
Annual Report 2015

Komerční pojišťovna, a.s.

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025

NA PARTNERSTVÍ ZÁLEŽÍ



KB
Pojišťovna

Komerční pojišťovna, a.s. is a universal insurance company that specializes primarily in the provision of life insurance services.

- The total assets of the insurance company increased by 3.4%.
- Technical provisions reached CZK 45.4 billion.
- In 2015, the gross written premiums amounted to CZK 6.6 billion.
- Appreciation for KP's clients ranged from 1 – 2 % in 2015.



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Additional Information

For more information on KP's products and services, visit www.kb-pojistovna.cz.

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Technical provisions (gross, CZK thousand)

2011	24,506,866
2012	29,191,745
2013	35,252,901
2014	43,306,605
2015	45,428,778

Written premiums (gross, CZK thousand)

2011	6,850,897
2012	6,148,770
2013	8,350,969
2014	10,192,286
2015	6,577,143

	UNITS	2015	2014	2013	2012	2011
Total assets	CZK thousand	46,687,061	45,273,502	37,617,835	32,047,712	26,257,298
Share capital	CZK thousand	1,175,398	1,175,398	1,175,398	1,175,398	1,175,398
Equity	CZK thousand	2,983,090	3,113,341	2,564,419	2,389,057	1,346,544
Profit / Loss	CZK thousand	372,781	283,082	418,372	175,418	251,046
Written premiums (gross)	CZK thousand	6,577,143	10,192,286	8,350,969	6,148,770	6,850,897
Costs of claims (gross)	CZK thousand	4,322,183	2,522,666	2,204,211	1,933,341	1,926,337
Technical provisions (gross)	CZK thousand	45,428,778	43,306,605	35,252,901	29,191,745	24,506,866
Number of employees	Persons	166	157	155	154	151

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Company Profile

Business name

Komerční pojišťovna, a.s..

Legal form

Joint-stock company

Date of founding

1 September 1995

Registered office

Karolinská 650/1, Prague 8

Company Registration No.

63998017, incorporated in the Commercial Register kept by the Municipal Court in Prague, Section B, Insert 3362

Shareholders

SOGECAP, S.A., with its registered office at Tour D2, 17 bis place des reflets, 92919 Paris La Défense Cedex, France (with a share of 51%)

Komerční banka, a.s., with its registered office at Na Příkopě 33, Prague 1 (with a share of 49%)

Registered capital

CZK 1,175,397,600

Scope of business

- Insurance activities,
- Operations related to insurance and reinsurance.

Since the acquisition of Komerční banka, a.s. (hereinafter "KB" or "Komerční banka") by Société Générale S.A. (hereinafter "SG" or "Société Générale") in 2001, Komerční pojišťovna, a.s. (hereinafter "KP", "Komerční pojišťovna" or "Company") started implementing SG's bank-insurance business model. KP therefore cooperates primarily with companies that form part of the KB Group. In addition to KB's largest network, other sales networks comprise ESSOX, s.r.o. (hereinafter "ESSOX"), Modrá pyramida stavební spořitelna, a.s. (hereinafter "MPSS") and Penzijní společnost Komerční banky, a.s. (hereinafter "KB PS").

Insurance brokers joining the ranks of KP's external business partners since 2009 have become an important part of the Company's distribution network, while cooperation with them has continued to expand successfully.

KP uses its status as a universal insurance company to provide services in the area of life and non-life insurance in the Czech Republic as well as in the entire EU under a single licence. Since 2008, KP has successfully cooperated with foreign companies in the SG Group and offers its services in Bulgaria, Romania and Germany. In 2013, Komerční pojišťovna launched the sale of the Vital Premium life insurance in Euros in Slovakia.

The majority owner of KP's shares is insurance company SOGECAP S.A. (hereinafter "SOGECAP"), SG's wholly-owned subsidiary, which holds a 51% ownership interest; KB is a 49% minority shareholder. Due to the shareholders' structure, KP has had direct access to top know-how and long-term experience in the field of financial advisory.

Komerční pojišťovna is a member of the Komerční banka Financial Group and Société Générale Financial Group. KP's products are offered to Komerční banka's clients in particular, thus complementing KB's services so that clients can obtain comprehensive financial advisory, including insurance.

Komerční pojišťovna does not have any branches abroad.

Foreword of the Chairman of the Board of Directors

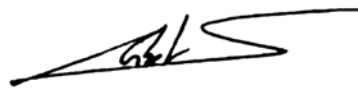
In 2015 and for the first time, Komerční pojišťovna received the awards of Best Life Insurance Company and Most Client Oriented Life Insurance Company from Hospodářské noviny Awards for financial sector. This represents a real recognition for all employees who are working hard to reach such nice results.

The year 2015 as well confirmed our very good results in the clients' satisfaction survey we performed in cooperation with IPSOS, external research agency. Clients satisfaction and loyalty were measured by net promoter score, the metric to assess willingness of clients to recommend certain company, product or service to his friends, relatives or colleagues, and KP scored +19 which is we above standard of the market and rewards the attention we put on clients' needs.

As for its business activity KP successfully initiated a transition in its life insurance strategy to react to very specific market conditions of fixed interest rate bonds and maintained a remarkable growth of risk life insurance premiums.

Our priorities for the year 2016 will consist in maintaining our rhythm of growth while insuring the full compliance of our activities in a regulatory environment which is constantly moving.

I have no doubt that thanks to the commitment of our employees and their team spirit, we will be able to maintain the growing trend which has pushed us ahead during previous years.



Stéphane Corbet

Chairman of the Board of Directors and CEO

Report of the Board of Directors

Komerční pojišťovna, a member of the Société Générale Financial Group, focuses on the provision of life insurance and the sale of other types of insurance that complement the banking and financial products of partners in the SG Group. KP products are mostly distributed by members of the KB Financial Group, in particular the KB distribution network, but also by external business partners. Komerční pojišťovna uses a single licence to provide its services throughout the European Union territory and cooperates with partner companies in the Société Générale Group in Bulgaria, Romania and Germany.

Macroeconomic Overview of 2015

The recovery trend continued in the Czech economy in 2015, and economic performance accelerated. This situation was positively reflected in the development of the GDP indicator, which achieved year-on-year growth of 4.3%. The weaker Czech crown and low inflation contributed to this positive development of the Czech economy. The year-on-year inflation rate was only 0.1% in December 2015. The average inflation rate for 2015 was only 0.3%, the lowest since 2003. The unemployment rate decreased compared to the previous year and reached 6.2% by the end of 2015.

Komerční pojišťovna's business strategy is built upon four pillars

Bank-insurance business model in cooperation with Komerční banka

- Savings and unit-linked life insurance
- Risk life insurance
- Non-life insurance

1.

Cooperation with other partners in the KB Financial Group – MPSS, ESSOX, KB PS

- Savings and unit-linked life insurance
- Risk life insurance
- Non-life insurance

2.

External business partners

- Risk life insurance

3.

International cooperation within the Société Générale Group

- Non-life insurance

4.

Trends in the Insurance Market in the Czech Republic

The total written premiums in 2015 declined by 2.9% to CZK 148.4 billion compared to the previous year. The total volume of premiums in life insurance reached CZK 64.9 billion (year-on-year decrease by 9%). In contrast, the total volume of non-life insurance exceeded CZK 83.6 billion and increased by more than 2% compared to the previous year. All of these values were derived using the original old methodology of the Czech Insurance Association *.

Position of KP on the Insurance Market

In 2015, Komerční pojišťovna achieved very good business results and reached the threshold of CZK 6.6 billion in the area of gross written premiums. Depending on the product type, Komerční pojišťovna ensured appreciation of 1-2% for its clients in 2015. Komerční pojišťovna also managed to significantly increase the sale of products outside the Komerční banka Group. The year 2015 was again very successful in terms of the distribution of risk life insurance of KP in networks of external partners from among insurance brokers, where production increased 3% over 2014.

Komerční pojišťovna has been among the five major insurance companies on the Czech market in the area of life insurance for more than four years. At the end of 2015, Komerční pojišťovna achieved a market share of 9.6% (calculated in accordance with the original old methodology of the Czech Insurance Association*).

In 2015, Komerční pojišťovna managed to continue developing the area of non-life insurance as well, particularly in cooperation with Komerční banka, in the sale of Merlin products (insurance against credit/payment card abuse) and travel insurance in payment cards. As in the previous years, the successful cooperation with companies in the SG Group continued in 2015. The volume of the total written premiums in non-life insurance products offered by foreign partner companies increased by 10% compared to the previous year. In 2015, KP created provisions for bonuses and rebates in the amount of CZK 280 million for client's future profit sharing; see Chapter 2.8 in the Notes to the Financial Statements.

Product Portfolio and New Products in 2015

In 2015, Komerční pojišťovna focused primarily on increasing production and penetration of its products. We also expanded the range of funds within Vital Invest unit-linked life insurance; new funds of KB PSA 5D Popular A and Amundi Patrimoine were included in the portfolio. During the year, our clients had the opportunity to invest in new guaranteed funds of Certus 3 and Certus 4, which are linked to the SGI Harmonia CZK index. This diversified index includes, for example, securities, shares, gold, commodities and real estate.

Since March 2015, we have been offering a new option of life insurance Vital Premium. In addition to its existing successful versions in Czech crowns and Euros, tranches in U.S. dollars are newly available to clients

* according to non-public statistic provided by Czech Insurance Association distributed to the members of Czech insurance Association

Product Portfolio

1. Unit-linked and capital life insurance – Vital Product family

Komerční pojišťovna offers a range of products that enable clients to create financial reserves for the future. These include:

- **Vital Invest unit-linked life insurance** with a wide range of funds, including a fund with guaranteed appreciation and a guaranteed return on investment in the event of death of the insured,
- **Brouček unit-linked life insurance for children** with the possibility of insurance protection for an adult and interesting assistance services,
- **Program Vital capital life insurance**, which enables employers to assist their employees in securing themselves for their retirement using tax benefits,
- **Vital Premium savings life insurance** with guaranteed appreciation for VIP clients of KB, which is newly offered in three tranches – CZK, EUR and USD.

2. Risk-oriented insurance products

Risk life insurance is an important part of the offer of Komerční pojišťovna.

Risk life insurance covers the key life risks of clients and helps them to overcome financial losses in the case of unexpected events such as disability, death, working inability and involuntary job loss. Risk insurance includes:

- **Risk life insurance for consumer loans and mortgages**, which pays the loan instalments or the loan balance for the client in the case of unexpected events,
- **MojeJistota/Moudré pojištění/Elán universal life insurance** with a wide range of insurance risks, among which the client can freely choose,

Merlin, Profi Merlin, Vega and Super Vega risk non-life insurance against the loss and abuse of credit/payment card

covers other risks as well – the theft and abuse of a mobile phone, the loss of keys or personal documents, etc. We offer these types of insurance with payment cards issued by KB as well as other companies in the SG Group in the EU.

Other types of risk non-life insurance include MojePojištění plateb and ProfiPojištění plateb, i.e. payment insurance that secures the funds for the payment of regular monthly expenses from the current or business account of the KB client.

Travel insurance to cover the full range of risks associated with travelling forms a separate category. Travel insurance is offered separately or as part of payment cards issued by KB and other companies in the SG Group in the EU.

Internal Processes

In 2015, Komerční pojišťovna continued to focus on improving the quality of services. It conducted several satisfaction surveys among its clients as well as among distributors of insurance products. The outputs of the completed surveys were carefully analysed, used to improve the internal processes, and incorporated into the development of other products.

The pilot operation of a major internal project, DMS (Document Management System), was launched in late 2015. The aim of the project is to streamline and significantly accelerate internal processes, eliminate the circulation of physical documents, improve the electronic archiving of documents and, last but not least, support effective resource planning.

With an increase in the sale of comprehensive risk life insurance products, the Operations Section focused on improving processes leading to the prevention and detection of insurance fraud.

Komerční pojišťovna takes a responsible approach to its business. The company is involved in the Zelená firma (Green Company) project aimed at protecting the environment. In research and development, Komerční pojišťovna focuses on the development of new products, including the information systems in which the products are managed.

Internal Control System and Risk Management

The basic business principle of Komerční pojišťovna is a clear and transparent management structure complemented by strong and independent control functions. The definition of the management structure of Komerční pojišťovna is contained in the company's Articles of Association. The Board of Directors, which has six members headed by the Chairman, is the competent body in business management.

Control functions at the highest level are performed by the Supervisory Board and the Audit Committee, which, within KP, complement the internal audit and the comprehensive formalised system of so-called first-level controls. The control system is a key component of the risk management system subject to the Board of Directors.

Human Resources

The economic growth in the Czech Republic in 2015 affected the Czech labour market, among other things. The record-breaking low unemployment rate was manifested in a low number and the relatively poor quality of candidates. In the area of recruitment, we thus focused on a proactive search for suitable candidates via social networks, in addition to proven tools, and we also used the recommendations by our internal employees to a great extent. Despite these difficult conditions, we succeeded in responding to business demands within a short period of time.

Komerční pojišťovna maintains a high and competitive level of employee benefits. We actively support part-time employment and working time flexibility, thus promoting the family and a work-life balance.

As in previous years, we promoted the development of our employees in the form of internal and external trainings, educational programmes and the improvement of qualifications through study grants in 2015. In cooperation with Komerční banka, we were involved in the Strategic Talent Management Programme through the active participation of our employees. In late 2015, we introduced the new competency model of the Soci t  G n rale Group, which is based on four values – team spirit, innovation, commitment and responsibility – and forms the so-called Leadership model with the client in the centre as the focal point of our interests. All senior employees, including members of the Board of Directors, were trained for this model in an interactive form.

In the spring of 2015, we participated in the international biennial employee satisfaction survey called SG Barometer for the fourth time. A total of 90% of employees of Komerční pojišťovna participated in the survey (3% more than in 2013). This growing trend and a high percentage of participation testify to the fact that our employees want to actively participate in the development of Komerční pojišťovna and the entire Soci t  G n rale Group. The achieved results thus have a strong predictive value and are very well comparable in time as well as within the individual companies in the SG Group. The results of Komerční pojišťovna are very good, and compared to 2013, they show stability in the individual areas – we did not register any major swings from positive to negative responses.

Comments on the Financial Results

Comparison of the year-on-year trend in gross written premiums – life insurance (CZK thousand)

2014	9,852,956
2015	6,227,627

-36,8%

Comparison of the year-on-year trend in gross written premiums – non-life insurance (CZK thousand)

2014	339,329
2015	349,516

+3,0%

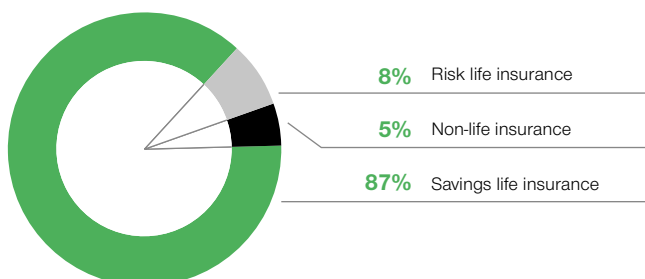
Profit

The profit of Komerční pojišťovna according to Czech Accounting Standards reached CZK 373 million in 2015. According to the International Financial Reporting Standards (IFRS) used for the purposes of consolidation with KB, KP's profit amounted to CZK 308 million.

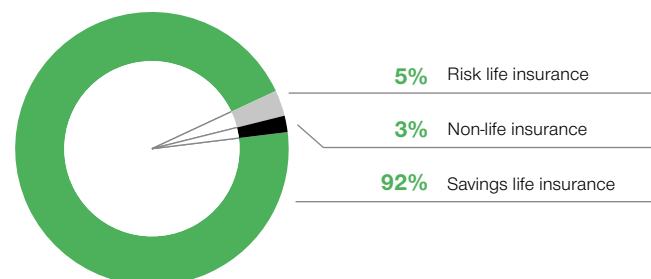
Gross Written Premiums

The total volume of gross written premiums for 2015 amounted to CZK 6,577 million. Gross written premiums in the life insurance segment reached CZK 6,228 million in 2015, which constitutes a year-on-year decrease by 37% and is related to the situation on the financial markets. In the area of non-life insurance, Komerční pojišťovna generated written premium in the amount of CZK 350 million. Compared to 2014, the written premiums thus increased by 3%.

Structure of gross written premiums in 2015 (%)



Structure of gross written premiums in 2014 (%)

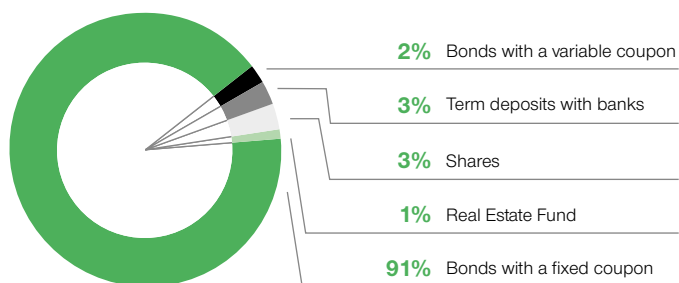


Structure of Gross Written premiums

The structure of the gross written premiums did not change significantly in 2015. There was a slight increase in the area of non-life insurance compared to the previous years. Risk life insurance also showed a year-on-year increase (by 13%), mainly due to new individual risk life products. The major part of the

portfolio is still composed of products of life insurance with a savings component sold by Komerční banka and MPSS, in particular products with guaranteed appreciation. New funds of KB PSA 5D Popular A and Amundi Patrimoine and also new guaranteed funds of Certus 3 and Certus 4 were included in the portfolio during the year.

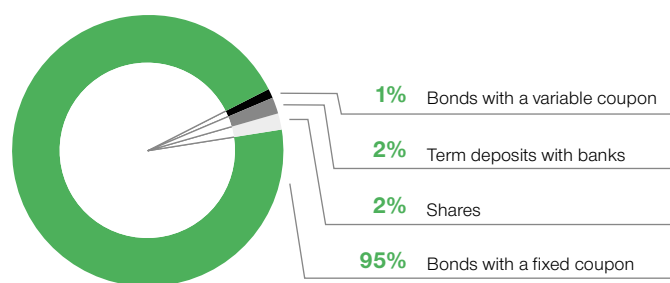
Komerční pojišťovna portfolio structure as at 31 December 2015 (%)



Portfolio structure

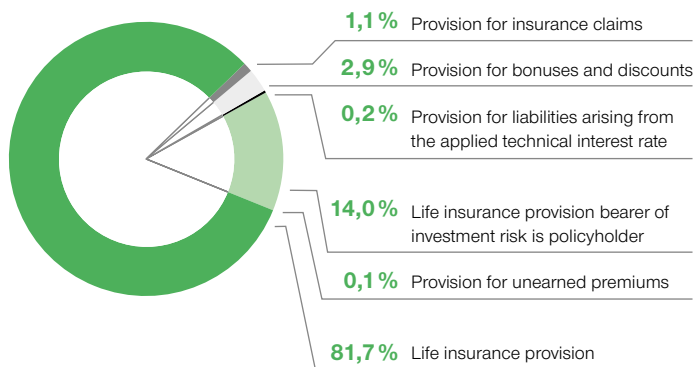
The structure of the investment portfolio is almost the same as in previous years. Komerční pojišťovna focuses mainly on conservative items. Bonds with a fixed coupon form approximately 91% of the portfolio, thus guaranteeing clients strong return on their investments. A significant part of the

Komerční pojišťovna portfolio structure as at 31 December 2014 (%)



portfolio is composed of Czech government bonds and bonds issued by banks and corporations based in the EU. The portfolio also includes term deposits and shares and, marginally, floating-rate notes. Komerční pojišťovna invested in the KB Real Estate Fund in 2015.

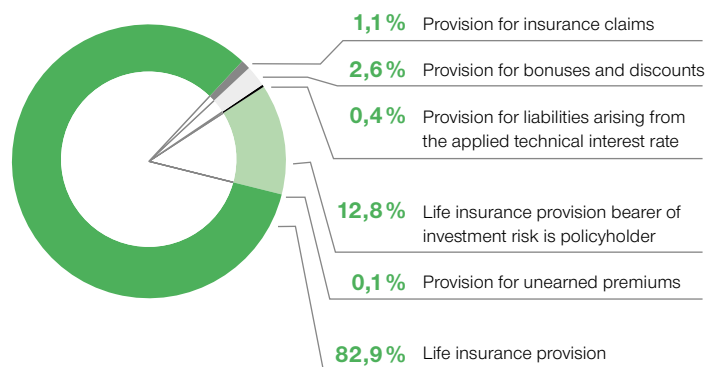
Technical provisions structure as of 31 December 2015 (%)



Technical provisions

The volume of technical provisions increased by 5% compared to 2014 and amounted to CZK 45.4 billion as of 31 December 2015.

Technical provisions structure as of 31 December 2014 (%)



Equity

The equity amounted to CZK 2,983 million as of 31 December 2015; this was a 4% decrease compared to 2014. The total balance sum reached CZK 46,807 million as of 31 December 2015, i.e. a year-on-year increase of 3%.

Statutory Bodies

Board of Directors

Stéphane Corbet

Chairman of the Board of Directors and CEO

He was born in France on 11 September 1969, is a French citizen and currently lives in Prague. He was elected Chairman of the Board of Directors effective 29 September 2011. He has been a member of the Board of Directors of Komerční pojišťovna since 1 September 2003. In the past, he held various actuarial positions, most recently with SOGECAP, before that with A. G. F. (a member of the Allianz Group). He is a graduate of the Institute of Statistics of the University of Paris and a member of the French Institute of Actuaries.

Jiří Koutník

Member of the Board of Directors and Head of Project and Information Technology Management Section

He was born on 8 October 1969 and lives in Prague. He was elected as a member of the Board of Directors effective 19 April 2011. Beginning in 2003, he worked at Komerční banka in top IT positions, most recently as the Head of SW development for distribution channels. In April 2011, he joined KP as Head of the Project and Information Technology Management Section. He is a graduate of the Faculty of Electrical Engineering of the Czech Technical University in Prague.

Helena Endlerová

Member of the Board of Directors and Head of Financial Section

She was born on 14 August 1980 and lives in Prague. She was elected as a member of the Board of Directors effective 22 January 2014. She started her career at Ernst & Young. She came to Komerční banka in 2006 and worked in the Financial Group Management Department. She joined Komerční pojišťovna in 2009 as Head of Controlling and Planning Department; in February 2011 she was appointed Deputy Head of Financial Section. She is a graduate of the Faculty of Economics of the Technical University of Liberec and a member of the UK-based Association of Chartered Certified Accountants.

Šárka Šindlerová

Member of the Board of Directors and Head of Client Service and Operations Section

She was born on 11 January 1973 and lives in Velké Popovice. She was elected as a member of the Board of Directors effective 1 July 2007. She has worked in the financial sector since 1996, namely at Deloitte and ING. She joined Komerční pojišťovna as Head of Financial Section in November 2002. She graduated from the Silesian University in Opava, School of Economics.

William Chonier

Member of the Board of Directors and Head of Development Section

He was born in France on 25 January 1971, is a French citizen and currently lives in Prague. He was elected as a member of the Board of Directors effective 27 September 2011. Most recently, he worked as the Sales Director at SG Insurance Russia. He joined KP as Head of Development Section on 1 September 2011. He graduated from the University of Clermont-Ferrand in France in the field of Economics and Management.

Zdeněk Zavadil

Member of the Board of Directors and Head of External Partnership Section

He was born on 22 April 1969 and lives in Prague. He was elected as a member of the Board of Directors effective 10 May 2001. He began his career at Motokov in 1992 and then worked for several leasing companies. He joined Komerční pojišťovna as Head of Client Service and Operations Section in May 2001. He graduated from the Faculty of Business Administration of the University of Economics in Prague.

Supervisory Board

Philippe Perret

Chairman of the Supervisory Board

He was born in France on 11 January 1963, is a French citizen and currently lives in Paris, France. He was elected as a member of the Supervisory Board effective 4 March 2006 and became Chairman of the Supervisory Board on 4 December 2009. He has worked in the financial sector since 1987, initially at NATIO-VIE (a member of the BNP Group); he began working at SOGECAP in 1997. He has been the CEO of the Company since 1 December 2009. He is a graduate of the National School of Statistics and Economic Management and is a member of the Executive Committee of the Association of French Insurance Companies and the French Institute of Actuaries.

Albert Le Dirac'h

Member of the Supervisory Board

He was born in France on 16 October 1954, is a French citizen and currently lives in Prague. He was elected as a member of the Supervisory Board effective 2 August 2013. He graduated from the University of Rennes in the field of management. In the years 1979-1980, he worked in the National Insurance Group. Since 1980, he has worked in the Société Générale Group, first as an inspector of the General Inspection Department in Paris, from 1987 as the Deputy Director and the Director of Back Offices within the Capital Markets Division, and from 1995 as Human Resources Director within the Human Resources Division. In the years 1999-2006, he worked as the CEO and member of the Board of Directors of SGBT Luxembourg, in the years 2001-2007 as the Chairman of the Supervisory Board of SG Private Banking Belgium, and in the years 2006-2008 as the Deputy Director of the Human Resources Division of the Group. From 2008 to 2012, he worked as the CEO and Chairman of the Board of Directors of Société Générale Morocco based in Casablanca. Effective 2 August 2013, Albert Le Dirac'h was elected as Chairman of the Board of Directors and CEO of Komerční banka by the KB Board of Directors. Albert Le Dirac'h is also a member of the Supervisory Board of SG Equipment Finance Czech Republic and Chairman of the Supervisory Board of MPSS and ESSOX.

Pascal Bied-Charreton

Member of the Supervisory Board

He was born in France on 28 December 1964, is a French citizen and currently lives in Paris, France. He was elected as a member of the Supervisory Board on 2 December 2009.

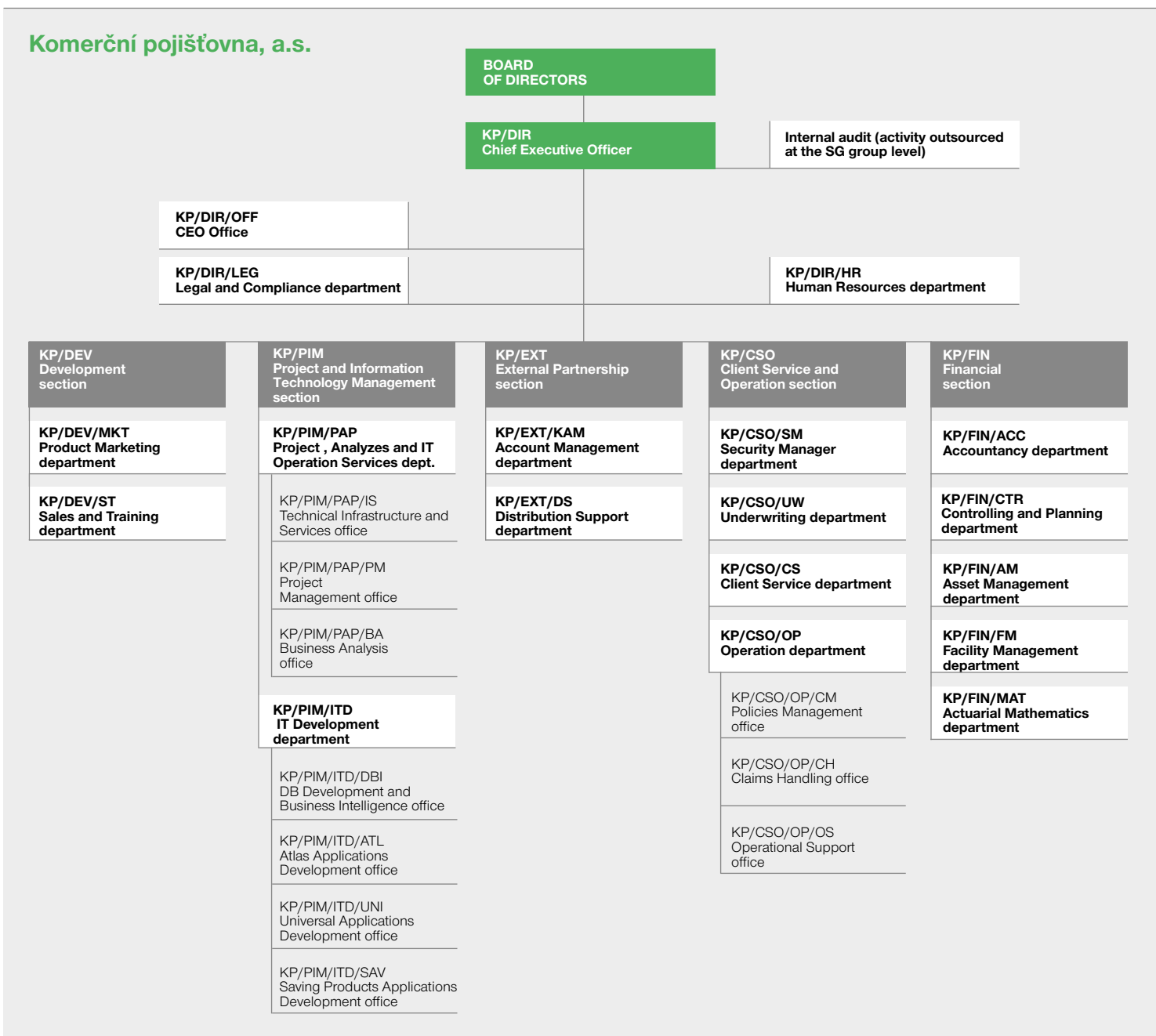
He graduated from Ecole Centrale de Paris in the field of economics. Since 1988, he has been active in the insurance industry and worked successively at CARDIF, NATIO-VIE and BNP Paribas. From September 2006 to November 2009, he was Director for International Development of Société Générale Insurance in Asia. Since 1 December 2009, he was appointed Deputy General Manager of SOGECAP. He is a member of the French Institute of Actuaries.

Libor Löfler

Member of the Supervisory Board

He was born on 29 May 1966 and lives in Prague. He was elected as a member of the Supervisory Board with effective 28 April 2015. He is a graduate of the University of Economics in Prague and has spent his entire career in the banking sector. He worked at the Czechoslovak State Bank, the Investment Bank and the Consolidation Bank in the area of IT projects and subsequently financial management. In the years 1998 and 1999 he held the post of CEO of the Consolidation Bank. Since 1999 he has worked for the Komerční banka Group, where he participated in privatisation and restructuring and transformation projects in the field of finance and the financial group. In the years 2002-2006 he held the post of Director of Financial Management. In 2006-2010 he held the post of Deputy Chairman of the Board of Directors of Modrá pyramida with responsibility for IT, projects and loan approval. In 2010 he was named Deputy Executive Director for Strategy and Finance of Komerční banka. In 2012, he took over as the Executive Director of Strategy and Finance. With effect from 1 April 2015, he was elected by the Supervisory Board as a Member of the Board of Directors of Komerční banka in charge of Strategy and Finance, Transaction and Payment Services, Investment Banking Services, Support Services, Information Technology, Organisation and Change Management and Information Management.

Organisational Structure as of 1 January 2016



Shareholders' Decisions at General Meetings

Pursuant to Section 421(2) of Act No. 90/2012 Coll. on Commercial Companies and Cooperatives (the Business Corporations Act), the following decisions of the General Meeting were made:

On 28 April 2015, the General Meeting:

- Considered the Report of the Board of Directors concerning the business of the Company and its assets in 2014;
- Considered the submitted financial statements and the proposal of the Board of Directors for the distribution of profit for 2014;
- Reviewed the Report of the Supervisory Board concerning the results of the audit activities of the Board of Directors and the review of the Report of the Board of Directors concerning the relationships between related entities;
- Approved the regular financial statements of the Company for 2014;
- Approved the full text of the Articles of Association of the Company as proposed by the Board of Directors; according to the newly approved Articles of Association, the Company is fully subject to the Business Corporations Act;
- Decided to distribute the profit for 2014 so that from the profit after tax in the amount of CZK 283,081,727.47, the dividend paid from the profit from non-life insurance activities for 2014 will amount to CZK 105,763,415.36, the dividend paid from life insurance activities for 2014 will amount to CZK 177,036,584.64, and CZK 281,727.47 will be transferred to the account of retained earnings from life insurance activities.

Dividends were paid out under the following conditions:

1. The total amount of dividends paid was CZK 282,800,000. The amount of dividend per share with a nominal value of CZK 72,735 was CZK 17,500. The amount of dividend per share with a nominal value of CZK 145,470 was CZK 35,000.
2. The dividend payment was made by bank transfer. The amount of the dividend paid out to SOGECAP SA was CZK 144,235,000. The amount of the dividend paid out to Komerční banka, a.s. was CZK 138,565,000.
3. The decisive day for the dividend payment was 29 April 2015.
4. The dividends were payable starting on 29 April 2015.
5. The dividends were paid at the expense of the Company.

The General Meeting also:

- appointed Ernst & Young Audit, s.r.o., Na Florenci 2116/15, 110 00 Prague 1 – Nové Město, to conduct the audit of the Company for the financial year of 2015.

Report of the Supervisory Board

Throughout 2015, the Supervisory Board carried out the tasks stipulated by law and by the Articles of Association of a joint-stock company. It performed its supervision over the activities of the insurance company and submitted its proposals to the Board of Directors.

Having reviewed the Company's financial statements for the year from 1 January to 31 December 2015, and on the basis of the external auditor's report on these financial statements, the Supervisory Board acknowledges that accounting records were maintained in a transparent manner, in compliance with the generally binding regulations governing the bookkeeping of insurance companies and in compliance with the Company's Articles of Association, and that the financial statements provide a true and fair view of the Company's financial position in all material respects.

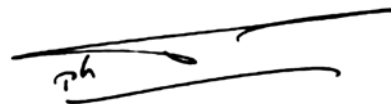
The statutory external auditor performed an audit of the Company's financial statements for the year ended 31 December 2015; the audit states that the financial statements give a true and fair view, in all material respects, of the assets, liabilities, equity and financial position of the Company as at 31 December 2015, as well as the result of its operations for 2015 in compliance with the relevant regulations of the Czech Republic.

The Supervisory Board recommends that the General Meeting approve the financial statements for 2015, as proposed by the Board of Directors.

The Supervisory Board reviewed the Related Party Report for 2015 prepared by the Company under the provision of Section 82 and following of the Business Corporations Act, and stated, based on the presented documents, that during the accounting period from 1 January 2015 to 31 December 2015 Komerční pojišťovna, a.s. did not suffer any losses.

Prague, on 18 of April 2016

On behalf of the Supervisory Board Komerční pojišťovna, a.s.



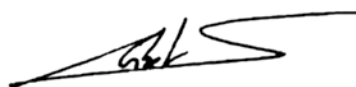
PHILIPPE PERRET
Chairman of the Supervisory Board

Sworn Statement

Komerční pojišťovna, a.s. declares that all information and data contained in this Annual Report are accurate and complete. Komerční pojišťovna, a.s. further declares that no subsequent events occurred prior to the date of preparing this Annual Report that would have a material negative impact on the Company's financial position.

In Prague on 19 April 2016

Signed on behalf of the Board of Directors by:



STEPHANE CORBET

Chairman of the Board of Directors and CEO



HELENA ENDLEROVÁ

Member of the Board of Directors and Head of Financial Section

Financial Section

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



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Komerční pojišťovna, a.s.:

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

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibilities

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

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

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

Opinion

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



Other Matters

The financial statements of Komerční pojišťovna, a.s., as at 31 December 2014, were audited by another auditor who expressed an unmodified opinion on those statements on 7 April 2015.

Other Information

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

Our opinion on the financial statements does not cover the other information included and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and whether the annual report has been prepared in accordance with applicable law or regulation. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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


Lenka Bízová, Auditor
License No. 2331


Tomáš Němec
Partner

31 March 2016
Prague, Czech Republic

Balance Sheet as of 31 December 2015

CZK thousand (rounded to whole figures)	ROW NO.	2014		2015		
		PRIOR PERIOD	GROSS AMOUNT	ADJUSTMENTS	NET AMOUNT	
		4	1	2	3	
ASSETS						
A.	Receivables for subscribed share capital	1	0	0	0	0
B.	Intangible fixed assets, of which:	2	20,014	241,578	207,204	34,374
	a) Start-up costs	3	0	4,402	4,402	0
	b) Goodwill	4	0	0	0	0
C.	Financial placements (investments)	5	39,023,083	39,527,621	0	39,527,621
I.	Land and buildings (real estate), of which:	6	0	0	0	0
	a) Real estate used in operations	7	0	0	0	0
II.	Financial placements in businesses	8	0	0	0	0
	1. Equity holdings in subsidiaries	9	0	0	0	0
	2. Bonds issued by subsidiaries and loans to subsidiaries	10	0	0	0	0
	3. Equity investments in associates	11	0	0	0	0
	4. Bonds issued by associates and loans to associates	12	0	0	0	0
III.	Other financial placements	13	39,023,083	39,527,621	0	39,527,621
	1. Shares and other variable yield securities, other equity holdings	14	638,626	1,606,983	0	1,606,983
	2. Bonds and other fixed income securities	15	39,757,690	38,786,737	0	38,786,737
	b) "OECD" bonds held to maturity		15,368,176	13,713,014	0	13,713,014
	c) other bonds held to maturity		24,389,514	25,073,723	0	25,073,723
	3. Financial placements in investment associations	16	0	0	0	0
	5. Other loans		0	0	0	0
	6. Deposits placed with financial institutions	17	991,000	1,194,473	0	1,194,473
	7. Other financial placement	18	(2,364,233)	(2,060,572)	0	(2,060,572)
IV.	Deposits in respect of active reinsurance	20	0	0	0	0
D.	Financial placements of life insurance, if investment risk borne by the policyholder	21	5,563,832	6,340,407	0	6,340,407
E.	Debtors	22	237,688	263,573	22,571	241,002
I.	Receivables arising from direct insurance transactions	23	63,081	77,029	22,571	54,458
	1. Policyholders		63,081	77,029	22,571	54,458
	2. Insurance brokers		0	0	0	0
II.	Receivables arising from reinsurance transactions	26	0	0	0	0
III.	Other receivables	27	174,607	186,544	0	186,544
F.	Other assets	28	167,089	236,881	28,688	208,193
I.	Tangible fixed assets, other than land, buildings (real estate), and inventory	29	7,801	36,797	28,621	8,176
II.	Cash on accounts with financial institutions and cash on hand	30	159,288	200,084	67	200,017
IV.	Treasury shares or treasury interim certificates, own equity holdings	31	0	0	0	0
G.	Temporary assets	32	261,796	335,464	0	335,464
I.	Accrued interest and rental (income)	33	0	0	0	0
II.	Deferred acquisition costs of insurance policies, of which separately:	34	130,796	143,327	0	143,327
	a) Life insurance	35	98,063	110,817	0	110,817
	b) Non-life insurance	36	32,733	32,510	0	32,510
III.	Other temporary assets, of which:	37	131,000	192,137	0	192,137
	a) Estimated receivables	38	123,618	185,856	0	185,856
TOTAL ASSETS		39	45,273,502	46,945,524	258,463	46,687,061

CZK thousand (rounded to whole figures)	ROW NO.	2014		2015		
		PRIOR PERIOD	GROSS			
			AMOUNT	ADJUSTMENTS	NET AMOUNT	
		4	1	2	3	
LIABILITIES						
A.	Equity	40	3,113,341			2,983,090
I.	Share capital, of which:	41	1,175,398			1,175,398
a)	Changes in share capital	42	0			0
b)	Own shares and shares certificates	43	0			0
II.	Share premium	44	0			0
III.	Revaluation reserve fund	45	0			0
IV.	Other capital funds	46	1,110,518			890,286
	of which revaluation gains or losses on securities		1,371,010			1,099,118
V.	Reserve fund and other funds from profit	47	61,264			61,264
VI.	Retained earnings or accumulated losses brought forward	48	483,079			483,361
VII.	Profit or loss for the period	49	283,082			372,781
B.	Subordinated liabilities	50	0			0
C.	Technical provisions	51	35,821,140	39,088,371	2,469,866	36,618,505
1.	Provisions for unearned premiums	52	61,247	63,493	318	63,175
	of which: a) Provision for unearned premiums – life insurance business	53	16,562	17,214	150	17,064
	b) Provision for unearned premiums – non-life insurance business	54	44,685	46,279	168	46,111
2.	Life insurance provision	55	34,071,006	37,131,367	2,390,010	34,741,357
3.	Provision for insurance claims	56	375,268	479,640	79,538	400,102
	of which: a) Provision for insurance claims – life insurance business	57	232,736	262,139	3,252	258,887
	b) Provision for insurance claims – non-life insurance business	58	142,532	217,501	76,286	141,215
4.	Provision for bonuses and discounts	59	1,141,484	1,323,165	0	1,323,165
	of which: a) Provision for bonuses and discounts – life business	60	1,141,086	1,322,764	0	1,322,764
	b) Provision for bonuses and discounts – non-life business	61	398	401	0	401
5.	Equalisation provision	62	0	0	0	0
6.	Other technical provisions	67	0	0	0	0
7.	Deficiency provision	63	172,135	90,706	0	90,706
8.	Non-life insurance provision	64	0	0	0	0
D.	UL life insurance provision	70	5,563,832	6,340,407	0	6,340,407
E.	Reserves for other risks and losses	71	89,386			105,709
1.	Reserve for pensions and similar liabilities		0			0
2.	Reserve for taxation		68,463			85,950
3.	Other reserves		20,923			19,759
F.	Deposits in respect of passive reinsurance	75	0			0

CZK thousand (rounded to whole figures)		ROW NO.	2014	2015		
			PRIOR PERIOD	GROSS AMOUNT	ADJUSTMENTS	NET AMOUNT
			4	1	2	3
G.	Creditors	76	440,934			401,009
I.	Payables arising from direct insurance transactions	77	112,896			104,457
II.	Payables arising from reinsurance transactions	78	1,437			21,843
III.	Loans backed by a debt security, of which:	79	0			0
a)	Convertible loans	80	0			0
IV.	Payables to financial institutions	81	0			0
V.	Other payables, of which:	82	326,601			274,709
a)	Tax liabilities and social security payables	83	14,815			15,508
VI.	Guarantee fund of the Bureau	84	0			0
VII.	Loss prevention fund	85	0			0
H.	Temporary liabilities	86	244,869			238,341
I.	Accrued expenses and deferred income		0			0
II.	Other temporary liabilities, of which:		244,869			238,341
a)	Estimated payables	89	244,869			238,341
	TOTAL LIABILITIES	90	45,273,502			46,687,061

Profit and Loss Statement for the Year 2015

CZK thousand (rounded to whole figures)	ROW NO.	2014			2015		
		BASE	SUB-TOTAL	RESULT	BASE	SUB-TOTAL	RESULT
	b	1	2	3	1	2	3
I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE							
1. Earned premium, net of reinsurance:	1	x	x	x	x	x	x
a) Gross premium written	2	339,329	x	x	349,516	x	x
b) Premium ceded to reinsurers	3	17,745	321,584	x	21,063	328,453	x
c) Change in the gross balance of the provision for unearned premium (+/-)	4	5,259	x	x	1,414	x	x
d) Change in the balance of the provision for unearned premium, net of reinsurers' share (+/-)	5	(36)	5,295	316,289	(12)	1,426	327,027
2. Income from financial placements (investments) transferred from non-technical account (item III.6.)	6	x	x	7,702	x	x	4,403
3. Other technical income, net of reinsurance	7	x	x	1,874	x	x	1,080
4. Costs of claims, net of reinsurance:	8	x	x	x	x	x	x
a) Costs of claims:	9	x	x	x	x	x	x
aa) Gross amount	10	59,821	x	x	54,807	x	x
ab) Reinsurers' share	11	4,646	55,175	x	5,530	49,277	x
b) Change in the balance of the provision for insurance claims (+/-):	12	x	x	x	x	x	x
ba) Gross amount	13	2,289	x	x	(728)	x	x
bb) Reinsurers' share	14	3,745	(1,456)	53,719	590	(1,318)	47,959
5. Change in the balance of other technical provisions, net of reinsurance (+/-)	15	x	x	(73)	x	x	3
6. Bonuses and discounts, net of reinsurance	16	x	x	383	x	x	303
7. Net operating expenses:	17	x	x	x	x	x	x
a) Acquisition costs of insurance policies	18	x	78,722	x	x	85,828	x
b) Change in the balance of deferred acquisition costs (+/-)	19	x	(393)	x	x	(470)	x
c) Administrative overheads	20	x	58,614	x	x	77,944	x
d) Commission from reinsurers and shares of profit	21	x	11,119	125,824	x	10,693	152,609
8. Other technical costs, net of reinsurance	22	x	x	42,025	x	x	40,646
9. Change in the balance of the equalisation provision (+/-)	23	x	x	0	x	x	0
10. Sub-total, balance (result) of the non-life insurance technical account (item III.1.)	24	x	x	103,987	x	x	90,990
II. TECHNICAL ACCOUNT – LIFE INSURANCE							
1. Earned premium, net of reinsurance:	25	x	x	x	x	x	x
a) Gross premium written	26	x	9,852,956	x	x	6,227,627	x
b) Premium ceded to reinsurers	27	x	1,078,872	x	x	760,547	x
c) Change in the balance of the provision for unearned premium, net of reinsurance (+/-)	28	x	(399)	8,774,483	x	502	5,466,578
2. Income from financial placements (investments):	29	x	x	x	x	x	x
a) Income from equity investments, with a special mention of income from controlled entities	30	x	0	x	x	0	x
b) Income from equity investments, with a special mention of income from controlled entities	31	x	x	x	x	x	x
ba) Income from land and buildings (real estate)	32	0	x	x	0	x	x
bb) Income from other investments	33	2,164,497	2,164,497	x	2,537,007	2,537,007	x
c) Change in the value of financial placements (investments)	34	x	0	x	x	0	x
d) Income from the realisation of financial placements (investments)	35	x	197,168	2,361,665	x	969,111	3,506,118

CZK thousand (rounded to whole figures)	ROW NO.	2014			2015		
		BASE	SUB-TOTAL	RESULT	BASE	SUB-TOTAL	RESULT
		b	1	2	3		
3. Unrealised gains on financial placements (investments)	36	x	x	453,674	x	x	319,130
4. Other technical income, net of reinsurance	37	x	x	61,192	x	x	66,741
5. Costs of insurance claims, net of reinsurance:	38	x	x	x	x	x	x
a) Costs of insurance claims:	39	x	x	x	x	x	x
aa) Gross amount	40	2,462,845	x	x	4,267,376	x	x
ab) Reinsurers' share	41	75,396	2,387,449	x	168,386	4,098,990	x
b) Change in the balance of the provision for insurance claims (+/-):	42	x	x	x	x	x	x
ba) Gross amount	43	56,570	x	x	25,479	x	x
bb) Reinsurers' share	44	2,487	54,083	2,441,532	(672)	26,151	4,125,141
6. Change in the balance of other technical provisions, net of reinsurance (+/-):	45	x	x	x	x	x	x
a) Change in the balance of the life insurance provision:	46	x	x	x	x	x	x
aa) Change in the gross balance	47	7,676,085	x	x	1,137,250	x	x
ab) Reinsurers' share	48	1,018,914	6,657,171	x	548,327	588,923	x
b) Change in the balance of other technical provisions, net of reinsurance	49	x	313,948	6,971,119	x	958,254	1,547,177
7. Bonuses and discounts, net of reinsurance	50	x	x	x	x	x	x
8. Net operating expenses :	51	x	x	x	x	x	x
a) Acquisition costs of insurance policies	52	x	230,519	x	x	223,990	x
b) Change in the balance of deferred acquisition costs (+/-)	53	x	(23,958)	x	x	(12,755)	x
c) Administrative overheads	54	x	220,887	x	x	226,026	x
d) Commission from reinsurers and shares of profits	55	x	39,618	387,830	x	30,368	406,893
9. Costs of financial placements (investments):	56	x	x	x	x	x	x
a) Costs of administering financial placements (investments), including interest	57	x	1,048,579	x	x	1,235,097	x
b) Change in the balance of financial placements (investments)	58	x	0	x	x	0	x
c) Costs attributable to the realisation of financial placements (investments)	59	x	197,340	1,245,919	x	1,186,236	2,421,333
10. Unrealised losses on financial placements (investments)	60	x	x	126,662	x	x	275,688
11. Other technical costs, net of reinsurance	61	x	x	219,121	x	x	210,346
12. Income from financial placements (investments) transferred to non-technical account (item III.4.)	62	x	x	92,792	x	x	85,372
13. Sub-total, balance (result) of the life insurance technical account (item III.2.)	63	x	x	166,039	x	x	286,617
III. NON-TECHNICAL ACCOUNT							
1. Result of the non-life insurance technical account (item I.10.)	64	x	x	103,987	x	x	90,990
2. Result of the life insurance technical account (item II.13.)	65	x	x	166,039	x	x	286,617
3. Income from financial placements (investments):	66	x	x	x	x	x	x
a) Income from equity investments, with a special mention of income from controlled entities	67	x	0	x	x	0	x
b) Income from other financial placements (investments) with a special mention of income from controlled entities, of which:	68	x	x	x	x	x	x
ba) Income from land and buildings (real estate)	69	0	x	x	0	x	x
bb) Income from other investments	70	0	0	x	0	0	x

CZK thousand (rounded to whole figures)	ROW NO.	2014			2015		
		BASE	SUB-TOTAL	RESULT	BASE	SUB-TOTAL	RESULT
	b				1	2	3
c) Change in the balance of financial placements (investments)	71	x	0	x	x	0	x
d) Income from the realisation of financial placements (investments)	72	x	0	0	x	0	0
4. Income from financial placements (investments) transferred from the life insurance technical account (item II.12.)	73	x	x	92,792	x	x	85,372
5. Costs of financial placements (investments):	74	x	x	x	x	x	x
a) Costs of administering financial placements (investments), including interest	75	x	0	x	x	0	x
b) Change in the balance of financial placements (investments)	76	x	0	x	x	0	x
c) Costs attributable to the realisation of financial placements (investments)	77	x	0	0	x	0	0
6. Income from financial placements (investments) transferred to the non-life insurance technical account (item I.2.)	78	x	x	7,702	x	x	4,403
7. Other income	79	x	x	0	x	x	0
8. Other expenses	80	x	x	0	x	x	0
9. Income tax on current activities	81	x	x	71,998	x	x	85,754
10. Profit or loss on current activities after taxation	82	x	x	283,118	x	x	372,822
11. Extraordinary expenses	83	x	x	0	x	x	0
12. Extraordinary income	84	x	x	0	x	x	0
13. Extraordinary profit or loss	85	x	x	0	x	x	0
14. Income tax on extraordinary activities	86	x	x	0	x	x	0
15. Other taxes not reported above	87	x	x	36	x	x	41
16. Profit or loss for the period	88	x	x	283,082	x	x	372,781

Statement of Changes in Equity for the Year Ended 31 December 2015

(CZK thousand)	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	RESERVE FUNDS	CAPITAL FUNDS	VALUATION GAINS OR LOSSES	PROFIT/(LOSS)	TOTAL
Balance at 1 January 2014	1,175,398	0	0	61,264	0	605,510	722,247	2,564,419
FX differences and valuation gains or losses not included in profit/(loss)	0	0	0	0	0	505,008	0	505,008
Net profit/(loss) for the period	0	0	0	0	0	0	283,082	283,082
Dividens	0	0	0	0	0	0	(239,168)	(239,168)
Transfers to funds	0	0	0	0	0	0	0	0
Balance at 31 December 2014	1,175,398	0	0	61,264	0	1,110,518	766,161	3,113,341
Balance at 1 January 2015	1,175,398	0	0	61,264	0	1,110,518	766,161	3,113,341
FX differences and valuation gains or losses not included in profit/(loss)	0	0	0	0	0	(220,232)	0	(220,232)
Net profit/(loss) for the period	0	0	0	0	0	0	372,781	372,781
Dividens	0	0	0	0	0	0	(282,800)	(282,800)
Transfers to funds	0	0	0	0	0	0	0	0
Balance at 31 December 2015	1,175,398	0	0	61,264	0	890,286	856,142	2,983,090

Notes to the Financial Statements for the Year Ended 31 December 2015

1. General information

1. 1. Description of the Business and Principal Activities of the Company

Komerční pojišťovna, a.s., (hereinafter the "Company" or "KP") was incorporated following its registration in the Commercial Register kept by the Municipal Court in Prague, Section B, File 3362, on 1 September 1995. The Company undertakes insurance activities since 1995.

The principal operations are as follows:

As of 31 December 2015, the Company is licensed to undertake insurance activities and activities relating to insurance activities as follows:

1. Insurance activities pursuant to Section 13 (1) of the Insurance Act No. 277/2009 Coll., as amended (hereinafter the "Insurance Act"):
 - To the extent of life insurance segments I, II, III, VI, VII and IX as set out in Part A of the Appendix 1 to the Insurance Act; and
 - To the extent of non-life insurance segments 1, 2, 3, 4, 7, 8, 9, 10c, 13, 14, 15, 16 and 18 as set out in Part B of the Appendix 1 to the Insurance Act.
2. Activities relating to insurance and reinsurance pursuant to Section 13 (1) of the Insurance Act:
 - Agency activities undertaken in connection with insurance activities under the Insurance Act;
 - Advisory activities relating to insurance of individuals and legal entities under the Insurance Act;
 - Investigation into insurance claims undertaken on a contractual basis with an insurance company under the Insurance Act;
 - Mediation of financial services listed under (a) to (e):
 - a) Agency services in respect of building society savings programmes;
 - b) Agency services in respect of retirement benefit programmes;
 - c) Agency services in respect of the arrangement of consumer and mortgage loans;
 - d) Agency services in respect of the arrangement of credit cards;
 - e) Leasing agency services; and
 - Training activities for insurance brokers and independent loss adjusters.

Share capital:

The share capital amounts to CZK 1,175,397,600 and consists of 6,580 ordinary registered shares with a nominal value of CZK 145,470 in the book-entry form and 3,000 ordinary registered shares with a nominal value of CZK 72,735 in the book-entry form. The Company's share capital is fully paid.

Shareholders as of 31 December 2015:

Komerční banka, a.s., having its registered office at Prague 1, Na Příkopě 33/969, 114 07, incorporated with the Municipal Court in Prague, Section B, File 1360, Corporate ID: 45 31 70 54; a 48.99 percent shareholder.

SOGECAP S.A., having its registered office at Tour D2, 17 bis place des reflets, 92919 Paris La Défense Cedex, France, identification number: 086380730 R.C.S. NANTERRE; a 51.01 percent shareholder.

Registered Office of the Company:

Karolinská 1/650
186 00, Prague 8
IČO: 63998017

The Company has no foreign branch.

1. 2. Board of Directors and Supervisory Board as of 31 December 2015

BOARD OF DIRECTORS

Chairman	Stéphane Corbet
Member	Ing. Zdeněk Zavadil
Member	Ing. Jiří Koutník
Member	Ing. Šárka Šindlerová
Member	William Chonier
Member	Ing. Helena Endlerová

SUPERVISORY BOARD

Chairman	Philippe Perret
Member	Albert Le Dirac'h
Member	Pascal Bied-Charreton
Member	Ing. Libor Löfler

Acting on behalf of the Company:

The Board of Directors acts on behalf of the Company. No less than two members of the Board of Directors act jointly on behalf of the Board of Directors. The act of signing is conducted in such a manner that no less than two members of the Board of Directors attach their signatures to the written or printed name of the Company.

1. 3. Equity Holdings in Other Businesses

The Company held no equity investments in other businesses as of 31 December 2015 or as of 31 December 2014.

1. 4. Changes and Amendments to the Commercial Register

The following changes to the Commercial Register were made in 2015:

Pavel Čejka's membership in the Supervisory Board was deleted on 19 April 2015 and this change was recorded in the Commercial Register on 17 June 2015.

Jiří Koutník's membership in the Board of Directors was renewed with effect from 28 April 2015 and this change was recorded in the Commercial Register on 23 July 2015.

Libor Löfler became a member of the Supervisory Board with effect from 28 April 2015 and this change was recorded in the Commercial Register on 23 July 2015.

Stéphane Corbet's chairmanship in the Board of Directors was renewed with effect from 25 September 2015 and this change was recorded in the Commercial Register on 17 December 2015.

Šárka Šindlerová's membership in the Board of Directors was renewed with effect from 25 September 2015 and this change was recorded in the Commercial Register on 17 December 2015.

William Chonier's membership in the Board of Directors was renewed with effect from 25 September 2015 and this change was recorded in the Commercial Register on 17 December 2015.

1. 5. Legal Relations

As of the balance sheet date, all of the Company's legal relations comply with the Insurance Act, including the related implementation guidance notes. The Company operates both in life and non-life insurance segments.

1. 6. Movements in Share Capital

The Company did not report any changes in the share capital in the year ended 31 December 2015 or in the year ended 31 December 2014.

2. ACCOUNTING POLICIES

2.1. Basis of Accounting

In maintaining its accounting books and records and in preparing the financial statements, the Company complied with Accounting Act No. 563/1991 Coll., as amended, Decree No. 502/2002, which provides implementation guidance on certain provisions of the Accounting Act No. 563/1991 Coll., as amended, for reporting entities that are insurance companies (hereinafter "Decree 502"), and with Czech Accounting Standards for reporting entities that maintain their accounts under Decree 502.

The Company's accounting books and records are maintained in such a manner so as to ensure that the financial statements prepared on the basis of the accounting books and records give a true and fair view of assets, liabilities, equity and the financial position of the Company while complying with the prudence and going concern principles.

The financial statements are prepared on the accruals basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate. Assets that are not revalued at fair value and suffered impairment are stated at net recoverable amount.

The reporting currency used in the financial statements is the Czech crown ("CZK") with accuracy to CZK thousand, unless indicated otherwise. The financial statements were prepared as of and for the year ended 31 December 2015.

2.2. Tangible and Intangible Fixed Assets

Tangible fixed assets include assets with an acquisition cost greater than CZK 40,000 on an individual basis and an estimated useful life exceeding one year. Tangible assets costing less than CZK 40,000 are expensed in the year of acquisition.

Intangible fixed assets include start-up costs greater than CZK 20,000 and other intangible assets with an acquisition cost greater than CZK 60,000 on an individual basis and an estimated useful life exceeding one year. Intangible assets costing less than CZK 60,000 are expensed in the year of acquisition.

In respect of information technologies, the Company invests in research and development; these expenses are principally related to the preparation of development studies and implementation of individual projects.

The Company creates provisions against tangible and intangible fixed assets if the inventory count highlights that their fair value is lower than their carrying value and the impairment is temporary. No provisions were recognised against fixed assets in the year ended 31 December 2015 and in the year ended 31 December 2014.

Depreciation of fixed assets is recorded on a straight line basis for accounting purposes. Accounting depreciation is based on the expected useful life of the tangible and intangible assets. The depreciation period is indicated below:

CATEGORY OF ASSETS	DEPRECIATION PERIOD IN YEARS
Cars	4
Furniture and fixtures	7 – 10
Software	4
AIA Software	5
Start-up costs	5

As a result of binding statutory requirements regarding the presentation of financial statements of insurance companies, the components of fixed assets shown above are classified on the face of the balance sheet as of 31 December 2015 and as of 31 December 2014 as follows:

- Intangible fixed assets, including acquisition, are presented in lines 2 – 4; and
- Tangible fixed assets (both depreciable and non-depreciable), including acquisition, are presented in line 29.

The Company recognised tax depreciation charges for tangible and intangible assets in 2015 and 2014.

2.3. Financial Placements

Deposits

Deposits placed with financial institutions are measured at their nominal value upon acquisition. As of the year-end, these assets are revalued at fair value. The fair value of short-term deposits placed with financial institutions is the nominal value including accrued interest. Deposits denominated in foreign currencies are retranslated into Czech crowns at the ruling exchange rate of the Czech National Bank and any foreign exchange rate difference is included in the valuation. Revaluation is recognised through the profit and loss account.

Debt Securities

Debt securities are stated at cost upon acquisition. Purchased accrued interest income is added to the cost of the investment. Premium or discount is recorded to income or expense over the remaining maturity of the debt securities using the effective interest rate method. Accrued interest income on securities is reflected directly in the relevant account of these securities. The same types of securities are valued using a price determined by the FIFO method. Debt securities denominated in foreign currencies are retranslated into Czech crowns at the ruling exchange rate of the Czech National Bank and any foreign exchange rate difference is included in the fair value revaluation.

The Company revalued individual components of financial placements at fair values as of the balance sheet date, excluding the securities held until maturity and issued by an OECD member state (refer to below).

The fair value of publicly tradable securities is defined as the value at which the security is traded on the relevant stock exchange or by another active stock market.

In case of that the market value is not known or this amount does not fully represent the fair value, the fair value is determined based on the qualified estimate method.

The gains or losses from the revaluation of securities are charged against equity as all the securities held by the Company are not intended for trading.

The securities held until maturity, which were issued by an OECD member state and the rating of which, stated by at least two internationally recognised rating agencies, was defined at the level of the Czech Republic or higher, have been measured at amortised cost.

Derivatives

Derivates are measured at their fair value. Fair value of the financial derivates is being measured as a current value of the expected cash flows arising from these derivates.

Hedging derivates

As part of the implemented investment strategy, Company hedges cash flows from foreign currency debt securities using cross-currency swaps. The purpose of hedging derivatives is to eliminate the currency risk posed by the holding of foreign-currency debt securities. Pursuant to the current legislation, Company classifies these derivatives as hedging derivatives and the gains or losses from the revaluation of swaps at their fair value are recognised in equity accounts. Cash flows in the foreign currency from the hedged item (bonds) are settled by the cash flows in foreign currency from the hedging instrument. All cash flows from the hedging instrument (cross currency swap) are known in advance and thus the hedged risk is eliminated.

The difference between nominal value and purchase price of the debt securities (premium or discount and purchase accrued interest income) in case that the foreign currency part of the cross currency swap was concluded only as a nominal value of a bond, is recognised in equity as an Up front fee. At the time of the first payment of the coupon, the purchased accrued interest is derecognised against balance sheet accounts. During the holding of the security, premium and discount are amortised through the profit and loss accounts.

Cash flow hedge

Changes in fair value of derivatives, which are classified as cash flow hedging and fulfils requirements for accounting as cash flow hedging and which are highly effective regarding the hedged risk, are recognised in equity accounts and to expenses/income in the same period when the hedged asset or liability impacts the profit and loss accounts. In this way, the Company hedges against foreign exchange risk of particular assets. The hedging assets are cross currency swaps.

If any of the derivative transactions does not fulfill the requirements for hedge accounting based on specific rules in Czech Accounting Standards no. 110 for financial institutions, derivative is disclosed as derivative available for sale and changes in its fair value are recognized as gain/loss from revaluation to fair value, which is disclosed in "Gains/losses from financial operations".

Test of effectivity of hedging

The Company performs regularly tests of effectivity of hedging assets using both prospective and retrospective method.

Other Financial Placement Components

The gains or losses from the revaluation of other financial placement components (shares and Real estate Fund of KB), if any, are recognised in the profit and loss account.

The structure of the financial placement portfolio follows the obligatory limits set out in Insurance Act No. 277/2009 Coll., and Finance Ministry Decree No. 434/2009 Coll., which provides implementation guidance on certain provisions of the Insurance Act.

Financial placements of life insurance, where the investment risk is borne by the policy holder

Financial placement of life insurance, where the investment risk is borne by the policy holder, is recognised separately from other financial placement components. As of the balance sheet date the financial placement of life insurance where the investment risk is borne by the policy holder is revaluated to the fair value. To maintain a true and fair view of the accounting, all changes of fair values are recognised through the profit and loss accounts.

2. 4. Receivables

Receivables are stated at nominal value.

Specific coefficients for provisioning were assigned to individual groups of receivables based on the expected return from these receivables.

In determining debt provisioning levels, the risk (the number of past due days) attached to all amounts due from a specific debtor is considered to be equal to the risk (the number of past due days) of the oldest of these receivables.

Operating prepayments

Bonus prepayments related to collective insurance contracts are being paid in line with concluded contracts and in the agreed frequency (usually once a year) are being settled with real costs. The difference between the amount of the prepayments and actual costs is recognised through the profit and loss accounts.

2. 5. Permanent or Long-Term Impairment of Assets

At the balance sheet date, the Company assesses the existence of any objective indications of the potential permanent decrease of value of assets.

An objective indications of the decrease of value of assets is based on one or more events that occurred in the period following the purchase of assets, while these loss events have an impact to future cash flows connected with particular financial assets.

In this case, it proceeded in accordance with the provisions of the Czech Accounting Standard no. 108 Debt Securities and the loss recognized in equity is transferred without undue delay to the profit and loss account, at the expense of losses from financial operations.

If, following the recognition of impairment in the profit and loss account there will be observable increase in the fair value of debt securities, this increase is going to be recognized in profit and loss account up to the value of impairment that was recognized in the profit and loss account.

Demonstrable increase in the fair value of shares and similar investments that do not have a maturity date is recognized in equity in the revaluation differences.

2.6. Cash and Cash Equivalents

Cash comprises cash on hand and current bank accounts designed to secure the Company's operations. Term deposits, with the exception of foreign currency term deposits, which are also used to finance the Company's operations, are reported as a component of financial placements.

Cash equivalents comprise labels, meal vouchers, stamps, flexi pass vouchers, gift vouchers, vouchers and Prague public transport tickets.

Cash and cash equivalents are stated at nominal value.

2.7. Equity

Share capital of the Company is stated in the amount recorded in the Commercial Register of the Municipal Court. Any increase or decrease of the share capital based on the decision of the Board of the Directors, which has not been registered at the date of the financial statements, is stated as a change of the share capital.

In the past years the Company was creating the reserve fund from its profit. Its creation and release is governed by the Articles of the Company. Other capital funds include revaluation of the securities which is recognised in equity.

2.8. Technical Reserves

The Company records technical reserves pursuant to Insurance Act No. 277/2009 Coll., as amended, as follows:

Life Insurance Reserve

The life insurance reserve is created as a sum of reserves calculated under individual life insurance policies and represents the sum of the Company's liabilities net of the value of future premiums. The technical reserve includes the allocated share of profit and the costs associated with insurance administration. The life insurance reserve for traditional life insurance products is calculated using the "Zillmer" method where negative values are substituted with zero.

Unearned Premiums Reserve

The unearned premium reserve represents actual (or estimated as appropriate) written premiums that do not relate to the current reporting period and are calculated using a daily 'pro rata' method of the aggregate written premiums according to the number of days that relate to the current reporting period and to the following reporting periods.

Reserve for Outstanding Claims

The claim reserve, for both life and non-life insurance, consists of a reserve for insurance claims reported but not settled during the year ('RBNS') and a reserve for insurance claims incurred but not reported during the year ('IBNR').

The claim reserve also reflects the amount of the estimated claims handling costs associated with settling claims.

The RBNS is recognised as equal to the sum of reserves for anticipated insurance payments for individual reported, but unsettled claims according to estimated damage amounts arising from claims recorded as of the balance sheet date.

The IBNR is determined using actuarial methods based on an analysis of available information that includes, but is not limited to:

- Supporting evidence underlying the insurance portfolio split by classes of individual insurance activities;
- Historical series relating to individual classes of insurance activities that monitor the moment of claim origination and the moment of claim settlement (the Chain-Ladder method applied to quarterly data) – it is used typically for non-life insurance activities;
- The estimated aggregate claims ratio; and
- The estimated claims need for a determined period of time is usually used for life insurance activities.

While the Board of Directors considers the balance of the reserve for outstanding claims to be fairly presented on the basis of the information available at the balance sheet date, the ultimate balance of liabilities may differ as a result of subsequent information and events and can result in significant changes in the final amounts. Changes in the reserve balance are reflected in the financial statements for the period in which they occur. The adopted approaches and estimates are assessed on a regular basis.

Reserve for Bonuses and Discounts

The reserve for bonuses and discounts is recorded to cover costs of bonuses and discounts provided to policy holders under insurance policies.

In respect of life insurance, this reserve also reflects a portion of income from financial placements held for anticipated but not yet awarded profit shares.

In 2015, the Company increased, in accordance with Section 63 (2) of the Insurance Act, the reserve for bonuses and discounts by CZK 280 million up to the final amount of CZK 1,247 million. (In 2014, the Company increased, in accordance with Section 63 (2) of the Insurance Act, the reserve for bonuses and discounts by CZK 51 million up to the final amount of CZK 967 million.) The amount reflects the obligation of the Company to provide policy holders with relevant insurance claim payments and cannot be used for any other purpose. The Company undertakes to allocate the amount to individual policies by the relevant resolution of the Company adopted with the Company's full authority which complies with the provisions of insurance policies for profit shares in the following years but no later than within eight years from the recognition of this reserve, specifically to those persons who will be the policy holders of the particular products that stipulate the right for the profit share to the policy holder as of the last date of the calendar year in which the Company takes such decision. The Company confirmed this commitment by means of public pledge announced on its web sites on 18 December 2015.

If the Company does not take the above decision within eight years from the recognition of the reserve, it undertakes to allocate this amount (or its so far unallocated part, hereinafter "mandatory part of the provision" or "PRA") to policies (i.e. products that stipulate the right for the share in the profit for the policy holder) of individual policy holders who will be the policy holders on the last day of the 8th year from the recognition of the reserve. Each policy holder should receive an amount (hereinafter "PAn") calculated as an average balance of the reserve of life insurance of the relevant policy holder during the 8th calendar year from the recognition of this reserve for bonuses and discounts (hereinafter "pRŽPn") divided by the total average value of the reserve of life insurance of these eligible policy holders (hereinafter "pRŽP") and multiplied by the mandatory reserve (hereinafter "PRA") based on the following formula:

$$PAn = pRŽPn / pRŽP * PRA$$

The above mentioned reserve for bonuses and rebates was recognised in addition to the profit shares that were allocated to individual policies and that became part of the reserve of life insurance upon the allocation of shares for 2015. These profit shares in 2015 amounted to CZK 76 million (2014 CZK 174.5 million).

No part of a similar increases carried out in 2014 in the amount of CZK 51 million, CZK 268 million in 2013, CZK 194 million in 2012, CZK 174 million in 2011, CZK 165 million and CZK 115 million made in 2010 and 2009, respectively, was used in 2015.

Reserve for the Coverage of Obligations from the Used Technical Interest Rate (Deficiency Reserve)

The Company creates a reserve for obligations resulting from life insurance contracts. At the balance sheet date, the Company undertakes a test of the adequacy of life insurance technical reserves (the "liability adequacy test") designed to verify the sufficiency of the total sum of amounts of life insurance reserves. The basic testing method is the model of discounted financial cash flows.

The result of the liability adequacy test is the minimum value of liabilities to the policy holders calculated when using the best estimate of the presumptions of the future development of input parameters adjusted for an additional charge reflecting risk and uncertainty.

The reserves are insufficient when the minimum value of insurance liabilities is greater than the amount of life provisions decreased by the corresponding outstanding acquisition costs. If the result of the liability adequacy test shows insufficiency of technical reserves, the Company creates a reserve equivalent to this deficiency.

The methodology for creating and using reserves for the coverage of obligations from the used technical interest rate and other numeric parameters is in accordance with Special Directive No. 3 of the Czech Society of Actuaries as of 27 May 2014.

Unit linked Life Insurance Provision

This reserve is held to cover obligations of the insurance company to the policy holders for the life insurance products where it is the policy holder who bears the investment risk on the basis of the insurance contract; the Company has recognised this reserve since 2006 when the sale of these products began.

The reserve amount is determined as a sum of the liabilities to the policy holders in the amount of their shares of allocated premiums from individual contracts according to the principles specified in insurance contracts.

In compliance with Section 67 (3) of the Insurance Act, a reserve is recognised for a portion of liabilities from the insurance contracts which arise from (a) covering the risk of death and (b) funds placed in the guaranteed fund in accordance with Section 65 of the Insurance Act.

Reserves for Other Risks and Losses

The Company creates other reserves for risks that are not directly related to its insurance activities.

Specifically, the Company recorded a reserve for anticipated risks and losses associated with legal disputes and similar situations.

2. 9. Payables

Payables are stated at nominal value.

Payables to the policyholders principally comprise insurance premium overpayments and prepayments as well as received payments temporary unmatched with the related receivables at the balance sheet date.

2. 10. Temporary Assets and Liabilities

Temporary assets and liabilities principally comprise:

- Deferred expenses – primarily deferred acquisition costs of insurance policies;
- Accrued income – particularly accrued revenues from term deposits;
- Estimated receivables – primarily estimated funds to be collected from reinsurers (shares of insurance claims, commissions and profit shares) and an estimate for premiums not yet written in the operating systems; and
- Estimated payables – primarily estimated balances of anticipated premiums ceded to the reinsurers, unpaid commissions, fees and unbilled supplies.

2. 11. Gross Written Premiums

Gross written premiums include all premiums amounts stated in insurance policies during the period, regardless of whether these amounts relate partly or wholly to the following accounting periods.

Income from written premiums is recognised on an accruals basis by recording a reserve for unearned premiums in accordance with accounting procedures for insurance companies (refer to Note 2.8.).

2. 12. Costs of Insurance Claims

Costs of insurance claims are recorded as equal to the amounts awarded for the settlement of claims and also include external costs of the Company incurred in processing claims. Costs of insurance claims are reduced by claims of recourse or other similar claims of the Company. The cost is recognised in the current period when the level of a payable to a client is acknowledged.

The costs of insurance claims (specifically life insurance claims) include not only the claims incurred (non-life insurance, death or endowment in respect of life insurance) but also client payments from capital life insurance accounts and the lump-sum settlement when this insurance is cancelled.

In settling non-life insurance claims the Company cooperates with AXA Assistance CZ, s.r.o., Gras Savoye and Mondial Assistance in respect of organisational, economic and technical advice, including investigations into insured events, preparation of full documentation in support of examining and settling these insured events.

2. 13. Acquisition Costs of Insurance Policies

Acquisition costs of insurance policies include all direct and indirect costs incurred in acquiring insurance policies. Acquisition costs of insurance policies principally comprise:

- Commission paid to insurance policy acquirers; and
- Payment for medical assessments.

Non-life insurance commissions are deferred in line with the proportion of the unearned premiums to premiums written or reflect the estimated period of validity of the policy to which the commission relates.

Acquisition costs of traditional life insurance products are deferred in the form of Zillmer life insurance reserves.

Risk life insurance commissions where the acquirers are broker companies are deferred for the period of 24 months. Commissions related to investment life insurance are not deferred.

2. 14. Administrative Costs

Administrative costs consist of costs that are not directly involved in entering into insurance policies, such as consumption of material and fuel, travel expenses, rental expenses, advisory services, postal fees, other fees, wages and other social costs, or depreciation of assets.

If administrative costs are clearly identifiable, they are charged directly to the relevant technical life or non-life accounts during the year.

Other unallocated administrative costs are primarily posted to non-technical cost accounts and, at the year-end, they are re-allocated to life and non-life insurance technical accounts in a proportion that matches the allocation based on the ABC (Activity Based Costing) method, regulating the matching of costs to individual types of insurance. The proportion was 25.64% for non-life insurance and 74.36% for life insurance. In 2014 the proportion was 20.97% for non-life insurance and 79.03% for life insurance.

2. 15. Financial Placement Costs and Income Recognition

Recognition of Costs and Income from Financial Placements and their Allocation between Life and Non-life Insurance

The Company has split its portfolio of securities into the following three parts:

- i) Portfolio of securities covering non-life insurance reserves;
- ii) Portfolio of securities covering life insurance reserves; and
- iii) Portfolio of securities covering funds of the Company's equity.

Income from and costs of financial placements are primarily recorded on the life insurance technical accounts. At the year end, net income not related to life insurance is re-allocated to the non-technical accounts and the relevant amount of income is re-allocated from the non-technical accounts to the non-life insurance technical account.

The Company uses the proportion of the average balances of life insurance technical reserves and equity as a basis for re-allocating expenses and income from financial placements.

Accounting Treatment for the Realisation of Financial Placements

The Company's accounts for the realisation of financial placements on a gross basis and accordingly records separately all the revenues arising from realisation as equal to the selling value of the relevant financial placement instruments and the costs as equal to their carrying value.

2. 16. Other Costs and Income

Clearly identifiable costs and income are recorded directly on the life and non-life technical accounts during the year.

Costs that are not clearly identifiable are primarily recorded on the non-technical accounts and subsequently reallocated to the technical life or non-life accounts. As a basis for reallocating the costs and income, the Company uses separate coefficients for life and non-life insurance (refer to Note 2.14).

This treatment does not apply to taxes and fees, and other expenses not related to insurance and reinsurance.

2. 17. Reinsurance

Under the terms of reinsurance arrangements, the reinsurer's share of premiums is calculated, invoiced and paid based on the premiums collected from reinsured policies. At the balance sheet date, the Company records an estimated payable in respect of the anticipated reinsurer's share of premiums not yet billed.

Under the terms of reinsurance arrangements, the reinsurer's share of claims is calculated and paid based on the actually settled insurance claims. The Company recognises estimated receivables in respect of the anticipated but not yet paid reinsurer's share of recorded insurance claims.

Under the terms of reinsurance arrangements, reinsurance commissions are calculated and paid based on the paid reinsurer's share of premiums reflecting loss experience.

The Company recognises its share of the reinsurer's profit when the entitlement to this profit share can be determined.

The reinsurer's share of reserves is determined pursuant to the reinsurer's share of collected premiums or insurance claims taking into account other relevant factors.

2. 18. Income Taxation

The income tax for the relevant period consists of the due tax and the change in the deferred tax. The due tax consists of the tax calculated from the tax base using the tax rate valid in the current year and all additionally assessed taxes and refunds of the overpaid taxes of previous periods, as well as the reserve for the due tax, including the independent tax base (dividends received from abroad).

2. 19. Deferred Income Tax

Deferred income tax is provided using the balance sheet method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates effective in the periods in which the temporary tax difference is expected to be realised. The principal temporary differences arise from depreciation on tangible and intangible fixed assets, creation of reserves and revaluation of debt securities.

In 2015 and in 2014, the Company recognised a deferred tax liability.

2. 20. Foreign Currency Retranslation

Transactions during the year were retranslated at the Czech National Bank's exchange rate prevailing as of the transaction date or at the rate at which the transaction was realised. Assets and liabilities denominated in foreign currencies at the year-end are retranslated using the Czech National Bank's exchange rate prevailing as of that date. Foreign exchange rate gains and losses are recognised through the profit and loss account, except for the foreign-currency debt securities for which these foreign exchange gains or losses are included in revaluation at fair value.

2. 21. Consolidation

These financial statements have been prepared on an unconsolidated basis. The Company's financial information is included in the consolidated financial statements of Komerční banka, a.s., having its registered office at Na Příkopě 33/969, Prague 1, 114 07, and SOGECAP S.A., having its registered office at Tour D2, 17 bis place des reflets, 92919 Paris La Défense Cedex, France, which can be obtained at the same place.

2. 22. Use of Estimates

The presented financial statements for the year ended 31 December 2015 are based on the best estimates available as of the reporting period-end which specifically relate to the determination of fair values of financial instruments, impairment of assets and determination of reserves. Management of the Company believes that the financial statements give the truest and fairest view of the Company's financial results and financial position using all relevant and available information at the financial statements date.

2.23. Going concern

The financial statements have been prepared under the going concern assumption.

3. Risk management

In compliance with Regulation No. 434/2009 Coll., to implement certain provision 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 market risk, credit risk, operational risk, liquidity risk and concentration 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 risk management system effectiveness.

3.1. Life assurance risk

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

The Company reinsures some of the risks it underwrites with external reinsurers.

3.2. Non-life insurance risk

The Company is exposed to insurance risk and underwriting risks arising 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 risk of underestimated technical provisions 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.

3.3. Market risk

The Company is exposed to market risk, which arises 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.

3.4. Credit risk

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

The main areas of the Company's exposure to the credit risk are risk of failure to repay the principal or in income from financial investments and insurance and reinsurance receivables.

3. 5. Operational risk

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, modifies work procedures and processes to eliminate the loss events.

3. 6. 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.

4. Additional information to the financial statements

4.1. Tangible and Intangible Fixed Assets

Acquisition cost

(CZK thousand)	ADDITIONS	DISPOSALS	31 DECEMBER 2015	31 DECEMBER 2014
Depreciated tangible assets	4,275	1,880	36,287	33,892
of which: cars	1,485	1,096	10,018	9,629
hardware	2,428	734	14,887	13,193
office equipment	51	50	8,981	8,980
furniture and fixtures	311	0	2,401	2,090
Amortised intangible assets	10,701	0	223,121	212,420
Non-depreciated tangible assets	0	0	236	236
Technical improvements of intangible assets	525	0	525	0
Acquisition of assets	24,690	16,089	18,206	9,605
of which: intangible assets	19,809	10,700	17,932	8,823
tangible assets	4,881	5,389	274	782
Total	40,191	17,969	278,375	256,153

Accumulated Depreciation

(CZK thousand)	ADDITIONS	DISPOSALS	31 DECEMBER 2015	31 DECEMBER 2014
Depreciated tangible assets	3,392	1,880	28,621	27,109
of which: cars	704	1,096	8,275	8,667
hardware	1,818	734	11,371	10,287
office equipment	777	50	6,910	6,183
furniture and fixtures	94	0	2,065	1,971
Amortised intangible assets	5,975	0	207,204	201,229
Total	9,368	1,880	235,825	228,338

Net Book Value

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Depreciated tangible assets	7,666	6,783
of which: cars	1,743	962
hardware	3,516	2,906
office equipment	2,071	2,798
furniture and fixtures	336	118
Amortised intangible assets	15,917	11,191
Non-depreciated tangible assets	236	236
Technical improvements of intangible assets	525	0
Acquisition of assets	18,206	9,605
of which: intangible assets	17,932	8,823
tangible assets	274	782
Total	42,550	27,815

The assets shown in the tables above represent tangible and intangible fixed assets reported within the following balance sheet lines:

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Intangible assets (line 2)	34,374	20,014
Tangible movable assets (line 29)	8,176	7,801
Total	42,550	27,815

Intangible assets in the form of start-up expenses consists of expenses associated with the founding of the company. These include administrative fees, notary fees, fees for consulting and other services.

Major additions to the tangible depreciated assets in 2015 are related to the purchase of new servers and WIFI cabling (CZK 2,428 thousand) and 4 cars (CZK 1,485 thousand).

Major additions to the tangible depreciated assets in 2014 were related to the purchase of photocopiers (CZK 1,140 thousand) and air-conditioning (CZK 954 thousand).

With respect to the amortised intangible assets, the most significant item was the purchase of new licence for software AIA used for evidence of life insurance (CZK 9,219 thousand) and purchase of other supporting software (CZK 1,335 thousand). In 2014 the most significant addition was the purchase of new software equipment AIA for evidence of non-life insurance (CZK 8,267 thousand).

4.2. Financial Placements

Fair Value of Financial Placements

GROUP OF ASSETS (CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Debt securities issued by an EU member state or its central bank	19,051,979	20,878,203
Debt securities issued by banks of EU member states	7,916,519	7,598,788
Listed bonds issued by EU businesses	5,990,136	6,611,231
Listed municipal bonds	771,961	778,891
Listed debt securities issued by banks and trading companies of non-EU member states	5,056,142	3,890,577
Total fixed income securities	38,786,737	39,757,690
Shares and KB Real estate Fund	1,606,983	638,626
Deposits with banks	1,194,473	991,000
Other financial placements – Cross Currency Swap	(2,060,572)	(2,364,233)
Total securities and deposits	39,527,621	39,023,083

The financial placement of assets originated from the Company's technical reserves complies with the requirements set out in respect of the structure of financial placements by the Insurance Act and Decree No. 434/2009 Coll., which provides implementation guidance on the Insurance Act.

39 percent (2014: 43 percent) of financial placements are allocated to government bonds issued by the Czech Republic. Financial placements have also been allocated to debt securities issued by banks, bonds issued by businesses (registered both in the Czech Republic and abroad), municipal bonds, shares, KB Real estate Fund and bank deposits. In 2015 and 2014 were all bonds categorized as held to maturity. As of 31 December 2015 and as of 31 December 2014 the bad debt provision to bonds was zero.

BONDS "OECD" HELD TO MATURITY (CZK thousand)	AMORTIZED COSTS	
	2015	2014
– bonds listed on Prague stock exchange	13,713,014	15,368,176
Sum of "OECD" bonds held to maturity	13,713,014	15,368,176

(CZK thousand)	FAIR VALUE		PURCHASE PRICE	
	2015	2014	2015	2014
Other debt securities held to maturity	25,073,723	24,389,514	22,228,615	21,023,754

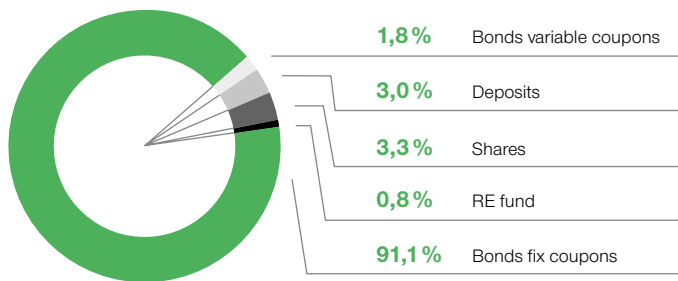
Investments in shares represent an additional instrument added to the portfolio. At the end of 2015, the volume of stock investments amounted to 3.3 percent (2014: 1.6 percent). As of 31 December 2015 the investment in shares include investment in the KB Real estate Fund in the amount of CZK 300,000 thousand. As of 31 December 2014 the investment in the KB Real estate Fund was zero.

The real value of the Cross Currency Swaps can be split into swaps with a positive real value in the total amount of CZK 45,335 thousand (2014: CZK 5,622 thousand) and negative real value in the total amount of CZK 2,105,107 thousand (2014: CZK 2,369,855 thousand).

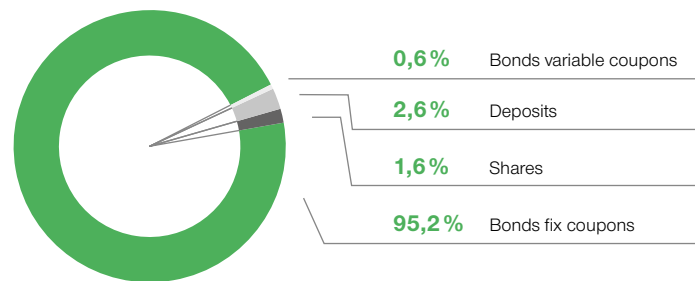
In 2015, apart from the bonds denominated in CZK (acquisition cost: CZK 1.1 billion), 12 bonds denominated in EUR and USD were purchased and included in the investment portfolio. Their total acquisition cost amounted to EUR 6.35 million and USD 98 million (an equivalent of CZK 2.6 billion). In 2014, apart from the bonds denominated in CZK (acquisition cost: CZK 3.5 billion), 17 bonds denominated in EUR and USD were purchased and included in the investment portfolio. Their total acquisition cost amounted to EUR 64.5 million and USD 139.3 million (an equivalent of CZK 5.0 billion).

The future foreign-currency cash flows from these investments were hedged against the currency risk by the retranslation of cash flows from the foreign-currency bonds into Czech crowns at a previously stipulated exchange rate using the cross-currency swaps. The foreign-currency bonds were purchased because of their higher yield offered by issuers on the European financial market compared to the domestic market.

Company portfolio of investments as of 31 December 2015



Company portfolio of investments as of 31 December 2014



Financial placement to life insurance where the investment risk is borne by the policy holder

As of 31 December 2015, the fair value of Financial placement to life insurance where the investment risk is borne by the policy holder was CZK 6,340,407 thousand (2014: CZK 5,563,832 thousand). Significant part of the financial placement to life insurance where the investment risk is borne by the policy holder is placed in bond funds.

4.3. Receivables

Analysis of receivables

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Receivables from direct insurance from policy holders	77,029	85,755
Receivables from agents (brokers)	0	0
Amounts due from reinsurance transactions	0	0
Other receivables from direct insurance and reinsurance	6,966	6,484
Total receivables from direct insurance and reinsurance	83,995	92,239
Operating prepayments	45,950	51,164
Other debtors	54,675	292,953
Prepaid income tax	78,953	63,366
Total receivables	263,573	499,722

As of 31 December 2015 and as of 31 December 2014, other receivables from direct insurance and reinsurance arise from the delay between the transfer of insurance claim payments through the client payment check system and their settlement (i.e. the settlement of receivables against the related account payables to the policy holders).

As of 31 December 2015, operating prepayments totalling CZK 45,950 thousand (2014: CZK 51,164 thousand) primarily include bonus prepayments related to collective insurance contracts of CZK 38,320 thousand (2014: CZK 43,868 thousand), a prepayment of CZK 1,720 thousand provided to AXA ASSISTANCE (2014: CZK 1,727 thousand) and a rental guarantee payment of CZK 4,463 thousand (2014: CZK 4,564 thousand).

As of 31 December 2015, other debtors consist of ex-coupon receivables amounting to CZK 49,129 thousand. As of 31 December 2014, other debtors consisted of ex-coupon receivables amounting to CZK 47,864 thousand and receivable from outstanding principal and coupon of a debt security amounting to CZK 239,360 thousand. During the year 2015 this receivable was sold.

Aging Analysis of Receivables from Direct Insurance for Policy Holders:

(CZK thousand)	MONTHS PAST DUE DATE 2015				TOTAL
	0 – 3	4 – 6	7 – 12	OVER 12	
Other non-life products	27	4	2	11,108	11,141
International insurance products	3,521	0	0	0	3,521
Merlin	257	0	0	2,043	2,300
Patron	1,056	1,454	48	375	2,933
Travel cards	0	0	0	77	77
Travel individual	7	15	18	932	972
Other life insurance products	919	69	29	385	1,402
Group non-life insurance	65	130	197	0	392
Group risk life insurance	1,680	2,223	2,219	0	6,122
Vital	1,137	2	0	96	1,235
Vital Corporate	687	11	10	66	774
Vital Grand	138	20	42	2,781	2,981
Vital Invest, Blue Vital Invest, Brouček	5,918	50	198	129	6,295
Vital Premium	3,989	0	0	0	3,989
Individual risk life insurance	7,047	900	962	6,359	15,268
Consumer loan insurance	11,895	5,731	0	1	17,627
Total	38,343	10,609	3,725	24,352	77,029

(CZK thousand)	MONTHS PAST DUE DATE 2014				TOTAL
	0 – 3	4 – 6	7 – 12	OVER 12	
Other non-life products	18	2	1	11,159	11,180
International insurance products	5,954	0	0	0	5,954
Merlin	263	1,435	191	390	2,279
Patron	1,304	1,127	70	310	2,811
Travel cards	0	0	0	77	77
Travel individual	15	26	25	868	934
Other life insurance products	1,191	39	12	383	1,625
Group risk life insurance	1,109	0	0	0	1,109
Vital	998	14	0	95	1,107
Vital Corporate	1,180	5	4	60	1,249
Vital Grand	166	23	45	2,729	2,963
Vital Invest, Blue Vital Invest, Brouček	6,447	1,207	7	120	7,781
Vital Premium	17,410	0	0	0	17,410
Individual risk life insurance	7,286	883	995	5,342	14,506
Consumer loan insurance	10,752	4,017	0	1	14,770
Total	54,093	8,778	1,350	21,534	85,755

Provisions against Receivables from Direct Insurance:

(CZK thousand)	MONTHS PAST DUE DATE 2015				TOTAL
	0 – 3	4 – 6	7 – 12	OVER 12	
Other non-life products	0	2	1	11,097	11,100
Patron	0	2	14	375	391
Travel individual	0	15	18	932	965
Other life insurance products	0	37	21	385	443
Vital	0	2	0	96	98
Vital Corporate	0	8	10	66	84
Vital Grand	0	16	42	2,781	2,839
Vital Invest, Blue Vital Invest, Brouček	0	47	188	129	364
Individual risk life insurance	0	352	485	5,450	6,287
Total	0	481	779	21,311	22,571

(CZK thousand)	MONTHS PAST DUE DATE 2014				TOTAL
	0 – 3	4 – 6	7 – 12	OVER 12	
Other non-life products	0	1	1	11,148	11,150
Patron	0	4	19	310	333
Travel individual	0	26	24	868	918
Other life insurance products	0	21	8	383	412
Vital	0	13	0	96	109
Vital Corporate	0	4	4	59	67
Vital Grand	0	19	45	2,728	2,792
Vital Invest, Blue Vital Invest, Brouček	0	1,146	7	121	1,274
Individual risk life insurance	0	344	525	4,750	5,619
Total	0	1,578	633	20,463	22,674

The Company recognised the provisions against receivables only for individual insurance policies. For collective insurance policies, i.e. Merlin, Group risk life insurance, International products or Consumer loans life insurance, the risk of default is on the side of policy holders and no provisions are recognised.

Apart from the provisions described above, the Company recognised provisions against other receivables (2015: CZK 0 thousand). As of 31 December 2014 provisions against other receivables in the amount of CZK 239,360 thousand was related to outstanding principal and coupon of a debt security.

Receivables Arising from Reinsurance Transactions

The amount of receivables arising from reinsurance transactions is CZK 0 thousand (2014: CZK 0 thousand).

4.4. Cash and Cash Equivalents

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Current accounts	198,951	158,932
Cash on hand	50	100
Cash equivalents	786	422
Cash in transit	297	(99)
Provision against UB	(67)	(67)
Total	200,017	159,288

The Company recognised a full provision against its current account maintained with Union banka, amounting to CZK 96 thousand in 2003. In 2004 and 2010, this outstanding receivable was partly settled in the amount of CZK 29 thousand. The underlying provision was reduced by the same amount. The Company will record the provision until the liquidation of Union banka is completed.

4.5. Temporary Assets

Analysis of temporary assets

(CZK thousand)	31. 12. 2015	31. 12. 2014
Deferred acquisition costs	143,327	130,796
of which: Non-life insurance commissions	32,510	32,733
of which: Life insurance commissions	110,817	98,063
Other deferred expenses	6,275	7,382
Accrued income	6	0
Estimated receivables	185,856	123,618
of which: Premiums	32,096	34,051
Reinsurer's commission and share in claims	59,286	39,919
Other	94,474	49,648
Total	335,464	261,796

The balance of estimated premium receivables as of 31 December 2015 of CZK 32,096 thousand (2014: CZK 34,051 thousand) represents premiums under policies that have been entered into but not recorded in the operating system by the closing date.

The balance of estimated receivables from reinsurer's commission and share of reinsurer as of 31 December 2015 of CZK 59,286 thousand (2014: CZK 39,919 thousand) results from the settlement of reinsurance balances mainly for the last quarter of 2015.

Other estimated receivables results mainly from not invoiced managerial fees related to Forte funds and Certus funds amounting to CZK 94,422 thousand (2014: CZK 47,128 thousand)

For further details about reinsurance balances refer to Note 4.27.

4.6. Equity

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Share capital	1,175,398	1,175,398
Other capital funds	890,286	1,110,518
valuation gains and losses of securities	2,800,922	3,272,301
valuation gains and losses of derivatives	(1,946,813)	(2,259,438)
up-front fees	245,009	358,147
deferred tax	(208,832)	(260,492)
Statutory reserve fund	61,264	61,264
Retained earnings	483,361	483,079
Accumulated losses brought forward	0	0
Profit/(loss) for the period	372,781	283,082
Total	2,983,090	3,113,341

4.7. Technical Reserves

(CZK thousand)	31 DECEMBER 2015			31 DECEMBER 2014
NAME OF RESERVE	GROSS BALANCE	REINS. SHARE	NET BALANCE	NET BALANCE
Life insurance reserve	37,131,367	2,390,010	34,741,357	34,071,006
Life insurance reserve where the investment risk is assumed by the policy holder	6,340,407	0	6,340,407	5,563,832
IBNR reserve	82,139	2,268	79,871	71,073
of which:				
Non-life insurance	34,147	1,714	32,433	32,637
Patron	3,817	0	3,817	2,555
Travel individual	426	67	359	566
Travel cards	6,939	1,381	5,558	5,710
Merlin	360	0	360	349
International insurance products	612	0	612	471
Other non-life insurance	21,993	265	21,728	22,987
Life insurance	47,992	554	47,438	38,436
Individual risk life insurance	36,877	331	36,547	27,155
Group risk life insurance	0	0	0	0
Consumer loan insurance	8,291	0	8,291	9,271
Risk insurance	987	0	987	964
Other life insurance	1,836	223	1,614	1,046
RBNS reserve	397,501	77,270	320,231	303,364
of which:				
Non-life insurance	183,354	74,571	108,783	109,895
Patron	2,517	0	2,517	2,996
Travel individual	3,464	545	2,919	3,933
Travel cards	38,207	8,948	29,259	30,053
Merlin	1,942	0	1,942	3,085
International insurance products	4,538	0	4,538	2,725
Other non-life insurance	132,686	65,078	67,608	67,103
Life insurance	214,147	2,699	211,448	194,300
Vital Invest, Brouček, Modrý Vital Invest	28,951	0	28,951	29,473
Vital	97,009	0	97,009	96,595
Vital Corporate	3,586	0	3,586	3,154
Vital Premium	13,200	0	13,200	7,639
Individual risk life insurance	34,817	2,023	32,794	21,860
Group risk life insurance	0	0	0	831
Consumer loans	7,057	0	7,057	9,380
Riders	3,540	0	3,540	2,168
Other life insurance	25,988	675	25,312	23,199

(CZK thousand)	31 DECEMBER 2015			31 DECEMBER 2014
NAME OF RESERVE	GROSS BALANCE	REINS. SHARE	NET BALANCE	NET BALANCE
Reserve for bonuses and discounts	1,323,165	0	1,323,165	1,141,484
of which:				
Non-life insurance	401	0	401	398
Life insurance	1,322,764	0	1,322,764	1,141,086
Reserve for unearned premiums	63,493	318	63,175	61,247
of which:				
Non-life insurance	46,279	168	46,111	44,685
Patron	7,443	0	7,443	8,800
Travel individual	236	55	181	177
Merlin	567	0	567	616
International insurance products	36,386	0	36,386	33,842
Other non-life insurance	1,647	113	1,534	1,250
Life insurance	17,214	150	17,064	16,562
Vital Corporate	21	0	21	21
Individual risk life	10,469	0	10,469	9,819
Riders	1,550	0	1,550	1,538
Other life insurance	5,174	150	5,024	5,184
Deficiency provision	90,706	0	90,706	172,135
Vital Invest	23,233	0	23,233	40,488
Vital	10,828	0	10,828	24,289
Vital Corporate	3,945	0	3,945	5,622
Vital Premium	42,312	0	42,312	85,482
Vital Grand	2,259	0	2,259	3,192
Other life insurance	8,129	0	8,129	13,062

4. 8. Result of Non-Life Insurance Claims Settlement – Run-Off Analysis (Net)

(CZK thousand)	2015	2014
Balance of the reserve for claims as of 1 January	142,532	143,988
Claims paid in the current period arising from claims from the prior period	9,859	8,454
Balance of the reserve for claims as of 31 December	116,003	120,712
Result of claims settlement	16,670	14,822

4. 9. Result of Life Insurance Claims Settlement – Run-off Analysis (Net)

(CZK thousand)	2015	2014
Balance of the reserve for claims as of 1 January	2,219	1,241
Claims paid in the current period arising from claims from the prior period	595	138
Balance of the reserve for claims as of 31 December	1,518	1,010
Result of claims settlement	107	93

The run-off analysis (net) of life insurance products is presented for accident riders. The run-off in respect of insurance capital products is zero.

4. 10. Reserve for Other Risks and Losses

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Reserve for corporate income tax	85,950	68,463
Other reserves	19,759	20,923
Total reserve for other risks and losses	105,709	89,386

Other reserves include particularly reserve for legal disputes and similar risks that represent a reserve for estimated losses of pending litigations and other estimated losses on transactions entered into by the year-end, specifically in relation to industrial and business insurance. Based on all information available, management of the Company established and updated this reserve as an appropriately prudent estimate of the final costs associated with the matters referred to above.

4. 11. Payables

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Payables from direct insurance to the policy holders	104,457	112,896
Payables to agents	0	0
Payables from reinsurance transactions	21,843	1,437
Other payables from direct insurance and reinsurance	0	0
Total payables from direct insurance and reinsurance	126,300	114,333
Payables to staff from dependent activities	11,130	9,947
Settlement balances with social security and health insurance institutions	6,622	5,876
Payables to financial institutions	0	0
Other payables	248,071	301,840
Other direct taxes	2,961	2,707
Other indirect taxes and fees	5,925	6,231
Total payables	401,009	440,934

None of the Company's payables were secured by a pledge or any other encumbrance as of 31 December 2015 and as of 31 December 2014.

As of 31 December 2015, the Company records overdue payables from direct insurance to the policy holders (older than 5 years, in the amount of CZK 22,311 thousand; 2014: CZK 18,878 thousand). These consist of unpaid claims and overpayments of premiums.

Other payables that do not relate to insurance predominantly include deferred tax liability in CZK 205,560 thousand (2014: CZK 256,323 thousand) and unpaid invoices (older than 5 years: CZK 0 thousand).

4. 12. Temporary Liabilities

Analysis of Temporary Liabilities

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Deferred income	0	0
Estimated payables	238,341	244,869
of which: Reinsurer's share in premiums	21,746	17,521
Commissions to acquirers	157,256	178,399
Insurance claims	2,470	2,014
Other	56,869	46,935
Total temporary liabilities	238,341	244,869

Estimated commissions payables to acquirers of CZK 157,256 thousand (2014: CZK 178,399 thousand) represent an estimate of unpaid commissions for the acquisition of insurance policies. This balance predominantly consists of bonuses not paid to ESSOX amounting to CZK 50,780 thousand (2014: CZK 59,766 thousand) and bonuses not paid to Komerční banka, a.s. totalling CZK 78,234 thousand (2014: CZK 90,108 thousand).

Other temporary liabilities of CZK 56,869 thousand (2014: CZK 46,935 thousand) principally comprise unbilled supplies of CZK 48,082 thousand (2014: CZK 37,400 thousand) and costs of staff bonuses for 2015 amounting to CZK 8,077 thousand (2014: CZK 8,506 thousand).

4. 13. Taxation

Income Tax Due

The tax due in the fiscal year 2015 totals CZK 79,450 thousand (year 2014: CZK 65,095 thousand). The tax arising from the independent tax base is CZK 6,500 thousand (year 2014: CZK 3,368 thousand). The difference between tax provision created in 2014 and the real paid tax is the revenue of CZK 1,134 thousand. The difference between tax provision created in 2013 and the real paid tax is the revenue of CZK 1,989 thousand.

Deferred Tax

The Company's deferred tax liability amounted to CZK (205,560) thousand as of 31 December 2015, of which CZK (208,832) thousand was recognised in equity. The Company's deferred tax liability in 2014 amounted to CZK (256,323) thousand, of which CZK (260,492) thousand was recognised in equity. Costs arising from the change of the deferred tax in the amount of CZK 896 thousand (2014: 5,524 thousand) recognised in the profit and loss account in 2015 results from a decrease of the deferred tax asset due to fixed assets and reserves.

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Deferred tax arising from:		
Net book value of tangible and intangible fixed assets	(504)	89
Non-current financial assets	(208,832)	(260,492)
Bonuses	1,535	1,616
Reserves	2,243	2,464
Total deferred tax	(205,560)	(256,323)

4. 14. Non-Life Insurance

(CZK thousand)	2015	2014
Gross written premium	349,516	339,329
Patron	31,558	32,651
Travel individual	13,314	12,278
Travel cards	54,373	60,927
Merlin	134,817	129,041
International insurance products	113,695	103,033
Other non-life insurance	1,759	1,399
Gross earned premium	348,102	334,070
Patron	32,915	34,808
Travel individual	13,308	12,359
Travel cards	54,373	60,927
Merlin	134,866	129,049
International insurance products	111,151	95,714
Other non-life insurance	1,489	1,213
Gross costs of insurance claims	54,807	59,821
Patron	4,284	3,091
Travel individual	2,359	2,925
Travel cards	26,818	21,996
Merlin	7,314	16,484
International insurance products	11,349	13,218
Other non-life insurance	2,683	2,107
Reinsurance balance	(4,840)	(1,981)
Acquisition costs of insurance policies	85,358	78,328
– commissions	85,828	78,722
– other acquisition costs	0	0
– release of deferred expenses and accrued income	0	0
– creation of deferred expenses and accrued income	(470)	(393)

4. 15. Life insurance

(CZK thousand)	2015	2014
Gross written premium	6,227,627	9,852,956
Earned premium	6,227,125	9,853,327
Gross costs of insurance claims	4,267,376	2,462,845
Reinsurance balance	(561,793)	(963,859)
Acquisition costs of insurance policies	211,235	206,561
– commissions	222,227	229,084
– other acquisition costs	1,763	1,435
– change in deferred expenses and accrued income	(12,755)	(23,958)

Summary of life insurance, written premium

(CZK thousand)	2015	2014
Individual contracts	6,079,490	9,689,038
of which: insurance contracts where the investment risk is borne by the policy holder	1,086,506	198,324
Collective contracts	148,137	163,918
Life insurance – total	6,227,627	9,852,956
Single premium	5,326,825	8,959,997
of which: insurance contracts where the investment risk is borne by the policy holder	1,066,900	179,714
Regular premium	900,802	892,959
of which: insurance contracts where the investment risk is borne by the policy holder	19,607	18,609
Life insurance – total	6,227,627	9,852,956
Insurance contracts without premium	544,011	481,772
Insurance contracts with premium	5,683,616	9,371,184
of which: insurance contracts where the investment risk is borne by the policy holder	1,086,506	198,324
Life insurance – total	6,227,627	9,852,956

4. 16. Territorial Analysis of Total Premium Written

The Company entered into insurance contracts in the Czech Republic, Slovakia, Bulgaria, Romania and Germany.

(CZK thousand)	2015	2014
Written premium arise from contracts into which the Company entered:		
in the EU member state where it has its registered office	6,436,268	10,089,260
in other EU member states	140,875	103,025
Total premiums written	6,577,143	10,192,285

4. 17. Summary of Commissions

The total balance of commissions in respect of direct insurance amounted to CZK 308,055 thousand in 2015 (2014: CZK 307,806 thousand) and was segmented as follows:

(CZK thousand)	LIFE INSURANCE		NON-LIFE INSURANCE	
	2015	2014	2015	2014
Expenses on commissions	222,226	229,084	85,829	78,722

4. 18. Income and Expense Related to Financial Placements of Technical Reserves

For the year ended 31 December 2015, the net income on the Company's financial placements amounted to CZK 1,068,231 thousand (2014: CZK 1,141,556 thousand), of which the net income from assets generated from technical reserves amounted to CZK 987,262 thousand (2014: CZK 1,056,639 thousand).

As discussed in Note 2.15, income and expense from financial placements are recorded primarily on the life insurance technical account during the reporting period.

At the year-end, net financial income unrelated to life insurance is re-allocated to the non-technical accounts and subsequently re-allocated to the non-life insurance technical accounts. For the year ended 31 December 2015, this re-allocated balance was CZK 4,403 thousand (2014: CZK 7,702 thousand).

(CZK thousand)	2015		2014	
	LIFE INSURANCE	NON-LIFE INSURANCE	LIFE INSURANCE	NON-LIFE INSURANCE
Year-end net balances of reserves	38,824,191	264,181	37,479,280	263,493
Year-end net balances of reserves – investment risk is borne by the policy holder	6,340,407	0	5,563,832	0
Income from reserves	982,859	4,403	1,048,937	7,702

4. 19. Change in other technical provisions, net of reinsurance

In accordance with the procedures set forth in item 2.8. the Company accounted for the following changes in other technical provisions:

(CZK thousand)	2015	2014
Change in life insurance premium – net amount	588,923	6,657,171
Change in other technical provisions – net amount	958,254	313,948
of which: Reserve for bonuses and discounts	181,680	131,088
of which: Life insurance reserve where the investment risk is borne by the policy holder	776,574	182,860
Change in other technical provisions, net of reinsurance	1,547,177	6,971,119

4. 20. Unrealised gains and losses on financial placements

Unrealised gains and losses on financial placements include revaluation Life insurance reserve where the investment risk is borne by the policy holder and the revaluation of shares. Total unrealised loss on shares amounted to CZK 16,553 thousand in 2015 (2014: the total unrealised gains on shares value amounted to CZK 25,811 thousand). The unrealised gains from financial placement of life insurance, where the investment risk is assumed by the policy holder amounted to CZK 59,996 thousand in 2015 (2014: CZK 301,200 thousand).

4. 21. Administrative Expenses

The total amount of administrative expenses was CZK 303,970 thousand in 2015 (2014: CZK 279,501 thousand). The administrative expenses are analysed as follows:

(CZK thousand)	2015	2014
Staff cost (wages, social security and health insurance)	162,642	152,213
Training	2,273	2,524
Advisory services	22,795	16,765
Telecommunication	1,983	2,052
IT costs	20,970	14,379
Depreciation	11,318	11,906
Rental	18,977	19,474
Banking and postal fees	8,477	8,073
Other administrative costs	54,535	52,115
Total	303,970	279,501

The costs of the audit of the financial statements amounted to CZK 1,620 thousand in 2015 (2014: CZK 1,573 thousand). Costs for other assurance services in 2015 amounted CZK 0 thousand (2014: CZK 482 thousand).

4. 22. Other Technical Income and Expenses and Non-Technical Account

Other income from non-life insurance primarily includes the exchange rate differences in the amount of CZK 1,031 thousand (2014: CZK 1,751 thousand).

Other technical expenses of non-life insurance amounting to CZK 40,646 thousand (2014: CZK 42,025 thousand) mainly include cost of bonuses totalling CZK 36,785 thousand (2014: CZK 39,830 thousand).

Other technical income of life insurance primarily includes the management fee for the sale of Forte funds amounting to CZK 47,294 thousand (2014: CZK 48,909 thousand).

Other technical expenses of life insurance include items relating to the cost of bonuses in the amount of CZK 69,944 thousand (2014: CZK 81,766 thousand) and fees related to assets under administration in the amount of CZK 123,180 thousand (2014: 125,389 thousand).

4. 23. Reallocation of Costs between Technical and Non-Technical Accounts

The aggregate balance of costs re-allocated between the life insurance technical accounts, the non-life insurance technical accounts and the non-technical accounts on the basis as disclosed in Note 2.16 as of 31 December 2015 amounted to CZK 303,970 thousand (2014: CZK 279,501 thousand).

4. 24. Transactions with Related Parties

	2015	2014	TEXT
Amounts owed to the Group entities	(38,255)	776,301	
Of which: Komerční banka, a.s.	39,561	47,604	Estimated accrued expenses – Bonus
	38,673	42,504	Estimated accrued expenses – Commissions
	1,906	1,844	Uninvoiced accrued expenses –Trade payables
	311	289	Bank Fees
	21,324	27,531	Trade payables
	2,105,907	2,369,855	Payables from the cross currency swaps
	19,951	16,360	Reported insurance claims
	478	818	Payables from insurance
Of which: Essox, s.r.o.	50,780	59,766	Estimated accrued expenses – Bonus
	0	132	Trade payables
Of which: MPSS, a.s.	3,841	1,878	Estimated accrued expenses – Commissions
	61	2,364	Trade payables
Of which: SG	8,899	9,169	Estimated accrued expenses –Trade payables
Of which: Sogecap	12,825	7,598	Estimated accrued expenses –Trade payables
	0	274	Trade payables
	4,238	0	Payables from insurance
	(2,158,839)	(1,841,683)	Technical life provision – reinsurer
	23	40	Estimated accrued expenses – Commissions
Of which: SGEB	7,268	6,977	Estimated accrued expenses – Bonus
	1,265	1,112	Estimated accrued expenses – Commissions
Of which: BRD	1,855	2,090	Estimated accrued expenses – Commissions
	5,042	10,498	Estimated accrued expenses – Bonus
	4,314	0	Bonus
Of which: BRD Finance	117	60	Estimated accrued expenses – Bonus
	1,500	1,139	Estimated accrued expenses – Commissions
Of which: PSKB	516	461	Trade payables

	2015	2014	TEXT
Of which: Hanseatic Bank	1,693	1,543	Estimated accrued expenses – Bonus
	2,298	2,535	Estimated accrued expenses – Commissions
Of which: Sogessur	1,483	1,915	Uninvoiced trade payables
Of which: ALD Automotive	0	194	Trade payables
Of which: Sogelife	2,352	2,008	Estimated accrued expenses – Commissions
	(1,494)	(574)	Technical life provision – reinsurer
Of which: Sogelife Luxembourg	(231,172)	0	Technical life provision – reinsurer
	14,769	0	Payables from insurance

	2015	2014	TEXT
Amounts due from the Group entities	4,692,603	4,038,526	
Of which: Komerční banka, a.s.	1,252,967	1,049,179	Current accounts and deposits
	2,683	3,148	Accrued commissions
	87,179	14,375	Estimated accrued income – premiums
	17,487	7,911	Receivables from insurance
	23	23	Prepayments
	45,335	5,621	Valuation difference – currency swaps
	808,710	808,710	Financial placement
Of which: Essox, s.r.o.	36,847	42,248	Prepayments
	11,517	12,676	Receivables from insurance
	7,203	8,196	Estimated accrued income – premiums
	316	317	Accrued commissions
Of which: Essox SK, s.r.o.	1	1	Receivables from insurance
Of which: Hanseatic Bank	10,331	3,943	Current accounts and deposits
	11,319	10,176	Accrued commissions
	3,690	3,161	Estimated accrued income – premiums
	3,485	5,595	Receivables from insurance
Of which: BRD	14,796	16,114	Accrued commissions
	2,617	2,727	Estimated accrued income – premiums
	51,692	39,926	Current accounts and deposits
Of which: BRD Finance	2,408	1,831	Accrued commissions
	1,830	1,358	Estimated accrued income – premiums
Of which: MPSS	30,156	23,524	Accrued commissions
Of which: PSKB	0	170	Estimated accrued income – premiums
Of which: SG	2,074,719	1,842,645	Financial placements
Of which: SGEB	991	1,044	Accrued commissions
	3,221	3,028	Estimated accrued income – premiums
	78,357	56,899	Current accounts and deposits
	0	334	Receivables from insurance
Of which: SGCIB	5,532	5,532	Trade receivables
	94,422	47,128	Estimated accrued income – premiums
	737	592	Receivables from insurance
Of which: Sogecap	0	0	Trade receivables
	27,907	17,591	Estimated accrued income – premiums
Of which: Sogelease	1	2	Estimated accrued income – premiums
	25	13	Receivables from insurance
Of which: Sogelife	2,756	2,788	Estimated accrued income – premiums
Of which: Sogelife Luxembourg	1,343	0	Estimated accrued income – premiums

	2015	2014	TEXT
Expenses with the Group entities	384,917	(212,411)	
Of which: Komerční banka, a.s.	40,467	46,933	Bonus expenses
	5,121	5,387	Use of trademark + advertising
	4,036	3,835	Bank Fees
	465	852	Accrued expenses – Commissions
	858,608	728,030	Accrued expenses – Cross currency swaps
	2,570	2,511	Offices lease related expenses
	55,433	38,647	Financial investment related expenses
	255,760	279,263	Commissions
	1,701	1,142	Advisory services
	15,712	13,610	Expenses on instance claims
	148	137	Company benefits
	9,345	9,103	Other expenses
Of which: SG	6,918	9,169	Advisory services
Of which: Essox, s.r.o.	52,601	60,540	Bonus expenses
	6,731	7,174	Expenses on insurance claims
Of which: Essox SK, s.r.o.	0	(3)	Bonus expenses
Of which: MPSS, a.s.	28,288	24,617	Commissions
	(6,633)	(9,365)	Accrued expenses – Commissions
	88	123	Use of trademark + advertising
Of which: BRD	6	6	Bank Fees
	22,803	21,311	Commissions
	(262)	(438)	Accrued expenses – Commissions
	4,885	4,901	Bonus expenses
Of which: BRD Finance	148	78	Bonus expenses
	(474)	183	Accrued expenses – Commissions
	3,545	2,967	Commissions
Of which: Hanseatic Bank	1,698	1,600	Bonus expenses
	(281)	(1,050)	Accrued expenses – Commissions
	21,450	15,091	Commissions
Of which: PSKB	2,769	2,705	Company benefits
	82	56	Other expenses
	(115)	115	Bonus expenses
Of which: SGEB	11	18	Bank Fees
	7,046	7,431	Bonus expenses
	14,852	12,876	Commissions
Of which: Sogecap	15,122	10,591	Advisory services
	(179,590)	(65,682)	Expenses on insurance claims – reinsurance
	(496,531)	(1,449,348)	Creation of technical life provision – reinsurance
Of which: Sogelease	2	6	Commissions
Of which: ALD Automotive	1,943	1,370	Other expenses
	65	51	Commissions
Of which: Sogessur	1,483	1,685	Other expenses
Of which: Sogelife	(6,954)	(639)	Expenses on insurance claims – reinsurance
Of which: Sogelife Luxembourg	(361)	0	Expenses on insurance claims – reinsurance
	(365,785)	0	Creation of technical life provision – reinsurance

	2015	2014	TEXT
Income with the Group entities	125,238	(329,704)	
Of which: Komerční banka, a.s.	384	9,146	Interest from current accounts and deposits
	564,822	508,604	Accrued interest – cross currency swaps
	236,223	231,203	Written premiums
	38	79	Other income
	20,400	20,400	Financial placement income
Of which: SG	105,741	126,074	Financial placement income
Of which: Essox, s.r.o.	73,563	81,362	Written premiums
Of which: Essox SK, s.r.o.	0	(7)	Written premiums
Of which: BRD	40,122	37,463	Written premiums
	1	1	Interest from current accounts and deposits
Of which: BRD Finance	5,351	4,443	Written premiums
Of which: Hanseatic Bank	29,872	26,088	Written premiums
Of which: PSKB	138	75	Written premiums
	43	170	Other income
Of which: SGEB	38,338	34,955	Written premiums
	23	89	Interest from current accounts and deposits
Of which: SGCIB	47,294	48,909	Other income
Of which: Sogecap	(492,265)	(1,048,145)	Written premiums – reinsurance
	28,332	20,818	Commissions – reinsurance
	365	2,512	Other income
	(1,788)	(430,434)	Release of technical life provision – reinsurance
	(177,588)	0	Creation of technical life provision – reinsurance
	(18,343)	0	Expenses on insurance claims – reinsurance
Of which: Sogelease	11	31	Written premiums
Of which: Sogelife	(8 754)	(7,649)	Written premiums – reinsurance
	4 124	4,109	Commissions – reinsurance
	(4 549)	0	Expenses on insurance claims – reinsurance
Of which: Sogelife Luxembourg	(134,613)	0	Release of technical life provision – reinsurance
	1,341	0	Commissions – reinsurance
	(233,388)	0	Written premiums – reinsurance

4. 25. Profit/(Loss)

(CZK thousand)	2015	2014
Non-life insurance	90,990	103,987
Life insurance	286,617	166,039
Non-technical account (before tax)	80,969	85,090
Profit/(loss) before tax	458,576	355,116
Income tax and other taxes	85,795	72,034
Profit/(loss) for the accounting period	372,781	283,082

4. 26. Staff Costs and Similar Costs

Staff and similar costs paid by the Company were as follows:

2015

(CZK thousand)	AVERAGE RECALCULATED HEADCOUNT	WAGES AND SALARIES	SOCIAL SECURITY AND HEALTH INSURANCE	TOTAL STAFF COSTS
Staff	160	105,607	33,285	138,892
Management	6	19,816	3,934	23,750
Total	166	125,423	37,219	162,642

2014

(CZK thousand)	AVERAGE RECALCULATED HEADCOUNT	WAGES AND SALARIES	SOCIAL SECURITY AND HEALTH INSURANCE	TOTAL STAFF COSTS
Staff	151	98,465	31,031	129,496
Management	6	18,982	3,735	22,717
Total	157	117,447	34,766	152,213

As of 31 December 2015 and as of 31 December 2014, seventeen employees of the Company have been provided with business cars for both business and private purposes. The Company has provided no other advances, borrowings or loans to the members of its statutory, executive and supervisory bodies in addition to this benefit.

4. 27. Reinsurance

The aggregate reinsurance result

(CZK thousand)	2015	2014 ADJUSTED
Reinsurer's share of premiums	(781,610)	(1,096,617)
Reinsurer's share of insurance claims	173,916	80,042
Commissions	41,061	50,736
Reinsurance balance	(566,633)	(965,839)
Reinsurer's share on the creation and use of reserves	548,233	1,025,138
Reinsurance result	(18,400)	59,299

Reinsurance result of the year 2014 was adjusted by the total amount of CZK 1,043,804 thousand, which was published in the Notes to the Financial Statements for the year ended 31 December 2014 in inaccurate amount. Reason of this inaccuracy was due to the incorrect amount in line Commissions, where not all of commission types had been included (adjustment by CZK 24,890 thousand) and in line Reinsurer's share on the creation and use of reserves where Reinsurer's share on change of mathematical reserves had not been incorporated into the calculation (adjustment by CZK 1,018,914 thousand).

The amounts due from and to reinsurers:

(CZK thousand)	31 DECEMBER 2015	31 DECEMBER 2014
Receivable from reinsurers	0	0
Estimated receivable	59,286	39,918
Payable to reinsurers	(21,843)	(1,437)
Estimated payable	(21,735)	(17,521)
Net receivable (payable) from reinsurers	15,708	20,960

5. OFF-BALANCE SHEET COMMITMENTS

The Company is not aware of any off-balance sheet commitments.

6. OTHER SIGNIFICANT POST BALANCE SHEET EVENTS

At the financial statements date, management of the Company is not aware of any events that would require adjustment of the Company's financial statements.

Report on Relations Between Related Parties for the Reporting Period of 2015

(hereinafter referred to as the "**Report on Relations**")

Komerční pojišťovna, a.s., with its registered office in Prague 8, Karolinská 1/650, post code 186 00, Corporate ID 63998017, incorporated with the Municipal Court in Prague, Section B, File 3362, (hereinafter referred to as the "Company"), is a part of a business group (holding company) in which the following relations between the Company and its Controlling Entity and further between the Company and other entities controlled by the same Controlling Entity (hereinafter referred to as the "**Related Entities**") exist.

This report on relations was prepared in accordance with Section 82 et seq. of Act No. 90/2012 Coll., on Business Companies and Cooperatives (the Corporations Act) for the year ended 31 December 2015, ie, from 1 January 2015 to 31 December 2015 (hereinafter referred to as the "**Reporting Period**").

I. Introduction

The structure of the relations between the members of the business group

In the period from 1 January 2015 to 31 December 2015, the Company was a member of the Société Générale S.A. Group with its registered office at 29, BLD Hausmann, 75009 Paris, France, number of registration in the French Commercial Register: R.C.S. Paris B552120222 (1955 B 12022) (hereinafter referred to as "SG" or "SG Paris"). The structure of the relations between the members of the Group is as follows:

SOCIÉTÉ GÉNÉRALE GROUP*			
RETAIL BANKING FRANCE	INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES	GLOBAL BANKING AND INVESTMENT SERVICES	KOMERČNÍ BANKA GROUP
FRANCE			
<ul style="list-style-type: none"> ▶ Société Générale* ▶ Compagnie Générale d'Affacturage 100% ▶ Généfim 100% ▶ Généfimmo Holding 100% ▶ Group Boursorama 100% ▶ Groupe Crédit du Nord 100% ▶ Group Franfinance 99.99% ▶ La Banque Postale Financement 35% ▶ Sogébail 100% ▶ Sogéfimur 100% ▶ Sogéfinancement 100% ▶ Sogelease France 100% ▶ Sogéprom 100% ▶ SG Capital Développement 100% ▶ SG Capital Partenaries 100% ▶ SG Services 100% ▶ SGPI Société Générale de Participations Industrielles 100% 	<ul style="list-style-type: none"> ▶ Banque Française Commerciale Océan Indien 50% ▶ Banque de Polynésie 72.1% ▶ Société Générale Calédonienne de Banque 90.1% ▶ Group CGL 100% ▶ Sogécap Group 100% ▶ SG de Banque aux Antilles 100% ▶ Temsys 100% 	<ul style="list-style-type: none"> ▶ Société Générale* ▶ Amundi Group 20% ▶ CALIF 100% ▶ Inter Europe Conseil (IEC) 100% ▶ Lyxor Asset Management 100% ▶ Lyxor International Asset Management 100% ▶ Newedge Group 50% ▶ Parel 100% ▶ Sogefinerg 100% ▶ Société Générale Securities Services France 100% ▶ SG Option Europe 100% ▶ SG Securities (Paris) SAS 100% 	

SOCIÉTÉ GÉNÉRALE GROUP*

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES	GLOBAL BANKING AND INVESTMENT SERVICES	KOMERČNÍ BANKA GROUP
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EUROPE

		Companies with KB's qualified interest	Companies controlled by KB
▶ SG Factoring SPA Italy 100%	▶ Bank Republic Georgia 93.64%	▶ Soci�t� G�n�rale Newedge UK Ltd United Kingdom 100%	▶ Komer�n� pojišťovna, a.s., 48.96%
	▶ Banka Soci�t� G�n�rale Albania 88.64%	▶ Lyxor Asset Management UK LLP 100%	▶ CBCB – Czech Banking Credit Bureau, a.s., 20%
	▶ BRD – Groupe SG Romania 60.17%	▶ SG Hambros Limited United Kingdom 100%	▶ Modr� pyramida stavebn� spořitelna, a.s., 100%
	▶ Eurobank Pologne 99.5%	▶ SG ImmoBel Belgium 100%	▶ Bastion European Investments S.A. 99.98%
	▶ Groupe ALD International 100%	▶ SG Investments (U.K.) Ltd United Kingdom 100%	▶ Protos, uzavřen� investičn� fond, a.s., 100%
	▶ Groupe Fiditalia Spa Italy 100%	▶ SG Issuer Luxemburg 100%	▶ KB Penzijn� spole�nost, a.s., 100%
	▶ Groupe GEFA Bank Germany 100%	▶ SG Private Banking Belgium 100%	▶ Factoring KB, a.s., 100%
	▶ Groupe Rosbank Russia 99.49%	▶ SG Private Banking (Monaco) 100%	▶ ESSOX s.r.o. 50.9%
	▶ SG Equipment Finance Group 99.99%	▶ SG Private Banking (Suisse SA) 100%	▶ SG Equipment Finance Czech Republic s.r.o. 50.1%
	▶ Hanseatic Bank Germany 75%	▶ SGCMF 100%	▶ KB Real Estate, s.r.o. 100%
	▶ ALD Lease Finanz 100%	▶ SGSS Deutschland Kapitalanlagegesellschaft Germany 100%	▶ VN 42, s.r.o. 100%
	▶ Mobiasbanca Moldavia 87.9%	▶ SGSS Spa Italy 100%	▶ NP 33, s.r.o. 100%
	▶ Ohridska Banka AD Skopje Macedonia 71.85%	▶ Soci�t� G�n�rale Bank & Trust Luxembourg 100%	▶ Cataps, s.r.o. 100%
	▶ SKB Banka Slovenia 99.73%	▶ Soci�t� G�n�rale branches in: Frankfurt, Germany; Dublin, Ireland; London, United Kingdom; Madrid, Spain; Milan, Italy Zurich, Switzerland	
	▶ SG Banka SRBIJA Serbie 100%		
	▶ SG Express Bank Bulgarie 99.74%		
	▶ SG-Splitska Banka Croatie 100%		
	▶ Soci�t� G�n�rale Banka Mont�n�gro 90.56%		
	▶ Komer�n� banka, a.s., Czech Republic 60.35%		

SOCIÉTÉ GÉNÉRALE GROUP*			
RETAIL BANKING FRANCE	INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES	GLOBAL BANKING AND INVESTMENT SERVICES	KOMERČNÍ BANKA GROUP
AFRICA – MIDDLE EAST			
	<ul style="list-style-type: none"> ▶ BFV SG Madagascar 70% ▶ Eqdom Morocco 53.72% ▶ SG Algérie 100% ▶ SG de Banques au Bénin 83.85% ▶ SG de Banques au Cameroun 58.1% ▶ SG de Banques en Côte d'Ivoire 73.25% ▶ SG de Banque en Guinée 57.94% ▶ SG de Banque en Guinée Equatoriale 57.23% ▶ SG de Banque au Liban 16.8% ▶ SG de Banques au Sénégal 64.87% ▶ SG Congo 87% ▶ SG Marocaine de Banques 57.01% ▶ SG Tchad 66.16% ▶ Société Générale Burkina Faso 52.61% ▶ Société Générale Ghana Limited 52.24% ▶ Société Générale Mauritanie 91.0% ▶ Union Internationale de Banques Tunisia 52.34% 		
AMERICA			
	<ul style="list-style-type: none"> ▶ Banco Cacique S.A. Brazil 100% ▶ Banco Pecunia Brazil 100% 	<ul style="list-style-type: none"> ▶ Banco SG Brazil SA 100% ▶ Lyxor Asset Management Inc USA 100% ▶ Société Générale Capital Canada Inc 100% ▶ SG Americas, Inc. USA 100% ▶ SG Americas Securities, LLC USA 100% ▶ Société Générale* branches in: New York, United States; Montréal, Canada 	

SOCIÉTÉ GÉNÉRALE GROUP*

RETAIL BANKING FRANCE	INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES	GLOBAL BANKING AND INVESTMENT SERVICES	KOMERČNÍ BANKA GROUP
ASIA + AUSTRALIA			
	<ul style="list-style-type: none"> ▶ SG Leasing and Renting Co Ltd China 100% 	<ul style="list-style-type: none"> ▶ Fortune SG Fund Management China 49% ▶ Lyxor Asset Management Japan Co Ltd 100% ▶ Newedge Japan Inc 100% ▶ Newedge Group branch Hong Kong 100% ▶ SG Asia Ltd (Hong-Kong) 100% ▶ SG Securities Asia International Holdings Ltd (Hong Kong) 100% ▶ SG Securities Korea Co. 100% ▶ SG Securities North Pacific, Tokyo Branch Japan 100% ▶ Société Générale (China) Ltd 100% ▶ Société Générale branches in: Singapore; Tokyo Japan; Seoul South Korea; Hong Kong; Taipei Taiwan; Mumbai India; 	

* Source 2015 REGISTRATION DOCUMENT SG, Simplified organisational chart from 30th of June 2015, updated according to consolidated financial statements of SG as of 31.12.2015

During the course of the 2015 reporting period, the Company entered into arrangements with the following Related Entities that are a part of the Group: ¹⁾

COMPANY	REGISTERED OFFICE
ESSOX s.r.o.	Senovážné náměstí 231/7, 370 21 České Budějovice
KB Penzijní společnost, a.s.	náměstí Junkových 1, 155 00 Praha 5
KB Real Estate, s.r.o.	Václavské náměstí 625/42, 110 00 Praha 1, Nové Město
Komerční banka, a.s.	Na Příkopě 33, 114 07 Praha 1
Modrá pyramida stavební spořitelna, a.s.	Bělehradská 128/222, 120 21 Praha 2
SG Equipment Finance Czech Republic s.r.o.	náměstí Junkových 1, 155 00 Praha 5
SG Equipment Finance International GmbH	Robert-Daum-Platz 5, 42117 Wuppertal, Spolková republika Německo
Société Générale S.A.	29, BLD Hausmann, 75009 Paříž, Francie
Sogecap S.A.	Tour D2, 17 bis place des reflets, 92919 Paris La Défense Cedex, Francie,
Sogelife Bulgaria IJSC	Osogovo 38-40 street, Cristal Building, Sofia 1303, Bulharsko
BRD Finance	Rue Ion Mihalache no.1-7, Tour BRD, Secteur 1, Bucarest, Rumunsko
Hanseatic Bank GmbH & Co KG	Bramfelder Chaussee 101, Hamburg, Německo
Sogelease Bulgaria Ltd.	73 Aleksandar Stamboliyski Blvd, Sofia 1303, Bulharsko
Sogessur	Tour D2, 17 bis place des Reflets – 92919 Paris La Défense Cedex, Francie
Sogelife Luxembourg SA	11, Avenue Emilie Reuter, L-2420 Luxembourg
Société Générale EXPRESSBANK AD	92 bd, Vladislav Varnenchik Str., 9000 Varna, Bulharsko

¹⁾ These are the companies controlled by SG Paris both directly and indirectly pursuant to Section 74(1) of the Corporations Act.

The role of the Company within the Group:

The Company is a part of the of the Komerční banka financial group (hereinafter the "KB Group") and also a part of the international financial group of Société Générale (hereinafter the "SG Group"). The majority owner of Company's 51% of shares, is the insurance company SOGECAP S.A. France (hereinafter "SOGECAP"), a SG's wholly-owned subsidiary. The minority shareholder is Komerční banka a.s. (hereinafter "KB") which holds 49% interest. SG as the majority owner and KB act in concert.

The Company focuses on life insurance services but also sells other types of insurance that suitably complement banking and other financial products offered by its partners within the SG Group. The company's products are mostly distributed via the KB Group members, especially through the distribution network of KB (eg. Modrá Pyramida stavební spořitelna, Essox ČR) and also the Company's external partners.

As a part of the KB Group, KB provides the Company with trade mark licences and also certain IT services, data processing and consultancy. Within the SG group a particular infrastructure of the IT technology is shared as well as knowledge in the area of the insurance and provision of financial services, development of financial services and products, operation of information technologies, risk management, regulation of financial markets and a company management.

The Company provides data to the KB and Sogecap on a regular basis – the data include, inter alia, data for consolidation purposes or consolidated reporting to the regulators or data for publishing purposes, budgets, business plans, anti-money-laundering measures and a business continuity plan.

The Company does not participate in the creation of the Group policies in the Czech Republic.

Ways and means of control

SOGECAP, as the majority shareholder, exerts its influence on the activity of the Company through the General Meeting; SOGECAP had two representatives in the Company's four-member Supervisory Board during the year 2015. The minority shareholder KB had two representatives in the Company's Supervisory Board in the year 2015.

SOGECAP is, pursuant to Section 79 of the Corporations Act, a controlling entity in respect of Company. The control is formally exercised by the implementation of SOGECAP's methodologies in the Company's internal regulations, in particular in the area of risk management and capital adequacy (solvency). Furthermore, there is a informal control taking the form of consultancy in individual areas of the Company's activity.

II. Arrangements with Related Entities

A. Important Arrangements Made during the Reporting Period at the Initiative or in the Interest of the Controlling Entity or Entities Controlled by the Controlling Entity and Relating to Assets Exceeding 10% of the Equity

Pursuant to the decision of the General Meeting dated 28 April 2015, the majority shareholder, SOGECAP SA, received dividends for the year 2014 in the amount of CZK 144,235,000. The General Meeting also approved payment of dividends for the year 2014 in the amount of CZK 138,565,000 to the minority shareholder Komerční banka, a.s. Czech Republic.

B. An Overview of the Mutual Contracts Between the Controlled Entity and the Controlling Entity or Between Controlled Entities

TITLE OF CONTRACT	CONTRACTING PARTY	DATE OF CONTRACT
Insurance Collective Contract of the optional insurance for the card protection and purchase protection no. 3160000000 (as of 17 November 2009) + 7 Amendments	BRD Finance – Societe Generale S.A.	17. 11. 2009
Collective insurance contract of the optional insurance for card protection / keys / documents No. 3220000000 (as of 1 November 2010) +8 Amendments	BRD – Societe Generale S.A.	1. 11. 2010
Agreement for insurance agency No. 1 (as of 4 June 2011) + 1 Annex	Credibul AD	4. 6. 2011
Financial Protocol for the commercialization of Insurance contracts between Komerční pojišťovna and Credibul (as of 4 June 2011) + 1 Appendix	Credibul AD	4. 6. 2011
Contract for personal data processing (as of 1 October 2003)	ESSOX s.r.o.	1. 10. 2003
Contract for collective insurance to loans of ESSOX s.r.o., No. 3020000000 (as of 1 August 2004) + 1 Amendment	ESSOX s.r.o.	1. 8. 2004
Contract for collective insurance to revolving loans and futuro cards of ESSOX s.r.o., No. 3030000000 (as of 1 September 2004) + 4 Amendments	ESSOX s.r.o.	1. 9. 2004
Contract for collective insurance to revolving loans and credit cards of ESSOX s.r.o., No. 3050000000 (as of 1 December 2004) + 3 Amendments	ESSOX s.r.o.	1. 12. 2004
Contract for collective insurance to the loans of ESSOX s.r.o., No. 3070000000 (as of 1 April 2005) + 7 Amendments	ESSOX s.r.o.	1.4.2005
Agreement on financial compensation in the form of Profit Sharing (as of 30 November 2005) + 5 Amendments	ESSOX s.r.o.	30. 11. 2005
Contract for collective insurance to consumer loans of ESSOX s.r.o., No. 3090000000 (as of 1 August 2006) + 3 Amendments	ESSOX s.r.o.	1. 8. 2006
Contract for collective insurance to the consumer loans of ESSOX s.r.o., No. 3100000000 (as of 1 August 2007) + 3 Amendments	ESSOX s.r.o.	1. 8. 2007
Contract for collective insurance of revolving loans and credit cards of ESSOX, No.3110000000 (as of 29 February 2008) + 2 Amendments	ESSOX s.r.o.	29.2.2008
Contract for collective insurance to revolving loans and credit card of ESSOX No. 3120000000 (as of 1 June 2008) + 2 Amendments	ESSOX s.r.o.	1. 6. 2008
Collective insurance agreement to consumer loans of the company ESSOX, No. 3130000000 (as of 2 January 2009) + 1 Amendment	ESSOX s.r.o.	2. 1. 2009
Contract for collective insurance to the leasing and credit contracts of ESSOX, s. r. o., No. 3180000000 (as of 1 June 2010) + 2 Amendments	ESSOX s.r.o.	1. 6. 2010
Master contract for Cooperation within the DSFS Group in the Czech republic (as of 6 March 2012)	ESSOX s.r.o.	6. 3. 2012
Group Insurance Contract (as of 30 March 2009) + 2 Amendments	Hanseatic Bank, Willis GmbH & Co KG	30. 3. 2009
Contract for personal data processing (as of 10 October 2002)	KB Penzijní společnost, a.s.	10. 10. 2002
Contract for cooperation in the field of additional pension insurance with a state contribution (as of 18 August 2003)	KB Penzijní společnost, a.s.	18. 8. 2003
Framework cooperation contract No. 3010000245 (SPEKTRUM PROGRAMME) (as of 17 October 2006)	KB Penzijní společnost, a.s.	17. 10. 2006
Contract for personal data processing (as of 21 January 2013)	KB Penzijní společnost, a.s.	21. 1. 2013
Providing of consulting services in the area of technical provisions calculation for the year 2014 + 1 Amendment	KB Penzijní společnost, a.s.	10. 12. 2014
Contract for cooperation (as of 27 December 2000)	Komerční banka, a.s.	27. 12. 2000
Contract for provision of services on the short-term bonds market (as of 23 October 2001)	Komerční banka, a.s.	23. 10. 2001
Insurance contract for collective insurance of persons (as of 9 January 2003) + 8 Amendments	Komerční banka, a.s.	9. 1. 2003
Framework contract for cooperation between KB and KP, Spektrum Insurance Programme (as of 28 January 2003) No. 3010000235 + 4 Amendments	Komerční banka, a.s.	28. 1. 2003
Contract for rent of non-residential premises – Jihlava (as of 31 January 2003) + 8 Amendments	Komerční banka, a.s.	31. 1. 2003
Contract for Patron collective insurance (as of 25 August 2003) + 1 Amendment	Komerční banka, a.s.	25. 8. 2003
Contract for the use of KB safety deposit box (2 contracts)	Komerční banka, a.s.	21. 11. 2003
Contract for collective insurance to KB credit cards, No. 3040000000 (as of 1 November 2004) + 2 Amendments	Komerční banka, a.s.	1. 11. 2004
Licence agreement (as of 20 December 2004)	Komerční banka, a.s.	25. 8. 2014
Contract for establishment and management of a CZK current account at Komerční banka, a.s. (as of 21 January 2005) + 2 Amendments	Komerční banka, a.s.	21. 1. 2005

TITLE OF CONTRACT	CONTRACTING PARTY	DATE OF CONTRACT
Contract for renting non-residential premises (Brno) (as of 31 May 2005)	Komerční banka, a.s.	31. 5. 2005
Cooperation agreement (as of 22 September 2005)	Komerční banka, a.s.	22. 9. 2005
Framework contract for personal data processing entered into between KB and KP (as of 24 March 2006)	Komerční banka, a.s.	24. 3. 2006
Contract for intermediation of "PATRON" (as of 25 April 2006)	Komerční banka, a.s.	25. 4. 2006
Contract for intermediation of "PROFI PATRON" (as of 25 April 2006)	Komerční banka, a.s.	25. 4. 2006
Contract for intermediation of "RISK LIFE FOR MORTGAGE LOANS" (as of 25 April 2006) + 4 Amendments	Komerční banka, a.s.	25. 4. 2006
Contract for intermediation of "PROFI MERLIN" (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	25. 4. 2006
Contract for intermediation of "MERLIN" (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	25. 4. 2006
Contract for intermediation of "VITAL AND VITAL PLUS" (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	25. 4. 2006
Contract for intermediation of "VITAL GRANT" (as of 25 April 2006) + 2 Amendments	Komerční banka, a.s.	25. 4. 2006
Contract for intermediation of "VITAL" (as of 25 April 2006) + 5 Amendments	Komerční banka, a.s.	25. 4. 2006
Agreement on cooperation in delivering payments (as of 29 May 2006)	Komerční banka, a.s.	29. 5. 2006
Separate Distribution Agreement for product "travel insurance" (as of 14 June 2006) + 3 Amendments	Komerční banka, a.s.	14. 6. 2006
Agreement to alter contractual conditions (as of 31 August 2006)	Komerční banka, a.s.	31. 8. 2006
Separate Distribution Agreement on Vital Invest (as of 4 October 2006) + 24 Amendments	Komerční banka, a.s.	4. 10. 2006
Contract for provision of direct banking / Administration order (as of 5 October 2006)	Komerční banka, a.s.	5. 10. 2006
Contract for TVIS/STVIS and spot transactions (as of 7 December 2006)	Komerční banka, a.s.	7. 12. 2006
Separate Distribution Agreement No. 1 for "VITAL PREMIUM" (as of 18 December 2006) + 8 Amendments	Komerční banka, a.s.	18. 12. 2006
Contract for accepting payment cards – Internet (as of 29 March 2007) + 1 Amendment	Komerční banka, a.s.	29. 3. 2007
Agreement for provision of a chip card scanner (as of 2 April 2007)	Komerční banka, a.s.	2. 4. 2007
Agreement to send electronic messages about clearance (as of 5 June 2007)	Komerční banka, a.s.	5. 6. 2007
Framework contract for distribution (as of 22 June 2007) + 1 Amendment	Komerční banka, a.s.	22. 6. 2007
Contract for the use of safety deposit boxes (as of 16 July 2007)	Komerční banka, a.s.	16. 7. 2007
Collective insurance agreement for consumer loans No. 3010000000 (as of 1 August 2007) + 5 Amendments	Komerční banka, a.s.	1. 8. 2007
Contract for mutual cooperation (as of 1 August 2007) + 1 Amendment	Komerční banka, a.s.	1. 8. 2007
Contract for collective insurance to credit cards of Komerční banka, a.s., No. 3040000000 (as of 1 November 2007) + 2 Amendments	Komerční banka, a.s.	1. 11. 2007
Agreement to terminate the Contract for connection to KB's HIS (as of 10 April 2008)	Komerční banka, a.s.	10. 4. 2008
Agreement fees' clearance (as of 1 October 2008)	Komerční banka, a.s.	1. 10. 2008
Contract for Groupwide cooperation in terms of the value added tax (as of 21 November 2008) + 2 Amendments	Komerční banka, a.s.	21. 11. 2008
Contract for collective insurance related to payment cards, No. 2149500001 (as of 26 January 2009) + 9 Amendments	Komerční banka, a.s.	26. 1. 2009
Contract for intermediation of Vital Plus (as of 14 April 2009) + 4 Amendments	Komerční banka, a.s.	14. 4. 2009
Contract for collective insurance to loans, No. 3140000000 (as of 5 May 2009) + 1 Amendment	Komerční banka, a.s.	5. 5. 2009
Contract for rent of non-residential premises – Ostrava (as of 30 September 2009) + 2 Amendments	Komerční banka, a.s.	30. 9. 2009
Contract for collective insurance MERLIN and PROFIL MERLIN No. 3170000000 (as of 5 October 2009) + 7 Amendments	Komerční banka, a.s.	5. 10. 2009
Custody contract for "VITAL INVEST FORTE" (as of 6 October 2009)	Komerční banka, a.s.	6. 10. 2009
Framework contract for the arrangement of term deposits with an individual interest rate (as of 22 October 2009)	Komerční banka, a.s.	22. 10. 2009
Contract for collective insurance of purchased goods provided to KB credit cards, No. 3190000000 (as of 29 October 2009)	Komerční banka, a.s.	29. 10. 2009
Contract for cooperation in portfolio valuation (as of 9 December 2009)	Komerční banka, a.s.	9. 12. 2009
Contract for accepting electronic payments via Mojeplatba (as of 14 December 2009)	Komerční banka, a.s.	14. 12. 2009
Agreement on KB Call Centre services (as of 31 December 2009)	Komerční banka, a.s.	31. 12. 2009
Agreement for provision of services – outsourcing HR services (as of 21 April 2010)	Komerční banka, a. s.	21. 4. 2010
Agreement on custody services (as of 7 July 2010) + 1 Amendment	Komerční banka, a. s.	7. 7. 2010

TITLE OF CONTRACT	CONTRACTING PARTY	DATE OF CONTRACT
Agreement on confidentiality (as of 9 July 2010)	Komerční banka, a.s.	9. 7. 2010
Framework agreement for provision of IT services (as of 14 September 2010)	Komerční banka, a.s.	14. 9. 2010
Acceptance of Rules for cooperation between KB and Members of the Group In the field of sourcing and purchasing (as of 15 October 2010)	Komerční banka, a.s.	15. 10. 2010
Contract for two types of collective insurance provided to A karta and Lady cards of Komerční banka No. 3230000000 (as of 1 April 2011)	Komerční banka, a.s.	1. 4. 2011
Contract for rent of non-residential premises – Hradec Králové (as of 29 August 2011) + 2 Amendments	Komerční banka, a.s.	29. 8. 2011
Framework contract on financial market trading (as of 3 October 2011)	Komerční banka, a.s.	3. 10. 2011
Agreement relating to collateral of securities (as of 3 October 2011)	Komerční banka, a.s.	3. 10. 2011
Contract of collective insurance "Profi pojištění plateb" No. 3250000000 (as of 7 December 2011) + 1 Amendment	Komerční banka, a.s.	7. 12. 2011
Contract of collective insurance "Moje pojištění plateb" No. 3240000000 (as of 7 December 2011) + 1 Amendment	Komerční banka, a.s.	7. 12. 2011
Subcontract No. 1 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010)	Komerční banka, a.s.	22. 2. 2012
Subcontract No. 2 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010)	Komerční banka, a.s.	22. 2. 2012
Subcontract No. 3 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010)	Komerční banka, a.s.	22. 2. 2012
Subcontract No. 4 (as of 22 February 2012) to Framework agreement for provision of services (as of 14 September 2010) + 1 Amendment	Komerční banka, a.s.	22. 2. 2012
Group Risk Life Policy for employees N. 3280000000 (as of 29 February 2012) + 5 Amendments	Komerční banka, a.s.	29. 2. 2012
Agreement on Cooperation (as of 29 June 2012) in Execution on Contract for Group Risk life Insurance of Employees No. 3280000000, in the wording of Amendment No. 1 (as of 29 February 2012)	Komerční banka, a.s.	29. 2. 2012
Contract for issuance and use of payment cards (as of 15 June 2012)	Komerční banka, a.s.	15. 6. 2012
Record of agreement to decrease base for commission for travel insurance (as of 29 June 2012)	Komerční banka, a.s.	29. 6. 2012
Agreement relating to collateral of securities (as of 2 July 2012)	Komerční banka, a.s.	2. 7. 2012
The agreement on setting individual prices (as of 30 August 2012) + 1 Amendment	Komerční banka, a.s.	30. 8. 2012
Subcontract Nr. 5 for Master contract concerning IT Process Procedure (as of 7 September 2012)	Komerční banka, a.s.	7. 9. 2012
Framework agreement relating to trading/dealing on financial market (as of 19 November 2012)	Komerční banka, a. s.	19. 11. 2012
Separate Distribution Agreement for product VITAL PREMIUM v EUR (as of 23 November 2012) + 2 Amendments	Komerční banka, a. s.	23. 11. 2012
Cooperation agreement as of 21 December 2012 no.000020484/0000 + 1 Amendment	Komerční banka, a. s.	21. 12. 2012
Distribution agreement of the product Pension insurance (Pojištění penze) as of 2 January 2013	Komerční banka, a. s.	2. 1. 2013
General agreement concerning compensation for clients as of 21 January 2013	Komerční banka, a.s.	21. 1. 2013
Collective insurance agreement to corporate cards and Gold corporate cards no. 3290000000 as of 21 January 2013	Komerční banka, a.s.	21. 1. 2013
Agreement relating to collateral of securities as of 28 March 2013	Komerční banka, a.s.	28. 3. 2013
Agreement relating to collateral of securities as of 10 April 2013	Komerční banka, a.s.	10. 4. 2013
General agreement about dealing on financial markets – special agreement as of 11 April 2013	Komerční banka, a.s.	11. 4. 2013
Record of agreement to decrease base for commission of extraordinary insurance for Vital product as of 2 May 2013	Komerční banka, a.s.	2. 5. 2013
Advisory service agreement regarding the BI as of 26 June 2013 + 2 Amendments	Komerční banka, a.s.	26. 6. 2013
Collective insurance agreement for consumer loans no.3300000000 as of 28 August 2013	Komerční banka, a.s.	28. 8. 2013
Insurance intermediary agreement for the individual risk life insurance product MOJE JISTOTA as of 27 September 2013	Komerční banka, a.s.	27. 9. 2013
Agreement relating to collateral of securities as of 21 November 2013	Komerční banka, a.s.	21. 11. 2013
Record Agreement relating to the decrease of commission on entry fee from extra premium within products Brouček, Vital, Vital Premium and Vital Invest (as of 1 January 2014)	Komerční banka, a.s.	1. 1. 2014
Contract for issuance and use of payment cards	Komerční banka, a.s.	1. 2. 2014
Record of agreement to decrease base for commission of travel insurance products as of 5 February 2014	Komerční banka, a.s.	5. 2. 2014

TITLE OF CONTRACT	CONTRACTING PARTY	DATE OF CONTRACT
Administration order (as of 13 February 2014)	Komerční banka, a. s.	13. 2. 2014
Record of agreement to not provide discount on entry fees in case of maturing contracts on Vital Plus product	Komerční banka, a. s.	7. 4. 2014
Group insurance agreement on work related accident and occupational disease insurance for members of board of directors and administrators of financial group of Komerční banka/Société Generale no. 333000000	Komerční banka, a. s.	1. 7. 2014
Contract for issuance and use of payment cards	Komerční banka, a. s.	2. 7. 2014
Record of agreement to decrease base for commission of travel insurance products as of 25 July 2014	Komerční banka, a. s.	25. 7. 2014
Separate contract no.6 -Providing services for technical infrastructure WEBEX, ref. no. 0000021303/0000	Komerční banka, a. s.	1. 8. 2014
Current bank account agreement	Komerční banka, a. s.	25. 8. 2014
Administration order	Komerční banka, a. s.	25. 8. 2014
Notice of cancellation of payment card issuance	Komerční banka, a. s.	31. 8. 2014
Notice of cancellation of payment card issuance	Komerční banka, a. s.	1. 10. 2014
Contract for issuance and use of payment cards	Komerční banka, a. s.	1. 10. 2014
Current bank account agreement	Komerční banka, a. s.	13. 10. 2014
Administration order	Komerční banka, a. s.	17. 10. 2014
Agreement relating to collateral of securities	Komerční banka, a. s.	31. 10. 2014
Framework agreement about trading/dealing on financial market + 1 Amendment	Komerční banka, a. s.	5. 11. 2014
Agreement relating to collateral of securities	Komerční banka, a. s.	5. 11. 2014
Administration order	Komerční banka, a. s.	26. 11. 2014
Agreement relating to collateral of securities	Komerční banka, a. s.	26. 11. 2014
Agreement relating to collateral of securities	Komerční banka, a. s.	1. 12. 2014
Administration order	Komerční banka, a. s.	12. 12. 2014
Service level agreement – cooperation in accounting and reporting	Komerční banka, a.s.	1. 1. 2015
Agreement about decrease of admin cost for single premium for product Vital invest for new contracts that meet requirements for tax deductibility and were closed to 31/03/2015	Komerční banka, a.s.	1. 1. 2015
Order related to collateral of securities	Komerční banka, a.s.	26. 1. 2015
Agreement relating to collateral of securities	Komerční banka, a.s.	30. 1. 2015
Agreement about decrease of the base for calculation of commissions for travel insurance	Komerční banka, a.s.	6. 2. 2015
Mutual agreement about cooperation for impementation of Group Insurance Agreement of Work-related Accident and occupational Disease Insurance for Members of Board of Directors and Administrators of the Financial Group of KB/SG no. 333000000	Komerční banka, a.s.	25. 3. 2015
Distribution Agreement for product VITAL PREMIUM IN USD	Komerční banka, a.s.	31. 3. 2015
Cash pooling agreement	Komerční banka, a.s.	23. 6. 2015
Agreement about decrease of the base for calculation of commissions for travel insurance	Komerční banka, a.s.	30. 6. 2015
Administration order	Komerční banka, a.s.	31. 8. 2015
Rebate agreement for product travel insurance for particular clients of Komerční banka	Komerční banka, a.s.	1. 10. 2015
Agreement for providing of the smart card reader	Komerční banka, a.s.	1. 10. 2015
Administration order	Komerční banka, a.s.	1. 10. 2015
Service level agreement – outsourcing – BI services	Komerční banka, a.s.	10. 12. 2015
Service level agreement – outsourcing – BI services (SOL2)	Komerční banka, a.s.	10. 12. 2015
Administration order	Komerční banka, a.s.	22. 12. 2015
Current bank account agreement	Komerční banka, a.s.	22. 12. 2015
Administration order (as of 6 February 2012)	Komerční banka, a.s. a Komerční banka, a.s. Slovensko	9. 2. 2012
Contract for provision of direct banking (as of 6 March 2012)	Komerční banka, a.s. a Komerční banka, a.s. Slovensko	6. 3. 2012
Commitment Letter – Accumulator Note in CZK	Komerční banka, a.s.& Societe Generale SA	25. 4. 2015
Collective co-insurance agreement for clients of VSSKB to cover death to loan reinsurance no.37-9861	Modrá pyramida stavební spořitelny a.s.and Česká pojišťovna, a.s.	5. 12. 1995
Operational agreement to reinsurance of collection co-insurance of VSSK clients	Modrá pyramida stavební spořitelny a.s.and Česká pojišťovna, a.s.	5. 12. 1995

TITLE OF CONTRACT	CONTRACTING PARTY	DATE OF CONTRACT
Framework cooperation contract No. 3010000246 (as of 9 April 2008)	Modrá pyramida stavební spořitelny a. s.	9. 4. 2008
General Distribution Agreement (as of 15 October 2012) + 1 Amendment no.1 including re-invoicing of the marketing cost from MPSS to KP and from KP to MPSS	Modrá pyramida stavební spořitelna, a. s.	15. 10. 2012
Separate Distribution Agreement for Product Vital Invest (as of 15 October 2012) + 2 Amendments+ 1 agreement about decrease of the commissions as of 28.2.2013 for the year 2013 and 1 Agreement about decrease of the commissions as of 18.12.2013 for the year 2014	Modrá pyramida stavební spořitelna, a. s.	15. 10. 2012
Separate Distribution Agreement for Product Moudré pojištění Risk Life Insurance (as of 15 October 2012) + 1 Amendment	Modrá pyramida stavební spořitelna, a. s.	15. 10. 2012
Separate Distribution Agreement for Product Pyramida Risk Life insurance (as of 15 October 2012) + 1 Amendment	Modrá pyramida stavební spořitelna, a. s.	15. 10. 2012
Separate Distribution Agreement for product RISK LIFE INSURANCE POJIŠTĚNÍ PENZE	Modrá pyramida stavební spořitelny a. s.	21. 12. 2012
Contract for provision of advantageous conditions to employees of Komerční pojišťovna, a.s. – participants of the building society savings in MPSS (as of 1 November 2013)	Modrá pyramida stavební spořitelny a. s.	1. 11. 2013
Agreement about commission provided in 2015	Modrá pyramida stavební spořitelna, a.s.	1. 4. 2015
Gift agreement for Komerční banka foundation – Jistota	Nadace Komerční banka, a.s. – Jistota	24. 1. 2014
Adherence letter (as of 3 July 2013)	Orange Business Czech Republic, s.r.o., Komerční banka, a.s.	3. 7. 2013
Certificate for Identity for Insurance Agent No. 1 (as of 1 January 2010)	Société Générale EXPRESSBANK AD	1. 1. 2010
Commitment Letter – Participation note on SGI Harmonia CZK Index	Societe Generale & Komerční banka, a.s.	26. 10. 2015
Framework agreement No. 3010001126 Contract for cooperation between Komerční pojišťovna a. s. and Franfinance Czech republic, s. r. o. – Program Vital (as of 14 June 2004)	Societe Generale Equipment Finance	14. 7. 2004
Insurance Agency Agreement No.1 (as of 24 September 2009) + 21 Annexes and Financial Protocol to agreement +1 Protocol	Société Générale EXPRESSBANK AD	24. 9. 2009
Collective insurance no.0002 – insurance coverage to the goods bought through V PAY cards issued by SGEB + 1 Amendment	Société Générale EXPRESSBANK AD	1. 8. 2011
Framework agreement no. 1023	Société Générale EXPRESSBANK AD	31. 8. 2012
Master Policy No. 1023 (as of 31 September 2012) – collective assistance insurance to travel cards	Société Générale EXPRESSBANK AD	5. 2. 2013
Master policy 0002 – Purchase protection insurance included in V PAY card issued by Societe Generale ExpressBank (as of 1 September 2011) + 1 Annex	Société Générale EXPRESSBANK AD	17. 5. 2013
Group Loss of employment Insurance Agreement for borrowers/co-debtors, Specification of Insurance Policy 0003 + Annex 1	Société Générale EXPRESSBANK AD	23. 2. 2015
Master policy 0001 Assistance insurance during travel abroad for holders of cards issued by Societe Generale Expressbank (as of 15 January 2010) + 2 Amendments	Société Générale EXPRESSBANK AD, Sogelife Bulgaria IJSC	15. 1. 2010
Commitment Letter – 3-8Y Autocallable in CZK Forte 4 (as of 7 September 2010)	Société Générale S. A.	7. 9. 2010
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 4 (as of 27 September 2010)	Société Générale S. A.	27. 9. 2010
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 5 (as of 8 February 2011)	Société Générale S. A.	8. 2. 2011
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 6 (as of 8 February 2011)	Société Générale S. A.	8. 2. 2011
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 7 (as of 8 February 2011)	Société Générale S. A.	8. 2. 2011
Agreement relating to the Structured product which terms and conditions are enclosed herein – Forte 8 (as of 8 February 2011)	Société Générale S. A.	8. 2. 2011
Agreement Relating to the Financial Instrument – Optimo Komodity (as of 7 February 2012)	Société Générale S. A.	7. 2. 2012
Agreement Relating to the Financial Instrument (Optimo Komodity II) (as of 24. April 2012)	Société Générale S. A.	24. 4. 2012
Commitment letter (Optimo Komodity II) as of 24 April 2012	Société Générale S. A. and Komerční banka, a. s.	24. 4. 2012
Commitment Letter 3-8 Autocallable in CZK (Forte 9) (as of 21 July 2011)	Société Générale S. A. and Komerční banka, a. s.	21. 7. 2011
Commitment Letter – Optimo 6Y EMTN in CZK (as of 20 September 2011)	Société Générale S. A. and Komerční banka, a. s.	20. 9. 2011
Commitment letter – Certus and Certus 2 in CZK as of 14 January 2013	Société Générale S. A. and Komerční banka, a. s.	14. 1. 2013

TITLE OF CONTRACT	CONTRACTING PARTY	DATE OF CONTRACT
Outsourcing agreement of internal audit function as of 24 June 2013	Société Générale S. A. and Komerční banka, a. s.	24. 6. 2013
Contract for provision of SG's consultancy services (as of 31 January 2008)	Société Générale S.A.	31. 1. 2008
Commitment letter (as of 29 July 2009)	Société Générale S.A.	29. 7. 2009
Commitment letter – 3-8Y autocallable in CZK Forte 2 (as of 12 November 2009) + 1 Amendment	Société Générale S.A.	12. 11. 2009
Contract relating to the Contract (as of 29 July 2009) regulating structured products and their conditions (as of 23 November 2009)	Société Générale S.A.	23. 11. 2009
Worldwide Insurance Plan (as of 7 January 2010)	Société Générale S.A.	7. 1. 2010
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 13 January 2010)	Société Générale S.A.	13. 1. 2010
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 15 March 2010)	Société Générale S.A.	15. 3. 2010
Agreement relating to the structured product which terms and conditions are enclosed herein (as of 30 April 2010)	Société Générale S.A.	30. 4. 2010
Commitment Letter – 3-8Y Autocallable in CZK Forte 3 (as of 30 April 2010)	Société Générale S.A.	30. 4. 2010
Data protection agreement – Processing of HR Data by Société Générale (as of 16 September 2011)	Société Générale S.A.	16. 9. 2011
Agreement relating to the structured product Optimo (as of 5 October 2011)	Société Générale S.A.	5. 10. 2011
Agreement relating to the structured product Forte 9 (as of 5 October 2011)	Société Générale S.A.	5. 10. 2011
Agreement of the hiring of international workforce	Société Générale S.A.	28. 1. 2013
Agreement relating to the financial instrument – Certus 3	Société Générale S.A.	22. 10. 2015
Framework agreement for the provision of services (as of 3 Mai 2010)	Sogecap S. A.	3. 5. 2010
Framework agreement for the provision of services (as of 16 December 2010) + 1 Amendment	Sogecap S. A.	16. 12. 2010
Personnel costs re-invoicing agreement for employees assigned to ASSU/SOGECAP (as of 19 December 2011)	Sogecap S. A.	19. 12. 2011
Agreement on Settlement and Replacement of Rights and Obligations (as of 25. April 2012)	Sogecap S. A.	25. 4. 2012
Quota Share Reinsurance Treaty, ID no. SGQSR12	Sogecap S. A.	10. 6. 2013
Service level agreement	Sogessur	1. 1. 2015
Agreement for insurance agency No. 3 (as of 16 May 2012) + 2 Annexes and Financial protocol + 2 Appendixes	Sogelease Bulgaria Ltd.	16. 5. 2012
Master policy No. 1024 (as of 4 June 2012)	Sogelease Bulgaria Ltd., Sogellife Bulgaria	4. 6. 2012
Master policy No. 1027 (as of 27 June 2012)	Sogelease Bulgaria Ltd., Sogellife Bulgaria	27. 7. 2012
Quota Share Reinsurance Treaty, ID no. SGBG2014	Sogelife Bulgaria	1. 12. 2014
Master Policy 1018 – Group Credit Life insurance agreement for borrowers/ co-debtors of Societe Generale Expressbank (as of 1 February 2011)	Sogelife Bulgaria IJSC	1. 2. 2011
Master policy 1022 Group Credit life insurance agreement for borrowers of Credibul & Group loss of employment insurance for borrowers of Credibul (as of 4. June 2011)	Sogelife Bulgaria IJSC, Credibul AD	4. 6. 2011
Framework insurance policy #1018 Société Générale Expressbanka as of 5 February 2013 + 1 Amendment	Sogelife Bulgaria IJSC, Société Générale Expressbank AD	5. 2. 2013
Framework insurance policy #1023 SGEB AD as of 5 February 2013	Sogelife Bulgaria IJSC, Société Générale Expressbank AD	5. 2. 2013
Framework insurance policy #1024 (Toyota Optimal Leasing Protect and Sogelease Bulgaria)	Sogelife Bulgaria IJSC, Sogelease Bulgaria Ltd.	5. 2. 2013
Framework insurance policy #1027	Sogelife Bulgaria IJSC, Sogelease Bulgaria Ltd.	5. 2. 2013
Framework insurance policy #1012	Sogelife Bulgaria IJSC, TBI Credit JSC	5. 2. 2013
Quota Share Reinsurance Treaty (Vital Premium USD)	Sogelife Luxembourg SA	1. 1. 2015

C. An Assessment of the Advantages and Disadvantages Arising from the Relations within the Group and an Assessment of Injury

The Advantages and Disadvantages arising from the Relations within the Group

Since the acquisition of Komerční banka, a.s. by SG in 2001, the Company started implementing SG's bank-insurance business model. This business model has been already fully implemented and today KP's products are offered and sold mostly through the distribution networks of SG Group companies. The whole Group takes advantage of mutual synergistic effects including product pooling, a strong international brand and SG's know how. The advantages of the Company's integration in the SG Group contribute to the Company's positive financial results.

Injury Assessment

The Company's Board of Directors has reviewed all arrangements put in place between the Company and the companies that were part of the Group during the 2015 reporting period and states that the Company incurred no injury as a result of any contracts, agreements or any other legal acts made or implemented by the Company or as a result of any other influence otherwise exerted in the reporting period.

Prague, on 29 March 2016



Stéphane Corbet

Chairman of the Board of Directors and CEO



Helena Endlerová

Member of the Board of Directors and Head of Financial Section

www.kb-pojistovna.cz

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NA PARTNERSTVÍ ZÁLEŽÍ

