

NA PARTNERSTVÍ ZÁLEŽÍ



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# Annual Report 2014

Komerční pojišťovna, a.s.

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

- KP's total assets rose by 20%.
- Technical provisions amounted to CZK 43.3 billion.
- Gross written premiums totalled CZK 10.2 billion in 2014.
- Appreciation for KP's clients ranged from 1.7–2.3% in 2014.



**Contacts**

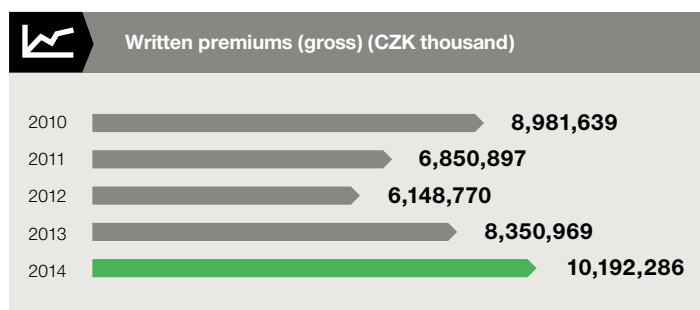
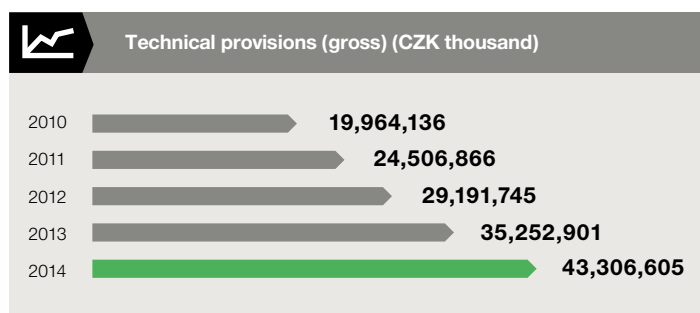
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**Additional Information**

For more information on KP's products and services, visit [www.kb-pojistovna.cz](http://www.kb-pojistovna.cz).

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	Units	2014	2013	2012	2011	2010
Total assets	CZK thousand	45,273,502	37,617,835	32,047,712	26,257,298	21,700,214
Share capital	CZK thousand	1,175,398	1,175,398	1,175,398	1,175,398	904,152
Equity	CZK thousand	3,113,341	2,564,419	2,389,057	1,346,544	1,382,292
Profit/Lost	CZK thousand	283,082	418,372	175,418	251,046	139,116
Written premiums (gross)	CZK thousand	10,192,286	8,350,969	6,148,770	6,850,897	8,981,639
Costs of claims (gross)	CZK thousand	2,522,666	2,204,211	1,933,341	1,926,337	1,821,015
Technical provisions (gross)	CZK thousand	43,306,605	35,252,901	29,191,745	24,506,866	19,964,136
Number of employees	Persons	157	155	154	151	149



In 2014 Komerční pojišťovna was awarded the title of Best Life Insurance Company of the Year and 2<sup>nd</sup> place in the category Most Client-Friendly Life Insurance Company in a competition held by Hospodářské noviny. We are extremely proud of this great result, especially as we were able to celebrate together with our main business partner, Komerční banka, which was awarded the title of Best Bank of the Year.



**WILLIAM CHONIER**  
Member of the KP Board of Directors

**1** Stéphane Corbet, Chairman of the Board of Directors and CEO of KP at the presentation of the HN 2014 awards

**2** William Chonier at the grand presentation of the HN awards

**3** Stéphane Corbet accepting the award for Best Life Insurance Company 2014



## Company Profile

### Business name

Komerční pojišťovna, a.s.

### Legal form

Joint-stock company

### Date of founding

1 September 1995

### Registered office

Karolinská 1/650, Prague 8

### Company Registration No.

63998017, incorporated by the Municipal Court in Prague, Section B, File 3362

### Shareholders

SOGECAP, S.A., registered office at 50 avenue du Général de Gaulle, 92093 Paris la Défense Cedex (51 % share) Komerční banka, a.s., registered office at Na Příkopě 33, Praha 1 (49 % share)

### Registered capital

CZK 1,175,397,600

### Scope of business

- insurance;
- operations related to insurance and reinsurance.

Since the acquisition of Komerční banka, a.s. (hereinafter “KB” or “Komerční banka”) by Sociétés Générale S.A. (hereinafter “SG” or “Sociétés 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 enjoys the status of a universal insurance company which permits it to provide life as well as non-life insurance services in the Czech Republic and also within the EU on the basis of a single licence. Since 2008, KP has been successfully cooperating with SG Group companies abroad, rendering its services in Bulgaria, Romania and Germany. At the end of 2013 Komerční pojišťovna started selling 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 Sociétés 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 organisational unit abroad.

## Foreword of the Chairman of the Board of Directors



In 2014 Komerční pojišťovna had the great honour to win the title of The Best Life Insurance Company in Hospodářské noviny Awards for the financial sector. This represents a great achievement for our teams and a great reward for our main commercial partners and especially for Komerční Banka. This award came together with the second place in The Most Client Friendly Life Insurance Company category in the same competition and the title of The Best life insurance company 2014 in the Czech Republic from World Finance Insurance awards.

In 2014, KP strengthened its second position on the market based on technical reserves with a market share 15% resulting from a year on year growth of technical reserves by almost 23%. In the context of very low interest rates KP managed to maintain a competitive offer to its clients while adopting a prudent approach via strengthening of reserves.

In 2014 we performed for the second time, in cooperation with IPSOS, external research agency, a clients' satisfaction survey which brought very positive results. 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 +16 when insurance companies score -13 in average. This result is impressive and imposes on us the duty to maintain the cap and constantly improve efficiency and quality of our services to clients. That is why we decided to invest in a modern document management system which will allow us to better track all documents circulating in KP and shorten the time needed to perform our activity.

KP maintained its growing trend in the field of risk life insurance products with Komerční Banka, Modrá Pyramida and brokers. In 2014 KP succeeded to double the number of partners KP is cooperating with.

In 2014 KP progressed in the implementation of Solvency II regulation. We adapted our system of governance and implemented main policies which constitute the frame for our governance. We are participating to project groups organized by the Czech Insurers Association which give us an opportunity to exchange with our colleagues from the market.

The challenges for KP are numerous. We want to focus our attention on improving our operational efficiency and on becoming more digitally fit. We want to develop our product range further in order to cover as many clients' needs as possible and to better serve our customers as well as our distribution networks.

The low interest rate environment is not favourable for our business model but I am sure that we will find the resources and the ideas to pursue our development and reinforce our attractiveness towards customers, employees, or commercial partners.

KP's employees constitute the strongest value of our company and I would like to thank all of them for their permanent efforts and ability to rise to any challenge. They are constantly involved in various projects and processes and I appreciate their talent and innovative ideas which were also evaluated within KP's internal innovative competition Zlepšovák 2014.

This is all very promising for upcoming year 2015, the year of KP's 20<sup>th</sup> anniversary.



**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 life insurance, but it also sells other types of insurance that suitably complement banking and other financial products offered by its partners within the SG Group. KP's products are mostly distributed via KB Group members, especially through the distribution network of KB, and also by the Company's external business partners. Komerční pojišťovna uses a single licence for the delivery of services within the European Union territory and cooperates with partner companies of the Société Générale Group in Bulgaria, Romania and Germany.

### Macroeconomic Overview 2014

In 2014, the Czech economy recorded gradual recovery of economic activity and acceleration of its productivity. This trend positively influenced the GDP growth that achieved 2% measured by year-on-year comparison. This positive trend of the Czech economy was mainly influenced by weak currency and low inflation. Year-on-year inflation rate slowed to 0.1% in December 2014 what is less by 1.3% than in year 2013. The average yearly inflation rate was 0.4%. Unemployment fell to 7.5% as at 31.12.2014 compared to 8.2% as of the end of last year.

### 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 Czech Insurance Market

In 2014, total written premiums increased by 1.5% year-on-year to CZK 152.8 billion. The total volume of premium in life insurance amounted to CZK 71.2 billion (down 0.6% year-on-year). Conversely, the volume of premium in the non-life insurance segment totalled more than CZK 81.7 billion (up 3.3% year-on-year). All figures have been calculated in accordance with the Czech Insurance Association's original methodology.

## KP's Position in the Insurance Market

2014 was a record-breaking year for Komerční pojišťovna. It succeeded in surpassing the CZK 10 billion mark in written premiums. In the long run, Komerční pojišťovna has been achieving excellent results, in particular as a result of offering competitive products which provide above-average appreciation to clients despite the volatile conditions in the financial markets and decreasing interest rates on government bonds.

Depending on the product type, KP ensured an attractive appreciation of 1.7–2.3% for its clients in 2014. In addition, Komerční pojišťovna significantly boosted its product sales outside the Komerční banka Group. 2014 was again a very successful year in terms of the distribution of KP's risk life insurance within the sales networks of external business partners; compared to 2013, the number of cooperating partners doubled.

Komerční pojišťovna has been one of the top five insurance companies in the Czech life insurance market for over three years. At the end of 2014, KP's market share accounted for 13.85% (the figure has been calculated in accordance with the Czech Insurance Association's original old methodology). In 2014 Komerční pojišťovna continued to develop the non-life insurance segment, particularly in cooperation with Komerční banka, notably in sales of Merlin products (insurance against misuse of payment or credit card) and payment card travel insurance. As in previous years, successful cooperation with SG Group's companies continued in 2014. Total written premiums generated from sales of non-life insurance products by international partner companies rose by 32% year-on-year. In 2014, KP created provisions for bonuses and discounts amounting to CZK 51 million for clients' future profit sharing (see Note 2.7. to the Financial Statements).

## Product Portfolio and New Products in 2014

In 2014 Komerční pojišťovna focused mainly on increasing production and penetration of its products and, in the last quarter, on the amendment to the Income Tax Act, which has affected life insurance products and tightened up the conditions for the claiming tax savings.

In 2014 we changed the range of funds available under Vital Invest. A new fund, Private Asset Management 4 – Popular, has been added to our portfolio. This fund offers clients the chance to invest in a portfolio of Czech government bonds and shares traded on the main stock markets in Western Europe, the United States and Japan, and stock markets in Central and Eastern Europe.

At the end of 2014 Komerční pojišťovna expanded its activities abroad, specifically into Germany, where, in collaboration with our colleagues from the Société Générale Group, we presented travel insurance and insurance against the loss and misuse of mobile telephones to gold credit cards.

## 1. Unit-linked and Capital Life Insurance – Vital Product Family

### Vital Invest – unit-linked life insurance

This is a modern and flexible product that not only protects the client, but also provides an innovative guarantee of return on investment in case of the client's death. This guarantee ensures the return of invested funds to the client's relatives even in the event of major market fluctuations. With the Vital Invest product, KP also offers a guaranteed appreciation fund with a yield of 2.0% for clients in 2014 (or 1.7% for contracts concluded from 1 June 2014). Our product offer also comprises the Forte, Optimo and Certus guaranteed funds, some of which provide not only the opportunity to participate in capital markets yields, but also the certainty of a guaranteed yield.

### Brouček – children's unit-linked life insurance

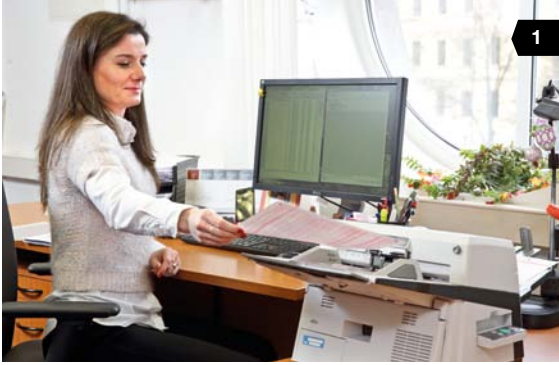
The product allows for the creation of a financial reserve necessary for children to start their adult life and to insure both adults and their children against unforeseeable events. The product comes complete with an assistance service.

### Program Vital – life insurance with employer's contribution

This capital life insurance for employees offers interesting appreciation and tax benefits. The programme allows companies and their employees to play an active part in their pension insurance and improve their standard of living even when retired. Policyholders may take advantage of the option to sign insurance contracts for this product directly with their employer.

### Vital Premium – savings life insurance for KB's private banking and affluent clients

Komerční pojišťovna offers KB's VIP clientele a highly flexible savings product with attractive guaranteed appreciation, which accounted for 2.1% in 2014 (or 1.8% for contracts concluded from 1 June 2014). Since 2012 Vital Premium has been available in euros as well, where 2014 appreciation accounted for 2.3%.



The DMS (Document Management System) project is designed to automate the processing of client documentation, including the elimination of paper circulation. It provides a new way of communicating via e-mail or SMS and enables the detailed monitoring and analytical evaluation of contracts and client applications.



**MARTIN KALIVODA**  
Quality Manager, KP



**DAVID ŽÁČEK**  
IT Architect, KP

**1** Jana Šeredová,  
Administration Officer

**2** verification of data extracted  
from a form

**3** Administrative Support  
Department (from left: Jana  
Šeredová, Department Head  
Zdeněk Svoboda, Lenka  
Marková, Andrea Vitková)



## 2. Risk-oriented Insurance Products

### Risk life insurance

Risk life insurance covers clients' key risks and helps them to overcome financial losses arising from death, disability, long-term illness or involuntary job loss.

### Risk insurance against defaulted loans

This insurance policy protects clients against inability to repay a loan. Clients can decide which of the four main life risks they want to be insured against. In the event of death or disability, KP will pay the balance of the loan; in the event of inability to work or loss of job, KP will take over the client's loan instalments.

### Pension insurance – insurance against inability to pay contributions within pension plans associated with KB PS products

This risk insurance enables policyholders, in the case of unexpected events, to continue making payments to their pension savings plans, i.e. within the second pillar or supplementary pension savings plan – third pillar.

### Comprehensive life insurance Moje Jistota/Moudré pojištění/Elán

This product covers clients against major risks – 2nd and 3rd-degree disability, permanent consequences of injury, serious diseases, death, working inability, job loss, hospitalization.

### Merlin, Vega and Super Vega – insurance against loss and misuse of payment or credit cards

Today, each payment card can be fully secure if it is insured. At a favourable price, the card is protected against misuse, plus the policy covers any expenses caused by the loss of house keys or identification documents. It also covers the purchase of a new mobile phone if the client's old phone is misused. In addition, the Merlin product includes insurance of personal belongings and coverage of selected KB bank fees. No loss participation is required from policyholders. KP makes this type of product available for other SG Group companies within the EU.

### Profi Merlin – insurance against loss and misuse of payment or credit cards for entrepreneurs

Insurance of credit and payment cards is also aimed at the corporate segment. At a favourable price, clients can take out insurance against card fraud, payment of stop-listing fees, stolen cash withdrawn from ATMs, business proceeds stolen on the way to a KB branch, and a stolen or misused mobile phone. In addition, Profi Merlin product insurance of personal belongings and coverage of selected KB bank fees. No loss participation is required from policyholders.

### MojePojištění plateb – payments insurance

MojePojištění plateb ensures funds needed for regular monthly payments made from the client's current account maintained by Komerční banka in the event of long-term inability to work, disability, loss of job or sudden death. The amount of regular indemnity is determined on the basis of regular payments from the policyholder's account, such as rent, electricity and phone bills, etc.

### Profi pojištění plateb – payments insurance

Profi pojištění plateb ensures funds needed for regular monthly payments made from the client's business account maintained by Komerční banka in the event of long-term inability to work, disability, or sudden death.

### Travel insurance

Komerční pojišťovna covers the full range of risks associated with travelling, i.e. medical expenses, loss of luggage, accident and damage liability. KP provides travel insurance also within the framework of Komerční banka payment and credit cards, as well as for SG Group's partners within the EU. Travel insurance can be concluded at all Komerční banka branches, online, and since 2013 also via a mobile application.

## Internal Processes

As regards Komerční pojišťovna's internal processes, 2014 saw the impact of a series of important legislative changes. The new Civil Code came into effect at the beginning of 2014, which also had a major effect on the insurance industry and replaced the Insurance Contract Act, amongst others. The amendment to the Income Tax Act then changed the rules governing the tax deductibility of life insurance.

In 2014 Komerční pojišťovna also focused on increasing the quality of the services it provides. It carried out several satisfaction surveys among its clients and its distributors of insurance products. The results from the completed surveys were carefully analyzed and used to improve internal processes and they will also be taken into account in the development of additional products.

During 2014 several personnel and organizational changes were made in the operational section, aimed at optimizing key operational activities.

An important internal project, DMS (Document Management System), entered the implementation phase at the end of 2014. It is aimed at making internal processes more streamlined and significantly faster, eliminating physical document circulation, improving the process of archiving electronic documents and, last but not least, promoting efficient resource planning.

With the increase in sales of comprehensive risk life insurance products, the operational section focused on improving the processes used to help prevent and detect insurance fraud.

In September 2014 our external brokers began to use the extranet, a web portal enabling regular and direct communication with Komerční pojišťovna. In addition to on-line access to all the documentation needed to arrange insurance and for subsequent dealings with clients, the portal also provides an insight into the current state of the insurance contracts portfolio. The extranet is also used as a communication platform between external distributors and Komerční pojišťovna's support team. This portal will ensure greater user comfort, help to strengthen links with the distribution network, and will raise awareness of Komerční pojišťovna.

Komerční pojišťovna takes a responsible approach to business. It is involved in the Green Company project, which focuses on environmental protection. In terms of its research and development, Komerční pojišťovna concentrates on developing new products, including the information systems used to manage its products.

## Human Resources

In 2014 we here at Komerční pojišťovna continued to work on our HR Business Partnership concept. We established and furthered cooperation with managers, and helped them in leading their subordinates and making organizational changes. We greatly supported the development of a new IT strategy by motivating and retaining our IT staff. HR business partners also strengthened their position as acknowledged co-workers in middle and top management.

In terms of training, we focused not only on developing managerial skills, but also primarily on skills development in expert areas such as IT, actuarial mathematics and controlling. Special training is also regularly provided for client service staff, as reflected in their increasing professionalism and quality of service.

In 2014 we began the implementation of an action plan created based on the results of the SG Barometer 2013 survey, which assesses employee satisfaction. We focused primarily on improving internal cooperation within the project management and product development process, on innovation and the sharing of information, and we also carried out a customer satisfaction survey.

We worked with Komerční banka to launch a new personnel information system, which has resulted in a number of improvements as regards the handling of each employee's personal data.



KP has been supporting the Day and week care center in Jihlava since 2013. Besides the financial donations it has provided, in 2014 Komerční pojišťovna also supported the creation of hand-painted calendars and, as part of Charity Days, KP employees helped to tidy up the garden and area around the institution, which is where its clients spend their leisure time.



**ANDREA POHANOVÁ**  
Contract Management Specialist, KP

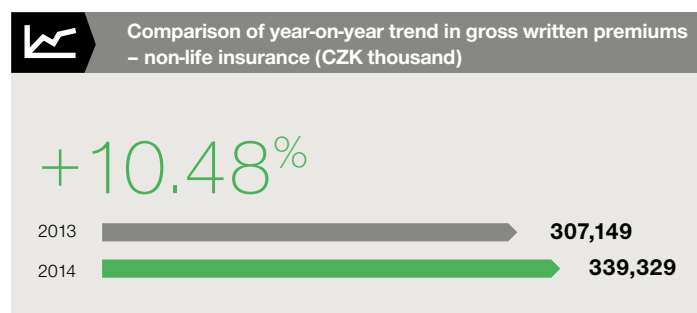
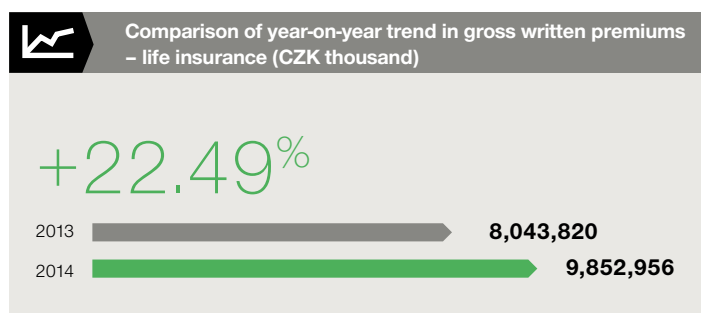
**1** Art workshop  
(from left: Martina Žurková,  
Petr Zima, Zuzana Cahová)

**2** Eva Pohořelá,  
Institution Director

**3** Jakub Dočkal



## Comments on the Financial Results

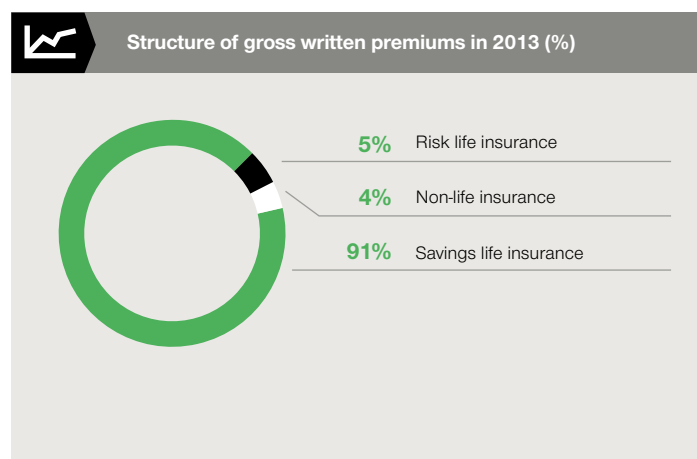
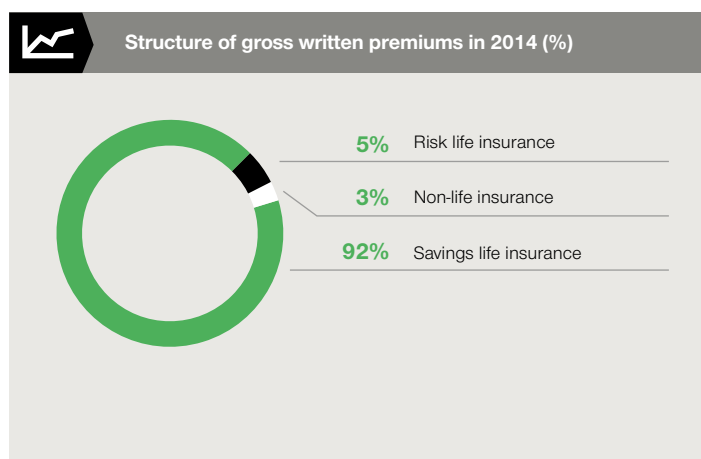


### Profit

According to the Czech Accounting Standards, Komerční pojišťovna posted a profit of CZK 283 million for 2014. According to the International Financial Reporting Standards used for the purpose of consolidation with KB, KP's profit amounted to CZK 387 million.

### Gross Written Premiums

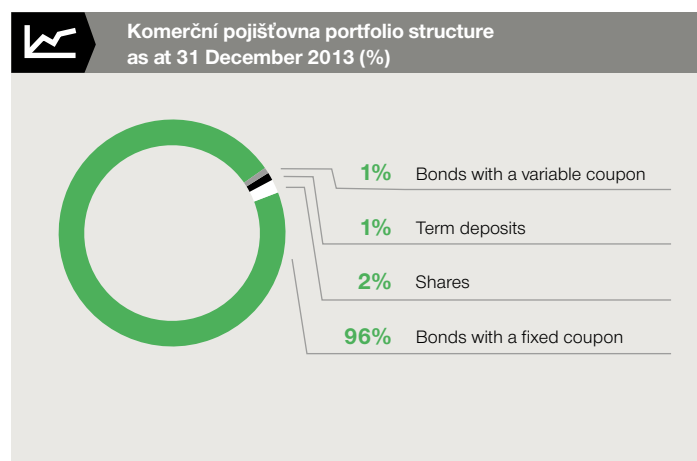
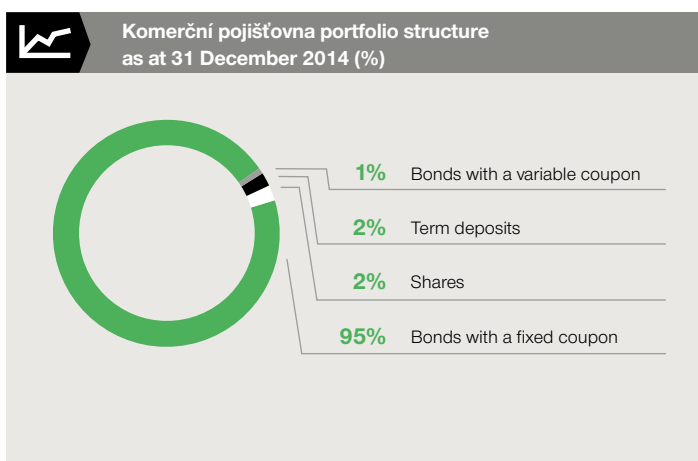
In 2014, gross written premiums totalled CZK 10,192 million. Gross written premiums in the life insurance segment amounted to CZK 9,853 million in 2014, representing a year-on-year increase of 22.5%. Written premiums generated in the non-life segment totalled CZK 339 million, which represented a 10.5% increase compared to 2013.



### Structure of Gross Written Premiums

The structure of gross written premiums did not change significantly in 2014. There was a slight decrease in non-life insurance against the previous year. Risk life insurance remained at the same level as in the previous year. The bulk of the portfolio

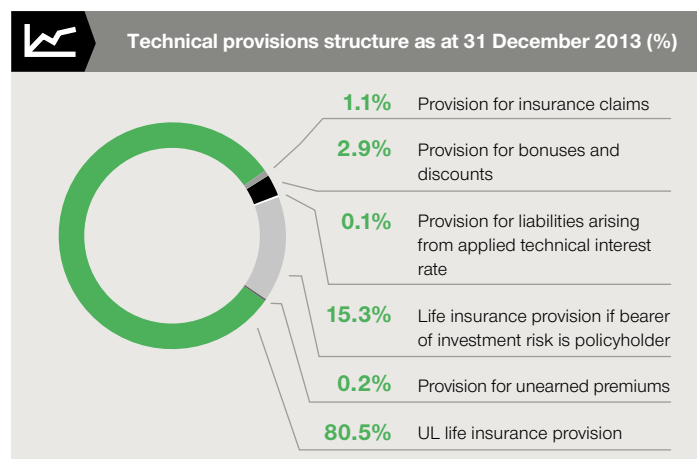
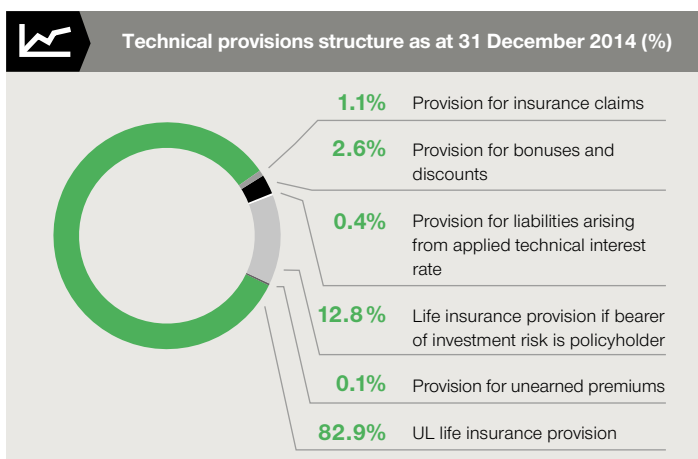
still comprises life insurance products, with a saving option offered by Komerční bank and MPSS, particularly products with guaranteed appreciation and the new Private Asset Management 4 – Popular product, offered as part of Vital Invest.



### Portfolio structure

The structure of the investment portfolio is almost the same as in previous years. Komerční pojišťovna focuses primarily on conservative items. Bonds with a fixed income account for 95% of the portfolio, and guarantee clients a strong return on their

investment. Czech government bonds constitute a large part of the portfolio, together with bonds issued by banks and corporations seated within the EU. The portfolio also includes term deposits, with bonds with a variable yield making up a marginal proportion.



### Technical Provisions

The volume of technical provisions rose by 23% year-on-year to CZK 43.3 billion as of 31 December 2014.

### Equity

As at 31 December 2014, equity totalled CZK 3,113 million, which represents a 21% increase compared to 2013. The balance sheet sum amounted to CZK 45,274 million, a 20% increase year-on-year, as of 31 December 2014.

## Statutory Bodies

### Board of Directors

#### STÉPHANE CORBET

##### Chairman of the Board of Directors and CEO

Born 11 September 1969 in France, resident of Prague, French citizen, elected Chairman of the Board of Directors as of 29 September 2011. Member of the Board of Directors of Komerční pojišťovna since 1 September 2003. He held various actuarial positions, most recently at SOGECAP, after an engagement with A.G.F. (Allianz Group member). Mr. Corbet is a graduate of the Institute of Statistics of Paris University and member of the French Institute of Actuaries.

#### JIŘÍ KOUTNÍK

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

Born 8 October 1969, resident of Prague, elected member of the Board of Directors as of 19 April 2011. Mr. Koutník joined Komerční banka in 2003 and worked in top IT positions, the last one being Head of SW Development for Distribution Channels. In April 2011 he joined KP as Head of Project and Information Technology Management Section. He is a graduate of the Czech Technical University in Prague, Faculty of Electrical Engineering.

#### HELENA ENDLEROVÁ

##### Member of the Board of Directors and Head of Financial Section

Born 14 August 1980, resident of Prague, elected member of the Board of Directors as of 22 January 2014. Ms. Endlerová started her professional career at Ernst & Young. She joined Komerční banka in 2006, specifically the Financial Group Management Department. In 2009, she joined Komerční pojišťovna as Head of Controlling and Planning Department and in February 2011, she was appointed Deputy Head of Financial Section. Ms. Endlerová is a graduate of the Technical University of Liberec, Faculty of Economics, and 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

Born 11 January 1973, resident of Velké Popovice, elected member of the Board of Directors as of 1 July 2007. Ms. Šindlerová has worked in the financial sector since 1996, namely at Deloitte and ING. In November 2002 she joined Komerční pojišťovna in the position of Head of Financial Section. She is a graduate of the Silesian University, School of Economics.

#### WILLIAM CHONIER

##### Member of the Board of Directors and Head of Development Section

Born 25 January 1971 in France, resident of Prague, French citizen, elected member of the Board of Directors as of 27 September 2011. Prior to joining KP on 1 September 2011 as Head of Development Section, he held the position of Sales Director of SG Insurance Russia. Mr. Chonier is a graduate of Clermont-Ferrand University in France, where he majored in Economics and Management.

#### ZDENĚK ZAVADIL

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

Born 22 April 1969, resident of Prague, elected member of the Board of Directors as of 10 May 2001. Mr. Zavadil began his professional career in Motokov in 1992. After working in several lease companies he joined Komerční pojišťovna in May 2001. He is a graduate of the University of Economics in Prague, Faculty of Business Administration.





**WILLIAM CHONIER**  
Member of the Board of  
Directors and Head of  
Development Section

**HELENA ENDLEROVÁ**  
Member of the Board of Directors  
and Head of Financial Section

**ZDENĚK ZAVADIL**  
Member of the Board  
of Directors and Head  
of External Partnership  
Section

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

**STÉPHANE CORBET**  
Chairman of the Board of  
Directors and CEO

**ŠÁRKA ŠINDLEROVÁ**  
Member of the Board of  
Directors and Head of Client  
Service and Operations  
Section

## Supervisory Board

### PHILIPPE PERRET

#### Chairman of the Supervisory Board

Born 11 January 1963 in France, resident of Paris, France, French citizen, elected member of the Supervisory Board as of 4 March 2006, elected Chairman of the Supervisory Board as of 4 December 2009. He has worked in the financial sector since 1987, first in NATIOVIE (BNP Group member), and since 1997 at SOGECAP of which he became CEO as of 1 December 2009. Mr. Perret is a graduate of the National School of Statistics and Economic Management and 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

Born 16 October 1954 in France, resident of Prague, French citizen, elected member of the Supervisory Board as of 2 August 2013. A graduate of management studies at the University of Rennes. In 1979–1980 he worked in the National Insurance Group. Mr. Le Dirac'h joined Société Générale in 1980, first as Inspector of the General Inspection Department in Paris, from 1987 as Deputy Director and then Director of Back Offices in the Capital Markets Division and since 1995 as Human Resources Director in the Human Resources Division. In 1999–2006 he served as CEO and member of the Board of Directors of SGBT Luxembourg, in 2001–2007 as Chairman of the Supervisory Board of SG Private Banking Belgium and in 2006–2008 as Deputy Director in the Group's Human Resources Division. From 2008 to 2012, he served as CEO and Chairman of the Board of Directors of Société Générale Morocco based in Casablanca. As of 2 August 2013, KB's Board of Directors elected Albert Le Dirac'h Chairman of the Board of Directors and CEO of Komerční banka. In addition, Albert Le Dirac'h is 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

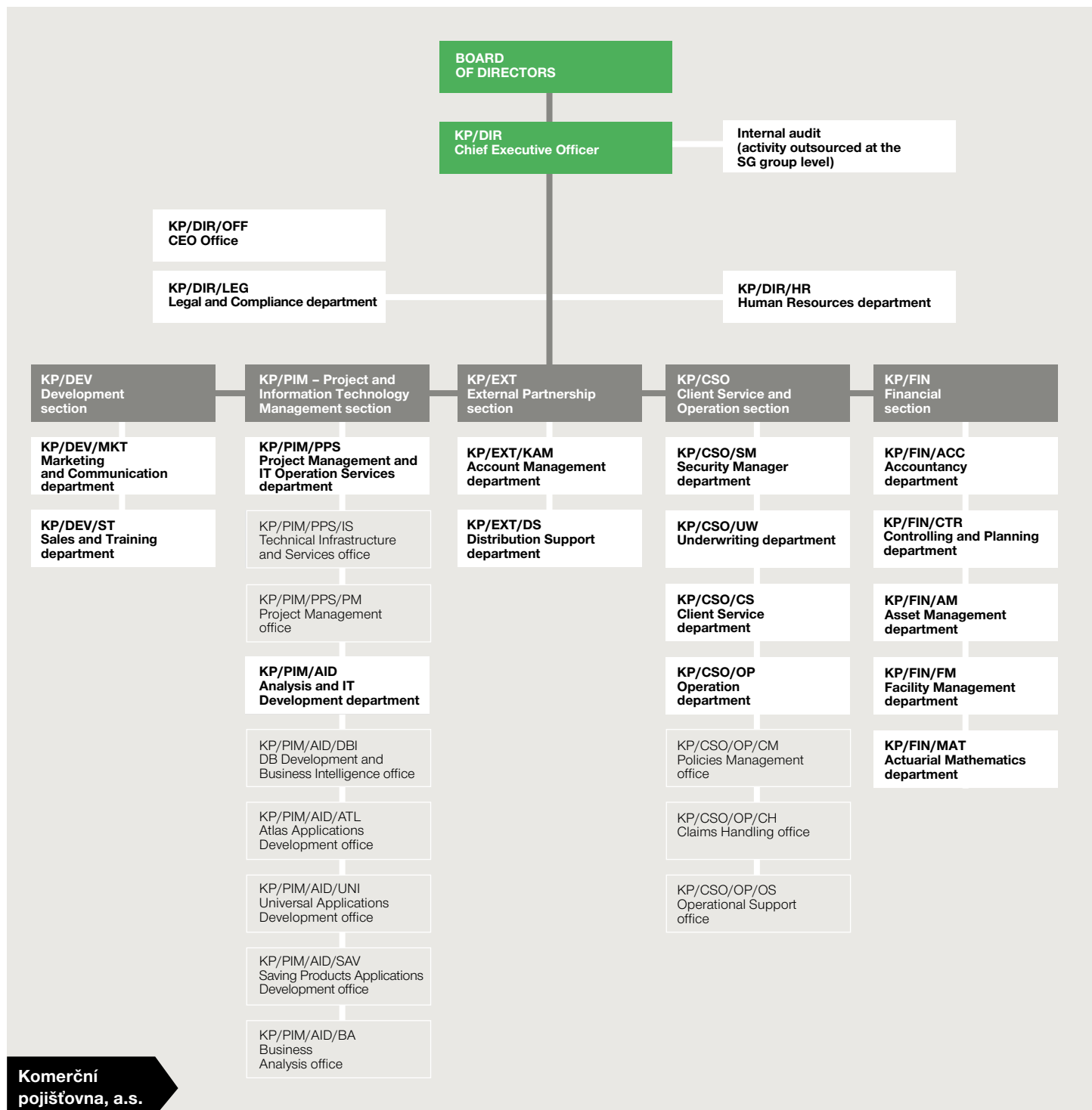
Born 28 December 1964 in France, resident of Paris, France, citizen of France, elected member of the Supervisory Board as of 2 December 2009. He graduated in economics from the university Ecole Centrale de Paris. Mr. Bied-Charreton has worked in the insurance sector since 1988, in the companies CARDIF, NATIO-VIE and BNP Paribas. From September 2006 to November 2009, he was Director for International Development of Société Générale Insurance (Asia). On 1 December 2009 he was appointed Deputy General Manager of SOGECAP. He is a member of the French Institute of Actuaries.

### PAVEL ČEJKA

#### Member of the Supervisory Board

Born 13 December 1964, resident of Prague, elected member of the Supervisory Board as of 21 March 2007. He is a graduate of the Czech Technical University and the University of Chicago, Graduate School of Business. Mr. Čejka started his career with the auditing and consulting firm Arthur Andersen. He then held the position of Head of Finance Management at Československá obchodní banka. He joined Komerční banka in 2003, first as Deputy Executive Director for Finance and from February 2006 to July 2012 as Executive Director for Strategy and Finance. Since 1 August 2012, he has been a member of KB's Board of Directors and is in charge of managing the Strategy and Finance, Operations, Information Technology, Project Organization and Management, Support Services and Investment banking – Operations Sections.

# Organizational Structure as of 1 January 2015



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## Shareholders' Decisions at General Meetings

Pursuant to Section 421, Para. 2 of Act No. 90/2013 Coll., on Trading Companies and Cooperatives (Business Corporations Act), following decisions of the General Meeting were passed:

### **Extraordinary General Meeting at its session held on 22 January 2014:**

- decided to change the Company's Articles of Association, increasing the number of board members from five to six;
- elected Helena Endlerová as member of the Board of Directors for a four-year term with effect from 22 January 2014;
- approved the contract for membership of the Board of Directors concluded with Helena Endlerová.

### **Regular General Meeting at its session held on 24 April 2014:**

- discussed the Report of the Board of Directors on Company Business and Assets for 2013;
- discussed the submitted financial statements and the Board of Directors' proposal for the distribution of profits for 2013;
- reviewed the Report of the Supervisory Board on the results of overseeing the activities of the Board of Directors and a review of the Board of Directors' Related Party Report pursuant to Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, as amended;
- approved the Company's annual financial statements for 2013;
- approved the complete wording of the Company's Articles of Association as proposed by the Board of Directors; under the new Articles of Association, the Company is wholly subordinated to the Business Corporations Act;
- decided on distribution of profits for 2013 as follows; the profit after tax of CZK 418,372,474.31 will comprise a dividend paid on profits from non-life insurance for 2013 amounting to CZK 102,179,305.74, a dividend paid on profits from life insurance for 2013 amounting to CZK 28,807,120.33, the transfer to retained earnings from life insurance will amount to CZK 287,386,048.24, and the dividend paid from retained earnings from non-life insurance will total CZK 108,181,573.93.

### **Dividends were paid out under the following conditions:**

1. The total amount of dividends paid was CZK 239,168,000.  
The amount of dividend per share with a nominal value of CZK 72,735 is CZK 14,800. The amount of dividend per share with a nominal value of CZK 145,470 is CZK 29,600.
2. The dividends were paid out by bank transfer. The total amount of dividends paid out to SOGECAP S.A. was CZK 121,981,600. The total amount of dividends paid out to Komerční banka, a.s., was CZK 117,186,400.
3. The decisive date for the payment of dividends was 25 April 2014.
4. Dividends were payable as of 25 April 2014.
5. Dividends were paid at the Company's expense.

### **The regular General Meeting also:**

- elected Philippe Perret as member of the Company's Supervisory Board for another four-year term with effect from 24 April 2014;
- authorized Deloitte Audit, s.r.o., Karolinská 654/2, 186 00 Praha 8, to perform a statutory audit of the Company for 2014.

### **The General Meeting at its session held on 26 June 2014:**

- approved the contracts for membership of the Board of Directors of Komerční pojišťovna, a.s., concluded between Komerční pojišťovna, a.s., and its members;
- approved the contracts for membership of the Supervisory Board of Komerční pojišťovna, a.s., concluded between Komerční pojišťovna, a.s., and its members;
- approved the contracts for membership of the Audit Committee of Komerční pojišťovna, a.s., concluded between Komerční pojišťovna, a.s., and its members.

## Report of the Supervisory Board

During 2014 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 2014, 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 2014; 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 of 31 December 2014, as well as the result of its operations for 2014 in compliance with the relevant regulations of the Czech Republic.

The Supervisory Board recommends that the General Meeting approve the financial statements for 2014, as proposed by the Board of Directors.

The Supervisory Board reviewed the Related Party Report for 2014 prepared by the Company under the provisions of Section 82 et seq. of the Business Corporations Act, and stated, based on the presented documents, that during the accounting period from 1 January 2014 to 31 December 2014 Komerční pojišťovna, a.s. did not suffer any losses.

Prague, on 20 March 2015

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



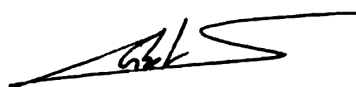
**PHILIPPE PERRET**  
Chairman of the Supervisory Board

## Sworn Statement

Komerční pojišťovna, a.s. hereby declares that all information and data included in this Annual Report are true and complete. Furthermore, Komerční pojišťovna, a.s. 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.

Prague, on 20 March 2015

Signed on behalf of the Board of Directors:



**STÉPHANE CORBET**

Chairman of the Board of Directors and CEO



**HELENA ENDLEROVÁ**

Member of the Board of Directors and Head of Financial Section

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



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Registered at the Municipal Court in  
Prague, Section C, File 24349  
Id. Nr.: 49620592  
Tax Id. Nr.: CZ49620592

## INDEPENDENT AUDITOR'S REPORT To the Shareholders of Komerční pojišťovna, a.s.

Having its registered office at: Karolinská 1/650, 186 00 Praha 8  
Identification number: 639 98 017

### Report on the Financial Statements

Based upon our audit, we issued the following audit report dated 11 March 2015 on the financial statements which are included in this annual report on pages 24 to 56:

"We have audited the accompanying financial statements of Komerční pojišťovna, a.s. which comprise the balance sheet as of 31 December 2014, and the profit and loss account and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable 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 Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 of 31 December 2014, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic."

### Report on the Related Party Transactions Report

We have also reviewed the factual accuracy of the information included in the related party transactions report of Komerční pojišťovna, a.s. for the year ended 31 December 2014 which is included in this annual report on pages 57 to 67. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.



We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Komerční pojišťovna, a.s. for the year ended 31 December 2014 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

**Report on the Annual Report**

We have also audited the annual report of the Company as of 31 December 2014 for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report of the Company is consistent, in all material respects, with the financial statements referred to above.

In Prague on 7 April 2015

Audit firm:

Deloitte Audit s.r.o.  
certificate no. 79



Statutory auditor:

David Batal  
certificate no. 2147



## Balance Sheet as of 31 December 2014

(CZK thousand)	Row	2013			2014
	No.	Prior period	Gross	Adjustment	Net
<b>ASSETS</b>					
<b>A. Receivables for subscribed share capital</b>	1	0	0	0	<b>0</b>
<b>B. Intangible fixed assets, of which:</b>	2	10,709	221,243	201,229	<b>20,014</b>
a) Start-up costs	3	0	4,402	4,402	0
<b>C. Financial placements (investments)</b>	4	31,638,334	39,023,083	0	<b>39,023,083</b>
<b>I. Land and buildings (real estate)</b>	5	0	0	0	<b>0</b>
<b>II. Financial placements in businesses</b>	6	0	0	0	<b>0</b>
<b>III. Other financial placements</b>	7	31,638,334	39,023,083	0	<b>39,023,083</b>
1. Shares and other variable yield securities, other equity holdings	8	502,293	638,626	0	638,626
2. Bonds and other fixed income securities	9	32,543,956	39,757,690	0	39,757,690
3. Deposits placed with financial institutions	10	378,000	991,000	0	991,000
4. Other financial placement	11	(1,785,915)	(2,364,233)	0	(2,364,233)
<b>IV. Deposits in respect of active reinsurance</b>	12	0	0	0	<b>0</b>
<b>D. Financial placements of life insurance, if investment risk borne by the policyholder</b>	13	5,380,972	5,563,832	0	<b>5,563,832</b>
<b>E. Debtors</b>	14	191,239	499,722	262,034	<b>237,688</b>
<b>I. Receivables arising from direct insurance transactions</b>	15	48,195	85,755	22,674	<b>63,081</b>
1. Policyholders	16	48,195	85,755	22,674	63,081
<b>II. Receivables arising from reinsurance transactions</b>	17	0	0	0	<b>0</b>
<b>III. Other receivables</b>	18	143,044	413,967	239,360	<b>174,607</b>
<b>F. Other assets</b>	19	176,847	194,265	27,176	<b>167,089</b>
<b>I. Tangible fixed assets, other than land buildings (real estate), and inventory</b>	20	9,319	34,910	27,109	<b>7,801</b>
<b>II. Cash on accounts with financial institutions and cash on hand</b>	21	167,528	159,355	67	<b>159,288</b>
<b>III. Other assets</b>	22	0	0	0	<b>0</b>
<b>G. Temporary assets</b>	23	219,734	261,796	0	<b>261,796</b>
<b>I. Accrued interest and rental (income)</b>	24	0	0	0	<b>0</b>
<b>II. Deferred acquisition costs of insurance policies, of which separately:</b>	25	100,006	130,796	0	<b>130,796</b>
a) Life insurance	26	74,105	98,063	0	98,063
b) Non-life insurance	27	25,901	32,733	0	32,733
<b>III. Other temporary assets, of which:</b>	28	119,728	131,000	0	<b>131,000</b>
a) Estimated receivables	29	111,397	123,618	0	123,618
<b>TOTAL ASSETS</b>	30	37,617,835	45,763,941	490,439	<b>45,273,502</b>

(CZK thousand)	Row No.	2013			2014
		Prior period	Gross	Adjustment	Net
<b>LIABILITIES</b>					
<b>A. Equity</b>	31	2,564,419			<b>3,113,341</b>
<b>I. Share capital</b>	32	1,175,398			<b>1,175,398</b>
<b>II. Share premium</b>	33	0			<b>0</b>
<b>III. Revaluation reserve fund</b>	34	0			<b>0</b>
<b>IV. Other capital funds</b>	35	605,510			<b>1,110,518</b>
of which revaluation gains or losses on securities	36	747,543			1,371,010
<b>V. Reserve fund and other funds from profit</b>	37	61,264			<b>61,264</b>
<b>VI. Retained earnings or accumulated losses brought forward</b>	38	303,875			<b>483,079</b>
<b>VII. Profit or loss for the period</b>	39	418,372			<b>283,082</b>
<b>B. Subordinated liabilities</b>	40	0			<b>0</b>
<b>C. Technical reserves</b>	41	28,975,433	37,742,773	1,921,633	<b>35,821,140</b>
<b>1. Reserve for unearned premiums</b>	42	56,351	61,577	330	<b>61,247</b>
of which: a) Reserve for unearned premiums - life insurance business	43	16,961	16,712	150	<b>16,562</b>
b) Reserve for unearned premiums - non-life insurance business	44	39,390	44,865	180	<b>44,685</b>
<b>2. Life insurance reserve</b>	45	27,545,334	35,912,689	1,841,683	<b>34,071,006</b>
<b>3. Reserve for insurance claims</b>	46	322,641	454,888	79,620	<b>375,268</b>
of which: a) Reserve for insurance claims - life insurance business	47	178,653	236,660	3,924	<b>232,736</b>
b) Reserve for insurance claims - non-life insurance business	48	143,988	218,228	75,696	<b>142,532</b>
<b>4. Reserve for bonuses and discounts</b>	49	1,010,469	1,141,484	0	<b>1,141,484</b>
of which: a) Reserve for bonuses and discounts - life business	50	1,009,998	1,141,086	0	<b>1,141,086</b>
b) Reserve for bonuses and discounts - non-life business	51	471	398	0	<b>398</b>
<b>5. Equalisation reserve</b>	52	0	0	0	<b>0</b>
<b>6. Deficiency provision</b>	53	40,638	172,135	0	<b>172,135</b>
<b>7. Non-life insurance reserve</b>	54	0	0	0	<b>0</b>
<b>8. Other reserves</b>	55	0	0	0	<b>0</b>
<b>D. Technical life insurance reserve of investment risk borne by the policyholder</b>	56	5,380,972	5,563,832	0	<b>5,563,832</b>
<b>E. Reserves for other risks and losses</b>	57	119,156			<b>89,386</b>
<b>1. Reserve for pensions and similar liabilities</b>	58	0			<b>0</b>
<b>2. Reserve for taxation</b>	59	98,249			<b>68,463</b>
<b>3. Other reserves</b>	60	20,907			<b>20,923</b>

(CZK thousand)	Row No.	2013		2014	
		Prior period	Gross	Adjustment	Net
<b>F. Deposits in respect of passive reinsurance</b>	61	0			<b>0</b>
<b>G. Creditors</b>	62	334,356			<b>440,934</b>
<b>I. Payables arising from direct insurance transactions</b>	63	96,862			<b>112,896</b>
<b>II. Payables arising from reinsurance transactions</b>	64	54,384			<b>1,437</b>
<b>III. Loans backed by a debt security</b>	65	0			<b>0</b>
<b>IV. Payables to financial institutions</b>	66	0			<b>0</b>
<b>V. Other payables, of which:</b>	67	183,110			<b>326,601</b>
a) Tax liabilities and social security payables	68	9,614			14,815
<b>VI. Guarantee fund of the Bureau</b>	69	0			<b>0</b>
<b>H. Temporary liabilities</b>	70	243,499			<b>244,869</b>
<b>I. Accrued expenses and deferred income</b>	71	0			<b>0</b>
<b>II. Other temporary liabilities, of which:</b>	72	243,499			<b>244,869</b>
a) Estimated payables	73	243,499			<b>244,869</b>
<b>TOTAL LIABILITIES</b>	74	37,617,835			<b>45,273,502</b>

## Profit and Loss Statement for the Year 2014

(CZK thousand)	Row No.	2013			2014		
		Base	Sub-total	Result	Base	Sub-total	Result
<b>I. TECHNICAL ACCOUNT – NON-LIFE INSURANCE</b>							
<b>1. Earned premium, net of reinsurance:</b>	1	x	x	<b>x</b>	x	x	<b>x</b>
a) Gross premium written	2	307,149	x	x	339,329	x	x
b) Premium ceded to reinsurers	3	14,392	292,757	x	17,745	321,584	x
c) Change in the gross balance of the reserve for unearned premium (+/-)	4	(136)	x	x	5,259	x	x
d) Change in the balance of the reserve for unearned premium, net of reinsurers' share (+/-)	5	59	(195)	292,952	(36)	5,295	316,289
<b>2. Income from financial placements (investments) transferred from non-technical account (item III.6.)</b>	6	x	x	<b>11,091</b>	x	x	<b>7,702</b>
<b>3. Other technical income, net of reinsurance</b>	7	x	x	<b>4,531</b>	x	x	<b>1,874</b>
<b>4. Costs of claims, net of reinsurance:</b>	8	x	x	<b>x</b>	x	x	<b>x</b>
a) Costs of claims:	9	x	x	x	x	x	x
aa) Gross amount	10	53,692	x	x	59,821	x	x
ab) Reinsurers' share	11	4,394	49,298	x	4,646	55,175	x
b) Change in the balance of the reserve for claims (+/-):	12	x	x	x	x	x	x
ba) Gross amount	13	(6,266)	x	x	2,289	x	x
bb) Reinsurers' share	14	(720)	(5,546)	43,752	3,745	(1,456)	53,719
<b>5. Change in the balance of other technical reserves, net of reinsurance (+/-)</b>	15	x	x	<b>(23)</b>	x	x	<b>(73)</b>
<b>6. Bonuses and discounts, net of reinsurance</b>	16	x	x	<b>593</b>	x	x	<b>383</b>
<b>7. Net operating expenses:</b>	17	x	x	<b>x</b>	x	x	<b>x</b>
a) Acquisition costs of insurance policies	18	x	70,834	x	x	78,722	x
b) Change in the balance of deferred acquisition costs (+/-)	19	x	155	x	x	(393)	x
c) Administrative overheads	20	x	60,034	x	x	58,614	x
d) Commission from reinsurers and shares of profit	21	x	6,257	124,766	x	11,119	125,824
<b>8. Other technical costs, net of reinsurance</b>	22	x	x	<b>35,600</b>	x	x	<b>42,025</b>
<b>9. Change in the balance of the equalisation reserve (+/-)</b>	23	x	x	<b>0</b>	x	x	<b>0</b>
<b>10. Sub-total, balance (result) of the non-life insurance technical account (item III.1.)</b>	24	x	x	<b>103,886</b>	x	x	<b>103,987</b>
<b>II. TECHNICAL ACCOUNT – LIFE INSURANCE</b>							
<b>1. Earned premium, net of reinsurance:</b>	25	x	x	<b>x</b>	x	x	<b>x</b>
a) Gross premium written	26	x	8,043,820	x	x	9,852,956	x
b) Premium ceded to reinsurers	27	x	691,768	x	x	1,078,872	x
c) Change in the balance of the reserve for unearned premium, net of reinsurance (+/-)	28	x	(97)	7,352,149	x	(399)	8,774,483
<b>2. Income from financial placements (investments):</b>	29	x	x	<b>x</b>	x	x	<b>x</b>
a) Income from equity investments, with a special mention of income from controlled entities	30	x	0	x	x	0	x
b) Income from other financial placements (investments) with a special mention of income from controlled entities, of which:	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	1,711,581	1,711,581	x	2,164,497	2,164,497	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	89,867	1,801,448	x	197,168	2,361,665

(CZK thousand)	Row No.	2013			2014		
		Base	Sub-total	Result	Base	Sub-total	Result
<b>3. Additions to financial placements (investments)</b>	36	x	x	<b>619,060</b>	x	x	<b>453,674</b>
<b>4. Other technical income, net of reinsurance</b>	37	x	x	<b>53,995</b>	x	x	<b>61,192</b>
<b>5. Costs of claims, net of reinsurance:</b>	38	x	x	x	x	x	<b>x</b>
a) Costs of claims:	39	x	x	x	x	x	x
aa) Gross amount	40	2,150,519	x	x	2,462,845	x	x
ab) Reinsurers' share	41	16,450	2,134,069	x	75,396	2,387,449	x
b) Change in the balance of the reserve for claims (+/-):	42	x	x	x	x	x	x
ba) Gross amount	43	(7,418)	x	x	56,570	x	x
bb) Reinsurers' share	44	(90)	(7,328)	2,126,741	2,487	54,083	2,441,532
<b>6. Change in the balance of other technical reserves, net of reinsurance (+/-):</b>	45	x	x	<b>x</b>	x	x	<b>x</b>
a) Change in the balance of the life insurance reserve:	46	x	x	x	x	x	x
aa) Change in the gross balance	47	5,533,445	x	x	7,676,085	x	x
ab) Reinsurers' share	48	718,223	4,815,222	x	1,018,914	6,657,171	x
b) Change in the balance of other technical reserves, net of reinsurance	49	x	541,647	5,356,869	x	313,948	6,971,119
<b>7. Bonuses and discounts, net of reinsurance</b>	50	x	x	<b>0</b>	x	x	<b>0</b>
<b>8. Net operating expenses :</b>	51	x	x	<b>x</b>	x	x	<b>x</b>
a) Acquisition costs of insurance policies	52	x	183,765	x	x	230,519	x
b) Change in the balance of deferred acquisition costs (+/-)	53	x	(30,114)	x	x	(23,958)	x
c) Administrative overheads	54	x	198,044	x	x	220,887	x
d) Commission from reinsurers and shares of profits	55	x	6,659	345,036	x	39,618	387,830
<b>9. Costs of financial placements (investments):</b>	56	x	x	<b>x</b>	x	x	<b>x</b>
a) Costs of administering financial placements (investments), including interest	57	x	755,979	x	x	1,048,579	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	89,867	845,846	x	197,340	1,245,919
<b>10. Disposals of financial placements (investments)</b>	60	x	x	<b>531,421</b>	x	x	<b>126,662</b>
<b>11. Other technical costs, net of reinsurance</b>	61	x	x	<b>199,066</b>	x	x	<b>219,121</b>
<b>12. Income from financial placements (investments) transferred to non-technical account (item III.4.)</b>	62	x	x	<b>94,639</b>	x	x	<b>92,792</b>
<b>13. Sub-total, balance (result) of the life insurance technical account (item III.2.)</b>	63	x	x	<b>327,034</b>	x	x	<b>166,039</b>
<b>III. NON-TECHNICAL ACCOUNT</b>							
<b>1. Result of the non-life insurance technical account (item I.10.)</b>	64	x	x	<b>103,886</b>	x	x	<b>103,987</b>
<b>2. Result of the life insurance technical account (item II.13.)</b>	65	x	x	<b>327,034</b>	x	x	<b>166,039</b>
<b>3. Income from financial placements (investments):</b>	66	x	x	<b>x</b>	x	x	<b>x</b>
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
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

(CZK thousand)	Row No.	2013			2014		
		Base	Sub-total	Result	Base	Sub-total	Result
<b>4. Income from financial placements (investments) transferred from the life insurance technical account (item II.12.)</b>	73	x	x	<b>94,639</b>	x	x	<b>92,792</b>
<b>5. Costs of financial placements (investments):</b>	74	x	x	<b>x</b>	x	x	<b>x</b>
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
<b>6. Income from financial placements (investments) transferred to the non-life insurance technical account (item I.2.)</b>	78	x	x	<b>11,091</b>	x	x	<b>7,702</b>
<b>7. Other income</b>	79	x	x	<b>1</b>	x	x	<b>0</b>
<b>8. Other expenses</b>	80	x	x	<b>0</b>	x	x	<b>0</b>
<b>9. Income tax on current activities</b>	81	x	x	<b>96,065</b>	x	x	<b>71,998</b>
<b>10. Profit or loss on current activities after taxation</b>	82	x	x	<b>418,404</b>	x	x	<b>283,118</b>
<b>11. Extraordinary expenses</b>	83	x	x	<b>0</b>	x	x	<b>0</b>
<b>12. Extraordinary income</b>	84	x	x	<b>0</b>	x	x	<b>0</b>
<b>13. Extraordinary profit or loss</b>	85	x	x	<b>0</b>	x	x	<b>0</b>
<b>14. Income tax on extraordinary activities</b>	86	x	x	<b>0</b>	x	x	<b>0</b>
<b>15. Other taxes not reported above</b>	87	x	x	<b>32</b>	x	x	<b>36</b>
<b>16. Profit or loss for the period (item III.3.)</b>	88	x	x	<b>418,372</b>	x	x	<b>283,082</b>

## Statement of Changes in Equity for the Year Ended 31 December 2014

(CZK thousand)	Share capital	Treasury shares	Share premium	Reserve funds	Capital funds	Valuation gains or losses	Profit/(loss)	Total
<b>Balance at 1 January 2013</b>	<b>1,175,398</b>	<b>0</b>	<b>0</b>	<b>52,493</b>	<b>0</b>	<b>681,910</b>	<b>479,256</b>	<b>2,389,057</b>
FX differences and valuation gains or losses not included in profit/(loss)	0	0	0	0	0	(76,400)	0	(76,400)
Net profit/(loss) for the period	0	0	0	0	0	0	418,372	418,372
Dividens	0	0	0	0	0	0	(166,610)	(166,610)
Transfers to funds	0	0	0	8,771	0	0	(8,771)	0
<b>Balance at 31 December 2013</b>	<b>1,175,398</b>	<b>0</b>	<b>0</b>	<b>61,264</b>	<b>0</b>	<b>605,510</b>	<b>722,247</b>	<b>2,564,419</b>
<b>Balance at 1 January 2014</b>	<b>1,175,398</b>	<b>0</b>	<b>0</b>	<b>61,264</b>	<b>0</b>	<b>605,510</b>	<b>722,247</b>	<b>2,564,419</b>
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
<b>Balance at 31 December 2014</b>	<b>1,175,398</b>	<b>0</b>	<b>0</b>	<b>61,264</b>	<b>0</b>	<b>1,110,518</b>	<b>766,161</b>	<b>3,113,341</b>

# Notes to the Financial Statements for the Year Ended 31 December 2014

## 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 principal operations are as follows:

As of 31 December 2014, 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 2014:

**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 50, Avenue du Général de Gaulle, 92093 Paris, La Défense Cedex, identification number: 086380730 R.C.S. NANTERRE; a 51.01 percent shareholder.

#### Registered Office of the Company:

Karolinská 1/650  
186 00, Prague 8

The Company has no foreign branch.



**1.2. Board of Directors and Supervisory Board as of 31 December 2014**

	Position	Name
<b>Board of Directors</b>	Chairman	Stéphane Corbet
	Member	Ing. Zdeněk Zavadil
	Member	Ing. Jiří Koutník
	Member	Ing. Šárka Šindlerová
	Member	William Chonier
	Member	Ing. Helena Endlerová
<b>Supervisory Board</b>	Chairman	Philippe Perret
	Member	Albert Le Dirac 'h
	Member	Pascal Bied-Charreton
	Member	Ing. Pavel Čejka

**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 2014.

**1.4. Changes and Amendments to the Commercial Register**

The following changes to the Commercial Register were made in 2014:

Ing. Helena Endlerová became a member of the Board of Directors with effect from 22 January 2014 and this change was recorded in the Commercial Register on 18 February 2014.

Philippe Perret's term as a member of the Supervisory Board expired on 24 April 2014 and this change was recorded in the Commercial Register on 2 July 2014.

Martin Kalivoda's and Jiří Potužil's membership in the Supervisory Board expired on 17 April 2014 and this change was recorded in the Commercial Register on 2 July 2014.

Philippe Perret's four-year term in the Supervisory Board was renewed with effect from 24 April 2014 and this change was recorded in the Commercial Register on 2 July 2014.

Philippe Perret's four-year term as chairman in the Supervisory Board was renewed with effect from 26 September 2014 and this change was recorded in the Commercial Register on 23 October 2014.

The Company complies with Section 777 (5) of Act on Business Corporations No. 90/2012 Coll., this change was recorded in the Commercial Register on 2 July 2014.

**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 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 recalculated 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 2014.

### 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 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 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 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 recalculated 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. The difference between the cost of the jacket of debt securities and their nominal value is recorded to income or expense over the remaining maturity of these 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 recalculation.

The Company recalculated 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 Prague Stock Exchange or quoted by major securities dealers, as appropriate.

The gains or losses from the revaluation of securities are charged against equity (account 404) 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

As part of the implemented investment strategy, KP 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, KP 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. The fair value of swaps is calculated using the net present value of the fixed future cash flows from these derivatives.

#### Other Financial Placement Components

The gains or losses from the revaluation of other financial placement components (shares), if any, are recognised in the profit and loss account (accounts 539 and 639).

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.

### 2.4. Receivables

Receivables are stated at nominal value.

Following the analysis of the recoverability of past due debts undertaken by the Company, individual groups of receivables were assigned specific coefficients for provisioning. The Company used coefficients of similar product groups for the newly sold products.

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.

### 2.5. Permanent or Long-Term Impairment of Assets

At the balance sheet date, the Company assesses whether there is any indication that assets, which are not measured at fair value or assets that are fair valued but the revaluation differences are included in the balance sheet, may be impaired.

## 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 and Prague public transport tickets.

Cash and cash equivalents are stated at nominal value.

## 2.7. 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 Rebates

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 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.

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) to policies (ie 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 8<sup>th</sup> year from the recognition of the reserve. Each policy holder should receive an amount 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/(divided) by the total average value of the reserve of life insurance of these policy holders (ie policy holders of those products that stipulate the right for the profit share to the share holder) during the eighth calendar year from the recognition of the reserve for bonuses and discounts \* (multiplied by) the reserve for bonuses and discounts recognised in the year of recognition, or its unpaid part.

The reserve for bonuses and discounts 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 2014.

No part of similar increases of 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 2014.

#### **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 is in accordance with Special Directive No. 3 of the Czech Society of Actuaries as of 27 May 2014.

#### **Life Insurance Reserve where the Investment Risk is Assumed by the Policy Holder**

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.

### **2.8. 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, a reserve for outstanding vacation days, a reserve for auditing, annual letters to clients, annual report, and a restructuring reserve.

### **Restructuring Reserve**

Following the reporting of significant losses in the year ended 31 December 2001 and in prior years, the parent company initiated the Company's restructuring in 2002.

Based upon an analysis of anticipated costs resulting from this restructuring, the Company recorded, in 2002 and 2003, a reserve for the portion of those costs that can be recognised in the current period under applicable accounting regulations.

### **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 2.7.).

### **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 WILLIS, s.r.o., 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.

#### 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 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 accounts.

The Company uses the proportion of the average balances of life and non-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 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 recalculation 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 50, avenue du Général De Gaulle, 92093 Paris la Defense Cedex, which can be obtained at the same place.

#### **2.22. Use of Estimates**

The presented financial statements for the year ended 31 December 2014 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.



### 3. Additional Information to the Financial Statements

#### 3.1. Tangible and Intangible Fixed Assets

##### Acquisition cost

(CZK thousand)	Additions	Disposals	31 December 2014	31 December 2013
Depreciated tangible assets	2,641	3,180	33,892	34,431
of which: cars	0	0	9,629	9,629
hardware	547	2,040	13,193	14,686
office equipment	2,094	1,124	8,980	8,010
furniture and fixtures	0	16	2,090	2,106
Amortised intangible assets	9,617	0	212,420	202,803
Non-depreciated tangible assets	0	0	236	236
Acquisition of assets	17,263	11,834	9,605	4,176
of which: intangible assets	14,173	9,526	8,823	4,176
tangible assets	3,090	2,308	782	0
<b>Total</b>	<b>29,521</b>	<b>15,014</b>	<b>256,153</b>	<b>241,646</b>

##### Accumulated Depreciation

(CZK thousand)	Additions	Disposals	31 December 2014	31 December 2013
Depreciated tangible assets	4,941	3,179	27,109	25,347
of which: cars	1,174	0	8,667	7,493
hardware	2,889	2,041	10,287	9,439
office equipment	723	1,124	6,183	6,584
furniture and fixtures	155	14	1,972	1,831
Amortised intangible assets	4,959	0	201,229	196,270
<b>Total</b>	<b>9,900</b>	<b>3,179</b>	<b>228,338</b>	<b>221,618</b>

##### Net Book Value

(CZK thousand)	31 December 2014	31 December 2013
Depreciated tangible assets	6,783	9,083
of which: cars	962	2,135
hardware	2,906	5,247
office equipment	2,798	1,427
furniture and fixtures	117	274
Amortised intangible assets	11,191	6,534
Non-depreciated tangible assets	236	236
Acquisition of assets	9,605	4,176
of which: intangible assets	8,823	4,176
tangible assets	782	0
<b>Total</b>	<b>27,815</b>	<b>20,028</b>

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

(CZK thousand)	31 December 2014	31 December 2013
Intangible assets (line 2)	20,014	10,709
Tangible movable assets (line 29)	7,801	9,319
<b>Total</b>	<b>27,815</b>	<b>20,028</b>

In 2014, principal additions to tangible depreciated assets include the photocopiers (CZK 1,140 thousand) and air-conditioning (CZK 954 thousand).

With respect to amortised intangible assets, the most significant item was the purchase of new software equipment AIA for evidence of non-life insurance (CZK 8,267 thousand). Disposals of depreciated tangible assets predominantly included the retirement of servers and switches (CZK 1,562 thousand).

### 3.2. Financial Placements

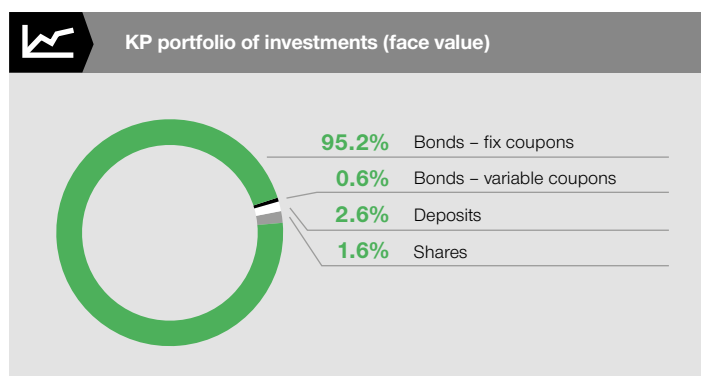
#### Fair Value of Financial Placements

Group of assets (CZK thousand)	31 December 2014	31 December 2013
Debt securities issued by an EU member state or its central bank	20,878,203	17,514,623
Debt securities issued by banks of EU member states	7,598,788	5,436,460
Listed bonds issued by EU businesses	6,611,231	5,978,830
Listed municipal bonds	778,891	620,089
Listed debt securities issued by banks and trading companies of non-EU member states	3,890,577	2,993,954
<b>Total fixed income securities</b>	<b>39,757,690</b>	<b>32,543,956</b>
Shares	638,626	502,293
Deposits with banks	991,000	378,000
Other financial placements - Cross Currency Swap	(2,364,233)	(1,785,915)
<b>Total securities and deposits</b>	<b>39,023,083</b>	<b>31,638,334</b>

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.

43 percent (2013: 45 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 and bank deposits.

Investments in shares represent an additional instrument added to the portfolio at the beginning of 2007. The limit for these investments is 2 percent of the total volume of the portfolio. At the end of 2014, the volume of stock investments amounted to 1.6 percent (2013: 1.6 percent).



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.

### 3.3. Receivables

#### Analysis of receivables

(CZK thousand)	31 December 2014	31 December 2013
Receivables from direct insurance from policy holders	85,755	73,086
Receivables from agents (brokers)	0	0
Amounts due from reinsurance transactions	0	0
Other receivables from direct insurance and reinsurance	6,484	7,221
<b>Total receivables from direct insurance and reinsurance</b>	<b>92,239</b>	<b>80,307</b>
Operating prepayments	51,164	48,122
Other debtors	292,953	289,768
Prepaid income tax	63,366	37,293
<b>Total receivables</b>	<b>499,722</b>	<b>455,490</b>

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 2014, operating prepayments totalling CZK 51,164 thousand (2013: CZK 48,122 thousand) primarily included prepayments for the share in the profit of collective contracts of CZK 43,868 thousand (2013: CZK 37,553 thousand), a prepayment of CZK 1,727 thousand provided to AXA ASSISTANCE (2013: CZK 1,724 thousand) and a rental guarantee payment of CZK 4,564 thousand (2013: CZK 7,567 thousand).

As of 31 December 2014, other debtors primarily consist of receivables from the outstanding principal and security coupon amounting to CZK 287,224 thousand (2013: CZK 285,694 thousand).

#### Aging Analysis of Receivables from Direct Insurance for Policy Holders:

(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
Card insurance	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
<b>Total</b>	<b>54,093</b>	<b>8,778</b>	<b>1,350</b>	<b>21,534</b>	<b>85,755</b>

(CZK thousand)	Months past due date 2013				Total
	0-3	4-6	7-12	Over 12	
Other non-life products	30	2	16	11,159	11,207
International insurance products	13	26	179	0	218
Merlin	294	1,278	208	390	2,170
Patron	1,564	1,778	138	175	3,655
Card insurance	92	0	0	0	92
Travel individual	16	57	52	812	937
Other life insurance products	1,180	96	25	388	1,689
Group risk life insurance	545	0	0	0	545
Vital	1,252	55	0	99	1,406
Vital Corporate	1,441	34	10	87	1,572
Vital Grand	214	35	96	2,633	2,978
Vital Invest, Blue Vital Invest, Brouček	8,654	104	11	132	8,901
Vital Premium	5,748	0	0	0	5,748
Individual risk life insurance	6,127	751	1,673	8,270	16,821
Consumer loan insurance	7,381	5,637	2,129	0	15,147
<b>Total</b>	<b>34,551</b>	<b>9,853</b>	<b>4,537</b>	<b>24,145</b>	<b>73,086</b>

**Provisions against Receivables from Direct Insurance:**

(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
International insurance products	0	0	0	0	0
Merlin	0	0	0	0	0
Patron	0	4	19	310	333
Card insurance	0	0	0	0	0
Travel individual	0	26	24	868	918
Other life insurance products	0	21	8	383	412
Group risk life insurance	0	0	0	0	0
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
Vital Premium	0	0	0	0	0
Individual risk life insurance	0	344	525	4,750	5,619
Consumer loan insurance	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1,578</b>	<b>633</b>	<b>20,463</b>	<b>22,674</b>

(CZK thousand)	Months past due date 2013				Total
	0-3	4-6	7-12	Over 12	
Other non-life products	0	0	2	11,159	11,161
International insurance products	0	0	0	0	0
Merlin	0	0	0	0	0
Patron	0	5	47	175	227
Card insurance	0	0	0	0	0
Travel individual	0	57	52	812	921
Other life insurance products	0	51	18	388	457
Group risk life insurance	0	0	0	0	0
Vital	0	52	0	99	151
Vital Corporate	0	28	9	87	124
Vital Grand	0	28	96	2,633	2,757
Vital Invest, Blue Vital Invest, Brouček	0	99	10	132	241
Vital Premium	0	0	0	0	0
Individual risk life insurance	0	202	380	8,270	8,852
Consumer loan insurance	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>522</b>	<b>614</b>	<b>23,755</b>	<b>24,891</b>

The Company recognised the provisions against receivables only for individual policies. In the event of collective policies, ie 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.

As of 31 December 2014, a provision for the principal and two coupons of the Landsbanki bond 4.40/09 in the amount of CZK 239,360 thousand (2013: CZK 239,360 thousand) was recognised in respect of other receivables.

#### Receivables Arising from Reinsurance Transactions

The amount of receivables arising from reinsurance transactions is CZK 0 thousand (2013: CZK 0 thousand).

#### 3.4. Cash and Cash Equivalents

(CZK thousand)	2014	2013
Current accounts	158,932	166,340
Cash on hand	100	39
Cash equivalents	422	640
Cash in route	(99)	576
Provision against UB	(67)	(67)
<b>Total</b>	<b>159,288</b>	<b>167,528</b>

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.

### 3.5. Temporary Assets

#### Analysis of temporary assets

(CZK thousand)	31 December 2014	31 December 2013
<b>Deferred acquisition costs</b>	<b>130,796</b>	<b>100,006</b>
of which: Non-life insurance commissions	32,733	25,901
Life insurance commissions	98,063	74,105
<b>Other deferred expenses</b>	<b>7,382</b>	<b>8,331</b>
<b>Accrued income</b>	<b>0</b>	<b>0</b>
<b>Estimated receivables</b>	<b>123,618</b>	<b>111,397</b>
of which: Premiums	34,051	66,151
Reinsurer's commission and share in claims	39,919	9,739
Other	49,648	35,507
<b>Total</b>	<b>261,796</b>	<b>219,734</b>

The balance of estimated premium receivables as of 31 December 2014 of CZK 34,051 thousand (2013: CZK 66,151 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 2014 of CZK 39,919 thousand (2013: CZK 9,739 thousand) results from the settlement of reinsurance balances mainly for the last quarter of 2014.

Other estimated receivables results mainly from not invoiced managerial fees related to Forte funds of CZK 47,128 thousand (2013: CZK 32,810 thousand)

For further details about reinsurance balances refer to Note 3.25.

### 3.6. Equity

(CZK thousand)	31 December 2014	31 December 2013
Share capital	1,175,398	1,175,398
Other capital funds	1,110,518	605,510
– valuation gains and losses of securities	3,272,301	1,955,994
– valuation gains and losses of derivatives	(2,259,438)	(1,702,704)
– valuation of up-front fees	358,147	494,253
– deferred tax	(260,492)	(142,033)
Statutory reserve fund	61,264	61,264
Retained earnings	483,079	303,875
Accumulated losses brought forward	0	0
Profit/(loss) for the period	283,082	418,372
<b>Total</b>	<b>3,113,341</b>	<b>2,564,419</b>

## 3.7. Technical Reserves

(CZK thousand)	31 December 2014		31 December 2013	
Name of reserve	Gross balance	Reins. share	Net balance	Net balance
<b>Life insurance reserve</b>	<b>35,912,689</b>	<b>1,841,683</b>	<b>34,071,006</b>	<b>27,545,334</b>
<b>Life insurance reserve where the investment risk is assumed by the policy holder</b>	<b>5,563,832</b>	<b>0</b>	<b>5,563,832</b>	<b>5,380,972</b>
of which:				
Vital Invest, Brouček, Modrý Vital Invest	5,563,832	0	5,563,832	5,380,972
<b>IBNR reserve</b>	<b>73,117</b>	<b>2,044</b>	<b>71,073</b>	<b>71,505</b>
of which:				
Non-life insurance	34,284	1,647	32,637	39,323
Patron	2,555	0	2,555	3,017
Travel individual	620	54	566	5,000
Travel cards	7,123	1,413	5,710	5,687
Merlin	349	0	349	509
International insurance products	471	0	471	374
Other non-life insurance	23,166	180	22,987	24,736
Life insurance	38,833	397	38,436	32,182
Vital Grand	91	0	91	91
Individual risk life	27,283	128	27,155	18,205
Consumer loans	9,271	0	9,271	11,091
Riders	964	0	964	1,792
Other life insurance	1,224	269	955	1,003
<b>RBNS reserve</b>	<b>381,771</b>	<b>77,576</b>	<b>304,195</b>	<b>251,136</b>
of which:				
Non-life insurance	183,944	74,049	109,895	104,665
Patron	2,996	0	2,996	3,215
Travel individual	4,306	373	3,933	3,648
Travel cards	39,294	9,241	30,053	26,312
Merlin	3,085	0	3,085	3,643
International insurance products	2,725	0	2,725	1,325
Other non-life insurance	131,538	64,435	67,103	66,522
Life insurance	197,827	3,527	194,300	146,471
Vital Invest, Brouček, Modrý Vital Invest	29,473	0	29,473	16,119
Vital	96,595	0	96,595	63,432
Vital Corporate	3,154	0	3,154	1,818
Vital Premium	7,639	0	7,639	17,792
Vital Grand	1,624	0	1,624	2,086
Individual risk life insurance	23,808	1,948	21,860	12,804
Group risk life insurance	1,663	832	831	0
Consumer loans	9,380	0	9,380	9,690
Riders	2,168	0	2,168	2,332
Other life insurance	22,323	747	21,576	20,398
<b>Reserve for bonuses and discounts</b>	<b>1,141,484</b>	<b>0</b>	<b>1,141,484</b>	<b>1,010,469</b>
of which:				
Non-life insurance	398	0	398	471
Other non-life insurance	398	0	398	471
Life insurance	1,141,086	0	1,141,086	1,009,998
Vital Invest, Brouček, Modrý Vital Invest	0	0	0	0
Vital	1,010,374	0	1,010,374	958,676
Vital Corporate	5,845	0	5,845	3,323
Vital Premium	124,867	0	124,867	47,918
Consumer loans	0	0	0	81

(CZK thousand)	31 December 2014			31 December 2013
	Gross balance	Reins. share	Net balance	Net balance
<b>Reserve for unearned premiums</b>	<b>61,577</b>	<b>330</b>	<b>61,247</b>	<b>56,351</b>
of which:				
Non-life insurance	44,865	180	44,685	39,390
Patron	8,800	0	8,800	10,957
Travel individual	230	53	177	233
Merlin	616	0	616	624
International insurance products	33,842	0	33,842	26,523
Other non-life insurance	1,377	127	1,250	1,053
Life insurance	16,712	150	16,562	16,961
Vital Corporate	21	0	21	21
Vital Grand	0	0	0	399
Individual risk life	9,819	0	9,819	9,185
Riders	1,538	0	1,538	1,651
Other life insurance	5,334	150	5,184	5,705
<b>Reserve for the coverage of obligations from the used TIR</b>	<b>172,135</b>	<b>0</b>	<b>172,135</b>	<b>40,638</b>
Vital Invest	40,488	0	40,488	
Vital	24,289	0	24,289	14,119
Vital Corporate	5,622	0	5,622	36
Vital Premium	85,482	0	85,482	24,291
Vital Grand	3,192	0	3,192	900
Other life insurance	13,062	0	13,062	1,292

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

(CZK thousand)	2014	2013
Balance of the reserve for claims as of 1 January	143,988	150,330
Claims paid in the current period arising from claims from the prior period	8,454	8,046
Balance of the reserve for claims as of 31 December	120,712	119,412
<b>Result of claims settlement</b>	<b>14,822</b>	<b>22,872</b>

### 3.9. Result of Life Insurance Claims Settlement – Run-off Analysis (Net)

(CZK thousand)	2014	2013
Balance of the reserve for claims as of 1 January	1,241	1,350
Claims paid in the current period arising from claims from the prior period	138	445
Balance of the reserve for claims as of 31 December	1,010	872
<b>Result of claims settlement</b>	<b>93</b>	<b>33</b>

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



**3.10. Reserve for Other Risks and Losses**

(CZK thousand)	31 December 2014	31 December 2013
Reserve for corporate income tax	68,463	98,249
Reserve for legal disputes and similar risks	13,423	13,407
Restructuring reserve	7,500	7,500
<b>Total reserve for other risks and losses</b>	<b>89,386</b>	<b>119,156</b>

The reserve for legal disputes and similar risks represents 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 ultimate balance of costs associated with the matters referred to above.

The balance of the restructuring reserve as of 31 December 2014 was the same as of 31 December 2013. During the reporting period, the reserve was not released.

**3.11. Payables**

(CZK thousand)	31 December 2014	31 December 2013
Payables from direct insurance to the policy holders	112,896	96,862
Payables to agents	0	0
Payables from reinsurance transactions	1,437	54,384
Other payables from direct insurance and reinsurance	0	0
<b>Total payables from direct insurance and reinsurance</b>	<b>114,333</b>	<b>151,246</b>
Payables to staff from dependent activities	9,947	8,671
Settlement balances with social security and health insurance institutions	5,876	4,810
Payables to financial institutions	0	0
Other payables	301,840	164,824
Other direct taxes	2,707	2,299
Other indirect taxes and fees	6,231	2,506
<b>Total payables</b>	<b>440,934</b>	<b>334,356</b>

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

As of 31 December 2014, the Company records overdue payables from direct insurance to the policy holders (older than 5 years, in the amount of CZK 18,878 thousand; 2013: CZK 10,205 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 256,323 thousand (2013: CZK 132,340 thousand) and unpaid invoices (older than 5 years: CZK 0 thousand).

### 3.12. Temporary Liabilities

#### Analysis of Temporary Liabilities

(CZK thousand)	31 December 2014	31 December 2013
<b>Deferred income</b>	<b>0</b>	<b>0</b>
<b>Estimated payables</b>	<b>244,869</b>	<b>243,499</b>
of which: Reinsurer's share in premiums	17,521	12,638
Commissions to acquirers	178,399	187,358
Insurance claims	2,014	4,048
Other	46,935	39,455
<b>Total temporary liabilities</b>	<b>244,869</b>	<b>243,499</b>

Estimated commissions payables to acquirers of CZK 178,399 thousand (2013: CZK 187,358 thousand) represent an estimate of unpaid commissions for the acquisition of insurance policies. This balance predominantly consists of commissions not paid to ESSOX amounting to CZK 59,766 thousand (2013: CZK 65,443 thousand) and commissions not paid to Komerční banka, a.s. totalling CZK 90,108 thousand (2013: CZK 88,511 thousand).

Other temporary liabilities of CZK 46,935 thousand (2013: CZK 39,455 thousand) principally comprise unbilled supplies of CZK 37,400 thousand (2013: CZK 31,421 thousand) and costs of staff bonuses for 2014 amounting to CZK 8,506 thousand (2013: CZK 7,765 thousand).

### 3.13. Taxation

#### Income Tax Due

The tax due in the fiscal year 2014 totals CZK 65,095 thousand. The tax arising from the standalone tax base is CZK 3,368 thousand. The difference between the tax provision created in 2013 and the real paid tax represents income of CZK 1,989 thousand.

#### Deferred Tax

The Company's deferred tax liability amounted to CZK (256,323) thousand as of 31 December 2014, of which CZK (260,492) thousand was recognised in equity and CZK 5,524 thousand in the profit and loss account in 2014 as a decrease of the deferred tax asset due to fixed assets and reserves.

(CZK thousand)	31 December 2014	31 December 2013
<b>Deferred tax arising from:</b>		
Net book value of tangible and intangible fixed assets	89	7,232
Non-current financial assets	(260,492)	(142,033)
Reserve	4,080	2,461
<b>Total deferred tax</b>	<b>(256,323)</b>	<b>(132,340)</b>

## 3.14. Non-Life Insurance

(CZK thousand)	2014	2013
<b>Gross written premiums</b>	<b>339,329</b>	<b>307,149</b>
Patron	32,651	35,126
Travel individual	12,278	13,011
Card insurance	60,927	55,770
Merlin	129,041	123,993
International insurance products	103,033	78,056
Other non-life insurance	1,051	1,193
Board members insurance	348	0
<b>Gross earned premiums</b>	<b>334,070</b>	<b>307,285</b>
Patron	34,808	37,723
Travel individual	12,359	13,046
Card insurance	60,927	55,770
Merlin	129,049	124,164
International insurance products	95,714	75,579
Other non-life insurance	865	1,003
Board members insurance	348	0
<b>Gross costs of insurance claims</b>	<b>59,821</b>	<b>53,692</b>
Patron	3,091	3,098
Travel individual	2,925	1,957
Card insurance	21,996	23,600
Merlin	16,484	14,214
International insurance products	13,218	9,085
Other non-life insurance	2,107	1,738
<b>Reinsurance balance</b>	<b>(1,981)</b>	<b>(3,740)</b>
<b>Acquisition costs of insurance policies</b>	<b>78,329</b>	<b>70,988</b>
- commissions	78,722	70,834
- other acquisition costs	0	0
- release of deferred expenses and accrued income	0	155
- recognition of deferred expenses and accrued income	(393)	0

## 3.15. Life insurance

(CZK thousand)	2014	2013
Gross written premiums	9,852,956	8,043,820
Earned premiums	9,853,327	8,043,917
Gross costs of insurance claims	2,462,845	2,150,519
Reinsurance balance	(963,859)	(668,659)
Acquisition costs of insurance policies	206,561	153,651
- commissions	229,084	181,964
- other acquisition costs	1,435	1,801
- deferred expenses and accrued income	(23,958)	(30,114)

### Summary of life insurance, written premiums

(CZK thousand)	2014	2013
Individual contracts	9,689,038	7,852,090
of which: insurance contracts where the investment risk is assumed by the policy holder	198,324	593,287
Collective contracts	163,918	191,730
<b>Life insurance – total</b>	<b>9,852,956</b>	<b>8,043,820</b>
Single premiums	8,959,997	7,182,997
of which: insurance contracts where the investment risk is assumed by the policy holder	179,714	571,196
Regular premiums	892,959	860,823
of which: insurance contracts where the investment risk is assumed by the policy holder	18,609	22,092
<b>Life insurance – total</b>	<b>9,852,956</b>	<b>8,043,820</b>
Insurance contracts without premium	481,772	442,260
Insurance contracts with premium	9,371,184	7,601,560
of which: insurance contracts where the investment risk is assumed by the policy holder	198,324	593,287
<b>Life insurance – total</b>	<b>9,852,956</b>	<b>8,043,820</b>

### 3.16. Territorial Analysis of Total Premiums Written

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

(CZK thousand)	2014	2013
Written premiums arise from contracts into which the Company entered:		
in the EU member state where it has its registered office	10,089,260	8,272,876
in other EU member states	103,025	78,093
<b>Total premiums written</b>	<b>10,192,285</b>	<b>8,350,969</b>

### 3.17. Summary of Commissions

For the year ended 31 December 2014, the aggregate balance of commissions in respect of direct insurance was CZK 307,806 thousand (2013: CZK 252,798 thousand) and was segmented as follows:

(CZK thousand)	Life insurance		Non-life insurance	
	2014	2013	2014	2013
Expenses on commissions	229,084	181,964	78,722	70,834

### 3.18. Income and Expense Related to Financial Placements of Technical Reserves

For the year ended 31 December 2014, the net income on the Company's financial placements amounted to CZK 1,141,556 thousand (2013: CZK 1,049,246 thousand), of which the net income from assets generated from technical reserves amounted to CZK 1,056,639 thousand (2013: CZK 965,698 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 2014, this re-allocated balance was CZK 7,702 thousand (2013: CZK 11,091 thousand).

(CZK thousand)	2014		2013	
	Life insurance	Non-life insurance	Life insurance	Non-life insurance
Year-end net balances of reserves	37,479,280	263,493	29,615,912	256,017
Year-end net balances of reserves - investment risk is borne by the policy holder	5,563,832	0	5,380,972	0
Income from reserves	1,048,937	7,702	954,607	11,091

### 3.19. Administrative Expenses

The total amount of administrative expenses was CZK 279,501 thousand in 2014 (2013: CZK 258,078 thousand). The administrative expenses are analysed as follows:

(CZK thousand)	2014	2013
Staff cost (wages, social security and health insurance)	152,213	144,874
Training	2,524	1,978
Advisory services	16,765	12,031
Telecommunication	2,052	2,091
IT costs	14,379	14,579
Depreciation	11,906	14,905
Rental	19,474	19,323
Banking and postal fees	8,073	8,000
Other administrative costs	52,115	40,297
<b>Total</b>	<b>279,501</b>	<b>258,078</b>

The costs of the audit of the financial statements amounted to CZK 1,573 thousand in 2014 (2013: CZK 1,581 thousand). Costs for other consultancy services in 2014 amounted CZK 482 thousand (2013: CZK 0 thousand).

### 3.20. 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 1,751 thousand (2013: CZK 4,235 thousand).

Other technical expenses of non-life insurance amounting to CZK 42,025 thousand (2013: CZK 35,600 thousand) mainly include the profit shares totalling CZK 39,830 thousand (2013: CZK 33,496 thousand).

Other technical income of life insurance primarily includes the management fee for the sale of Forte funds amounting to CZK 48,909 thousand (2013: CZK 48,294 thousand).

Other technical expenses of life insurance include items relating to the cost of profit sharing in the amount of CZK 81,766 thousand (2013: CZK 101,387 thousand) and commissions related to assets under administration in the amount of CZK 125,389 thousand (2013: 91,664 thousand).

### 3.21. 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 was CZK 279,501 thousand (2013: CZK 258,078 thousand) as of 31 December 2014.

3.22. Transactions with Related Parties

	2014	2013	Text
<b>Amounts owed to the Group entities</b>	<b>776,301</b>	<b>1,251,483</b>	
Of which: Komerční banka, a.s.	47,604	56,140	Estimated accrued expenses – Profit sharing
	0	17,878	Invoiced commissions for insurance arrangement
	42,504	33,206	Estimated accrued expenses – Commissions
	1,844	1,686	Uninvoiced accrued expenses – Trade payables
	289	259	Bank Fees
	27,531	583	Trade payables
	2,369,855	1,797,020	Payables from the cross currency swaps
	16,360	4,851	Reported insurance claims
	818	152	Payables from insurance
Of which: Essox, s.r.o.	59,766	65,442	Estimated accrued expenses – Profit sharing
	132	144	Trade payables
Of which: Essox SK, s.r.o.	0	34	Estimated accrued expenses – Commissions
Of which: MPSS, a.s.	1,878	2,829	Estimated accrued expenses – Commissions
	2,364	52	Trade payables
Of which: SG	9,169	4,341	Estimated accrued expenses – Trade payables
Of which: Sogecap	7,598	7,658	Estimated accrued expenses – Trade payables
	274	281	Trade payables
	0	54,384	Payables from insurance
	(1,841,683)	(822,769)	Technical life provision - reinsurer
	40	0	Estimated accrued expenses – Commissions
Of which: SGEB	6,977	5,473	Estimated accrued expenses – Profit sharing
	1,112	898	Estimated accrued expenses – Commissions
Of which: BRD	2,090	2,137	Estimated accrued expenses – Commissions
	10,498	8,186	Estimated accrued expenses – Profit sharing
Of which: BRD Finance	60	73	Estimated accrued expenses – Profit sharing
	1,139	999	Estimated accrued expenses – Commissions
Of which: PFKB	461	414	Trade payables
Of which: HB	1,543	1,151	Estimated accrued expenses – Profit sharing
	2,535	7,591	Estimated accrued expenses – Commissions
Of which: Sogelease	0	1	Estimated accrued expenses – Commissions
Of which: Sogessur	1,915	230	Uninvoiced trade payables
Of which: ALD Automotive	194	159	Trade payables
Of which: Sogelife	2,008	0	Estimated accrued expenses – Commissions
	(574)	0	Technical life provision – reinsurer
<b>Amounts due from the Group entities</b>	<b>4,038,526</b>	<b>3,566,295</b>	
Of which: Komerční banka, a.s.	1,049,179	474,945	Current accounts and deposits
	3,148	4,000	Accrued commissions
	14,375	13,858	Estimated accrued income – premiums
	7,911	13,469	Receivables from insurance
	23	23	Prepayments
	5,621	11,106	Valuation difference – currency swaps
	808,710	808,710	Financial placement
Of which: Essox, s.r.o.	42,248	35,907	Prepayments
	12,676	7,668	Receivables from insurance

	2014	2013	Text
	8,196	32,265	Estimated accrued income – premiums
	317	319	Accrued commissions
Of which: Essox SK, s.r.o.	0	8	Estimated accrued income – premiums
	1	0	Receivables from insurance
	0	26	Prepayments
Of which: HB	3,943	5,917	Current accounts and deposits
	10,176	4,476	Accrued commissions
	3,161	12,506	Estimated accrued income – premiums
	5,595	0	Receivables from insurance
Of which: BRD	16,114	13,833	Accrued commissions
	2,727	2,763	Estimated accrued income – premiums
	39,926	28,509	Current accounts and deposits
Of which: BRD Finance	1,831	2,066	Accrued commissions
	1,358	1,193	Estimated accrued income – premiums
Of which: MPSS	23,524	14,159	Accrued commissions
Of which: PFKB	170	0	Estimated accrued income – premiums
Of which: SG	1,842,645	1,998,191	Financial placements
Of which: SGEB	1,044	1,100	Accrued commissions
	3,028	2,537	Estimated accrued income – premiums
	56,899	35,199	Current accounts and deposits
	334	0	Receivables from insurance
Of which: SGCIB	5,532	3,792	Trade receivables
	47,128	32,810	Estimated accrued income – premiums
	592	819	Receivables from insurance
Of which: Sogecap	0	19	Trade receivables
	17,591	4,095	Estimated accrued income – premiums
Of which: Sogelease	2	3	Estimated accrued income – premiums
	13	4	Receivables from insurance
Of which: Sogelife	2,788	0	Estimated accrued income – premiums
<b>Expenses with the Group entities</b>	<b>(212,411)</b>	<b>218,652</b>	
Of which: Komerční banka, a.s.	46,933	57,162	Expenses on profit sharing
	5,387	5,251	Use of trademark + advertising
	3,835	3,652	Bank Fees
	852	920	Accrued expenses – Commissions
	728,030	556,326	Accrued expenses – Cross currency swaps
	2,511	2,725	Offices lease related expenses
	38,647	8,814	Financial investment related expenses
	279,263	220,163	Commissions
	1,142	1,943	Advisory services
	13,610	17,161	Expenses on instance claims
	137	132	Company benefits
	9,103	8,629	Other expenses
Of which: SG	9,169	4,532	Advisory services
	0	(341)	Other expenses
Of which: Essox, s.r.o.	60,540	67,250	Expenses on profit sharing
	7,174	8,294	Expenses on insurance claims
Of which: Essox SK, s.r.o.	(3)	52	Expenses on profit sharing

	2014	2013	Text
Of which: MPSS, a.s.	24,617	21,978	Commissions
	(9,365)	(12,134)	Accrued expenses – Commissions
	123	90	Use of trademark + advertising
Of which: BRD	6	6	Bank Fees
	21,311	19,977	Commissions
	(438)	(500)	Accrued expenses – Commissions
	4,901	4,264	Expenses on profit sharing
Of which: BRD Finance	78	94	Expenses on profit sharing
	183	(415)	Accrued expenses – Commissions
	2,967	2,857	Commissions
Of which: HB	1,600	634	Expenses on profit sharing
	(1,050)	(232)	Accrued expenses – Commissions
	15,091	7,255	Commissions
Of which: PFKB	2,705	2,615	Company benefits
	56	50	Other expenses
	0	260	Use of trademark + advertising
	115	0	Expenses on profit sharing
Of which: SGEB	18	14	Bank Fees
	7,431	5,376	Expenses on profit sharing
	0	81	Accrued expenses – Commissions
	12,876	9,559	Commissions
Of which: Sogecap	9,583	10,741	Advisory services
	(65,682)	(12,506)	Expenses on insurance claims – reinsurance
	(1,449,348)	(804,966)	Creation of technical life provision – reinsurance
	1,008	0	Advertisement
Of which: Sogelease	6	8	Commissions
Of which: ALD Automotive	1,370	663	Other expenses
	51	28	Commissions
Of which: Sogessur	1,685	190	Other expenses
Of which: Sogelife	(639)	0	Expenses on insurance claims – reinsurance
<b>Income with the Group entities</b>	<b>(329,704)</b>	<b>215,869</b>	
Of which: Komerční banka, a.s.	9,146	3,599	Interest from current accounts and deposits
	508,604	402,402	Accrued interest – cross currency swaps
	231,203	242,044	Written premiums
	79	178	Other income
	20,400	17,340	Financial placement income
Of which: SG	126,074	85,941	Financial placement income
	0	51	Other income
Of which: Essox, s.r.o.	81,362	91,656	Written premiums
Of which: Essox SK, s.r.o.	(7)	37	Written premiums
Of which: MPSS, a.s.	0	0	Written premiums
Of which: BRD	37,463	35,168	Written premiums
	1	1	Interest from current accounts and deposits
Of which: BRD Finance	4,443	4,285	Written premiums
Of which: HB	26,088	11,944	Written premiums
Of which: PFKB	75	0	Written premiums
	170	0	Other income



	2014	2013	Text
Of which: SGEB	34,955	25,795	Written premiums
	89	64	Interest from current accounts and deposits
	0	0	Advertising
Of which: SGCIB	48,909	48,294	Other income
Of which: Sogecap	(1,048,145)	(670,997)	Written premiums – reinsurance
	20,818	1,430	Commissions – reinsurance
	2,512	3,340	Other income
	(430,434)	(86,744)	Release of technical life provision – reinsurance
Of which: Sogelease	31	41	Written premiums
Of which: Sogelife	(7,649)	0	Written premiums --reinsurance
	4,109	0	Commissions – reinsurance

### 3.23. Profit/(Loss)

(CZK thousand)	2014	2013
Non-life insurance	103,987	103,886
Life insurance	166,039	327,034
Non-technical account (before tax)	85,090	83,549
<b>Profit/(loss) before tax</b>	<b>355,116</b>	<b>514,469</b>
Other taxes	72,034	96,097
<b>Profit/(loss) for the accounting period</b>	<b>283,082</b>	<b>418,372</b>

### 3.24. Staff Costs and Similar Costs

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

#### 2013

(CZK thousand)	Average recalculated headcount	Wages and salaries	Social security and health insurance	Total staff costs
Staff	150	93,906	30,683	124,589
Management	5	16,513	3,772	20,285
<b>Total</b>	<b>155</b>	<b>110,419</b>	<b>34,455</b>	<b>144,874</b>

#### 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
<b>Total</b>	<b>157</b>	<b>117,447</b>	<b>34,766</b>	<b>152,213</b>

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.

### 3.25. Reinsurance

#### The aggregate reinsurance result

(CZK thousand)	2014	2013
Reinsurer's share of premiums	(1,096,617)	(706,159)
Reinsurer's share of insurance claims	80,042	20,843
Commissions	25,846	12,916
<b>Reinsurance balance</b>	<b>(990,729)</b>	<b>(672,400)</b>
Reinsurer's share in the creation and use of reserves	6,224	(748)
<b>Reinsurance result</b>	<b>(984,505)</b>	<b>(673,148)</b>

#### The amounts due from and to reinsurers:

(CZK thousand)	31 December 2014	31 December 2013
Receivable from reinsurers	0	0
Estimated receivable	39,918	9,739
Payable to reinsurers	(1,437)	(54,384)
Estimated payable	(17,521)	(12,638)
<b>Net receivable (payable) from reinsurers</b>	<b>20,960</b>	<b>(57,283)</b>

## 4. Off-balance Sheet Commitments

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

## 5. 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 2014

(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 2014, ie, from 1 January 2014 to 31 December 2014 (hereinafter referred to as the "Reporting Period").

## I. Introduction

In the period from 1 January 2014 to 31 December 2014, 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
<b>FRANCE</b>			
<ul style="list-style-type: none"> <li>▶ Compagnie Générale d'Affacturage 100%</li> <li>▶ Généfim 100%</li> <li>▶ Généfimmo Holding 100%</li> <li>▶ Groupe Boursorama 79.5%</li> <li>▶ Groupe Crédit du Nord 100%</li> <li>▶ Groupe Franfinance 100%</li> <li>▶ La Banque Postale Financement 35%</li> <li>▶ Sogébaïl 65.1%</li> <li>▶ Sogéfimur 100%</li> <li>▶ Sogéfinancement 100%</li> <li>▶ Sogelease France 100%</li> <li>▶ Sogéprom 100%</li> <li>▶ Soginfo 100%</li> <li>▶ SG Capital Développement 100%</li> <li>▶ SG capital partenaires 100%</li> <li>▶ SG Services 100%</li> <li>▶ SGPI Société Générale de Participations Industrielles 100%</li> </ul>	<ul style="list-style-type: none"> <li>▶ Banque Française Commerciale Océan Indien 50%</li> <li>▶ CGL Group 99.9%</li> <li>▶ Sogécap Group 100%</li> <li>▶ Sogessur 100%</li> <li>▶ SG de Banque aux Antilles 100%</li> <li>▶ Temsys 100%</li> </ul>	<ul style="list-style-type: none"> <li>▶ Amundi Group 20%</li> <li>▶ CALIF 100%</li> <li>▶ SGSS France 100%</li> <li>▶ Inter Europe Conseil (IEC) 100%</li> <li>▶ SG Option Europe 100%</li> <li>▶ Lyxor Asset Management 100%</li> <li>▶ SG Securities (Paris) SAS 100%</li> <li>▶ Lyxor International Asset Management 100%</li> <li>▶ Newedge Group SA 100%</li> <li>▶ Parel 100%</li> <li>▶ Sogefinerg 100%</li> </ul>	

Société Générale Group

Retail Banking France	International Retail Banking and Financial Services	Global Banking and Investment Services	Komerční banka Group	
EUROPE				
			Companies with KB's qualified interest	Companies controlled by KB
<ul style="list-style-type: none"> <li>▶ SG Factoring SPA Italy 100%</li> </ul>	<ul style="list-style-type: none"> <li>▶ Bank Republic Georgia 93.6%</li> <li>▶ Komerční Banka a.s. (KB) (CZ) 60.35%</li> <li>▶ Banka Societe Generale Albania 88.6%</li> <li>▶ BRD-SG Groupe Romania 60.2%</li> <li>▶ Mobiasbanca Moldavia 87.9%</li> <li>▶ Eurobank Poland 99.5%</li> <li>▶ Ohridska Banka Macedonia 70%</li> <li>▶ Groupe ALD International 100%</li> <li>▶ Fiditalia Group Spa Italy 100%</li> <li>▶ SKB Banka Slovenia 99.7%</li> <li>▶ GEFA Group Germany 100%</li> <li>▶ SG Banka SRBIJA Serbia 100%</li> <li>▶ Groupe Rosbank Russia 99.4%</li> <li>▶ SG Express Bank Bulgaria 99.7%</li> <li>▶ Groupe SG Consumer Finance 100%</li> <li>▶ SG-Splitska Bank Croatia 100%</li> <li>▶ Groupe SG Equipment Finance 100%</li> <li>▶ Société Générale Banka Monténégro 90.5%</li> <li>▶ Hanseatic Bank Germany 75%</li> </ul>	<ul style="list-style-type: none"> <li>▶ Newedge UK Financial Ltd Londres United Kingdom 100%</li> <li>▶ SGSS Deutschland Kapitalanlagegesellschaft GmbH Germany 100%</li> <li>▶ Lyxor Asset Management UK LLP 100%</li> <li>▶ SG Hambros Bank Limited United Kingdom 100%</li> <li>▶ SGSS Spa Italy 100%</li> <li>▶ Société Générale Bank &amp; Trust Luxembourg 100%</li> <li>▶ SG Immobil Belgium 100%</li> <li>▶ SG Investments (U.K.) United Kingdom Ltd 100%</li> <li>▶ Société Générale* branches in: Frankfurt Germany, London United Kingdom, Madrid Spain, Zurich Switzerland, Milan Italy</li> <li>▶ SG Issuer 100%</li> <li>▶ SG Private Banking (Belgium) 100%</li> <li>▶ SG Private Banking (Monaco) 100%</li> <li>▶ SG Private Banking (Suisse SA) 100%</li> <li>▶ SGCMF 100%</li> </ul>	<ul style="list-style-type: none"> <li>▶ Komerční pojišťovna, a.s. 48.99%</li> <li>▶ CBCB – Czech Banking Credit Bureau, a.s. 20%</li> </ul>	<ul style="list-style-type: none"> <li>▶ Modrá pyramida stavební spořitelna, a.s. 100%</li> <li>▶ Bastion European Investments S.A. 99.98%</li> <li>▶ PROTOS, uzavřený investiční fond, a.s. 89.64%</li> <li>▶ KB Penzijní společnost, a.s. 100%</li> <li>▶ Factoring KB, a.s. 100%</li> <li>▶ Essox s.r.o. 50.9%</li> <li>▶ SG Equipment Finance Czech Republic s.r.o. 50.1%</li> <li>▶ KB REAL ESTATE, s.r.o. 100%</li> <li>▶ VN 42, s.r.o. 100%</li> <li>▶ NP 33, s.r.o. 100%</li> <li>▶ Cataps, s.r.o. 100%</li> </ul>

Société Générale Group

Retail Banking France	International Retail Banking and Financial Services	Global Banking and Investment Services	Komerční banka Group
<b>AFRICA – MIDDLE EAST</b>			
	<ul style="list-style-type: none"> <li>▶ BFV SG Madagascar 70%</li> <li>▶ SG Congo 87%</li> <li>▶ Eqdom Marocco 53.7%</li> <li>▶ SG Marocaine de Banques 57%</li> <li>▶ La Marocaine Vie 100%</li> <li>▶ SG Tchad 66.1%</li> <li>▶ SG Algérie 100%</li> <li>▶ Société Générale Burkina Faso 52.6%</li> <li>▶ SG de Banques au Bénin 82.9%</li> <li>▶ Société Générale Ghana Limited 52.2%</li> <li>▶ SG de Banques au Cameroun 58.1%</li> <li>▶ Société Générale Mauritanie 91.0%</li> <li>▶ SG de Banques en Côte d'Ivoire 73.2%</li> <li>▶ Union Internationale de Banque Tunisia 57.2%</li> <li>▶ SG de Banque en Guinée 57.9%</li> <li>▶ SG de Banque en Guinée Equatoriale 57.2%</li> <li>▶ SG de Banque au Liban 16.8%</li> <li>▶ SG de Banques au Sénégal 64.8%</li> </ul>		
<b>AMERICA</b>			
	<ul style="list-style-type: none"> <li>▶ Banco Cacique S.A. Brazil 100%</li> <li>▶ Banco Pecunia Brazil 100%</li> <li>▶ SG Equipment Finance SA Arrendamento Mercantil Brazil 100%</li> <li>▶ SG Equipment Finance USA 100%</li> </ul>	<ul style="list-style-type: none"> <li>▶ Banco SG Brazil SA United States 100%</li> <li>▶ SG Americas Securities, LLC 100%</li> <li>▶ Lyxor Asset Management Inc 100%</li> <li>▶ Newedge USA, LLC 100%</li> <li>▶ Société Générale* branches in: New York United States. Montreal Canada</li> <li>▶ Newedge Canada Inc 100%</li> <li>▶ SG Americas, Inc. USA 100%</li> </ul>	

**Société Générale Group**

Retail Banking France	International Retail Banking and Financial Services	Global Banking and Investment Services	Komerční banka Group
<b>ASIA + AUSTRALIA</b>			
	<ul style="list-style-type: none"> <li>▶ Banque de Polynésie 72.1%</li> <li>▶ Société Générale Calédonienne de Banque 90.1%</li> <li>▶ SG Leasing and Renting Co Ltd China 100%</li> <li>▶ SG Mumbai India 100%</li> </ul>	<ul style="list-style-type: none"> <li>▶ Fortune SG Fund 49.0%</li> <li>▶ SG Securities Korea Co., Korea 100%</li> <li>▶ Lyxor Asset Management Japan Co Ltd 100%</li> <li>▶ SG Securities North Pacific, Tokyo Branch Japan 100%</li> <li>▶ Newedge Japan Inc 100%</li> <li>▶ Newedge Group Hong Kong Branch 100%</li> <li>▶ Societe Generale (China) Ltd 100%</li> <li>▶ SG Asia Ltd (Hong-Kong) 100%</li> <li>▶ SG Securities Asia International Holdings Ltd (Hong-Kong) 100%</li> <li>▶ Societe Generale branches in: Singapore, Tokyo Japan, Seoul South Korea, Hong Kong, Taipei Taiwan</li> </ul>	

During the course of the 2014 reporting period, the Company entered into arrangements with the following Related Entities that are a part of the Group: <sup>1)</sup>

Company	Registered office
ESSOX s.r.o.	Senovážné náměstí 231/7, 370 21 České Budějovice
Komerční banka, a.s.	Na Příkopě 33, 114 07 Praha 1
Modrá pyramida stavební spořitelna, a.s.	Bělehradská 128/222, 120 21 Praha 2
KB Penzijní společnost, a.s.	Náměstí Junkových 2772/1, 155 00 Praha 5, Stodůlky
SG Equipment Finance Czech Republic s.r.o.	Náměstí Junkových 2772/1, 155 00 Praha 5, Stodůlky
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.	Paris La Défence Cedex, 50, Av. Du Général De Gaulle, 92093 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
Société Générale ESPRESSBANK AD	92 bd, Vladislav Varnenchik Str., 9000 Varma, Bulharsko

<sup>1)</sup> 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 2014. The minority shareholder KB had two representatives in the Company's Supervisory Board in the year 2014.

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 an 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 24 April 2014, the majority shareholder, SOGECAP SA, received dividends for the year 2013 in the amount of CZK 121,981,600 CZK

### 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
Collective Insurance Contract for the optional insurance of credit card protection no. 3160000000 (as of 17 November 2009) + 6 Amendments	BRD Finance -Societe Generale S.A.	17.11.2009
Collective Insurance Contract for the optional insurance of credit card protection No. 3220000000 (as of 1 November 2010) + 4 Amendments	BRD -Societe Generale S.A.	1.11.2010
Agreement for Insurance Agency between KP and Credibul – Insurance Contract covering the loss of employment for Credibul loans (as of 4 June 2011) + 1 Annex	Credibul AD	4.6.2011
Financial Protocol between KP and Credibul related to the Insurance Agency Agreement between KP and Credibul (as of 4 June 2011) + 1 Appendix	Credibul AD	4.6.2011
Master Contract for Cooperation within the DSFS Group in the Czech Republic (as of 6 March 2012)	ESSOX, s.r.o.	6.3.2012
Contract for the Collective Insurance of 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
Collective Insurance Agreement covering the consumer loans of the company ESSOX, s.r.o., No. 3130000000 (as of 2 January 2009) + 1 Amendment	ESSOX, s.r.o.	2.1.2009
Contract for the Collective Insurance of the revolving loans and credit cards of ESSOX, s.r.o., No.3110000000 (as of 29 February 2008) + 2 Amendments	ESSOX, s.r.o.	29.2.2008
Contract for the Collective Insurance of the revolving loans and credit cards of ESSOX s.r.o., No. 3120000000 (as of 1 June 2008) + 2 Amendments	ESSOX, s.r.o.	1.6.2008
Contract for the Collective Insurance of the consumer loans of ESSOX s.r.o., No. 3100000000 (as of 1 August 2007) + 3 Amendments	ESSOX, s.r.o.	1.8.2007

Title of Contract	Contracting Party	Date of contract
Contract for Collective Insurance of the consumer loans of ESSOX, s.r.o., No. 3090000000 (as of 1 August 2006) + 2 Amendments	ESSOX, s.r.o.	1.8.2006
Contract for the Collective Insurance of the loans of ESSOX, s.r.o., No. 3020000000 (as of 1 August 2004) + 1 Amendment	ESSOX, s.r.o.	1.8.2004
Contract for the Collective Insurance of the 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 the Collective Insurance of the 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 the Collective Insurance of 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 Personal Data Processing (as of 1 October 2003)	ESSOX, s.r.o.	1.10.2003
Group Insurance Contract (as of 30 March 2009) + 2 Amendments	Hanseatic Bank, Willis GmbH & Co KG	30.3.2009
Advertising Contract	KB Penzijní společnost, a.s.	26.11.2014
Contract for Personal Data Processing (as of 21 January 2013)	KB Penzijní společnost, a.s.	21.1.2013
Framework Cooperation Contract No. 3010000245 (SPEKTRUM PROGRAMME) (as of 17 October 2006) + 2 Amendments	KB Penzijní společnost, a.s.	17.10.2006
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
Contract for Personal Data Processing (as of 10 October 2002)	KB Penzijní společnost, a.s.	10.10.2002
Providing Consulting Services in the area of technical provision calculation for the year 2014	KB Penzijní společnost, a.s.	10.12.2014
Record on Agreement relating to the decrease of a commission on entry fee from extra premium within products Brouček, Vital, Vital Premium and Vital Invest – the so-called "public commitment")	Komerční banka, a.s.	1.1.2014
Agreement on Issuance and Usage of Payment Card (H. Endlerová)	Komerční banka, a.s.	1.2.2014
Record of Agreement to decrease the base for the commission for travel insurance sale	Komerční banka, a.s.	5.2.2014
Administration order	Komerční banka, a.s.	13.2.2014
Record of Agreement on failure to provide a discount on administrative costs in the event of maturity of a Vital Plus product policy (as of 29 June 2012)	Komerční banka, a.s.	7.4.2014
Agreement on Issuance and Usage of Payment Card (J.Nácvoský)	Komerční banka, a.s.	2.7.2014
Record of Agreement to decrease the base for the commission for travel insurance sale	Komerční banka, a.s.	25.7.2014
Partial agreement No. 6 – Provision of Services for WEBEX technical infrastructure solution, ref. No. 0000021303/0000	Komerční banka, a.s.	1.8.2014
Agreement on Establishment and Administration of Current Account	Komerční banka, a.s.	25.8.2014
Administration order	Komerční banka, a.s.	25.8.2014
Termination of Agreement on Issuance of Payment Card	Komerční banka, a.s.	31.8.2014
Termination of Agreement on Issuance of Payment Card	Komerční banka, a.s.	1.10.2014
Agreement on Issuance and Usage of Payment Card (L.Kudrnová)	Komerční banka, a.s.	1.10.2014
Agreement on Establishment and Administration of Current Account	Komerční banka, a.s.	13.10.2014
Administration order	Komerční banka, a.s.	17.10.2014
Command for registration of pledge	Komerční banka, a.s.	31.10.2014
Framework Agreement relating to trading/dealing on financial market	Komerční banka, a.s.	5.11.2014
Agreement on Pledge of Securities	Komerční banka, a.s.	5.11.2014
Administration order	Komerční banka, a.s.	26.11.2014
Command for registration of pledge	Komerční banka, a.s.	26.11.2014
Agreement on Pledge of Securities	Komerční banka, a.s.	1.12.2014
Administration order	Komerční banka, a.s.	12.12.2014
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/ Societé Generale no. 333000000	Komerční banka, a.s.	1.7.2014



Title of Contract	Contracting Party	Date of contract
Distribution agreement of the product Pension insurance (Pojištění penze) as of 2 January 2013	Komerční banka, a.s.	2.1.2013
Partial contract No. 1 (as of 22 February 2012) to the Framework Agreement for the Provision of IT Services (as of 14 September 2010)	Komerční banka, a.s.	22.2.2012
Partial contract No. 2 (as of 22 February 2012) to the Framework Agreement for the Provision of IT Services (as of 14 September 2010)	Komerční banka, a.s.	22.2.2012
Partial contract No. 3 (as of 22 February 2012) to the Framework Agreement for the Provision of IT Services (as of 14 September 2010)	Komerční banka, a.s.	22.2.2012
Partial contract No. 4 (as of 22 February 2012) to the Framework Agreement for the provision of IT Services (as of 14 September 2010) + 1 Amendment	Komerční banka, a.s.	22.2.2012
Record of Agreement to decrease the base for the commission for travel insurance sale (as of 29 June 2012)	Komerční banka, a.s.	29.6.2012
Group Risk Life Policy for employees No. 3280000000 (as of 29 February 2012) + 5 Amendments (Amendment No. 5 as of 30 September 2014)	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
Agreement relating to the collateral of securities (as of 2 July 2012)	Komerční banka, a.s.	2.7.2012
Agreement on Setting Individual Prices (as of 30 August 2012)	Komerční banka, a.s.	30.8.2012
Partial contract No. 5 for the 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
Distribution Agreement for the product VITAL PREMIUM in EUR (as of 23 November 2012) + 1 Amendment	Komerční banka, a.s.	23.11.2012
Cooperation Agreement (as of 21 December 2012) No. 3280000000 + 1 Amendment (as of 23 September 2014)	Komerční banka, a.s.	21.12.2012
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)	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 the 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
Agreement for the 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
Agreement on Confidentiality (as of 9 July 2010)	Komerční banka, a.s.	9.7.2010
Framework Agreement for the Provision of IT services (as of 14 September 2010)	Komerční banka, a.s.	14.9.2010
Acceptance of the Rules for cooperation between KB and the Members of the Group in the field of sourcing and purchasing (as of 15 October 2010)	Komerční banka, a.s.	15.10.2010
Agreement on KB Call Centre services (as of 31 December 2009)	Komerční banka, a.s.	31.12.2009
Contract for collective insurance related to payment cards, No. 2149500001 (as of 26 January 2009) + 6 Amendments	Komerční banka, a.s.	26.1.2009
Contract for rent of non-residential premises – Ostrava (as of 30 September 2009)	Komerční banka, a.s.	30.9.2009
Contract for intermediation of Vital Plus (as of 14 April 2009) + 4 Amendments	Komerční banka, a.s.	14.4.2009
Contract for Collective Insurance of loans, No. 3140000000 (as of 5 May 2009) + 1 Amendment	Komerční banka, a.s.	5.5.2009
Contract for collective insurance MERLIN and PROFIL MERLIN No. 3170000000 (as of 5 October 2009) + 6 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

<b>Title of Contract</b>	<b>Contracting Party</b>	<b>Date of contract</b>
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
Distribution Agreement No. 1 for "VITAL PREMIUM" (as of 18 December 2006) + 7 Amendments	Komerční banka, a.s.	18.12.2006
Contract for accepting electronic payments via Moje platba (as of 14 December 2009)	Komerční banka, a.s.	14.12.2009
Contract for cooperation in portfolio valuation (as of 9 December 2009)	Komerční banka, a.s.	9.12.2009
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 (Amendment No. 2 dated 9 September 2014)	Komerční banka, a.s.	21.11.2008
Contract for accepting payment cards – Internet (as of 29 March 2007) + 1 Amendment	Komerční banka, a.s.	29.3.2007
Collective insurance agreement for consumer loans No. 3010000000 (as of 1 August 2007) + 5 Amendments	Komerční banka, a.s.	1.8.2007
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
Contract for mutual cooperation (as of 1 August 2007) + 1 Amendment	Komerční banka, a.s.	1.8.2007
Contract for collective insurance of credit cards of Komerční banka, a.s., No. 3040000000 (as of 1 November 2007) + 2 Amendments	Komerční banka, a.s.	1.11.2007
Separate Distribution Agreement on Vital Invest (as of 4 October 2006) + 20 Amendments	Komerční banka, a.s.	4.10.2006
Insurance contract for collective insurance of persons (as of 9 January 2003) + 8 Amendments	Komerční banka, a.s.	9.1.2003
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) + 1 Amendment	Komerční banka, a.s.	25.4.2006
Contract for intermediation of "MERLIN" (as of 25 April 2006) + 1 Amendment	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) + 4 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
Distribution Agreement for product "travel insurance" (as of 14 June 2006) + 3 Amendments	Komerční banka, a.s.	14.6.2006
Contract for the provision of direct banking with client ID No. (as of 31 August 2015)	Komerční banka, a.s.	31.8.2006
Contract for the 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
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
Contract for renting non-residential premises (Brno) (as of 31 May 2005)	Komerční banka, a.s.	31.5.2005
Contract for the use of KB safety deposit box (2 contracts)	Komerční banka, a.s.	21.11.2003
Contract for rent of non-residential premises – Jihlava (as of 31 January 2003) + 8 Amendments	Komerční banka, a.s.	31.1.2003
Licence agreement (as of 20 December 2004)	Komerční banka, a.s.	20.12.2004
Contract for collective insurance to KB credit cards, No. 3040000000 (as of 1 November 2004) + 2 Amendments	Komerční banka, a.s.	1.11.2004

Title of Contract	Contracting Party	Date of contract
Contract for Patron collective insurance (as of 25 August 2003) + 1 Amendment	Komerční banka, a.s.	25.8.2003
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
Cooperation agreement (as of 22 September 2005)	Komerční banka, a.s.	22.9.2005
Contract for the provision of services on short-term bonds market (as of 23 October 2001)	Komerční banka, a.s.	23.10.2001
Contract for cooperation (as of 27 December 2000)	Komerční banka, a.s.	27.12.2010
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 the collateral of securities as of 28 March 2013	Komerční banka, a.s.	28.3.2013
Agreement relating to the 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 + 1 Amendment	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
Contract for provision of direct banking (as of 6 March 2012)	Komerční banka, a.s. a Komerční banka, a.s. Slovensko	6.3.2012
Administration order (as of 9 February 2012)	Komerční banka, a.s. a Komerční banka, a.s. Slovensko	9.2.2012
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
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 for the decrease of the commissions as of 18.12.2013 for the year 2014	Modrá pyramida stavební spořitelna, a.s.	15.10.2012
Distribution Agreement for the Product Moudré pojištění Risk Life Insurance (as of 15 October 2012) + 1 Amendment	Modrá pyramida stavební spořitelna, a.s.	15.10.2012
Distribution Agreement for Product Pyramida Risk Life insurance (as of 15 October 2012) + 1 Amendment	Modrá pyramida stavební spořitelna, a.s.	15.10.2012
Distribution Agreement for the product RISK LIFE INSURANCE POJIŠTĚNÍ PENZE	Modrá pyramida stavební spořitelny a.s.	21.12.2012
Contract for the 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
Framework Cooperation Contract No. 3010000246 (as of 9 April 2008)	Modrá pyramida stavební spořitelny a.s.	9.4.2008
Collective co-insurance agreement for the 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
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 Identification of Insurance Agent No. 1 (as of 1 January 2010)	SG Expressbank JSC, Bulgaria	1.1.2010
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
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
Framework Agreement no. 1023	Société Générale EXPRESSBANK AD	31.8.2012

<b>Title of Contract</b>	<b>Contracting Party</b>	<b>Date of contract</b>
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
Insurance Agency Agreement No.1 (as of 24 September 2009) + 18 Annexes and Financial Protocol to agreement + 2 Amendments	Société Générale EXPRESSBANK AD	24.9.2009
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
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
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
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
Commitment Letter (as of 29 July 2009)	Société Générale S.A.	29.7.2009
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
Contract for the provision of SG's consultancy services (as of 31 January 2008)	Société Générale S.A.	31.1.2008
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
Commitment Letter – 3-8Y Autocallable in CZK Forte 4 (as of 7 September 2010)	Société Générale S.A.	7.9.2010
Commitment Letter – 3-8Y autocallable in CZK Forte 2 (as of 12 November 2009) + 1 Amendment	Société Générale S.A.	12.11.2009
Commitment Letter (Optimo Komodity II) as of 24 April 2012	Société Générale S.A. a Komerční banka a.s.	24.4.2012
Commitment Letter – Optimo 6Y EMTN in CZK (as of 20 September 2011)	Société Générale S.A. and Komerční banka, a.s.	20.9.2011
Agreement on the hiring of international workforce	Société Générale S.A.	28.1.2013
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
Data Protection Agreement – Processing of HR Data by Société Générale (as of 16 September 2011)	Société Générale S.A.	16.9.2011
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
Outsourcing agreement of internal audit function as of 24 June 2013	Société Générale S.A. and Komerční banka, a.s.	24.6.2013
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
Personnel costs re-invoicing agreement for employees (as of 19 December 2011)	Sogecap S.A.	19.12.2011
Framework Agreement for the provision of services (as of 3 May 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
Agreement on Settlement and Replacement of Rights and Obligations (as of 25 April 2012)	Sogecap S.A.	25.4.2012

Title of Contract	Contracting Party	Date of contract
Quota Share Reinsurance Treaty, ID no. SGQSR12	Sogecap S.A.	10.6.2013
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	27.6.2012
Quota Share Reinsurance Treaty, ID no. SGBG2014	Sogellife 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)	Sogellife 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)	Sogellife Bulgaria IJSC, Credibul AD	4.6.2011
Framework insurance policy #1018 Société Générale Expressbanka as of 5 February 2013 + 1 Amendment	Sogellife Bulgaria IJSC, Société Générale Expressbank AD	5.2.2013
Framework insurance policy #1023 SGEB AD as of 5 February 2013	Sogellife Bulgaria IJSC, Société Générale Expressbank AD	5.2.2013
Framework insurance policy #1024 (Toyota Optimal Leasing Protect and Sogelease Bulgaria) as of 5 February 2013	Sogellife Bulgaria IJSC, Sogelease Bulgaria Ltd.	5.2.2013
Framework insurance policy #1027 as of 5 February 2013	Sogellife Bulgaria IJSC, Sogelease Bulgaria Ltd.	5.2.2013
Framework insurance policy #1012 as of 5 February 2013	Sogellife Bulgaria IJSC, TBI Credit JSC	5.2.2013

### 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 2014 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 20 March 2015



**STÉPHANE CORBET**

Chairman of the Board of Directors and CEO



**HELENA ENDLEROVÁ**

Member of the Board of Directors and Head of Financial Section

## Notes

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Komerční pojišťovna, a.s.

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