset Management Agreement	20/12/2012	Management of entrusted assets		None
	Amendment No. 1 to Asset Management Agreement	31/3/2013			None
	Amendment No. 2 to Asset Management Agreement	19/12/2013			None
	Amendment No. 3 to Asset Management Agreement	12/2/2015			None

Amendment No. 4 to Asset Management Agreement	28/4/2015		None
Amendment No. 5 to Asset Management Agreement	30/9/2015		None
Amendment No. 6 to Asset Management Agreement	31/12/2015		None
Amendment No. 7 to Asset Management Agreement	26/2/2016		None
Amendment No. 8 to Asset Management Agreement	28/4/2016		None
Amendment No. 9 to Asset Management Agreement	25/10/2016		None
Amendment No. 10 to Asset Management Agreement	20/12/2016		None
Cooperation Agreement	14/4/2003	Supplementary pension insurance for employees	None
Agreement for Cooperation in Product Sales	10/3/2011	Ensuring product sales	None

Relations between Related Parties are disclosed in the Notes to the Financial Statements for the year ended 31 December 2017.

IV. Other legal actions

No other legal actions were taken in the reporting period in the interest of the controlling person or in the interest of the Company or other related parties, and if any legal actions were taken in respect of the related parties, those were actions of general legal nature, performed under the conditions for performing legal actions by the controlling person in relation to the Company by virtue of its position as the Company's shareholder.

No measures were adopted in the reporting period for the benefit or at the initiative of the controlling person or other related parties, except for general measures adopted by the Company in relation to the controlling person by virtue of its position as the Company's shareholder.

In the reporting period, the Company was not subject to nor took any other legal actions in the interest or at the initiative of the related parties, where such actions concerned assets exceeding 10% of the Company's equity as determined from the last financial statements,

V. Performance rendered and detriment suffered by the controlled entity and the assessment of its settlement

All foregoing contracts and agreements were concluded on an arm's-length basis and all performance rendered and counter-performance received under these agreements and under the agreements concluded in the preceding periods complied with the arm's length principle. The Company suffered no detriment arising from these agreements. In 2017, the Company did not adopt or implement any other measures or legal actions for the benefit or at the initiative of the related parties to the Company's detriment.

No special advantages or disadvantages or any additional risks resulted from the concluded agreements for the Company.

The Company cooperates on group projects and policies within the Generali Group. The Company suffered no detriment arising from the cooperation on these group activities.

VI. Closing statement

The Report on Related Parties was prepared by the Board of Directors on 31 March 2018 and was submitted to the auditor performing an audit of the Financial Statements.

The Company's statutory body declares that this Report was prepared with due care and diligence and that the information provided in this Report is adequate, accurate and complete. In view of its statutory duties, the Company shall publish an annual report of which the Report is an integral part. The Company's Supervisory Board shall review the complete document including this Report.

Prague, 31 March 2018



Ing. Josef Beneš
Chairman of the Board of Directors
Generali Investments CEE,
investiční společnost, a.s.



Mgr. Martin Vít
Vice-chairman of the Board of Directors
Generali Investments CEE,
investiční společnost, a.s.

Appendix to this Report on Related Parties - Structure of the financial group, with information valid as at 31 December 2017:



GENERALI INVESTMENTS CEE, investiční společnost, a.s.
Registered office: Na Pankráci 1720/123, Nusle, 140 00 Prague 4
Business registration number (IČ): 43873766
Legal form: joint-stock company
Primary business: collective investment
Date of preparation 27 April 2018

Generali Investments CEE, investiční společnost, a.s.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017



GENERALI INVESTMENTS CEE, investiční společnost, a.s.
Registered office: Na Pankráci 1720/123, Nusle, 140 00 Prague 4
Business registration number (IČ): 43873766
Legal form: joint-stock company
Primary business: collective investment
Date of preparation 27 April 2018

**BALANCE SHEET
AS AT 31 DECEMBER 2017**

<u>Assets:</u>	<u>Note</u>	<u>31 December 2017</u>	<u>31 December 2016</u>
		In CZK thousands	In CZK thousands
Cash on hand		42	43
Due from banks	3	447,202	199,077
Of which: repayable on demand		297,404	199,077
Shares, participation certificates and other holdings	4	86,590	285,878
Intangible fixed assets	5	19,457	12,569
Tangible fixed assets	5	6,207	5,884
Other assets	6	95,804	87,307
Deferred expenses and accrued income	7	<u>50,092</u>	<u>45,193</u>
Total assets		<u>705,394</u>	<u>635,951</u>
 <u>Equity and liabilities:</u>			
Other liabilities	8	108,758	94,801
Deferred income and accruals		148	31,024
Provisions	10	38,632	227
Share capital paid up	9	91,000	91,000
Reserve funds and other funds from profit		570	570
a) statutory reserve funds and risk funds		0	0
b) other funds from profit		570	570
Capital funds		0	0
Retained earnings / accumulated loss		199,004	174,635
Profit for the period	9	<u>267,282</u>	<u>243,694</u>
Total equity and liabilities		<u>705,394</u>	<u>635,951</u>

**OFF-BALANCE SHEET
AS AT 31 DECEMBER 2017**

<u>Off-balance sheet liabilities</u>	<u>Note</u>	<u>31 December 2017</u>	<u>31 December 2016</u>
		In CZK thousands	In CZK thousands
Assets received for management from third parties	17	<u>305,372,242</u>	<u>295,702,139</u>

GENERALI INVESTMENTS CEE, investiční společnost, a.s.
Registered office: Na Pankráci 1720/123, Nusle, 140 00 Prague 4
Business registration number (IČ): 43873766
Legal form: joint-stock company
Primary business: collective investment
Date of preparation 27 April 2018

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>Note:</u>	<u>2017</u>	<u>2016</u>
		In CZK thousands	In CZK thousands
Interest and similar income		183	261
Fee and commission income	11	757,960	705,427
Fee and commission expenses	12	(176,210)	(168,101)
Gain or loss from financial transactions	13	(691)	3,188
Other operating income		1,198	1,101
Other operating expenses	14	(7,978)	(8,571)
Administrative expenses	15	(226,238)	(224,967)
Of which: a) staff costs		(158,323)	(162,513)
Of which: aa) wages and salaries		(118,841)	(125,147)
ab) social and health insurance		(32,856)	(30,963)
b) other administrative expenses		(67,915)	(62,454)
Depreciation and amortization	5	(9,477)	(6,108)
Write-offs, additions to/use of receivable provisions and allowance		0	(76)
Additions to/use of other provisions	10	(7,608)	278
Profit or loss on ordinary activities for the period before tax		<u>330,918</u>	<u>302,432</u>
Income tax	16	(63,636)	(58,738)
Profit or loss for the period after tax		<u>267,282</u>	<u>243,694</u>

GENERALI INVESTMENTS CEE, investiční společnost, a.s.

Registered office: Na Pankráci 1720/123, Nusle, 140 00 Prague 4

Business registration number (IČ): 43873766

Legal form: joint-stock company

Primary business: collective investment

Date of preparation: 27 April 2018

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital In CZK thousands	Reserve fund In CZK thousands	Social fund In CZK thousands	Capital funds In CZK thousands	Profit/ (loss) In CZK thousands	Total In CZK thousands
Balance as at 31 December 2015	<u>91,000</u>	<u>27,388</u>	<u>570</u>	<u>10,000</u>	<u>147,638</u>	<u>276,596</u>
Transfer from Generali Investments						
within the merger	0	10,400	0	52,000	387,854	450,254
Net profit for the period	0	0	0	0	243,694	243,694
Use of social fund	0	0	0	0	0	0
Returns and allocations to social fund	0	0	0	0	0	0
Allocation to retained earnings	0	(37,788)	0	(62,000)	99,788	0
Dividends paid	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(460,645)</u>	<u>(460,645)</u>
Balance as at 31 December 2016	<u>91,000</u>	<u>0</u>	<u>570</u>	<u>0</u>	<u>418,329</u>	<u>509,899</u>
Net profit for the period	0	0	0	0	267,285	267,285
Use of social fund	0	0	0	0	0	0
Returns to social fund	0	0	0	0	0	0
Dividends paid	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(219,325)</u>	<u>(219,325)</u>
Balance as at 31 December 2017	<u>91,000</u>	<u>0</u>	<u>570</u>	<u>0</u>	<u>466,286</u>	<u>557,856</u>

GENERALI INVESTMENTS CEE, investiční společnost, a.s.
Registered office: Na Pankráci 1720/123, Nusle, 140 00 Prague 4
Business registration number (IČ): 43873766
Legal form: joint-stock company
Primary business: collective investment
Date of preparation: 27 April 2018

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Cash and cash equivalents at the beginning of the period	199,120	205,587
Transfer from Generali Investments within the merger	0	460,492
<u>TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</u>	<u>199,120</u>	<u>666,079</u>
Profit or loss on ordinary activities before tax	330,918	302,433
Adjustment to reconcile profit before tax to net operating cash flows	15,368	(99)
<i>Depreciation/amortization of fixed assets and write-off of adjustment to acquired property</i>	9,477	6,119
<i>Change in allowances, provisions</i>	7,609	(924)
<i>Gain on sale of fixed assets</i>	(577)	(20)
<i>Income from participation certificates</i>	(921)	(4,827)
<i>Interest expense, net of capitalized interest, and interest income</i>	38	(261)
<i>Other adjustments comprising non-monetary transactions</i>	(258)	(186)
<u>Net cash flows from operating activities before tax, changes in working capital and extraordinary items</u>	<u>346,286</u>	<u>302,334</u>
Change in non-cash components of working capital	200,198	(237,835)
<i>Changes in other assets and deferred expenses and accrued income</i>	(13,396)	(33,795)
<i>Changes in other liabilities and accruals and deferred income</i>	13,878	(4,141)
<i>Change in shares, participation certificates and other holdings</i>	199,716	(199,899)
<u>Net cash flows from operating activities before tax and extraordinary items</u>	<u>546,484</u>	<u>64,499</u>
Interest paid and received and similar income / expenses	(38)	261
Tax paid on income from ordinary activities and additionally assessed tax for previous periods	(63,570)	(55,032)
<u>Net cash flows from operating activities</u>	<u>482,876</u>	<u>9,728</u>

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Acquisition of fixed assets	(16,689)	(16,252)
Proceeds from sale of fixed assets	1,262	210
<u>Net cash provided by (used in) investing activities</u>	<u>(15,427)</u>	<u>(16,042)</u>
Dividends paid to shareholders	(219,325)	(460,645)
<u>Net cash provided by (used in) financing activities</u>	<u>(219,325)</u>	<u>(460,645)</u>
<u>Net increase (decrease) in cash</u>	<u>248,124</u>	<u>(466,959)</u>
<u>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</u>	<u>447,244</u>	<u>199,120</u>



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1 GENERAL INFORMATION

Generali Investments CEE, investiční společnost, a.s. (**"the Company" or "GICEE"**) (from 26 January 2001 to 31 December 2015 operating under the name ČP INVEST investiční společnost, a.s., until 26 January 2001 under the name KIS a.s. kapitálová investiční společnost České pojišťovny) was established on 19 November 1991.

With effect from 1 January 2016, ČP INVEST investiční společnost, a.s., merged with Generali Investments CEE, a.s., with its registered office at Na Pankráci 1658/121, Prague 4, zip code 140 00, business registration number (IČ) 25629123, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 5073 (**"Generali Investments"**), which ceased to exist upon the merger and its assets and liabilities were transferred to the acquiring company, ČP INVEST investiční společnost, a.s., with its registered office at Na Pankráci 1658/121, Prague 4, zip code 140 21, business registration number (IČ) 43873766, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1031. With effect from the above date of the merger, the acquiring company was recorded in the Commercial Register under the name **Generali Investments CEE, investiční společnost, a.s., with its registered office at Na Pankráci 1720/123, Prague 4, zip code 140 21, business registration number (IČ) 43873766, maintained by the Municipal Court in Prague, Section B, File 1031**; this information is applicable as at the financial statements' date.

CZI Holdings N.V., with its registered office at 1112XN Diemen, Diemerhof 32, the Netherlands (in the reporting period with its registered office at: 1112XN Diemen, Diemerhof 32, the Netherlands) is the sole shareholder; the Company is included in the consolidated group of the parent company.

The Company was a member of the Generali insurance group in the accounting period.

The consolidated financial statements of the largest group of entities (published on <http://www.generali.com>) in which the Company, being a consolidated entity, is included, are prepared by:

Assicurazioni Generali, with its registered office at: Piazza Duca Degli Abruzzi, 2; 34132 Trieste, Italy.

The consolidated financial statements of the narrowest group of entities (published on <http://www.generalicee.com>) in which the Company, being a consolidated entity, is included, are prepared by:

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Generali CEE Holding B. V. organizační složka, with its registered office at: Na Pankráci 1658/121, P.O.Box 39; 140 21 Prague 4; Czech Republic.

Pursuant to Act No. 240/2013 Coll., on investment companies and investment funds, as amended, the Company is authorized to perform the following activities, within the scope of the Czech National Bank's authorization:

- manage investment funds and foreign investment funds;
- administer investment funds and foreign investment funds;
- manage clients' assets, if an investment instrument is involved, on a discretionary basis under contractual arrangements (portfolio management);
- perform custody and administration of investment instruments, including related services, but only in relation to securities and dematerialized securities issued by an investment fund or a foreign investment fund;
- provide investment advisory related to investment instruments.

The Company is authorized to exceed the applicable limit.

Members of the statutory bodies as at 31 December 2017 were as follows:

Board of Directors

Chair	Ing. Josef Beneš
Vice-Chair	Mgr. Martin Vít
Member	Bc. Martin Brož
Member	Ing. Michal Toufar

The Board of Directors saw the following changes in 2017:

- deleted Ing. Alexandra Hájková, MBA, member of the Board of Directors, whose membership ceased as at 31 August 2017;

Supervisory Board

Member	Gregor Pilgram
Member	Carlo Schiavetto
Member	Alexandre Lepere
Member	Francesco Sola
Chair	Santo Borsellino

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2 ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared on the basis of underlying books of account of the Company maintained in accordance with Act No. 563/1991 Coll. on Accounting, as amended, and applicable regulations; in accordance with, and in the scope defined by the Regulation No. 501/2002 Coll. implementing certain provisions of Act No. 563/1991 Coll. on Accounting, as amended, for the accounting entities being banks and other financial institutions, which sets out the layout and content of the financial statement items and the scope of data to be published for banks and other financial institutions; and Czech Accounting Standards for financial institutions.

The financial statements are prepared on the accrual principle, that is, transactions and other events are recognized in the accounting period in which they occur, regardless of when the related monetary flow arises.

The financial statements are prepared on the historical cost basis, except held participation certificates of investment funds, which are measured at fair value. Impaired assets are recorded at net realizable value. The accounting is maintained in accordance with the prudence concept and the going concern assumption. The preparation of financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as at the date of the financial statements and actual results could differ from those estimates.

The financial statements include the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements.

The reporting currency used in the financial statements is the Czech crown ("CZK") with accuracy to CZK thousand, unless indicated otherwise.

The financial statements have been prepared for the year ended 31 December 2017. These financial statements are standalone statements.

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Explanation added for translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

(b) Foreign Currency

Financial assets and liabilities denominated in foreign currencies are translated into Czech crowns at the exchange rate as published by the Czech National Bank (“CNB”) as at the balance sheet date. All exchange rate gains and losses arising from monetary items are recognized in gain/loss from financial transactions.

All transactions denominated in foreign currencies are translated into Czech crowns at the exchange rate as published by the Czech National Bank as at the transaction date.

(c) Fair Value of Securities

The fair value of a security is determined by the market value quoted by a relevant stock exchange or other active public market. In other cases the fair value is estimated as:

- the present value of future cash flows pertaining to shares and participation certificates, or
- the net present value of cash flows reflecting the involved risks pertaining to bonds and notes.

In its models designed for determining fair value of securities the Company uses only observable market data. The valuation models consider current market conditions as at the date of the valuation which do not necessarily reflect the market situation before or after the valuation date. The management of the Company reviewed these models as at the balance sheet date and considered that the models adequately reflect the current market conditions including relative market liquidity and credit spread.

(d) Recognition and Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities are recognized at the moment the Company becomes a contractual partner to the transaction.

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The Company derecognizes a financial asset or a part thereof when it loses control over the asset or its part. It loses this control when the contractual rights to the cash flows from the financial asset expire, are used by the Company or the Company surrenders these rights.

The Company removes a financial liability or a part thereof from its balance sheet when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a liability (or a portion thereof) extinguished or transferred and the amount paid for is recognized net in profit or loss for the period.

Spot purchases and sales are recognized on a settlement date basis. When the trade date and the settlement date fall on the turn of year (i.e. each of the dates occurs in different calendar years), the trade is recognized in the off-balance sheet accounts.

(e) Securities at Fair Value through Profit or Loss

There are two sub-categories of securities valued at fair value through profit or loss: held-for-trading, and those designated at fair value through profit or loss at inception. Securities are classified as held-for-trading if they are acquired or incurred principally for the purpose of selling or repurchasing in the near term or if they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Securities at fair value through profit or loss are initially recognized at cost, which includes expenses incurred in connection with their acquisition, and they are subsequently measured at fair value. All related gains and losses are included in gains or losses from financial transactions. Spot purchases and sales are recognized on a settlement date basis. Interest earned on securities at fair value through profit or loss is reported as interest income.

(f) Interest Income and Expenses

Interest income and expenses are recognized on an accruals basis using the linear method for cash flows redeemable within 12 months from the balance sheet date and for interest income on securities at fair value through profit or loss. The Company has no cash flows redeemable for more than 12 months. Interest income includes the accrued interests, discount and premium for all fixed income instruments.

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(g) Fee and Commission Income, Fee and Commission Expenses

Fee and commission income includes the fees for management of the mutual funds, front-end and back-end sales loads. Fee and commission expenses include, in particular, expenses incurred in commissions paid to agents. Fees and commissions are recognized on an accrual basis as at the date of service provision. Fees and commissions for negotiating a transaction for a third party or from a share in such a negotiation are recognized at time of transaction completion. Fees for management and administration of assets and for advisory services are recognized on an accrual basis pursuant to contracts for provision of such services.

(h) Receivables

Receivables are stated at nominal value less an allowance for doubtful amounts. Bad debts are written-off after the completion of debtor's bankruptcy proceedings.

Receivables are assessed for their recoverability. Allowances against receivables are established on the basis of the assessment. Additions to allowances are recognized as an expense, use of the allowances is recognized together with costs or losses related to asset disposals in the income statement. Release of allowance in case it is no longer necessary is recognized as income.

(i) Equity

The share capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Municipal Court. Any increase or decrease in the share capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the financial statements date is recorded through changes in share capital. Contributions in excess of share capital are recorded as share premium (agio). Other capital funds consist of monetary and non-monetary contributions in excess of share capital, tangible assets donations, etc.

(j) Provisions

Provisions are recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. All provisions are presented in liabilities.

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Additions to provisions are recognized in the income statement, their utilization is recognized together with expenses or losses, for which purpose they were created, in the income statement. Release of provisions in case they are no longer necessary is recognized as income.

Provisions are set aside in the currency in which settlement is expected to be made.

(k) Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets are recorded at their acquisition cost and are depreciated / amortized on a straight-line basis over their estimated useful lives using the following depreciation / amortization periods:

Software	3 - 4 years
Buildings	50 years
Automobiles	4 years
Machinery and equipment	3 - 15 years
Furniture and fixtures	5 - 10 years

Intangible fixed assets with a cost of less than CZK 60,000 and tangible fixed assets with a cost of less than CZK 40,000 are amortized / depreciated on a straight-line basis over 3 to 4 years.

The costs of repairs and maintenance of tangible fixed assets are expensed as incurred. Technical improvements to the individual assets are capitalized and depreciated.

(l) Income Tax

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.).

(m) Deferred Tax

A deferred tax liability is recognized on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base using the full liability method. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which this asset can be utilized.

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The approved tax rate for the period in which the Company expects to utilize the asset or realize the liability is used for the deferred taxation calculation.

(n) Staff Costs, Supplementary Pension Scheme and Social Fund

Staff costs are included in administrative expenses and they include bonuses to members of the Board of Directors and Supervisory Board.

The Company makes contributions on behalf of its employees to a defined contribution pension scheme. Contributions paid by the Company are expensed as incurred.

The Company makes regular contributions to the state budget to support the national pension scheme.

The Company creates a social fund to cover the staff social needs and benefits. In accordance with the Czech accounting legislation, an allocation to the social fund is not recognized in the income statement but as profit distribution. Similarly, the use of the social fund is not recognized in the income statement but as a decrease in the fund. The social fund forms a component of equity and is not presented as a liability. Provision of a staff loan is recognized as a decrease in the social fund and the repayments of such a loan is recognized as an increase in the social fund.

(o) Related Parties

Material transactions, outstanding balances and pricing policies with related parties are disclosed in Notes 4, 6, 8, 15 and 17.

(p) Use of Estimates

The preparation of financial statements requires using the estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as at the date of the financial statements and actual results could differ from those estimates.

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(q) Subsequent Events

The effect of events that occurred between the balance sheet date and the financial statements date is reflected in the financial statements if these events provide additional evidence of conditions that existed at the balance sheet date. If, between the balance sheet date and the financial statements date, significant events occurred that are indicative of conditions that arose after the balance sheet date, the effect of these events is not recognized in the financial statements but disclosed in the notes to the financial statements.



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3 DUE FROM BANKS

	<u>31 December 2017</u>	<u>31 December 2016</u>
	In CZK thousands	In CZK thousands
Current accounts with banks	<u>447,202</u>	<u>199,077</u>

Amounts due from banks are payable upon demand, except a term deposit of CZK 150 thousand, which was due on 2 January 2018.

4 SHARES, PARTICIPATION CERTIFICATES AND OTHER HOLDINGS

	<u>31 December 2017</u>	<u>31 December 2016</u>
	In CZK thousands	In CZK thousands
Participation certificates in GICEE funds	<u>86,590</u>	<u>285,878</u>

As at 31 December 2017, the Company held the participation certificates in the following funds:

	<u>31 December 2017</u>
	In CZK thousands
Generali Fond vyvážený dluhopisový	<u>51,095</u>
Generali Prémiový fond dynamický	<u>35,495</u>
Total participation certificates held by the Company	<u>86,590</u>

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As at 31 December 2016, the Company held the participation certificates in the following funds:

	<u>31 December 2016</u>
	In CZK thousands
Generali Fond konzervativní	<u>202,154</u>
Generali Fond vyvážený dluhopisový	<u>50,695</u>
Generali Prémiový fond dynamický	<u>33,029</u>
 Total participation certificates held by the Company	 <u>285,878</u>



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5 TANGIBLE AND INTANGIBLE FIXED ASSETS

Intangible fixed assets

	<u>Software</u> In CZK thousands	<u>Other</u> In CZK thousands	<u>Assets under construction</u> In CZK thousands	<u>Total</u> In CZK thousands
As at 1 January 2017				
Cost	44,101	157	701	44,959
Accumulated amortization	<u>(32,282)</u>	<u>(108)</u>	<u>0</u>	<u>(32,390)</u>
Net book value	<u>11,819</u>	<u>49</u>	<u>701</u>	<u>12,569</u>
Year ended 31 December 2017				
Opening net book value	11,819	49	701	12,569
Additions	15,154	0	0	15,154
Disposals – cost	(3,461)	0	(701)	(4,162)
Disposals – accumulated amortization	3,461	0	0	3,461
Amortization	(7,514)	(49)	0	(7,563)
Closing net book value	<u>19,457</u>	<u>0</u>	<u>0</u>	<u>19,457</u>
AS AT 31 DECEMBER 2017				
Cost	<u>55,794</u>	<u>157</u>	0	<u>55,951</u>
Accumulated amortization	<u>(36,337)</u>	<u>(157)</u>	0	<u>(36,494)</u>
Net book value	<u>19,457</u>	<u>0</u>	<u>0</u>	<u>19,457</u>

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5 TANGIBLE AND INTANGIBLE FIXED ASSETS (cont.)

Intangible fixed assets

	<u>Software</u>	<u>Other</u>	<u>Assets under construction</u>	<u>Total</u>
	In CZK thousands	In CZK thousands	In CZK thousands	In CZK thousands
Transfer from Generali Investments within the merger				
Cost	2,551	11	0	2,562
Accumulated amortization	(1,926)	(11)	0	(1,937)
Net book value	625	0	0	625
As at 1 January 2016				
Cost	34,436	31	0	34,467
Accumulated amortization	<u>(28,219)</u>	<u>(31)</u>	<u>0</u>	<u>(28,250)</u>
Net book value	<u>6,217</u>	<u>0</u>	<u>0</u>	<u>6,217</u>
Year ended 31 December 2016				
Opening net book value	6,217	0	0	6,217
Additions	10,176	146	701	11,023
Disposals – cost	(511)	(20)	0	(531)
Disposals – accumulated amortization	511	20	0	531
Amortization	<u>(4,574)</u>	<u>(97)</u>	<u>0</u>	<u>(4,671)</u>
Closing net book value	<u>11,819</u>	<u>49</u>	<u>701</u>	<u>12,569</u>
As at 31 December 2016				
Cost	44,101	157	701	44,959
Accumulated amortization	<u>(32,282)</u>	<u>(108)</u>	<u>0</u>	<u>(32,390)</u>
Net book value	<u>11,819</u>	<u>49</u>	<u>701</u>	<u>12,569</u>

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5 TANGIBLE AND INTANGIBLE FIXED ASSETS (cont.)

Operating tangible fixed assets

	<u>Vehicles</u> In CZK thousands	<u>Equipment</u> In CZK thousands	<u>Other</u> In CZK thousands	<u>Total</u> In CZK thousands
As at 1 January 2017				
Cost	11,486	<u>435</u>	<u>582</u>	<u>12,503</u>
Accumulated depreciation	(5,728)	<u>(435)</u>	<u>(456)</u>	<u>(6,619)</u>
Net book value	5,758	<u>0</u>	<u>126</u>	<u>5,884</u>
Year ended 31 December 2017				
Opening net book value	5,758	<u>0</u>	<u>126</u>	<u>5,884</u>
Additions	2,427	<u>0</u>	<u>0</u>	<u>2,427</u>
Disposals – cost	(2,846)	<u>(348)</u>	<u>(51)</u>	<u>(3,246)</u>
Disposals – accumulated depreciation	2,657	<u>348</u>	<u>51</u>	<u>3,056</u>
Depreciation	(1,914)	<u>0</u>	<u>0</u>	<u>(1,914)</u>
Closing net book value	<u>6,081</u>	<u>0</u>	<u>126</u>	<u>6,207</u>
As at 31 December 2017				
Cost	11,067	<u>87</u>	<u>531</u>	<u>11,685</u>
Accumulated depreciation	(4,986)	<u>(87)</u>	<u>(405)</u>	<u>(5,478)</u>
Net book value	<u>6,081</u>	<u>0</u>	<u>126</u>	<u>6,207</u>

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5 TANGIBLE AND INTANGIBLE FIXED ASSETS (cont.)

Operating tangible fixed assets

	<u>Vehicles</u> In CZK thousands	<u>Equipment</u> In CZK thousands	<u>Other</u> In CZK thousands	<u>Total</u> In CZK thousands
Transfer from Generali Investments				
within the merger				
Cost	0	170	105	275
Accumulated depreciation	<u>0</u>	<u>(170)</u>	<u>(105)</u>	<u>(275)</u>
Net book value	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
As at 1 January 2016				
Cost	6,676	10,126	913	17,715
Accumulated depreciation	<u>(4,646)</u>	<u>(10,126)</u>	<u>(852)</u>	<u>(15,624)</u>
Net book value	<u>2,030</u>	<u>0</u>	<u>61</u>	<u>2,091</u>
Year ended 31 December 2016				
Opening net book value	2,030	0	61	2,091
Additions	5,260	0	168	5,428
Disposals – cost	(450)	(9,691)	(499)	(10,640)
Disposals – accumulated depreciation	338	9,691	413	10,442
Depreciation	(1,420)	0	(17)	(1,437)
Closing net book value	5,758	0	126	5,884
As at 31 December 2016				
Cost	11,486	435	582	12,503
Accumulated depreciation	<u>(5,728)</u>	<u>(435)</u>	<u>(456)</u>	<u>(6,619)</u>
Net book value	<u>5,758</u>	<u>0</u>	<u>126</u>	<u>5,884</u>

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Depreciation / amortization of fixed assets

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Depreciation of tangible fixed assets	1,914	1,437
Amortization of intangible fixed assets	7,563	4,671
Total	<u>9,477</u>	<u>6,108</u>

6 OTHER ASSETS

	<u>31 December 2017</u>	<u>31 December 2016</u>
	In CZK thousands	In CZK thousands
Trade receivables	67,199	65,178
Receivable from Generali PPF Invest plc.	18,609	15,106
Other receivables	2,967	1,234
Deferred tax asset (Note 16)	<u>7,029</u>	<u>5,804</u>
Total	95,804	87,322
Allowances for impairment losses	<u>0</u>	<u>(15)</u>
Total, net	<u>95,804</u>	<u>87,307</u>

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In addition, trade receivables include the following balances of related parties' accounts:

	<u>31 December 2017</u>	<u>31 December 2016</u>
	In CZK thousands	In CZK thousands
Generali Real Estate Fund CEE a.s., investiční fond	585	793
Fond globálních značek otevřený podílový fond	5,808	4,633
Zlatý otevřený podílový fond	1,819	1,817
11. Zajištěný fond kvalifikovaných investorů	0	64
Fond farmacie a biotechnologie otevřený podílový fond	2,515	2,494
Fond ropného a energetického průmyslu otevřený podílový fond	2,931	2,693
Fond korporátních dluhopisů otevřený podílový fond	10,592	7,551
Fond živé planety otevřený podílový fond	630	732
Fond balancovaný konzervativní otevřený podílový fond	2,553	2,174
Fond nových ekonomik otevřený podílový fond	1,092	1,125
Dynamický fond fondů	14	14
Vyvážený fond fondů	15	14
7. Zajištěný otevřený podílový fond	90	168
Fond nemovitostních akcií otevřený podílový fond	3,137	3,346
Konzervativní otevřený podílový fond	632	610
Dluhopisový Zajištěný otevřený podílový fond	0	154
15. Zajištěný fond kvalifikovaných investorů	2	102
2. Dluhopisový zajištěný otevřený podílový fond	55	134
Vyvážený dluhopisový fond	77	74
Fond cílovaného výnosu	219	211
Česká pojišťovna a.s.	5,018	5,413
Penzijní společnost České pojišťovny, a.s.	6,648	6,412
Generali Romania Asigurare Reasigurare S.A.	739	777
Generali Poistovňa, a.s.	1,330	1,364
Generali Pojišťovna a.s.	1,492	1,564
Česká pojišťovna ZDRAVÍ a.s.	49	46
GENERALI TOWARZYSTWO UBEZPIECZEŃ S.A.	1,269	195

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	<u>31 December 2017</u> In CZK thousands	<u>31 December 2016</u> In CZK thousands
Generali CEE Holding B.V.	1,357	958
GP Reinsurance EAD	2,112	2,027
Genertel Biztosító Zrt.	61	115
Európai Utazási Biztosító Zrt.	43	42
Generali Biztosító Zrt.	1,494	1,608
Generali Investments Europe S.p.A.	741	2,414
Generali Insurance AD	299	288
Realitní fond, otevřený podílový fond kvalifikovaných investorů	2,086	0
Fond kreditního výnosu, otevřený podílový fond kvalifikovaných investorů	669	0
Generali Życie Towarzystwa	267	0
Total	<u>58,440</u>	<u>52,127</u>

7 DEFERRED EXPENSES AND ACCRUED INCOME

	<u>31 December 2017</u> In CZK thousands	<u>31 December 2016</u> In CZK thousands
Accrued commissions	38,668	38,000
Other deferred expenses/accrued income	<u>11,424</u>	<u>7,193</u>
	<u>50,092</u>	<u>45,193</u>

8 OTHER LIABILITIES

	<u>31 December 2017</u> In CZK thousands	<u>31 December 2016</u> In CZK thousands
Due to state budget	9,041	8,912
Estimated payables	11,006	15,709
Liabilities to employees	6,390	6,130
Liabilities from social security and health insurance	2,795	3,300
Liabilities from commissions	506	621
Other operating liabilities (incl. liabilities to funds)	<u>79,020</u>	<u>60,129</u>
Total	<u>108,758</u>	<u>94,801</u>

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As at 31 December 2017 and 2016, the Company had no overdue liabilities from social security and contribution to the state employment policy, from public health insurance and no tax arrears.

Other operating liabilities include, in particular, liabilities to Generali mutual funds.

9 EQUITY AND PROFIT DISTRIBUTION

Share capital

31 December 2016 and 2017

In CZK thousands

770 registered shares with a nominal value of CZK 100,000	77,000
1,400 registered shares with a nominal value of CZK 10,000	<u>14,000</u>
Total subscribed and fully paid up share capital	<u>91,000</u>

CZI Holdings N.V. (with its registered office at 1112XN Diemen, Diemerhof 42, the Netherlands) is the sole shareholder.

Profit distribution

The Company's Board of Directors proposed a distribution of net profit of CZK 267,282 thousand for 2017 as follows: CZK 240,554 thousand will be paid in the form of a dividend to shareholders and CZK 26,728 thousand will be transferred to retained earnings.

In April 2017, the Annual General Meeting approved the following distribution of the Company's net profit for 2016 of CZK 243,694 thousand:

	<u>2017</u>
	In CZK thousands
Distribution of dividends	219,325
Retained earnings	<u>24,369</u>
Net profit for 2016	<u>243,694</u>

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10 PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/ 12/ 2015	Transfer from Generali Investments within the merger	Additions	Deductions	Balance as at 31/ 12/ 2016
Other	10,149	21,153	31,024	(31,302)	31,024

Provisions	Additions	Deductions	Balance as at 31/ 12/ 2017
Other	38,632	(31,024)	38,632

In 2017 provisions mainly included provisions recognized for employee bonuses.

11 FEE AND COMMISSION INCOME

The fee and commission income includes, in particular, management fees paid by mutual funds and front-end sales loads, as well as income from managed portfolios under asset management and income from consulting activities.

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Fees for management of assets of mutual funds	413,323	377,894
Income from participation certificates – front-end and back-end sales loads	83,530	91,553
Asset management	257,361	231,899
Consultancy	<u>3,746</u>	<u>4,081</u>
	<u>757,960</u>	<u>705,427</u>

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12 FEE AND COMMISSION EXPENSES

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Commissions to agents	173,727	166,411
Bank fees	<u>2,483</u>	<u>1,690</u>
	<u>176,210</u>	<u>168,101</u>

13 GAIN OR LOSS FROM FINANCIAL TRANSACTIONS

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Securities	3,397	4,828
Foreign exchange differences	<u>(4,088)</u>	<u>(1,640)</u>
	<u>(691)</u>	<u>3,188</u>

14 OTHER OPERATING EXPENSES

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Other operating expenses	<u>7,978</u>	<u>8,571</u>
	<u>7,978</u>	<u>8,571</u>

Other operating expenses in 2017 include, in particular, a contribution to the Investor Compensation Fund of CZK 5,222 thousand (2016: CZK 4,720 thousand), donations to non-profit organizations of CZK 1,002 thousand (2016: CZK 1,079 thousand), property insurance of CZK 289 thousand (2016: CZK 320 thousand) and contractual fines of CZK 234 thousand (CZK 1,910 thousand).

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15 ADMINISTRATIVE EXPENSES

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Staff costs	158,323	162,513
Other administrative expenses	<u>67,915</u>	<u>62,454</u>
	<u>226,238</u>	<u>224,967</u>

Staff costs can be broken down as follows:

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Wages and bonuses to members of the Board of Directors	24,242	26,426
Bonuses to members of the Supervisory Board	0	6
Other wages, personnel costs and bonuses to employees	101,225	105,118
Social security and health insurance	<u>32,856</u>	<u>30,963</u>
	<u>158,323</u>	<u>162,513</u>

<u>Employee statistics</u>	<u>2017</u>	<u>2016</u>
Average number of employees	112	113
Number of members of the Board of Directors	4	5
Number of members of the Supervisory Board	5	5

Other administrative expenses consist of the following items:

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Fees for services received from group companies	11,064	11,918
Rent	8,621	9,080
Advertising and promotion	6,066	6,798
Audit	1,406	1,412
Other	<u>41,439</u>	<u>33,246</u>
	<u>67,915</u>	<u>62,454</u>

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As at 31 December 2017, the item Other includes, in particular, the costs of software services of CZK 7,560 thousand (2016: CZK 6,495 thousand), postage fees of CZK 6,191 thousand (2016: CZK 1,054 thousand), legal advice of CZK 5,535 thousand (2016: CZK 4,770 thousand), other advisory services of CZK 1,767 thousand (2016: CZK 2,512 thousand), costs of foreign infosystems (Reuters, Bloomberg, etc.) of CZK 7,910 thousand (2016: CZK 7,318 thousand).

Fees for services received from group companies include the following transactions pertaining to related parties:

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Generali Shared Services fees	5,891	8,067
Internal audit outsourcing – Česká pojišťovna a.s.	1,321	1,249
Fees for services of Generali CEE Holding B.V.	<u>3,852</u>	<u>2,602</u>
	<u>11,064</u>	<u>11,918</u>

16**INCOME TAX**

The tax expense includes:

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Tax expense payable	64,115	58,370
Deferred tax expense / (-) income	(1,225)	224
Adjustment of prior year tax expense and other taxes	<u>746</u>	<u>144</u>
Total tax expense	<u>63,636</u>	<u>58,738</u>

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Income tax payable was calculated as follows:

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Profit before taxes	330,918	302,432
Non-taxable income	(35,328)	(30,720)
Non-deductible expenses	57,677	42,114
Other adjustments to the tax base	(15,818)	(6,616)
Tax base	337,449	307,210
Corporate income tax at 19%	<u>64,115</u>	<u>58,370</u>

Deferred tax asset / liability was calculated at 19% and can be broken down as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>
	In CZK thousands	In CZK thousands
<u>Deferred tax asset / liability (Note 6)</u>		
Tangible and intangible fixed assets	(311)	(93)
Allowances against receivables	0	3
Provisions and estimated payables	7,340	5,894
TOTAL	<u>7,029</u>	<u>5,804</u>

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17 ASSETS RECEIVED FOR MANAGEMENT FROM THIRD PARTIES

As at 31 December 2017, the Company managed 15 collective investment funds, 11 foreign investment funds and 4 qualified investors funds:

Standard collective investment funds:

- Fond konzervativní, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474145)
- Fond vyvážený dluhopisový, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474806)
- Fond korporátních dluhopisů, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471786)
- Fond balancovaný konzervativní, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471760)
- Fond globálních značek, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471778)
- Fond farmacie a biotechnologie, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474129)
- Fond ropy a energetiky, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474152)
- Fond nových ekonomik, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474137)
- Fond nemovitostních akcií, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472396)

Special collective investment funds:

- Fond zlatý, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472370)
- Fond živé planety, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472693)
- Fond fondů vyvážený, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473287)
- Fond fondů dynamický, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473303)
- 2. Dluhopisový zajištěný otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474020)
- Fond cílovaného výnosu, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474889)

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Qualified investors funds:

- Generali Real Estate Fund CEE a.s., investiční fond (ISIN: CZ0008041092)
- 15. Zajištěný fond kvalifikovaných investorů, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473840)
- Fond kreditního výnosu, otevřený podílový fond kvalifikovaných investorů Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474988)
- Realitní fond, otevřený podílový fond kvalifikovaných investorů Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008475316)

Foreign funds (sub-funds), comparable with standards funds, i.e. sub-funds of the umbrella fund, Generali Invest CEE plc (the Generali Invest CEE plc fund is a foreign investment fund comparable with a standard fund that is managed by the Company, was awarded a license in the Irish Republic, is included in the list maintained by the Czech National Bank pursuant to Section 597 (d) of Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended, (i.e. for marketing in the Czech Republic) and is subject to the supervision of the Central Bank of Ireland (this fund is referred to in the financial statements of as the “Generali Invest Foreign Fund”):

- Premium Conservative Fund, Generali Invest CEE plc
- Corporate Bonds Fund, Generali Invest CEE plc
- Emerging Europe Bond Fund, Generali Invest CEE plc
- Premium Balanced Fund, Generali Invest CEE plc
- Dynamic Balanced Fund, Generali Invest CEE plc
- Global Equities Fund, Generali Invest CEE plc
- Premium Dynamic Fund, Generali Invest CEE plc
- Oil and Energy Industry Fund, Generali Invest CEE plc
- New Economies Fund, Generali Invest CEE plc
- Commodity Fund, Generali Invest CEE plc
- Emerging Europe Fund, Generali Invest CEE plc

In addition, the Company managed as at 31 December 2017 the portfolio of 18 clients under asset management.

As at 31 December 2016, the Company managed 17 collective investment funds, 11 foreign investment funds and 2 qualified investors funds:

Standard collective investment funds:

- Fond konzervativní, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474145)

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- Fond vyvážený dluhopisový, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474806)
- Fond korporátních dluhopisů, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471786)
- Fond balancovaný konzervativní, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471760)
- Fond globálních značek, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471778)
- Fond farmacie a biotechnologie, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474129)
- Fond ropy a energetiky, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474152)
- Fond nových ekonomik, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474137)
- Fond nemovitostních akcií, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472396)

Special collective investment funds:

- Fond zlatý, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472370)
- Fond živé planety, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472693)
- Fond fondů vyvážený, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473287)
- Fond fondů dynamický, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473303)
- 7. Zajištěný otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473170)
- Dluhopisový zajištěný otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473733)
- 2. Dluhopisový zajištěný otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474020)
- Fond cílovaného výnosu, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474889)

Qualified investors funds:

- Generali Real Estate Fund CEE a.s., investiční fond (ISIN: CZ0008041092)
- 15. Zajištěný fond kvalifikovaných investorů, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473840)

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Foreign funds (sub-funds), comparable with standards funds, i.e. sub-funds of the umbrella fund, Generali Invest CEE plc (the Generali Invest CEE plc fund is a foreign investment fund comparable with a standard fund that is managed by the Company, was awarded a license in the Irish Republic, is included in the list maintained by the Czech National Bank pursuant to Section 597 (d) of Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended, (i.e. for marketing in the Czech Republic) and is subject to the supervision of the Central Bank of Ireland (this fund is referred to in the financial statements of as the "Generali Invest Foreign Fund"):

Foreign funds:

- Premium Conservative Fund, Generali Invest CEE plc
- Corporate Bonds Fund, Generali Invest CEE plc
- Emerging Europe Bond Fund, Generali Invest CEE plc
- Premium Balanced Fund, Generali Invest CEE plc
- Dynamic Balanced Fund, Generali Invest CEE plc
- Global Equities Fund, Generali Invest CEE plc
- Premium Dynamic Fund, Generali Invest CEE plc
- Oil and Energy Industry Fund, Generali Invest CEE plc
- New Economies Fund, Generali Invest CEE plc
- Commodity Fund, Generali Invest CEE plc
- Emerging Europe Fund, Generali Invest CEE plc



GENERALI INVESTMENTS

	<u>2017</u>	<u>2016</u>
	In CZK thousands	In CZK thousands
Total managed assets as at 31 December	305,372,242	295,702,139
Total income from asset management	670,684	609,793

An annual income of the Company from the fee for managing the mutual funds' assets shall not exceed 3% of the average annual value of net assets, calculated as an average of net asset values as at the last day of each calendar month. The actual amount of the fee (in %) is determined in advance by the Company's Board of Directors and can be obtained at all outlets as well as at the registered office of the Company.

GENERALI INVESTMENTS CEE, investiční společnost, a.s.
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Primary business: collective investment
Date of preparation: 27 April 2018

18 FINANCIAL RISKS

(a) Market and Credit Risk

The Company is indirectly exposed to the market, currency and interest rate risk due to fluctuations in the net assets of managed funds and thus the fee for their management.

As the Company does not consider the credit risk to which it is exposed material, no models and procedures have been implemented to measure, monitor or manage the risk.

Geographical segmentation of assets:

<u>31 December 2017</u>	<u>Czech Republic</u>	<u>Slovakia</u>	<u>Poland</u>	<u>Total</u>
	In CZK thousands	In CZK thousands	In CZK thousands	In CZK thousands
Assets				
Cash on hand	42	0	0	42
Due from banks	447,202	0	0	447,202
Shares, participation certificates and other holdings	86,590	0	0	86,590
Other assets	121,468	0	0	121,468
Deferred expenses and accrued income	50,092	0	0	50,092
<u>Total assets</u>	<u>705,394</u>	<u>0</u>	<u>0</u>	<u>705,394</u>

<u>31 December 2016</u>	<u>Czech Republic</u>	<u>Slovakia</u>	<u>Poland</u>	<u>Total</u>
	In CZK thousands	In CZK thousands	In CZK thousands	In CZK thousands
Assets				
Cash on hand	43	0	0	43
Due from banks	199,077	0	0	199,077
Shares, participation certificates and other holdings	285,878	0	0	285,878
Other assets	105,760	0	0	105,760
Deferred expenses and accrued income	45,193	0	0	45,193
<u>Total assets</u>	<u>635,951</u>	<u>0</u>	<u>0</u>	<u>635,951</u>

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(b) Currency Risk

The Company takes on exposure resulting from fluctuations in the prevailing foreign currency exchange rates to its financial position and cash flows. The table below summarizes the Company's exposure to currency risk. The table includes the Company's assets and liabilities at carrying amounts, categorized by currency.

<u>31 December 2017</u>	<u>CZK</u> In CZK thousands	<u>EUR</u> In CZK thousands	<u>PLN</u> In CZK thousands	<u>Total</u> In CZK thousands
Assets				
Cash on hand	11	30	1	42
Due from banks	444,104	2,714	384	447,202
Shares, participation certificates and other holdings	86,590	0	0	86,590
Other assets	102,577	18,891	0	121,468
Deferred expenses and accrued income	<u>50,032</u>	<u>52</u>	<u>8</u>	<u>50,092</u>
	<u>683,314</u>	<u>21,687</u>	<u>393</u>	<u>705,394</u>
Liabilities				
Other liabilities and provisions	101,546	45,844	0	147,390
Deferred income and accruals	<u>148</u>	<u>0</u>	<u>0</u>	<u>148</u>
	<u>101,694</u>	<u>45,844</u>	<u>0</u>	<u>147,538</u>
Net balance sheet assets	<u>581,620</u>	<u>(24,157)</u>	<u>393</u>	<u>557,856</u>
<u>31 December 2016</u>	<u>CZK</u> In CZK thousands	<u>EUR</u> In CZK thousands	<u>PLN</u> In CZK thousands	<u>Total</u> In CZK thousands
Assets				
Cash on hand	19	24	0	43
Due from banks	194,320	4,157	600	199,077
Shares, participation certificates and other holdings	285,849	29	0	285,878
Other assets	90,288	15,472	0	105,760
Deferred expenses and accrued income	<u>45,085</u>	<u>62</u>	<u>46</u>	<u>45,193</u>
	<u>615,561</u>	<u>19,744</u>	<u>646</u>	<u>635,951</u>

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Liabilities				
Other liabilities and provisions	124,424	1,123	278	125,825
Deferred income and accruals	<u>227</u>	<u>0</u>	<u>0</u>	<u>227</u>
	<u>124,651</u>	<u>1,123</u>	<u>278</u>	<u>126,052</u>
Net balance sheet assets	<u>490,910</u>	<u>18,621</u>	<u>368</u>	<u>509,899</u>

(c) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As a result of such changes, interest margins may vary and generate gains or losses in the event of unexpected movements in the market interest rates.

The only interest-bearing items are represented by the amounts due from banks of CZK 447,202 thousand as at 31 December 2017 (2016: CZK 199,077 thousand), the residual maturity of which is less than 3 months.

(d) Liquidity Risk

The table below categorizes assets and liabilities of the Company into relevant maturity bands on the basis of the remaining period as at the balance sheet date to the contractual maturity date.

<u>31 December 2017</u>	<u>Within 3 mo</u>	<u>3 - 12 month</u>	<u>1 - 5 years</u>	<u>Not specified</u>	<u>Total</u>
	<u>nths</u>	<u>s</u>			
	<u>In CZK</u>	<u>In CZK</u>	<u>In CZK</u>	<u>In CZK</u>	<u>In CZK</u>
	<u>thousands</u>	<u>thousands</u>	<u>thousands</u>	<u>thousands</u>	<u>thousands</u>
Assets					
Cash on hand	42	0	0	0	42
Due from banks	447,202	0	0	0	447,202
Shares, participation certificates and other holdings	0	0	0	86,590	86,590
Other assets	87,514	7,029	26,924	0	121,468
Deferred expenses and accrued income	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,092</u>	<u>50,092</u>
	<u>534,758</u>	<u>7,029</u>	<u>26,924</u>	<u>136,682</u>	<u>705,394</u>

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Date of preparation: 27 April 2018

Liabilities					
Other liabilities and provisions	147,390	0	0	0	147,390
Deferred income and accruals	<u>0</u>	<u>0</u>	<u>0</u>	<u>148</u>	<u>148</u>
	<u>147,390</u>	<u>0</u>	<u>0</u>	<u>148</u>	<u>147,538</u>
Net assets	<u>387,368</u>	<u>7,029</u>	<u>26,924</u>	<u>136,534</u>	<u>557,856</u>
	Within 3 months	3 - 12 months	1 - 5 years	Not specified	Total
<u>31 December 2016</u>	In CZK	In CZK	In CZK	In CZK	In CZK
	thousands	thousands	thousands	thousands	thousands
Assets					
Cash on hand	43	0	0	0	43
Due from banks	199,077	0	0	0	199,077
Shares, participation certificates and other holdings	0	0	0	285,878	285,878
Other assets	80,621	5,825	19,357	0	105,760
Deferred expenses and accrued income	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,193</u>	<u>45,193</u>
	<u>279,741</u>	<u>5,825</u>	<u>19,357</u>	<u>331,071</u>	<u>635,951</u>
Liabilities					
Other liabilities and provisions	125,825	0	0	0	125,825
Deferred income and accruals	<u>0</u>	<u>0</u>	<u>0</u>	<u>227</u>	<u>227</u>
	<u>125,825</u>	<u>0</u>	<u>0</u>	<u>227</u>	<u>126,052</u>
Net assets	<u>153,916</u>	<u>5,825</u>	<u>19,357</u>	<u>330,844</u>	<u>509,899</u>

19 LEGAL RISKS

The Company regularly monitors and evaluates legal disputes filed against the Company. To cover potential liabilities arising from the disputes, the Company establishes a provision equal to a sued amount including accessories for all the disputes filed against the Company with the likelihood of payment exceeding 50%.

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20 OPERATING RISK

The Company uses a multi-tier system of permanent controls, starting from department heads over the controls carried out periodically by risk management and compliance departments to reviews by the internal audit function within the approved annual control plan. The purpose of these controls is to monitor and analyze operational risks relevant to individual Company's processes and adopt measures to eliminate or limit such risks. Both outcomes of the controls and identified violations are reported to the parent company on a regular basis.

21 SUBSEQUENT EVENTS

There have been no significant events between the balance sheet date and the financial statements date which would have a material impact on the financial statements of the Company for the year ended 31 December 2017.

These financial statements have been approved by the Company's Board of Directors for submission to the General Meeting.



Date of preparation

Signature of the statutory representative


Ing. Josef Beneš

27 April 2018


Mgr. Martin Vít

INFORMATION ABOUT THE BASIS FOR CALCULATION OF THE CONTRIBUTION TO THE INVESTOR COMPENSATION FUND

Pursuant to Section 33 of Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended, Generali Investments CEE, investiční společnost, a.s. contributes to the Investor Compensation Fund (Garanční fond obchodníků s cennými papíry, GF OCP), which provides a guarantee system from which compensation is disbursed to clients of the investors that are unable to meet their obligations.

Generali Investments CEE, investiční společnost, a.s. allocates to the Fund an annual contribution in the amount of 2% of revenues from fees and commissions for investment services provided in the last calendar year. The minimum annual contribution to the GF OCP is CZK 10 thousand, payable by 31 March of the following year.

Revenues from fees and commissions for investment services provided in 2017 amounted to CZK 261,107 thousand. The contribution to the GF OCP was calculated as 2% of the total of fees and commissions and an amount of CZK 5,222 thousand was credited to the Investor Compensation Fund via direct bank transfer on 23 March 2018.



**GENERALI
INVESTMENTS**

Information on capital and capital requirements



GENERALI
INVESTMENTS

Common Equity Tier 1 capital: instruments and reserves		At year-end	REFERENCE TO ARTICLE OF REGULATION (EU) NO. 575/2013
		(31 December 2017)	
1	Capital instruments and the related share premium		Article 26(1), Articles 27, 28, 29
	of which: instrument type No. 1	91,000	EBA list under Article 26(3)
	of which: instrument type No. 2		EBA list under Article 26(3)
	of which: instrument type No. 3		EBA list under Article 26(3)
2	Retained earnings	199,004	Article 26(1(c))
3	Accumulated other comprehensive income (and other reserves)		Article 26(1)
3a	Funds for general banking risk		Article 26(1(f))
4	The amount of qualifying items referred to in Article 484(3) and the associated share premium subject to phasing out from Common Equity Tier 1 capital		Article 486(2)
5	Minority interests (the amount allowable in consolidated Common Equity Tier 1 capital)		Article 84
5a	Independently verified interim profit reduced by foreseeable charges or dividends		Article 26(2)
6	Common Equity Tier 1 capital prior to normative adjustments	290,004	
Common Equity Tier 1 capital: normative adjustments			
7	Additional value adjustments (negative amount)		Articles 34, 105
8	Intangible assets (reduced by associated tax liabilities) (negative amount)	(19,457)	Article 36(1(b)), Article 37
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability, except for assets that arise from temporary differences (reduced by associated tax liabilities provided the conditions laid down in Article 38(3) are met (negative amount)		Article 36(1(c)), Article 38
11	Fair value reserves related to gains or losses on cash flow hedges		Article 33(1(a))
12	Negative amounts that resulting from the calculation of expected loss amounts		Article 36(1(d)), Articles 40, 159
13	Increase in equity that results from securitised assets (negative amount)		Article 32(1)
14	Gains or losses on liabilities valued at fair value that result from changes in the own credit standing		Article 33(1(b))
15	Defined benefit pension fund assets (negative amount)		Article 36(1(e)), Article 41
16	Direct and indirect holdings by an institution of own Common Equity Tier 1 instruments (negative amount)		Article 36(1(f)), Article 42

17	Direct, indirect and synthetic holdings of the Common Equity Tier 1 instruments of financial sector entities where those entities have a reciprocal cross holding with the institution designed to inflate artificially the own funds of the institution (negative amount)		Article 36(1(g)), Article 44
18	Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities (the aggregate amount exceeding the 10% threshold amount reduced by eligible short positions) (negative amount)		Article 36(1(h)), Articles 43, 45, 46, Article 49(2 and 3), Article 79
19	Direct, indirect and synthetic holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (the aggregate amount exceeding the 10% threshold amount reduced by eligible short positions) (negative amount)		Article 36(1(i)), Articles 43, 45, 47, Article 48(1(b)), Article 49(1 to 3), Article 79
20	Empty set in the EU		
20a	The exposure amount of the following items which qualify for a risk weight of 1 250 %, where the institution deducts that exposure amount as an alternative		Article 36(1(k))
20b	of which: qualifying holdings outside the financial sector (negative amount)		Article 36(1(k), point i), Articles 89 to 91
20c	of which: securitisation positions (negative amount)		Article 36(1(k), point ii), Article 243(1(b)), Article 244(1(b)), Article 258
20d	of which: free deliveries (negative amount))		Article 36(1(k), point iii), Article 379(3)
21	Deferred tax assets that arise from temporary differences (the aggregate amount exceeding the 10% threshold amount reduced by associated tax liabilities provided the conditions laid down in Article 38(3) are met (negative amount)		Article 36(1(c)), Article 38, Article 48(1(a))
22	The amount exceeding the 15% threshold amount (negative amount)		Article 48(1)
23	of which: direct and indirect holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities		Article 36(1(i)), Article 48(1(b))
24	Empty set in the EU		
25	Of which: deferred tax assets that arise from temporary differences		Article 36(1(c)), Article 38, Article 48(1(a))
25a	Losses for the current financial year (negative amount)		Article 36(1(a))

25b	Foreseeable tax charges relating to Common Equity Tier 1 capital (negative amount)		Article 36(1(l))
27	The amount of items deducted from Additional Tier 1 items that exceeds the Additional Tier 1 capital of the institution (negative amount)		Article 36(1(j))
28	Total normative adjustments of Common Equity Tier 1 capital	(19,457)	
29	Common Equity Tier 1 capital	270,547	
Additional tier 1 capital: instruments			
30	Capital instruments and the related share premium		Articles 51, 52
31	of which: qualified as equity according to applicable accounting standards		
32	of which: qualified as liabilities according to applicable accounting standards		
33	The amount of qualifying items referred to in Article 484(4) and the related share premium subject to phasing out from Additional Tier 1 capital		Article 486(3)
34	Qualifying Tier 1 capital included in consolidated Additional Tier 1 capital (including minority interests that are not listed in line 5) issued by subsidiaries and held by third parties		Articles 85, 86
35	of which: instruments issued by subsidiaries subject to phasing out		Article 486(3)
36	Additional Tier 1 capital prior to normative adjustments		
Additional tier 1 capital: normative adjustments			
37	Direct and indirect holdings by an institution of own Additional Tier 1 instruments (negative amount)		Article 52(1(b)), Article 56(a), Article 57
38	Direct, indirect and synthetic holdings of the Additional Tier 1 instruments of financial sector entities with which the institution has reciprocal cross holdings designed to inflate artificially the own funds of the institution (negative amount)		Article 56(b), Article 58
39	Direct, indirect and synthetic holdings of the Additional Tier 1 instruments of financial sector entities, where an institution does not have a significant investment in those entities (the aggregate amount exceeding the 10% threshold amount reduced by eligible short positions) (negative amount)		Article 56(c), Articles 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the Additional Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (reduced by eligible short positions) (negative amount)		Article 56(d), Articles 59, 79
41	Empty set in the EU		

42	The amount of items required to be deducted from Additional Tier 1 items that exceed the Additional Tier 1 capital of the institution (negative amount)		Article 56(e)
43	Total normative adjustments of Additional Tier 1 capital		
44	Additional Tier 1 capital		
45	Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital	270,547	
Tier 2 capital: instruments and items			
46	Capital instruments and the related share premium		Articles 62, 63
47	The amount of qualifying items referred to in Article 484(5) and the related share premium subject to phasing out from Tier 2 capital		Article 486(4)
48	Qualifying capital instruments included in consolidated Tier 2 capital (including minority interests and instruments included in Additional Tier 1 capital that are not listed in line 5 or line 34) issued by subsidiaries and held by third parties		Articles 87, 88
49	of which: instruments issued by subsidiaries subject to phasing out		Article 486(4)
50	Credit risk adjustments		Article 62(c) and (d)
51	Tier 2 capital prior to normative adjustments		
Tier 2 capital: normative adjustments			
52	Direct and indirect holdings by an institution of own Tier 2 instruments and subordinated loans (negative amount)		Article 63(b, point i) Article 66(a), Article 67
53	Holdings of the Tier 2 instruments and subordinated loans of financial sector entities with which the institution has reciprocal cross holdings designed to inflate artificially the own funds of the institution (negative amount)		Article 66(b), Article 68
54	Direct and indirect holdings of the Tier 2 instruments and subordinated loans of financial sector entities, where an institution does not have a significant investment in those entities (the aggregate amount exceeding the 10% threshold amount reduced by eligible short positions) (negative amount)		Article. 66(c), Articles 69, 70, 79
55	Direct and indirect holdings by the institution of the Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (reduced by eligible short positions) (negative amount)		Article 66(d), Articles 69, 79
56	Empty set in the EU		
57	Total Tier 2 normative adjustments		
58	Tier 2 capital		

59	Total capital = Tier 1 capital + Tier 2 capital	270,547	
60	Total risk-weighted assets		
Capital ratios and buffers			
61	Common Equity Tier 1 capital (expressed as a percentage of the total risk exposure amount)	61.20	Article 92(2(a))
62	Tier 1 capital (expressed as a percentage of the total risk exposure amount)	61.20	Article 92(2(b))
63	Total capital (expressed as a percentage of the total risk exposure amount)	61.20	Article 92(2(c))
64	Capital buffer requirements determined for specific institutions (Common Equity Tier 1 capital requirement laid down in Article 92 (1(a)), plus requirements of capital conservation buffer and countercyclical capital buffer, plus systemic risk buffer, plus systemically important institution buffer (expressed as a percentage of the total risk exposure amount)		Capital Requirements Directive, Articles 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement		
66	of which: countercyclical capital buffer requirement		
67	of which: systemic risk buffer requirement		
67a	of which: systemically important institution buffer (G-SVI) or other systemically important institution buffer (J-SVI)		
68	Common Equity Tier 1 capital available to meet the buffer requirements (expressed as a percentage of the total risk exposure amount)		Capital Requirements Directive, Article 128
69	[In EU Regulation non-relevant]		
70	[In EU Regulation non-relevant]		
71	[In EU Regulation non-relevant]		
Amounts below threshold amounts for deduction (prior to applying risk weights)			
72	Direct and indirect holdings by the institution of capital instruments of financial sector entities where the institution does not have a significant investment in those entities (the aggregate amount lower than the 10% threshold amount reduced by eligible short positions)		Article 36(1(h)), Articles 45, 46, Article 56(c), Articles 59, 60, Article 66(c), Articles 69, 70
73	Direct and indirect holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (the aggregate amount lower than the 10% threshold amount reduced by eligible short positions)		Article 36 (1(i)), Articles 45, 48
74	Empty set in the EU		

Applicable thresholds for inclusion of items in Tier 2 capital		
76	Credit risk adjustments included in Tier 2 capital with regard to exposure amounts where the Standardised Approach applies (prior to applying thresholds)	Article 62
77	Thresholds for inclusion credit risk adjustments in Tier 2 capital according to the Standardised Approach	Article 62
78	Credit risk adjustments included in Tier 2 capital with regard to exposure amounts where the internal rating approach applies (prior to applying thresholds)	Article 62
79	Thresholds for inclusion credit risk adjustments in Tier 2 capital according to the internal rating approach	Article 62
Capital instruments governed by the phase-out provisions (applicable only in the period from 1 January 2014 to 1 January 2022)		
80	Applicable limits for instruments included in Common Equity Tier 1 capital governed by the phase-out provisions	Article 484(3), Article 486(2 and 5)
81	Amounts excluded from Common Equity Tier 1 capital due to limits (the amount exceeding the limit reduced by redeemed instruments and past due instruments)	Article 484(3), Article 486(2 and 5)
82	Applicable limits for instruments included in Additional Tier 1 capital governed by the phase-out provisions	Article 484(4), Article 486(3 and 5)
83	Amounts excluded from Additional Tier 1 capital due to limits (the amount exceeding the limit reduced by redeemed instruments and past due instruments)	Article 484(4), Article 486(3 and 5)
84	Applicable limits for instruments included in Tier 2 capital governed by the phase-out provisions	Article 484(5), Article 486(4 and 5)
85	Amounts excluded from Tier 2 capital due to limits (the amount exceeding the limit reduced by redeemed instruments and past due instruments)	Article 484(5), Article 486(4 and 5)

Information on capital and capital requirements		Decree No. 163/2014 Coll., Annex 14
Information valid as at	31 December 2017	
Information on capital and capital requirements pursuant to Article 438(c to f) of Regulation (EU) No. 575/2013 is disclosed		Point 1 (b))
Exposures to central governments or central banks		

Exposures to regional governments or local authorities		Article 438(c) of Regulation (EU) No. 575/2013 EU
Exposures to public sector entities		
Exposures to multilateral development banks		
Exposures to international organizations		
Exposures to institutions	237 974	
Exposures to corporates		
Retail exposures		
Exposures secured by mortgages or immovable property		
Exposures in default		
Exposures associated with particularly high risk		
Exposures in the form of covered bonds		
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units and shares in collective investment undertakings	86 590	
Equity exposures		
Other items	115 531	
Position risk		Article 438(e) of Regulation (EU) No. 575/2013 EU
Large exposures exceeding the limits specified in Articles 395 to 401, to the extent an institution is permitted to exceed those limits		
Foreign-exchange risk	1 967	
Settlement risk		
Commodities risk		
Capital requirements in accordance with Title III, Chapter 2 of Regulation (EU) No. 575/2013 EU		Article 438(f) of Regulation (EU) No. 575/2013 EU
Capital requirements in accordance with Title III, Chapter 3 of Regulation (EU) No. 575/2013 EU		
Capital requirements in accordance with Title III, Chapter 4 of Regulation (EU) No. 575/2013 EU		
Exposures to central governments or central banks		Article 438(d) of Regulation (EU) No. 575/2013 EU
Exposures to institutions		
Exposures to corporates		
Retail exposures		
Equity exposures		
Items representing securitisation positions		
Other non-credit obligation assets		
Exchange traded exposures		
Private equity exposures in sufficiently diversified portfolios, and other exposures		
Exposures subject to supervisory transition regarding own funds requirements		
Exposures subject to grandfathering provisions regarding own funds requirements		
Each of the approaches provided in Article 155 of Regulation (EU) No. 2013/575/EU		

Capital ratios		Decree No. 163/2014 Coll., Annex 14
Information valid as at	31 December 2017	
in %	At year-end	
Capital ratio for Common Equity Tier 1 capital	61.20	Article 2(a))
Capital ratio for Tier 1 capital	61.20	
Capital ratio for total capital	61.20	
Capital ratio for Tier 1 capital		Article 2(b))
Capital ratio for total capital		

Ratio indicators		Decree No. 163/2014 Coll., Annex 10
(In CZK thousand / in %)	31 December 2017	
Debt ratio I (total debt without clients' assets/assets without clients' assets)	15.42%	Article 5(i))
Debt ratio II (total debt without clients' assets/equity)	19.50%	
Return on average assets (ROAA, assets without clients' assets)	39.85%	
Return on average equity Tier 1 (ROAE)	102.09%	
Return on sales (profit after taxes/income from investment services)	35.26%	
Administrative expenses per employee	1,950.33	

REPORTING OBLIGATION

Pursuant to Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended (hereinafter the "**AMCIF**"), and Annex No. 4 to Decree No. 244/2013 Coll., on More Detailed Regulation of Some Rules Set Out by the Act on Management Companies and Investment Funds, as amended (hereinafter the "**Decree**") the Company hereby discloses:

a) Information on changes in the information related to the Company, as the manager of an investment fund or of a foreign investment fund established in the Czech Republic and the main administrator, recorded in the Commercial Register that occurred in the relevant period

In the reporting period 2017, changes in the information recorded in the Commercial Register were as follows:

1) Changes in the Statutory Body section – Board of Directors:

- deleted Ing. Alexandra Hájková, MBA, member of the Board of Directors, whose membership ended as at 31 August 2017;

Number of members:

5; recorded on 17 May 2016, deleted on 22 September 2017;

4; recorded on 22 September 2017;

b) Information on investment funds and foreign investment funds that the Company managed or administered in the relevant period, as the manager of an investment fund or of a foreign investment fund established in the Czech Republic and the main administrator

In the relevant period, the Company was the manager and administrator of the following investment funds:

Standard collective investment funds:

- Fond konzervativní, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474145)
- Fond vyvážený dluhopisový, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474806)
- Fond korporátních dluhopisů, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471786)
- Fond balancovaný konzervativní, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471760)
- Fond globálních značek, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008471778)
- Fond farmacie a biotechnologie, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474129)
- Fond ropy a energetiky, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474152)
- Fond nových ekonomik, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474137)

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FOR THE YEAR ENDED 31 DECEMBER 2017

- Fond nemovitostních akcií, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472396)

(hereinafter the **“Standard Funds”**)

Special collective investment funds:

- Fond zlatý, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472370)
- Fond živé planety, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008472693)
- Fond fondů vyvážený, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473287)
- Fond fondů dynamický, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473303)
- 7. Zajištěný otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473170) - the fund was terminated in accordance with its Statute at maturity, i.e. as at 14 December 2017
- Dluhopisový zajištěný otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473733) - the fund was terminated in accordance with its Statute at maturity, i.e. as at 18 September 2017
- 2. Dluhopisový zajištěný otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474020)
- Fond cílovaného výnosu, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474889)

(hereinafter the **“Special Funds”**)

Qualified investors funds:

- 13. Zajištěný fond kvalifikovaných investorů, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473691) – the fund was terminated in accordance with its Statute at maturity, i.e. as at 3 October 2016, the winding up of the fund continued in 2017 in accordance with its Statute
- Generali Real Estate Fund CEE a.s., investiční fond (ISIN: CZ0008041092)
- 15. Zajištěný fond kvalifikovaných investorů, otevřený podílový fond Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008473840)
- Fond kreditního výnosu, otevřený podílový fond kvalifikovaných investorů Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008474988)
- Realitní fond, otevřený podílový fond kvalifikovaných investorů Generali Investments CEE, investiční společnost, a.s. (ISIN: CZ0008475316)

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(hereinafter the **“Qualified Investors Funds”**)

(Standard Funds, Special Funds and Qualified Investors Funds also jointly the **“Funds”**)

The Company managed foreign funds (sub-funds), comparable with standards funds, i.e. sub-funds of the umbrella fund, Generali Invest CEE plc (the Generali Invest CEE plc fund is a foreign investment fund comparable with a standard fund, is included in the list maintained by the Czech National Bank pursuant to Section 597, Letter (d) of AMCIF (hereinafter the **“Generali Invest Foreign Fund”**)).

- Premium Conservative Fund, Generali Invest CEE plc
- Corporate Bonds Fund, Generali Invest CEE plc
- Emerging Europe Bond Fund, Generali Invest CEE plc
- Premium Balanced Fund, Generali Invest CEE plc
- Dynamic Balanced Fund, Generali Invest CEE plc
- Global Equity Fund, Generali Invest CEE plc
- Premium Dynamic Fund, Generali Invest CEE plc
- Oil and Energy Industry Fund, Generali Invest CEE plc
- New Economies Fund, Generali Invest CEE plc
- Commodity Fund, Generali Invest CEE plc
- Emerging Europe Fund, Generali Invest CEE plc

(hereinafter the **“Foreign Funds”**)

The Generali Invest Foreign Fund was awarded a license in the Irish Republic and is subject to the supervision of the Central Bank of Ireland. Annual reports of the Generali Invest Foreign Fund (including Foreign Funds), may be downloaded at <https://www.generali-investments.cz/o-nas/vyrocní-zpravy.html>

- c) Information on the events that had significant influence on the performance of the activities of the Company, as the manager of an investment fund or of a foreign investment fund established in the Czech Republic and the main administrator, including key factors affecting its profit/loss in the relevant period**

No events occurred in the relevant period that would have a significant influence on the performance of the Company's activities.

- d) Information on the statutory body members, management board members, supervisory board members and portfolio managers of the Company, as the manager of an investment fund or of a foreign investment fund established in the Czech Republic and the main administrator, including a brief description of their experience and professional competence, and information on the period of time for which they (have) performed their functions or activities**

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Board of Directors

Ing. Josef Beneš	Chairman of the Board of Directors; member of the Board of Directors as of 1 January 2014, Chairman of the Board of Directors as of 6 January 2015
Mgr. Martin Vít	Vice-chairman of the Board of Directors; member of the Board of Directors as of 1 January 2015, Vice-chairman of the Board of Directors as of 6 January 2015
Bc. Martin Brož	member of the Board of Directors 1 January 2016
Ing. Michal Toufar	member of the Board of Directors as of 16 May 2016
Ing. Alexandra Hájková, MBA	member of the Board of Directors from 16 February 2011 to 31 August 2017

Description of experience and qualifications of Board of Directors members

Ing. Josef Beneš

Education: University of Economics Prague, majored in Banking and Finance

School of International Affairs and Business School, Columbia University, New York, USA

Work experience:

2014 -	Generali CEE Holding B.V., Chief Investment Officer Generali Investments CEE, investiční společnost, a.s. (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.), CEO and Chairman of the Board of Directors
2014 -12/2015	Generali Investment CEE a.s., (until 01/2015 operating under the name Generali PPF Asset Management, a.s.), CEO and Chairman of the Board of Directors
2012 – 2014	Raiffeisenbank a.s., Chief Investment Officer Raiffeisen penzijní společnost a.s. in liquidation, Chairman of the Board of Directors Raiffeisen investiční společnost a.s., CEO and Chairman of the Board of Directors
2002 – 2012	ČSOB Asset Management, a.s., CEO and Chairman of the Board of Directors ČSOB Asset Management, a.s., investiční společnost, member of the Board of Directors
2000 – 2002	Standard Bank Ltd., Head of CEE and Middle East Markets, London, United Kingdom
1996 – 2000	IPB (Investiční a poštovní banka, a.s.), Head of Treasury
06 - 12/1995	World Bank, China Country Operation Department, Washington, USA
1992 – 1994	Czech National Bank, Junior Analyst

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Mgr. Martin Vít

Education: Charles University, Faculty of Law, Prague

Work experience:

- 2014 - Generali Investments CEE, investiční společnost, a.s., (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.), Vice-chairman of the Board of Directors, Deputy CEO
- 2014 - 12/2015 Generali Investment CEE a.s., (until 01/2015 operating under the name Generali PPF Asset Management, a.s.), member of the Board of Directors
- 2013 – 2014 Raiffeisen investiční společnost, a.s., Vice-chairman of the Board of Directors and Executive Director
- 2013 - 2013 Raiffeisen penzijní společnost a.s., Internal Controls Manager
- 2012 - 2013 Raiffeisenbank a.s., Project Manager
- 2004 - 2012 ČSOB Asset Management, a.s., Head of the Legal and Compliance Department
- 2004 - 2008 ČSOB Asset Management, a.s., member of the Board of Directors
- 2002 - 2004 Patria Asset Management, a.s., Head of the Legal Department

Ing. Alexandra Hájková, MBA

Education: University of Economics Prague, Faculty of Finance and Accounting, majored in Finance

Argyros School of Business and Economics Chapman University, California, USA

Work experience:

- 2008 – 8/2017 Generali Investments CEE, investiční společnost, a.s. (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.), member of the Board of Directors, Product projects
- 2006 – 2008 Citibank Europe Plc, Senior Investments & Liabilities Product Manager
- 2004 – 2006 Pioneer Investments, Head of Marketing and Product Development for New Markets

GENERALI INVESTMENTS CEE, INVESTIČNÍ SPOLEČNOST, A.S.

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FOR THE YEAR ENDED 31 DECEMBER 2017

2001 – 2004	Pioneer Investments, Project Manager for the Financial Institutions Department and Product Development
1999 – 2001	Pioneer Investments, Marketing Specialist and Portfolio Manager Assistant

Bc. Martin Brož

Education: BIVŠ Prague, Banking/Bank Management, majored in Bank Management

VOPŠ Prague, Banking and Finance, majored in Banking and Finance

Work experience:

01/2016 - Generali Investments CEE, investiční společnost, a.s., member of the Board of Directors, Chief Operation Officer

02/2015 – Generali CEE Holding N.V., organizační složka, Head of Operations & IT in CEE Local Investment Management

2013 – 2015 Raiffeisen investiční společnost a.s., Head of Operations

2013 – 2014 Raiffeisen penzijní společnost a.s., Head of Operations

2012 ČSOB Asset Management, a.s., Head of Architecture and Application Management, IT specialist

1999 – 2012 Československá obchodní banka, a.s., Head of Portfolio Administration, Portfolio Administration Officer, Banking Trainee

Ing. Michal Toufar

Education: Chartered Financial Analyst Institute – CFA Charterholder 2003

Stockholm School of Economics – CEMS Master's in International Management, exchange program

University of Economics Prague – Finance, Statistics

Work experience:

2015 – Generali Investments CEE, investiční společnost, a.s. (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.) – member of the Board of Directors (since 05/2016), Chief Portfolio Manager (since 06/2015)

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2004 – 2015	Generali Investments CEE, a.s. (formerly: PPF Asset Management a.s. until 06/2008, Generali PPF Asset Management a.s. from 06/2008 to 01/2015) – Senior Portfolio Manager
2003 – 2004	ČSOB Asset Management a.s. – Portfolio Manager
2000 – 2003	Patria Asset Management a.s. – Portfolio Manager
1999 – 2000	Česká pojišťovna a.s. – Risk Manager
1998	Czech National Bank – Currency Analyses Department

Supervisory Board

Santo Borsellino	Chairman of the Supervisory Board; member of the Supervisory Board as of 1 January 2015, Chairman of the Supervisory Board as of 18 April 2015
Gregor Pilgram	member of the Supervisory Board as of 1 January 2014
Carlo Schiavetto	member of the Supervisory Board as of 1 January 2015
Alexandre Lepere	member of the Supervisory Board as of 1 January 2015
Francesco Sola	member of the Supervisory Board as of 1 January 2015

Description of experience and qualifications of Supervisory Board members:

Santo Borsellino

Education:

Dartmouth College, The Amos Tuck School, Hanover, USA, Master of Business Administration
University of Bologna, Italy, Degree in Business and Economics

Work experience:

01/2015 -	Generali Investments CEE, investiční společnost, a.s., (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.), since 01/2015 member of the Supervisory Board and since 10/2015 Chairman of the Supervisory Board
01 - 12/2015	Generali Investments CEE, a.s., Czech Republic, since 01/2015 member of the Supervisory Board and since 10/2015 Chairman of the Supervisory Board
2013 -	Generali Investments Europe, Italy, CEO
2009 – 2013	Generali Investments Europe, Italy, Head of Equities
2008 - 2009	Generali Investments Sgr, Italy, Head of Equities and Portfolio Manager
2006 – 2008	Eurizoncapital Sgr SpA, Italy, Analyst and Portfolio Manager
2005 – 2006	Credit Suisse, United Kingdom, Vice-President - Equity Research Insurance Team
2004 - 2005	Urwick Capital Llp, United Kingdom, Partner

GENERALI INVESTMENTS CEE, INVESTIČNÍ SPOLEČNOST, A.S.

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1999 - 2004 Lehman Brothers International, United Kingdom, Analyst - Equity Research
1995 - 1997 Rolofinance (Unicredito Italiano Group), Italy, Financial Analyst

Gregor Pilgram

Education:

Wirtschaftsuniversitaet Vienna, Austria, Master of Business Administration

Work experience:

-in the Czech Republic

02/2014 - Generali Investments CEE, investiční společnost, a.s., (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.), member of the Supervisory Board

10/2013 - 12/2015 Generali Investments CEE, a.s., Czech Republic, Chairman of the Supervisory Board and since 10/2015 member of the Supervisory Board

od 10/2014 Česká pojišťovna a.s., Czech Republic, member of the Supervisory Board

od 04/2015 Generali Pojišťovna, a.s., Czech Republic, member of the Supervisory Board

- outside the Czech Republic (relevant in 2017):

Chairman of the Board of Directors in the following companies: Generali Zavarovalnica d.d., Ljubljana, Slovenia

Akcionarsko društvo za osiguranje Generali Osiguranje, Montenegro

Member of the Board of Directors in: Generali CEE Holding B.V., The Netherlands

Member of the Supervisory Board in the following companies:

Generali Towarzystwo Ubezpieczeń S.A., Poland, Generali Życie Towarzystwo Ubezpieczeń S.A., Poland, Genertel Bizstosító Zrt., Hungary, Generali Poist'ovňa, a.s., Slovakia,

Chairman of the Supervisory Board in the following companies: Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd, Serbia, Generali Osiguranje d.d., Croatia

Carlo Schiavetto

Education:

Centro Universitario di Organizzazione Aziendale, Vicenza, Italy, MBA
Ca' Foscari University, Venice, Italy, Master degree in Economics

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Work experience:

01/2015 - Generali Investments CEE, investiční společnost, a.s., (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.), member of the Supervisory Board

11/2013-12/2015 Generali Investments CEE, a.s., Czech Republic, member of the Supervisory Board

- outside the Czech Republic (relevant in 2017):

Member of the Supervisory Board in the following companies:

Generali Osiguranje d.d., Croatia

Generali Zavarovalnica d.d., Slovenia

Generali Towarzystwo Ubezpieczeń S.A., Poland

Generali Życie Towarzystwo Ubezpieczeń S.A., Poland

Generali Finance Sp. z o.o., Poland

Genertel Biztosító Zrt., Hungary

Generali Biztosító Zrt., Hungary

Head of Controlling Department in:

Generali CEE Holding B.V., The Netherlands/Czech Republic

Previous work experience:

2008 - 2013 Assicurazioni Generali, Italy, Senior Controller - Group Strategic Planning & Control (4 FTE)

2005 - 2008 Darta Saving Life Assurance Ltd (Allianz Group), Ireland, Head of Financial Department

2004 - 2005 Riunione Adriatica di Securta (Allianz Group), Italy, Financial Controller - Finance and Investment Department

2000 - 2004 Ernst & Young Financial Business Advisors S.p.A., Italy, Supervisor

Alexandre Lepere

Education: Université Panthéon Assas, Paris II, France, Masters in Econometrics and Finance, Post Graduate course in Statistical Technologies

Work experience:

01/2015 Generali Investments CEE, investiční společnost, a.s., (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.), member of the Supervisory Board

01/2015-12/2015 Generali Investments CEE, a.s., Česká republika, member of the Supervisory Board

2012 – Generali Investment Europe, CEO of Generali Investment Opera

2007 – 2012 Generali Investment Europe, Head of French Funds of Funds Department

2000 – 2006 Generali Investment Europe, Deputy Head of French Funds of Funds Department

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1997 – 2000 Athena Alternative Asset Management (Allianz Group), Fund of Funds Manager

Francesco Sola

Education: Università Cattolica del Sacro Cuore, Milan, Italy, majored in Business Administration - Banking, Insurance and Finance

Work experience:

01/2015 - Generali Investments CEE, investiční společnost, a.s., (until 01/2016 operating under the name ČP INVEST investiční společnost, a.s.), member of the Supervisory Board

01/2015 - 12/2015 Generali Investment CEE, a.s., Česká republika, member of the Supervisory Board

2014 - Generali Group - Group Investment Management, Head of Group Investment Governance

2006 - 2014 Deloitte, Italy, Enterprise Risk Services, Partner

2004 – 2006 Allianz S.p.A., Head of Investment Compliance

2002 - 2004 Pricewaterhouse Advisory, Senior Consultant

1999 - 2002 KPMG Advisory, Consultant

Portfolio managers – Information on entrusting the management of the Funds' assets

Information on portfolio managers of Generali Investments CEE, investiční společnost, a.s., authorized to administer the foregoing funds listed under article (b):

Ing. Daniel Kukačka

Education:

1987 - 1993 Czech Technical University, majored in Technical Cybernetics
1995 Broker certificate

Work experience:

01/2016 – Generali Investments CEE, investiční společnost, a.s.,
Portfolio Manager

9/2007 - 12/2015 Generali Investments CEE, a.s. (until 06/2008 operating under the name PPF Asset Management a.s.,

06/2008 - 01/2015 Generali PPF Asset Management a.s.), Portfolio Manager

10/2000 - 9/2007 ČP INVEST investiční společnost, a.s., Senior Portfolio Manager and member of the Supervisory Board (until 10/2004)

6/1999 - 5/2000 PPF investiční společnost a.s., Portfolio Manager and member of the Board of Directors

2/1997 - 6/1999 PPF burzovní společnost a.s., Portfolio Manager

2/1995 - 2/1997 Stratego Invest, Analyst

2/1995 - 2/1996 Stratego Invest, Portfolio Manager

2/1996 Stratego Invest, head of Asset Management Department

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FOR THE YEAR ENDED 31 DECEMBER 2017

Martin Pecka

Education:

1984 - 1988	University of South Bohemia in České Budějovice, Faculty of Education, Degree in National Schools
1994	Broker certificate I.
1994	Broker license
1994	Broker certificate II. – Derivatives

Work experience:

01/2016 – since 9/2007	Generali Investments CEE, investiční společnost, a.s., Portfolio Manager Generali Investments CEE, a.s. (until 06/2008 operating under the name PPF Asset Management a.s.,
06/2008 - 01/2015	Generali PPF Asset Management a.s.), Senior Portfolio Manager
3/2002 - 9/2007	ČP INVEST investiční společnost, a.s., Portfolio Manager, Mutual Funds Administration
1998 - 2000	P.I.F - 1. Privatizační investiční fond, a.s., Sales Director
1995 - 1998	IPB Central Office, Head of Asset Management Department – management of assets of corporate clients, management of assets of an investment fund
1993 - 1995	Oblastní pobočka Praha – město (branch), Securities Department, brokering securities transactions, implementation of a trading system for securities trading at branches

Mgr. Patrik Hudec

Education:

2001- 2009	Charles University Prague, Faculty of Mathematics and Physics, majored in Finance and Insurance Mathematics
6/2007	Awarded a broker license based on obtaining A, B, C, D broker certificates.

Work experience:

01/2016 –	Generali Investments CEE, investiční společnost, a.s., Head of Fund Portfolio Management
12/2014 – 12/2015	Generali Investments CEE, a.s.
until 01/2015	Generali PPF Asset Management a.s., Senior Portfolio Manager
6/2007 – 11/2014 do 01/2015	Generali PPF Asset Management a.s. PPF Asset Management a.s., Portfolio Manager

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5/2006 - 6/2007	PPF Asset Management a.s., Portfolio Manager – Junior
2/2005 - 5/2006	PPF Asset Management a.s., Portfolio Administration Specialist

- e) e) Information on entities in which the Company, as the manager of an investment fund or of a foreign investment fund established in the Czech Republic and the main administrator, had qualified shareholdings for the whole relevant period or a part thereof, with a specification of the amount and type of the qualified shareholding and profit or loss of each entity, including the period of time for which the Company had qualified shareholdings in such entities; if audited financial results of such entities are not available, the management company shall report unaudited financial results and shall indicate this fact**

The company holds one founders' share in GENERALI INVEST CEE Plc., which is a foreign fund and of which the Company is the manager. Furthermore, Generali CEE Holding B.V. holds one founders' share of GENERALI INVEST CEE Plc. for the benefit of the Company.

- f) Information on entities that are not reported under article e) and i) and which in the relevant period acted in concert with the Company, as the manager of an investment fund or of a foreign investment fund established in the Czech Republic and the main administrator, and in concert with its identification information**

Besides the entities listed in the Annual Report or the Report on Related Parties, there are no other entities acting in concert with the Company.

- g) Information on judicial or arbitration disputes to which the Company, as the manager of an investment fund or of a foreign investment fund established in the Czech Republic and the main administrator, was or has been a party in the relevant period, on its own account or on the account of investment funds or foreign investment funds managed by the Company, if the value of the dispute exceeds 5% of the value of the assets of the management company or of the investment fund or of the foreign investment fund to which the dispute pertains.**

In the relevant period, the Company was not and has not been a party to any judicial or arbitration disputes, on its own account or on the account of investment funds or foreign investment funds managed by the Company, where the value of the dispute exceeds 5% of the value of the assets of the management company or of the investment fund or of the foreign investment fund to which the dispute pertains.

- h)) Information on entities authorized in the relevant period by the Company, as the manager of an investment fund or of a foreign investment fund established in the Czech Republic and the main administrator, to perform specific activities, included in the management of an investment fund or of a foreign investment fund, or to perform specific activities, included in the administration of an investment fund or of a foreign investment fund, with a specification of identification data and specific activity for the performance of which they were authorized**

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In the relevant period, the Company authorized no other entity to manage standard funds or foreign standard funds; the Company itself was their manager.

In the relevant period, the Company authorized the following entity to perform specific activities included in the administration of funds, in whole or in part: Česká pojišťovna, a.s., with its registered office at Spálená 75/16, 113 04 Prague 1, business registration number (IČO): 45272956.

The activities performed by the authorized entity comprised:

- a) internal audit
- b) marketing investments in investment funds, accepting application for issuing and redemption of investment fund securities (activities listed under (b) were performed only until 27 April 2017).

In the relevant period, the Company authorized the following entities to perform specific activities included in the administration of funds, specifically marketing investments in investment funds and accepting application for issuing and redemption of investment fund securities:

- a) Direct Care s.r.o., with its registered office at Na Pankráci 1658/121, Nusle, Prague 4, postal code 140 00, business registration number (IČO): 26416549;
- b) ČP Distribuce a.s., with its registered office at Na Pankráci 1658/121, Nusle, Prague 4, postal code 140 00, business registration number (IČO): 44795084;
- c) FINHAUS a.s., with its registered office at Na Pankráci 1658/121, Nusle, Prague 4, postal code 140 00, business registration number (IČO): 27108562;
- d) Sberbank CZ, a.s., with its registered office at U Trezorky 921/2, Jinonice, Prague 5, postal code 158 00, business registration number (IČO): 25083325;
- e) MONETA Money Bank, a.s., with its registered office at Vyskočilova 1422/1a, Michle, Prague 4, postal code 140 28, business registration number (IČO): 25672720.

In the reporting period, the Company was the manager of the Generali Invest Foreign Fund. The Company entrusted the activities of the Generali Invest Foreign Fund's administrator to RBC Investor Services Ireland Limited, with its registered office at Georges Quay House 43 Townsend Street, Dublin 2, Ireland, and subsequently to SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES, SGSS (IRELAND) LIMITED, IFSC House, International Financial Services Centre, Dublin 1, Ireland, which also prepares the Annual Report of the Generali Invest Foreign Fund pursuant to applicable Irish legislation, available online at <https://www.generali-investments.cz/onas/vyrocní-zpravy.html>

- i) Information on entities which had qualified shareholdings in the Company, as the main administrator, for the whole relevant period or a part thereof, with a specification of identification data, the amount and type of the qualified shareholding in the Company, including the period of time for which the entities had qualified shareholdings in the Company**

The Company's sole shareholder is CZI Holdings N.V. 1112XN Diemen, Diemerhof 42, The Netherlands. This company is included in the consolidated group of the parent company.

Pursuant to Act No. 563/1991 Coll., on Accounting, as amended, the Company discloses information on:

1. Research and development

In 2016, the Company incurred no research and development expenses and conducted no activities in this field.

2. Acquisition of treasury shares or own ownership interests

The Company acquired no treasury shares or own ownership interests in the reporting period.

3. Environmental protection

The Company's activities complied with applicable legislation governing environmental protection.

4. Labor relations

The Company seeks to create working conditions that allow employees to make full use of their skills, enable them to grow professionally and personally, while complying with all regulations pertaining to labor relations. In respect of the provision of statutory preventive medical services, the employer complies with all obligations under a contract with a healthcare facility.

5. Foreign branch or other part of an undertaking

The Company has no foreign branch.

Information on other activities concerning research and development, environmental protection and labor relations are included in the Annual Report of ASSICURAZIONI GENERALI S.P.A., available at: <https://www.generali.com/>.

Additional information on remuneration of Company employees:

Pursuant to Articles 103 to 107 of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, The Company hereby discloses the following information concerning remuneration of Company employees.

The Company has created a remuneration system for its employees, including managers, stipulating that the total remuneration consists of a fixed component (wage/salary) and a variable component (bonus). The variable component of the remuneration is paid upon meeting predefined conditions, which generally depend on the financial results of the Company, the Generali Finance Group and the relevant employee's performance evaluation.

The Company applies specific remuneration policies and principles for the employees whose professional activities have a material impact on the risk profiles of the Company or the investment fund it manages. The applied remuneration policies and principles are consistent with and promote sound and effective risk management and do not encourage

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risk-taking which is inconsistent with the risk profiles of the managed investment funds, are in line with the business strategy and include measures to avoid conflicts of interest.

The Company does not have data available for separate funds relating to the total remuneration of all employees of the administrator, wholly or partly involved in the activities of the AIF, or the proportion of the total remuneration of the employees.

The 2017 remuneration disclosure is as follows:

Average number of employees	116
Fixed remuneration	88,691
Variable remuneration	34,392
Social security and health insurance	35,340

Information on employees and managers whose professional activities have a material impact on the funds' risk profiles:

Average number of employees	7
Fixed remuneration	18,504
Variable remuneration	12,035
Social security and health insurance	4,885

Information on the Company's projected development in 2018

In 2018, the Company will continue to manage investment funds with the objective of maximizing the yield of the entrusted clients' assets. In terms of the product offer, the Company will continue to focus on improving the existing products and expanding the product portfolio. The Company's primary goal in asset management is to achieve the best possible return on investment in each portfolio.