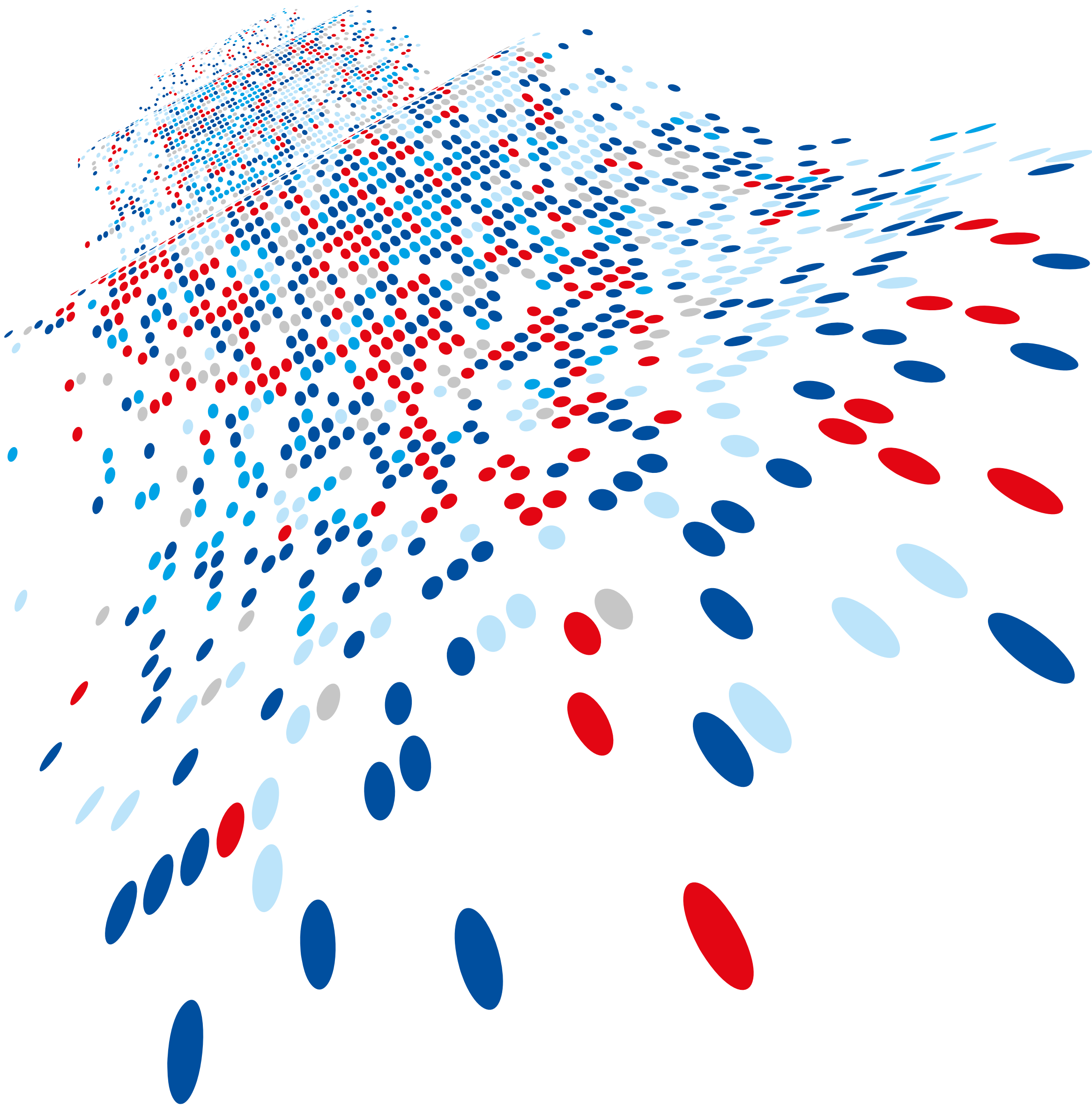


Annual Report

2015

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KEY FIGURES

(in thousands of Czech crowns CZK)	2015
Assets	32,249,001
Equity	3,621,322
Technical provisions	26,247,670
Profit (loss) of current accounting period	790,038
Total written premiums	8,892,147
of this: life assurance	8,202,457
non-life insurance	689,690
Total costs of insurance claims	6,146,685
of this: life assurance	5,932,814
non-life insurance	213,871

YOUR EASY ROAD TO LIFE ASSURANCE



Pojišťovna České spořitelny is one of the largest insurance companies in the field of bank insurance on the Czech market. The comprehensive sale of products, including subsequent client service, is covered by two distribution channels.

THE BRANCH NETWORK OF ČESKÁ SPOŘITELNA

Clients are cared for by more than 3,900 consultants at Česká spořitelna. They deliver the maximum availability of insurance products for clients as well as comprehensive sales and aftersales service at more than 640 locations in the Czech Republic.

THE EXTERNAL NETWORK OF POJIŠŤOVNA ČESKÉ SPOŘITELNY

A professional client service is provided by approximately 157 external contractual partners. Consultants maintain a flexible approach to clients, adapting the time and place of appointments to suit client needs. Our products are thus always available to the client.

IN 2015 WE RECEIVED A SLEW OF AWARDS FOR OUR PRODUCTS, COMMUNICATION WITH CLIENTS AND INSURANCE MANAGEMENT SERVICES:

Insurance Company of the Year 2014

AČPM – **first** place in the category Insurance Company of the Year 2014.

Zlatá koruna (Golden Crown)

In the category Life Assurance of the Year, the Company ranked **first** for the seventh consecutive time for the FLEXI Life Assurance product; FLEXI Life Assurance – JUNIOR for children was awarded the bronze.

In the first competition of the **ChytryHonza.cz** website for the top innovator in the financial sector, the Company received the **Cena pokroku (Progress Award) 2015** in the insurance services category for on-line amendments with an option of biometric signature.



COMPANY PROFILE

2015

Pojišťovna České spořitelny continued its marketing campaign “Twice as much with FLEXI”, offering more favourable terms to keep promoting insurance against serious risks - death, disability and serious illnesses and injuries. In a new promotional event, the Company offered coverage of risks not only for new clients, but also for the existing policyholders. The Company’s flagship product - life assurance FLEXI – won several awards. It placed first for the seventh consecutive time in the Zlatá koruna (Golden Crown) competition. Children’s insurance FLEXI Life Assurance – JUNIOR was awarded the bronze in the same competition. In the Fincentrum Bank of the Year 2015 contest, the Company ranked second in the category Life Assurance of the Year 2015. Pojišťovna České spořitelny took the first place in the ChytryHonza.cz website competition and received the Cena pokroku (Progress Award) 2015 for online amendments with biometric signature in the highly competitive field of IT technology innovation. In addition, the Company scored success in difficult conditions of the contracting insurance market, where it recorded an increase in both market share and production.

2014

Pojišťovna České spořitelny launched a marketing campaign under the banner “Twice as much with FLEXI”, aimed at promoting the inclusion of cover for serious risks in new insurance policies. The strategy was also reflected in an advertising spot. The Company financially supported the Centrum Paraple (Paraplegic Centre) project “Mum-Dad in a Wheelchair” and moved ahead in cooperation with Nadace Jedličkova ústavu (Jedlička Institute Foundation), supporting the needs and interests of handicapped children and adolescents. The money went to the S FLEXI do života (Live life WITH FLEXI) transit programme

and towards specific gifts and aids for clients of the Jedlička Institute. The Company’s employees also made financial contributions to help children and actively participated in Charity Days. Pojišťovna České spořitelny won second place in the Insurance Company of the Year 2013 awards and took first place with FLEXI Life Assurance in the category of Life Assurance of the Year in the Zlatá koruna (Golden Crown) competition. The company achieved CZK 11.9 billion in written premiums and insured more than 1.9 million clients. Since January 2015, FLEXI has also been able to insure more serious illnesses for the same price and accept more clients for insurance; it introduces decreasing annuity sums insured for serious risks and offers better security for disability at the same rates.

2013

Pojišťovna České spořitelny won two prestigious awards in the Zlatá koruna (Golden Crown) competition, this being for first place (with FLEXI Life Assurance) and third place (with FLEXI Life Assurance – JUNIOR) in the category Life Assurance of the Year. The Company was also successful in the Insurance Company of the Year 2012 survey, winning first place in the Life Assurance category. FLEXI underwent innovation at the end of the year. It now offers clients progressive daily benefits, incapacity benefits from the very first day and various risks for children insured under a single contract. Pojišťovna České spořitelny achieved a level of premiums written of CZK 11.4 billion and insured more than 1.9 million clients. The insurance company is also active in the field of CSR. Its employees actively participate in Charity Days. A financial contribution was awarded to Bambiriáda, an event which supports the active and safe spending of leisure time by children. In cooperation with Centrum Paraple (Paraplegic Centre), the Company continues to support handicapped fellow citizens and families with

children. At the end of the year, the Company established cooperation with the Jedlička Institute (an institute for handicapped children).

2012

In 2012 Pojišťovna České spořitelny defended its gold-medal place in the Zlatá koruna (Gold Crown) competition and won silver in the Hospodářské noviny competition in the category of Best Insurance Company of the Year. In March the company launched a new product on the market, funeral insurance. In October FLEXI unified the rates for insurance risks and underwent innovation. It now offers clients double indemnity for death in a car accident, it extended third-degree disability insurance to include long-term care for free, it enabled the advance payment of insurance benefits and clients who go seven years without a serious health incident are considered healthy. Pojišťovna České spořitelny attained CZK 10.7 billion of written premiums and insured more than 1.9 million clients. In cooperation with Centrum Paraple it continues to support handicapped fellow citizens and families with children. Bambiriáda, an event to support active and safe ways for children to spend their free time, also received a financial contribution. Our employees are actively involved in the Days for Charity.

2011

This year Pojišťovna České spořitelny celebrated its achievements with FLEXI Life Assurance, which won the Zlatá koruna (Golden Crown) competition. At the same time, we won the title Best Insurance Company of 2011 and Most Client Friendly Insurance Company 2011. At the start of the year FLEXI Life Assurance underwent some innovations, in which we presented a unique programme, InSpiral, that allows the policy parameters to be modified to take advantage of the product’s other benefits. We also introduced bonuses for loyalty

and no claims or insurance for recreational sports risks. We generated more than CZK 10 billion in premiums written and insured over 1.9 million clients. Working with Centrum Paraple and SPID handicap, o.p.s., we continue to support handicapped fellow citizens and families with children. We also made a donation to the Krtek (Mole) children's cancer foundation. Our employees are actively engaged in the Days for Charity scheme.

2010

In March 2010, FLEXI Life Assurance celebrated its 10th anniversary on the Czech market with more than 900,000 people insured. The company's long-term economic stability was strengthened by the general meeting in May, when it was decided to increase the basic capital by CZK 782.9 million to a total of CZK 1.9 billion. Pojišťovna České spořitelny also enjoyed success in various competitions. Our core product FLEXI Life Assurance defended its victory from the previous year in the Zlatá koruna (Golden Crown) competition in the Life Assurance category. We came first in place in the category Insurance Company of 2009 – Life Assurance and in one of the competition's main categories, Insurance Company of 2009, we defended our victory for the fourth time in a row. Petr Zapletal, Chief Executive Officer of Pojišťovna České spořitelny, also won an award in the first year of the Insurance Officer of the Year competition. The success of 2010 was also underscored by the fact that for the first time in our history we managed to exceed the limit of 9 billion in written premiums.

2009

At the beginning of 2009, we presented the new comprehensive FLEXI Life Assurance, which merged the products FLEXI, FLEXI INVEST 2008 and FLEXI H-FIX into a single product. The quality of this insurance is testified to by the fact that more than 200,000 clients made use of FLEXI Life Assurance in 2009 and also by the number of awards the insurance product won. In the Fincentrum Bank of the Year competition FLEXI Life Assurance won the Life Assurance of 2009 category, and it won two of the highest awards in the Zlatá koruna (Golden Crown) competition, those being in the categories of Life Assurance and Innovation of the Year. In the Insurance Company of 2008 competition, we won in all categories relating to life assurance. The Association of Czech Insurance Brokers awarded us the highest award in the categories of insurance company of 2008 in Life Assurance, Innovation of Insurance Products, Cooperation with Brokers and in the category of Claims Settlement. The FLEXI Life Assurance product crowned its success with a victory in the category of Insurance Product of 2008. In 2009, the company name was changed to Pojišťovna České spořitelny, a.s., Vienna Insurance Group.

2008

In September 2008 Pojišťovna České spořitelny became a member of the Vienna Insurance Group. In the same year FLEXI INVEST 2008 unit-linked life assurance was voted winner in the category of Life Assurance of 2008 in the MasterCard Bank of the Year 2008 competition. At the same time, we won the Silver Crown in the Life Assurance category. Likewise in 2008, the Association of Czech Insurance Brokers awarded us Insurance Company of 2007 in life assurance and the FLEXI product won the highest award in the Insurance Product category. We were awarded the title of Best

Insurance Company in the area of Settlement and Innovation in Insurance Products.

2007

2007 was marked by important product changes. We innovated one of our most successful products, FLEXI Flexible Life Assurance, we introduced a new type of unit-linked life assurance, FLEXI H-FIX, and for 2008 we prepared an innovation to FLEXI INVEST unit-linked life assurance.

2006

During 2006, we strengthened our position in the life assurance market, defending thus vindicating our ranking among the five major life assurance companies. In addition, we gained the title Insurance Company of 2006 in the Life and Accident Insurance category in a survey organized by the Association of Czech Insurance Brokers. Our client numbers exceeded half a million.

2005

In 2005, we came up with several product innovations. The KVATRO and HYPOTÉKA Credit Life Assurance products made their mark among insurance representatives. At the end of the year, the product portfolio was enriched with a new insurance scheme for children, characterized by high flexibility, reflecting the needs of the child or the family. It went under the name of JUNIOR Flexible life Assurance.

2004

From 2004 onwards, we specialized in the sale of life assurance via the Česká spořitelna branch network and selected external networks. However, the Česká spořitelna Financial Group continues to offer its clients certain products through its strategic partner. We operate as the “competence centre“ of the Česká spořitelna Financial Group and, together with a strategic partner, the Kooperativa insurance company, we provide highly standardized general insurance products intended for the Česká spořitelna branch network. A significant addition to our products was FLEXI INVEST Unit-linked Life Assurance, which offers clients a choice of three investment programmes and a wide range of insurance for life risks.

2003

With regard to the development of the insurance market in the Czech Republic and the European Union, and also with regard to the fact that Česká spořitelna and the Erste Bank group specialize in the area of life assurance and bancassurance, in late 2003 the shareholders of Pojišťovna České spořitelny decided to sell the non-life insurance part of the company to Kooperativa.

2001

Under the influence of the transformation of Česká spořitelna and its entire financial group, as of 17 September 2001 we took on the new name of Pojišťovna České spořitelny. The change in the business name is related to the changes in the corporate colours, names and logos of the entire Česká spořitelna Financial Group, which are based on the composition of its majority owner – Erste Bank. There were also changes in the area of providing services to clients and the company’s management culture. There was development in sales of our insurance products offered in Česká spořitelna’s network of branches, in what is now called bancassurance.

2000

Within the framework of privatizing Česká spořitelna we also underwent a thorough legal and financial audit. This resulted in a new shareholder entering at the end of 2000. The largest Austrian life assurance company, Sparkassen Verisicherung, a member of the Erste Bank Financial Group, acquired a 45% stake in the company by increasing the share capital by CZK 500 million. We put FLEXI Flexible Life Assurance on the market, a unique product for a new generation.

1995–1999

In 1995, we were the first insurance company in the Czech Republic to put insurance for very serious diseases onto the market, under which claims can be made if a client is diagnosed with a disease. An important milestone in the Company’s history was the capital input of Česká spořitelna in 1995, which, in addition to the required capital base, brought the background of the strongest financial group in the Czech Republic. The importance of a good quality shareholder structure was demonstrated in 1997, when the whole insurance market was negatively hit by the impact of extensive flooding.

1992–1994

Pojišťovna České spořitelny was founded in 1992 using Czech private capital. In January 1993, we began our insurance activities under the name Živnostenská pojišťovna. Our aim was to provide insurance services, in particular to the rising entrepreneurial sphere. With the development of insurance activities, we also started to expand our offer of insurance schemes for the general public.

INTRODUCTORY WORD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear clients, shareholders and business colleagues,

2015 was an extraordinarily successful year for Pojišťovna České spořitelny. Although the life assurance market was unsettled due to internal problems stemming from low interest rates, early termination of contracts and declining demand of the population for taking out insurance policies, the Company's products and services have attracted more than 1.5 million clients to date. In the past year, written premiums from current-premium policies climbed by 3.4% (life assurance premiums rose even by 4.4%, whereby the market contracted by 2.1%). Single-premium policies were the only segment that showed a significant decline in written premiums. The reason for the slump is that the market environment with extremely low interest rates does not allow to offer our clients value-added products at acceptable rates.

Our priority is to continue to highlight the importance of life assurance emphasizing risks, including very serious illnesses such as cancer or diseases caused by ticks. We devised and implemented this strategy in previous years and consider it very beneficial for further growth of the life assurance market.

The implementation of a new method of preparing paperless insurance policies in everyday operations was a great success. This process using biometric signature provides comfort for both customers and advisors drafting insurance policies, while maintaining a high level of protection against any misuse. Subsequently, last year the Company received the Cena pokroku (Progress Award) in the category of insurance services for on-line amendments in the competition for the best innovator in the financial sector. We greatly appreciate this award, the more so because the digital world is a hot topic in financial services and there is tough competition in the ranks of innovators.

The seventh consecutive Zlatá koruna (Golden Crown) award in the prestigious competition for the products of banks and insurance companies reaffirmed the quality of our top product, FLEXI Life Assurance. This success was underscored with a third place won by children's insurance FLEXI Life Assurance – JUNIOR.

I would like to thank all employees, business partners and especially our clients, who bestowed their trust on us, for all the foregoing achievements.

I value the excellent work of our employees and business partners. I would like to reassure our current and future clients that a partnership with us is a prerequisite for providing quality services and top products.



RNDr. Petr Zapletal, MBA
Chairman of the Board of Directors

ECONOMIC HIGHLIGHTS

in thousands CZK	2012	2013	2014	2015
Assets	29,262,587	30,877,537	32,686,701	32,249,001
Equity	3,355,574	3,225,270	3,543,822	3,621,322
Financial placements	26,780,771	28,364,959	30,093,911	29,227,791
Technical provisions	24,007,183	25,616,623	26,791,114	26,247,670
Profit (loss) of current accounting period	1,018,418	792,052	855,121	790,038
Total written premiums	10,702,266	11,355,789	11,918,758	8,892,147
of this: life assurance	9,897,341	10,594,630	11,201,393	8,202,457
non-life insurance	804,925	761,159	717,365	689,690
Total costs of insurance claims	6,745,877	6,832,406	7,837,144	6,146,685
of this: life assurance	6,556,934	6,635,313	7,635,905	5,932,814
non-life insurance	188,943	197,093	201,239	213,871
Number of policies concluded as at 31 December	789,964	782,631	786,370	781,615
of this: life assurance	740,970	736,852	743,212	740,660
non-life insurance	48,994	45,779	43,158	40,955
Average number of employees (FTE)	239	255	269	278

MEMBERS OF THE COMPANY'S EXECUTIVE BODIES AT 31 DECEMBER 2015

Members of the Supervisory Board

Chairman of the Supervisory Board

Ing. Martin Diviš, MBA – Chairman of the Board of Directors of Kooperativa Pojišťovna, a.s., Vienna Insurance Group

Vice-chairman of the Supervisory Board

Dkfm. Hans Raumauf – Member of the Management Board of the majority shareholder, Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group

Member of the Supervisory Board

Dr. Hans - Peter Hagen – CEO and Chairman of the Management Board, Vienna Insurance Group Wiener Städtische Versicherung AG

Member of the Supervisory Board

Mag. Erwin Hammerbacher – member of the Board of Directors of Sparkassen Versicherung AG

Member of the Supervisory Board

Mag. Roland Gröll – Director of Finance and Accounting, Vienna Insurance Group, AG

Member of the Supervisory Board

Ing. Jiří Drahoš – Head of the Controlling and Reporting Department, Pojišťovna České spořitelny, a.s., Vienna Insurance Group

Member of the Supervisory Board

Ing. Petr Kohoutek – Head of the Insurance Department of Pojišťovna České spořitelny, a.s., Vienna Insurance Group

Member of the Supervisory Board

Ing. Petr Procházka – Head of the Product Management Department, Pojišťovna České spořitelny, a.s., Vienna Insurance Group

Board of Directors

Chairman of the Board of Directors

RNDr. Petr Zapletal, MBA

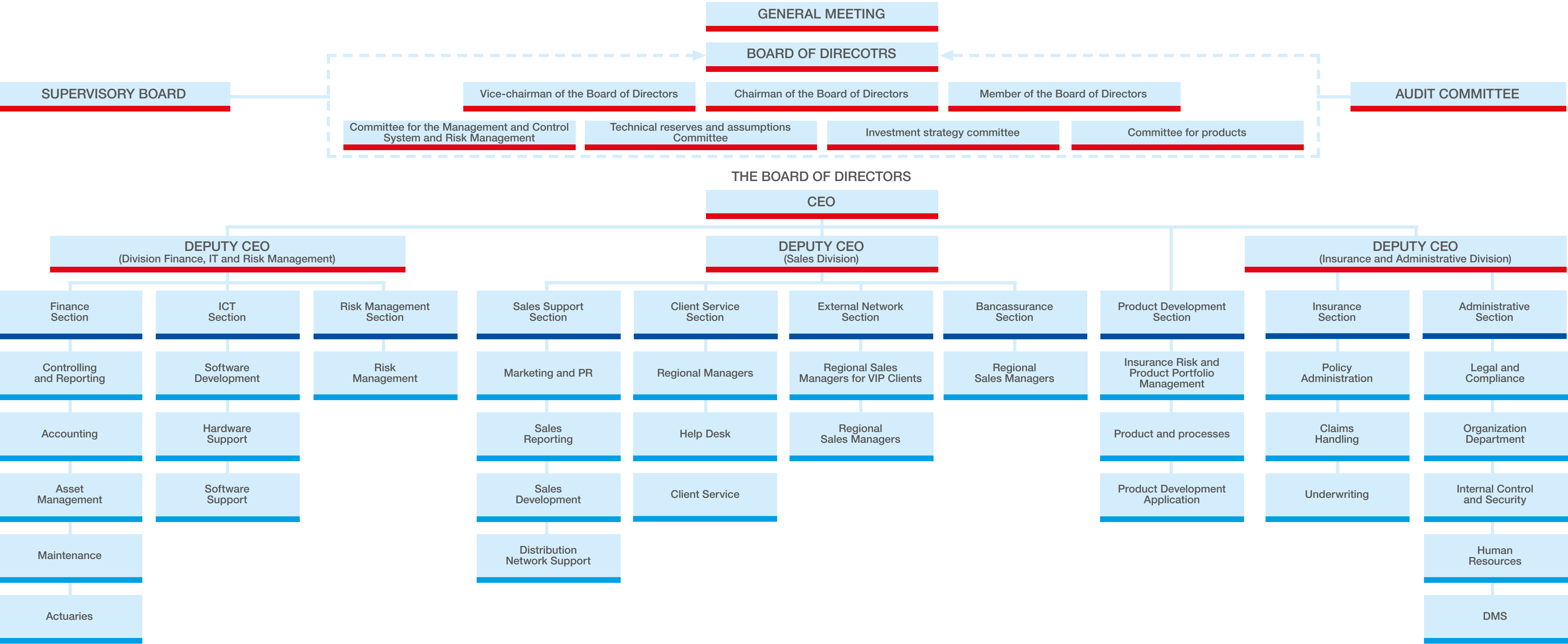
Vice-chairman of the Board of Directors

Ing. Jaroslav Kulháněk

Member of the Board of Directors

Ing. Tomáš Vaníček, MBA

ORGANIZATIONAL STRUCTURE AT 31 DECEMBER 2015



The Company does not have any branch abroad.

REPORT BY THE BOARD OF DIRECTORS

The predictions defined at the beginning of 2015 materialized during the year - with only minor exceptions. Developments and discussions concerning the regulation of life assurance commissions continued throughout the year and had a direct impact on the deterioration of relations and cooperation with some distributors. Another major issue was that the Lower House at the last moment failed to pass the long-postponed regulations regarding an approach to the Solvency II system in the new Insurance Act. It should be noted that this uncertainty is bound to persist at least through the first half of 2016.

The trend in the financial markets reflected strong pressure of central banks. The ongoing quantitative easing of the European Central Bank resulted in a further decline in yield curves on the bond markets of the EU economic and monetary union and the related growth in prices of Czech government bonds. Initially, the stock markets pushed yields up, but in the second half of 2015 the markets grew volatile due to a decline in China's currency, and there were some major sell-offs. As a result, the stock markets confirmed our predictions regarding the possibility of securing better yields, but failed to deflect high and difficult to predict volatility.

The low-interest environment was not favourable for the sale of single-premium insurance. This development compelled the Company's Board of Directors to terminate the sale of single-premium insurance as at 31 March 2015. The main reason was a high reputational risk, compounded by the impossibility to ensure for our clients at least a return on investment within an acceptable contractual term, and the poor cost-effectiveness of selling this type of insurance. The beginning of the year was still influenced by the impact of changes in conditions regarding tax deductibility of life assurance, which in late 2015 became

manifest in lower demand for tax optimization of life assurance and a slower pace of growth in written premiums.

The foregoing developments adversely impacted the insurance market in terms of the written premium trend. The sale of single-premium insurance tumbled by nearly 27%. The decline was primarily due to the lingering low-interest environment and the economics of this type of insurance. The sale of current-premium insurance did not surpass the 2014 volume as premiums written in this segment also decreased by 2.1% year-on-year. Overall, the life assurance market fell by CZK 1,620.89 million to CZK 44,526.7 million, which accounts for a year-on-year drop of 3.5%.*

If 2014 was marked by strong competition in terms of product offerings and distributors' motivation, the following year reinforced this development due to the nervousness and expectations concerning the impact of insurance regulation. Insurers failed to find a tool to slow down the trend of early policy terminations. Furthermore, the competition began to focus on offering solely risk insurance and promoting it with an emphasis on reduced fees. These activities did not result in better or new coverage, as they were driven mainly by an effort to reduce the insurance rates and, as a rule, only increased the economic cost of insurance.

The key tasks and objectives of the Board of Directors of Pojišťovna České spořitelny in 2015 were based primarily on the business strategy aimed at offering profitable products with high added value to final customers. The Company's flagship product was again the successful Flexi Life Assurance with high flexibility of coverage and guaranteed customer service for the duration of the insurance policy. In the year

under review, Company management continued to implement product innovations, foster loyalty of both customers and business partners, and improve the stability of the insurance portfolio.

In the past year, the Company also focused on the need to provide security for families and individuals when tackling unexpected serious situations that may affect their everyday life. For this reason, the product offer in the segment of insurance against serious illnesses was expanded and the rates became more favourable. In addition, some eligibility limits were eased and restrictions relaxed in favour of clients (e.g. new risks of very serious diseases were included, maximum coverage of disability insurance was upped without raising rates, insurance allowed for an option to exclude an illness from the policy, etc.).

In the course of the year, the Company launched promotional events aimed at highlighting risks with a serious impact on health. This time, the Company chose to focus on oncological ailments and diseases caused by ticks. In both cases, the clients were offered double benefits in the event of an insurance claim, while the original insurance rates were maintained. The aforementioned promotional events diversified the offered services, were part of advertising campaigns and undoubtedly contributed to boosting responsible behaviour of the broad public when dealing with the effects of such health problems on families. The sales strategy was based on the provision of security when very serious risks arise, and was focused on the target group represented primarily by families. The role of life assurance is to provide security for family members in different life situations, with respect to the changing conditions of lives of individual family members. Customer demand for our product Flexi Life Assurance has demonstrated that this product not only covers a broad range of risks

* data on market trends in ČAP methodology for 2015

arising in everyday life, but also is flexible enough to swiftly respond to the changing circumstances of our clients and their loved ones.

The Company conformed its further development to the need for maintaining business continuity, while meeting its business targets and ensuring financial stability. In an environment of growing competition and tighter regulatory requirements for demonstrating financial health of insurers, as well as requirements for consumer protection, these steps are associated with rising costs of both human resources and materials.

In 2015, the Company completed the project for the implementation of the Solvency II requirements. At the end of the year, an independent audit of preconditions and compliance with the Solvency II requirements was performed. The audit confirmed the Company's readiness not only in respect of the formal fulfilment of the preconditions, but also in the increasing practical use of newly obtained information for managing the Company, and therefore the viability of the current system in the ordinary course of business. The Company may now take advantage of a system allowing for efficient risk identification and quantification and briefing Company management accordingly in a timely manner on potential risks in order to adopt adequate protective measures.

To date, the Company has managed to keep costs under control, while expecting to continue to boost management efficiency and labour productivity. In business, this translates primarily into efforts to streamline products and improve their transparency. The implementation of these goals provides a solid basis for the expansion and reinforcement of the proportion of electronic support in the sales of insurance services, further enhancement of automation

and facilitation of the administration of insurance policies, as well as communication with clients. On the one hand, this strategy makes insurance services more attractive, increases the promptness of response to client requirements (i.e. timely payments of benefits, support for communication with clients, etc.), and also reduces the occurrence of errors in transmitted documents and strengthens security and protection against insurance fraud. On the other hand, the strategy serves as an effective tool allowing to eliminate the increasing costs of compliance with regulatory requirements (consumer protection, verification of tax treatment of disbursements under FATCA and GATCA legislation, AML measures against money laundering, etc.). Without continuous innovations and investments, particularly in the development of information and communication technologies, the Company would not be able to ensure cost-effectiveness of its operations.

In 2015, the Company focused on strengthening the role of the call centre. In addition to the provision of standard services in the form of telephone and e-mail communications, the centre has introduced retention activities. In the coming period, the Company plans to step up the retention activities on a continuous basis, and for this purpose has created organizational prerequisites corresponding to the Company's market position and the volume of the managed portfolio. Another advantage of expanding the centre's capacity to include retention activities is increased use and efficiency of the previously implemented monitoring and management of customer experience.

Sales in 2015 were executed on the basis of a mix of distribution channels, i.e. through external partners and the Česká spořitelna branch network. Unfortunately, collaboration with some distributors was affected by anticipated changes in the regulation of commission

payments, resulting in a decline in the proportion of sales of both Company insurance and insurance as a whole, due to the diversification of distributed financial services. Despite these developments, the Company succeeded in surpassing the previous year's result in the sale of current-premium insurance by 4.4%. Sales through the Česká spořitelna branch network were influenced by the termination of the sale of single-premium insurance. The segment of single-premium insurance thus generated only 41% of the 2014 volume, which had a negative impact on the total volume of written premiums, where a drop of 25.4% was recorded.

As a result of the decline in the generated single premiums, the proportion of current premiums to total written premiums rose to 74.3%, compared to 53.5% in 2014. The total volume of current premiums amounted to CZK 6,604 million, accounting for a year-on-year increase of CZK 222 million. Single premiums totalled CZK 2,288 million, which represented a decrease of 3,249 million compared to 2014, resulting from the aforementioned termination of the sales through the Česká spořitelna branch network. The volume of written premiums generated in life assurance, recognised according to Czech accounting standards, amounted to CZK 8,202 million. This result ranked the Company third on the insurance market. The Company's 2015 business results account for an overall life assurance market share of 13.8%.**

The non-life insurance segment did not generate the 2014 volume of written premiums and fell by 3.9% year-on-year to CZK 690 million worth of written premium. This pertains to standalone personal accident insurance, incapacity insurance and insurance against loss of employment (in particular for Česká spořitelna clients) as part

** data on market trends in ČAP methodology for 2015

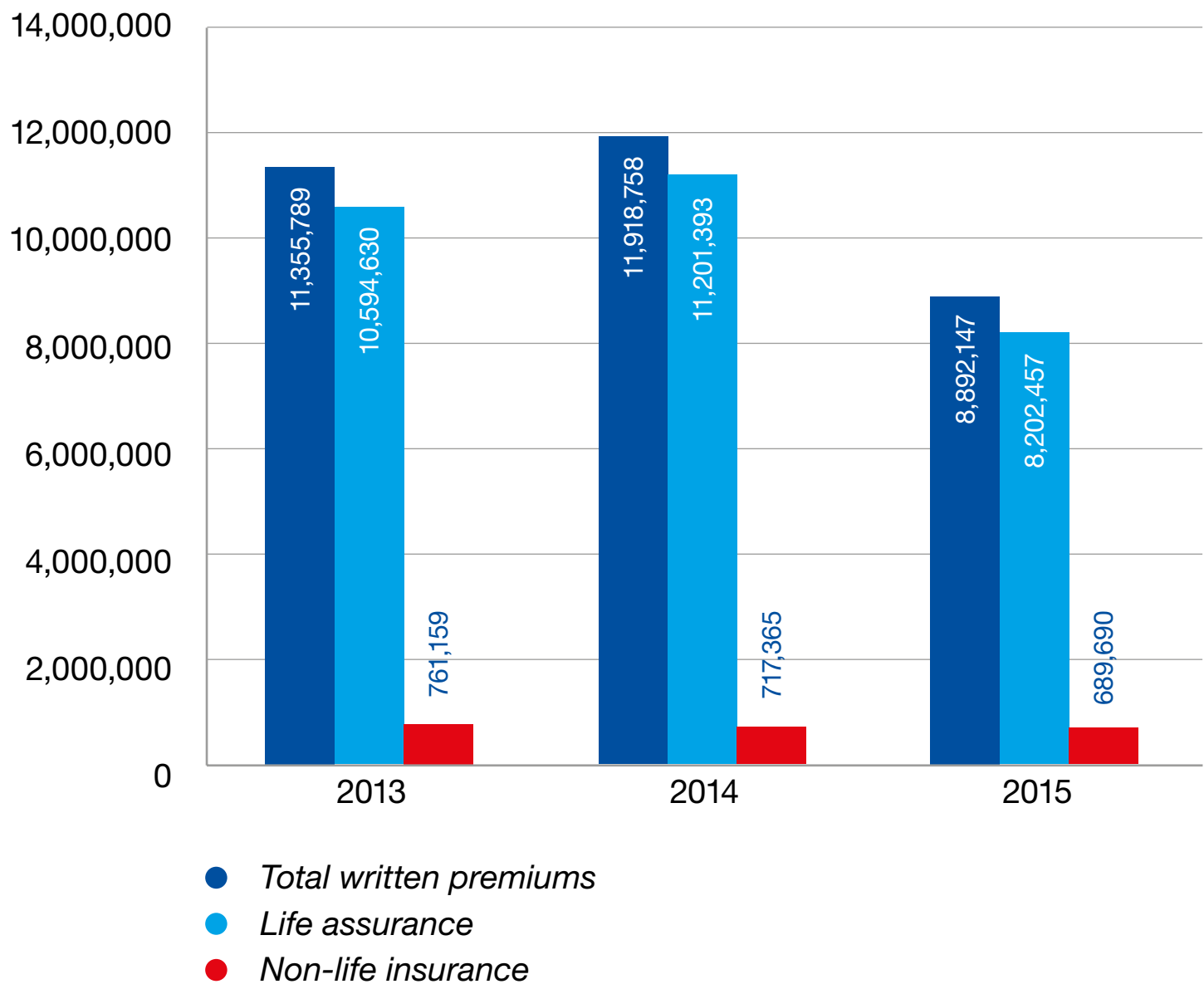
of insurance in connection with loan repayment. The trend in the sale of insurance in this case reflects a similar trend in the sales of consumer loans offered to clients by the bank, where the first half of 2015 saw a slight decline in demand for this financial service. Toward the end of the year, the demand picked up and the Company plans to further develop this type of insurance sales as part of the so-called group insurance. The main reason is that this product represents a comprehensive offer of financial products in the form of bancassurance.

The following graphs document the development of written premiums and market share.

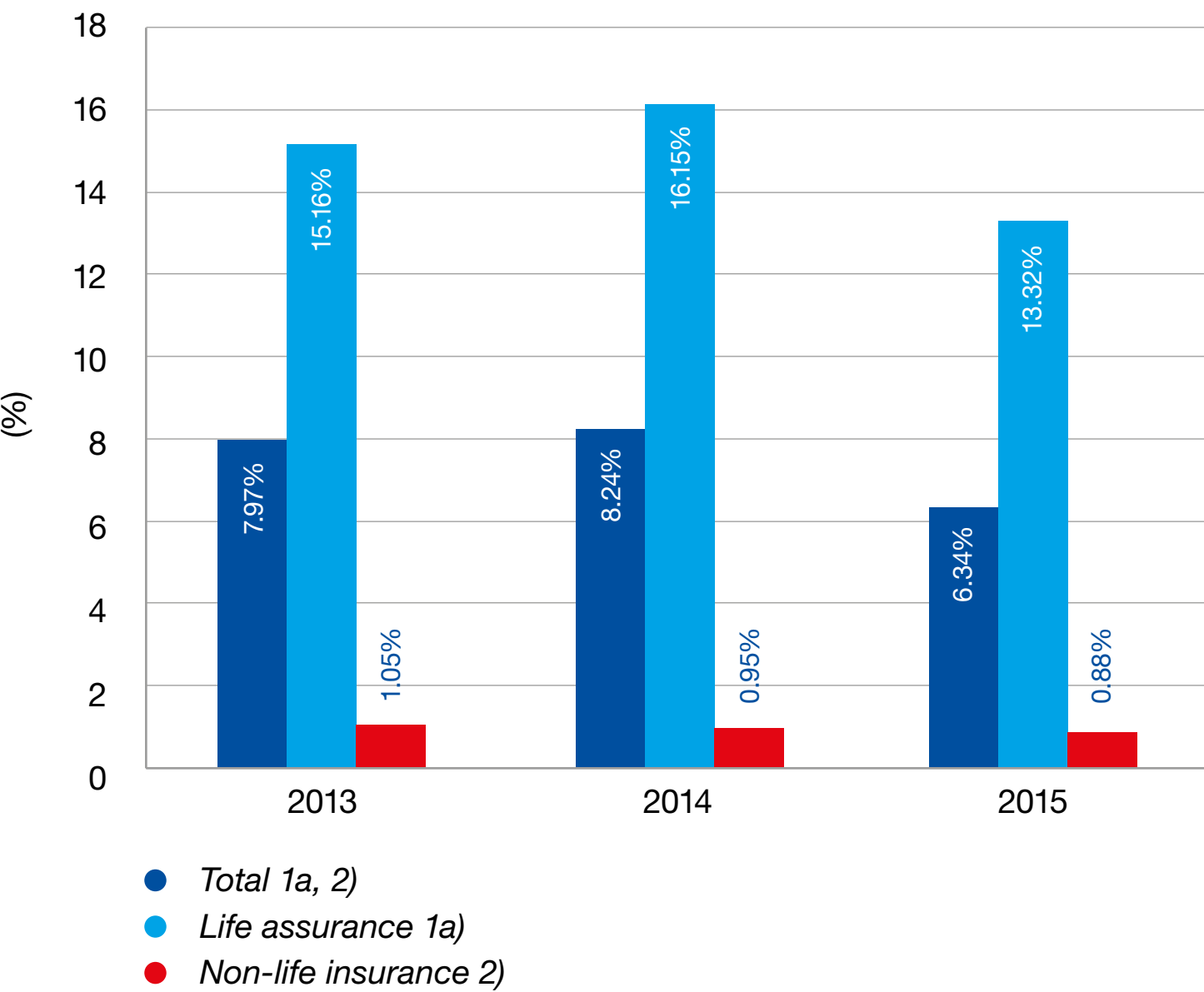
In 2015, Pojišťovna České spořitelny received the following awards for its products, customer service and communication:

- **Insurance Company of the Year 2014** – AČPM – 1st place in the category Life Assurance of the Year for the Flexi Life Assurance product;
- **Zlatá koruna** (Golden Crown) – 1st place in the category Life Assurance of the Year for the Flexi Life Assurance product, for the seventh consecutive time, and 3rd place for the Flexi Junior product;
- **Cena pokroku (Progress Award)** for on-line amendments with biometric signature;
- **Finparáda.cz** – 1st place in the category Unit-linked Assurance for the Flexi Life Assurance product;
- **Fincentrum Bank of the Year** – 2nd place in the category Life Assurance of the Year 2015.

Development in written premiums (in thousands CZK)



Development in market share on the insurance market by written premium (%)



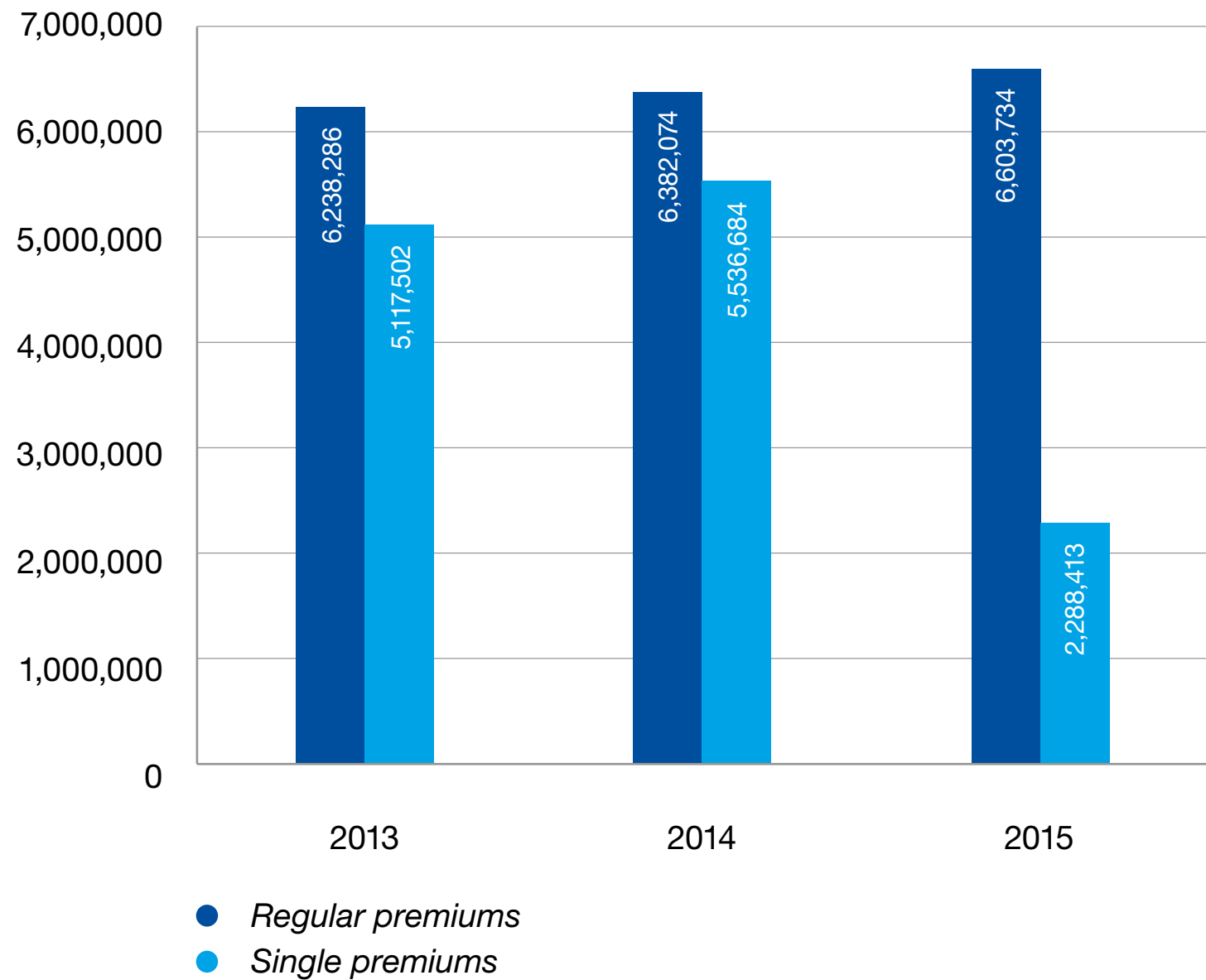
- 1a) Total single premiums are included (according to Czech accounting standards), cross-border transactions are not included.
- 2) Including premiums from non-life insurance assigned to Czech Insurance Association (ČAP) members, not including the workmen's compensation insurance.

Product innovation in 2015 was based on experience gained from our clients and distributors. We gradually redesign our products to reflect, in addition to the acquired knowledge, the demand for simplicity, transparency and quality of the offered portfolio. These changes have improved insurance coverage and flexibility. They include, for example, the redefinition of various degrees of disability, an increase in the maximum coverage to CZK 10 million for each degree of disability, expansion of the number of diagnoses of very serious illnesses, insurance of daily compensation from the 29th day with benefits paid from the first day of treatment of an injury, and other modifications. Besides changes in the scope of coverage, we have also eliminated some insurance-related fees, expanded the offer of guaranteed funds and complemented the product offerings with information about the calculation of the Standardized Cost Indicator.

In 2015, clients who met the conditions for being awarded a no-claims or loyalty bonus were informed about the status of their bonuses in annual reports. Due to the changed conditions regarding tax deductibility, the annual reports now also bring information about the status of the insurance policy and whether or not it meets the conditions for tax deductibility.

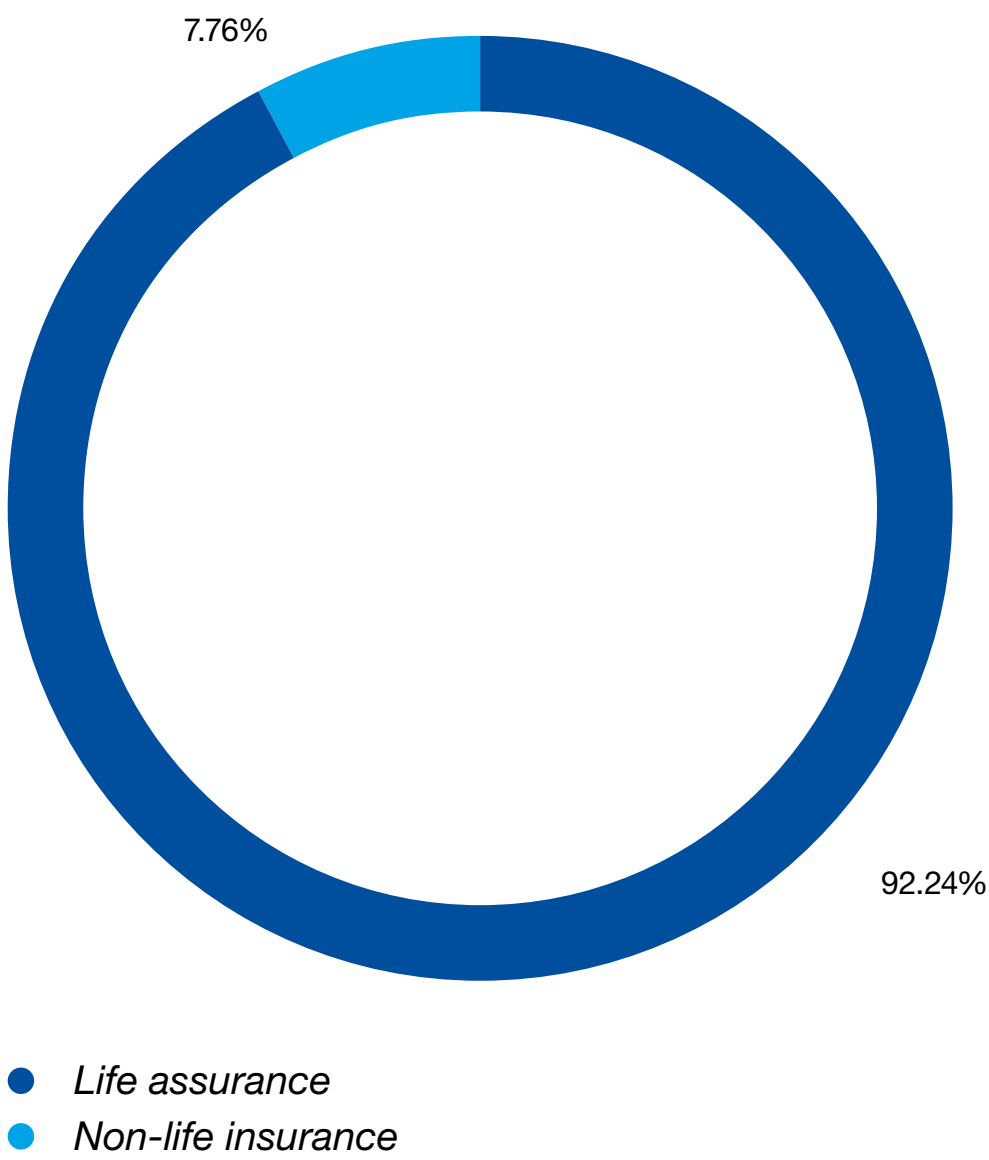
The following graphs provide an overview of the development in the structure of premiums over the past three years.

Development in written premiums (in thousands CZK)



A steady increase in the proportion of current premiums stems from systematic collaboration with distributors, where the sales of insurance services through the Česká spořitelna network (bancassurance) account for a significant share, and is also the result of a long-term strategy focused on growth in current-premium life assurance.

Structure of written premiums in 2015 (in thousands CZK)



The above graph documents the Company's almost exclusive focus on the sale of life assurance. As a result of terminating the sale of single-premium insurance in the period under review, the sale of non-life insurance grew by 1.74% year-on-year.

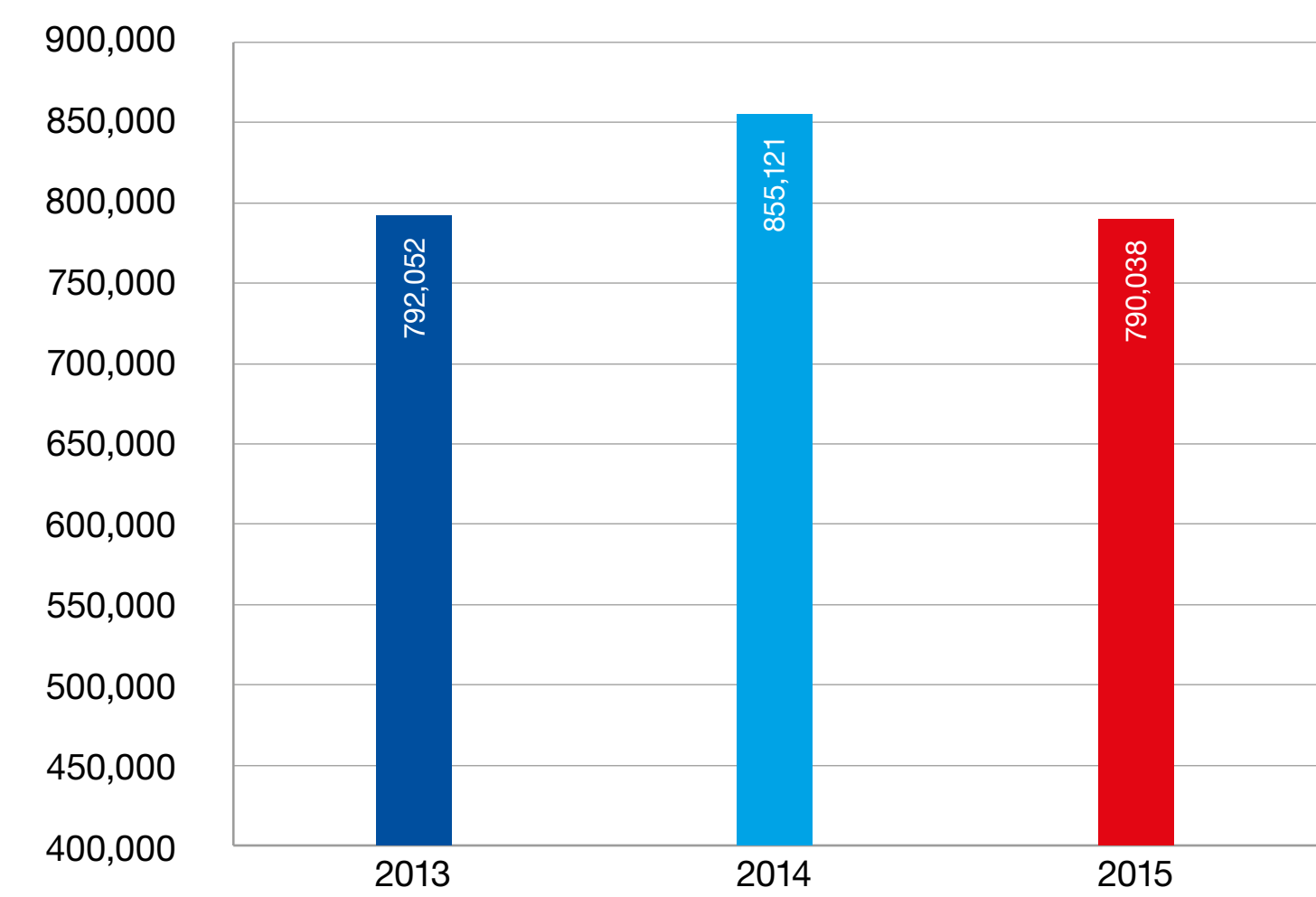
Financial results

The Company posted a profit after taxes of CZK 790.04 million according to Czech accounting standards, which represents a decline of CZK 65.08 million year-on-year. The decline is the result of lower revenues from financial placements of technical provisions and also a decrease in the non-life insurance technical account.

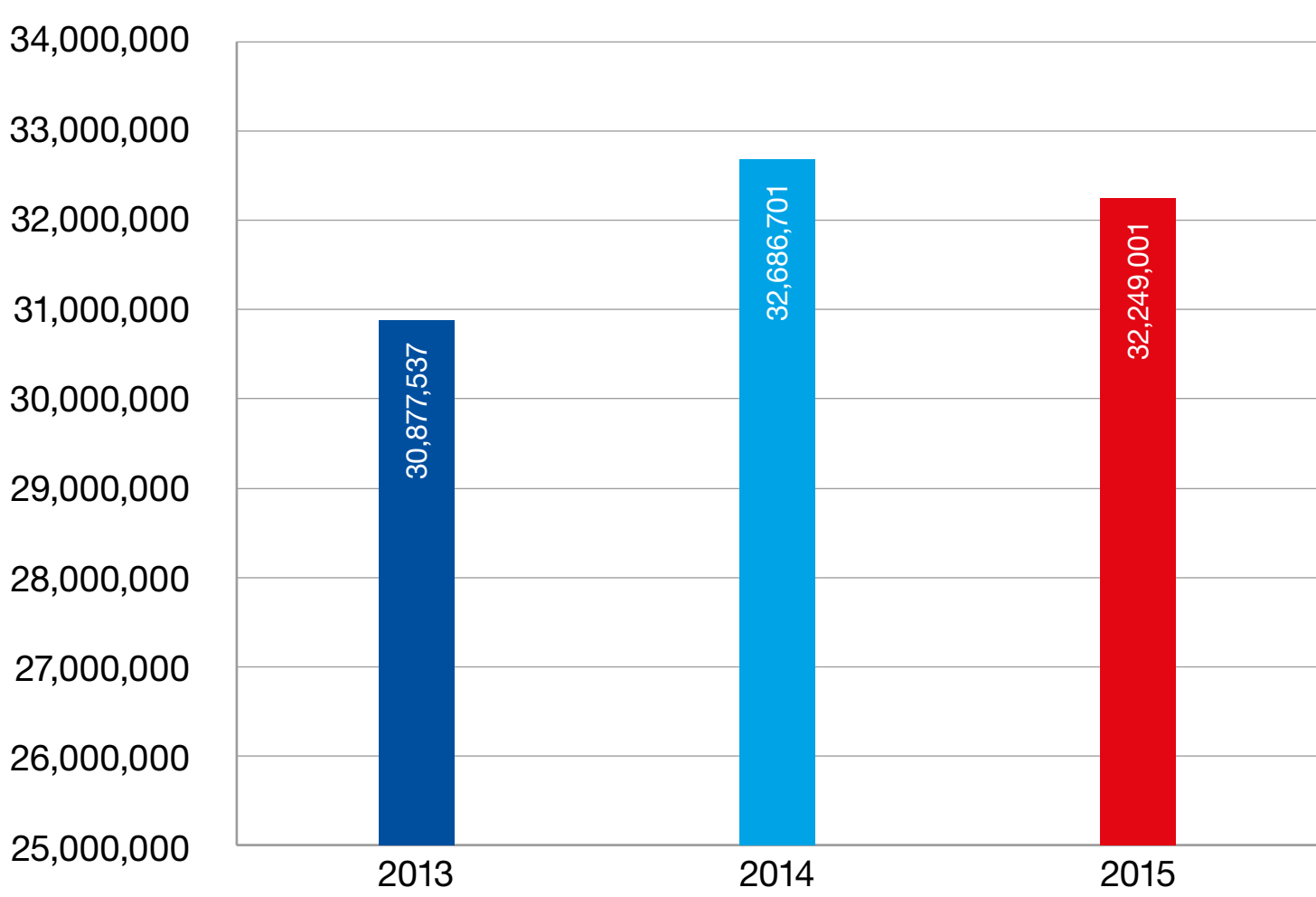
Overall technical provisions amounted to CZK 26,247.7 million, of which the life assurance provision, where the investment risk is borne by the policyholder, totalled CZK 3,413.5 million. At the balance sheet date, the structure of the provisions was as follows: provision for unearned premiums of CZK 27.1 million, life assurance provision of CZK 20,980.2 million, provision for outstanding claims of CZK 1,688.3 million, and other provisions amounting to CZK 138.6 million. In 2015, total provisions dropped by CZK 543.4 million compared to 2014. The decline is due to the reduced sales of single-premium insurance policies, which had a direct impact on the balance of the life assurance provision. Technical provisions for life assurance, where the investment risk is borne by the policyholder, climbed by CZK 47.8 million year-on-year. Provisions are recognised in accordance with applicable legislation and provide the requisite security for covering future insurance claims.

The following graphs show the development in earnings and the balance sum in years up to 2015.

Development in earnings by accounting period (in thousands CZK)



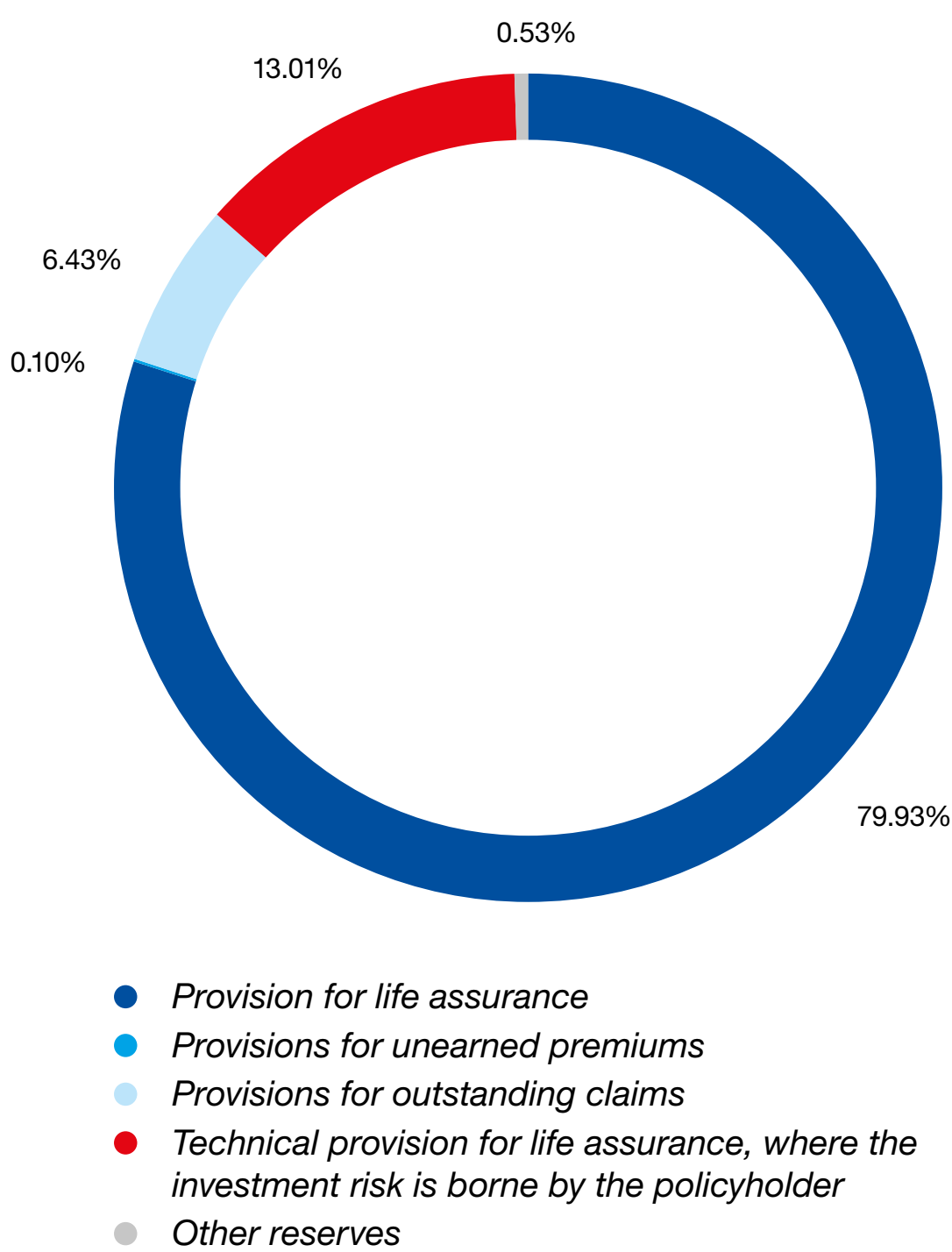
Development in balance sum (in thousands CZK)



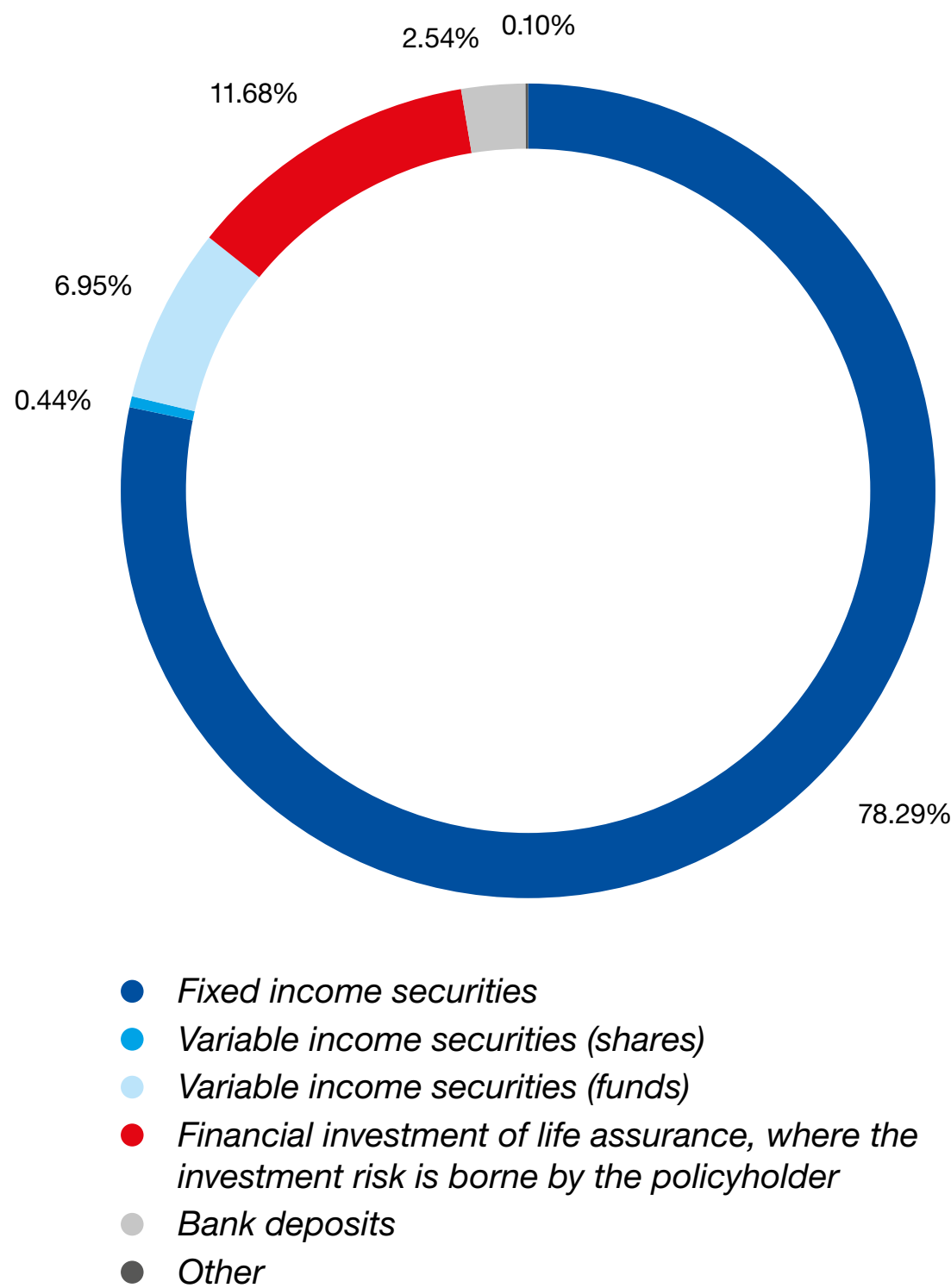
The volume of technical provisions determined the amount of financial investment of funds; 81.4% of these funds represent the Company’s assets. The financial investment portfolio is distributed among various types of financial instruments in accordance with the conditions stipulated by legislation governing business in the insurance sector, and with the requirements for prudent risk management set forth by Company management. The structure of the financial investment portfolio, documented in the graph below, is designed to cover insurance liabilities in the long term, while ensuring adequate security of invested funds for our clients. The financial placements of funds are managed in cooperation with Česká spořitelna’s specialized investment banking units.

In the current low-interest environment, the Company focuses on the importance of prudent policy on the liability side of the balance sheet, with the aim of ensuring long-term financial stability and a return on the commitments made. We credit our clients with a share of profits generated from the funds invested on the financial markets in excess of the average technical interest rate, whereby the average appreciation of life assurance provisions for 2015 accounted for 2.35%. In comparison with the previous year, this result represents a decline of nearly a full percentage point. The decline is due to the persistent low-interest environment on the financial markets.

Structure of technical provisions in 2015



Structure of financial investments in 2015



Pojišťovna České spořitelny meets the requirements and demands of solvency and complies with the required solvency margins imposed on life assurance and non-life insurance, as stipulated in the terms of both Solvency I and Solvency II. In this way the Company provides sufficient security for its clients in terms of settling any liabilities arising from the insurance policies. In reinsurance, operations of Pojišťovna České spořitelny are based on the prudent reinsurance structure and long-term cooperation, in particular with the renowned reinsurance company Swiss Re.

The Company's management and control system

In 2015, the Company completed the implementation of Solvency II regulatory requirements laid down for insurers and fully complied with them in its operations. The Company has gradually introduced new approaches determined by the Solvency system into routine management and control activities as well as the management culture.

Risk management consists of three lines of defence in terms of the Company's organizational structure, where each department has specific powers and responsibilities assigned, including the scope of performed activities. At the end of the year, another manager was appointed for the Risk Management Department, who is responsible for the data quality system. In this field, a project for the compilation of data and business glossaries is near completion, and the process of defining the requirements for ensuring data quality is under way, including data quality assessment metrics. The management and control system therefore covers all operations of the insurance company, while management continuously monitors its functionality and efficiency. Within the scope of control activities, internal audits are performed to regularly monitor the system and inform the Company's Board of Directors and Supervisory Board about the outcome.

The basic structure of reports to the Board of Directors has been determined as part of the second pillar of Solvency II. Under this system, the Board of Directors is briefed on the Company's risk profile on a quarterly basis. The information includes an alert in the event the Company nears the threshold of the set limits.

The Board of Directors has fully implemented the policy of the evaluation of competence and integrity for key positions. Relevant persons have been notified about these positions. At the end of the year, an independent audit was performed to ensure the Company's readiness to meet the Solvency II requirements. The audit has reaffirmed that the management and control system:

- ensures the functionalities of the management and control system;
- sets up the organization and processes to avoid any conflict of interests and ensure the separation of the insurance company's business operations from other activities;
- provides a mechanism for identification of risks to which the Company is exposed during its activities, including processes facilitating risk management and control;
- prepares relevant reports for specific decision-making Company levels;
- is capable of determining and assessing the solvency capital requirement according to the standard SII formula on a quarterly basis;
- an ORSA review was performed and discussed by the Board of Directors. The resulting ORSA report described and assessed management and control system processes, risk inventory, evaluation of process adequacy, and provided information about the risk profile coverage, including the sensitivity of the solvency position and its projection for the future;

- a pilot verification of reporting obligations under the Solvency II third pillar was conducted.

Through these analyses, the Company assessed its financial stability in the year under review. Based on the implementation of the Solvency II requirements, the Company's management and control system is consistent and efficient, and provides the Board of Directors with sufficient information to ensure effective and prudent management of the Company.

In Pardubice, on 18 March 2016



RNDr. Petr Zapletal, MBA
Chairman of the Board of Directors



Ing. Jaroslav Kulhánek
Vice-chairman of the Board of Directors



Ing. Tomáš Vaníček, MBA
Member of the Board of Directors

REPORT OF THE SUPERVISORY BOARD OF POJIŠŤOVNA ČESKÉ SPOŘITELNY, a.s., VIENNA INSURANCE GROUP, FOR 2015

In 2015, the Supervisory Board of Pojišťovna České spořitelny, a.s., Vienna Insurance Group, continuously performed the tasks assigned to it by law and the Company's Articles of Association. As the Company's supervisory and control body, it oversaw the activities of the Board of Directors and the Company's business operations. The Supervisory Board was regularly briefed on the Company's activities and its financial situation, it monitored the fulfilment of General Meeting resolutions, reviewed the external auditor's reports, and provided Company management with suggestions and recommendations aimed at improving the Company's performance. The Supervisory Board reviewed the submitted financial statements of Pojišťovna České spořitelny, a.s., Vienna Insurance Group, prepared as at 31 December 2015, and came to the conclusion that accounting records were maintained in a clear and evidentiary manner in accordance with applicable accounting legislation and the Company's Articles of Association.

The annual financial statements were audited by KPMG Česká republika Audit, s.r.o., which confirmed that the financial statements fairly present, in all material respects, the assets, liabilities and shareholders' equity of Pojišťovna České spořitelny, a.s., as at 31 December 2015 and the result of its business operations for 2015 pursuant to the Accounting Act and other applicable regulations of the Czech Republic. The Supervisory Board took due note of the opinion given in the Auditor's Report.

The Supervisory Board reviewed the Report on Relations submitted by the Company's Board of Directors pursuant to Section 83 of the Act on Business Corporations and stated that Pojišťovna České spořitelny, a.s., Vienna Insurance Group, did not incur any loss or damage arising from contracts, other legal actions or other measures concluded, undertaken or adopted by Pojišťovna České spořitelny, a.s., Vienna Insurance Group, in the reporting period of 2015 for the benefit or at the instigation of any related party.

The Supervisory Board also discussed and noted the Report on the Activity of the Audit Committee of Pojišťovna České spořitelny, a.s., Vienna Insurance Group, for 2015.

With regard to the foregoing information, the Supervisory Board has recommended that the General Meeting approve the report on the Company's assets and liabilities as at 31 December 2015 and the proposed distribution of the Company's profits for 2015, including the payment of dividends in accordance with the proposal submitted by the Board of Directors of Pojišťovna České spořitelny, a.s., Vienna Insurance Group, for discussion by the General Meeting.

In Pardubice, on 18 March 2016



Ing. Martin Diviš, MBA
Chairman of the Supervisory Board

INFORMATION ABOUT VIENNA INSURANCE GROUP

COMPANY PROFILE VIENNA INSURANCE GROUP

The Group has operated in Central and Eastern Europe (CEE) for more than 25 years and is one of the leading listed insurance Groups in the region. **VIG** generated more than EUR 9 billion* in premiums in 2015, making it number 1 in its core markets again. With close to 23,000 employees and around 50 Group companies in 25 countries, the Group offers an extensive customer-oriented portfolio of products and services across all lines of business (property and casualty, life and health insurance).

Expansion into Central and Eastern Europe

VIG’s roots in Austria reach back to 1824. Since that time, the Company has developed from a locally based insurer to a leading international insurance Group. Wiener Städtische set the course for the international expansion. In 1990, it became one of the first Western European insurance companies to recognise the growth potential of Central and Eastern Europe and to take a chance on entering the market in the former Czechoslovakia. The past 25 years saw a series of further expansions, including Hungary (1996), Poland (1998), Croatia (1999) and Romania (2001). After entering the market in Moldova in 2014, VIG now operates in a total of 25 countries.



AUSTRIA WIENER STÄDTISCHE VIENNA INSURANCE GROUP //onau VIENNA INSURANCE GROUP S-VERSICHERUNG VIENNA INSURANCE GROUP	SLOVAKIA Kooperativa VIENNA INSURANCE GROUP KOMUNÁLNA POISTOVNA VIENNA INSURANCE GROUP POISTOVNA SLOVENSKEJ SPORITELNE VIENNA INSURANCE GROUP	BULGARIA BULSTRAD VIENNA INSURANCE GROUP Life BULSTRAD VIENNA INSURANCE GROUP	UKRAINE КНЯЖА VIENNA INSURANCE GROUP ГЛОБУС VIENNA INSURANCE GROUP ЮПІТЕР VIENNA INSURANCE GROUP УКРАЇНЬСЬКА СТРАХОВА ГРУПА VIENNA INSURANCE GROUP	MOLDOVA DONARIS VIENNA INSURANCE GROUP	MACEDONIA ОСИГУРУВАЊЕ МАКЕДОНИЈА VIENNA INSURANCE GROUP WINNER VIENNA INSURANCE GROUP Life WINNER VIENNA INSURANCE GROUP
ITALY BRANCH WIENER STÄDTISCHE VIENNA INSURANCE GROUP //onau VIENNA INSURANCE GROUP	POLAND COMPENSA VIENNA INSURANCE GROUP InterRisk VIENNA INSURANCE GROUP POLISA-ŻYCIE VIENNA INSURANCE GROUP skandia VIENNA INSURANCE GROUP	CROATIA WIENER OSIGURANJE VIENNA INSURANCE GROUP ERSTE OSIGURANJE VIENNA INSURANCE GROUP	ESTONIA COMPENSA VIENNA INSURANCE GROUP	GEOORGIA GPI VIENNA INSURANCE GROUP IRAO VIENNA INSURANCE GROUP	MONTENEGRO Život WIENER STÄDTISCHE VIENNA INSURANCE GROUP
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CZECH REPUBLIC Kooperativa VIENNA INSURANCE GROUP ČPP VIENNA INSURANCE GROUP POJIŠTOVNA ČESKÉ SPOŘITELNY VIENNA INSURANCE GROUP VIG Re	ROMANIA OMNIASIG VIENNA INSURANCE GROUP ASIROM VIENNA INSURANCE GROUP DE VIATA BCR ASIGURARI VIENNA INSURANCE GROUP	SERBIA WIENER STÄDTISCHE VIENNA INSURANCE GROUP	LITHUANIA COMPENSA VIENNA INSURANCE GROUP		

* Data as available at 18 March 2016 are unaudited

Number 1 in its core markets

VIG's core markets are Austria, the Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia and Ukraine. A market share of more than 18% makes VIG the clear number 1 insurer in this group of countries.

The strategic decision that was made in 1990 to expand into Central and Eastern Europe has proven to be very successful. In 2015, nearly half of VIG's total premiums of more than EUR 9 billion** were generated in CEE markets. VIG is convinced that the economic growth of the region as well as the demand for insurance there will continue to rise.

The CEE region's importance as a growth market for VIG is also shown by the decision to locate the registered office of its reinsurance company VIG Re (established in 2008) in the Czech Republic.

Customer proximity is VIG's trump card in 25 markets

VIG's success is primarily based on local entrepreneurship and customer proximity. This is reflected in the regional ties, multi-brand strategy and wide variety of distribution channels used. The Group made a conscious decision to rely on regionally established brands united under the Vienna Insurance Group umbrella. VIG's success as a corporate Group is also due to the individual strengths of these brands and local expertise of around 50 Group companies.

Its core business is the key of VIG's success

VIG's activities are clearly focused on its core business, the insurance business. It operates as a progressive and highly risk-conscious insurer. Reliability, trustworthiness and solidarity are qualities that benefit the Group not only in its relationships with customers, but also with business partners, employees and shareholders. Values such as honesty, integrity, diversity, equal opportunity and customer-orientation form the basis for business decisions at VIG.

The effects of this fundamental approach are shown in its strategy of continuous sustainable growth, as well as its excellent creditworthiness. VIG's development is confirmed by the international rating agency Standard & Poor's which has awarded the Group a rating of A+ with a stable outlook for years. As a result, VIG has the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.

VIG and Erste Group: a strong team

Erste Group has strong ties to Austria and is one of the leading banking Groups in Central and Eastern Europe. VIG and Erste Group entered into a strategic partnership in 2008 that benefits both of them in the region: Erste Group branches distribute VIG insurance products, and in return VIG Group companies offer Erste Group bank products.

Stable dividend policy of the Group

VIG has been listed since October 1994 and is now one of the top companies in the "Prime Market" segment of the Vienna Stock Exchange. The company has an attractive dividend policy that offers shareholders a dividend of at least 30% of Group profit (after taxes and non-controlling interests).

Its listing on the Prague Stock Exchange in February 2008 also emphasises the great importance of the Central and Eastern European economic area for VIG. As in Vienna, VIG is also one of the top companies in the Prague stock market.

Around 70% of VIG's shares are held by its principal shareholder Wiener Städtische Versicherungsverein. The remaining shares are in free float.

An attractive employer in Austria and Central and Eastern Europe

In addition to being number 1 for insurance products, VIG also wants to be the number 1 choice as an employer and attract the most talented and the smartest employees. Identifying and developing individual employee skills are a central priority in the Company's modern human resources management. Diversity is seen as an opportunity and is part of the day-to-day life at VIG. The Group also places great importance on creating an environment that promotes the development of its employees. This is because Vienna Insurance Group is aware that its success is based on the dedication of its around 23,000 employees.

Further information on Vienna Insurance Group is available at www.vig.com, or in the VIG Group Annual Report.

** Data as available at 18 March 2016 are unaudited

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT



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

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

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

**Independent Auditor's Report to the Shareholders of
Pojišťovna České spořitelny, a.s., Vienna Insurance Group**

We have audited the accompanying financial statements of Pojišťovna České spořitelny, a.s., Vienna Insurance Group, prepared in accordance with Czech accounting legislation, which comprise the balance sheet as of 31 December 2015, and the income statement, the statement of changes in equity for the year then ended, and the notes to these financial statements, including a summary of significant accounting policies and other explanatory notes. Information about Pojišťovna České spořitelny, a.s., Vienna Insurance Group is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Pojišťovna České spořitelny, a.s., Vienna Insurance Group is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility


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

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

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

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

Obchodní rejstřík vedený
Městským soudem v Praze
oddíl C, vložka 24185.
IČ 49619187
DIČ CZ699001996



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Pojišťovna České spořitelny, a.s., Vienna Insurance Group as of 31 December 2015, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

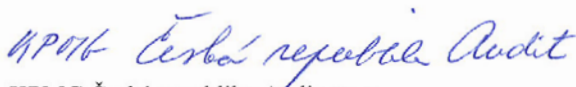
Other Information

Other information is defined as information (other than the financial statements and our auditor's report) included in the annual report. The statutory body is responsible for the other information.


Our opinion on the financial statements of Pojišťovna České spořitelny, a.s., Vienna Insurance Group as of 31 December 2015 does not cover the other information and we do not express any form of opinion 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 included in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, whether the annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. 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.

Prague
18 March 2016



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



Romana Benešová
Partner
Registration number 1834

BALANCE SHEET AS AT 31 DECEMBER 2015

(in thousands CZK)	Line No.	Gross	Adjustment	Net	Net
ASSETS					
A. Receivables for subscribed registered capital	1				
B. Intangible fixed assets, thereof:	2	465,716	364,800	100,916	96,862
C. Financial placements (investments)	5	25,814,276	0	25,814,276	26,728,243
I. Land and buildings (real estate), thereof:	6	54,600	0	54,600	55,653
1. Land	7	1,900	0	1,900	1,900
2. Buildings		52,700		52,700	53,753
a) Land and buildings – self-occupied		54,600		54,600	55,653
II. Investments in affiliated undertakings and participating interests	8	299,773	0	299,773	305,553
3. Participating interests with significant influence	11	299,773		299,773	305,553
III. Other financial placements	13	25,459,903	0	25,459,903	26,367,037
1. Shares and other variable-yield securities, other participating interests	14	1,860,194		1,860,194	1,950,877
2. Bonds and other fixed-income securities	15	22,883,878		22,883,878	23,640,466
a) Securities valued at fair value through profit and loss		8,432,844		8,432,844	8,403,014
b) OECD bonds held to maturity		11,268,569		11,268,569	12,317,093
c) Other securities held to maturity		3,182,465		3,182,465	2,920,359
6. Deposits with financial institutions	18	741,200		741,200	814,025
7. Other financial placements	19	(25,369)		(25,369)	(38,331)

(in thousands CZK)	Line No.	Gross	Adjustment	Net	Net
D. Financial placements for the benefit of life assurance policyholders who bear the investment risk	21	3,413,515		3,413,515	3,365,668
E. Debtors	22	687,341	108,893	578,448	662,788
I. Receivables arising from direct insurance operations	23	164,209	108,784	55,425	42,673
1. Receivables due from the policyholders	24	145,824	93,181	52,643	41,539
2. Receivables due from intermediaries	25	18,385	15,603	2,782	1,134
II. Receivables arising from reinsurance operations	26	324,564		324,564	398,740
III. Other receivables	27	198,568	109	198,459	221,375
F. Other assets	28	723,545	83,253	640,292	81,092
I. Tangible fixed assets other than those listed under „C.I. Land and buildings“, and inventories	29	133,777	83,253	50,524	46,408
II. Cash on accounts in financial institutions and cash in hand	30	589,768		589,768	34,684
G. Temporary asset accounts	32	1,701,554	0	1,701,554	1,752,048
II. Deferred acquisition costs, thereof:	34	1,518,984	0	1,518,984	1,574,659
a) in life-assurance business	35	1,518,914		1,518,914	1,574,607
b) in non-life insurance	36	70		70	52
III. Other temporary asset accounts, thereof:	37	182,570		182,570	177,389
a) Estimated receivables	38	148,508		148,508	145,312
TOTAL ASSETS	39	32,805,947	556,946	32,249,001	32,686,701

BALANCE SHEET AS AT 31 DECEMBER 2015

(in thousands CZK)	Line No.	Gross	Adjustment	Net	Net
LIABILITIES					
A. Equity	40			3,621,322	3,543,822
I. Registered capital, thereof:	41			1,900,100	1,900,100
IV. Other capital funds	46			125,398	148,071
V. Statutory reserve fund and other funds from profit	47			4,586	364,344
VI. Profit or loss brought forward	48			801,200	276,186
VII. Profit or loss for the financial year	49			790,038	855,121
C. Technical provisions	51	24,134,605	1,300,450	22,834,155	23,425,446
1. Provision for unearned premiums	52	49,520	22,376	27,144	29,473
of which: a) Provision for unearned premiums relating to life assurance classes	53	22,100	8,652	13,448	15,189
b) Provision for unearned premiums relating to non-life insurance classes	54	27,420	13,724	13,696	14,284
2. Life assurance provision	55	20,980,246	0	20,980,246	21,763,106
3. Provision for outstanding claims	56	2,853,899	1,165,566	1,688,333	1,488,732
of which: a) Provision for outstanding claims relating to life assurance classes	57	2,608,613	1,007,271	1,601,342	1,421,941
b) Provision for outstanding claims relating to non-life insurance classes	58	245,286	158,295	86,991	66,791
4. Provision for bonuses and rebates	59	136,329	112,508	23,821	22,482
of which: a) Provision for bonuses and rebates relating to life assurance classes	60	23,549	0	23,549	22,304
b) Provision for bonuses and rebates relating to non-life insurance classes	61	112,780	112,508	272	178

(in thousands CZK)	Line No.	Gross	Adjustment	Net	Net
7. Provision for liabilities from the technical interest rate applied	63	114,611	0	114,611	121,653
D. Life assurance technical provision where the investment risk is borne by the policyholders	71	3,413,515		3,413,515	3,365,668
E. Provisions for other risks and losses	72			188,016	198,489
2. Provisions for taxation	74			188,016	198,489
F. Deposits received from reinsurers	76			1,099,308	961,164
G. Creditors	77			756,568	934,662
I. Payables arising from direct insurance operations	78			288,944	363,678
II. Payables arising from reinsurance operations	79			388,887	461,626
V. Other payables, thereof:	83			78,737	109,358
a) Tax liabilities and payables due to social security and health insurance institutions	84			7,291	23,523
H. Temporary liability accounts	86			336,117	257,450
I. Accrued expenses and deferred income	87			0	1
II. Other temporary liability accounts, thereof:	88			336,117	257,449
a) Estimated payables	89			336,117	257,449
TOTAL LIABILITIES	90			32,249,001	32,686,701

PROFIT AND LOSS ACCOUNT AS AT 31 DECEMBER 2015

(in thousands CZK)	Line No.	Base	Subtotal	Result	Result
I. TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE					
1. Earned premiums, net of reinsurance:	1	x	x	x	x
a) gross premiums written	2	689,690	x	x	x
b) outward reinsurance premiums	3	629,031	60,659	x	x
c) change in the gross provision for unearned premiums (+/-)	4	(1,185)	x	x	x
d) change in the provision for unearned premiums, reinsurers' share (+/-)	5	(596)	(589)	61,248	63,106
2. Allocated investment return transferred from the non-technical account (item III.6.)	6	x	x	2,556	3,757
3. Other technical income, net of reinsurance	7	x	x	753	1,578
4. Claims incurred, net of reinsurance:	8	x	x	x	x
a) claims paid:	9	x	x	x	x
aa) gross amount	10	213,871	x	x	x
ab) reinsurers' share	11	172,483	41,388	x	x
b) change in the provision for outstanding claims (+/-):	12	x	x	x	x
ba) gross amount	13	20,419	x	x	x
bb) reinsurers' share	14	219	20,200	61,588	28,097
6. Bonuses and rebates, net of reinsurance	16	x	x	2,689	2,047
7. Net operating expenses:	17	x	x	x	x
a) acquisition costs	18	x	1,754	x	x
b) change in deferred acquisition costs (+/-)	19	x	(18)	x	x
c) administrative expenses	20	x	9,705	x	x
d) reinsurance commissions and profit participation	21	x	27,387	(15,946)	(19,677)
8. Other technical expenses, net of reinsurance	22	x	x	259	1,243
10. Sub-total, balance (result) in the technical account for non-life insurance (item III.1.)	24	x	x	15,967	56,731

(in thousands CZK)	Line No.	Base	Subtotal	Result	Result
II. TECHNICAL ACCOUNT FOR LIFE ASSURANCE					
1. Earned premiums, net of reinsurance:	25	x	x	x	x
a) gross premiums written	26	8,202,457	x	x	x
b) outward reinsurance premiums	27	1,307,797	6,894,660	x	x
c) change in the provision for unearned premiums, net of reinsurance (+/-)	28	(1,742)	x	6,896,402	9,896,902
2. Income from financial placements (investments):	29	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	30	x		x	x
b) income from other investments, with a separate indication of that derived from controlling influence, of which:	31	x	x	x	x
ba) income from land and buildings	32	0	x	x	x
bb) income from other financial placements (investments)	33	692,972	692,972	x	x
c) value adjustments on financial placements	34	x	0	x	x
d) income from disposal of financial placements	35	x	454,144	1,147,116	2,412,887
3. Unrealized gains on financial placements	36	x	x	1,041,485	1,332,455
4. Other technical income, net of reinsurance	37	x	x	89,292	142,759
5. Claims incurred, net of reinsurance:	38	x	x	x	x
a) claims paid:	39	x	x	x	x
aa) gross amount	40	5,932,814	x	x	x
ab) reinsurers' share	41	665,117	5,267,697	x	x
b) change in the provision for outstanding claims (+/-):	42	x	x	x	x
ba) gross amount	43	299,230	x	x	x
bb) reinsurers' share	44	119,829	179,401	5,447,098	6,981,377

PROFIT AND LOSS ACCOUNT AS AT 31 DECEMBER 2015

(in thousands CZK)	Line No.	Base	Subtotal	Result	Result
6. Changes in other technical provisions, net of reinsurance (+/-):	45	x	x	x	x
a) life assurance provisions:	46	x	x	x	x
aa) gross amount	47	(782,861)	x	x	x
ab) reinsurers' share	48	0	(782,861)	x	x
b) other technical provisions, net of reinsurance	49	x	40,804	(742,057)	1,184,742
7. Bonuses and rebates, net of reinsurance	50	x	x	253,931	252,915
8. Net operating expenses:	51	x	x	x	x
a) acquisitions costs	52	x	1,360,439	x	x
b) change in deferred acquisition costs (+/-)	53	x	55,693	x	x
c) administrative expenses	54	x	573,953	x	x
d) reinsurance commissions and profit participation	55	x	380,267	1,609,818	1,658,263
9. Expenses connected with financial placements (investments):	56	x	x	x	x
a) investment management charges, including interest	57	x	243,326	x	x
b) value adjustments to financial placements	58	x	0	x	x
c) book value disposed-of financial placements	59	x	425,687	669,013	1,936,620
10. Unrealized losses on financial placements (investments)	60	x	x	943,101	655,864
11. Other technical expenses, net of reinsurance	61	x	x	37,503	119,134
13. Sub-total, balance (result) in the technical account for life assurance (item III.2.)	63	x	x	955,888	996,088

(in thousands CZK)	Line No.	Base	Subtotal	Result	Result
III. NON-TECHNICAL ACCOUNT					
1. Result of the technical account for non-life insurance (item I.10.)	64	x	x	15,967	56,731
2. Result of the technical account for life assurance (item II.13.)	65	x	x	955,888	996,088
3. Income from financial placements:	66	x	x	x	x
a) income from participating interests, with a separate indication of that derived from controlling influence	67	x		x	x
b) income from other investments, with a separate indication of that derived from controlling influence:	68	x	x	x	x
ba) income from land and buildings	69	71	x	x	x
bb) income from other financial placements (investments)	70	4,042	4,113	x	x
c) value adjustments to financial placements	71	x	3,115	x	x
d) income from disposal of financial placements	72	x	0	7,228	15,014
5. Expenses connected with financial placements:	74	x	x	x	x
a) investment management charges, including interest	75	x	1,751	x	x
b) value adjustments to financial placements	76	x	2,052	x	x
c) book value disposed-of financial placements	77	x	869	4,672	11,257
6. Allocated investment return transferred to the technical account for non-life insurance (item I.2.)	78	x	x	2,556	3,757
7. Other income	79	x	x	19,920	19,757
8. Other expenses	80	x	x	16,594	16,843
9. Income tax on ordinary activities	81	x	x	184,765	200,191
10. Profit or loss on ordinary activities after tax	82	x	x	790,416	855,542
15. Other taxes not shown under the preceding items	87	x	x	378	421
16. Profit or loss for the financial year	88	x	x	790,038	855,121

STATEMENT OF CHANGE IN EQUITY FOR 2015

(in thousands CZK)	Registered capital	Other funds from profit	Changes in valuation	Statutory reserve fund	Retained earnings	Profit (loss) for the current year	Total
BALANCE AT 1/1/2013	1,900,100	3,985	95,721	270,667	66,683	1,018,418	3,355,574
Additions to funds		4,730		50,921	962,767	(1,018,418)	
Utilisation of funds		(3,846)					(3,846)
Change in valuation of financial placements			(52,856)				(52,856)
Increase/reduction in registered capital							
Payment of dividends					(865,654)		(865,654)
Profit/loss for the current year						792,052	792,052
BALANCE AT 31/12/2013	1,900,100	4,869	42,865	321,588	163,796	792,052	3,225,270
BALANCE AT 1/1/2014	1,900,100	4,869	42,865	321,588	163,796	792,052	3,225,270
Additions to funds		3,179		39,602	749,271	(792,052)	0
Utilisation of funds		(4,894)					(4,894)
Change in valuation of financial placements			105,206				105,206
Increase/reduction in registered capital							
Payment of dividends					(636,881)		(636,881)
Profit/loss for the current year						855,121	855,121
BALANCE AT 31/12/2014	1,900,100	3,154	148,071	361,190	276,186	855,121	3,543,822

(in thousands CZK)	Registered capital	Other funds from profit	Changes in valuation	Statutory reserve fund	Retained earnings	Profit (loss) for the current year	Total
BALANCE AT 1/1/2015	1,900,100	3,154	148,071	361,190	276,186	855,121	3,543,822
Additions to funds		5,248		42,756	1,211,064	(855,121)	403,947
Utilisation of funds		(3,816)		(403,946)			(407,762)
Change in valuation of financial placements			(22,673)				(22,673)
Increase/reduction in registered capital							
Payment of dividends					(686,050)		(686,050)
Profit/loss for the current year						790,038	790,038
BALANCE AT 31/12/2015	1,900,100	4,586	125,398	0	801,200	790,038	3,621,322

NOTES TO THE FINANCIAL STATEMENTS FOR 2015

I. GENERAL CONTENTS

I. 1. Description and principal activities

Pojišťovna České spořitelny, a.s., Vienna Insurance Group („the Company“) was entered into the Commercial Register on 1 October 1992 (Identification number: 47452820).

The corporation has conformed to Act No. 90/2012 Coll., on Corporations and Cooperatives, as a whole in accordance with Section 777 (5) of the Act.

Shareholders of the Company as at 31 December 2015:	
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	90%
Kooperativa pojišťovna, a. s., Vienna Insurance Group	5%
Česká spořitelna, a. s.	5%

The Company received a license to carry on insurance activities on 16 December 1992. The Company commenced its insurance activities on 1 January 1993.

The Company carries on the following classes/groups of insurance:

Life assurance

- Assurance on death, assurance on survival to a certain age, and assurance on survival to a certain age or death
- Pension insurance
- Accident or sickness insurance as a supplement to the above types of insurance
- Marriage insurance and savings insurance to provide funds to raise children
- Insurance connected with an investment fund/unit-linked insurance

Non-life insurance

- Accident and sickness insurance
- Insurance for various financial losses

Apart from the above, the Company’s principal activities include also non-life insurance business, which the Company has not been actively providing since 2 January 2004. These are non-life insurance classes No. 3, 5, 7, 8, 9, 11, 13, 15 and 18 listed in Part B of Appendix No. 1 to Act No. 277/2009 Coll., and groups e) and f) of non-life insurance listed in Part C of the Appendix to the Insurance Act.

The Company’s principal activities include also activities relating to insurance business pursuant to Section 3 (1) (n) of the Insurance Act, i.e. intermediary activity carried on in connection with insurance business under the Insurance Act, advisory activity in connection with insurance of individuals and corporate entities, investigation of claims carried on under a contract with an insurance company, intermediary activity in the area of building saving schemes and supplementary pension insurance, and education activity for insurance intermediaries and independent loss adjusters.

Registered office

Pojišťovna České spořitelny, a. s., Vienna Insurance Group
nám. Republiky 115
530 02 Pardubice

Members of the Board of Directors, Supervisory Board and Audit Committee as at 31 December 2015:

Board of directors

- Chairman:** RNDr. Petr Zapletal, MBA, Na Zahrádkách 307, Praha 4, Šeberov
Vice-chairman: Ing. Jaroslav Kulhánek, Zalomená 175, Hradec Králové 11, Roudnička
Member: Ing. Tomáš Vaníček, MBA, Donínská 1778, Praha 9, Újezd nad Lesy

Statements of will and signing of documents on behalf of the Company must always be conducted jointly by two members of the Board. No authorisation for individual representation in any matter related to operation of the Company is possible. When signing documents on behalf of the Company, the required number of representatives shall add their signatures and state their offices to the printed or written name of the Company.

Proxy

Ing. František Mareš, No. 78, Stéblová

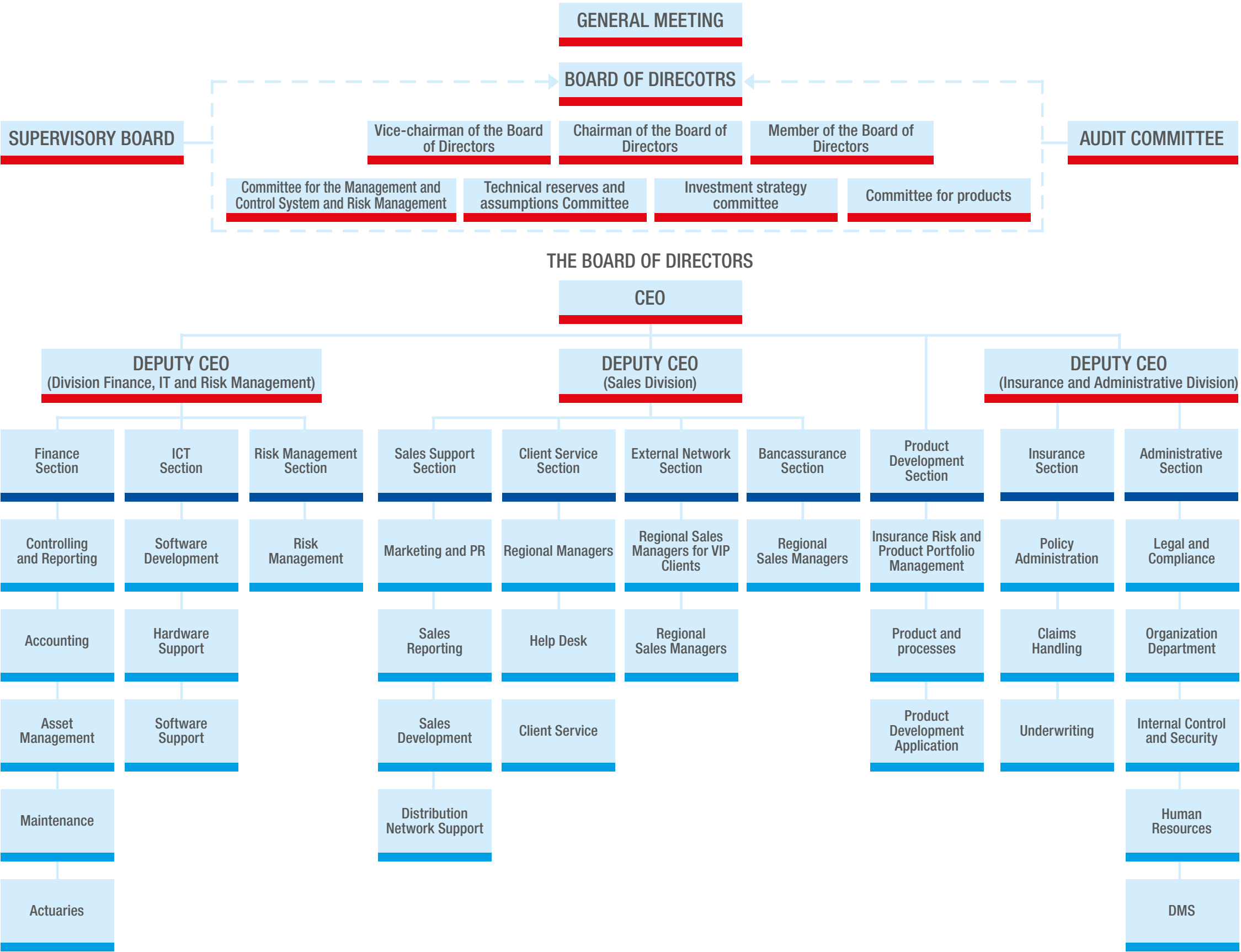
Supervisory Board

- Chairman:
- Ing. Martin Diviš, MBA, Divoká Šárka 39, Praha 6, Liboc
- Vice-chairman:
- Dkfm. Hans Raumauf, Biedermannsdorf, Borromäumstrasse 38, 2362, Austria
- Members:
- Dr. Hans-Peter Hagen, Vienna, Laudon Gasse 20/10, 1080, Austria (until 31.12.2015)
- Mag. Erwin Hammerbacher, Seyring, Helmaweg 29, 2201, Austria
- Ing. Petr Kohoutek, Vaňkova 1341, Chrudim, Chrudim IV
- Mag. Roland Gröll, Vienna, Neuwaldegger Str. 37/1, 1170, Austria
- Ing. Jiří Drahoš, No. 181, Cerekvice nad Loučnou
- Ing. Petr Procházka, Věry Junkové 92, Pardubice, Studánka

Audit Committee

- Ing. Martin Diviš, MBA, Divoká Šárka 39, Praha 6, Liboc
- Dr. Hans-Peter Hagen, Biedermannsdorf, Borromäumstrasse 38, 2362, Austria (until 31.12.2015)
- Ing. Hynek Vodička, Stružky 66, Praha 9

Organizational Structure at 31 December 2015



The Company does not have any branch abroad.

I. 2. Compliance with legislation

At the balance sheet date the Company fully complied with Act No. 277/2009 Coll., on Insurance, as amended (“the Insurance Act”), Act No. 89/2012 Coll., Civil Code, as amended, Act No. 38/2004 Coll., on Insurance Intermediaries and Independent Loss Adjusters, as amended, including the applicable implementing regulations, and with other legislation in force.

I. 3. Basis of preparation of the financial statements

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

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

I. 4. Significant accounting policies

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost.

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

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

Fixed assets	Method	Depreciation period in years
Software	Straight-line	4
Motor vehicles	Straight-line	4
IT equipment	Straight-line	3
Fixtures and fittings	Straight-line	8
Other	Straight-line	15

(b) Investments

Land and buildings (real estate)

Land and buildings (real estate) are initially recorded at their acquisition cost and are not subsequently depreciated.

At the balance sheet date, land and buildings (real estate) are valued at their fair value. The fair value means the market value determined by an expert appraisal as the price for which such land and buildings (real estate) could be sold on the date of valuation.

The fair value is determined through a separate valuation of each item of land and buildings (real estate) by an expert appraisal as at the balance sheet date.

Any change in the fair value of land and buildings (real estate) is recognised in equity.

Debt securities

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

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

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

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

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

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

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

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

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

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

Shares and other variable-yield securities

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

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

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

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

Shares and other variable-yield securities are classified as securities valued at fair value through profit and loss or securities available for sale. The change in fair value of shares or other variable-yield securities is recognised in the profit and loss account.

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

Participating interests

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

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

Participating interests in the form of securities issued by the controlled persons or persons in which the accounting unit exercises substantial influence, and which are held for trading or are available for sale are shown in item C.II.2 Debt securities.

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

At the balance sheet date, participating interests are revalued at their fair value based on a Company's share on net asset value. Changes in fair value are recognised in equity.

Deposits with financial institutions

Deposits with financial institutions are initially recognised at nominal value. At the balance sheet date, these assets are revalued at their fair value. The fair value of short-term deposits with financial institutions is determined as their nominal value including accrued interest.

Deposits denominated in a foreign currency are translated to Czech crowns using the current exchange rate published by CNB, and the appropriate exchange rate difference is included in the fair value. Changes in fair value are reflected in the Company's profit and loss account.

Derivatives

Derivatives are valued at fair value. The fair value of financial derivatives is determined as the present value of expected cash flows from these transactions.

Financial derivatives that do not meet the requirements for the application of hedge accounting or, if appropriate, derivatives in respect of which the Company has decided not to apply hedge accounting are carried at fair value and the gains or losses arising from their revaluation are recognised in the profit and loss account. The derivatives are used by the Company to hedge currency risks, i.e. currency swaps.

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

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

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

(d) Adjustments

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

Adjustments to receivables from policyholders are established based on an analysis of their recoverability. The analysis includes an ageing analysis of the receivables.

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

(e) Impairment of assets

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

(f) Deferred acquisition costs

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

Non-life insurance

In respect of non-life insurance, deferred acquisition costs are based on total acquisition costs incurred in the current period and the ratio of the gross provision for unearned premiums at the balance sheet date to the total gross premiums written for the financial year. Deferred acquisition costs are determined for all individual classes of non-life insurance.

Life assurance (other than assurance connected with an investment fund/unit-linked insurance)

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

Life assurance connected with an investment fund/unit-linked insurance

Deferred acquisition costs in unit-linked assurance are determined using actuarial methods and reflecting the expected cancellation rate based on the value of expected future deductions from initial fees and from the expected repayment of the negative capital value arising from insurance contracts. The expected repayment of the negative capital value is determined using the prospective method taking into consideration all relevant future cash flows and using prudent assumptions regarding the cancellation rate, claim frequency and expenses and other parameters.

(g) Income tax

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

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

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

(h) Provision for unearned premiums

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

(i) Life assurance provision

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

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

For unit-linked assurance that involves investment funds where the Company guarantees a minimum return on investment, this part of the provisions is accounted for as a life assurance provision. The provision is calculated based on the number and price of units credited to the insurance contracts.

With some unit-linked assurance contracts, a no claims bonus or a loyalty bonus can be arranged in accordance with the insurance terms and conditions and the tariff of rates. Within the defined assessment period, the bonus is recognised as part of the life assurance provision and amounts to the estimated present value determined based on discounting and net of the expected probability of breach of the terms and conditions until the end of the assessment period. Upon fulfilment of the conditions at the end of the assessment period, the bonus is credited to the insurance contract in form of purchased units and it becomes a component part of the capital value of the contract.

(j) Provision for outstanding claims

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

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

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

The provision for outstanding claims incurred but not reported as at the balance sheet date is determined using the Chain Ladder method.

The provision for outstanding claims includes an estimate of all related external and internal claims handling costs. The provision for outstanding claims is reduced by the value of salvage and other similar recoveries.

When calculating the provision for outstanding claims, no discounting is carried out.

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

(k) Provision for bonuses and rebates

The provision for bonuses and rebates is created in accordance with the respective terms set out in insurance contracts, i.e. the General Terms and Conditions of Insurance or specific contractual arrangements.

Changes in the provision for bonuses and rebates are presented in the profit and loss account under “Bonuses and rebates”.

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

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

The liability adequacy test is performed using discounted projected cash flows.

The liability adequacy test results in the minimum value of liabilities to policyholders based on best estimates of the future development of entry parameters adjusted by market value margins.

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

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

The change in this provision is presented in item II.6.(b) in the profit and loss account.

(m) Life assurance provision where the investment risk is borne by the policyholders

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

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

(n) Reinsurers' share of technical provisions

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

The Company presents the reinsurers' share of the provision for unearned premiums, the provision for outstanding claims and the provision for bonuses and rebates. The reinsurers do not participate in the other technical provisions.

(o) Provisions

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

Provision for taxes

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

(p) Gross premiums written

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

(q) Claims paid

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

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

(r) Acquisition costs

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

(s) Expenses and income from financial placements

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

Expenses and income from financial placements which are directly related to life assurance activities are recorded in the life assurance technical account.

Other expenses and income from financial placements which are not related to life assurance activities are recorded initially in the non-technical account and subsequently all of them transferred to the non-life insurance technical account.

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

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

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

In order to account for items common to both life assurance and non-life insurance, the Company uses a method in compliance with Regulation No. 502/2002 Coll. Under this method individual items are grouped according to the class of insurance to which they relate. For items that cannot be allocated directly, the ratio of premiums written and claims paid for individual classes of insurance to total premiums written and total claims paid is used as a basis for allocation of expenses and income between life assurance and non-life insurance.

Expenses and revenues from financial placements

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

Other expenses and revenues

During the accounting period, clearly attributable expenses and revenues are recorded directly in the life assurance or non-life insurance technical account or the non-technical account. Expenses and revenues that cannot be directly attributed are recorded primarily in the non-technical account and subsequently allocated to the technical account for life assurance or non-life insurance using the method stated in point I.4.(t).

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

(u) Foreign currency translation

Transactions during the year are recorded at the CNB exchange rate effective as at the transaction date or at the rate at which the transaction was realised.

At the balance sheet date, foreign currency assets and liabilities are translated at the CNB official rate for that date. Unless stated otherwise, foreign currency gains and losses are recorded in the profit and loss account.

I. 5. Changes in accounting policies and procedures

During the year 2015, there were no changes in accounting policies and procedures made by the Company, and during the financial year the Company did not apply any deviations from these policies and procedures.

I. 6. Risk management

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

The set-up of the internal control system enables consistent and systematic risk management.

The Company is exposed to insurance risk, which naturally results from the underwritten insurance contracts as well as other risks, mainly the financial risks (market risk, credit risk and liquidity risk), operational risk and compliance risk.

The policies and procedures for risk management are comprehensive and interrelated with the policies and procedures for maintenance of the capital determined to cover these risks.

The Company's Board of Directors has the primary responsibility for the risk management system effectiveness. The risk management department is responsible for performance of risk management activities. Simultaneously, there have been defined the individual lines of protection against risks including their tasks and responsibilities for risk management within the Company. The Company has designated the risk owners for the first line of protection in respect of all risks identified.

(a) Non-life insurance risk

The Company is exposed to insurance risk and underwriting risks following from the sale of non-life insurance products.

Insurance risk relates to uncertainty in respect of the period, frequency and amount of damage covered by insurance contracts.

The most significant components of insurance risk are the reserve risk and the premium risk. The premium amount is determined using historical assumptions, which may differ from the actual situation. The risk of trend, risk of estimate, change in assumption etc. may have a significant impact on determining the amount of provisions. The liability adequacy tests and analysis of sensitivity to change in assumptions are used to eliminate the reserve risk.

In order to manage the insurance risk the Company applies internal policies for development and valuation of products, determination of the technical provisions amount, reinsurance strategy and underwriting rules.

Concentration of insurance risk

Concentration of insurance risk may exist in the event that a particular event or a series of events may impact significantly upon the Company's liabilities. The concentration of insurance risk then determines the extent of the possible impact of these events on the amount of the Company's liabilities. Such concentration may arise from a single insurance contract or through a small number of related contracts, and relates to circumstances that gave rise to significant liabilities. Concentration of insurance risk may arise from accumulation of risks in

frame of several individual groups of contracts; it may also arise in low-frequency, high-severity events or in the event of significant litigations or legislative amendments.

Geographic concentration

The risks underwritten by the Company are primarily located in the Czech Republic. From the geographical point of view, the Company has no significant concentration of exposure to any group of persons insured, measured by social, professional or age criteria.

Reinsurance strategy for non-life insurance

The Company reinsures some of the risks it underwrites in order to control its exposures to losses and protect its own capital resources. In non-life insurance, the Company has based its reinsurance scheme on a contract with an external reinsurer.

The Company concludes proportionate reinsurance treaties to reduce its net exposure. The maximum net exposure limits (own retentions) for particular business lines are reviewed annually.

The Company cooperates with reinsurers rated "A" and higher and carries out regular monitoring of their financial condition.

(b) Life assurance risk

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

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

Other risks to which the Company is exposed are concentration risks:

- More persons insured at the same time and in the same place (e.g. natural disasters)
- Risk of insurance portfolio inhomogeneity – occurrence of high sums assured, which do not constitute a significant part of the portfolio but which may have significant impact on the amount of settlements and as a result also the profit (loss) of the Company.

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

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

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

In respect of the objective and subjective risks of the insured, these risks must be assessed individually upon conclusion of the contract, primarily in the event of a higher sum assured. There are procedures for identifying and assessing these risks; as part of such procedures it is necessary to carry out a qualified assessment of the health condition, or, if appropriate, the financial condition of the client, or to assess the level of risk to which the insured is exposed. Based on information on the health condition, subjective risk and other actuarial risks, the premium rate is determined. In addition to a surcharge on the premium, certain risks may be excluded from the insurance, or the amount of the sum assured may be limited. In assessing subjective risks, the Company applies continuous monitoring and evaluation of the behaviour of the insured over the term of the insurance contracts (black/grey lists).

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

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

Reinsurance strategy for life assurance

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

In life assurance, the Company concludes non-proportionate reinsurance treaties to reduce its net exposure.

The Company cooperates with reinsurers rated "A" and higher and carries out regular monitoring of their financial condition.

(c) Financial risk

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

The main exposure is that the revenues from investments will not be sufficient to cover the liabilities from insurance contracts.

The market risk is constantly monitored, measured and managed using Asset/Liability management (ALM). The basic method of ALM involves adjusting the due date of assets to the liabilities from insurance contracts.

Asset/Liability management (ALM)

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

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

Interest rate risk

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

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

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

The risk of changes in cash flows as a result of a change in interest rate represents exposure primarily to the insurance contracts with a guaranteed interest rate, where the client compares the revenue guaranteed by the contract with the revenue offered in the market. Where the market interest rates increase, some types of contracts may show an increase in the lapse rate, or vice versa. A drop in the market interest rates can endanger the Company's ability to meet its liabilities following from the guaranteed technical interest rate applied in insurance contracts.

Price fluctuation risk

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

The Company manages its use of equity investments by maintaining a diversified portfolio and by using a system of limits, and generated capital requirement.

Currency risk

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

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

(d) Counterparty default risk

The Company is exposed to the credit risk, which follows from the counterparty failing to pay the amounts due in full.

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

- Reinsurers' share in insurance liabilities
- Reinsurer's debt, which relates to a claim that has already been paid
- Outstanding premiums
- Receivables from insurance intermediaries
- Counterparty risk relating to currency swaps
- Risk of failure to repay the principal or income from financial investments

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

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

The outstanding premiums are regularly monitored, and the method of creating adjustments is described in point I.4.(d).

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

(e) Operational and compliance risks

Operational risk is the risk arising from the failure of internal processes, human resources or systems, or the risk of loss that may arise due to external events, including the risk of loss arising from a breach of, or noncompliance with, a legal standard.

Loss means any harm or damage incurred by the Company.

The Company monitors these risks, designs modifications to work procedures and processes to eliminate the loss events, and builds a system to analyse operational risks.

(f) Liquidity risk

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

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

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

II. ADDITIONAL DISCLOSURES IN RESPECT OF THE BALANCE SHEET

II. 1. Intangible fixed assets

Intangible fixed assets of the Company as at 31 December 2015 comprise the following items:

Intangible assets (in thousand CZK)	Software	Total
Acquisition cost at 1/1/2015	419,015	419,015
Additions	46,701	46,701
Disposals	0	0
Acquisition cost at 31/12/2015	465,716	465,716
Accumulated depreciation at 1/1/2015	322,153	322,153
Depreciation	42,647	42,647
Disposals	0	0
Accumulated depreciation at 31/12/2015	364,800	364,800
Net book value at 1/1/2015	96,862	96,862
Net book value at 31/12/2015	100,916	100,916

II. 2. Investments

(a) Land and buildings (real estate)

Operating	2015	2014
Land	538	538
Valuation differences	1,362	1,362
Buildings	70,995	70,381
Valuation differences	(18,295)	(16,628)
Total operating land and buildings at fair value	54,600	55,653

The most recent valuation of land and buildings (real estate) based on an expert appraisal was carried out on 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR 2015

(b) Participating interests with significant influence

2015 (in thousands CZK)	Share of registered capital in %	Acquisition cost	Fair value	Total registered capital	Total equity	Profit or loss for the financial year	Dividend income/profit share
VIG ND, a.s.	10.48	299,773	299,773	2,671,000	2,657,006	12,915	6,165
Total		299,773	299,773	N/A	N/A	N/A	6,165

2014 (in thousands CZK)	Share of registered capital in %	Acquisition cost	Fair value	Total registered capital	Total equity	Profit or loss for the financial year	Dividend income/profit share
V.I.G. ND, uzavřený investiční fond a.s	10.48	299,773	305,553	2,671,000	2,702,904	58,812	6,055
Total		299,773	305,553	N/A	N/A	N/A	6,055

The financial data are based on non-audited preliminary financial statements as at 31 December 2015.

VIG ND, a.s. is a company under full and joint control of entities within the VIG financial group. The name of V.I.G. ND, uzavřený investiční fond a.s. was changed to VIG ND, a.s. on 12 January 2015.

On 15 October 2015, the general meeting of VIG ND, a.s. decided to reduce the share capital by TCZK 280,000. The share capital will be reduced for a consideration by withdrawing shares from circulation based on a public bid. The amount by which the share capital was reduced will be used to cover the purchasing price of the shares withdrawn from circulation. The withdrawal of shares from circulation will be made for a consideration. The amount of this consideration will be TCZK 299,773. The general meeting of VIG ND, a.s. granted consent to all existing shareholders to transfer the shares of VIG ND, a.s. to VIG ND, a.s. The time limit for submitting the shares is three months from the date of effect of share capital reduction.

(c) Shares and other variable-yield securities, other participating interests

(in thousands CZK)	Fair value		Acquisition cost	
	2015	2014	2015	2014
Issued by financial institutions				
– Listed on a recognised CR exchange	84,150	138,288	66,764	122,033
– Unlisted	1,732,947	1,755,262	1,392,286	1,388,888
Issued by non-financial institutions				
– Listed on a recognised CR exchange	43,097	57,327	50,430	50,430
Total	1,860,194	1,950,877	1,509,480	1,561,351

Unlisted securities issued by financial institutions comprise participation certificates/units.

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

(in thousands CZK)	Fair value		Acquisition cost	
	2015	2014	2015	2014
Issued by financial institutions				
– Listed on a recognised CR exchange	28,901	157,049	29,307	157,097
– Listed elsewhere	1,631,285	1,695,588	1,549,179	1,611,030
– Unlisted	64,591	50,842	60,025	46,707
Issued by non-financial institutions				
– Listed on a recognised CR exchange	51,023	50,391	49,792	49,792
– Listed elsewhere	253,707	139,870	248,916	129,235
Issued by government sector				
– Listed on a recognised CR exchange	5,521,782	5,338,554	5,284,326	5,093,624
– Listed elsewhere	881,555	970,720	727,015	820,114
Total	8,432,844	8,403,014	7,948,560	7,907,599

Securities listed elsewhere are traded mainly on European markets.

NOTES TO THE FINANCIAL STATEMENTS FOR 2015

(e) OECD bonds held to maturity

(in thousands CZK)	Fair value		Amortised value		Acquisition cost	
	2015	2014	2015	2014	2015	2014
– Listed on a recognised CR exchange	12,944,852	13,987,168	11,268,569	12,317,093	11,378,797	12,306,599
Total OECD bonds held to maturity	12,944,852	13,987,168	11,268,569	12,317,093	11,378,797	12,306,599

(f) Other debt securities held to maturity

(in thousands CZK)	Fair value		Acquisition cost	
	2015	2014	2015	2014
Issued by financial institutions				
– Listed on a recognised CR exchange	396,977	347,014	401,812	343,547
– Listed elsewhere	557,709	466,998	470,224	380,205
– Unlisted	264,049	268,817	250,478	250,478
Issued by non-financial institutions				
– Listed on a recognised CR exchange	1,374,587	1,236,230	1,304,767	1,172,036
– Listed elsewhere	589,143	601,300	507,038	507,038
Total other debt securities held to maturity	3,182,465	2,920,359	2,934,319	2,653,304

(g) Deposits with financial institutions

(in thousands CZK)	2015	2014
Due within 1 year	741,200	814,025
Total	741,200	814,025

(h) Other financial placements – derivatives

Other derivatives – derivatives held for trading

Fixed term contracts with a positive fair value (in thousands CZK)	Nominal value		Fair value	
	2015	2014	2015	2014
Term currency transactions	116,284		4,049	
Total	116,284		4,049	

Fixed term contracts with a negative fair value (in thousands CZK)	Nominal value		Fair value	
	2015	2014	2015	2014
Term currency transactions	2,368,920	2,187,491	(29,418)	(38,331)
Total	2,368,920	2,187,491	(29,418)	(38,331)

The Company concludes derivatives solely to hedge against currency risk. All the above financial instruments were concluded at the interbank market (OTC).

Nominal value of fixed term contracts is the amount in CZK of the Company's short-term currency position. Fair value of fixed term contracts is the revaluation of the contracts as at the balance sheet date, i.e. the difference between the present values of expected cash inflows and outflows.

As at 31 December 2015 the remaining maturity of derivatives amounting to TCZK (25,369) (2014: TCZK (38,331)) was less than 3 months.

II. 3. Financial placements for the benefit of life assurance policyholders who bear the investment risk

Description (in thousands CZK)	Fair value		Acquisition cost	
	2015	2014	2015	2014
Shares and other variable-yield securities	859,927	818,922	791,301	727,091
Debt securities	2,553,588	2,546,746	1,771,189	1,802,620
Total	3,413,515	3,365,668	2,562,490	2,529,711

II. 4. Currency structure of the financial placement

Currency (in thousands CZK)	Variable-yield securities		Fixed income securities		Deposits and other financial placements		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
CZK	1,075,595	1,146,506	21,419,369	22,564,861	4,154,715	4,124,968	26,649,679	27,836,335
EUR	275,035	335,341	1,172,651	831,556	(4,874)	19,194	1,442,812	1,186,091
GBP	110,485	112,563			4,049	(2,680)	114,534	109,883
USD	698,852	662,020	291,858	244,049	(24,544)	(120)	966,166	905,949
Total	2,159,967	2,256,430	22,883,878	23,640,466	4,129,346	4,141,362	29,173,191	30,038,258

Variable-yield securities comprise a participating interest with significant influence amounting to TCZK 299,773 (2014: TCZK 305,553).

Deposits and other financial placements also include financial placements for the benefit of life assurance policyholders who bear the investment risk. All securities relating to financial placements for the benefit of life assurance policyholders who bear the investment risk are denominated in CZK.

All financial placements in the table above are stated in book value.

II. 5. Receivables

At 31 December 2015 (in thousands CZK)	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	4,474	1,800	324,564	198,401	529,239
Overdue	141,350	16,585		167	158,102
Total	145,824	18,385	324,564	198,568	687,341
Adjustment	93,181	15,603		109	108,893
Total net	52,643	2,782	324,564	198,459	578,448

At 31 December 2014 (in thousands CZK)	Receivables from policyholders	Receivables from insurance intermediaries	Receivables from reinsurance operations	Other receivables	Total
Due	5,146		398,740	221,463	625,349
Overdue	139,047	21,211		153	160,411
Total	144,193	21,211	398,740	221,616	785,760
Adjustment	102,654	20,077		241	122,972
Total net	41,539	1,134	398,740	221,375	662,788

Other receivables

(in thousands CZK)	2015	2014
Inter-company receivables	2,343	2,437
Income tax prepayments	191,469	214,721
Other receivables	4,756	4,458
Total other receivables (gross)	198,568	221,616

II. 6. Other assets

(a) Tangible fixed assets

(in thousands CZK)	Cars	IT equipment	Fixtures and fittings	Other	Acquisition of assets and advances paid	Total
Acquisition cost at 1.1.2015	30,186	58,880	21,446	10,699	1,043	122,254
Additions	11,405	4,606	4,452	6,591	2,489	29,543
Disposals	(8,847)	(5,209)	(405)	(4,673)	(727)	(19,861)
Acquisition cost at 31/12/2015	32,744	58,277	25,493	12,617	2,805	131,936
Accumulated depreciation at 1/1/2015	19,607	46,812	11,802	1,125	0	79,346
Depreciation expense	6,578	9,460	1,616	2,284	0	19,938
Disposals	(8,756)	(5,209)	(248)	(1,818)	0	(16,031)
Accumulated depreciation at 31/12/2015	17,429	51,063	13,170	1,591	0	83,253
Net book value at 1/1/2015	10,579	12,068	9,644	9,574	1,043	42,908
Net book value at 31/12/2015	15,315	7,214	12,323	11,026	2,805	48,683

As at 31 December 2015, the Company also reported inventories in the amount of TCZK 1,841 (2014: TCZK 3,500).

II. 7. Temporary asset accounts

(a) Deferred acquisition costs for life assurance contracts

(in thousands CZK)	2015	2014
Life assurance connected with an investment fund/unit-linked	1,518,914	1,574,607
Total	1,518,914	1,574,607

The calculation of the amount reported in Deferred acquisition costs for unit-linked insurance contracts depends on two calculation bases. The volume of expected future deductions of the initial allocation fees is used to create an asset of TCZK 639,125 (2014: TCZK 608,860) and the volume of the negative capital value of insurance contracts is used to create an asset of TCZK 879,789 (2014: TCZK 965,747).

(b) Estimated receivables

(in thousands CZK)	2015	2014
Estimated written premiums	104,824	104,952
Estimated reinsurance commissions	28,221	22,931
Estimated share in the profit of the reinsurer BNP	10,883	11,417
Other	4,580	6,012
Total	148,508	145,312

Estimated written premiums

The Company discloses in estimated receivables an estimate of the written premiums for December in respect of general insurance contracts where the policyholders report to the Company on a monthly basis in arrears.

(c) Other temporary asset accounts

(in thousands CZK)	2015	2014
Prepaid expenses relating to commissions on premiums not yet recorded	26,930	28,816
Prepaid SW services	6,023	2,208
Other	1,109	1,053
Total	34,062	32,077

II. 8. Equity

(a) Share capital

The registered share capital comprises 8,180 registered ordinary shares in booked form with a nominal value of TCZK 45 and 15,320 ordinary bearer shares with a nominal value of TCZK 100. As at 31 December 2015, 100%, i.e. TCZK 1,900,100, of the share capital was paid up. In the accounting period 2015 and 2014, the share capital did not change.

Issue	Type of security	Form	Nominal value (in CZK)	Number of securities	Total volume (in CZK)	Information on public marketability
CZ0008040706	share	book-entry	45,000	8,180	368,100,000	Not marketable
CZ0008040698	share	book-entry	100,000	15,320	1,532,000,000	Not marketable
Total				23,500	1,900,100,000	

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

(b) Other capital funds

(in thousands CZK)	2015	2014
Revaluation of assets and liabilities at fair value	125,398	148,071
Total	125,398	148,071

Revaluation of assets and liabilities at fair value

(in thousands CZK)	2015	2014
Balance at 1/1	148,071	42,865
Change in fair value of financial placement	(27,992)	129,884
Change in deferred tax	5,319	(24,678)
Balance at 31/12	125,398	148,071

Planned distribution of the current period profit

(in thousands CZK)	
Profit for the current period	790,038
Transfer to social fund	3,687
Dividend (CZK 28.44 per share)	668,398
Profit to be added to retained earnings	117,953

Proposed distribution of profit is subject to the approval of the general meeting.

II. 9. Technical provisions

(a) Life assurance provision

(in thousands CZK)	2015	2014
Unzillmerised provision	4,901,661	6,051,902
Zillmer adjustment	15,880	14,893
Elimination of negative reserves	1,860	2,341
Zillmerised provision presented in the balance sheet	4,887,641	6,039,350
Flexi provision	15,245,648	14,932,176
Provision for profit share commitments	236,511	329,288
Annuity provision	6,727	7,066
Provision for bonuses	603,719	455,226
Total life assurance provision	20,980,246,	21,763,106

(b) Provision for outstanding claims

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

(in thousands CZK)	2015	2014
RBNS	415,310	358,277
IBNR	1,273,023	1,130,455
Total	1,688,333	1,488,732

Claims run-off result

The claims run-off result is the difference between the provision for outstanding claims as at 31 December 2014, the claims payments during 2015 (with respect to claims included within this provision) and the residual amount of this provision as at 31 December 2015.

(in thousands CZK)	2015	2014
Gross provision for outstanding claims as at 1 January	2,534,250	2,412,983
Claims payments in the current period in respect of prior period claims	1,255,458	1,173,560
Provision for outstanding claims as at 31 December intended for prior period claims not paid yet	1,099,620	911,461
Run-off result	179,172	327,962

The gross run-off result by classes of insurance:

Class of insurance (in thousands CZK)	2015	2014
Accident and sickness – non-life insurance	(46,699)	34,593
Other losses – non-life insurance	2,925	483
Assurance on death, assurance on survival	31,759	44,437
Accident and sickness insurance as a rider	181,977	236,995
Marriage insurance	102	3
Life assurance connected with an investment fund/unit-linked (not including accidental riders)	9,108	11,451
Total	179,172	327,962

II. 10. Provisions

Type of provision (in thousands CZK)	Opening balance	Creation	Release	Closing balance
Provision for taxes	198,489	188,016	198,489	188,016
Total	198,489	188,016	198,489	188,016

The income tax prepayments of TCZK 189,038 (2014: TCZK 214,721) are recognised in Other receivables.

II. 11. Payables

31 December 2015 (in thousands CZK)	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Due	183,515	105,411	388,887	77,446	755,259
Overdue		18		1,291	1,309
Total	183,515	105,429	388,887	78,737	756,568

31 December 2014 (in thousands CZK)	Payables to policyholders	Payables to insurance intermediaries	Payables from reinsurance operations	Other payables	Total
Due	235,081	128,577	461,626	109,175	934,459
Overdue		20		183	203
Total	235,081	128,597	461,626	109,358	934,662

NOTES TO THE FINANCIAL STATEMENTS FOR 2015

Other payables comprise the following items:

(in thousands CZK)	2015	2014
Payables to employees	9,060	33,236
Social security and health insurance liabilities	4,879	13,166
Payables to suppliers	30,225	12,030
Deferred tax liability	32,161	40,569
Other tax liabilities	2,412	10,357
Total	78,737	109,358

(a) Social security and health insurance liabilities

Liabilities in respect of social security and health insurance total TCZK 4,879 (2014: TCZK 13,166) of which TCZK 3,201 (2014: TCZK 6,815) relates to social security and TCZK 1,678 (2014: TCZK 6,351) relates to health insurance. None of these liabilities are overdue.

(b) Tax liabilities

Tax liabilities amount to TCZK 2,412 (2014: TCZK 10,357), none of which is overdue.

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

The Company does not have any long-term payables with remaining maturity over five years.

(d) Payables and receivables due to or from reinsurers

The Company has a net payable to reinsurers in the amount given in the following table:

(in thousands CZK)	2015	2014
Receivables from reinsurers	324,564	398,740
Payables to reinsurers	388,887	461,626
Deposits due to cedents	1,099,308	961,164
Technical provisions, reinsurers' share	1,300,450	1,178,711
Net (+ receivable, - payable)	136,819	154,661

The deposit of TCZK 1,099,308 (2014: TCZK 961,164) relates to reinsurance contracts with VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

II. 12. Temporary liability accounts

(a) Other temporary liability accounts

(in thousands CZK)	2015	2014
Accrued expenses		1
Estimated payables	336,117	257,449
Total	336,117	257,450

A detailed breakdown of estimated payables is as follows:

(b) Estimated payables

(in thousands CZK)	2015	2014
Alliance partner commission	97,829	96,790
Annual extraordinary bonuses and untaken holidays	75,568	23,419
Reinsurance premiums on premium not yet recorded	54,659	54,907
Performance-based commission of insurance intermediaries	51,513	42,935
Asset management fees	23,812	12,997
Operating system repairs and maintenance	16,122	10,389
Lawsuits and litigations	5,442	5,721
Services not yet invoiced by other creditors	5,250	6,852
Advance payments for services relating to rent	3,324	2,940
Consulting services	2,598	499
Total	336,117	257,449

Alliance partner commission

The Company discloses under alliance partner commission the expected amount of commission relating to a distribution agreement between entities of Erste Bank financial group and entities of Vienna Insurance Group.

Estimated reinsurance premiums

The Company discloses under estimated reinsurance premiums an estimate of the relevant reinsurers' share in the estimate of gross premium written disclosed in the estimated receivables, see point II.7.(b).

II. 13. Inter-company receivables and payables

(a) Other inter-company receivables and payables

Company name (in thousands CZK)	Receivables		Payables	
	2015	2014	2015	2014
Short-term	303,559	374,617	328,730	397,539
Kooperativa pojišťovna, a.s., Vienna Insurance Group	2,794	3,237	2,888	2,648
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group		89		
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	300,765	371,291	325,842	394,891
Total	303,559	374,617	328,730	397,539

As specified in section II.11.(d), the Company also records a deposit relating to reinsurance contracts with VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. As at 31 December 2015, the reinsurers' share of technical provisions following from reinsurance within the group amounted to TCZK 1,097,696 (as at 31 December 2014: TCZK 959,699).

All significant transactions with related parties were carried out under common market conditions.

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

III. 1. Non-life insurance

Non-life insurance for 2015 and 2014 divided by classes of insurance:

(in thousands CZK)	Class of insurance	Gross premiums written	Gross premiums earned	Gross claims paid	Gross operating expenses	Reinsurance balance
Direct insurance						
Accident and sickness	1,2					
2015		469,259	470,444	222,008	9,758	(45,754)
2014		484,195	485,751	142,639	8,701	(100,855)
Miscellaneous losses	16					
2015		220,431	220,431	12,282	1,683	(62,407)
2014		233,170	233,170	18,063	1,466	(67,373)
Total						
2015		689,690	690,875	234,290	11,441	(108,161)
2014		717,365	718,921	160,702	10,167	(168,228)

III. 2. Life assurance

Gross premiums written in life assurance:

(in thousands CZK)	2015	2014
Individual premium	7,522,596	10,516,473
Premiums under group contracts	679,861	684,920
Total	8,202,457	11,201,393
Regular premium	5,914,089	5,664,709
Single premium	2,288,368	5,536,684
Total	8,202,457	11,201,393
Premiums from non profit-sharing contracts	763,910	1,040,957
Premiums from profit-sharing contracts	6,070,992	8,769,390
Premiums from contracts where the investment risk is borne by policyholders	1,367,555	1,391,046
Total	8,202,457	11,201,393
Reinsurance balance	(149,859)	(107,845)

III. 3. Total amount of gross premiums written by country

In 2015 and 2014, the total amount of gross premiums written was generated on contracts concluded in the Czech Republic.

III. 4. Bonuses and rebates

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

(in thousands CZK)	2015	2014
Gross		
Non-life insurance	320,859	333,528
Life assurance	252,686	254,606
Total gross amount	573,545	588,134
Reinsurers' share (non-life insurance)	318,265	331,485
Total net amount	255,280	256,649

In accordance with the procedures stated in point I.4.(k) of the Notes the Company accounted for the following changes in the provision for bonuses and rebates:

2015 (in thousands CZK)	Gross	Reinsurers' share	Net
Non-life insurance			
Creation	327,648	324,959	2,689
Release	323,995	321,401	2,594
Change of balance	3,653	3,558	95
Life assurance			
Creation	254,090		254,090
Release	252,845		252,845
Change of balance	1,245		1,245
Total change of balance	4,898	3,558	1,340

2014 (in thousands CZK)	Gross	Reinsurers' share	Net
Non-life insurance			
Creation	328,058	326,014	2,044
Release	333,874	331,834	2,040
Change of balance	(5,816)	(5,820)	4
Life assurance			
Creation	252,915		252,915
Release	254,606		254,606
Change of balance	(1,691)		(1,691)
Total change of balance	(7,507)	(5,820)	(1,687)

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

(in thousands CZK)	Non-life insurance	2015 Life assurance	Total	Non-life insurance	2014 Life assurance	Total
Commissions						
Initial	116	1,154,008	1,154,124	129	1,243,490	1,243,619
Renewal	4,417	289,510	293,927	4,611	271,203	275,814
Total commissions	4,533	1,443,518	1,448,051	4,740	1,514,693	1,519,433
Other acquisition costs	1,638	206,431	208,069	1,175	228,202	229,377
Change in deferred acquisition costs	(18)	55,693	55,675	22	22,392	22,414
Total commissions and other acquisition costs	6,153	1,705,642	1,711,795	5,937	1,765,287	1,771,224

The Company discloses renewal commissions in administrative expenses.

Other acquisition costs primarily comprise costs for wages and salaries, promotion, advertising and other administrative expenses associated with the conclusion of insurance contracts.

III. 6. Administrative expenses

(in thousands CZK)	2015	2014
Renewal commissions	293,927	275,814
Personnel expenses (payroll, social security and health insurance, remuneration to members of the Supervisory Board, Board of Directors and Audit Committee)	110,851	99,674
Depreciation of intangible fixed assets	45,503	38,832
Operating systems administration and maintenance	27,775	27,565
Depreciation and repairs and maintenance of tangible assets	25,425	30,033
Postal and telecommunication services	21,990	29,096
Other services	20,567	16,514
Other administrative expenses	10,065	10,742
Bank fees	8,021	7,929
Consumption of low-value tangible and intangible assets and other material	7,698	9,414
Rent and related services	7,002	6,022
Consultancy and external audit	4,834	11,257
Total administrative expenses	583,658	562,892

Other personnel expenses are included in other administrative expenses.

III. 7. Other technical expenses and income

2015 (in thousands CZK)	Gross	Reinsurers' share	Net
Non-life insurance			
Other technical expenses	259	0	259
Other technical income	(753)	0	(753)
Balance – non-life insurance	(494)	0	(494)
Life assurance			
Other technical expenses	37,503	0	37,503
Other technical income	(89,292)	0	(89,292)
Balance – life assurance	(51,789)	0	(51,789)

2014 (in thousands CZK)	Gross	Reinsurers' share	Net
Non-life insurance			
Other technical expenses	1,243	0	1,243
Other technical income	(1,578)	0	(1,578)
Balance – non-life insurance	(335)	0	(335)
Life assurance			
Other technical expenses	119,134	0	119,134
Other technical income	(142,759)	0	(142,759)
Balance – life assurance	(23,625)	0	(23,625)

III. 8. Employees and management

Personnel expenses and average calculated number of employees by individual categories for 2015 and 2014:

Personnel expense – type (in thousands CZK)	Employee category				Total
	Year	Acquisition, sales	Claims handling	Administration	
Payroll expense	2015	85,467	13,208	70,317	168,992
	2014	81,922	12,617	73,216	167,755
Social security and health insurance	2015	29,624	4,564	23,238	57,426
	2014	23,096	4,355	19,209	46,660
Other personnel expenses	2015	4,543	1,249	4,273	10,065
	2014	4,790	1,419	4,527	10,736
Total personnel expenses	2015	119,634	19,021	97,828	236,483
	2014	109,808	18,391	96,952	225,151
Average number of employees	2015	125	38	115	278
	2014	121	35	113	269

The above figures do not include remuneration paid to statutory, executive and supervisory board members.

As at 31 December 2015, the management of the Company comprised 13 managers: the CEO, 3 deputy CEOs and 9 section directors. Payroll expenses relating to managers totalled TCZK 29,836 in 2015 (2014: TCZK 28,693).

Expenses relating to the job positions of sales division section directors and product management director are presented under acquisition costs. Expenses relating to other management positions are presented under administrative expenses.

(a) Statutory, Executive and Supervisory Board members’ remuneration

The Company has provided the following monetary and non-monetary remuneration to the statutory, executive and supervisory board members for the financial years 2015 and 2014:

(in thousands CZK)	2015	2014
Members of the Board of Directors	15,868	7,080
Proxy holder	60	60
Members of the Supervisory Board	1,389	1,271
Audit Committee	14	14
Total remuneration paid	17,331	8,425

The remuneration stated in the table does not include social security and health insurance payments even in case it is subject to these payments.

The members of the Company’s Board of Directors are at the same time employees of the Company exercising the offices of Deputy CEOs or the CEO of the Company.

The proxy holder is also an employee of the Company, exercising the office of Deputy CEO.

The members of statutory bodies and proxy holders are entitled to remuneration that is determined by the Supervisory Board in line with the Company’s by-laws and with respect to the scope of the work performed. A member of the Audit Committee is paid a fixed annual fee unless receiving at the same time remuneration as a member of another controlling or supervisory body of the Company.

The fees are specified in Table III.8.(a) based on the type of the statutory body.

The remuneration paid to the members of the Board of Directors was raised as a result of a change to the structure of remuneration for performance of the function of a member and for the employee’s work on the position of a chief executive officer or deputy chief executive officer.

The Company presented no receivables from members of the Board of Directors, Supervisory Board, Audit Committee or the proxy holder relating to loans granted or advances paid, either in 2015 or 2014.

(b) Information on remuneration for statutory auditors

Information about remuneration for statutory auditors are provided in the Notes to the consolidated financial statements of the parent company VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

III. 9. Expense allocation between technical accounts and non-technical account

As at the balance sheet date, the total amount of expenses allocated between the technical accounts for life assurance, non-life insurance and the non-technical account by means of the method stated in note I.4.(t) amounted to TCZK 73,160 (2014: TCZK 72,782).

III. 10. Result of non-technical account

The result of the non-technical account as at 31 December 2015 amounted to TCZK 3,326 (2014: TCZK 2,914).

III. 11. Result before tax

The result before tax as at 31 December 2015 amounted to TCZK 974,803 (2014: TCZK 1,055,312).

III. 12. Taxation

(a) Income tax in the profit and loss account

(in thousands CZK)	2015	2014
Provision for current period income tax	188,016	198,489
Difference between the current income tax relating to prior periods and release of the provision for income tax relating to prior periods	(162)	(1,653)
Change in deferred tax asset/Change in deferred tax liability	(3,090)	3,355
Income tax in profit and loss account	184,764	200,191

(b) Deferred tax assets and liabilities

Deferred tax assets and liabilities are as follows:

Temporary differences (in thousands CZK)	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Tangible fixed assets			6,421	6,743	(6,421)	(6,743)
Intangible fixed assets			4,334	4,362	(4,334)	(4,362)
Receivables	760	1,045			760	1,045
Other temporary difference recorded in Profit and loss account	7,248	4,224			7,248	4,224
Effect on profit and loss account	8,008	5,269	10,755	11,105	(2,747)	(5,836)
Revaluation of assets and liabilities			29,414	34,733	(29,414)	(34,733)
Effect on equity			29,414	34,733	(29,414)	(34,733)
Deferred tax asset/(liability)	8,008	5,269	40,169	45,838	(32,161)	(40,569)
Off-setting of relating deferred tax assets and liabilities	(8,008)	(5,269)	(8,008)	(5,269)		
Deferred tax asset/(liability)	0	0	32,161	40,569	(32,161)	(40,569)

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

IV. OTHER DISCLOSURES

IV. 1. Group relations

The Company has not concluded a controlling agreement with its majority shareholder VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe having its registered office in Vienna, Austria.

IV. 2. Contingent liabilities and transactions not disclosed in the financial statements

The Company is not aware of any even potential commitments or transactions not disclosed in the financial statements.

IV. 3. Subsequent events

The Company's management is not aware of any material subsequent events that have occurred since the balance sheet date that would require an adjustment to the financial statements as at 31 December 2015.

In Pardubice, on 18 March 2016

RNDr. Petr Zapletal, MBA
Chairman of the Board of Directors

Ing. Jaroslav Kulháněk
Vice-chairman of the Board of Directors

REPORT ON RELATIONS

This Report on relations between the entities listed below was prepared pursuant to Section 82 of Act No. 90/2012, on Business Corporations and Co-operatives (Business Corporations Act), as amended, for the accounting period from 1 January 2015 to 31 December 2015 (hereinafter the “accounting period”).

Pojišťovna České spořitelny, a.s., Vienna Insurance Group, with its registered office in Pardubice, nám. Republiky 115, postal code 530 02, Business registration number (IČ): 47452820, entered in the Commercial Register maintained by the Regional Court in Hradec Králové, Section B, File 855 (hereinafter the “**Submitter**”), is a member of the VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe. Within this business group, the Submitter provides financial services within the scope of a licence to pursue insurance activities in the Czech Republic.

The control is executed through management by representatives of the controlling entity in the Submitter’s Supervisory Board and through voting at the General Meeting, in which the controlling entity holds an ownership interest of 90%. Other instruments are also used within the Group, such as contractual agreements, the scope of which comprises the provision of services and the terms of separation of selected activities. The purpose of this management method is primarily to improve the financial services provided and reduce costs. Below is an overview of the existing relations between the Submitter and the controlling entities, and between the Submitter and entities controlled by the same controlling entities (hereinafter the “**Related Parties**”):

1. OVERVIEW/CHART OF THE STRUCTURE OF RELATIONS BETWEEN ENTITIES IN THE VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE OR ENTITIES WHOSE RELATIONS ARE DESCRIBED

CONTROLLING ENTITIES

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Schottenring 30, A 1010 Vienna, entered in the Commercial Register maintained by the Commercial Court in Vienna, Section FN, File 75687 F (Hereinafter “Wiener Städtische”)

Company	Country	Current ownership interest in %
Consolidated companies		
“BULSTRAD LIFE VIENNA INSURANCE GROUP” JOINT STOCK COMPANY, Sofia	Bulgaria	95.53
“Grüner Baum” Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00
“POLISA-ZYCIE” Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	98.57
“WIENER RE” akcionarsko društvo za reosiguranje, Belgrade	Serbia	100.00
“WIENER STÄDTISCHE OSIGURANJE” akcionarsko drustvo za osiguranje, Belgrade	Serbia	100.00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.10
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94.00
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00
Arithmetica Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Vienna	Austria	100.00
BCR Asigurari de Viata Vienna Insurance Group S.A., Bucharest	Romania	92.36
BENEFIA Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group, Warsaw	Poland	100.00
BML Versicherungsmakler GmbH, Vienna	Austria	100.00
Benefia Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	100.00
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00

REPORT ON RELATIONS

Company	Country	Current ownership interest in %
Consolidated companies		
Business Insurance Application Consulting GmbH, Vienna	Austria	100.00
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00
CAL ICAL "Globus", Kiev	Ukraine	80.00
CAME Holding GmbH, Vienna	Austria	100.00
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100.00
CENTER Hotelbetriebs GmbH, Vienna	Austria	80.00
COMPENSA Holding GmbH, Wiesbaden	Germany	100.00
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100.00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100.00
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	100.00
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99.92
DBLV Immobesitz GmbH, Vienna	Austria	100.00
DBLV Immobesitz GmbH & Co KG, Vienna	Austria	100.00
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99.24
DVIB GmbH, Vienna	Austria	100.00
Deutschemeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100.00
ELVP Beteiligungen GmbH, Vienna	Austria	100.00
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95.00
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95.00
GPIH B.V., Amsterdam	Netherlands	91.11

Company	Country	Current ownership interest in %
Consolidated companies		
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	98.00
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	75.00
Joint Stock Company for Insurance and Reinsurance Makedonija Skopje – Vienna Insurance Group, Skopje	Macedonia	94.25
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	Poland	99.98
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00
Interalbanian Vienna Insurance Group Sh.a., Tirana	Albania	93.17
International Insurance Company "IRAO" LTD, Tbilisi	Georgia	100.00
Joint Stock Company Insurance Company GPI Holding, Tbilisi	Georgia	90.00
Jahorina osiguranje Vienna Insurance Group akcionasko drustvo, Pale	Bosnia and Hercegovina	100.00
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100.00
KOMUNÁLNA poisťovňa, a.s., Vienna Insurance Group, Bratislava	Slovakia	100.00
KOOPERATIVA poisťovňa, a.s., Vienna Insurance Group, Bratislava	Slovakia	100.00
Kaiserstraße 113 GmbH, Vienna	Austria	100.00
Kapitol pojišťovací a finanční poradenství, a.s., Brno	Czech Republic	100.00
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	98.39
Kvarner Wiener Städtische nekretnine d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100.00
LVP Holding GmbH, Vienna	Austria	100.00
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	Austria	100.00
MH 54 Immobilienanlage GmbH, Vienna	Austria	100.00
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs-und SiedlungsgesmbH, Linz	Austria	99.81

REPORT ON RELATIONS

Company	Country	Current ownership interest in %
Consolidated companies		
Neue Heimat Oberösterreich Holding GmbH, Vienna	Austria	90.00
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Rumania	99.40
PFG Holding GmbH, Vienna	Austria	89.23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88
Private Joint-Stock Company Insurance company Ukrainian insurance group, Kiev	Ukraine	100.00
PRIVATE JOINT-STOCK COMPANY UKRAINIAN INSURANCE COMPANY “KNIAZHA VIENNA INSURANCE GROUP”, Kiev	Ukraine	99.99
Private Joint-Stock Company “JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP”, Kiev	Ukraine	97.80
PROGRESS Beteiligungsges.m.b.H., Vienna	Austria	60.00
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56.55
Passat Real Sp. z o.o., Warsaw	Poland	100.00
Poišťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95.00
Pojišťovna České spořitelny, a.s. Vienna Insurance Group, Pardubice	Czech Republic	95.00
Projektbau GesmbH, Vienna	Austria	100.00
Projektbau Holding GmbH, Vienna	Austria	90.00
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100.00
Ray Sigorta Anonim Sirketi, Istanbul	Turkey	94.96
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00
SIGMA VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	87.01
SVZ GmbH, Vienna	Austria	100.00
SVZI GmbH, Vienna	Austria	100.00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna	Austria	100.00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100.00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	100.00

Company	Country	Current ownership interest in %
Consolidated companies		
Senioren Residenz Veldidenapark Errichtungs-und Verwaltungs GmbH, Innsbruck	Austria	66.70
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95.00
T 125 GmbH, Vienna	Austria	100.00
TBI BULGARIA EAD, Sofia	Bulgaria	100.00
TBIH Financial Services Group N.V., Amsterdam	Netherlands	100.00
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100.00
VIG ND, a.s., Prague	Czech Republic	100.00
VIG FUND uzavřený investiční fond, a.s., Prague (Group financial statements)	Czech Republic	100.00
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00
VIG REAL ESTATE DOO, New Belgrade	Serbia	100.00
VIG Real Estate GmbH, Vienna	Austria	100.00
VIG-CZ Real Estate GmbH, Vienna	Austria	100.00
VLTAVA majetkovosprávní a podílová spol. s r.o., Prague	Czech Republic	100.00
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Bendorf	Liechtenstein	100.00
WGPV Holding GmbH, Vienna	Austria	100.00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	99.47
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100.00
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100.00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	99.90
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100.00
WSBV Beteiligungsverwaltung GmbH & Co KG, Vienna	Austria	100.00
WSV Immoholding GmbH, Vienna	Austria	100.00

REPORT ON RELATIONS

Company	Country	Current ownership interest in %
Companies consolidated using the equivalence method		
“Schwarzatal” Gemeinnützige Wohnungs-und Siedlungsanlagen-GmbH, Vienna	Austria	55.00
AIS Servis, s.r.o., Brno	Czech Republic	100.00
Benefita, a.s., Prague	Czech Republic	100.00
ČPP Servis, s.r.o., Prague	Czech Republic	100.00
CROWN-WSF spol. s r.o., Prague	Czech Republic	30.00
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Vienna	Austria	99.77
GLOBAL ASSISTANCE a.s., Prague	Czech Republic	100.00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55.00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	55.00
Gewista-Werbegesellschaft m.b.H., Vienna	Austria	33.00
Global Expert, s.r.o., Pardubice	Czech Republic	100.00
HOTELY SRNÍ, a.s., Prague	Czech Republic	100.00
KIP, a.s., Prague	Czech Republic	100.00
Medial Beteiligungs-Gesellschaft m.b.H., Vienna	Austria	29.63
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Vienna	Austria	50.12
Sanatorium Astoria a.s., Karlovy Vary	Czech Republic	100.00
S - budovy, a.s., Prague	Czech Republic	100.00
S IMMO AG, Vienna (Group financial statements)	Austria	10.04
S-správa nemovitostí, a.s., Prague	Czech Republic	100.00
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Vienna	Austria	50.12
SURPMO, a.s., Prague	Czech Republic	100.00
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	Austria	60.00
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Vienna	Austria	50.12

Company	Country	Current ownership interest in %
Unconsolidated companies		
“Auto-Ekspert” Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
“Compensa Services” SIA, Riga	Latvia	100.00
“DUNAJ – Finanse” - Spolka z ograniczona adpowiedzialnoscia, Warsaw	Poland	50.00
“Neue Heimat” Stadterneuerungsgesellschaft m.b.H., Linz	Austria	100.00
AISMP Meditzinski Tsentar Bulstrad Zdrave EOOD, Sofia	Bulgaria	100.00
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	Monte Negro	100.00
Amadi GmbH, Wiesbaden	Germany	100.00
AQUILA Hausmanagement GmbH, Vienna	Austria	100.00
AREALIS Liegenschaftsmanagement GmbH, Vienna	Austria	50.00
Autosig SRL, Bucharest	Romania	100.00
B&A Insurance Consulting s.r.o., Moravská Ostrava	Czech Republic	49.00
BENEFIA Dystrybucja Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
Beteiligungs- und Immobilien GmbH, Linz	Austria	25.00
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25.00
Brunn N68 Sanierungs GmbH, Vienna	Austria	50.00
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H., Villach	Austria	99.48
CAPITOL BROKER DE PENSII PRIVATE S.R.L., Bucharest	Romania	97.56
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L., Bucharest	Romania	97.57
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bucharest	Romania	97.56
CAPITOL Spolka z Ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
CARPLUS Versicherungsvermittlungsagentur GmbH, Vienna	Austria	100.00
CCA EDV für Versicherungswirtschaft GmbH, Vienna	Austria	100.00
DIRECT-LINE Direktvertriebs-GmbH, Vienna	Austria	100.00

REPORT ON RELATIONS

Company	Country	Current ownership interest in %
Unconsolidated companies		
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Vienna	Austria	100.00
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	99.99
EBV-Leasing Gesellschaft m.b.H., Vienna	Austria	49.49
EGW Wohnbau gemeinnützige Ges.m.b.H., Vienna	Austria	100.00
ERSTE d.o.o. – company for mandatory pension fund management, Zagreb	Croatia	29.00
Erste S Biztositasi Alkusz Kft, Budapest	Hungary	100.00
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	85.00
EXPERTA Schadenregulierungs-Gesellschaft mbH, Vienna	Austria	100.00
Finanzpartner GmbH, Vienna	Austria	50.00
Foreign limited liability company “InterInvestUchastie”, Minsk	Belarus	100.00
Gain Capital SA, SICAV-FIS Real Estate Car Parks I, Luxembourg	Luxembourg	52.88
GELUP GmbH, Vienna	Austria	33.33
GEO HOSPITALS LLC, Tbilisi	Georgia	100.00
Glamas Beteiligungsverwaltungs GmbH, Vienna	Austria	23.33
Glamas Beteiligungsverwaltungs GmbH & Co “Beta” KG, Vienna	Austria	23.33
HAVLÍČKOVA INVESTMENT a.s., Prague	Czech Republic	100.00
Henderson Global Investors Immobilien Austria GmbH, Vienna	Austria	35.00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Vienna	Austria	100.00
InterRisk Informatik GmbH, Wiesbaden	Germany	100.00
Jahorina auto d.o.o., Brcko	Bosnia and Herzegovina	100.00
Jahorina Konseko Progres a.d., Pale	Bosnia and Herzegovina	28.00
Joint Stock Company “Curatio”, Tbilisi	Georgia	100.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje	Macedonia	100.00

Company	Country	Current ownership interest in %
Unconsolidated companies		
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	50.00
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG, Vienna	Austria	21.59
LiSciV Muthgasse GmbH & Co KG, Vienna	Austria	23.33
MC EINS Investment GmbH, Vienna	Austria	50.00
MuVi Re S.A., Luxembourg	Luxembourg	100.00
Österreichisches Verkehrsbüro Aktiengesellschaft, Vienna	Austria	36.58
Pension Insurance Company Doverie AD, Sofia	Bulgaria	92.58
People's Pharmacy LLC, Tbilisi	Georgia	50.00
PFG Liegenschaftsbewirtschaftungs GmbH, Vienna	Austria	83.57
Privat Joint-stock company “VAB Insurance”, Kiev	Ukraine	100.00
Renaissance Hotel Realbesitz GmbH, Vienna	Austria	40.00
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Vienna	Austria	51.00
S.C. CLUB A.RO S.R.L., Bucharest	Romania	100.00
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100.00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Vienna	Austria	100.00
Slovexperta, s.r.o., Žilina	Slovakia	100.00
Soleta Beteiligungsverwaltungs GmbH, Vienna	Austria	23.33
Soravia Food Market GmbH, Vienna	Austria	33.33
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Vienna	Austria	100.00
Spoldzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warsaw	Poland	100.00
students4excellence GmbH, Vienna	Austria	24.75
TBI Asset Management EAD, Sofia	Bulgaria	100.00
TBI CONSULTING EOOD, Sofia	Bulgaria	100.00
TBI Info EOOD, Sofia	Bulgaria	100.00

REPORT ON RELATIONS

Company	Country	Current ownership interest in %
Unconsolidated companies		
TBI Invest EAD, Sofia	Bulgaria	100.00
Thermenland Congress Center Loipersdorf GmbH & Co KG, Loipersdorf	Austria	32.26
TOGETHER Internet Services GmbH, Vienna	Austria	24.99
UAB “Compensa Services”, Vilnius	Lithuania	100.00
UNION-Informatikai Szolgáltató Kft., Budapest	Hungary	100.00
Untere Donaulände 40 GmbH, Vienna	Austria	100.00
Untere Donaulände 40 GmbH & Co KG, Vienna	Austria	100.00
VBV – Betriebliche Altersvorsorge AG, Vienna	Austria	23.56
VBV – Vorsorgekasse Aktiengesellschaft, Vienna	Austria	94.00
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Vienna	Austria	33.33
Vienna Finanse Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
Vienna Insurance Group Contact CenterBulgaria AD, Sofia	Bulgaria	100.00
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warsaw	Poland	100.00
Vienna International Underwriters GmbH, Vienna	Austria	100.00
VIG Asset Management investiční společnost, a.s., Prague	Czech Republic	100.00
VIG Management Service SRL, Bucharest	Romania	100.00
VIG Properties Bulgaria AD, Sofia	Bulgaria	99.97
VIG Services Bulgaria EOOD, Sofia	Bulgaria	100.00
VIG Services Shqiperi Sh.p.K., Tirana	Albania	100.00
VIG Services Ukraine, LLC, Kiev	Ukraine	100.00
VILE BAREDINE d.o.o., Zagreb	Croatia	30.00
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	50.00
VVT Vermögensverwaltung GmbH, Vienna	Austria	33.33
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	100.00
Wien 3420 Aspern Development AG, Vienna	Austria	73.40

Company	Country	Current ownership interest in %
Unconsolidated companies		
Wiener Städtische Donau Leasing GmbH, Vienna	Austria	100.00
WILA GmbH, Vienna	Austria	100.00
WNH Liegenschaftsbesitz GmbH, Vienna	Austria	100.00
WSBV Beteiligungsverwaltung GmbH, Vienna	Austria	100.00
WSV Vermögensverwaltung GmbH, Vienna	Austria	100.00

2. Based on the information available, no conduct was undertaken at the request or in the interest of the controlling entity or its controlled entities in the course of the accounting period which in its nature would affect the Submitter’s assets in excess of 10% of its equity, determined according to the last financial statements.

3. OVERVIEW OF MUTUAL CONTRACTS WITH CONTROLLED ENTITIES:
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

CONTRACTS

Sale of services

In the accounting period, the Submitter provided/received services under the contracts concluded in the previous accounting periods or in the current accounting period:

Contract	Contractual party	Date of conclusion	Effective date	Performance	Note
Agreement on cooperation in using buildings No. 115 and No. 1400 in Pardubice, No. 46/2013 – as amended by Amendment No. 1	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665, 186 00 Prague 8	27 June 2013 Amendment No. 1 of 5 March 2014	1 June 2013 Amendment No. 1 of 1 January 2014	Stipulation of mutual rights and obligations for the use of commercial premises in both properties serving both parties	
Agreement on sublease of commercial premises for a definite term – sub-lessee Kooperativa – as amended by Amendment No. 1 – lease until 31 July 2019 and Amendment No. 2	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	20 January 2010 Amendment No. 1 of 27 September 2013 Amendment No. 2 of 5 March 2014	1 January 2010 Amendment No. 1 of 1 October 2013 Amendment No. 2 of 1 January 2014	Lease of office, room No. 371, with a total area of 298.22 sq.m. in the building at nám. Republiky 1400, Pardubice	

Contract	Contractual party	Date of conclusion	Effective date	Performance	Note
Agreement on sublease of commercial premises for a definite term, as amended by Amendment No. 15 and Amendment No. 16	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	10 December 2004 Amendment No. 15 of 16 April 2015 Amendment No. 16 of 25 August 2015	2 January 2004 Amendment No. 15 of 1 May 2015 Amendment No. 16 of 1 September 2015	Lease of offices, rooms No. 241, 361 and 431, and rooms No. 351 and 352 with a total area of 1,739.12 sq.m. in the building at nám. Republiky 1400, Pardubice	
Insurance Policy No. 2268707823 until 28 February 2015, as amended by Amendments No. 39 to No. 41	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	29 February 2012 Amendment No. 39 of 12 January 2015 Amendment No. 41 of 6 February 2015	1 March 2012 Amendment No. 39 of 13 January 2015 Amendment No. 41 of 10 February 2015	Motor hull insurance for company cars	
Insurance Policy No. 2269005698 until 29 February 2016, as amended by Amendment No. 1 to Amendment No. 10	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	2 March 2015 Amendment No. 10 of 9 December 2015	1 March 2015 Amendment No. 10 of 10 December 2015	Motor hull insurance for company cars	
Insurance Policy No. 7720863754 until 31 December 2015, as amended by Amendments No. 1 to No. 2	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	29 December 2014 Amendment No. 2 of 7 December 2015	1 January 2015 Amendment No. 2 of 14 December 2015	Contract for insurance of Company assets and liability insurance	
Insurance Policy No. 2060001407 on supplementary insurance of motor vehicles – H73, as amended by Amendments No. 54 to No. 66	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	29 October 2010 Amendment No. 54 of 12 January 2015 Amendment No. 66 of 9 December 2015	1 November 2010 Amendment No. 54 of 12 January 2015 Amendment No. 66 of 9 December 2015	Insurance of motor vehicles NA100PRO – no fault accident	

REPORT ON RELATIONS

Contract	Contractual party	Date of conclusion	Effective date	Performance	Note
Insurance Policy Flotila No. 6980152161, as amended by Amendments No. 6311369620 and 6311369670	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	1999 Amendment No. 6311369620 of 9 December 2015 and Amendment No. 6311369670 of 9 December 2015	1999 Amendment No. 6311369620 of 10 December 2015 and Amendment No. 6311369670 of 10 December 2015	Motor third-party liability insurance	
Insurance Policy No. 8603105774, as amended by Amendment No. 1	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	31 July 2014 Amendment No. 1 of 31 July 2014	1 August 2014 Amendment No. 1 of 1 August 2014	Insurance policy for group liability insurance of Pojišťovna České spořitelny employees	
Cost Sharing Agreement, as amended by Amendment No. 3	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	16 December 2010 Amendment No. 3 of 30 December 2014	1 January 2011 Amendment No. 3 of 1 January 2015	Outsourcing for: internal audit, including ongoing RKS monitoring; information technologies; payroll processing, Customer Support Centre service	
Agreement on Group Internal Cooperation	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague Česká podnikatelská pojišťovna, a. s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Prague	13 August 2010	13 August 2010	Definition of basic competences and responsibilities in the process of development, management and coordination of the VIG Group in the Czech Republic	

Contract	Contractual party	Date of conclusion	Effective date	Performance	Note
Data Center Service Frame Agreement	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Schottenring 30, 1010 Wien, Österreich	14 January 2014	1 January 2013	Stipulation of the terms and conditions of the provision of services related to use of central data systems	
Quata Share Reinsurance Agreement No. 28/2015	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Schottenring 30, 1010 Wien, Österreich	20 March 2015	1 January 2015	Ensuring non-life supplementary accident insurance for 2015	
Quata Share Reinsurance Agreement 29/2015	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Schottenring 30, 1010 Wien, Österreich	20 March 2015	1 January 2015	Ensuring non-life supplementary accident insurance for 2015	

REPORT ON RELATIONS

Brokering contracts

The Submitter concluded the following contracts for brokering activity under which it provided the following performance:

Contract	Contractual party	Date of conclusion	Effective date	Performance	Note
Contract for business representation No. 4116-400500/10-2015-A (94/2015)	Kooperativa pojišťovna, a.s., Vienna Insurance Group, Pobřežní 665/21, 186 00 Praha	15 October 2015	15 October 2015	Brokering of non-life insurance sales	This Contract fully replaces the Contract for exclusive business representation No. 4600-400500/01-2005-A (PČS No. 134/04)

Comment:

All relations described in this annex were effected between the Related Parties by the Submitter and VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

Applicable laws of the Czech Republic were observed in entering into the foregoing relations, and prices were set pursuant to the relevant provisions of the Income Tax Act, i.e. on an arm’s-length basis. Insurance brokering pursuant to Act No. 38/2004 is governed in contractual relations by defining the mutual rights and obligations of the contractual parties (and the definition of the terms and conditions of the course, claim and payment of remuneration for the provided services related to the sale of insurance. An integral part of the contracts is the authorization granted by the related party for the provision of the said services under the conditions set out by the aforementioned law.

4. CONCLUSION

No contractual party claimed any detriment during the accounting period. The advantage of the foregoing contractual relations is the effective use of resources and services in the course of ordinary business activities, as well as cost savings.

In Pardubice, on 18 March 2016

NON-FINANCIAL SECTION

1. OUTLOOK

The Company's business strategy is focused on providing profitable products with high added value, system-wide planning of product innovations and building relations with clients and business partners based on mutual trust. The foundation of the trust is quality customer service provided by the Company for business partners and final consumers of insurance services.

The future development will be driven by efforts to meet business targets and ensure financial stability in the long run. Achieving this goal will not be easy in an environment rife with growing competition and low interest rates. These factors are compounded by high volatility of the financial markets and tighter regulation of the industry, including the ever-increasing requirements of the state administration authorities.

Meeting business targets and ensuring further growth of the Company will continue to be based primarily on:

a) effective management of product innovations

Product changes accentuate the fulfilment of the Company's business strategy and conditions for resolving serious life situations. The essence of these changes is to continuously expand the product offer to include disability insurance, insurance against incapacity due to illness, insurance against serious illnesses and a combination of permanent injuries. The architecture of product offerings is motivated by an effort to design a transparent, simple and client- and user-friendly product. The entire process of product innovation and, ultimately, insurance management, is aimed at increasing labour productivity, cost and time savings, and quality outputs related to processing insurance policies. Increasing monitoring of the customer

service quality in the form of client experience plays an irreplaceable role in this process. The achievements and experience gained from this activity in 2015 testify about the development of this area.

b) quality of services provided for final customers

The Company continuously innovates insurance management procedures, as evidenced by the ongoing computerization of insurance contract administration. In the past year, the Company further developed these innovations aimed at streamlining the acquisition process by introducing electronic insurance policy forms for our business partners. Following pilot testing, the implementation of electronic drafting of insurance policies was topped with an operational deployment of the client's electronic signature. This application fully replaces the traditional paper form of concluding contracts, including electronic transfer of data to the Company's systems. In addition to accelerating and improving the process of concluding insurance policies, it also reduces the costs of insurance management and the possibility of fraudulent conduct. Besides this application, we work on developing multichannel communication and expanding the use of the Company website. The web pages provide relevant information and assistance in addressing the needs associated with the consumption of insurance services (e.g. interactive reporting of claims). To further develop electronic services and communications, we have also broadened cooperation with Česká spořitelna in Internet banking.

c) effective risk management

In 2015, the Company completed the implementation of the Solvency II requirements with an independent assessment – an audit of the implementation of the Solvency II requirements. The audit resulted in a confirmation of the procedural readiness for a new system

of monitoring the Company's solvency. In the coming period, the Company aims to utilize the implemented functionalities of Solvency II for a further improvement of Company management based on risk. An integral part of this activity will be using the new instruments to facilitate changes in management culture. In addition to the Solvency II second-pillar requirements, pilot calculations confirmed the Company's financial stability also within the newly defined system for evaluating the solvency of insurers.

2. RESEARCH AND DEVELOPMENT ACTIVITIES

Although the Company has limited options in the research and development field due to its line of business, its market position is based, inter alia, primarily on innovations of the provided financial services. Therefore, development is focused mainly on the advancement and utilization of information and communication technologies. In the coming year, we want to continue to apply these technologies and to build upon the successful implementation of the system of electronic conclusion of insurance contracts, including electronic signature, and other innovations.

We also intend to fully participate in the ongoing digitization of financial services. In this process we can take advantage of our long-term cooperation with Česká spořitelna, which foresees commercial and economic potential in this area as well.

3. ENVIRONMENTAL PROTECTION AND LABOUR RELATIONS

With regard to its scope of business, the Company causes minimal environmental damage and meets the requirements stipulated by Czech legislation. In the process of IT infrastructure renewal, we have paid utmost attention to the selection of contractors and equipment that would guarantee full recycling and a significant reduction in energy consumption of the operation of the Company's IT technology.

In the field of labour relations, The Company strives to be an attractive employer in the labour market. To achieve this goal, the Company pays increased attention to the development of the employment policy and social programmes. It provides employees with a variety of pecuniary and non-pecuniary benefits. In addition, the Company makes every effort to ensure a high standard of the equipment in the facilities and the working environment. In the past year, an extensive reconstruction of the open-plan offices was carried out. The outcome of the refurbishment meets the requirements for an optimum working environment. The renovated offices include rest areas, quality equipment and provide an opportunity to combine sedentary tasks with work performed standing at positioning desks, depending on the nature of work. The Company evaluates the conditions of the work environment on an ongoing basis in order to meet the requirements for the performance of work tasks, and complies with occupational safety rules. Another monitored area of labour relations is regular and contractually provided health care for employees.

Education and professional growth rank among the Company's monitored indicators in the assessment of top management's profit-sharing. The Company has implemented a system of assessment and development of employees, on the basis of which they can participate in various forms of education/training aimed at upgrading and improving their qualifications.

4. FOREIGN BRANCHES

The Company operates no foreign branch.

5. OTHER REQUIREMENTS PURSUANT TO SPECIAL LEGAL REGULATIONS

The Company meets the requirements for its line of business, i.e. insurance, stipulated mainly in the Insurance Act and also in the Act on Insurance Intermediaries and Independent Loss Adjusters. No other special requirements are stipulated for the Company's activity.



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