



# Generali Pojišťovna a.s. Annual Report 2015

GENERALI POJIŠŤOVNA IS PART OF THE GENERALI GROUP, ONE OF THE WORLD'S TOP INSURERS. THE COMPANY'S 7.4% MARKET SHARE RANKS IT AMONG THE LARGEST PLAYERS IN CZECH INSURANCE. ITS DENSE NETWORK OF BRANCHES AND OFFICES MAKES IT READILY ACCESSIBLE ACROSS THE CZECH REPUBLIC.

NORTH OF

**9.3**

CZK BILLION  
WRITTEN  
PREMIUMS

**900**

THOUSAND  
CUSTOMERS

**1,550**

THOUSAND  
CONTRACTS

**336**

THOUSAND  
LIFE  
POLICIES

**1,214**

THOUSAND  
NON-LIFE  
POLICIES



# Basic Information about the Company

<b>Company name:</b>	<b>Generali Pojišťovna a.s.</b>
Registered office:	120 84 Praha 2, Bělehradská 132
Registration number:	618 59 869
Registered capital:	CZK 500,000,000
Shareholder:	Generali CEE Holding B.V. Diemerhof 32, Diemen 1112 XN, Netherlands
Incorporated:	1 January 1995
Operational launch:	1 January 1995

# Contents

Basic Information about the Company .....	2
Board of Directors .....	4
Supervisory Board .....	5
CEO Statement .....	6
Board of Directors Situation Report .....	7
Supervisory Board Report .....	21
Independent Auditor's Report .....	22
Financial Statements .....	26
Notes to the Financial Statements .....	32
Report on Related-party Transactions .....	66
Addresses .....	72

---

# Board of Directors

## **Pavel Mencil**

Chairman

Education: Military Academy, Brno  
University of Pittsburgh – Joseph M. Katz Graduate School of Business  
Experience: VUMS SOFTWARE, Bühler Motor  
Generali Poistovňa, Slovensko, Generali Pojišťovna

## **Petr Bohumský**

Vice-Chairman

Education: Charles University, Prague – Faculty of Mathematics and Physics  
University of Pittsburgh – Joseph M. Katz Graduate School of Business  
Advance Healthcare Management Institute  
Experience: Česká pojišťovna, Generali Pojišťovna, Česká pojišťovna ZDRAVÍ  
Generali PPF Holding B. V., PPF Group

## **Marie Kovářová**

Member

Education: Charles University, Prague – Faculty of Mathematics and Physics  
Experience: Česká pojišťovna, Generali Pojišťovna, Generali PPF Holding B. V.  
Generali Asigurari, McKinsey & Company, Inc

## **Karel Bláha**

Member

Education: Charles University, Prague (Law and Jurisprudence)  
University of Economics, Prague (Economic Policy)  
Experience: Česká pojišťovna, Generali Pojišťovna  
Transgas

The following changes took place in 2015:

Štefan Tillinger left the Board of Directors with effect from 1 June 2015;  
Jiří Fialka left the Board of Directors with effect from 30 June 2015;  
Karel Bláha was elected a member of the Board of Directors with effect from 1 June 2015;  
Pavel Mencil was elected Chairman of the Board of Directors with effect from 29 June 2015.

# Supervisory Board

## **Luciano Cirinà**

Chairman

Education: University of Trieste (Business Administration)

Experience: Generali PPF Holding B.V.  
Austrian Insurance Association  
Generali Versicherung  
Generali Holding Vienna  
Assicurazioni Generali, Trieste  
Generali Versicherung, Vienna  
Deutscher Lloyd (Generali Group)

## **Gianluca Colocci**

Member

Education: University of Trieste (Trade and Economics)

Experience: Andersen Consulting  
Generali Group

## **Gregor Pilgram**

Member

Education: Vienna University of Economics and Business (Master of Business Administration)

Experience: Generali Group

The following changes took place in 2015:

Gregor Pilgram was appointed as a member of the Supervisory Board with effect from 15 April 2015.

---

## CEO Statement

Generali's 2015 results reaffirmed our insurance company's privileged position on the insurance market in the Czech Republic. Having achieved all key indicators, we remained one of the four most successful insurers.

Our growth momentum distinctly outclassed the market. Not only were we one of the two fastest growing insurers in motor insurance, but we also flourished in other segments – collision, liability and business insurance. We significantly enhanced the quality of new business generated by external partners, especially in life insurance, while the brokers we work with upped their performance in car insurance. Other business partners also delivered on their sales targets. Be that as it may, the key to our success was, is and will be our stable internal distribution network, which this year is once again facing up to the challenge of growth in numbers and in new business. This is our way of signalling loudly and clearly to the market that we are a force to be reckoned with.



Our autumn advertising campaign was a first step on the way to driving forward Generali brand awareness. In the future, we will be pitching ourselves on the Czech market as a professional, innovative and trustworthy insurance company offering the simplest yet smartest solutions for the world evolving around us. In doing so, we are tapping into the Generali Group's global strategy with its unswerving focus on the client. With this in mind, we are already striving to serve solutions reflecting the individual needs of clients who have entrusted us with their insurance coverage. Our second-place ranking in the "Most Customer Friendly Life Insurance Company" category of a competition run by the newspaper *Hospodářské noviny* shows that we are on the right track.

With very little operational disruption, we relocated our services and systems to Italy. From the perspective of Central and Eastern European countries, this was a one-of-a-kind project unprecedented in our region.

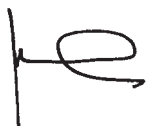
We act responsibly. We champion socially beneficial activities. In 2015 alone, we channelled more than CZK 6.5 million into these efforts. That is even before we tot up the hours of volunteering put in by our employees. Our CSR work also makes the grade in the multinational arena. One of our triumphs was to reach the final of the prestigious international SABRE Awards, in which our *Výmoly.cz* project to draw attention to potholes was singled out for recognition.

Our Group is a commanding player on the Czech insurance market and it is plain to see that our strategy of maintaining insurance groups encompassing multiple brands within a single market is highly successful. The mutual harnessing of synergic effects and the pooling of know-how in the Generali Group have certainly been contributory factors.

On behalf of the Company's management, I thank all of our employees, insurance agents, brokers and business partners for being so instrumental in Generali's 2015 results. Likewise, I extend my gratitude to all of our clients for trusting the Company to look after their insurance needs.

To round off, I wish Generali another thriving year in its rich history. Last year's results showed that top-notch services tailored to our clients and business partners are the right way forward in the pursuit of our targets and in making our clients and shareholders happy. What we have achieved is the best possible motivation for us as we move on with our work.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Pavel Menci'. The signature is stylized and written in a cursive-like font.

**Pavel Menci**  
Chief Executive Officer

# Board of Directors Situation Report

## ECONOMIC SITUATION

Last year, the global economy kept to its growth trajectory. In addition, base rates hardly strayed from their minimum levels as muted inflation is still very low in developed countries, including the Czech Republic. One of the key developments we witnessed was the marked economic slowdown in countries commonly referred to as emerging markets, and China in particular, compounded by weakening local currencies. This has been especially true of commodity-oriented economies such as Russia and Brazil. Starting last August, the interplay of these factors made the capital markets all the more skittish and wobbly, especially as the bad news from China took hold. At the end of the year, the US central bank embarked on its first interest-rate hike in nine years.

On the bond markets, the originally forecast surge in interest yields failed to materialise. It was stalled by pitiful inflation, kept low primarily by dwindling oil and energy prices. The European Central Bank (ECB) joined in the melee against low inflation by cutting interest rates further and intensifying its secondary-market bond purchase programme. This activity fuelled the growth of risk-bearing assets, spearheaded by European equities, and triggered the further appreciation of the US dollar to a level approaching USD 1.05 per EUR. On the bond markets, risk-free yields contracted further and even stepped into negative values. This means that investors are now paying for the privilege of being able to purchase high-grade sovereign debt. Corporate bonds buck the trend and are perhaps a last resort when it comes to investors' opportunities to identify lucrative potential bond appreciation.

On the other hand, there were seismic shifts on the commodity and stock markets. The spotlight was on oil prices and, in the second half of the year, events in China, along with the launch of a sequence of rate increases in the US. Oil prices plunged to the magic level of USD 35 a barrel, the lowest in 11 years. This is exceptionally good news for consumers. Oil and energy companies, on the other hand, have been experiencing a barren period since 2014. This is an unusual situation where companies' real costs are way higher than market prices. This is unsustainable in the long run and runs the risk of sparking another sharp rise in prices, just as we saw in 2009 when the oil price doubled in the space of a year. It also had a negative impact on the performance of commodity-oriented funds. There were interesting developments in European equities. Despite reporting more than 20% growth – driven by the depreciating euro and the ECB's expansionary monetary policy – at the mid-year point, these gains ran out of steam by the end of the year as global factors came to the fore. Investor interest last year centred on the real estate sector and on pharmaceuticals and biotechnology.

## INSURANCE INDUSTRY

The Czech Insurance Association's preliminary results for 2015 reported growth in total premiums written by CZK 1.1 billion, or 1%. As in the previous year, the insurance market was kept afloat by non-life insurance, which expanded by 4%. Conversely, life insurance was eroded by a further 3.5% year on year.

Life insurance billing contracted by nearly CZK 1.6 billion compared to 2014. Single-premium policies were hardest hit (-26.7%). However, it is the situation among regular-premium policies, covering clients' everyday risks in life, that is particularly downbeat (-2.1%). Sadly, life insurance as a long-term means of protection from risks and an opportunity to build up reserves for old age is seriously underestimated, a trend confirmed by the loss of more than 250,000 life insurance policies last year.

Last year, life insurance was affected by legislative changes covering the conditions of tax deductibility. Issues surrounding policy switching and the related communications also undeniably had a negative impact. Not least, low interest rates could be felt in all areas of the financial market and, beyond any shadow of a doubt, will continue to hold sway over life insurance this year.

In contrast, there were positive developments in non-life insurance, where premiums written climbed by CZK 2.7 billion from CZK 68.9 billion in 2014 to CZK 71.6 billion in 2015. Motor third party liability premiums were up by 1.9%, mainly on the back of growing numbers of vehicles. Nevertheless, overall MTPL remains in the red.

Broadly speaking, MTPL rates have stalled. Competition is shifting away from pricing policy as more of an emphasis is placed on the scope of service provision. This is reflected in particular in the more meticulous way in which risks are taken into account and in the personal approach to each client.

The collision insurance growth rate also picked up momentum at the end of 2015, rising from 5.3% to the present 6.1%. This progression in vehicle insurance stemmed from the economic recovery in tandem with the emerging passion for new and more expensive cars.

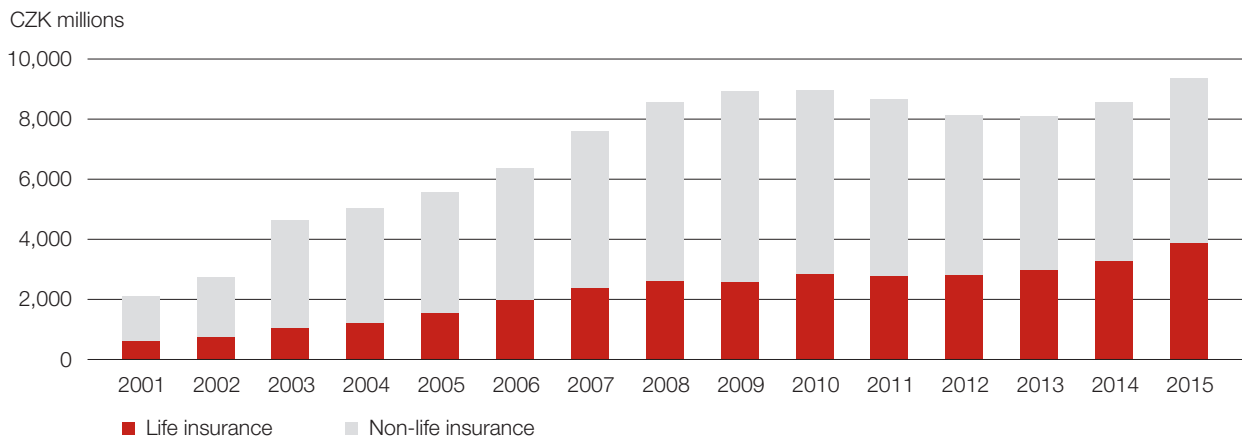
An instrumental factor in the growth reported by non-life insurance was business risk insurance, where, although dynamism tapered off somewhat, premiums written went up by 3.6% to a level approaching CZK 19 billion. Businesses took out over 20,000 policies more than in 2014. This greater interest in covering business risks was closely linked to the state of the Czech economy, improvements in which should continue to push forward business insurance in 2016.

**BUSINESS TRENDS**  
**Generali Pojišťovna a.s.**



In 2015, Generali again enjoyed success in maintaining its market position and remains the fourth-largest insurance company on the Czech insurance market. It is the fifth largest life insurer, holding a 7.2% market share and, likewise, the fifth most powerful insurance company in non-life insurance, claiming a 7.6% market share.

**Gross Written Premiums**





As at 31 December 2015, Generali was managing more than 1,484,529 insurance contracts. Gross written premiums totalled CZK 9,352.4 million, up from CZK 8,556.2 million in the previous year. Life insurance written premiums were just shy of CZK 3.9 billion. Overall non-life insurance billing climbed to nearly CZK 5.5 billion.

Technical provisions at the Company are set at such a level that, in keeping with accepted actuarial rules, all liabilities to clients can be met. Provisions are safely covered by capital investments. Technical provisions under life and non-life insurance, totalling CZK 15.3 billion, are backed by capital investments worth CZK 20.2 billion.

Our investments are governed by the principles of maximum security, reasonable profitability and sufficient liquidity. We diversify funds in a multifaceted portfolio. Much of the investment has been channelled into government bonds, CZK Eurobonds and time deposits at top-quality banks. Our sensible investment policy bore fruit in 2015, at a time when reverberations from the economic recession experienced in recent years were still being felt on the Czech insurance market.

The claims costs of CZK 4,542.4 million did not overstep projections. Non-life insurance claims paid, including claims handling expenses, amounted to CZK 2,773.2 million. Life insurance claims came to CZK 1,769.2 million.

In defiance of the pronounced macroeconomic impacts on the Czech insurance market, Generali made a profit of CZK 482.6 million (2014: CZK 27.8 million) according to IFRS (International Financial Reporting Standards). This result can be attributed to three key factors: a prudent investment policy, the efficient management of operating costs, and the technical results of selected types of insurance. No incidents have occurred in our business operations so far that might affect the annual result planned for 2016. A client-oriented approach remains our top priority, and as such Generali devotes considerable effort and funds to this goal.

We are trying to increase premiums written in all encouraging lines of insurance while keeping a lid on any growth in costs. In the next few years, we expect to improve our economic performance – with growth to match – while consolidating our market position.

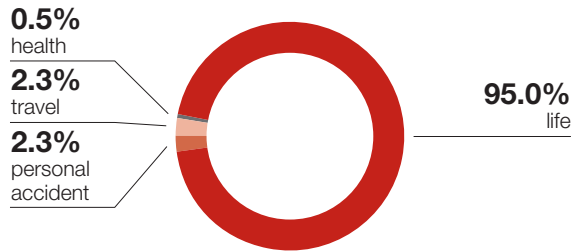
In conclusion, we would like to convey our gratitude in particular to our clients and business partners for their confidence in Generali. We would also thank all of our employees, captive and independent insurance agents, insurance brokers and all those who contribute to the Company's development every day.

## Personal Insurance

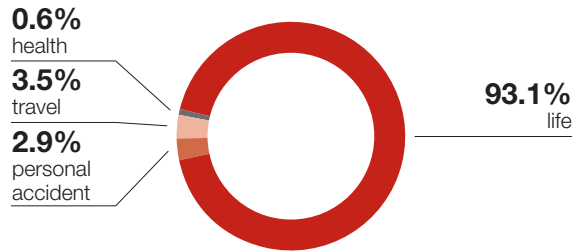
CZK millions	2015	%	2014	%	2013	%	2012	%
Life	3,867.7	95.0%	3,272.7	93.1%	2,991.4	91.8%	2,812.5	90.6%
Personal accident	93.4	2.3%	101.6	2.9%	114.0	3.5%	125.7	4.1%
Travel	92.8	2.3%	121.6	3.5%	133.0	4.1%	142.8	4.6%
Health	18.9	0.5%	20.0	0.6%	21.0	0.6%	23.1	0.7%
<b>Total</b>	<b>4,072.8</b>	<b>100.0%</b>	<b>3,515.9</b>	<b>100.0%</b>	<b>3,259.4</b>	<b>100.0%</b>	<b>3,104.2</b>	<b>100.0%</b>

CZK millions	2011	%	2010	%	2009	%	2008	%
Life	2,790.1	89.4%	2,835.0	89.5%	2,584.1	88.7%	2,600.3	89.0%
Personal accident	143.3	4.6%	176.8	5.6%	191.2	6.6%	171.2	5.9%
Travel	163.4	5.2%	132.3	4.2%	112.3	3.9%	126.5	4.3%
Health	24.0	0.8%	22.8	0.7%	24.1	0.8%	23.3	0.8%
<b>Total</b>	<b>3,120.8</b>	<b>100.0%</b>	<b>3,167.0</b>	<b>100.0%</b>	<b>2,911.7</b>	<b>100.0%</b>	<b>2,921.3</b>	<b>100.0%</b>

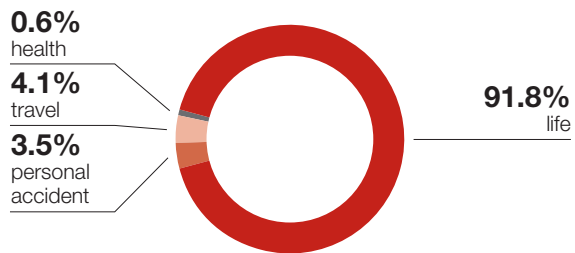
**2015**



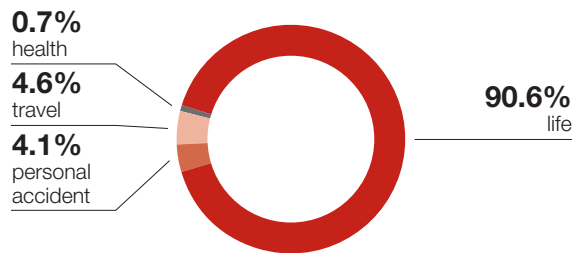
**2014**



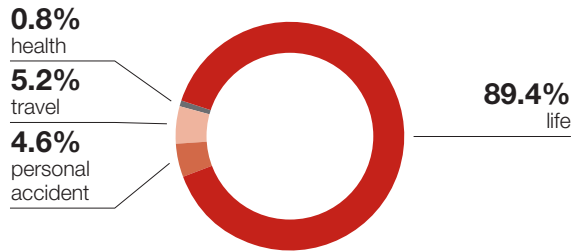
**2013**



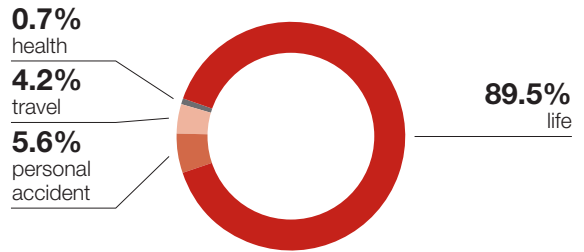
**2012**



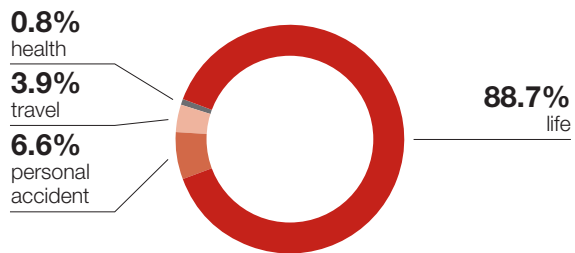
**2011**



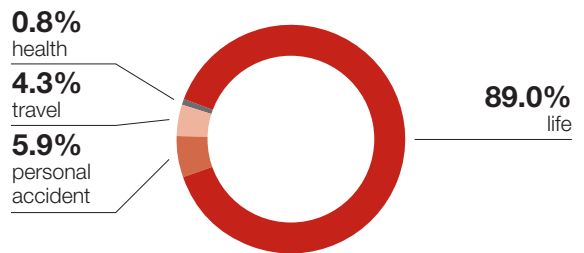
**2010**



**2009**



**2008**

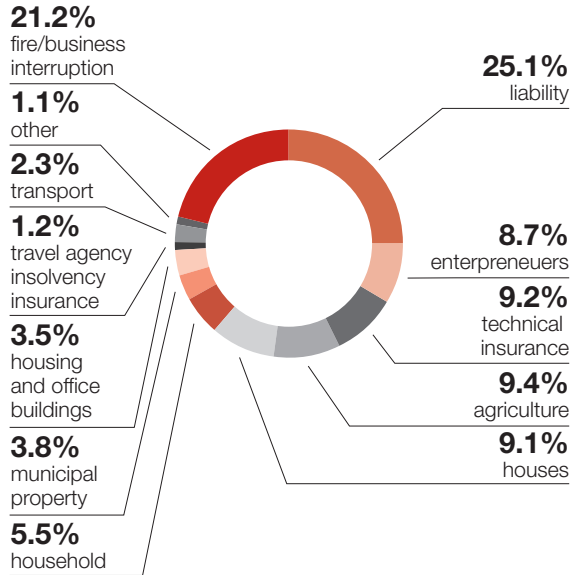


## Property Insurance and Other Non-life Insurance

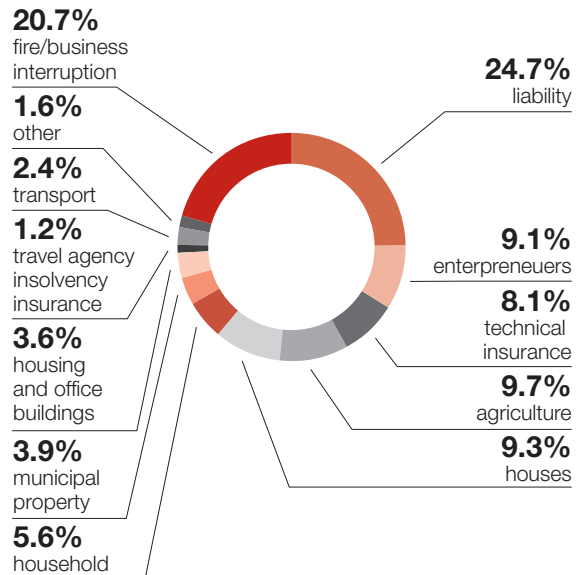
CZK millions	2015	%	2014	%	2013	%	2012	%
Fire/business interruption	524.5	21.2%	507.8	20.7%	523.7	21.0%	597.4	23.2%
Liability	622.1	25.1%	607.3	24.7%	572.8	23.0%	546.1	21.2%
Entrepreneurs	215.2	8.7%	224.2	9.1%	241.0	9.7%	258.9	10.0%
Technical insurance	227.2	9.2%	199.5	8.1%	199.4	8.0%	235.6	9.1%
Agriculture	233.7	9.4%	238.9	9.7%	260.3	10.4%	255.0	9.9%
Houses	226.1	9.1%	229.4	9.3%	232.9	9.3%	234.7	9.1%
Household	135.3	5.5%	136.7	5.6%	138.7	5.6%	140.2	5.4%
Municipal property	93.4	3.8%	96.3	3.9%	91.4	3.7%	87.6	3.4%
Housing and office buildings	86.9	3.5%	88.3	3.6%	91.2	3.7%	94.6	3.7%
Travel agency insolvency insurance	29.6	1.2%	29.4	1.2%	46.3	1.9%	39.9	1.5%
Transport	56.1	2.3%	59.7	2.4%	53.2	2.1%	47.1	1.8%
Other	28.4	1.1%	40.2	1.6%	41.7	1.7%	42.1	1.6%
<b>Total</b>	<b>2,478.5</b>	<b>100.0%</b>	<b>2,457.7</b>	<b>100.0%</b>	<b>2,492.5</b>	<b>100.0%</b>	<b>2,579.3</b>	<b>100.0%</b>

CZK millions	2011	%	2010	%	2009	%	2008	%
Fire/business interruption	743.8	27.5%	797.3	29.9%	718.7	28.8%	509.8	23.1%
Liability	524.5	19.4%	485.7	18.2%	451.4	18.1%	400.1	18.2%
Entrepreneurs	275.5	10.2%	288.5	10.8%	302.8	12.2%	306.8	13.9%
Technical insurance	235.2	8.7%	250.0	9.4%	217.7	8.7%	209.1	9.5%
Agriculture	240.8	8.9%	201.5	7.5%	199.8	8.0%	209.1	9.5%
Houses	230.7	8.5%	219.4	8.2%	207.4	8.3%	185.0	8.4%
Household	139.0	5.1%	132.2	5.0%	124.4	5.0%	113.3	5.1%
Municipal property	88.1	3.3%	92.1	3.4%	86.7	3.5%	83.4	3.8%
Housing and office buildings	97.7	3.6%	98.5	3.7%	95.1	3.8%	89.2	4.0%
Travel agency insolvency insurance	43.0	1.6%	41.8	1.6%	29.4	1.2%	29.8	1.4%
Transport	47.1	1.7%	40.1	1.5%	40.3	1.6%	47.8	2.2%
Other	38.1	1.4%	22.7	0.8%	18.6	0.7%	20.4	0.9%
<b>Total</b>	<b>2,703.5</b>	<b>100.0%</b>	<b>2,669.7</b>	<b>100.0%</b>	<b>2,492.5</b>	<b>100.0%</b>	<b>2,203.8</b>	<b>100.0%</b>

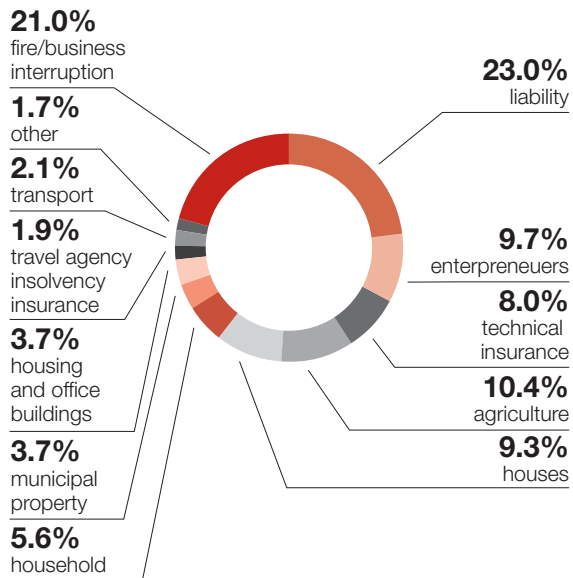
**2015**



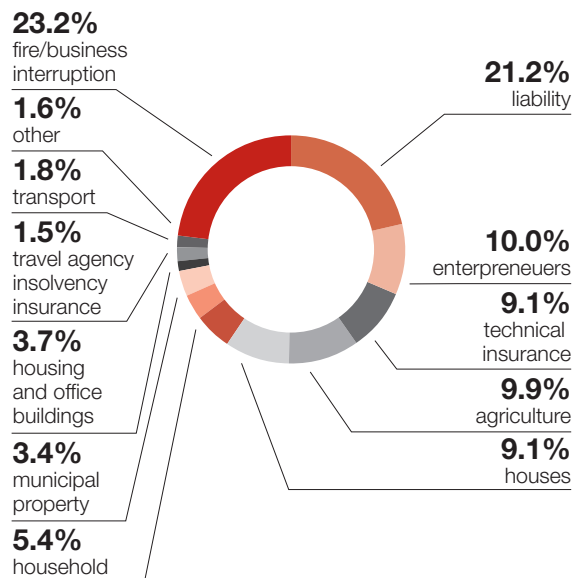
**2014**



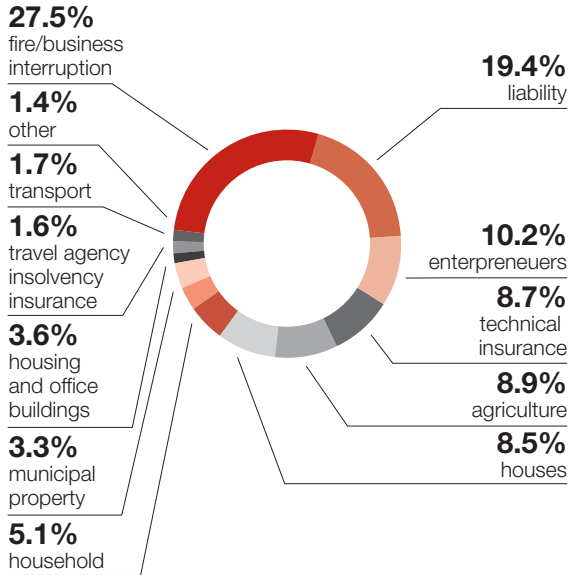
**2013**



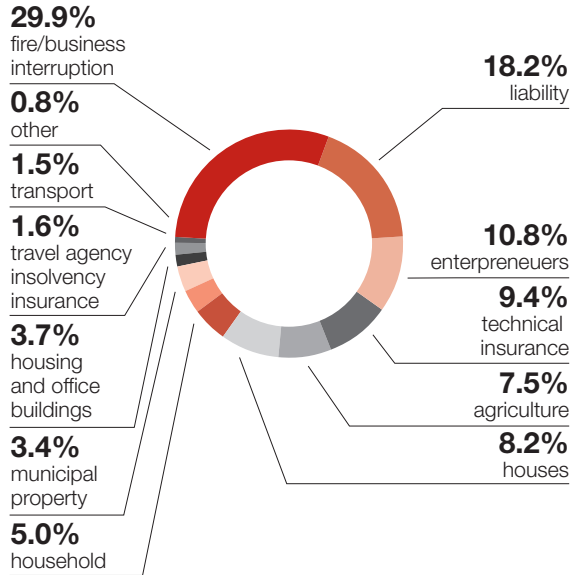
**2012**



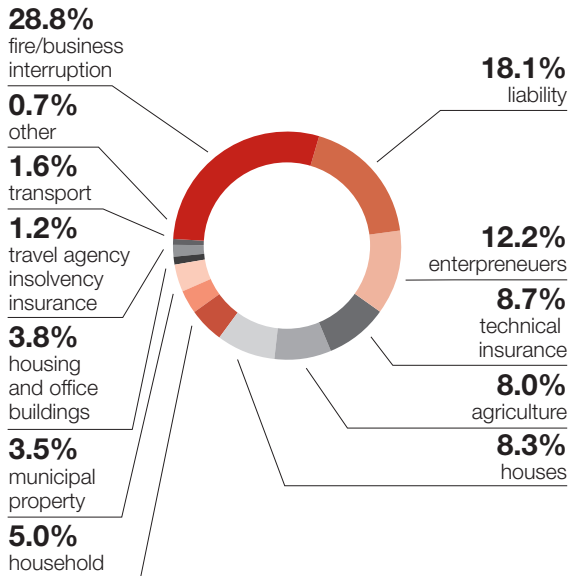
**2011**



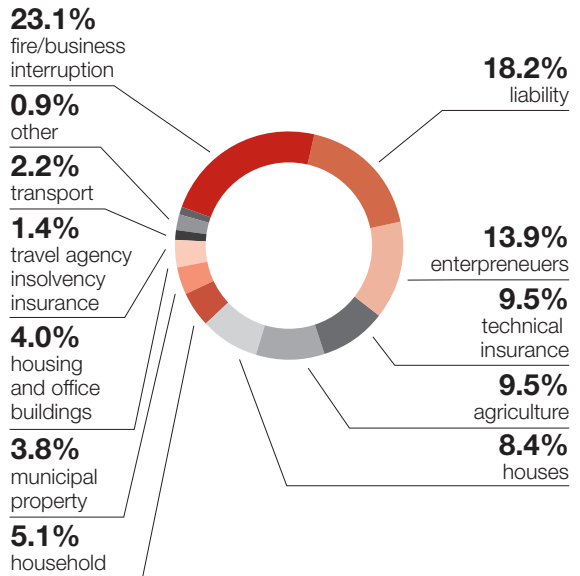
**2010**



**2009**



**2008**



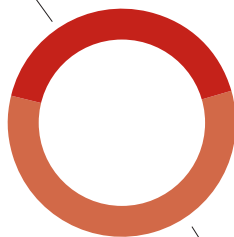
## Motor Insurance

CZK millions	2015	%	2014	%	2013	%	2012	%
Collision insurance	1,167.1	41.7%	1,049.0	40.6%	934.4	39.8%	911.4	37.6%
MTPL	1,634.1	58.3%	1,533.7	59.4%	1,411.4	60.2%	1,510.5	62.4%
<b>Total</b>	<b>2,801.2</b>	<b>100.0%</b>	<b>2,582.7</b>	<b>100.0%</b>	<b>2,345.8</b>	<b>100.0%</b>	<b>2,421.9</b>	<b>100.0%</b>

CZK millions	2011	%	2010	%	2009	%	2008	%
Collision insurance	994.7	35.2%	1,043.9	33.6%	1,136.5	32.4%	1,127.8	32.6%
MTPL	1,830.5	64.8%	2,065.9	66.4%	2,371.3	67.6%	2,326.8	67.4%
<b>Total</b>	<b>2,825.2</b>	<b>100.0%</b>	<b>3,109.9</b>	<b>100.0%</b>	<b>3,507.8</b>	<b>100.0%</b>	<b>3,454.6</b>	<b>100.0%</b>

### 2015

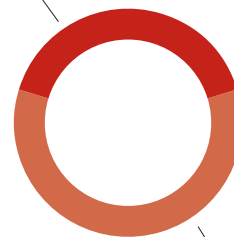
41.7%  
collision insurance



58.3%  
MTPL

### 2014

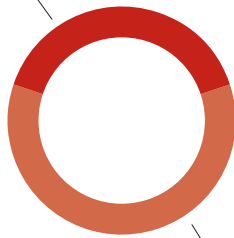
40.6%  
collision insurance



59.4%  
MTPL

**2013**

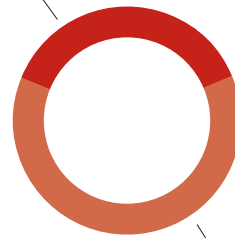
**39.8%**  
collision insurance



**60.2%**  
MTPL

**2012**

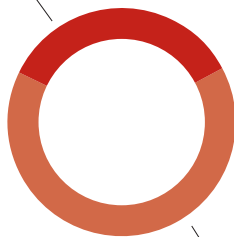
**37.6%**  
collision insurance



**62.4%**  
MTPL

**2011**

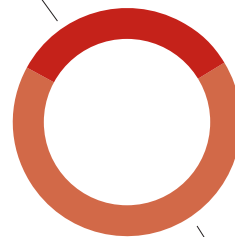
**35.2%**  
collision insurance



**64.8%**  
MTPL

**2010**

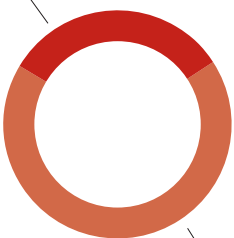
**33.6%**  
collision insurance



**66.4%**  
MTPL

**2009**

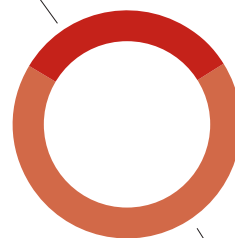
**32.4%**  
collision insurance



**67.6%**  
MTPL

**2008**

**32.6%**  
collision insurance



**67.4%**  
MTPL

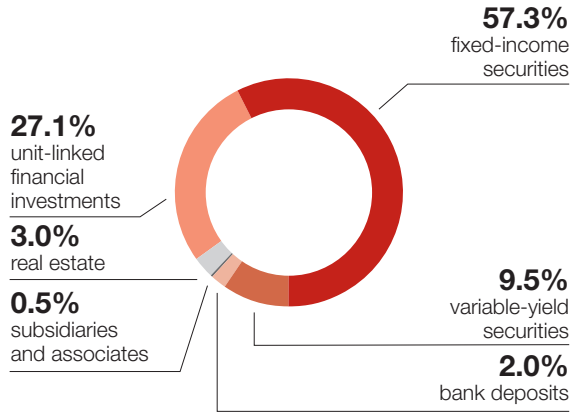


## Financial Asset Structure

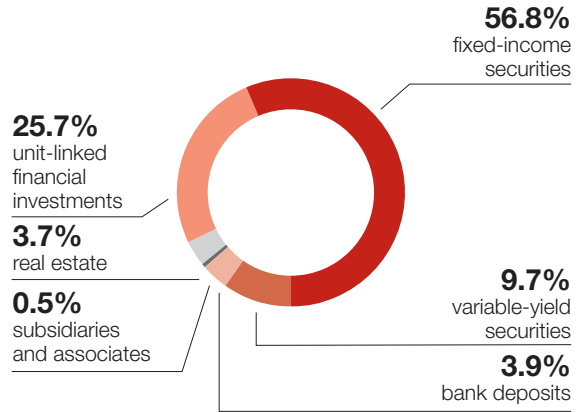
CZK millions	2015	%	2014	%	2013	%	2012	%
Fixed-income securities	11,571.9	57.3%	10,552.0	56.8%	10,007.8	56.1%	10,816.3	60.7%
Variable-yield securities	1,910.6	9.5%	1,799.9	9.7%	1,432.5	8.0%	1,172.2	6.6%
Bank deposits	410.6	2.0%	724.6	3.9%	772.4	4.3%	813.4	4.6%
Subsidiaries and associates	104.6	0.5%	93.7	0.5%	78.9	0.4%	85.4	0.5%
Real estate	608.9	3.0%	678.7	3.7%	713.2	4.0%	723.0	4.1%
Other loans	93.3	0.5%	3.0	0.0%	3.4	0.0%	5.4	0.0%
Other investments (financial derivatives)	29.9	0.1%	(37.9)	(0.2)%	38.9	0.2%	(98.5)	(0.6)%
Unit-linked financial investments	5,465.3	27.1%	4,766.5	25.7%	4,787.6	26.8%	4,290.6	24.1%
<b>Total</b>	<b>20,195.1</b>	<b>100.0%</b>	<b>18,580.5</b>	<b>100.0%</b>	<b>17,834.7</b>	<b>100.0%</b>	<b>17,807.7</b>	<b>100.0%</b>

CZK millions	2011	%	2010	%	2009	%	2008	%
Fixed-income securities	10,159.7	62.4%	11,054.5	62.9%	11,335.1	67.9%	8,792.9	66.0%
Variable-yield securities	1,004.5	6.2%	1,500.8	8.5%	1,070.3	6.4%	647.4	4.9%
Bank deposits	843.0	5.2%	391.4	2.2%	742.2	4.4%	1,181.5	8.9%
Subsidiaries and associates	206.9	1.3%	208.1	1.2%	156.9	0.9%	163.0	1.2%
Real estate	717.1	4.4%	720.8	4.1%	716.4	4.3%	713.3	5.4%
Other loans	5.2	0.0%	7.7	0.0%	7.2	0.0%	6.1	0.0%
Other investments (financial derivatives)	(295.0)	(1.8)%	37.7	0.2%	(80.4)	(0.5)%	(19.0)	(0.1)%
Unit-linked financial investments	3,643.7	22.4%	3,652.3	20.8%	2,736.7	16.4%	1,843.3	13.8%
<b>Total</b>	<b>16,285.2</b>	<b>100.0%</b>	<b>17,573.3</b>	<b>100.0%</b>	<b>16,684.4</b>	<b>100.0%</b>	<b>13,328.4</b>	<b>100.0%</b>

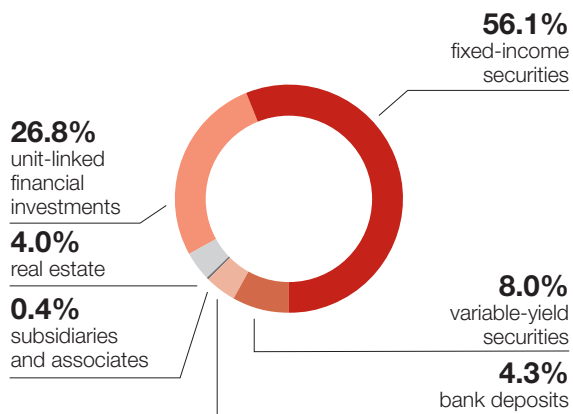
**2015**



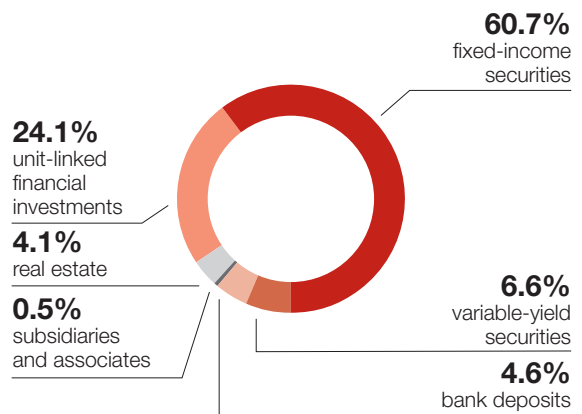
**2014**



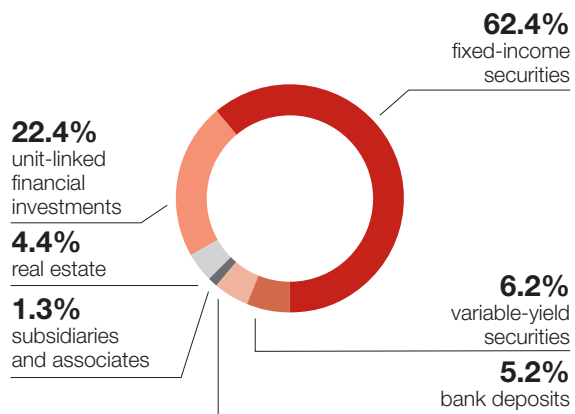
**2013**



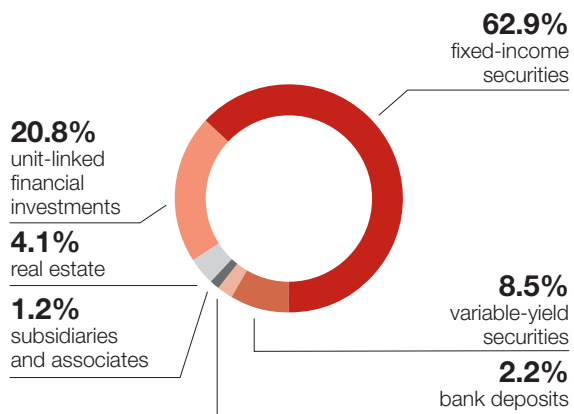
**2012**



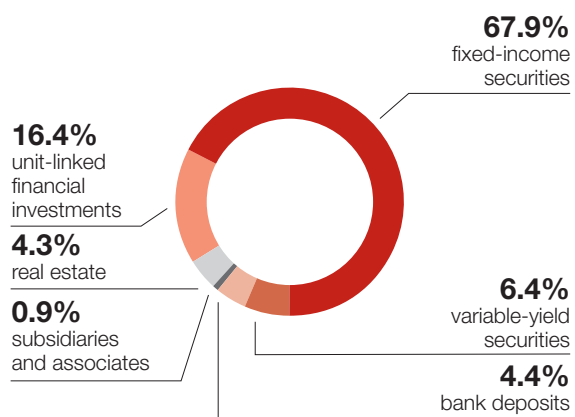
2011



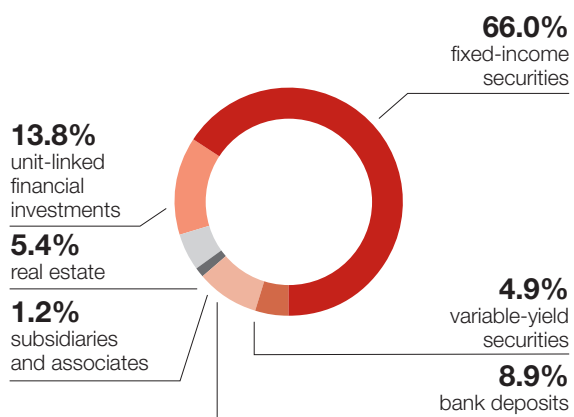
2010



2009



2008



## Solvency and Minimum Solvency Capital

CZK thousands	2015		2014		2013	
	Non-life insurance	Life insurance	Non-life insurance	Life insurance	Non-life insurance	Life insurance
Solvency capital requirement	656,293	471,657	656,293	455,007	656,293	437,673
Available solvency capital	1,386,761	1,225,059	1,279,751	876,233	1,062,897	853,350
Available and required solvency capital ratio	2.11	2.60	1.95	1.93	1.62	1.95
Minimum solvency capital	375,983		370,433		364,655	
Minimum and available solvency capital ratio	0.14		0.17		0.19	

CZK thousands	2012		2011		2010	
	Non-life insurance	Life insurance	Non-life insurance	Life insurance	Non-life insurance	Life insurance
Solvency capital requirement	656,293	437,548	656,293	424,707	656,293	412,283
Available solvency capital	1,114,629	1,066,515	828,151	768,378	1,434,157	1,012,356
Available and required solvency capital ratio	1.70	2.44	1.26	1.81	2.19	2.46
Minimum solvency capital	364,614		360,333		356,192	
Minimum and available solvency capital ratio	0.17		0.23		0.15	

## Ratios

	2015	2014	2013	2012	2011	2010	2009	2008
Return on average assets (ROAA) (profit or loss for the accounting period/total assets)	2.40%	1.30%	(0.23%)	3.35%	0.85%	4.13%	5.34%	0.74%
Return on average equity (ROAE) (profit or loss for the accounting period/equity)	19.17%	11.59%	(2.19%)	28.76%	9.15%	31.55%	40.86%	6.90%
Non-life "combined ratio"	95.39%	98.36%	104.43%	100.14%	99.94%	90.95%	99.49%	92.93%

# Supervisory Board Report

Throughout the financial year, the Supervisory Board carried out the tasks required of it by law and the Company's Articles of Association.

At its meetings, the Supervisory Board engaged primarily in the supervision and monitoring of the Company's management, its business operations and performance, the investment portfolio balance and returns, and the fulfilment of the Company's 2015 financial and business plans.

The Supervisory Board reviewed the Company's annual financial statements for 2015 and the accompanying auditor's report. In line with the audit opinion, it found no impediments. Against this background, the Supervisory Board recommends that the Company's General Meeting approve the annual financial statements for the 2015 accounting period.

Prague, March 2016



**Luciano Cirinà**

Chairman of the Supervisory Board

---



# Independent Auditor's Report

## TO THE SHAREHOLDER OF GENERALI POJIŠŤOVNA A.S.:

We have audited the accompanying financial statements of Generali Pojišťovna a.s. which comprise the balance sheet as at 31 December 2015, the income statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of Generali Pojišťovna a.s. see Note 1 to the financial statements.

### Management's Responsibilities for the Financial Statements

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

### Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Generali Pojišťovna a.s. as at 31 December 2015, and its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

### Other Information

Other information comprises information included in the annual report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information included and we do not express any form of assurance conclusion thereon. 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 and whether the annual report has been prepared in accordance with applicable law or regulation. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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



**Jakub Kolář**  
Auditor  
License No. 2280



**Tomáš Němec**  
Partner

29 February 2016  
Prague, Czech Republic

# Financial Statements



# Contents

<b>Financial Statements</b> .....	<b>26</b>
Balance Sheet as at 31 December 2015 .....	26
Income Statement for the year ended 31 December 2015 .....	28
Statement of Changes in Equity for the year ended 31 December 2015 .....	31
<b>Notes to Financial Statements</b> .....	<b>32</b>
1. General information .....	32
2. Accounting policies .....	34
3. Risk management and procedures .....	40
4. Financial placements (investments) .....	43
5. Unit-linked financial investments .....	47
6. Derivative financial instruments .....	47
7. Intangible and tangible fixed assets .....	48
8. Debtors .....	49
9. Cash on accounts with financial institutions and cash in hand .....	50
10. Prepayments and accrued income .....	50
11. Equity .....	50
12. Technical reserves .....	51
13. Other provisions .....	55
14. Creditors .....	56
15. Accruals and deferred income .....	56
16. Technical account – non-life and life insurance .....	57
17. Inwards and outwards reinsurance .....	58
18. Acquisition costs and administrative expenses .....	60
19. Other expenses and income .....	61
20. Taxation .....	62
21. Related party transactions .....	63
22. Commitments .....	64
23. Subsequent events .....	65

# Balance Sheet

As at 31 December 2015

ASSETS (CZK'000)		Note	31 December 2015		31 December 2014
			Gross amount	Adjustment	Net amount
<b>B.</b>	<b>Intangible fixed assets:</b>	7	<b>519,112</b>	<b>407,692</b>	<b>111,420</b>
<b>C.</b>	<b>Financial placements (investments)</b>	4	<b>14,729,729</b>	<b>–</b>	<b>14,729,729</b>
C.1.	Land and buildings, of which:		608,874	–	608,874
	a) operating land and buildings		481,856	–	481,856
C.II.	Financial placements in subsidiaries and associates		104,560	–	104,560
	1. Participating interests in subsidiaries		95,759	–	95,759
	3. Participating interests in associates		8,801	–	8,801
C.III.	Other financial placements		14,016,295	–	14,016,295
	1. Shares and other variable yield securities		1,910,639	–	1,910,639
	2. Debt securities, of which:		11,571,923	–	11,571,923
	a) securities valued at fair value through profit and loss		7,113	–	7,113
	b) available-for-sale securities		11,564,810	–	11,564,810
	5. Other loans		93,304	–	93,304
	6. Deposits with financial institutions		410,556	–	410,556
	7. Other financial placements	4, 6	29,873	–	29,873
<b>D.</b>	<b>Unit-linked financial investments</b>	5	<b>5,465,294</b>	<b>–</b>	<b>5,465,294</b>
<b>E.</b>	<b>Debtors</b>	8	<b>1,413,427</b>	<b>456,647</b>	<b>956,780</b>
E.I.	Receivables from direct insurance		689,675	415,442	274,233
	1. policy holders		556,308	305,191	251,117
	2. insurance intermediaries		133,367	110,251	23,116
E.II.	Reinsurance receivables	17	568,741	–	568,741
E.III.	Other receivables		155,011	41,205	113,806
<b>F.</b>	<b>Other assets</b>		<b>346,252</b>	<b>109,019</b>	<b>237,233</b>
F.I.	Tangible fixed assets other than land and buildings, inventories	7	149,858	109,019	40,839
F.II.	Cash on accounts with financial institutions and cash in hand	9	196,394	–	196,394
<b>G.</b>	<b>Prepayments and accrued income</b>	10	<b>230,634</b>	<b>–</b>	<b>230,634</b>
G.I.	Accrued interest and rent		971	–	971
G.II.	Deferred acquisition costs, of which:		220,887	–	220,887
	a) life insurance		20,067	–	20,067
	b) non-life insurance		200,820	–	200,820
G.III.	Other prepayments and accrued income, of which:		8,776	–	8,776
	a) estimated receivables		6,268	–	6,268
<b>TOTAL ASSETS</b>			<b>22,704,448</b>	<b>973,358</b>	<b>21,731,090</b>
					<b>20,005,103</b>

LIABILITIES (CZK'000)		Note	31 December 2015	31 December 2014
<b>A.</b>	<b>Equity</b>		<b>2,723,241</b>	<b>2,248,319</b>
A.I.	Share capital	11	500,000	500,000
A.II.	Share premium		382,500	382,500
A.IV.	Other capital funds	11	(52,518)	(5,376)
A.V.	Legal reserve funds and other funds from profit		100,000	100,000
A.VI.	Retained earnings		1,271,195	1,010,656
A.VII.	Current year profit /(loss)	11	522,064	260,539
<b>C.</b>	<b>Technical reserves</b>	12	<b>9,867,535</b>	<b>9,829,732</b>
C.1.	Unearned premium reserve:		889,791	853,150
	a) gross		1,574,577	1,493,139
	b) share of reinsurers (-)	17	684,786	639,989
C.2.	Life insurance reserve:		4,687,559	4,772,199
	a) gross		4,687,559	4,772,199
C.3.	Reserve for claims:		3,986,810	3,879,884
	a) gross		6,743,957	6,481,870
	b) share of reinsurers (-)	17	2,757,147	2,601,986
C.4.	Reserve for bonuses and discounts:		83,055	71,400
	a) gross		83,055	71,400
C.9.	Reserve for liabilities of Czech Bureau of Insurers:		220,320	253,099
	a) gross		220,320	253,099
<b>D.</b>	<b>Unit-linked reserve</b>		<b>5,465,294</b>	<b>4,766,490</b>
	a) gross		5,465,294	4,766,490
<b>E.</b>	<b>Provisions</b>	13	<b>12,543</b>	<b>10,829</b>
E.3.	Other provisions		12,543	10,829
<b>F.</b>	<b>Deposits from outwards reinsurance</b>	17	<b>616,021</b>	<b>614,744</b>
<b>G.</b>	<b>Creditors</b>	14	<b>2,497,786</b>	<b>2,028,481</b>
G.I.	Payables from direct insurance		952,650	823,753
G.II.	Payables from reinsurance	14,17	1,390,544	1,142,606
G.V.	Other payables, of which:		154,592	62,122
	a) tax liabilities and liabilities from social and health insurance		106,273	8,322
<b>H.</b>	<b>Accruals and deferred income</b>	15	<b>548,670</b>	<b>506,508</b>
H.I.	Prepayments and deferred income		11,782	10,965
H.II.	Other deferred income, of which:		536,888	495,543
	a) estimated payables		536,888	495,543
<b>TOTAL LIABILITIES</b>			<b>21,731,090</b>	<b>20,005,103</b>

# Income Statement

for the year ended 31 December 2015

(CZK'000)	Note	2015		2014		
		Base	Subtotal	Total	Subtotal	Total
<b>I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE</b>						
<b>1. Earned premiums, net of reinsurance:</b>						
a) gross written premium	16	5,484,661		5,283,523		
b) outwards reinsurance premium (-)	17	2,868,734		2,691,869		
Subtotal			2,615,927		2,591,654	
c) change in the gross amount of unearned premium reserve (+/-)		(91,314)		(101,732)		
d) change in the reinsurer's share of the unearned premium reserve (+/-)	17	51,281		69,600		
Subtotal			(40,033)		(32,132)	
<b>Total</b>				<b>2,575,894</b>		<b>2,559,522</b>
<b>2. Allocated investment return transferred from the Non-technical account (caption III.6.)</b>				<b>182,044</b>		<b>164,027</b>
<b>3. Other technical income, net of reinsurance</b>	19			<b>447,008</b>		<b>464,899</b>
<b>4. Claims expenses, net of reinsurance:</b>						
a) paid claims:						
aa) gross		2,487,326		2,607,570		
ab) share of reinsurers (-)	17	1,095,131		1,208,286		
Subtotal			1,392,195		1,399,284	
b) change in reserve for claims (+/-):						
ba) gross		285,884		(99,969)		
bb) share of reinsurers (-)	17	141,541		(174,522)		
Subtotal			144,343		74,553	
<b>Total</b>				<b>1,536,538</b>		<b>1,473,837</b>
<b>5. Change in other technical reserves, net of reinsurance (+/-)</b>				<b>(32,779)</b>		<b>(17,301)</b>
<b>6. Bonuses and discounts, net of reinsurance</b>				<b>49,287</b>		<b>34,513</b>
<b>7. Net operating expenses:</b>						
a) acquisition costs	18		1,139,457		1,142,148	
b) change in deferred acquisition costs (+/-)	18		(15,904)		(10,583)	
c) administrative expenses	18		468,511		471,271	
d) commissions from reinsurers and profit participations (-)	17		671,536		559,183	
<b>Total</b>				<b>920,528</b>		<b>1,043,653</b>
<b>8. Other technical expenses, net of reinsurance</b>	19			<b>457,324</b>		<b>490,628</b>
<b>10. Result for the Technical account – non-life insurance (caption III.1.)</b>				<b>274,048</b>		<b>163,118</b>

(CZK'000)	Note	2015		2014		
		Base	Subtotal	Base	Subtotal	Total
<b>II. TECHNICAL ACCOUNT – LIFE INSURANCE</b>						
<b>1. Earned premiums, net of reinsurance:</b>						
a) gross written premium	16	3,867,706		3,272,693		
b) outwards reinsurance premium (-)	17	87,642		90,378		
Subtotal			3,780,064		3,182,315	
c) change in reserve for unearned premium, net from reinsurance						
ca) gross		9,876		8,789		
cb) share of reinsurers (-)	17	(1,802)		650		
Subtotal			11,678		8,139	
<b>Total</b>				<b>3,791,742</b>		<b>3,190,454</b>
<b>2. Income from financial placement (investments):</b>						
b) income from other financial investments arising from:						
ba) land and buildings		7,441		7,823		
bb) other financial investments		170,973		95,028		
Subtotal			178,414		102,851	
d) income from the sale of financial investments			73,381		63,194	
<b>Total</b>				<b>251,795</b>		<b>166,045</b>
<b>3. Revaluation gains on financial investments</b>				<b>409,735</b>		<b>569,251</b>
<b>4. Other technical income, net of reinsurance</b>	19			<b>74,877</b>		<b>62,625</b>
<b>5. Claims expenses, net of reinsurance:</b>						
a) paid claims:						
aa) gross		1,793,010		2,108,221		
ab) share of reinsurers (-)	17	3,527		31,362		
Subtotal			1,789,483		2,076,859	
b) change in reserve for claims :						
ba) gross		(23,798)		123,776		
bb) share of reinsurers (-)	17	978		(7,311)		
Subtotal			(24,776)		131,087	
<b>Total</b>				<b>1,764,707</b>		<b>2,207,946</b>
<b>6. Change in other technical reserves, net of reinsurance (+/-)</b>						
a) reserve for life insurance:						
aa) gross		614,164		(44,949)		
Subtotal			614,164		(44,949)	
<b>Total</b>				<b>614,164</b>		<b>(44,949)</b>

(CZK'000)	Note	2015		2014	
		Base	Subtotal	Base	Subtotal
<b>7. Bonuses and discounts, net of reinsurance</b>			<b>6,738</b>		<b>7,411</b>
<b>8. Net operating expenses:</b>					
a) acquisition costs	18		1,064,740		1,239,207
b) change in deferred acquisition costs (+/-)	18		35,331		15,707
c) administrative expenses	18		140,659		129,894
d) commissions from reinsurers and profit participations (-)	17		18,803		20,059
<b>Total</b>			<b>1,221,927</b>		<b>1,364,749</b>
<b>9. Expenses from financial investments:</b>					
a) management fees and similar charges			25,471		11,463
b) cost of sale of financial investments			18,795		32,513
<b>Total</b>			<b>44,266</b>		<b>43,976</b>
<b>10. Revaluation losses on financial investments</b>			<b>375,026</b>		<b>285,949</b>
<b>11. Other technical expenses, net of reinsurance</b>	19		<b>67,902</b>		<b>67,441</b>
<b>13. Result for the Technical account – life insurance (caption III.2.)</b>			<b>433,419</b>		<b>55,852</b>
<b>III. NON-TECHNICAL ACCOUNT</b>					
<b>1. Result for the Technical account – non-life insurance (caption I.10.)</b>			<b>274,048</b>		<b>163,118</b>
<b>2. Result for the Technical account – life insurance (caption II.13.)</b>			<b>433,419</b>		<b>55,852</b>
<b>3. Income from financial investments</b>					
b) income from other financial investments arising from:					
ba) land and buildings		520		520	
bb) other financial investments		53,694		(14,138)	
Subtotal			54,214		(13,618)
c) revaluation gains on financial investments			185,087		284,203
d) income from the sale of financial investments			14,180		12,167
<b>Total</b>			<b>253,481</b>		<b>282,752</b>
<b>5. Expenses from financial placements (investments):</b>					
a) management fees and similar charges			19,694		15,054
b) revaluation losses on financial investments			35,337		85,672
c) cost of sale of financial investments			19,004		13,024
<b>Total</b>			<b>74,035</b>		<b>113,750</b>

(CZK'000)	Note	2015			2014		
		Base	Subtotal	Total	Base	Subtotal	Total
<b>6. Allocated investment return transferred to the Technical account – non-life insurance (caption I.2.)</b>				<b>(182,044)</b>			<b>(164,027)</b>
<b>7. Other income</b>	19			<b>170,210</b>			<b>312,978</b>
<b>8. Other expenses</b>	19			<b>245,606</b>			<b>231,594</b>
<b>9. Income tax on profit from ordinary activities</b>	20			<b>107,079</b>			<b>44,441</b>
<b>10. Profit/(loss) from ordinary activities after tax</b>				<b>522,394</b>			<b>260,888</b>
<b>15. Other taxes</b>				<b>330</b>			<b>349</b>
<b>16. Current year profit /(loss)</b>				<b>522,064</b>			<b>260,539</b>

## Statement of Changes in Equity

for the year ended 31 December 2015

(CZK'000)	Note	Share capital	Share premium	Legal reserve funds and other funds from profit	Other capital funds	Retained earnings/ accumulated loss	Total
<b>As at 31 December 2013</b>		<b>500,000</b>	<b>382,500</b>	<b>100,000</b>	<b>8,885</b>	<b>1,010,656</b>	<b>2,002,041</b>
Revaluation differences not recognized in the income statement	11	–	–	–	(14,261)	–	(14,261)
Net profit /(loss) for the period	11	–	–	–	–	260,539	260,539
Dividend paid	11	–	–	–	–	–	–
<b>As at 31 December 2014</b>		<b>500,000</b>	<b>382,500</b>	<b>100,000</b>	<b>(5,376)</b>	<b>1,271,195</b>	<b>2,248,319</b>
Revaluation differences not recognized in the income statement	11	–	–	–	(47,142)	–	(47,142)
Net profit /(loss) for the period	11	–	–	–	–	522,064	522,064
Dividend paid	11	–	–	–	–	–	–
<b>As at 31 December 2015</b>		<b>500,000</b>	<b>382,500</b>	<b>100,000</b>	<b>(52,518)</b>	<b>1,793,259</b>	<b>2,723,241</b>

# Notes to Financial Statements

## 1. GENERAL INFORMATION

Generali Pojišťovna a.s. ("the Company") was incorporated on 1 January 1995.

Its registered address is located at Bělehradská 132, 120 84 Prague 2.

The Company was founded by Generali Holding Vienna AG.

The Company is engaged in life and non-life insurance and related business and claim handling.

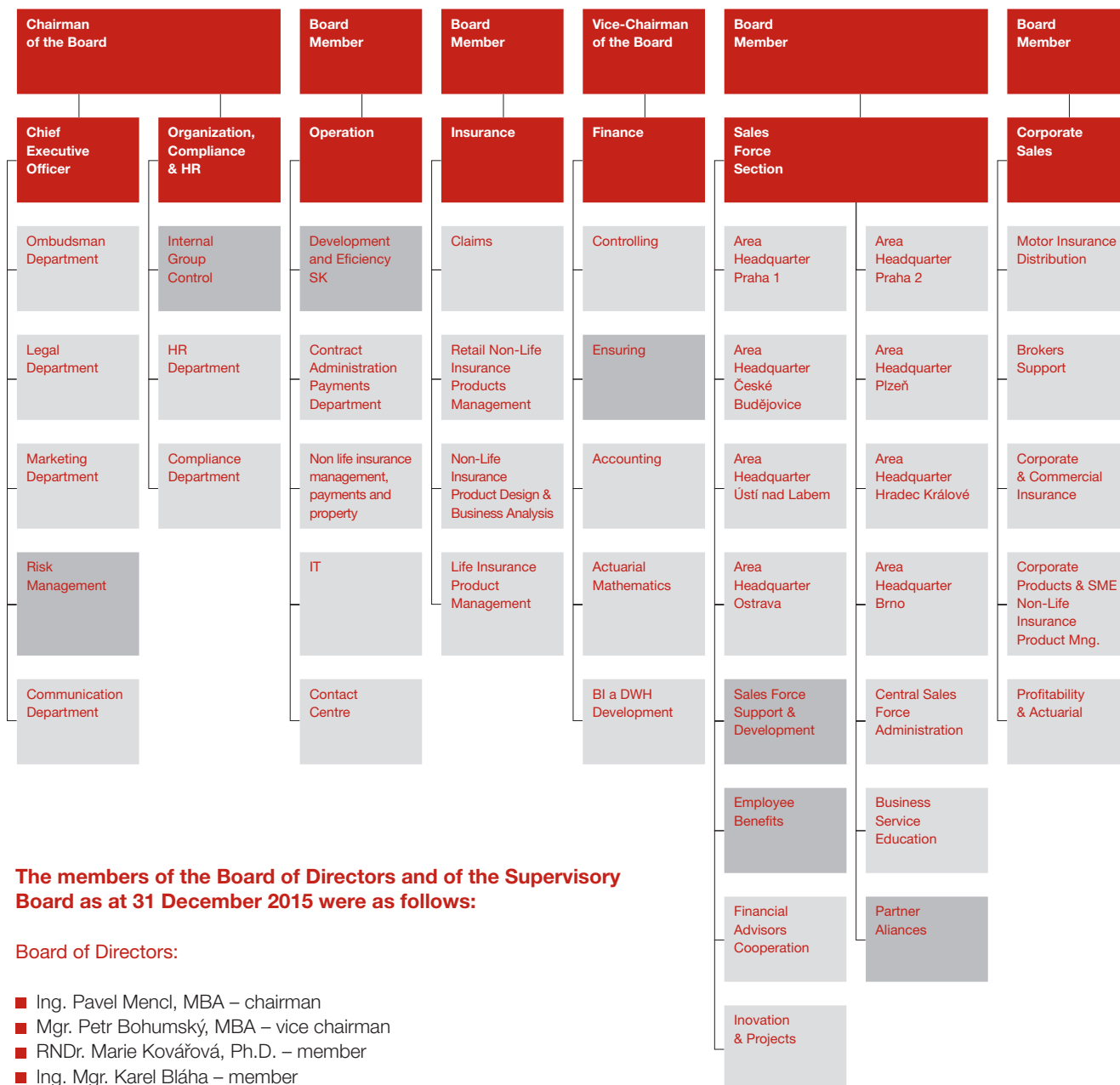
The Company was granted an insurance license on 26 October 1994 and the Company's business activities are as follows:

- life insurance;
- personal accident insurance;
- car insurance;
- third party liability car insurance;
- transport insurance;
- fire insurance and other property insurance;
- liability insurance;
- industry and entrepreneur insurance;
- travel insurance;
- nuclear risk insurance;
- other.

The sole shareholder of the Company is Generali CEE Holding B.V., Diemerhof 32, Diemen, 1112 XN, the Kingdom of the Netherlands. Since 2008, Generali Pojišťovna has been included in the Generali Group, respectively Generali CEE Holding B.V. Its ultimate controlling person is Assicurazioni Generali S.p.A with its registered address in Italy, which since 28 March 2013 had a 76% interest in the voting rights associated with the shares of Generali CEE Holding B.V. (24% voting rights held PPF Group N.V. through the company PPF CO.1 B.V.). As of 16 January 2015, the transfer of remaining 24% interest in the voting rights has been occurred and Assicurazioni Generali S.p.A has become sole shareholder with 100% interest in Generali CEE Holding B.V., which has been rename from Generali PPF Holding B.V.



**THE ORGANIZATIONAL STRUCTURE OF THE COMPANY AS AT 31 DECEMBER 2015 IS INCLUDED BELOW:**



**The members of the Board of Directors and of the Supervisory Board as at 31 December 2015 were as follows:**

**Board of Directors:**

- Ing. Pavel Mencl, MBA – chairman
- Mgr. Petr Bohumský, MBA – vice chairman
- RNDr. Marie Kovářová, Ph.D. – member
- Ing. Mgr. Karel Bláha – member

**Supervisory Board**

- Luciano Cirinà – chairman
- Gianluca Colocci – member
- Gregor Pilgram – member

During 2015 following changes occurred:

- Effective as at 1. 6. 2015 is no longer member of Board of Directors Ing. Štefan Tillinger
- Effective as at 30. 6. 2015 is no longer member of Board of Directors RNDr. Jiří Fialka, Ph.D.
- Effective as at 29. 6. 2015 became new chairman of Board of Directors Ing. Pavel Mencl, MBA
- Effective as at 1. 6. 2015 became new member of Board of Directors Ing. Mgr. Karel Bláha
- Effective as at 15. 4. 2015 became new member of Supervisory Board Gregor Pilgram

## 2. ACCOUNTING POLICIES

### 2.1. Basis of preparation

The Company's financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investments (including financial derivatives) to fair values and by determination of technical reserves (as defined by the Act on Insurance) and are set up in accordance with the Act No. 563/1991 Coll. on Accounting, the decree No. 502/2022 Coll. Of the Ministry of Finance of the Czech Republic and Czech accounting standards for insurance companies.

The amounts disclosed in the financial statements and notes are rounded to thousands of Czech Crowns (CZK thousand) unless otherwise stated and are not consolidated. The Company does not prepare consolidated financial statements, the information from the Company's standalone financial statements are included in the consolidated financial statements of Generali CEE Holding B.V., Diemerhof 32, Diemen, 1112 XN, the Kingdom of the Netherlands and Assicurazioni Generali S.p.A. with its registered address in Piazza Duce degli Abruzzi 2, 34132, Trieste, Italy.

#### 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.

### 2.2. Financial placements (investments)

The Company classifies the following items as financial placements:

- Land and buildings;
- Financial investments in subsidiaries and associates;
- Investments in securities (other than investments in subsidiaries and associates and debt securities issued by subsidiaries and associates);
- Other loans;
- Deposits with financial institutions;
- Unit-linked financial investments (Note 2.3);
- Derivatives held for trading (Note 2.4).

#### 2.2.1. Land and buildings

Land and buildings are classified as financial investments and are initially recognized at cost. As at the balance sheet date, they are measured at fair value based upon expert valuation, which is updated at least every five years. Fair value represents the price at which the land and buildings could be sold under normal circumstances in a competitive market. Changes in the fair value are recognized in equity net of tax effect and are transferred to the income statement as at the date of disposal of land and buildings. As at each balance sheet date, the Company assesses whether there is any indication that the land and buildings may be impaired. If any such indication exists, the Company estimates the recoverable amount using an updated expert valuation and adjusts the fair value of the land and buildings. Impairment adjustment is recognized in the Income statement.

#### 2.2.2. Financial investments in subsidiaries and associates

This includes investments in equity or debt securities issued by and loans or other amounts due from subsidiaries and associates.

A subsidiary is an enterprise that is controlled by the Company, which means that the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

An associate is an enterprise where the Company has significant influence, which is the power to participate in the financial and operating policy decisions, but not control.

The shares in subsidiaries or associates are stated at fair value as at the balance sheet date. If the undertaking's shares are publicly traded, the investment is stated at the market value; however, in the case that shares are not publicly traded, the fair value is based on the equity method as at the balance sheet date. Foundation's equity is adjusted for purposely tied funds received by the foundation. The difference between the fair value or the equity value and original cost are recognized in equity.

Loans granted to subsidiaries or associates and other long-term receivables are stated at fair value as at the balance sheet date. Changes in the fair value are recognized in equity.

### 2.2.3. Investments in securities (other than investments in subsidiaries and associates)

Securities are valued at acquisition at cost. The cost of securities also includes direct costs related to the acquisition (e.g. fees and commissions paid to brokers, consultants or a stock exchange). Securities transactions are recognized on the settlement date. All securities are stated at fair value as at the balance sheet date. The fair value of a security is determined as the market bid prices quoted by a relevant stock exchange or other active public market. In other cases the fair value is based on:

- the share on the investee's equity for equities;
- the risk-adjusted net present value for debt securities and notes;
- the share on net present value of assets in the case of mutual funds and similar financial instruments.

The Company uses only observable market data in its models used to determine the fair value of securities. The valuation models reflect current market conditions as at the measurement date which may not be representative of market conditions either before or after the measurement date. As at the balance sheet date, management has reviewed its models to ensure that they appropriately reflect current market conditions, including the relative liquidity of the market and credit spreads.

Shares, other variable income securities and other interests include mainly shares, mutual fund units and other securities with variable income not included in investments in subsidiaries and associates. Changes in the fair value of shares and other variable income securities are recognized in the income statement.

The Company classifies bonds and other debt securities as debt securities at fair value through profit or loss and available-for-sale debt securities.

#### Debt securities at fair value through profit or loss

These securities have two subcategories: 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. Any debt security that is a financial asset can be designated at fair value through profit or loss at inception except for participation interests that are not publicly traded and the fair value of which cannot be reliably measured and securities issued by the Company.

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 and interest income are recognized as income and expenses from financial investments. Spot purchases and sales are recognized on a settlement date basis. Forward trades are treated as derivatives.

#### Available-for-sale debt securities

Bonds and other debt securities available for sale are neither debt securities at fair value through profit or loss nor debt securities held to maturity. They comprise mainly debt securities that are held for liquidity management and ensure the ordinary or financial income in case of their realization. Changes in the fair value are recognized in the income statement.

### 2.2.4. Deposits with financial institutions

Deposits with financial institutions are stated at fair value as at the balance sheet date, which usually approximates the amortized cost. Changes in the fair value are recognized in the income statement.

## 2.3. Unit-linked financial investments

Financial investments, where investment risk is borne by policyholders, determine the corresponding value of unit-linked technical reserves. The value of financial investments and linked technical reserves is determined by the fair value of the underlying assets in accordance with the insurance contracts (see Note 2.8.6). Changes in the fair value are recognized in the income statement.

## 2.4. Derivative financial instruments and hedging

Derivative financial instruments including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options and other derivative financial instruments are initially recognized on balance sheet at cost and are subsequently premeasured at their fair value.

Fair values are obtained from quoted market mid prices, discounted cash-flow models and options pricing models using only observable market data as appropriate.

The valuation models reflect current market conditions as at the measurement date which may not be representative of market conditions either before or after the measurement date. As at the balance sheet date, management has reviewed its models to ensure that they appropriately reflect current market conditions, including the relative liquidity of the market and credit spreads.

All derivatives are presented in the item 'other financial investments'.

The derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value.

Changes in the fair value of derivatives held for trading are included within the revaluation gains / losses on investments in the income statement.

## 2.5. Tangible and intangible fixed assets

Tangible and intangible fixed assets other than land and buildings are initially recorded at cost, which includes costs incurred in bringing the assets to their present location and condition, less depreciation and amortization in case of depreciable tangible and amortizable intangible fixed assets, respectively.

Fixed assets other than land and buildings are depreciated/ amortized by applying the straight-line basis over their estimated useful lives. Tangible fixed assets with a unit cost between CZK 3,000 and CZK 40,000 are depreciated over the period of two years applying the straight-line method; and tangible fixed assets with a unit cost less than CZK 3,000 are expensed upon acquisition. Long-term intangible fixed assets with a unit cost less than CZK 60,000 are expensed upon consumption.

The annual depreciation and amortization rates used are as follows:

Tangible and intangible fixed assets	Period
Software	4
Other intangible fixed assets	1.5
Hardware	4
Equipment	2–8
Advertisement	2
Furniture and fittings	2–6
Motor vehicles	5

Where the carrying amount of a tangible or intangible fixed asset exceeds its estimated recoverable amount, an allowance is established.

Repairs and maintenance expenditures are charged to expense as incurred. Improvement expenditures exceeding CZK 40,000 per item incurred within a one-year period are capitalized.

## 2.6. Receivables

The insurance premium receivable and other receivables are recorded at their nominal value adjusted by appropriate allowances for overdue receivables.

The creation/ release of allowances for overdue receivables relating to the insurance business is recorded within Other technical expenses/ income. Gross written premium is not affected by the creation/ release of such allowances, nor in the event that receivables are written off.

The creation/ release of allowances against overdue receivables not directly relating to the insurance business is recorded within Other expenses/ income.

## 2.7. Foreign currencies

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the transaction date.

Financial assets and liabilities denominated in foreign currencies are translated to Czech Crowns at the exchange rate published by the Czech National Bank ("CNB") effective as at the balance sheet date.

With the exception of foreign exchange differences related to assets and liabilities stated at their fair values or equity as at the balance sheet date, all other realized and unrealized foreign exchange gains and losses are recognized in the income statement.

Foreign exchange differences related to assets and liabilities stated at their fair values or equity value as at the balance sheet date are included in fair values and are therefore not recognized separately.

## 2.8. Technical reserves

The technical reserve accounts comprise amounts of assumed obligations resulting from insurance contracts in force with the aim of providing coverage for obligations resulting from those insurance contracts. Technical reserves are determined in compliance with the Czech legislation for insurance companies and as described below.

Liability adequacy test is calculated in line with methodology and the expert recommendations of the Czech Actuary Society. For discounting purposes, an interest rate curve is used according to the actual recommendations of the Czech Actuary Society.

The Company has established the following insurance technical reserves:

### 2.8.1. Unearned premium reserve

The provision for unearned premiums is created as the aggregate sum of the premiums written that relate to future accounting periods. It is determined as the sum of the provisions calculated according to individual insurance policies using the 'pro rata temporis' method.

### 2.8.2. Life assurance reserve

The size of the life assurance premium provision is the aggregate sum of the provisions calculated for the individual life assurance policies. The life assurance premium provision represents the amount of the Company's future liabilities calculated by actuarial methods, including the profit shares already allocated and credited and provisions for expenses related to the administration of policies, after deducting the value of future premium. Statistical data and interest rates used in the calculation are the same as those used to calculate the premium rate.

As a result of using the 'zillmerising' method, the acquisition costs related to life assurance policies are deferred. These costs are calculated by actuarial methods and included in the life assurance provision. The provision is adjusted for temporarily negative balances, which are capitalized and posted as deferred costs. As for this capitalization, the Company observes the principle of prudence and provides for the risk of premature termination of the insurance policy.

---

### 2.8.3. Reserve for claims

The reserve for claims is not discounted to reflect the time value of money and covers the following:

- insurance claims incurred and reported in the accounting period but not yet settled (RBNS);
- insurance claims incurred in the accounting period but not yet reported (IBNR).

The amount of RBNS reserve aggregates the claims received. The residual value of IBNR reserve is an estimate using insurance-mathematical and statistical methods. A reserve is also established for all expected expenses connected with the settlement of claims.

Litigated claims are included in the RBNS reserve in the full litigated amount, including related accrued interest and other fees. The claimed amount may be limited by the insurance amount stated in the insurance contract.

### 2.8.4. Reserve for bonuses and discounts

A reserve for bonuses and discounts for life and non-life insurance is created in accordance with the term of insurance contracts and it is used to cover bonuses and discounts concluded in the insurance contracts.

### 2.8.5. Premium deficiency reserve

This reserve is created to cover deficiencies between current or expected income from the assets of the Company and guaranteed return (technical interest rate) on insurance liabilities. The need to create a reserve is being monitored annually; however, in recent times there has been no need to create a reserve.

### 2.8.6. Unit-linked reserve where investment risk is borne by policyholders

The reserve created for investment life insurance is determined as the sum of liabilities towards the insured in the amount of their shares in unit-link following from individual life contracts, based on conditions included with insurance contracts.

### 2.8.7. Reserve for liabilities of Czech Bureau of Insurers

This reserve represents an additional motor third party liability ("MTPL") provision created by the Company to cover a proportion of the liabilities of the Czech Bureau of Insurers ("the Bureau") that is used especially to cover deficiency of assets to cover the liabilities of the Bureau and for contributions to the guarantee fund of the Bureau. The reserve is created based on information known as at the balance sheet date. The provision changes proportionally based upon the Company's share of the MTPL market and further based on the estimated deficit of the Bureau.

## 2.9. Deferred acquisition costs related to insurance contracts

Acquisition costs include all direct and indirect costs arising from the conclusion of insurance contracts or the renewal of existing policies. They also include costs incurred during the financial year in respect of policies that are expected to yield revenues in subsequent periods.

Non-life insurance acquisition costs are recorded as assets and are deferred in the same ratio as written premium. The commissions to intermediaries and other variable costs relating directly to the concluding of insurance contracts are deferred.

The Company regularly assesses the potential decrease in the fair value of deferred acquisition costs. Where the carrying amount of deferred acquisition costs is greater than the estimated recoverable amount, the carrying value is adjusted to the recoverable amount through the income statement.

Acquisition costs for life insurance policies are spread via the zillmerisation of life premium reserves. Any resulting temporary negative balance of the reserve for an individual policy is not netted from the reserve but, to the extent that it is recoverable, is recognized within deferred acquisition costs.

Acquisition costs for risk life insurance policies like Benefit are deferred linearly for two years.

Acquisition costs for unit-linked insurance contracts are not deferred.

---

## **2.10. Gross written premium**

Gross written premium includes all amounts due during the accounting period as defined by an insurance contract, irrespective of whether these amounts refer entirely or partially to a future accounting period and whether or not the insurance contract relates to the transference of significant insurance risk from the policyholder to the Company by the Company's agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Gross written premium includes also admission fees and similar fees.

## **2.11. Claims expenses**

Gross claims expenses are recognized when an insured loss occurs and after the claim settlement amount is assessed. These costs also include the Company's costs related to handling claims arising from insured events. Gross claims expenses are reduced by recourse claims and other claims of the Company.

## **2.12. Allocation of technical and non-technical expenses and revenues**

Expenses incurred and revenues generated are shown separately, depending on whether or not they directly relate to the insurance business.

All expenses and revenues directly relating to the insurance business are reflected in the technical account. The non-technical account comprises all other expenses and revenues. The allocation of indirect expenses to administration overheads or other technical expenses is based on an internal allocation scheme.

## **2.13. Staff costs, pensions and social fund**

Staff costs are included in Administrative expense and they also include board emoluments.

The Company makes contributions on behalf of its employees to a defined contribution pension plan and capital life insurance scheme. Contributions paid by the Company are accounted for directly as an expense.

Regular contributions are made to the State to fund the national pension plan.

## **2.14. Other provisions**

The Company recognizes provisions relating to probable future obligations or expenditures, when the purpose of the obligations or expenditures is known but the precise amount, or the time when the obligation or expenditure will crystallize, is not known. However, provisions are not created for future operating expenditures or for expenditures directly related to future revenue transactions.

## **2.15. Inwards and outwards reinsurance**

### **Inwards reinsurance**

Inwards reinsurance contracts are treated the same way as insurance contracts.

### **Outwards reinsurance**

Reinsurance assets resulting from the portion of the carrying value of technical reserves covered by existing reinsurance contracts are netted from the gross value of the technical reserves.

Receivables from and payables due to reinsurers are measured at cost and are translated at the relevant foreign exchange rate stated by the Czech National Bank as at the balance sheet date.

Changes in reinsurance assets, reinsurers' share in claims, reinsurance commissions and premiums ceded to reinsurers are presented separately on the face of the income statement along with the corresponding gross amounts. Reinsurance commissions are deferred in the same way as premiums ceded to reinsurers.

The Company regularly assesses its reinsurance assets representing the reinsurers' share of technical reserves and reinsurance receivables for impairment. Where the carrying amount of such assets is greater than the estimated recoverable amount, the carrying value is adjusted to the recoverable amount through the income statement.

---

## 2.16. Deferred taxation

Deferred tax 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 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.

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

Deferred tax resulting from valuation differences recorded in equity is also taken to equity.

## 2.17. Related party transactions

The Company's related parties are considered to be the following:

- the sole shareholder of the Company, and companies where this shareholder has controlling or significant influence;
- members of the Company's or parent company's statutory and supervisory bodies and management and parties close to such members, including entities in which they have a controlling or significant influence;
- subsidiaries.

Material transactions, outstanding balances and pricing policies with related parties are disclosed in Notes 21.

## 2.18. Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are reflected in the financial statements in the case that these events provide further evidence of conditions, which existed as at the balance sheet date.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

# 3. RISK MANAGEMENT AND PROCEDURES

The financial condition and operating results of the Company are affected by a number of key risks, namely, insurance risk, financial risk, compliance risk and operational risk. The Company's policies and procedures in respect of managing these risks are set out below.

Operational risks are inherent in the business, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, people and systems or from external events. The nature of the insurance business means a large number of transactions are required to be processed and assigned to individual insurance products. Controls are in place within systems and processes and are designed to ensure that the operational risks associated with the Company's activities are appropriately controlled. However, the risk control procedures and systems the Company has established can only provide reasonable and not absolute assurance against material misstatement or loss.

## 3.1. Strategy in using financial instruments

The nature of the operations of the Company involves the managed acceptance of risk arising from the underwriting of policies, which incorporate financial guarantees and commitments. To mitigate the risk that these guarantees and commitments are not met, the Company purchases financial instruments, which broadly match the expected policy benefits payable, by their nature and term.

The composition of the portfolio of investments is governed by the nature of the insurance liabilities, the expected rate of return applicable to each class of asset and the capital available to meet the price fluctuations of each asset class.

In addition to insurance risk arising from the underwriting of policies, the Company is exposed to a number of risk factors including market risk, credit risk, foreign currency risk, interest rate risk and liquidity risk. These are discussed in more detail below. The Company also utilizes various financial instruments, including derivative instruments, to mitigate foreign currency and interest rate risk or, conversely, to maximize the return from investments.

---



### **3.2. Market risk**

The Company takes on exposure to market price risks. Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Board of Directors sets the strategy for the portfolio characteristics and limits on the level of risk that may be accepted, which is monitored on a daily basis. Financial investments are diversified in accordance with currently valid Czech insurance legislation. Limits are set on financial investments in any one company or industry. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. To reduce market risk and to facilitate effective investment management, derivative instruments are used by the Company. In the case of unit-linked products, the market risk is fully borne by the policy holder.

### **3.3. Credit risk**

The Company takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due.

Commercial and personal business is also written primarily through intermediaries who are subject to rigorous annual checks of financial and other information, to mitigate the associated credit risk of dealing with these intermediaries.

The Company uses reinsurance in managing insurance risk. However, this does not discharge the Company's liability as primary insurer, and should a reinsurer fail to pay a claim for whatever reason, the Company would remain liable for the payment to the policyholder. The Company periodically monitors the creditworthiness of reinsurers and their financial situation. The Company periodically monitors the creditworthiness of reinsurers and their financial situation using the credit ratings of reputable rating agencies.

When deciding on the structure of financial investments, the Company assesses the creditworthiness of counterparties or issuers, which is also subject to a subsequent regular review. The Company assesses the situation in the markets and subsequently adjusts the portfolio and its geographic and credit diversification.

### **3.4. Currency risk**

Company assets and liabilities are primarily denominated in the domestic currency. Amounts in foreign currencies are hedged by financial derivatives, particularly currency swaps, in order to minimize the risk of exchange rate movements. The Company mitigates currency risk on financial investments related to technical reserves by setting and complying with limits for individual and total investments in foreign currencies. Compliance with limits is monitored regularly.

### **3.5. Interest rate risk**

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Income from financial investments may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise e.g. if the financial investment yield is lower than the technical interest rate. A cash-flow-based analysis is used to create a portfolio of securities whose value changes in line with the value of liabilities when interest rates change. The Company also uses derivatives, particularly interest rate swaps, to mitigate the risks posed by changes in interest rates.

### **3.6. Liquidity risk**

The Company is exposed to daily calls on its available cash resources from insurance claims, maturing policies and policy surrenders. Liquidity risk is the risk that payment of obligations may not be met in a timely manner at a reasonable cost.

In compliance with the valid legislation, the Company maintains a sufficient portion of its financial investments in liquid and secure financial instruments, which are used to cover insurance claims, maturities and surrenders.

---

### 3.7. Insurance risk

Insurance risk represents the probability of an insurance danger appearing where the danger is defined as the possible cause of an insured event. Insurance risk includes the following risks:

- occurrence risk – the possibility that the number of insured events will differ from those expected;
- severity risk – the possibility that the costs of the events will differ from those expected;
- development risk – the possibility that changes may occur in the amount of an insurer's obligation at the end of a contract period or in the timing of the commitment against original expectations.

The Company manages insurance risk through the following:

- the use of reinsurance to limit the Company's exposure to large single claims and catastrophes;
- maintenance of a surplus of readily available assets over the expected pattern of claim payments;
- the maintenance and use of sophisticated management information systems that provide up to date, reliable data on the risks to which the business is exposed at any point in time;
- the use of prudent underwriting policies.

The Company reinsurance program consists mainly of proportionate reinsurance (quota/surplus reinsurance) combined with excess of loss reinsurance and catastrophe related reinsurance.

### 3.8. Compliance and fiscal risk, regulation and solvency

Adherence to the Czech regulatory requirements is monitored by internal compliance managers. Regular reports are also submitted to the Board of Directors.

Compliance risk includes the possibility that transactions may not be enforceable under applicable law or regulation. In addition, it includes the cost of the rectification and fines, and the possibility that changes in law or regulation could adversely affect the Company's position. The Company seeks to minimize compliance risk by seeking to ensure that transactions are properly authorized and by submitting new or unusual transactions to legal advisers for review.

Fiscal risks arise from changes in tax laws and enforcement policies and in reviews by authorities of tax positions the Company has taken. This risk and risks associated with changes in other legislation and regulation are managed through ongoing review by relevant departments of proposed changes to tax legislation and by membership on relevant trade and professional committees which comment on draft proposals.

Solvency margin requirements established by the regulator are in force for insurers. In long-term insurance measures are also in place in order to assess the Company's ability to meet client expectations.

The actual solvency margin measures the excess of the value of the insurer's assets over the value of its liabilities, each element being determined in accordance with the applicable valuation rules. This margin must be higher than the required level throughout the year.

---

## 4. FINANCIAL PLACEMENTS (INVESTMENTS)

### 4.1. Land and buildings

(CZK'000)	31 December 2015	31 December 2014
<b>Operating</b>		
Land	82,718	82,718
Revaluation difference (Note 11)	(55)	1,772
Buildings	556,968	556,779
Revaluation difference (Note 11)	(157,775)	(79,006)
<b>Total operating land and buildings at fair value</b>	<b>481,856</b>	<b>562,263</b>
<b>Non-operating</b>		
Land	16,966	16,966
Revaluation difference (Note 11)	60	501
Buildings	95,686	94,061
Revaluation difference (Note 11)	14,306	4,917
<b>Total non-operating land and buildings at fair value</b>	<b>127,018</b>	<b>116,445</b>
<b>Total land and buildings at fair value</b>	<b>608,874</b>	<b>678,708</b>

### 4.2. Financial investments in subsidiaries and associates

(CZK'000)	31 December 2015	31 December 2014
<b>Subsidiaries</b>		
Cost	50,478	51,096
<b>Associates</b>		
Cost	1,368	750
<b>Revaluation difference in equity (Note 11)</b>	<b>63,584</b>	<b>52,688</b>
<b>Revaluation previously recorded through income statement</b>	<b>(10,870)</b>	<b>(10,870)</b>
<b>Total fair value</b>	<b>104,560</b>	<b>93,664</b>

#### 4.2.1. Participating interests in subsidiaries

##### Addresses and names of subsidiaries and associates

Reficor s.r.o.	Praha 4, Na Pankráci 1658
Direct Care s.r.o.	Praha 4, Na Pankráci 1658/121
Generali Development s.r.o.	Praha 2, Bělehradská 132
Nadace GCP	Praha 4, Na Pankráci 1658/121
Generali Services CEE a.s.	Praha 4, Na Pankráci 1720/123

As at 31 December 2015	Number of shares	Cost	Percentage ownership of share capital (%)	Share on share capital	2015 profit / (loss)*	Equity*	Fair value
<b>(CZK'000)</b>							
Reficor s.r.o.**	–	118	20	20	3,299	13,740	2,748
Direct Care s.r.o.**	–	13,766	72	720	6,325	71,794	51,692
Generali Development s.r.o.	–	36,712	100	200	5,781	44,067	44,067
Nadace GCP**	–	500	50	500	(202)	1,000	500
Generali Services CEE a.s.	6	750	20	600	1,805	27,769	5,553
		<b>51,846</b>					<b>104,560</b>
Revaluation difference previously recorded in the income statement**		(10,870)					
Revaluation difference		63,584					
<b>Total fair value</b>		<b>104,560</b>					

\* Not audited as at the financial statements preparation date.

\*\* In 2002 and 2003 revaluation was accounted for to P&L as per Czech accounting standards.

\*\*\* In accordance with integration objectives of Generali CZ group, this merges have occurred during the year 2015 (effective date 1 January 2015):

1) merge of companies Generali Care, ČP Direct and Univerzální správa majetku, acquiring company: Direct Care s.r.o.

2) merge of companies Reficor, Pankrác services and Generali Servis, acquiring company: Reficor s.r.o.

3) merge of foundations Nadace GCP and Nadace pojišťovny Generali, acquiring company: Nadace GCP.

In consequence of merges, % of interest of Geneli Pojišťovna on equity of mentioned companies has been changed. During 2015 companies were renamed as follows: Generali Care s.r.o. na Direct Care, s.r.o., Nadace České pojišťovny na Nadace GCP a Generali PPF Services, a.s. na Generali Services CEE a.s.

Generali Servis s.r.o.	Praha 2, Bělehradská 132
Generali Care s.r.o.	Praha 2, Bělehradská 132
Generali Development s.r.o.	Praha 2, Bělehradská 132
Nadace Generali Pojišťovny	Praha 2, Bělehradská 132
Generali PPF Services a.s.	Praha 4, Na Pankráci 1720/123

As at 31 December 2014	Number of shares	Cost	Percentage ownership of share capital (%)	Share in share capital	2014 profit / (loss)*	Equity*	Fair value
<b>(CZK'000)</b>							
Generali Servis s.r.o.	–	118	100	100	(9)	4,907	4,907
Generali Care s.r.o.	–	13,766	100	1,000	6,570	45,312	45,312
Generali Development s.r.o.	–	36,712	100	200	5,767	37,481	37,481
Nadace pojišťovny Generali	–	500	100	500	(331)	6,086	500
Generali PPF Services a.s.	6	750	20	750	5,722	27,318	5,464
		<b>51,846</b>			<b>17,719</b>	<b>121,104</b>	<b>93,664</b>
Revaluation difference previously recorded in the income statement**		(10,870)					
Revaluation difference		52,688					
<b>Total fair value</b>		<b>93,664</b>					

\* Not audited as at the prior year financial statements preparation date

\*\* In 2002 and 2003 revaluation was accounted for to P&L as per Czech accounting standards

There are no differences between the percentage of ownership and percentage of voting rights in any undertaking mentioned above. The Company did not provide in 2015 or 2014 any loans to its subsidiaries and affiliates.

### 4.3. Other financial investments

#### 4.3.1. Investments in securities (other than unit-linked financial investments)

(CZK'000)	31 December 2015	31 December 2014
<b>Shares and other equity securities</b>	<b>1,910,639</b>	<b>1,799,848</b>
<b>Debt securities</b>		
– at fair value through profit or loss	7,113	34,492
– available-for-sale	11,564,810	10,517,570
<b>Total debt securities</b>	<b>11,571,923</b>	<b>10,552,062</b>
<b>Total</b>	<b>13,482,562</b>	<b>12,351,910</b>

Acquisition cost of securities can be analyzed as follows:

(CZK'000)	31 December 2015	31 December 2014
<b>Securities carried at fair value</b>		
Shares and other equity securities	1,929,915	1,656,215
<b>Debt securities</b>		
– at fair value through profit or loss	7,259	30,026
– available-for-sale	10,667,464	9,749,983
<b>Total acquisition cost of securities carried at fair value</b>	<b>12,604,638</b>	<b>11,436,224</b>

#### 4.3.2. Shares and other variable yield securities

(CZK'000)	31 December 2015	31 December 2014
Main or auxiliary market of recognized stock exchanges	116,926	50,612
Unquoted	469,355	327,755
Recognized foreign stock exchanges	1,343,634	1,277,848
<b>Total acquisition price</b>	<b>1,929,915</b>	<b>1,656,215</b>
<b>Revaluation difference</b>	<b>(19,276)</b>	<b>143,633</b>
<b>Total fair value</b>	<b>1,910,639</b>	<b>1,799,848</b>

#### 4.3.3. Debt securities

(CZK'000)	31 December 2015	31 December 2014
<b>Bonds at fair value in profit and loss</b>		
Main or auxiliary market of recognized stock exchanges	–	30,026
Unquoted	7,259	–
Revaluation difference	(146)	4,466
<b>Total fair value</b>	<b>7,113</b>	<b>34,492</b>

(CZK'000)	31 December 2015	31 December 2014
<b>Bonds available for sale</b>		
Main or auxiliary market of recognized stock exchanges	6,349,498	5,763,084
Unquoted	–	–
Recognized foreign stock exchanges	4,317,966	3,986,899
<b>Total</b>	<b>10,667,464</b>	<b>9,749,983</b>
Revaluation difference	897,346	767,587
<b>Total fair value</b>	<b>11,564,810</b>	<b>10,517,570</b>

#### 4.3.4. Deposits with financial institutions, other loans and other financial investments

(CZK'000)	31 December 2015	31 December 2014
<b>Deposits with financial institutions</b>		
<b>Total fair value</b>	<b>410,556</b>	<b>724,602</b>
<b>Other loans</b>		
Loans secured by insurance contract	3,304	3,016
Repo operations	90,000	–
<b>Fair value</b>	<b>93,304</b>	<b>3,016</b>
<b>Other financial investments</b>		
Fair value of trading derivatives (Note 6)	29,873	(37,884)
<b>Total fair value</b>	<b>29,873</b>	<b>(37,884)</b>

## 5. UNIT-LINKED FINANCIAL INVESTMENTS

(CZK'000)	31 December 2015	31 December 2014
<b>Shares and other equity securities</b>		
Foreign	3,161,781	3,005,391
Domestic	554,402	476,232
<b>Total fair value</b>	<b>3,716,183</b>	<b>3,481,623</b>
<b>Debt securities</b>		
Foreign	421,350	569,652
Domestic	1,189,163	489,986
<b>Total fair value</b>	<b>1,610,513</b>	<b>1,059,638</b>
<b>Other loans</b>		
Foreign exchange and interest derivatives	3,580	(3,769)
Current accounts	65,018	26,442
Deposits with financial institutions	70,000	202,556
<b>Total fair value</b>	<b>138,598</b>	<b>225,229</b>
<b>Total financial investments</b>	<b>5,465,294</b>	<b>4,766,490</b>

Unit-linked securities were valued using only market prices or valuation models based only on observable market data.

## 6. DERIVATIVE FINANCIAL INSTRUMENTS

(CZK'000)	31 December 2015	31 December 2014
Currency swaps and forwards	38,424	(38,981)
Interest rate swaps	(8,551)	1,097
<b>Total fair value (Note 4.3)</b>	<b>29,873</b>	<b>(37,884)</b>

These derivative transactions, while providing effective economic hedges under the Company's risk management positions, do not qualify for hedge accounting under the specific Czech accounting rules and are therefore treated as trading derivatives with revaluation gains/ losses recognized in the income statement.

The tables above provide a detailed breakdown of the fair value of the Company's derivative financial instruments outstanding as at the year end. These instruments allow the Company to transfer, modify or reduce their foreign exchange and credit risks.

Derivative financial instruments were valued using only market prices or valuation models based only on available market data.

## 7. INTANGIBLE AND TANGIBLE FIXED ASSETS

### 7.1. Intangible fixed assets

(CZK'000)	1 January 2014	Additions	Disposals	31 December 2014	Additions	Disposals	31 December 2015
<b>Cost</b>							
Software	355,215	63,185	6,504	411,896	75,615	–	487,511
Other intangible fixed assets	17,935	870	797	18,008	479	110	18,377
Intangibles in progress	3,521	72,987	72,128	4,380	85,698	76,854	13,224
<b>Total cost</b>	<b>376,671</b>	<b>137,042</b>	<b>79,429</b>	<b>434,284</b>	<b>161,792</b>	<b>76,964</b>	<b>519,112</b>
<b>Accumulated amortization</b>							
Software	275,165	56,032	6,139	325,058	64,769	–	389,827
Other intangible fixed assets	15,713	1,347	169	16,890	1,085	110	17,865
<b>Total accumulated amortization</b>	<b>290,878</b>	<b>57,379</b>	<b>6,308</b>	<b>341,948</b>	<b>65,854</b>	<b>110</b>	<b>407,692</b>
<b>Net book amount</b>	<b>85,793</b>			<b>92,336</b>			<b>111,420</b>

### 7.2. Tangible fixed assets other than land and buildings, inventories

Tangible fixed assets other than land and buildings

(CZK'000)	1 January 2014	Additions	Disposals	31 December 2014	Additions	Disposals	31 December 2015
<b>Cost</b>							
Separate movable items and groups of movable items	262,981	5,132	133,399	134,714	6,694	19,936	121,472
Tangibles in progress	24,088	10,628	8,696	26,020	3,793	4,353	25,460
Advances for tangibles	2,041	–	2,041	–	–	–	–
<b>Total cost</b>	<b>289,110</b>	<b>15,760</b>	<b>144,136</b>	<b>160,734</b>	<b>10,487</b>	<b>24,289</b>	<b>146,932</b>
<b>Accumulated depreciation</b>							
Separate movable items and groups of movable items	234,378	10,619	121,794	123,203	5,533	19,717	109,019
<b>Total accumulated depreciation</b>	<b>234,378</b>	<b>10,619</b>	<b>121,794</b>	<b>123,203</b>	<b>5,533</b>	<b>19,717</b>	<b>109,019</b>
<b>Net book amount</b>	<b>54,732</b>			<b>37,531</b>			<b>37,913</b>



## Inventory

(CZK'000)	31 December 2014	31 December 2015
Inventory – stationery	320	76
Inventory – advertising articles	983	2,605
Inventory – other	247	245
<b>Total</b>	<b>1,550</b>	<b>2,926</b>
<b>Net book amount of tangible fixed assets other than land and buildings, inventory total</b>	<b>39,081</b>	<b>40,839</b>

## 8. DEBTORS

As at 31 December 2015

(CZK'000)	Receivables from policy holders	Receivables from insurance brokers	Reinsurance receivables	Other receivables	Total
Current	65,625	24,894	568,741	112,841	772,101
Overdue	490,683	108,473	–	42,170	641,326
<b>Total</b>	<b>556,308</b>	<b>133,367</b>	<b>568,741</b>	<b>155,011</b>	<b>1,413,427</b>
Allowance against overdue receivables	305,191	110,251	–	41,205	456,647
<b>Total receivables, net</b>	<b>251,117</b>	<b>23,116</b>	<b>568,741</b>	<b>113,806</b>	<b>956,780</b>

As at 31 December 2014

(CZK'000)	Receivables from policy holders	Receivables from insurance brokers	Reinsurance receivables	Other receivables	Total
Current	47,942	33,706	450,229	202,084	733,961
Overdue	564,000	112,441	–	44,675	721,116
<b>Total</b>	<b>611,942</b>	<b>146,147</b>	<b>450,229</b>	<b>246,759</b>	<b>1,455,077</b>
Allowance against overdue receivables	372,112	114,732	–	44,920	531,764
<b>Total receivables, net</b>	<b>239,830</b>	<b>31,415</b>	<b>450,229</b>	<b>201,839</b>	<b>923,313</b>

Unpaid receivables are not secured. Receivables against related parties are disclosed in Note 21.

Other receivables as at 31 December 2015 include the advance of EUR 1.5 million provided in 2007 for a purchase of a special purpose entity (Note 22.3). To this advance was created an allowance in line with prudence principle. Other current receivables as at 31 December 2015 include mostly provided operational advances of CZK 65.5 million.

Changes in bad debt allowance may be analyzed as follows:

(CZK'000)	2015	2014
<b>Opening balance as at 1 January</b>	<b>531,764</b>	<b>623,865</b>
Creation of allowances (Note 19)	416,313	485,683
Release of allowances (Note 19)	(440,118)	(559,588)
Use of allowances (Note 19)	(51,312)	(18,196)
<b>Closing balance as at 31 December</b>	<b>456,647</b>	<b>531,764</b>

All receivables are short term.

## 9. CASH ON ACCOUNTS WITH FINANCIAL INSTITUTIONS AND CASH IN HAND

(CZK'000)	31 December 2015	31 December 2014
Cash on accounts with financial institutions	190,264	104,251
Cash in hand	2,854	4,419
Cash in transit	3,276	7,169
<b>Total cash</b>	<b>196,394</b>	<b>115,839</b>

## 10. PREPAYMENTS AND ACCRUED INCOME

(CZK'000)	31 December 2015	31 December 2014
Rent	971	1,923
Deferred acquisition costs – insurance contracts	220,887	240,314
Other prepayments and accrued income	8,776	11,791
<b>Total prepayments and accrued income</b>	<b>230,634</b>	<b>254,028</b>

## 11. EQUITY

### 11.1. Authorized and issued share capital

	31 December 2015		31 December 2014	
	Number of units	Equity (CZK'000)	Number of units	Equity (CZK'000)
Ordinary shares of CZK 10,000, fully paid	50,000	500,000	50,000	500,000
Share premium		382,500		382,500

Company was creating statutory reserve fund in the amount of 20% of the issued share capital in accordance with the previous legislation No. 513/1991 Coll., on Accounting (balance sheet item A.V.). This reserve fund can be released based on decision of General Meeting in accordance with Articles of the Company. The release method is decided by General meeting.

## 11.2. Revaluation reserve

(CZK'000)	31 December 2015	31 December 2014
Land and buildings (Note 4.1)	(143,464)	(71,816)
Financial investments in subsidiaries (Note 4.2)	59,281	47,978
Financial investments in associates (Note 4.2)	4,303	4,713
Deferred tax (Note 20)	27,360	13,747
Others	2	2
<b>Gain/loss on revaluation of assets and liabilities</b>	<b>(52,518)</b>	<b>(5,376)</b>

Gain/loss on revaluation of assets and liabilities are recognized in Equity within other Capital funds.

## 11.3. Profit after taxation

The 2015 net profit of CZK 522,064 thousand is proposed to be distributed\* as follows:

(CZK'000)	2015
Dividend paid	–
Transfer to retained earnings	522,064
<b>Net profit/(loss)</b>	<b>522,064</b>

\* proposed distribution of net profit was not approved by the shareholder as at the financial statements date

Allocation of 2014 profit is shown in the Statement of changes in equity.

## 12. TECHNICAL RESERVES

As at 31 December 2015

(CZK'000)	Gross reserve	Inwards reinsurance	Portion covered by reinsurance	Net reserve
Unearned premium reserve	1,559,066	15,511	(684,786)	889,791
Life assurance reserve	4,687,559	–	–	4,687,559
Reserve for claims	6,556,595	187,362	(2,757,147)	3,986,810
Reserve for bonuses and discounts	64,208	18,847	–	83,055
Reserve for liabilities of Czech Bureau of Insurers	220,320	–	–	220,320
<b>Total</b>	<b>13,087,748</b>	<b>221,720</b>	<b>(3,441,933)</b>	<b>9,867,535</b>

As at 31 December 2014

(CZK'000)	Gross reserve	Inwards reinsurance	Portion covered by reinsurance	Net reserve
Unearned premium reserve	1,476,268	16,871	(639,989)	853,150
Life assurance reserve	4,772,199	–	–	4,772,199
Reserve for claims	6,326,975	154,895	(2,601,986)	3,879,884
Reserve for bonuses and discounts	58,863	12,537	–	71,400
Reserve for liabilities of Czech Bureau of Insurers	253,099	–	–	253,099
<b>Total</b>	<b>12,887,404</b>	<b>184,303</b>	<b>(3,241,975)</b>	<b>9,829,732</b>

Inward and outward reinsurance parts of the technical reserves are disclosed in Note 17.

Reserve for claims

(CZK'000)	31 December 2015	31 December 2014
Gross RBNS reserve	5,110,251	4,855,081
Gross IBNR reserve	1,633,706	1,626,789
<b>Total reserve for claims</b>	<b>6,743,957</b>	<b>6,481,870</b>





Movements on gross technical reserves can be analyzed as follows:

(CZK'000)	1 January 2015	Additions	Use	31 December 2015
Unearned premium reserve	1,493,139	81,438	–	1,574,577
Life assurance reserve	4,772,199	–	(84,640)	4,687,559
Reserve for claims	6,481,870	262,087	–	6,743,957
Reserve for bonuses and discounts	71,400	11,655	–	83,055
Reserve for liabilities of Czech Bureau of Insurers	253,099	–	32,779	220,320
<b>Total</b>	<b>13,071,707</b>	<b>355,180</b>	<b>(117,419)</b>	<b>13,309,468</b>

(CZK'000)	1 January 2014	Additions	Use	31 December 2014
Unearned premium reserve	1,400,196	92,943	–	1,493,139
Life assurance reserve	4,796,028	–	(23,829)	4,772,199
Reserve for claims	6,458,063	23,807	–	6,481,870
Reserve for bonuses and discounts	72,441	–	(1,041)	71,400
Reserve for liabilities of Czech Bureau of Insurers	270,400	–	(17,301)	253,099
<b>Total</b>	<b>12,997,128</b>	<b>116,750</b>	<b>(42,171)</b>	<b>13,071,707</b>

### 13. OTHER PROVISIONS

(CZK'000)	31 December 2015	31 December 2014
Provision for untaken holidays	12,543	10,829
<b>Total</b>	<b>12,543</b>	<b>10,829</b>

Movements on other provisions can be analyzed as follows:

(CZK'000)	Reserve for taxes	Provisions for accrued vacation	Total
<b>As at 1 January 2014</b>	–	<b>13,388</b>	<b>13,388</b>
Additions (Note 20)	5,800	196,547	202,347
Use	–	(199,106)	(199,106)
Advances for income tax	(88,351)	–	(88,351)
Tax provision reclassification into direct tax receivable/ liability (+/-)	82,551	–	82,551
<b>As at 31 December 2014</b>	–	<b>10,829</b>	<b>10,829</b>
Additions	85,900	174,691	260,591
Use	–	(172,977)	(172,977)
Advances for income tax	–	–	–
Tax provision reclassification into direct tax receivable/ liability (+/-)	(85,900)	–	(85,900)
<b>As at 31 December 2015</b>	–	<b>12,543</b>	<b>12,543</b>

## 14. CREDITORS

(CZK'000)	31 December 2015	31 December 2014
Claims payable	930,567	788,545
Payables to brokers and agents	22,083	35,208
Payables from reinsurance (Note 17.2)	1,390,544	1,142,606
Other payables	154,592	62,122
<b>Total</b>	<b>2,497,786</b>	<b>2,028,481</b>

Other payables as of 31 December 2015 contain mainly intercompany payables in amount of CZK 8,215 thousand (2014: CZK 9,452 thousand), payables to employees in the amount of CZK 27,920 thousand (2014: CZK 33,049 thousand), income tax in the amount of CZK 60,800 thousand (2014: CZK 4,100 thousand) and deferred tax from tangible fixed assets valuation in the amount of CZK 20,893 thousand (2014: CZK 29,151 thousand).

All payables are short term.

The Company has no overdue liabilities for social insurance, contributions to the state employment policy, health insurance or tax liabilities payable to the relevant tax authority.

Payables have not been secured over any assets of the Company. Payables to related parties are disclosed in Note 21.

## 15. ACCRUALS AND DEFERRED INCOME

(CZK'000)	2015	2014
Deferred commission from reinsurer (Note 17)	11,782	10,965
Deferred income	–	–
<b>Accruals and deferred income</b>	<b>11,782</b>	<b>10,965</b>
Accrued commission	136,433	121,907
Estimated commissions	123,312	137,316
Other estimates	277,143	236,320
<b>Other deferred income</b>	<b>536,888</b>	<b>495,543</b>
<b>Total</b>	<b>548,670</b>	<b>506,508</b>

Other estimates as of 31 December 2015 contain mostly the estimates for unbilled invoices for services and products and accounting for energies of CZK 227,077 thousand (2014: CZK 170,054 thousand).



## 16. TECHNICAL ACCOUNT – NON-LIFE AND LIFE INSURANCE

### 16.1. Non-life insurance

(CZK'000)	Gross written premium	Gross earned premium	Gross claims expenses	Gross operating expenses
<b>2015</b>				
Accident insurance	93,428	94,910	21,163	36,044
Disease insurance	18,858	19,217	9,080	2,588
Car damage insurance	1,167,052	1,122,206	758,716	326,218
Transport insurance	40,331	40,488	15,425	24,430
Fire and other natural disaster insurance	518,782	519,536	173,889	129,577
Other property insurance	1,126,169	1,127,842	365,123	326,228
Motor third party liability insurance	1,649,818	1,603,371	928,340	504,695
Other liability insurance	736,607	732,590	383,131	195,585
Credit insurance	795	1,721	6,036	2,511
Guarantee insurance	29,646	27,957	58,368	19,045
Financial loss insurance	10,354	10,354	796	132
Travel insurance	92,821	93,155	53,143	25,011
<b>Total</b>	<b>5,484,661</b>	<b>5,393,347</b>	<b>2,773,210</b>	<b>1,592,064</b>

(CZK'000)	Gross written premium	Gross earned premium	Gross claims expenses	Gross operating expenses
<b>2014</b>				
Accident insurance	101,574	103,369	36,429	37,894
Disease insurance	20,022	20,351	4,739	3,384
Car damage insurance	1,048,959	1,013,054	653,426	304,433
Transport insurance	59,661	58,587	15,042	28,245
Fire and other natural disaster insurance	507,779	509,406	(38,929)	130,633
Other property insurance	1,213,302	1,218,785	487,016	376,185
Motor third party liability insurance	1,533,725	1,463,910	891,311	472,796
Other liability insurance	623,755	613,906	407,767	190,527
Credit insurance	23,718	24,545	1,428	9,744
Guarantee insurance	29,448	34,285	9,427	19,199
Travel insurance	121,580	121,593	39,945	29,796
<b>Total</b>	<b>5,283,523</b>	<b>5,181,791</b>	<b>2,507,601</b>	<b>1,602,836</b>

The gross written premium in 2015 includes inwards reinsurance premiums of CZK 174,635 thousand (2014: CZK 158,462 thousand) (see note 17.1).

## 16.2. Life insurance

(CZK'000)	2015	2014
Individual premium	3,831,178	3,241,100
Group premium	36,528	31,593
<b>Total</b>	<b>3,867,706</b>	<b>3,272,693</b>
Current premium	3,128,274	3,021,368
Single premium	739,432	251,325
<b>Total</b>	<b>3,867,706</b>	<b>3,272,693</b>
Premium without profit share	389,196	421,250
Premium with profit share	389,094	447,844
Premium from unit-linked contracts	3,089,416	2,403,599
<b>Total</b>	<b>3,867,706</b>	<b>3,272,693</b>
Gross written premium	3,867,704	3,272,686
Entrance and reminder fees	2	7
<b>Total</b>	<b>3,867,706</b>	<b>3,272,693</b>

## 16.3. Geographical structure of gross written premium

All gross written premiums arise from insurance contracts concluded in the Czech Republic.

## 17. INWARDS AND OUTWARDS REINSURANCE

The most important reinsurers that the Company uses are:

- GP Reinsurance EAD, Bulgaria;
- Assicurazioni Generali S.p.A., Italy;
- Zurich Ins. Co., Switzerland;
- Generali Versicherung AG, Austria;
- Mitsui Sumitomo Insurance Company (Europe) Ltd., Germany

Approximately 90% of reinsurance transactions (measured by reinsurance premium in 2015) were undertaken with GP Reinsurance EAD.

### 17.1. Inwards reinsurance

(CZK'000)	31 December 2015	31 December 2014
Reinsurance receivables	11,349	11,288
Technical reserves related to inward reinsurance (Note 12)	(221,720)	(184,303)
Payables from reinsurance, of which:	(827)	(721)
Accrued commissions	2,594	3,219
<b>Net inward reinsurance</b>	<b>(208,604)</b>	<b>(170,517)</b>

(CZK'000)	2015	2014
Inward reinsurance premium (Note 16)	174,635	158,462
Portion of claims paid covered by reinsurance	(102,025)	(102,606)
Reinsurers' share in change in technical reserves	(32,467)	58,314
Insurance bonuses and discounts	(8,247)	(9,697)
Commissions from reinsurers	(34,000)	(30,542)
Reinsurers' share in creation and use of reserves and provisions	1,360	(282)
Accrued commissions	(625)	(69)
<b>Inward reinsurance result</b>	<b>(1,369)</b>	<b>73,580</b>

## 17.2. Outwards reinsurance

(CZK'000)	31 December 2015	31 December 2014
Receivables from reinsurance (Note 8)	568,741	450,229
Portion of unearned premium reserve covered by reinsurance (Note 12)	684,786	639,989
Portion of reserve for claims covered by reinsurance (Note 12)	2,757,147	2,601,986
Deferred commissions from reinsurance (Note 15)	(11,782)	(10,965)
Deposits from outwards reinsurance	(616,021)	(614,744)
Accrued expenses and income	(1,237)	(3,011)
Liabilities from reinsurance (Note 14)	(1,390,544)	(1,142,606)
<b>Net outward reinsurance</b>	<b>1,991,090</b>	<b>1,920,878</b>

(CZK'000)	2015	2014
<b>Non-life insurance</b>		
Outward reinsurance premium	(2,868,734)	(2,691,869)
Portion of claims paid covered by reinsurance	1,095,131	1,208,286
Portion of change in unearned premium reserve covered by reinsurance	51,281	69,600
Portion of change in reserve for claims covered by reinsurance	141,541	(174,522)
Insurance bonuses and discounts	12,851	12,170
Commissions from reinsurers	672,353	558,504
Accrued commissions	(817)	679
Deposit interest	(4,118)	(4,717)
Other technical expenses	–	–
<b>Outward reinsurance result (non-life insurance)</b>	<b>(900,512)</b>	<b>(1,021,869)</b>
<b>Life insurance</b>		
Outward reinsurance premium	(87,642)	(90,378)
Portion of claims paid covered by reinsurance	3,527	31,362
Portion of change in unearned premium reserve covered by reinsurance	1,802	(650)
Portion of change in reserve for claims covered by reinsurance	978	(7,311)
Commissions from reinsurers	18,803	20,059
Deposit interest	(709)	(735)
<b>Outward reinsurance result (life insurance)</b>	<b>(63,241)</b>	<b>(47,653)</b>

## 18. ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES

### 18.1. Acquisition costs

Total commissions expense for direct insurance business, particularly commissions for acquisition and renewal of the portfolio comprised the following:

(CZK'000)	2015			2014		
	Non-life insurance	Life insurance	Total	Non-life insurance	Life insurance	Total
Direct commissions	816,192	839,181	1,655,373	817,320	1,046,993	1,864,313
Internal acquisition costs	323,265	225,559	548,824	324,828	192,214	517,042
<b>Subtotal</b>	<b>1,139,457</b>	<b>1,064,740</b>	<b>2,204,197</b>	<b>1,142,148</b>	<b>1,239,207</b>	<b>2,381,355</b>
Change in deferred acquisition costs	(15,904)	35,331	19,427	(10,583)	15,707	5,124
<b>Total acquisition costs</b>	<b>1,123,553</b>	<b>1,100,071</b>	<b>2,223,624</b>	<b>1,131,565</b>	<b>1,254,914</b>	<b>2,386,479</b>

### 18.2. Administration expenses

(CZK'000)	2015	2014
Administration expenses – non-life	468,511	471,271
Administration expenses – life	140,659	129,894
<b>Total administration expenses</b>	<b>609,170</b>	<b>601,165</b>

The administration expenses consist of:

(CZK'000)	2015	2014
Personnel costs	443,609	490,267
Depreciation and amortization of fixed assets	71,386	67,986
Other administrative expenses	612,484	508,660
Other expenses	30,516	51,294
<b>Subtotal</b>	<b>1,157,995</b>	<b>1,118,207</b>
Portion included in internal acquisition costs	(548,825)	(517,042)
<b>Total administration expenses</b>	<b>609,170</b>	<b>601,165</b>

### 18.3. Personnel costs

Staff costs can be analyzed as follows:

(CZK'000)	2015	2014
Emoluments of Board of Directors	42,441	25,362
Emoluments of other members of senior management	62,654	62,488
Other wages, personal costs and emoluments of employees	217,742	275,978
Social costs and health insurance	101,998	116,908
Other	18,774	9,531
<b>Total personnel expenses</b>	<b>443,609</b>	<b>490,267</b>

	2015	2014
<b>Staff statistics</b>		
Average number of employees	574	680
Average number of members of the Board of Directors	4	3
Average number of other members of senior management	42	44
Average number of members of the Supervisory Board	3	3
<b>Total staff statistics</b>	<b>623</b>	<b>730</b>

The Company's cars at a cost of CZK 6,674 thousand (2014: CZK 8,353 thousand) are made available for use by management. As at 31 December 2015, the Company did not register any loans granted either to members of the Board of Directors, Supervisory Board or to the management.

#### 18.4. Other administration overheads

(CZK'000)	2015	2014
Rent	97,977	85,853
Office expenses and information technology	188,517	207,134
Travelling costs	16,449	18,363
Advertising and representation costs	115,470	123,893
Other costs	194,071	73,417
<b>Total other administration overheads</b>	<b>612,484</b>	<b>508,660</b>

### 19. OTHER EXPENSES AND INCOME

#### 19.1. Other expenses

(CZK'000)	2015	2014
Other technical expenses – non-life insurance	457,324	490,628
Other technical expenses – life insurance	67,902	67,441
Other expenses – Non-technical account	245,606	231,594
<b>Total other expenses</b>	<b>770,832</b>	<b>789,663</b>

As at 31 December 2015, the reinsurers' share on the balance sheet account Other technical expenses amounts to 0.9% for non-life insurance and 1% for life insurance (in 2014 it was 1% and 1.1% respectively).

Other expenses may be analyzed as follows:

(CZK'000)	2015	2014
Creation of allowances against receivables (Note 8)	416,313	485,683
Creation of other provisions (Note 13)	174,691	196,547
Foreign exchange losses	6,946	15,719
Costs for remuneration paid to auditors	6,450	6,359
Other	173,432	85,355
<b>Total other expenses</b>	<b>777,832</b>	<b>789,663</b>

## 19.2. Other income

(CZK'000)	2015	2014
Other technical income – non-life insurance	447,008	464,899
Other technical income – life insurance	74,877	62,625
Other income – non-technical account	170,210	312,978
<b>Total other income</b>	<b>692,095</b>	<b>840,502</b>

Other income may be analyzed as follows:

(CZK'000)	2015	2014
Use of allowances against receivables (Note 8)	51,312	18,196
Release of allowances against receivables (Note 8)	440,118	559,588
Usage of other provisions (Note 13)	172,977	199,106
Foreign exchange gains	2,381	5,004
Other	25,307	58,608
<b>Total other income</b>	<b>692,095</b>	<b>840,502</b>

## 20. TAXATION

The income tax charge comprises the following:

(CZK'000)	2015	2014
Current income tax expense	85,900	5,800
Withholding tax	6,682	5,710
Adjustment of prior year tax expense	402	–
Deferred tax income/expense	14,095	32,931
<b>Total income tax charge</b>	<b>107,079</b>	<b>44,441</b>

The current tax expense is calculated as follows:

(CZK'000)	2015	2014
Profit / loss before taxation (+/-)	629,473	305,329
Non-taxable income	(726,531)	(787,246)
Non-deductible expenses	582,652	647,457
Adjustment to net taxable profit – tax loss from previous periods claimed	(61,000)	(165,540)
<b>Net taxable profit</b>	<b>424,594</b>	<b>–</b>
Current tax charge at 19%	80,673	–
Tax from separate tax base	5,227	5,800
<b>Current tax expense</b>	<b>85,900</b>	<b>5,800</b>
Provision for income tax (Note 13)	85,900	5,800
Less advances paid (Note 13)	–	(88,351)
Net tax asset/liability (+/-)	85,900	82,551
<b>Provision as at 31 December (Note 13)</b>	<b>–</b>	<b>–</b>

Deferred tax asset (+)/ liability (-) can be analyzed as follows:

(CZK'000)	31 December 2015	31 December 2014
<b>Deferred tax liabilities</b>		
Buildings	(48,253)	(42,898)
<b>Total deferred tax liability</b>	<b>(48,253)</b>	<b>(42,898)</b>
<b>Deferred tax assets</b>		
Tax loss	–	6,206
Allowances and provisions	16,575	19,109
Revaluation difference in equity (Note 11)	27,360	13,747
<b>Total deferred tax asset</b>	<b>43,935</b>	<b>39,062</b>
<b>Net deferred tax asset/ liability (+/-)</b>	<b>(4,318)</b>	<b>(3,836)</b>

The change in the net deferred tax asset/ liability can be analyzed as follows:

(CZK'000)	2015	2014
<b>Net deferred tax asset/(liability) as at 1 January</b>	<b>(3,836)</b>	<b>22,302</b>
Deferred tax expense recognized on temporary differences in profit and loss	(14,095)	(32,931)
Deferred tax expense recognized on temporary differences in equity	13,613	6,793
<b>Net deferred tax asset / liability as at 31 December (+/-)</b>	<b>(4,318)</b>	<b>(3,836)</b>

## 21. RELATED PARTY TRANSACTIONS

The Company was involved in the following related party transactions in addition to transactions disclosed in Note 11:

(CZK'000)	2015	2014
<b>Income</b>		
Direct gross premium written/ insurance received	94,255	73,892
Commissions from reinsurers	607,821	481,892
Portion of paid claims covered by reinsurance/ outward insurance	1,233,550	1,017,625
Interest income	–	–
Other income	11,242	24,225
<b>Total income</b>	<b>1,946,868</b>	<b>1,597,634</b>
<b>Expense</b>		
Outwards reinsurance premium/ insurance paid	(2,386,816)	(2,142,444)
The share of reinsurers in insurance transactions/ inward insurance	(134,967)	(3,798)
Commission costs incurred in connection with concluding insurance contracts / commissions transferred to reinsurers	(19,215)	(19,020)
Assistance services	(29,108)	–
Rent	(28,753)	(17,181)
Other operational costs and services (net value)	(282,942)	(210,399)
<b>Total expense</b>	<b>(2,881,801)</b>	<b>(2,392,842)</b>

The following related party receivables and payables were outstanding as at:

(CZK'000)	31 December 2015	31 December 2014
<b>Receivables</b>		
Reinsurance receivables	513,335	403,975
Other receivables	46,939	62,113
<b>Total receivables</b>	<b>560,274</b>	<b>466,088</b>
<b>Payables</b>		
Payables from reinsurance	1,305,024	1,051,877
Other payables	8,215	9,452
<b>Total payables</b>	<b>1,313,239</b>	<b>1,061,329</b>

Related party receivables and payables arose under similar terms and conditions as for unrelated parties.

Company reported securities issued by related parties:

As at 31 December 2015 (CZK'000)	Fair value	Accrued interest revenue
<b>Bonds</b>		
Issued by Česká pojišťovna a.s.	20,245	424
<b>Total</b>	<b>20,245</b>	<b>424</b>

As at 31 December 2014 (CZK'000)	Fair value	Accrued interest revenue
<b>Bonds</b>		
Issued by Česká pojišťovna a.s.	52,860	952
Issued by Home Credit B.V.	231,385	13,312
<b>Total</b>	<b>284,245</b>	<b>14,264</b>

## 22. COMMITMENTS

### 22.1. Czech Nuclear Pool

The Company is a member of the Czech Nuclear Pool and, pursuant to the Agreement of Insurers participating in nuclear plant risk insurance on joint and several liability, has undertaken to meet a liability arising from the Agreement on Cooperation for nuclear plant operation and damage liability insurance to take on an uncovered part of the liability of a member or several members who fail to fulfill their obligations on a joint basis in the ratio of its own net retention used for the given agreement. The total potential liability of the Company including joint and several liabilities is contractually limited to twice its own net retention for a given type of insured risk.

The subscribed net retention is as follows:

(CZK'000)	31 December 2015	31 December 2014
Liability	51,800	51,800
Fire, lightning, explosion, aircraft ("FLEXA") and breakdown of operations	102,000	102,000
Transportation risks	19,200	19,200
Technical insurance and breakdown of operations	44,400	44,400
<b>Total subscribed net retention</b>	<b>217,400</b>	<b>217,400</b>



## 22.2. Czech Bureau of Insurers

As a member of the Bureau, the Company has committed itself to guarantee the liabilities of the Bureau, in proportion to its membership contributions, pursuant to Section 18(6) of Act No.168/1999 Coll. On Motor Third Party Liability ("MTPL") Insurance. For this purpose the Company makes contributions to the guarantee fund and recognizes a specific provision (Note 12). The amount of contributions and the other technical provisions is determined based on the Bureau's calculation.

In the event of a fellow member of the Bureau being unable to meet its liabilities arising from MTPL because of its insolvency, the Company may be required to make additional contributions to the guarantee fund.

## 22.3. Receivable from developers

On 21 December 2006, the Company entered into an agreement under which it undertook to acquire a special purpose entity ("SPE") for EUR 22.2 million from an unrelated party. In 2007, the Company made an advance payment in the amount of EUR 5 million which has been recognized in Other receivables (see Note 8). The SPE was owned by the property developer which built the administrative building for the Company. The Company undertook to purchase the SPE not earlier than the building is completed and occupancy permit issued. The receivable has been secured by the pledge over the SPE's land. The building was not completed by the planned deadline. Although the property developer paid a portion of interest (EUR 0.5 million) in October 2010 and consequently provided another security to the receivable, the Company monitored the developer's deteriorated financial position and decided to establish a 100% allowance against the receivable. In May 2011, the Municipal Court in Prague declared bankruptcy and commenced insolvency proceeding with the property developer. In August 2013 a separate insolvency proceedings (reorganization) were commenced with the SPE. During 2014 the registered receivable was partly paid, either within the partial schedule at the level of the development company, or either by sale SPE assets in accordance with the fulfillment of the approved reorganization plan. Insolvency proceeding with the SPE has been finally terminated in 2015 since the reorganization plan has been fulfilled. The company further claims the rest of the unpaid receivable in the ongoing proceedings.

## 22.4. Contingent liabilities

The management of the Company is not aware of any contingent liabilities at as the balance sheet date with the exception of those disclosed in the statements of the financial positions of the Company.

## 23. SUBSEQUENT EVENTS

There were no significant events, which have occurred subsequent to the year-end, which would have a material impact on the financial statements for the year ended 31 December 2015.

### Statutory approvals

The financial statements have been approved by the Board of Directors and have been signed below on their behalf.

29 February 2016



**Ing. Pavel Menci**  
Board of Directors Chairman



**Mgr. Petr Bohumský**  
Board of Directors Vice-Chairman

# Report on Related-party Transactions

(i.e. between the controlling and controlled entity and on relations between the controlled entity and other entities controlled by the same controlling entity) within the meaning of Act No. 90/2012, on Commercial Companies and Cooperatives (Act on Business Corporations), as amended, effective from 1 January 2015 (hereinafter referred to as the “Relationship Report”).

As at 31 December 2015 the sole shareholder of Generali Pojišťovna a.s. (the controlled entity), incorporated in the Commercial Register maintained by the Municipal Court in Prague under section B file No. 2866 on 1 January 1995 as a joint-stock company (Company ID 61859869), with registered office at Prague 2, Postcode 120 84, Bělehradská 132, was Generali CEE Holding B.V., registered office Diemerhof 32, Diemen, 1112 XN, the Netherlands, Company ID: 34275688 (controlling entity).

The ultimate controlling company of Generali Pojišťovna a.s. is Assicurazioni Generali S.p.A., with its registered office in Italy, which since 28 March 2013 had a 76% interest in the voting rights associated with the shares of Generali CEE Holding B.V. (24% voting rights held PPF Group N.V. via PPF Co.1 B.V.).

On 16 January 2015 there was a transfer of the remaining 24% share of voting rights and company Assicurazioni Generali S.p.A. became the sole shareholder with a 100% share of the company Generali PPF Holding B.V., which was the same day renamed Generali CEE Holding B.V.

Financial statements of Generali Pojišťovna a.s. shall form part of consolidated financial statements of Generali CEE Holding B.V. (former Generali PPF Holding B.V.), and of Assicurazioni Generali S.p.A., with registered office at Piazza Duca degli Abruzzi 2, Trieste, Italy, incorporated in the Commercial Register in Trieste, Italy, file No. 6204, which is a parent company to Generali CEE Holding B.V. and the ultimate controlling company (hereinafter referred to as the “Generali Group”). Controlling entities perform their control within the Generali Group only through the weight of their votes, i.e. by exercising their voting rights at general meetings.

The structure of CEE Holding B.V. group is shown in the organisational diagram attached to this report.

In compliance with the Act on Business Corporations, the statutory body of Generali Pojišťovna a.s. (hereinafter referred to as the “Company”) prepared the Relationship Report within the meaning of the Act on Business Corporations, Section 82.

The Relationship Report contains all contracts and agreements concluded with a given field within the last accounting period between the related parties, other legal actions taken in the interest of such entities and any other measures adopted or taken by the controlled entity in the interest or on the initiative of such entities. In addition the Relationship Report contains effective contracts and agreements concluded within previous periods on the basis of which the Company made payments to related entities or received payments from such entities within the current period.

## OVERVIEW OF CONTRACTS, ACTIONS AND MEASURES

This report has been prepared for the last accounting period, i.e. for the period from 1 January 2015 to 31 December 2015.

In 2015, the Company concluded or had effective the following contracts or agreements with related entities:

- With **REFICOR s.r.o.**, ID 25600958, registered office: Na Pankráci 1658/121, 140 21 Praha 4 kept by the Municipal Court in Prague under file No. C 53847 (the acquiring company from the merger dated 1 January 2015 with Generali Servis s.r.o, ID 61509540, registered office Bělehradská 132, 120 00 Praha 2 kept by the Municipal Court in Prague under file C 30248), entered into:
  - Agreement on the Lease of Non-Residential Premises, Movable Items and Other Services (from 1 January 2013) + Addendum No. 2 (from 1 March 2014) + Agreement on termination as at 31 July 2015
  - Agreement on Uniform Method of Recognition of Shared Costs (from 10 December 2014)
  - Insurance Contracts – Policies (2015)

- With **Direct Care s.r.o.**, ID 26416549, registered office: Na Pankráci 1658/121, 140 00 Praha 4 kept by the Municipal Court in Prague under file No. C 80526 (the acquiring company from the merger dated 1 January 2015 with Generali Care s.r.o., ID 26416549, registered office Na Pankráci 1658/121, 140 00 Praha 4 kept by the Municipal Court in Prague under C 80526), entered into:
  - Service contract (from 1 July 2005) + Agreement on termination as at 31 July 2015
  - Agreement on the lease of Non-Residential Premises and Movable Items (from 28 February 2010) + Agreement on termination as at 31 July 2015
  - Business Representation Contract (from 1 June 2005)
  - Insurance Contracts (2015)
  
- With **Generali Development s.r.o.**, ID 44795084, registered office: Bělehradská 132, 120 84 Praha 2 kept by the Municipal Court in Prague under file No. C 6121, entered into:
  - Agreement on the Lease on Non-Residential Premises (from 1 July 2012) and Addendum No. 1 (from 1 January 2013) + Agreement on termination as at 30 June 2015
  - Agreement on IT Service Outsourcing (from 1 May 2010) and Addendum No. 3 (from 1 August 2011) + Agreement on termination as at 30 June 2015
  - Operation and Maintenance Support Agreement “EARNIX” (from 1 July 2014 to 30 June 2015)
  - Agreement on the Assignment of Contract – Operation and Maintenance Support Agreement “EARNIX” (from 1 July 2015)
  - Operation and Maintenance Support Agreement “PUCCINI” (from 1 January 2015) + Agreement on termination as at 30 June 2015
  - Agreement on Uniform Method of Recognition of Shared Costs (from 10 December 2014)
  - Insurance Contracts – Policies (2015)
  
- With **Generali CEE Holding B.V.** (till 3 March 2015 Generali PPF Holding B.V.), registered office: Diemerhof 32, Diemen, 1112 XN, the Netherlands via a branch in the Czech Republic Generali CEE Holding B.V. (Generali PPF Holding B.V.) ID 28239652, registered office: Na Pankráci 1658/121 Nusle, 140 00 Praha 4 kept by the Municipal Court in Prague under file No. A 59992 entered into:
  - Service Contract (from 1 May 2008) and Addendum No. 4 (from 1 January 2014)
  - Agreement on Recharge of Cost „EARNIX“ (from 1 January 2014)
  - Agreement on Uniform Method of Recognition of Shared Costs (from 10 December 2014)
  - Insurance Contracts – Policies (2015)
  
- With **Česká pojišťovna a.s.**, ID 45272956, registered office: Spálená 75/16, 113 04 Praha 1 kept by the Municipal Court in Prague under file No. B 1464 entered into:
  - Agreement on Sharing Costs on Financial Placement Administration (from 28 February 2011) + Addendum No. 5 (from 1 January 2014)
  - Agreement on the Lease of Non-Residential Premises at Pankrác 123 (from 1 October 2008 to 31 December 2018) + Addendum No. 6 (from 1 January 2015), Addendum No. 7 (from 1 July 2015)
  - Agreement on the Lease of Movable Items – Pankrác 121 (from 1 July 2015)
  - Agreement on the Lease of Movable Items – Pankrác 123 (from 1 January 2015) + Addendum No. 1 (from 1 July 2015)
  - Agreement on the Lease of Commercial Premises at Pankrác 121 (from 12 March 2014) + Addendum No. 1 (from 1 July 2015)
  - Agreement on the Lease of Commercial Premises in Pardubice (from 15 February 2014) + Addendum No. 1 (from 1 October 2015)
  - Agreement on the Lease of Movable Items in Pardubice (from 1 May 2011)
  - Agreement on the Lease of Commercial Premises in Prague, Kaplanova (from 1 July 2015)
  - Agreement on the Lease of Commercial Premises in Prague, Úvalská (from 1 January 2014)
  - Agreement on the Lease of Commercial Premises in Brno, Purkyňová (from 1 January 2014)
  - Agreement on the Lease of Commercial Premises in Hradec Králové (from 1 August 2012) + Addendum No. 2 (from 1 July 2015)
  - General Agreement on Sharing IT Technology and Associated Costs of Operations (from 29 April 2009)
  - Implementation Agreement on Sharing IT Technology for GIS Operations (Aquarius.net) to the General Agreement on Sharing IT Technology and Associated Costs of Operations (from 1 January 2011)
  - Implementation Agreement on Sharing IT Technology for IBM DB2 RS Database Environment Operations, on Sharing IT Technology and Associated Costs of Operations (from 1 January 2011)
  - Implementation Agreement on Sharing Connectivity to GGNET Network, to the General Agreement on Sharing IT Technology and Associated Costs of Operations dated 29 April 2009 (from 2 January 2012)
  - Implementation Agreement No. 2 to the General Agreement on Sharing IT Technology and Associated Costs of Operations, No. ČP-D/19040/2009 from 2 December 2009 – Data Archive
  - Implementation Agreement No. 1 to the General Agreement on Sharing IT Technology and Associated Costs of Operations, No. ČP-D/19040/2009 from 2 December 2009 – PrintNET
  - Implementation Agreement on Sharing non-IT and IT Technology, to the General Agreement on Sharing IT Technology and Associated Costs of Operations, No. ČP-D/21395/2010 from 1 October 2012 – Data Room
  - Implementation Agreement on Sharing IT Technology for Operation of ORACLE Database Environment (from 1 January 2013)
  - Implementation Agreement on Sharing IT Technology for IPCC Applications (from 22 July 2014)
  - Agreement on Sharing Costs of development and support of IT Technology (from 1 July 2015)

- Agreement on the Assignment of Contract – Operation and Maintenance Support Agreement “EARNIX” (from 1 July 2015)
  - Contract on Discharge of Duties Arising from Participation in the Group (from 16 January 2009)
  - Cost Sharing General Agreement (from 1 September 2013) + Addendum No. 2 (from 1 May 2014), Addendum No. 3 (from 19 May 2014), Addendum No. 4 (from 4 July 2014), Addendum No. 5 (from 4 July 2014), Addendum No. 6 (from 8 September 2014), Addendum No. 7 (from 30 October 2014)
  - Confidentiality Agreement (from 18 June 2014)
  - Agreement to Provide Access to KPMG Helpline dated 3 December 2012
  - Agreement on Uniform Method of Recognition of Shared Costs (from 10 December 2014)
  - Framework Agreement on Cost Sharing (from 1 January 2015)
  - Contracts on Facultative Active and Passive Reinsurance
  - Obligatory Reinsurance Contracts
  - Agreement on Local Co-insurance of Major Risks
  - Framework Agreement on Group Insurance of Individuals (from 1 December 2014)
  - Agreements on providing vacation and cover wage compensation paid for a providing vacation
  - Purchase agreement dated 24 September 2015
  - Insurance Contracts – Policies (2015)
- With **Generali Investments CEE, a.s.**, ID 43873766, registered office: Na Pankráci 1720/123, 140 00 Praha 4 kept by the Municipal Court in Prague under file No. B 1031 entered into:
- Assets Management Agreement (from 1 October 2008) and notification on a change to Attachment No. 5 thereof (from 1 January 2015), notification on a change to Attachment No. 5 thereof (1 September 2015), notification on a change to Attachment No. 5 thereof (14 September 2015) + Addendum No. 14 (from 11 May 2015), Addendum No. 15 (from 1 July 2015)
  - Agreement on Uniform Method of Recognition of Shared Costs (from 10 December 2014)
- With **Generali Services CEE, a.s.**, ID 27108562, registered office: Na Pankráci 1720/123, 140 21 Praha 4 kept by the Municipal Court in Prague under file No. B 9046, entered into:
- Agreement on Cooperation and Providing Services (from 1 September 2008)
  - Agreement on Procedures for Outsourcing Delegated Cases on the Guarantee Fund onto a Member of Czech Bureau of Insurers (from 1 August 2010)
  - Framework agreement on Outsourcing (from 1 July 2010) + Addendum No. 12 (from 1 January 2015), Addendum No.13 (from 1 July 2015)
  - Agreement on Uniform Method of Recognition of Shared Costs (from 10 December 2014)
- With **Generali Biztosító Zrt.**, ID 01-10-041305, registered office: Teréz krt. 42-44, 1066 Budapešť, Maďarská republika, entered into:
- Cooperation Agreement (from 01 July 2010)
  - Contracts on Facultative Active and Passive Reinsurance
- With **Generali Infrastructure Services Societá Consortile a Responsabilitá Limitata Magyarországi Fióktelepe**, ID 01-17-000845, registered office: Váci út 36–38, 1132 Budapešť, Maďarská republika, entered into:
- Central Service Agreement for SPD – operational service (from 1 July 2014)
  - Agreement on the Assignment of Contract – SPD – operational service (from 1 July 2014)
  - Service agreement for the iSeries – system (from 1 July 2014)
  - Agreement on the Assignment of Contract – i Series-system (from 1 July 2014)
- With **Generali Infrastructure Services Czech Branch**, organizational branch ID 29044707, registered office: Bělehradská 132, Praha 2 kept by the Municipal Court in Prague under file No. A 71158, entered into:
- Confidentiality Agreement (from 18 June 2014)
  - Agreement on Uniform Method of Recognition of Shared Costs (from 10 December 2014)
  - Service Agreement for the Provision of Information Technology Services (from 30 June 2015)
- With **Generali Velký Špalíček s.r.o.**, ID 26771551, registered office: Václavské náměstí 823/33, 110 00 Praha 1 kept by the Municipal Court in Prague under file No. C 92621, entered into:
- Insurance Contracts (2015)
- With **Generali Real Estate S.p.A.**, Czech Branch, (organisational branch) ID 01757601, registered office: Václavské náměstí 823/33, 110 00 Praha 1 kept by the Municipal Court in Prague under file A 76163, entered into:
- Implementation Service Agreement (from 1 January 2015)
  - Implementation Service Agreement (from 15 June 2015)
  - Insurance Contracts – Policies (2015)

- With **Assicurazioni Generali S.p.A.**, ID 1.00003, registered office: Piazza Duca degli Abruzzi 2, Terst, Itálie, entered into:
  - Agreement on the temporary assignment of an employee to another employer
- With **Generali Infrastructure Services S.c.a.r.l.**, ID 197109909, registered office: Anton-Kurze-Allee 16, 52064 Aachen, Germany, entered into:
  - General Agreement on Providing Infrastructure and Hardware OS 390 for applications used in General Pojišťovna a.s. (from 1 December 2011)
- With **GP Reinsurance EAD**, ID UIC: 200270243, registered office: 68 Knyaz Al. Dondukov Blvd, Sofia, Bulharsko, entered into:
  - Obligatory Reinsurance Contracts
- With **Generali Towarzystwo Ubezpieczeń S.A.**, ID: 10623, registered office: ul. Postępu 15B 02-676 Warszawa, Polsko, entered into:
  - Agreements on Facultative Reinsurance
- With **Generali Zavarovalnica d.d. Ljubljana**, ID 5186684, registered office: Kržičeva 3, Ljubljana, Slovinsko, entered into:
  - Agreements on Facultative Reinsurance
- With **Europ Assistance s.r.o.**, ID 25287851, registered office: Na Pankráci 1658/121, 140 00 Praha 4 kept by the Municipal Court in Prague under file C 87094, entered into:
  - Cooperation Agreement dated 20 December 2005 + Addendum No. 2 dated 22 December 2007
  - Agreement on Assistance Services to Accident Insurance, Allegro Insurance, Dolce Vita Insurance, Benefit Insurance and Profit Insurance Products, dated 1 January 2012
  - Obligatory Reinsurance Contracts
- With **Generali Poistovna, a.s.**, ID 35709332, registered office: Lamačská cesta 3/A, 841 04 Bratislava, Slovensko, entered into:
  - Agreements on Facultative Reinsurance

No legal actions exceeding the scope of normal legal actions carried out by the controlling entity within exercise of the rights of the sole shareholder of the controlled entity were taken during this accounting period to the benefit of the controlling person or entities controlled by the controlling entity.

No conduct exceeding the scope of normal conduct carried out by the controlled entity in relation to the controlling entity as the sole shareholder of the controlled entity related to property exceeding 10% of the share capital of the Company as found out according to the last financial statements was adopted or carried out in the interest or the initiative if the controlling entity and entities controlled by the controlling entity, or in the interest or in the initiative of the controlled entity.

Contracts and agreements were entered into between the related parties during the accounting period, other legal actions were taken in the interest of these entities or other measures were taken or realised in the interest or on initiative of these entities by the controlled entity. It is our opinion that these contracts and agreements caused no property damage to the Company. There are no special advantages or disadvantages or additional risks arising for the Company from the concluded contracts and agreements or from other legal actions.

The company cooperates within the Generali Group on Group Projects and Policies. The cooperation on these Group activities caused no harm to the Company.

## DECLARATION OF STATUTORY BODY OF THE COMPANY

The Board of Directors of the Company as a collective statutory body declares that this Report on Related-party Transactions within the meaning of the Act on Business Corporations contains full, true and correct information. The Board also declares that the Company suffered no harm due to the laid out contracts, agreements, actions and payments to any related entity and therefore there is no reason to enforce any compensation for such harm from any related entity.

Prague, 14 March 2016



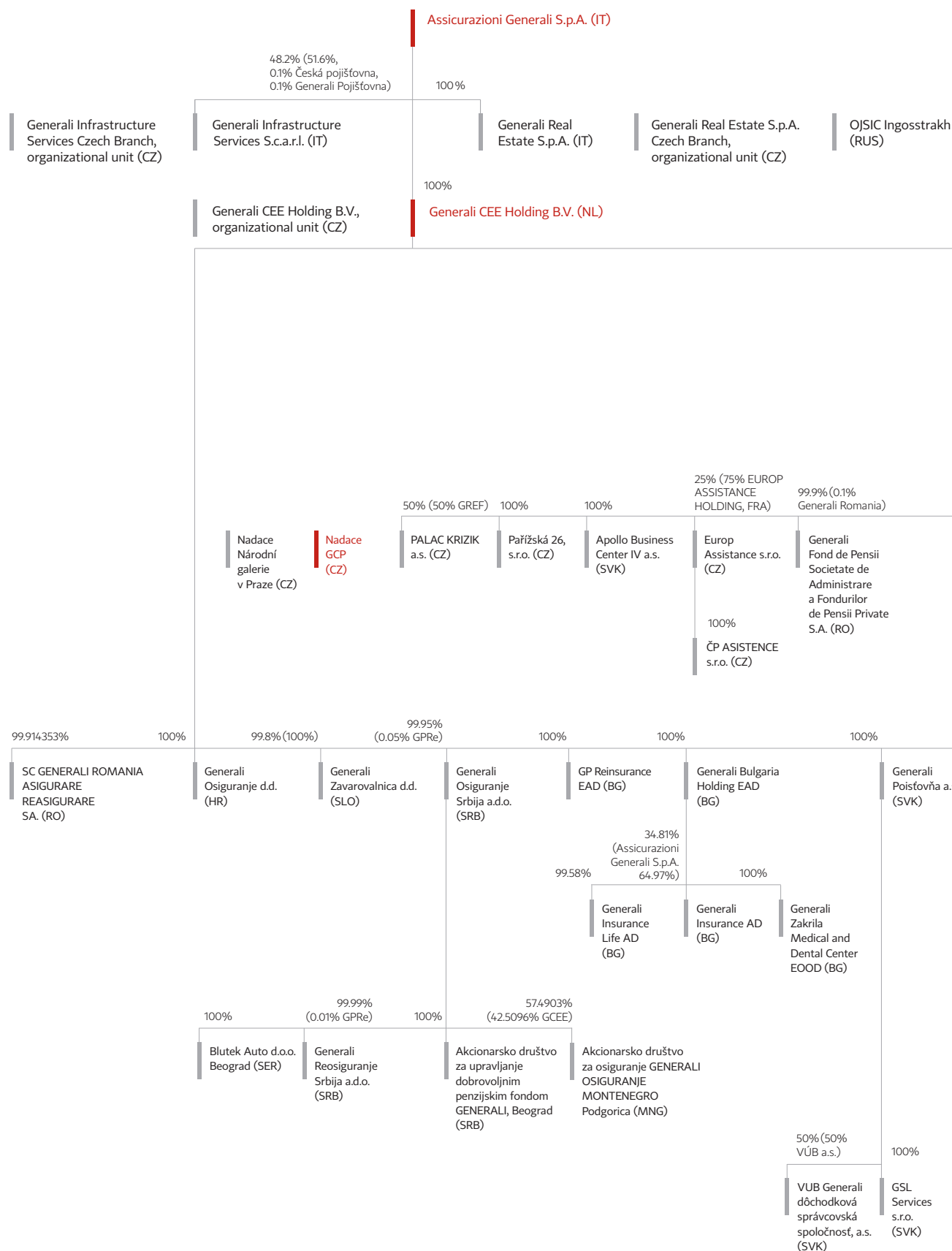
**Ing. Pavel Mencl**  
Chairman of the Board of Directors

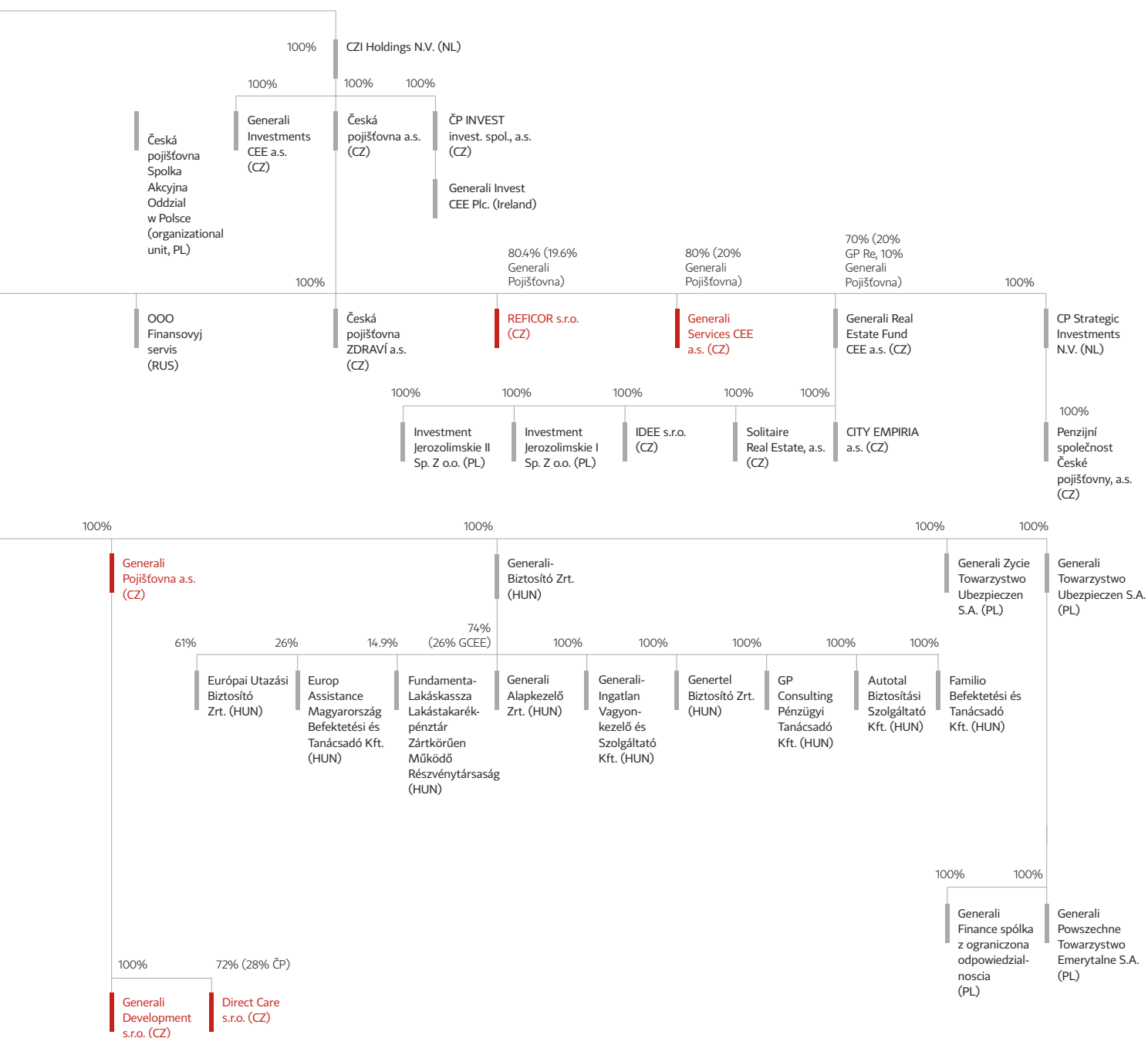


**Mgr. Petr Bohumský**  
Vice-Chairman of the Board of Directors

## ANNEX TO THE REPORT ON RELATED-PARTY TRANSACTIONS

### Group structure displayed in the organisation chart





# Addresses

## Generali Pojišťovna a.s.

### General Directorate

Bělehradská 132, 120 84 Praha 2, Telephone: 221 091 111, Fax: 221 091 300

### Administration Centre

(policy management, claim settlements)

Na Pankráci 123/1720, 140 21, Praha 4, Telephone: 221 091 111, Fax : 221 091 300

## Regional Commercial Service Directorates

### Prague I Regional Directorate

Vinohradská 174, 130 00 Praha 3, Telephone: 221 099 990, Fax: 221 099 995

### Prague II Regional Directorate

Na Pankráci 26, 140 00, Praha 4, Telephone: 221 091 881, Fax : 221 091 882

### České Budějovice Regional Directorate

Husova Třída 1632, 370 05 České Budějovice, Telephone: 385 799 810, Telephone: 385 799 813

### Plzeň Regional Directorate

Anglické Nábřeží 1, 301 00 Plzeň, Telephone: 377 923 211, Fax: 377 224 556

### Ústí nad Labem Regional Directorate

Revoluční 2, 400 01 Ústí nad Labem, Telephone: 475 318 533, Fax: 475 200 447

### Hradec Králové Regional Directorate

Gočárova tř. 492, 500 02 Hradec Králové, Telephone: 495 532 909, Fax: 495 532 619

### Brno Regional Directorate

Veveří 111, 616 00 Brno, Telephone: 541 581 111, Fax: 541 243 602

### Ostrava Regional Directorate

Varenská 1, 701 00 Ostrava 1, Telephone: 595 691 400, Fax: 596 618 875

### Motor Vehicle Test Centre for Prague and Central Bohemia

Novodvorská 994, 140 00 Praha 4, Telephone: 239 042 231, Fax: 239 042 239

Customer service: 244 188 188

Monday to Friday: 7:00 a.m. – 7:00 p.m.

Website: [www.generali.cz](http://www.generali.cz)

Email: [servis@generali.cz](mailto:servis@generali.cz)

### Non-stop assistance service for clients Europ Assistance

Telephone: +420 221 586 666

## Parent company

### Generali CEE Holding B.V.

Diemerhof 32, Diemen 1112 XN, Netherlands

### Generali CEE Holding B.V., organizační složka

Na Pankráci 1658/121, PO Box 39, 140 21, Praha 4, Telephone: (+420) 224 174 444, Fax: (+420) 224 174 613

Email: [info.cee@generali.com](mailto:info.cee@generali.com), [www.generalicee.com](http://www.generalicee.com)



