Annual Report 2014

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Company profile

BUSINESS NAME: Generali Poisťovňa, a. s.

LEGAL FORM: Joint stock company

REGISTERED OFFICE:
Lamačská cesta 3/A, 841 04 Bratislava, Slovak Republic

COMPANY REGISTRATION NO.: 35 709 332

COMMERCIAL REGISTER:
District Court of Bratislava I, Section SA, File No. 1325/B

DATE OF REGISTRATION: 12 February 1997

SHARE CAPITAL: € 25,000,264

SHAREHOLDERS: Generali CEE Holding, B.V. (100%)

Generali insurance company is one of the strongest of the market leaders in Slovakia. It is part of one of the largest insurance groups in Central and Eastern Europe, Generali CEE Holding, which operates in 10 countries of the region. It provides services to more than 11 million customers, who can benefit from its extensive international experience and well-established tradition in providing both life and non-life insurance.

Generali retained its strong market position as a universal insurance company in 2014. We wish to remain a reliable partner in insurance and therefore the quality of client services is our primary focus. We continually introduce the most advanced systems and build on the professionalism and expertise of our employees, in order to ensure that clients receive first-class support with the greatest possible convenience. This begins with superior insurance consultancy and continues throughout policy management and the prompt settlement of claims. We operate in more than 100 branches in Slovakia and our call center is available to you, our clients, 24 hours a day and seven days a week.

We provide a complex portfolio of life and non-life insurance, insurance for small and medium-sized businesses, as well as individual solutions for large businesses. Our aim is to constantly monitor market requirements, in order to provide superior and innovative products. These have been regularly, as again in 2014, recognized by prestigious insurance company and financial institution competitions. Last year, Generali won awards in the competitions Zlatá minca, Gold Partner and HERMES: Communicator of the Year.

We continuously work to improve the quality of client services by implementing innovations. In 2014 we introduced new online services, including tracking of insurance claims for non-life insurance products and electronic inspection of damage on vehicle insurance products. This accelerated and optimized the whole process of claim settlement. Moreover, we extended insurance premium payment alternatives through our network of supermarket partnership.

The most important international project of Generali and other companies from the Generali Group in 2014 was rebranding. The aim of this project was to align our logo and identity all over the world, with the basic concept of "One Company – One Brand – One Identity". Creating a single corporate culture in the form of vision, mission and values, implemented throughout the entire Group from the beginning of 2014, was also part of the project. The aim of the implemented changes was to transform Generali into a truly integrated global insurance group.

In September 2014 we concluded a contract with Austrian Europäische Reiseversicherung (part of Generali Group) on acquisition of its Slovak branch – "Európska cestovná poisťovňa". This became part of Generali after the approval of the transaction by regulatory bodies of both companies as at 1 January 2015. Generali also took over its subsidiary, the Slovak branch of Genertel insurance as at 31 December 2014.

As a socially responsible enterprise, Generali again took part in the largest Slovak voluntary project, "Our City", and financially supported 10 non-profit organizations and community associations. In cooperation with Siemens, Generali for the first time organized charitable Christmas markets for children from various crisis centers.

Generali also contributed to sports activities in 2014 by becoming a top partner of JUPIE Marek Hamsik's football school and supported young, talented footballers.

In cooperation with the Slovak Police Force, Generali organized a road safety event, "Apple – Lemon". The aim of the event was to raise awareness of traffic violations and to present Generali as a socially responsible company, committed to increasing road safety.

In the field of internal communications, Generali continued its successful project aimed at employees. There was a special program supporting their loyalty towards the brand and products as well as a year-round series of motivational activities, strengthening their relationship to the company as employer.

History of Generali

2014

Change of the business name from
Generali Slovensko Poisťovňa, a. s. to Generali Poisťovňa, a. s.

2008

Formation of Generali Slovensko poisťovňa, a. s., by merger of
Generali Poisťovňa, a. s. and Česká poisťovňa Slovensko, a. s.

1996

Formation of Generali Poisťovňa, a. s., in the Slovak market
as a subsidiary of Generali Holding Vienna AG

1833

Formation of six agencies of Assicurazioni Generali in the
Slovak market which were terminated by the nationalization
of private insurance companies in 1945

1831

Formation of Assicurazioni Generali in Terst

Complete Range of Products 2014

LIFE INSURANCE PRODUCTS

- Accident and sickness insurance AKTIV+
- Group accident insurance ŠKOLÁK
- Life insurance La Vita
- Prima Vita capital insurance
- Group accident insurance
- Self-sufficiency insurance Sempre

TRAVEL INSURANCE PRODUCTS

- Short-term
- Annual
- Short-term – for educational and au-pair placement
- Annual travel – for truck, freight and bus transport drivers
- Mountain rescue for Slovakia
- Group travel

MOTOR VEHICLE ACCIDENT INSURANCE AND MANDATORY LIABILITY INSURANCE PRODUCTS

- AUTOMAX (from 4 October 2014)
- SUPERAUTO
- AUTOPRIMA (until 31 December 2014)
- AUTOPROTEKT (until 31 December 2014)
- Additional motor vehicle insurance AUTOSET
- Fleet
- Additional motor vehicle accident insurance:
  - Windscreen
  - Insurance of car windows
  - Custom equipment
  - Luggage and personal belongings
  - Passenger accident
  - Replacement vehicle
  - Business cover
  - Insurance of financial loss (GAP)
  - “Kasko Plus” assistance service
  - “Premium” assistance service

- AUTOMATIK štandard – motor third party liability insurance
- AUTOMATIK plus – motor third party liability insurance
- Fleet motor third party liability insurance

PROPERTY AND LIABILITY INSURANCE PRODUCTS

- DOMino comprehensive property insurance
  - Immovable property
  - Household contents
  - Liability
- Individual civil liability
- Pet insurance for dogs (until 31 December 2014)

BUSINESS PROPERTY INSURANCE PRODUCTS

- Natural disaster or all risks
- Fire business interruption
- Burglary, robbery and fraud
- Machinery breakdown
- Electronic equipment
- Comprehensive machinery
- CAR/EAR
- Business interruption due to breakdown of machinery and electronic equipment
- Consignment
- Carrier liability
- Marine
- Aviation

BUSINESS LIABILITY INSURANCE PRODUCTS

- General third party liability
- CMR
- Professional liability
- Employee’s liability (individual and group)
- Environmental liability

AGRICULTURAL RISK INSURANCE

- Crop
  - Hail and other natural perils
  - Winter and spring frost
  - Drought in emergency
- Livestock
  - Contagion
  - Infectious diseases
  - Unscheduled interruption of the supply of electricity from the public distribution network
  - Electrocution of animals
  - Acute poisoning by exogenous toxic substances
  - Natural perils
  - Overheating of body
  - Acute non-infectious disease
  - Injury
  - Birth injury

Chairperson's statement

Dear clients, shareholders and business partners,

We present Generali's 2014 annual report, which reflects the most important events and financial results of the Company. In view of the achievements of management, I would venture to suggest that the past year was a successful one. We closed with a positive operating result of EUR 7.75 million, which represents an annual increase of 11.5% and managed to retain our position as the one of the strongest insurance companies in Slovakia with a market share of 8%.

Looking at 2014, one of the most important events was the commencement of the incorporation of Genertel and Európska cestovná poisťovňa which were taken over by Generali and became part of our structure in January 2015. I consider this to be strategic step, not only because of growth in market share and increase of written premiums by almost EUR 11 million, but also because of the close coordination of these three brands. This will bring us the benefits of higher effectiveness and experience from other markets.

Another important international project of Generali and other companies from the Generali Group in 2014 was rebranding. The aim of this project was to align our logo and identity all over the world, with the basic idea: "One Group – One Strategy – One Brand". In order to create a single corporate culture, we have implemented a new mission, vision and values, common for all entities within the Generali Group, which will support the overall success of the Company.

I am especially pleased with our success in the product area, as we managed to continue our product offensive from the prior year. We extended our product line in the nonlife segment, specifically in property insurance. This represents a progressive jump in the property insurance portfolio and a good base for innovation in this area for 2015. We also brought innovation to motor vehicle insurance. Following the extraordinarily successful MTPL insurance, we launched the new product of CASCO insurance, which has unique attributes and is accessible for all groups of drivers. As a 50% shareholder of VUB Generali DSS, we also decided to enter the market with repayment of annuities from the second pillar.

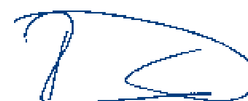
Our 2014 business results confirmed our growth strategy, as well as the overall improvement of economic indicators. Despite the increasing competition in individual segments, we managed to sustain growth of insurance premiums. MTPL insurance, with growth of 13%, significantly contributed to the overall increase of premiums. A production boom through our partners created a base for development and profitability of the Company in the life insurance sector. In the previous year we successfully started the trend of strengthening our position within external partners. This meant cooperation not only with large MLM companies but also with specialized brokers. Moreover, we restarted strategic collaboration with VUB. We also commenced activities, which will lead to increasing effectivity of our internal sales network and professionalism of our exclusive insurance brokers.

2014 was marked by an increase in the efficiency of individual Company processes, as one of our priorities for the future is to build a fully digital insurance company. Therefore, we constantly place importance on increasing the effectiveness of internal processes. To fulfill this objective we introduced significant procedural program innovations, which provided superior and more efficient services to our clients. Online tracking of insurance claims, new possibilities of premium payments or electronic inspection of damages in the case of vehicle insurance, are examples of implemented innovations in 2014, which increase the convenience of services to our customers.

We plan to continue with this trend for several years. We want brand Generali to grow, remaining a reliable partner with strong foundations and a large range of high quality products, accompanied by professional services on which our clients can rely.

On behalf of all the members of the Board of Directors, I wish to thank our clients for their trust, our shareholders for their support and also our business partners for their cooperation. A special thank you goes to all colleagues, including our insurance brokers, who contributed to the achievement of our common objectives.

I am convinced that in 2015 we will again meet all our objectives and commitments to our clients, shareholders and business partners.



Ing. Roman Juráš
Chairperson and CEO

Boards of the Company

Board of Directors (from left to right): R. Juráš, J. Jurčík, J. Doubravský, M. Hrotka

BOARD OF DIRECTORS

Roman Juráš
Chairperson (since 8 June 2013)

Juraj Jurčík
Member (since 4 September 2013)

Jiří Doubravský
Member (since 4 September 2013)

Marian Hrotka
Member (since 19 July 2013)

SUPERVISORY BOARD

Luciano Cirinà
Chairperson (since 1 September 2013)

Klára Starková
Member (since 11 July 2014)

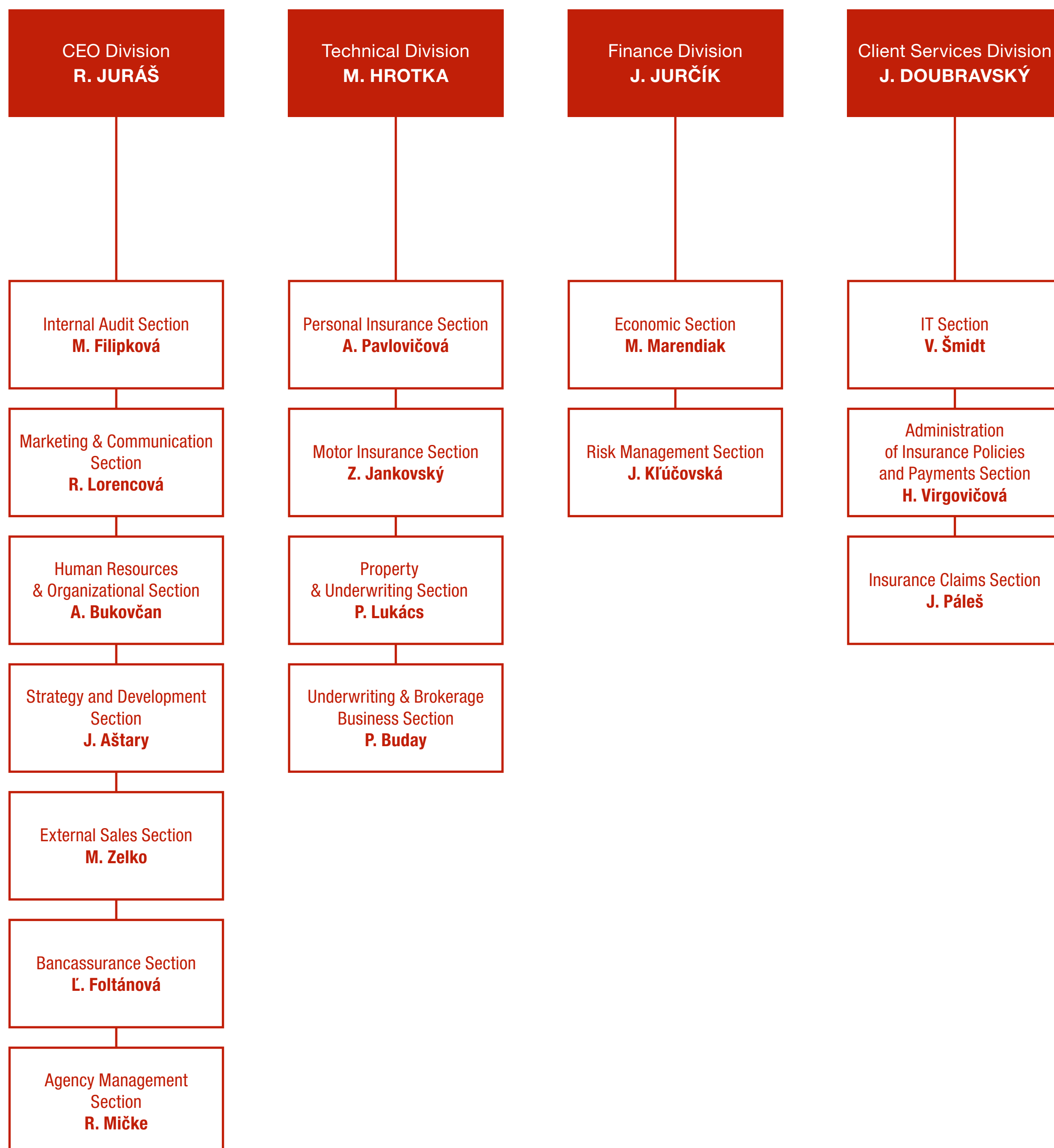
Luisa Coloni
Member (from 1 September 2013 until 10 July 2014)

Marcela Nberiová
Member (since 18 April 2012)

Gregor Pilgram
Member (since 1 September 2013)

Michaela Ďurišinová
Member (since 4 December 2013)

Organisational structure as at 31 December 2014



Shareholders

Since 1997, Generali has exercised its insurance activities in the Slovak Republic, based on the approval of the Slovak Ministry of Finance. Since its incorporation, Generali has belonged to Generali Group, which is one of the biggest insurance companies worldwide.

As at 1 October 2008 Generali Poisťovňa, a.s. merged with the company Česká poisťovňa – Slovensko, a.s. and created one company Generali Slovensko poisťovňa, a.s.

The Company is owned by the single shareholder Generali CEE Holding B.V. with its registered office Diemerhof 32, 1112XN Diemen, Netherlands which has been owned by Assicurazioni Generali S.p.A., Piazza Duca degli Abruzzi 2, I-34132 Trieste, Italy since 16 January 2015. Generali CEE Holding B.V. owns 75,302 shares, which represents 100% of the Company's share capital and 100% share of voting rights.

Generali CEE Holding B.V. operates in 10 countries of Central and Eastern Europe – Bulgaria, Montenegro, Czech, Croatia, Hungary, Poland, Romania, Slovakia, Slovenia and Serbia. Companies in these countries provided services to approximately 11 million customers with Gross written premium of EUR 3.37 billion in 2014.

Report of the Board of Directors on the Company's business activities and assets for 2014

During 2014, the Board of Directors of Generali Poisťovňa, a. s. ("the Company"), in exercising its rights and obligations arising under the Articles of Association and generally binding legal regulations, regularly informed the Supervisory Board of the Company's business activities, in addition to overall developments in the Slovak insurance market.

One of the goals during calendar year 2014 was to strengthen the Company's position in the Slovak insurance market. The Company's main focus in 2014 was on process improvement to maximize the quality of products and services offered and to maintain the upward trend in cost effectiveness. Emphasis was also put on revitalizing the business dynamic, in particular in the life insurance field.

The Board of Directors is responsible for preparing the separate financial statements for 2014. The financial statements have been audited by Ernst & Young Slovakia, spol. s r.o., which issued the opinion that the financial statements present fairly the financial position of the Company, its financial performance and cash flows for 2014.

On the basis of comparable statistical information processed by the Slovak Association of Insurance Companies, the insurance market in the Slovak Republic, with a comparable group of insurance companies, grew in 2014 in year-on-year comparison, by a total of 0.4%. Gross written premiums of the Company in 2014 decreased by 0.2%, while market share was retained at 8%. This was despite the fact that the dynamics of the business significantly increased, which is also reflected in higher quality of the product portfolio. In non-life insurance, the Company experienced an increase of 1.5%, while the insurance market increased by 3% on a comparable basis. The Slovak life-insurance market experienced an increase of 0.3% in regularly paid life insurance, while the gross written premiums of the Company declined by 1.7%.

In non-life insurance, a good result was achieved in the private property insurance segment (home/apartment/household insurance), with an increase in gross written premiums of 6.2%. The downward trend in CASCO insurance continued with a decrease in gross written premiums of 2.8%. Motor third party liability insurance recorded significant turnover and increased by 13% in gross written premiums compared to prior year. The Company achieved a net non-life insurance loss ratio of 55.2%.

At the end of 2014 the Company acquired two branches of insurance companies from other EU Member States (insurance Genertel from Hungary and Europäische Reiseversicherung AG from Austria) and delimited its insurance portfolio to newly-created branches (Genertel and Európska cestovná poisťovňa) within the Company.

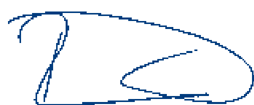
In 2014, the Company achieved total gross written premiums of EUR 174 million, comprising EUR 95.7 million in non-life insurance and EUR 78.3 million in life insurance.

The Board of Directors proposes dividing the after tax profit of EUR 7,752 thousand reported in the separate financial statements for 2014 as follows:

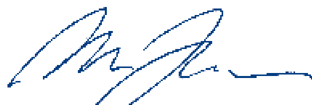
- EUR 775.2 thousand to replenish the reserve fund under the provision of Article 13, para. 2, of the Company's Articles of Association
- EUR 6,976.8 thousand to carry forward to the next period, through the account of retained profit of previous periods

In 2015, the Company will be focused mainly on maintaining profitability and further improving the business dynamic in both life and non-life insurance. Additionally, this will include increasing effectiveness, carefully monitoring operational expenses, improving processes and continuing with a strongly customer-oriented approach.

In Bratislava, 5 May 2015



Ing. Roman Juráš
Chairperson



Ing. Marian Hrotka, PhD.
Member

Ing. Jiří Doubravský, PhD., MBA
Member

Ing. Juraj Jurčík, MBA
Member

Report of the Supervisory Board of Generali Poisťovňa, a. s.

Lamačská cesta 3/A, 841 04 Bratislava, CRN (IČO): 35 709 332, registered with the Commercial Register of the Bratislava I District Court, Section: Sa, File No. 1325/B (the Company) on the results of its supervisory activities regarding the separate financial statements for 2014, the auditor's report and the proposal of the Board of Directors for the Company's profit distribution *as adopted per rollam in accordance with the provisions of Article 9, Section 14, of the Company's Articles of Association.*

In accordance with the provisions of Article 9, Section 1, Letter a) of the Company's Articles of Association, the Supervisory Board has approved this report on the results of its supervisory activities regarding the separate financial statements for 2014, the auditor's report, and the proposal of the Board of Directors for the Company's profit distribution.

In 2014, the Supervisory Board carried out its rights and duties in line with the Company's Articles of Association and the generally binding legal regulations. The Supervisory Board has been regularly informed by the Company's Board of Directors about the Company's business activities and its asset position and the Supervisory Board supervised the activities of the Board of Directors. The Supervisory Board hereby declares that the Company's business activities were carried out in line with the law, the Company's Articles of Association and the general meeting's resolutions.

The Company's separate financial statements for 2014 were audited by Ernst & Young Slovakia, spol. s r.o. The Supervisory Board acknowledged and accepted the auditor's report. The Supervisory Board reviewed the Company's separate financial statements for 2014, prepared and submitted by the Board of Directors. It has accepted the proposal of the Board of Directors for the 2014 Company's profit distribution and reviewed the report of the Board of Directors on the Company's business activities and its asset position for 2014, without raising any objections to any of these documents.

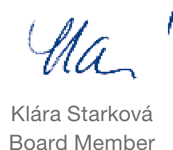
As proposed by the Board of Directors, the Company's profit of EUR 7,751,583.91, presented in the separate financial statements for 2014 will be distributed as follows:

a) EUR 775,158.39 will be appropriated to the legal reserve fund according to Article 13, para. 2, of the Company's Articles of Association.
b) EUR 6,976,425.52 will be carried forward to the next period to retained profit from previous periods.

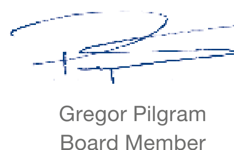
The Supervisory Board recommends the general meeting to approve the separate financial statements for the financial year 2014 and distribute the Company's profit in line with the proposal submitted by the Board of Directors.

In Prague, 12 May 2015

Luciano Cirinà
Board Member

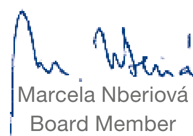


Klára Starková
Board Member



Gregor Pilgram
Board Member

In Bratislava, 12 May 2015



Marcela Nberiová
Board Member

Michaela Ďurišinová
Board Member

Financial Section

Report on the Verification of the Annual Report Compliance with the Financial Statements

Ernst & Young Slovakia, spol. s r.o.
Hodžovo námestie 1A
811 06 Bratislava
Slovenská republika

Tel: +421 2 3333 9111
Fax: +421 2 3333 9222
ey.com

Appendix to the independent auditors' report
on the consistency of annual report with audited financial statements
in accordance with Act No. 540/2007 Z.z. § 23 par. 5

To the Shareholder of Generali Poisťovňa, a. s.:

I. We have audited the financial statements of Generali Poisťovňa, a. s. ("the Company") as at 31 December 2014 presented in the annual report. We issued the following independent audit report dated 25 March 2015 on the financial statements:

"Independent Auditors' Report

To the Shareholder of Generali Poisťovňa, a. s.:

We have audited the accompanying financial statements of Generali Poisťovňa, a. s. ('the Company'), which comprise the balance sheet as at 31 December 2014 and statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

25 March 2015
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Dalimil Draganovský
SKAU Licence No. 893"

II. We have also audited the consistency of the annual report with the above-mentioned financial statements. The management of the Company is responsible for the accuracy of preparation of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements, based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accounting information presented in the annual report and derived from the financial statements is consistent, in all material respects, with the financial statements. We have checked that the information presented in the annual report is consistent with that contained in the audited financial statements as at 31 December 2014. We have not audited information that has not been derived from audited financial statements or Company accounting records. We believe that our audit provides a reasonable basis for our opinion

Based on our audit, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements of the Company as at 31 December 2014 and is in accordance with the Act on Accounting No 431/2002 Z.z., as amended by later legislation.

25 June 2015
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Dalimil Draganovský
SKAU Licence No. 893

Independent Auditor's Report

Independent Auditors' Report

To the Shareholder of Generali Poisťovňa, a. s.:

We have audited the accompanying financial statements of Generali Poisťovňa, a. s. ('the Company'), which comprise the balance sheet as at 31 December 2014 and statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

25 March 2015
Bratislava, Slovak Republic

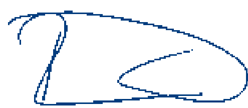
Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Dalimil Draganovský
SKAU Licence No. 893

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Separate financial statements

AS AT 31 DECEMBER 2014 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION



Ing. Roman Juráš
Chairman of the Board of Directors

Ing. Juraj Jurčík, MBA
Member of the Board of Directors

Ing. Sylvia Čonková
Person responsible for accounting

Ing. Silvia Joštiaková
Person responsible for the financial statements

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SEPARATE BALANCE SHEET

All amounts are in thousands of EUR, unless stated otherwise	Note	As at 31 Dec. 2014	As at 31 Dec. 2013
ASSETS			
Tangible assets	5	3 817	4 337
Intangible assets	6	39 541	42 523
Other non-financial assets		910	1 836
Investments in subsidiaries and joint ventures	7	16 604	16 604
Financial assets			
– term deposits	8	1 250	6 170
– available for sale assets	8	268 359	247 365
– assets at fair value through profit or loss	8	152 552	151 597
– derivatives	8	–	202
Reinsurance assets	9,15	45 079	44 788
Loans and receivables	10	13 699	14 321
Tax assets		217	–
Deferred acquisition costs	11	28 153	26 682
Cash and cash equivalents	13	16 554	4 347
Total assets		**586 735**	**560 772**
EQUITY			
Share capital		25 000	25 000
Legal reserve fund		4 872	4 177
Available-for-sale financial assets revaluation reserve		13 369	7 225
Share-based payment		95	25
Profit for the year and retained earnings		76 052	72 495
Total equity	**14**	**119 388**	**108 922**
LIABILITIES			
Technical liabilities from insurance contracts	15	412 737	403 637
Deposits from reinsurers	16	286	425
Financial liabilities			
– derivatives	8	2 012	36
Income tax – liability		–	117
Deferred tax liabilities	12	7 780	8 088
Trade and other liabilities	17	44 532	39 547
Total liabilities		**467 347**	**451 850**
Total equity and liabilities		**586 735**	**560 772**

SEPARATE INCOME STATEMENT

All amounts are in thousands of EUR, unless stated otherwise	Note	2014	2013
Gross earned premium		172 418	175 919
Earned premium ceded to reinsurers		-47 402	-47 471
Net earned premium	**18**	**125 016**	**128 448**
Income/(loss) from financial investments	19	14 337	17 225
Income/(loss) from derivative financial instruments	19	-428	905
Loss on impairment of available-for-sale financial assets	20	-420	-116
Commission from reinsurers		10 820	10 393
Other income	21	2 160	1 801
		151 485	**158 656**
Insurance benefits and claims handling expenses in life insurance		54 252	57 779
Insurance benefits in life insurance ceded to reinsurers		-344	-177
Insurance benefits and claims handling expenses in non-life insurance		41 769	50 040
Insurance benefits and claims handling expenses ceded to reinsurers in non-life insurance		-14 374	-20 447
Net insurance benefits and claims	**22,25**	**81 303**	**87 195**
Commission and other acquisition costs	23,25	39 476	40 449
Investment management expenses	24,25	720	682
Administration costs	25	20 494	20 800
		141 993	**149 126**
Profit before taxes		**9 492**	**9 530**
Income tax	26	-1 740	-2 575
Profit after taxes		**7 752**	**6 955**

Ing. Roman Juráš
Chairperson

Ing. Juraj Jurčík, MBA
Board Member

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

All amounts are in thousands of EUR, unless stated otherwise	Note	2014	2013
Profit after taxes		**7 752**	**6 955**
Other comprehensive income/(loss)			
Profit/(Loss) from revaluation of available-for-sale financial assets, from transfers to net profit when sold and impaired		7 877	-1 248
Profit/(Loss) from revaluation of available-for-sale financial assets, from transfers to net profit when sold and impaired - deferred tax impact		-1 733	380
Other comprehensive income/(loss)		**6 144**	**-868**
Total comprehensive income/(loss)	**14**	**13 896**	**6 087**

SEPARATE STATEMENT OF CHANGES IN EQUITY

All amounts are in thousands of EUR, unless stated otherwise		Share capital	Legal reserve fund	Revaluation of securities available for sale	Share-based payment reserve	Retained earnings and profit for the year	Total
Equity as at 1 January 2013		**25 000**	**3 550**	**8 093**	**–**	**66 167**	**102 810**
Other comprehensive income and losses for 2013		–	–	-868	–	–	-868
Profit after taxes		–	–	–	–	6 955	6 955
Total comprehensive income/(losses) for 2013		**–**	**–**	**-868**	**–**	**6 955**	**6 087**
Share-based payment reserve creation		–	–	–	25	–	25
Contributions to legal reserve fund	14	–	627	–	–	-627	–
		–	**627**	**–**	**25**	**-627**	**25**
Equity as at 31 December 2013		**25 000**	**4 177**	**7 225**	**25**	**72 495**	**108 922**
Other comprehensive income and losses for 2014		–	–	6 144	–	–	6 144
Profit after taxes	14	–	–	–	–	7 752	7 752
Total comprehensive income/(losses) for 2014		**–**	**–**	**6 144**	**–**	**7 752**	**13 896**
Share-based payment reserve creation	14	–	–	–	70	–	70
Business combination under common control		–	–	–	–	-3 500	-3 500
Contributions to legal reserve fund	14	–	695	–	–	-695	–
		–	**695**	**–**	**70**	**-4 195**	**-3 430**
Equity as at 31 December 2014		**25 000**	**4 872**	**13 369**	**95**	**76 052**	**119 388**

SEPARATE CASH FLOW STATEMENT – INDIRECT METHOD

All amounts are in thousands of EUR, unless stated otherwise	Note	2014	2013
Cash flows from operating activities			
Profit/(Loss) before taxes		9 492	9 530
Adjustments for:			
Depreciation and amortization of tangible and intangible assets	5,6	6 557	7 229
Impairment losses	20	420	116
Creation of asset bad debt provision	6	239	–
Loss from sale of associates		–	32
Creation/(release) of bad debt provisions		-520	-1 273
Write-offs of receivables	25	854	1 583
(Gains)/losses from revaluation of financial assets at fair value through profit or loss	19	-4 088	-5 660
Interest income	19	-8 847	-8 085
Interest expense		–	-
Dividend income	19	-1 403	-1 201
(Gains)/losses from sales/disposals of tangible assets		42	-15
Interest received		9 113	9 584
Dividends received, except for dividends from investments in joint ventures		201	201
(Increase)/decrease in financial assets		-1 559	-3 276
(Increase)/decrease in reinsurance assets		2 095	-462
(Increase)/decrease in loans and receivables and other assets		1 421	2 834
(Increase)/decrease in deferred acquisition costs		-1 471	-2 203
Increase/(decrease) in insurance contract liabilities		-811	-859
Increase/(decrease) in deposits from reinsurers		-139	18
Increase/(decrease) in trade and other payables		2 975	-1 202
Increase/(decrease) in financial liabilities		1 976	-1 065
Increase in payables from business combination under common control		-4 575	–
Interest paid		–	–
Income tax paid		-4 115	-4 249
Net cash from operating activities		**7 857**	**1 577**
Cash flows from investing activities			
Acquisition of tangible and intangible assets	5,6	-2 974	-2 315
Proceedings from sale of tangible assets		61	38

Income from sale of investment in associates		–	780
Dividend income from investments in joint ventures		1 140	1 000
Net cash from investment activities		**-1 773**	**-497**
Cash flows from financing activities			
Loan payments	8	–	–
Net cash from financing activities		**–**	**–**
Net increase/(decrease) in cash and cash equivalents		6 084	1 080
Net increase in cash and cash equivalents from business combination under common control		6 123	–
Cash and bank accounts at the beginning of the year		4 347	3 267
Cash and cash equivalents at the end of the year	**13**	**16 554**	**4 347**

Notes to the separate financial statements

1. GENERAL INFORMATION

Generali Poisťovňa, a. s., ("the Company") is a universal insurance company based in the Slovak Republic. The Company provides life and non-life insurance, such as insurance related to death, disability, health, property and liability for damages. The Company operates in the Slovak Republic and employs 600 people (as at 31 December 2013: 615).

The Company was established on 18 October 1996 and written into the Commercial Register of the Bratislava I District Court on 12 February 1997. The Company is a joint-stock company with a registered office address at: Lamačská cesta 3/A, 841 04 Bratislava, Slovak Republic. The Company's shares are not listed on the stock exchange. The Company's corporate ID (IČO) is: 35 709 332 and its tax ID No. is: 2021000487.

MEMBERS OF THE COMPANY'S STATUTORY AND SUPERVISORY BODIES, ACCORDING TO THE COMMERCIAL REGISTER AS AT 31 DECEMBER 2014 ARE:

BOARD OF DIRECTORS:

Title, Name, Surname	Function	Period until – since
Ing. Roman Juráš	Chairman	since 8 June 2013
Ing. Juraj Jurčík, MBA	Member	since 4 September 2013
Ing. Jiří Doubravský, PhD., MBA	Member	since 4 September 2013
Ing. Marian Hrotka, PhD.	Member	since 19 July 2013

SUPERVISORY BOARD:

Title, Name, Surname	Function	Period until – since
Luciano Ciriná	Chairman	since 1 September 2013
Klára Starková	Member	since 11 July 2014
Luisa Coloni	Member	since 1 September 2013 till 10 July 2014
Marcela Nberiová	Member	since 18 April 2012
Gregor Pilgram	Member	since 1 September 2013
Michaela Ďurišinová	Member	since 4 December 2013

Since 17 December 2014, the Company has established two branches (both with registered office at Lamačská street 3/A, Bratislava):
Generali Poisťovňa, a. s., branch Európska cestovná poisťovňa
Director: Ing. Miloš Kmety CSc.
Generali Poisťovňa, a. s., branch Genertel
Director: Miroslav Chovan

The shareholder of the company Generali Poisťovňa, a. s., is GENERALI CEE Holding B.V., ("the Shareholder") with a registered office at Diemerhof 32, 1112XN Diemen, Kingdom of the Netherlands, registered in Commercial register led by Chamber of Commerce Amsterdam under registration number 34275688.

The Company's ultimate parent company and ultimate controlling party is Assicurazioni Generali S.p.A., Piazza Duca degli Abruzii 2, Trieste, Italy.

Assicurazioni Generali S.p.A., Trieste, Italy, is listed on the Italian Stock Exchange in Milan, Italy. The Company, together with its subsidiaries and joint ventures, is included in the consolidated financial statements prepared by Assicurazioni Generali S.p.A. Trieste. These consolidated financial statements are available directly at the registered address of the Company.

Notes to the separate financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company's separate financial statements as at 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

These financial statements have been prepared as separate financial statements in accordance with § 17 a), Section 1 of Act No. 431/2002 on Accounting, as amended. Significant investments in subsidiaries and joint ventures are set out in Note 7. The method of accounting for investments is described in Note 2.2. The Company and its subsidiaries ("the subgroup") are part of Generali Group ("the Group").

The Company has applied the exception set out in IAS 27, paragraph 10 and has not prepared consolidated financial statements as at 31 December 2014. The Company GENERALI CEE Holding B.V., with registered office at Diemerhof 32, 1112XN Diemen, Kingdom of the Netherlands, will prepare the consolidated financial statements in accordance with IFRS as adopted by the EU.

As at the day on which these separate financial statements were approved, the Group did not prepare consolidated financial statements in accordance with IFRS, as required by IAS 27. The Company made use of the interpretation contained in the document issued by the European Commission's Internal Market and Services Board for the Accounting Regulatory Committee (document ARC /08/2007), about the relationship between IAS regulations and the fourth and seventh Directives. The European Commission is of the opinion that, if the Company chooses or is required to prepare its separate financial statements in accordance with IFRS, it can prepare and issue them independently from preparing and filing the consolidated financial statements.

In the consolidated financial statements, subsidiaries, which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights, or otherwise has the power to exercise control over their operations, will be fully consolidated except from the subsidiary GSL Services s.r.o.

The Company did not prepare consolidated financial statements including subsidiary GSL Services, s.r.o. as the exception set out in paragraph 22 (12) of Accounting Act applies; by preparing only separate financial statements of the parent company, the judgement of financial position, expenditures, revenues and profit or loss of the consolidated group will not be affected.

To get full information on the financial position, the result of operations, and the cash flow of the Group as a whole, the users of these separate financial statements should read them together with the Group's consolidated financial statements prepared as at 31 December 2014, as soon as they become available.

The Company acquired from the company Genertel Biztozító Zrt, its Slovak branch - Genertel poisťovňa a.s. branch from a different Member State, hereinafter "Genertel", with effect from 31 December 2014. Based on the concluded Contract of Sale of the part of business, assets, rights, brand, contracts, liabilities (except for income tax and value added tax liabilities), insurance policies portfolio and employees within the Slovak branch were transferred. Genertel is a subject doing business in non-life insurance, which is specialized in on-line sale of motor third party liability insurance (MTPL).

The aim of the transaction was to consolidate activities of the Generali Group within the Slovak Republic under joint management and under one company. The purpose was to utilize mutual synergies resulting from business consolidation on the Slovak insurance market.

The Company used „pooling of interest method" for accounting of the business combination, including accounting entities under joint control in a way so that financial information from the period before the date of business combination was not adjusted and the income statement for the year-end at 31 December 2014 included the profit / loss for consolidated companies of the date of business combination. Furthermore, the Company used an assets and liabilities carrying amount recognized in the Genertel financial statements before the date of business combination and the difference in acquisition cost (EUR 4,575 thousand), which the Company will pay and the net assets, which were acquired by recognizing them within equity. The costs associated with business combination were directly recognized as expense.

In acquiring part of the company Genertel, the following items were acquired by the Company:

	As at as 31 December 2014
ASSETS	
Tangible assets	17
Intangible assets	406
Reinsurance assets	2 385
Loans and receivables	207
Cash and cash equivalents	6 123
Total assets	**9 138**
LIABILITIES	
Technical liabilities from insurance contracts	5 983
Trade and other liabilities	2 080
Total liabilities	**8 063**
Net assets	**1 075**

Notes to the separate financial statements

The Company did not adjust Genertel's carrying amounts for consolidating accounting methods as at 31 December 2014, as the accounting methods of Genertel did not materially differ from those used by the Company.

The Company's financial statements have been prepared on the going concern basis.

These financial statements have been prepared under the historical cost convention, except for financial assets available for sale and financial assets and liabilities at fair value through profit and loss.

All amounts in these financial statements are shown in thousands of Euros (EUR) and amounts are rounded to the nearest thousand (unless stated otherwise).

The preparation of financial statements in accordance with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Board of Directors can suggest amendment of the financial statements to shareholders even after their approval at the General Meeting.

Significant accounting methods and principles used in preparing these financial statements are set out below. These principles have been consistently applied for all presented years.

Changes to existing accounting standards applied in 2014

Application of the below new standards, amendments and interpretations to existing standards has no significant effect on the financial statements (unless stated otherwise):

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on 1 January 2014 or later). The amendment added application guidance to IAS 32, in order to eliminate inconsistencies in the application of certain set-off criteria. It clarifies the meaning of „currently legally enforceable right to offsetting“ and the fact that some systems of mutual settlements in gross amounts may be considered as equivalent to net settlement values. The Company assesses the impact of the amendment and considers from when it will be applied. This amendment was approved by the EU in December 2012.

Investment companies (Amendments to IFRS 10, IFRS 12 and IAS 27) (issued in October 2012 and effective for periods beginning on 1 January 2014 and later) provides an exemption from consolidation of subsidiaries under IFRS 10 for companies which meet the definition of „investment company“ such as some investment funds. Instead, such companies will also evaluate their investments in certain subsidiaries at fair values through profit or loss in accordance with IFRS 9 or IAS 39. This amendment was approved by the EU in November 2013.

IFRIC 21, Levies (effective from 1 January 2014 or later). This interpretation of accounting of levy imposed by the government is an interpretation of IAS 37 and will have an effect on companies, subject to the levy, which do not present tax income under IAS 12. IAS 37 establishes criteria for the recognition of liability and interpretation specifies that by the moment when an obligation to pay the levy arises it is described in the relevant legislation, which establishes the payment of levy. This interpretation contains examples that illustrate the accounting for the liability to pay the levy. This interpretation was approved by the EU in June 2014.

Novation of derivatives and continuation of hedge accounting – Amendment to IAS 39 (issued in June 2013 and effective for periods beginning from 1 January 2014 and later) was prepared as a result of large-scale changes in legislation which aimed to improve the transparency and oversight over OTC derivatives. As a consequence the companies novate derivatives to central counterparty (CCP) in order to reduce credit risk. Before approving the amendment the companies were obliged to stop accouting for hedging, because the original derivative ceased to exist. A new derivative to the CCP would be recognized by the renewal date. The amendment to IAS 39 provides an exception where a novation of derivatives with CCPs meets the following criteria:

- Due to changes in legislation, parties to the hedging instrument agree with CCP or company acting as a counterparty that the CCP will substitute the original party.
- Other changes in the hedging instruments are only changes necessary for the counterparties to exchange (change of collateral, right to offset receivables and liabilities and charges).

This amendment was approved by the EU in December 2013.

Recoverable Amount Disclosures for Non-Financial Assets - Amendment to IAS 36 (revised in May 2013 and effective for periods beginning on 1 January 2014 and later) contains minor changes to what information the company is required to disclose under IAS 36 where the recoverable amount is determined as the fair value less any costs of selling. The amendment removes the obligation to recognize the recoverable amount if the cash-generating units containing goodwill or intangible assets with indefinite useful lives and those assets did not recognize any impairment loss. In case there was an impairment loss recognized or dissolved, it must be recognized at realizable value with details on the procedure for calculating the fair value less the costs of selling. This amendment was approved by the EU in December 2013.

The Company did not voluntarily adopt new standards, amendments and interpretations early, which will be mandatory for accounting periods beginning on 1 January 2015 or later:

Notes to the separate financial statements

None of the following standards, amendments and interpretations to existing standards was voluntarily applied for preparing of financial statements as at 31 December 2014 before its effective date.

IFRS 9 Financial Instruments (effective from 1 January 2018). IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Subsequent amendments to IFRS 9 from October 2010 modify the classification and measurement of financial liabilities. The amendment from December 2011 changed the effective date from 2013 to 2015 and completed disclosure requirements. The final version of the standard was issued on 24 July 2014 and it unifies phases: classification and measurement, impairment testing and hedge accounting, into a single document.

IFRS 9 is based on integrated approach to classification and measurement of financial assets, which takes into account the business model for managing financial instruments and the contractual cash flow characteristics of the financial assets. Based on this, the model of expected losses was created, which will result in timely accounting for credit losses and the model will be applicable to all financial instruments that are subject to impairment testing. In addition, IFRS 9 deals with the so-called own credit risk problem, where banks and others showed gains in the income statement, which resulted from reduction in the value of their own debts due to decrease of their credibility when they decided to measure their liabilities at fair value. The Standard also includes an improved model of hedge accounting that better connects the economic substance of the risk management and its accounting.

Key characteristics are the following:

- Financial assets will be classified into two categories for valuation purposes: assets at fair value and assets carried at amortized cost using the effective interest method. The classification is to be made at the time of acquisition of financial assets and depends on the business model for managing its financial instruments and the contractual cash flow characteristics of the financial assets.
- Financial assets will be measured at amortized cost using the effective interest rate only if it is a debt instrument and both (i) the aim of the entity‘s business model is to hold the asset to collect the contractual cash flows and (ii) contractual cash flows represent only payments of principal and interest (i.e., it has only basic loan characteristics). All other debt instruments are measured at fair value with revaluation result affecting profit or loss or other comprehensive income or loss (if the aim is to collect the contractual cash flows and the sale of assets).
- All equity instruments are measured at fair value. Shares held for trading will be measured at fair value through profit or loss. The entity will be able to once and irrevocably at the time of acquisition opt for revaluation of shares and other shares (i) through profit or loss, or (ii) through other comprehensive income or loss. Reclassification or recycling of fair value through profit or loss at the time of sale or impairment will not be possible. That classification decision will be done separately for each acquired investment in shares or ownership interests. Dividends will be recognized through profit or loss, in case they represent a income from investment rather than return on investment.
- Most of the requirements of IAS 39 on the classification and measurement of financial liabilities were transferred without change to IFRS 9. The main change is the obligation of an entity to recognize the effects of changes in credit risk of financial liabilities at fair value, where change are recognized in the income statement, in other comprehensive income.

The impact of the standard on the financial statements is currently being assed, while it is expected that the impact of this standard on the financial statements can be material. IFRS 9 has not yet been approved by the EU.

IFRS 15, Revenue from contracts with customers (effective from 1 January 2017). IFRS 15 was issued in May 2014 and replaced IAS 18, IAS 11 and related interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31 December. IFRS 15 establishes requirements for the recognition of revenue for all types of contracts with customers other than contracts according to the standards of the leases, insurance contracts and financial instruments. IFRS 15 establishes a comprehensive framework when to recognize income and in what amounts. The basic principle is that the company has to recognize the income to reflect the transfer of promised goods or services to the customer at amount that reflects the consideration that the company expects to receive in exchange for goods or services. IFRS 15 has not yet been approved by the EU.

IFRS 14, Regulatory defferal accounts (effective from 1 January 2016). IFRS 14 was issued in January 2014 and is an interim standard, which allows first-time adopters of IFRS, to recognize the same values of the regulated prices as used in accordance with their previous GAAP.. In order to improve comparability with units which already apply IFRS and which do not report accruals, IFRS 14 requires recognition of deferred effect of regulated prices to be presented separately. IFRS 14 has not yet been approved by the EU.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment in associates: the application of the exemption from consolidation (effective from 1 January 2016) issued in December 2014. These amendments were issued to clarify the following three issues regarding investment companies:

- IFRS 10 - clarifies that subsidiaries of investment companies are consolidated in accordance with Section 32 of IFRS 10
- Exemption from preparing consolidated financial statements in case of doubtful parent company of the investment company
- Application of the equity method for the investor who is not an investment company to company, which represents an investment firm

The amendments have not yet been approved by the EU.

The amendment to IAS 1 Disclosure initiative (effective from 1 January 2016), which was released in December 2014 states that

other comprehensive income arising from investments accounted under the equity method should be reported separately. The amendment has not yet been approved by the EU.

IFRS 11 Acquisition of an interest in a joint operation (effective from 1 January 2016) was released in May 2014. This amendment requires the use of accounting for business combinations when acquiring of interests in joint operations, which represent the company. The amendment has not yet been approved by the EU.

Amendments to IAS 16 and IAS 38 Acceptable methods of depreciation and amortization (effective from 1 January 2016), issued in May 2014. The amendment introduced strict restrictions on the use of the income as a basis for amortization of intangible assets and prohibited them entirely for property, plant and equipment. The amendments have not yet been approved by the EU.

Amendments to IAS 16 and IAS 41 Bearer plants (effective from 1 January 2016) were issued in June 2014. As a result of these amendments the bearer plants no longer fall under IAS 41 regarding measurement and reporting, but under IAS 16. Fruits of bearer plants remain within the scope of IAS 41 and are measured at fair value less costs to sell. The amendments have not yet been approved by the EU.

IAS 27 Equity method in the separate financial statements (effective from 1 January 2016) was released in August 2014. The amendment authorizes the use of the equity method in the separate financial statements not only for associates and joint ventures, but also for the subsidiaries. The amendment has not yet been approved by the EU.

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2016) published in September 2014. When a parent loses control of a subsidiary in a transaction with an associate or joint venture, currently there is a conflict between the procedures, whether the parent company has to report all earnings from losing all control. The amendments require to recognize all earnings if the transferred assets meet the definition of a business under IFRS 3. The amendments have not yet been approved by the EU.

Improvements to International Financial Reporting Standards 2012 - 2014 (issued in September 2014 and effective for periods beginning on 1 January 2016 and later). The improvements consist of a mixture of substantive changes and clarifications in the following standards:

- IFRS 5 – improvement explains how to change the method of disposal of the asset (or disposal group) - for example, the reclassification of assets (asset group) from held for sale to held for distribution owners - reclassification is regarded as a continuation of the original plan for retirement and the company continues to account under IFRS 5.
- IFRS 7 – improvement states when service contracts fall under the reporting requirements of continuing participation in transferred financial assets in case they cease to be recognized as a whole
- IAS 19 - the discount rate on regional markets with a common currency e.g. Eurozone – improvement states that high-quality corporate bonds or government bonds used to determine the discount rate have to be in the same currency as the benefits will be paid.
- IAS 34 – disclosing of information „elsewhere in the interim financial report“ - improvement states that some items that are not shown in the notes to the interim financial statements may be reported elsewhere in the interim financial report and included in the interim financial statements only as a reference to another part of the interim financial report.

Unless stated otherwise, the new standards and interpretations will have no material impact on the financial statements.

2.2 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

a) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights which are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Investments in subsidiaries are carried at cost in these financial statements according to IAS 27. As of the effective date of the financial statements, the Company obtains objective evidence about the impairment of subsidiaries in the same way as described in Note 2.17 for non-monetary assets and performs the impairment test.

b) Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity. Joint ventures are carried at cost. As of the effective date of the financial statements, the Company obtains objective evidence about the impairment of joint ventures in the same way as described in Note 2.17 for non-monetary assets and performs the impairment test. The Company applies the same accounting policy for affiliate entities.

2.3 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

Items included in the Company's financial statements are stated in Euros, which is the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in thousands of EUR, which is the Company's presentation currency.

b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates

Notes to the separate financial statements

prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations are recognized in the income statement.

Translation differences on non-monetary items, such as investment funds held at fair value through profit or loss, are reported as part of the gains or losses. Translation differences on non-monetary items, such as equity securities classified as financial assets available for sale, are included in the valuation variances from revaluation of securities classified as financial assets available for sale.

2.4 INTANGIBLE ASSETS

a) Value of business acquired (VOBA)

Insurance liabilities assumed and insurance assets acquired in a business combination from a party that is under common control are measured at fair value at the date of acquisition.

As at 1 January 2008, the VOBA of the life portfolio of the original ČPS was determined on the basis of the embedded value calculation principles, using best estimate assumptions.

As at 1 January 2008, VOBA of the non-life portfolio of the original ČPS was determined on the basis of best estimates of the future development of the non-life portfolio (cancellations, claims development, costs).

VOBA is an intangible asset with a finite useful life. VOBA is gradually amortized through the income statement over the period for which profits from the acquired insurance contracts are expected (for life part of VOBA it is 30 years and for non-life part it is 15 years). VOBA's recoverable amount is tested for impairment at each balance sheet date. The procedure is described in Note 2.17.

b) Software

Costs incurred for licenses and for putting computer software into use are capitalized. These costs are amortized on the basis of the expected useful life (up to 5 years).

All other costs associated with developing or maintaining computer software programmes are recognized as an expense when incurred.

2.5 TANGIBLE ASSETS

a) Acquisition costs

Tangible assets comprise mainly buildings and land, motor vehicles and equipment. They are stated at historical cost less accumulated depreciation and impairment losses. Historical costs include expenses that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

b) Assets operated on a leasing basis

Lease contracts in which a significant portion of risks and rewards of ownership are retained by the Company are classified as the financial lease. Assets acquired through the financial lease and used by the lessee are initially recognised at the lower of fair value of the leased asset or at the present value of the minimum lease payments at the commencement date of the lease reduced by accumulated depreciation (see below) and the impairment losses (Note 2.17).

c) Depreciation

Depreciation charges are calculated using the straight-line method over estimated useful lives as follows:

Buildings	15 to 40 years
Machinery and equipment	3 to 15 years
Motor vehicles	3 to 4 years
Office equipment	10 years
Low-value tangible assets	2 years

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted, if appropriate. Gains and losses on disposals are determined as the difference between the proceeds and the asset's carrying amount and are recognized in the income statement.

An asset's carrying amount is written down immediately to its recoverable amount if being greater than its estimated recoverable amount (Note 2.17).

2.6 REINSURANCE CONTRACTS

The Company cedes to the reinsurers the shares on risk arising from insurance activities for reducing possible net losses. Assets, liabilities, income and expenses resulting from reinsurance contracts are presented separately from those arising from related insurance contracts, as the reinsurance contracts do not free the Company from direct liabilities towards the insured. The rights arising from contracts where substantial insurance risk is transferred are recognized as reinsurance assets.

Reinsurance assets consist of short-term receivables from reinsurers (classified as loans and receivables), as well as long-term receivables from reinsurers (classified as reinsurance assets) which depend on the expected insurance claims and benefits arising under the related reinsured insurance contracts. Reinsurance assets are measured on the same basis as provisions set up for the respective reinsured insurance contracts and in accordance with the terms and conditions of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense on the same basis as premiums for the respective insurance contracts.

The Company assesses its reinsurance assets for impairment at each balance sheet date. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss on reinsurance assets is calculated following the same method used for these financial assets. This process is described in Note 2.17.

2.7 FINANCIAL ASSETS AND LIABILITIES

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and financial assets available for sale. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the acquisition date.

Regular purchases and sales of financial assets are recognized at the trade date (mutual funds certificates) – the date on which the Company commits to purchase or sell the asset or at the settlement date (other financial assets). Financial assets are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition, except for financial assets measured at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. In the case of financial assets traded in an active and liquid market, the fair value is their quoted market price. If the market for a financial asset is not active or the market price not available, the Company establishes fair value by using valuation techniques (DCF – discounted cash flows analysis). If the fair value of equity instruments cannot be reliably determined, the financial assets are measured at cost.

Financial assets are derecognized from the balance sheet when the rights to receive cash flows from the investments have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled, or expires.

a) Financial assets stated at fair value through profit or loss

Financial assets stated at fair value through profit or loss have two sub-categories: financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it is part of the financial assets portfolio where there is evidence of short-term profit-taking or if it is so determined by the Company's management. It is also an asset which is managed and its performance is evaluated on a fair value basis in line with the Company's investment strategy. Information regarding these financial assets is provided internally on a fair value basis to the Company's key management.

Financial assets stated at fair value through profit or loss at inception are those that are in internal and external funds to match insurance contract liabilities where the risk of fair value changes is borne by the insured. The measurement of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company does not recognize day-one profit in this respect.

Financial assets stated at fair value through profit or loss are subsequently valued at fair value. Realized and unrealized gains and losses arising from changes in fair value are recognised in the income statement.

b) Loans and receivables

This category comprises non-derivative financial assets with fixed payments that are not quoted in an active market. It does not include financial assets stated at fair value through profit or loss or those available for sale. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method, less valuation allowances. A valuation allowance for loans and receivables is established when there is objective evidence that the Company will not be able to collect the whole amount due to their original terms (Note 2.17). Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. The exception is for the receivables arising from unit linked insurance, where a valuation allowance is set up for the full amount of the receivable.

c) Financial assets available for sale

Financial assets available for sale are non-derivative financial assets that are either designated in this category by the Company's management or not classified in any of the other categories.

Financial assets available for sale are subsequently carried at fair value. Unrealized gains and losses on financial assets available for sale are recognized in other comprehensive income as part of a revaluation reserve for available for sale financial assets, until they are sold or determined to be impaired. Unrealized foreign exchange gains and losses on debt securities are recognized in income statement.

At time of sale or permanent impairment, cumulative gains and losses previously recognized in other comprehensive income are reclassified in the income statement.

This category includes listed securities, investment fund units neither held for trading nor designated as financial assets at fair

value through profit or loss, and listed securities designated as available for sale.

If available for sale financial asset is interest bearing, interest calculated using the effective interest method is recognized in the income statement. Dividends on equity instruments available for sale are recognized in the income statement when the Company's right to receive payments is established.

d) Derivative financial instruments

Derivative financial instruments are classified as financial assets and financial liabilities stated at fair value through profit or loss. Initially and also subsequently, derivative financial instruments are measured at fair value, and fair value changes are recognized in the income statement. Transaction costs related to the purchase and sale of derivative financial instruments are recognized in the income statement when incurred. The Company does not recognize the first day profit, though.

Financial derivatives include currency and interest swaps and forwards concluded with counterparties on the exchange of future cash flows based on nominal values outside a stock exchange (OTC). Futures are marketable on a stock exchange.

The fair value of financial derivatives not traded in an active market is determined based on the value which the Company would receive or pay, after considering the current market conditions and the current creditworthiness of participants of the transaction, if the contract was terminated at the balance sheet date.

Financial derivatives are recognized as financial assets if their fair value is positive. If negative, they are recognized as financial liabilities.

In 2014 the Company adopted hedge accounting. The Company uses two types of hedging (both of them are fair value hedge) – interest risk hedging and foreign currency risk hedging.

— Interest risk hedging

Strategy of the Company is to hedge against the change in fair values of portfolio with fixed income. The Company hedges changes in fair values, which occured as a result of change in risk-free interest rate (for the purpose of hedge accounting defined as IRS rate change). The Company is not hedging fair value changes as consequence of change in credit risk.

The Company adopted hedge accounting in order to reflect the strategy also into financial statements. The Company manages the risk by using the dynamic strategy – from time to time modifies positions within fixed income portfolio and hedging derivates (interest rate swaps), which are used for modifying and hedging interest sensibility of the whole portfolio.

The position of indiviual instruments in portfolio either underlying assets or hedging derivatives are closed, modified or terminated even before date of maturity of the instrument according to the actual risk capacity or risk apetit, development of issuer credit quality, change of instrument liquidity or its relative ratio between risk and income.

Hedge accountig is applied on the group of assets. The Company designates which instruments with fixed income represent hedged item as well as their volume always at the beginning of the month. Determining group of assets is fulfilled by the conditions stated in Article 83 of IAS 39 – group of assets is exposed to the same risk and the Company expects, that the change of fair value attributable to the hedged risk of individual items in the group, will be approximately direct propotion to the whole fair value change attributable to the hedged risk of the items of the group.

— Foreign currency risk hedging

The Company dynamically hedges instruments in investment portfolio, which are denominated in foreign currency by foreign currency derivates (mainly currency swaps). All foreign currency risks are hedged (all foreign currencies and instruments – bonds, shares, etc.). Revaluation of hedging derivates is recognized in income statement. Revaluation of non-cash assets (e.g., shares) classified as available for sale is recognized throught equity. This inconsistency can lead to profit / loss volatility. The purpose of hedge accounting implementation is to eliminate this inconsistency and to recognize revaluation of non-cash assets available for sale related to exchange rate change throught income statement.

For both types of hedging the Company executes prospective and retrospective testing of hedging effectiveness on monthly basis. Hedging was effective as of the effective date of the financial statements.

2.8. DEFERRED ACQUISITION COSTS (DAC)

DAC include costs incurred in relation to new insurance contracts and, in non-life insurance also with the renewal of existing insurance contracts. They include direct costs (such as commission, forms, doctors' fees), and indirect costs (such as marketing costs, salaries of the sales staff: product managers and underwriters).

The Company only defers direct acquisition costs (commission) up to the maximum amount of their expected return on future income from related insurance contracts. The exception is for acquisition costs in life insurance for products with Zillmer provision, where acquisition costs are deferred up to maximum of the calculated amount.

For non-life insurance contracts, DAC are amortized over the terms of the insurance policies as premium earned in the same ratio as was the ratio of unearned premium to gross written premium.

For life insurance contracts, acquisition costs capitalization is not applied in cases where its application would lead to time

inconsistency between the costs incurred and revenues, especially in the following cases:

a. Products gained based on an acquisition
b. Products with single premium payment
c. Commission for special deposits
d. Products to which the Zillmer method is applied
e. Products which are not available for sale and their acquisition costs were not historically expected to be deferred

For amortization of deferred acquisition costs, the principle of linear amortization, conducted out of initial capitalized costs is applied:

a. For a period during which the initial charges are deducted from the premium
b. For a period during which the premium is paid if no initial charges are established

The product groups Dynamik Plus and Dynamik (portfolio in run-off) are exceptions, where the amortization period according to the original amortization scheme was set at five years.

A recoverable amount of deferred acquisition costs is tested within the liability adequacy tests at each balance sheet date. In case of insufficient provisions in the non-life insurance the Company releases relevant DAC. Should this not be sufficient to cover future costs the Company sets up a provision for unexpired risks. In case of insufficient provisions in life insurance the Company will decide on releasing DAC or setting up a provision for insufficient premium.

2.9 INCOME TAX

The income tax arising from the result of operations of the current period consists of the tax due and deferred tax. The income tax is recognized in the income statement, except for the tax that relates to items recognized directly in other comprehensive income. In that instance the income tax is also posted directly to other comprehensive income.

The income tax due is the expected tax liability relating to the taxable profit for the current period, computed using the tax rate applicable at the balance sheet date. The tax due also includes adjustments of the tax liabilities of past accounting periods.

Deferred income tax is recognized using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been approved or partially approved by tax laws, and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2.10 OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount is shown on the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits held at call with banks. Term deposits are presented as part of financial assets since they are primarily intended to cover the liabilities from insurance contracts. Cash and cash equivalents are stated at nominal value plus accrued interest.

2.12 SHARE CAPITAL

Ordinary shares are classified as share capital when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax.

2.13 TECHNICAL LIABILITIES FROM INSURANCE CONTRACTS

This item comprises amounts of gross liabilities related to insurance contracts and investment contracts with discretionary participation features (DPF) that fall under IFRS 4 scope..

a) Life insurance provisions

Technical provision for life insurance

Technical provision for life insurance consists of the following segments:

a. Provision for guaranteed claims
b. Provision for profit share
c. Deferred liability to the insured
d. Provision of the liability adequacy test. The liability adequacy test description is in Note 2.18, point c)

Technical provision for life insurance – provision for guaranteed claims is created for guaranteed liabilities from the life insurance contracts with guaranteed technical interest rate. Technical pro-

vision is computed as sum of provisions computed for individual life insurance contracts. Depending on the technical features of insurance, the following principles are applied for the calculation of technical provision:

a. The present value principle: provision amount is set as the present value of future payables of the insurance company, including administrative expenses less future premium. At provision calculation, same assumptions are used as those used in premium determination.
b. The capital value principle: provision amount is set in the amount of capital value, i.e. paid insurance premium less risk premium and charges, measured with the technical interest rate as at the balance sheet date (hereinafter referred to as "account type provision").
c. The Zillmer method principle: technical provision is reduced by unamortized portion of the costs up to a maximum of one-off initial costs of the premium. Zillmer method is not applied in case of
   - Products with account type provision
   - Products with regular premium payments for which initial costs are not included in the Premium as one-off cost
   - Products with one-off premium payments
d. The non-negativity principle: negative provision amount is replaced by zero.

Shadow accounting

In accordance with IFRS, 4 the Company can change its accounting procedures so that the unrealized gains or losses from assets recognized in other comprehensive income will affect the amount of liabilities from insurance contracts in the same manner as if they were realized. This procedure is so-called "shadow accounting". The Company therefore, using the shadow accounting principle, increased technical provision in life insurance against other comprehensive income in the amount of the corresponding share of unallocated surpluses, arising from the valuation difference on available for sale securities (also reported in other comprehensive income).

Provision for covering the risk of investments in the name of the insured (unit linked)

The provision for covering the risk of investments in the name of the insured has been set up for insurance contracts linked to investment life insurance (unit linked) where the economic risk of variability in yield or growth of the invested funds is carried only by a person who concluded an insurance contract with the insurance company.

Technical provision is calculated as the sum of provisions calculated for individual life insurance contracts referred to in paragraph above. The insurance company manages account in a form of units (hereinafter referred to as „client units") for each such insurance policy. Insurance account is increased by units of the premium paid and reduced by units of risk premium and administrative charges in accordance with the particular insurance terms. The provision is set in participation units and its value is determined by multiplying the participation units and the current price at the date as at the balance sheet date.

In case of negative value of technical provision for individual policy, the insurance company posts the negative portion as a receivable from the insured.

Unearned premium reserve

Unearned premium reserve includes the unearned part of the written premium that relates to subsequent accounting periods as at the balance sheet date.

The unearned premium reserve is calculated using the pro-rata temporis method based on an exact number of days related to the future periods and based on an exact number of days for which the premium is written. Technical provision is set as sum of provisions for all insurance contracts.

The technical provision is not created for:

a. Contracts with a one-off premium
b. Contracts or parts of contracts where the whole premium is used as provision to cover the risk of investing funds on behalf of the insured
c. Contracts or parts of contracts where the whole premium is used as account type provision

Provision for insurance benefits

The provision for insurance benefits in life insurance represents an estimate of total expenses for insurance benefits that result from insured events incurred by the end of the accounting period, regardless of whether or not they have been reported.

The provision for insurance benefits from insured events that have been reported but not yet settled (RBNS) is set up when the insured event is reported in the amount of expected insurance benefit. If the insurance benefit is concerning the survival or death or insurance event from the supplementary insurance creating provision (i.e., relates to the termination of an insurance contract/risk) simultaneously with the setting up of RBNS the technical provision for life insurance will release and the final expense on insurance benefit will be recognized.

For insurance benefits paid in instalments or pension the RBNS provision has been set up as the current value of future payments at an interest discount rate of 1.9%.

The estimate of RBNS always includes an estimated amount of related internal and external loss adjustment expenses.

For additional life insurance as the part of RBNS a so-called IBNER provision is set up, i.e., a provision for insured events already incurred but poorly reported. The method of determining the amount of this provision is the same as for IBNER in non-life insurance (Note 2.13 b).

Provision for insurance benefits from insured events incurred but not reported at the date of compliance of the financial statements (IBNR) is set up on the basis of the estimates of insurance benefits from these events. For additional life insurance and for claims related to death, the provision is set up identically as for accidental insurance in non-life insurance (Note 2.13 b).

The estimate of IBNR always includes an estimated amount of related internal and external loss adjustment expenses.

b) Non-life insurance provisions

Unearned premium reserve

The unearned premium reserve is set up in non-life insurance of that part of the written premium relating to future accounting periods. Its amount is calculated, using the pro-rata temporis method, as the total sum of technical provisions calculated by individual insurance contracts at the date of compliance of the financial statements.

The provision for unexpired risk is (would be) a part of the unearned premium technical reserve. The provision for unexpired risk is set up if the written premium relating to future periods is not sufficient to cover all insurance benefits on the insured events and future costs that relate to valid insurance contracts (adequacy test).

Provision for insurance claims

The provision for insurance claims in non-life insurance represents an estimate of total expenses for insurance claims that result from insured events incurred by the end of the accounting period, regardless of whether or not they have been reported.

The provision for insurance benefits from insured events that have been reported (RBNS) is set up when the insured event is reported in the amount of expected insurance benefit. In the case that the amount of insurance benefit at time of reporting of insured event cannot be estimated based on the known facts, the typical average values for the particular type of insured events will be used as the first estimate. This assessment is then improved at each subsequent supplement of data on insured events. At the completion of an insured event the RBNS will be released and the final expense on insurance benefit will be recognized.

For insurance benefits paid in instalments or as a pension the RBNS provision has been set up as the current value of future payments at an interest discount rate of 1.9% (change from 3% to 1.9% realized in the second half of 2014) in accident insurance and 2.5% in MTPL annuities.

The estimate of RBNS always includes an estimated amount of related internal and external loss adjustment expenses.

A so-called IBNER provision is set up as a part of RBNS provision in non-life insurance, i.e., a provision for insured events already incurred but not sufficiently reported. The amount of this provision is determined as the difference between the estimated ultimate loss and the following items: insurance benefits paid, the balance of RBNS and the estimate of IBNR.

The estimate of so-called ultimate loss is calculated by the triangular method. The particular years of occurrence of insured events are stated in the lines of the triangle and in the columns the cumulative data about the payment process of insurance benefits and the RBNS change in each subsequent accounting periods. The data triangle is adjusted by extremely high losses. The ultimate loss is determined from data on and over the diagonal by using weighted development coefficients.

Provision for insurance benefits from insured events incurred but not reported at the balance sheet date (IBNR) is set up on the basis of the estimates of insurance benefits from these insurance events. The estimate of IBNR is determined by the triangle method from the specially modified triangle of cumulative data about the insured events. This contains line data, according to the year of occurrence of an insured event and column data about the insurance benefits and the balance of RBNS concentrated at the first date of reporting the insured event. The data triangle is adjusted by extremely high losses. The estimated total amount of insurance benefit is determined from data on and over the diagonal by using weighted development coefficients. IBNR will then be determined as the final value less the sum of the values on and over the diagonal.

The estimate of IBNR always includes an estimated amount of related internal and external loss adjustment expenses.

Provision for payment of liabilities to the Slovak Bureau of Insurers (Provision for MTPL deficit)

The Company has set up a provision for settling liabilities to the Slovak Bureau of Insurers due to claims from insured events incurred within the compulsory motor third-party liability insurance. Details are set out in Note 3.

2.14 RECEIVABLES AND PAYABLES RELATED TO INSURANCE CONTRACTS

Receivables and payables related to insurance contracts are financial instruments including amounts due to policy holders, agents and brokers. Receivables are valued at fair value at acquisition and afterwards at amortized costs using the effective interest rate. If objective indicators show that the receivables arising from insurance contracts are impaired, the Company adequately reduces their carrying amount and recognizes the impairment loss in the income statement. Impairment testing process is described in Note 2.17.

Payables related to insurance contracts are valued at fair value decreased by transaction costs. Afterwards they are valued at amortized costs using the effective interest rate.

2.15 DEPOSITS FROM REINSURERS

This item includes deposits received from reinsurers from the ceded direct insurance business, mainly due to the reinsurer's share on the Company's technical provisions. Reinsurers provide deposits to meet their contractual obligations and to participate in cases of major claims or in reinsurance of large insurance portfolios. These deposits are primarily recognized according to contractual conditions reflecting the reinsurer's share in the business ceded. Interest on these deposits is recognized in the income statement as interest expense on the amortized cost basis, using the effective interest method.

2.16 REVENUE RECOGNITION

a) Income from fees and commission

Reinsurance commission and profit shares from reinsurers include commission received from reinsurers, receivables from reinsurers resulting from reinsurance commission and the share in profit resulting from reinsurance contracts. Reinsurance commission from insurance are accrued in the same way as the unearned premium ceded to reinsurers.

A reinsurance commission is recognized in the same way as costs incurred for the acquisition of the respective reinsurance contracts in accordance with the reinsurance terms and conditions effective for the respective year. The profit commission related to reinsurance contracts is accrued.

b) Interest income and interest expenses

Interest income and interest expenses for all interest-bearing financial instruments, including those stated at fair value through profit or loss, are recognized within income/(expense) from financial investments, using the effective interest method.

c) Dividend income

Dividend income is recognized when the right to receive payment is established.

d) Income from liquidation of insurance claims

Income from liquidation of insurance claims is recorded at the time the services are rendered.

2.17 IMPAIRMENT OF ASSETS

a) Financial assets carried at amortized cost

At each balance sheet date, the Company reassesses whether there is any objective indication that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and an impairment loss is recognized only if there is an objective indication of impairment. This is as a result of one or more events which have occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Objective indicators that a financial asset or a group of financial assets is impaired include the following:

- Significant financial problems of the debtor or issuer
- A breach of contractual conditions, such as a default or delinquency in payments
- A creditor, due to legal or economic reasons related to the debtor's financial problems, gives the debtor a discount which was originally not meant to be provided
- It becomes probable that the issuer or debtor will enter into bankruptcy or other financial reorganization
- Termination of the active market for the given financial asset due to financial difficulties
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be matched to individual financial assets in the group, including:
  - Adverse changes in the solvency of issuers or debtors in the group or
  - National or regional economic conditions that correlate with defaults on the assets in the group

The Company first assesses whether objective indications of impairment exist individually for financial assets which are significant. If the Company concludes that no objective indications of impairment exist for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics. These are categorized by asset type, industrial sector, territory, maturity, and similar relevant factors and collectively assessed for impairment. Assets that were individually assessed for impairment and for which an impairment was identified are not included in a collective assessment of impairment.

Future cash flows in a group of financial assets which are collectively assessed for impairment are estimated on the basis of contractual cash flows from the Company's assets and historical loss experience for the Company's assets with similar credit risk characteristics. Historical loss experience is adjusted, based on current observable data to reflect the effects of current conditions. These are judged not to affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist anymore.

If there is an objective indication that an impairment loss has been incurred on loans and receivables or investments held to maturity, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Exceptions are receivables from unit linked insurance, where provision is set in the full amount of the receivable, which reduces an accounting mismatch between written premium and setting up the technical provision for life insurance. The carrying amount of the asset is reduced by using a valuation allowance account, and the loss is recognized in the income statement. If an investment held to maturity or a receivable or a loan has a floating interest rate, then the discount rate for measuring any impairment loss is determined as the current contractual interest rate. The Company may also determine the amount of the impairment loss as the difference between the financial asset's fair value set on the basis of its market price and financial asset's carrying amount.

If, in a subsequent period, the amount of the impairment loss decreases and this decrease is objectively related to an event that had occurred after the impairment was recognized (such as improved credit rating of the debtor or issuer), the reported impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

b) Financial assets carried at fair value

The Company assesses at each balance sheet date whether there is an objective indication that a financial asset is impaired. In the case of equity securities classified as available for sale, a prolonged (more than one year) or significant (more than 30%) diminution in the fair value of the security below its cost is taken into account. If any such evidence exists for financial assets available for sale, the cumulative loss is removed from valuation variances in other comprehensive income and recognized in the income statement. The cumulative loss is measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognized in profit or loss. If in the next period the fair value of the equity security increases, these increases in the fair value of the equity security are recognized in other comprehensive income. The impairment loss on equity securities is released through the income statement, if in a subsequent period, the fair value of a debt instrument increases and this increase objectively relates to an event that had occurred after the impairment loss was recognized in profit or loss.

c) Impairment of subsidiary and joint ventures

In case of investments in subsidiaries or joint ventures, the test for impairment is performed as a comparison of acquisition costs with recoverable amount of investment decreased by impairment losses already recognized in profit or loss. Eventual impairment is recognized in profit and loss.

d) Impairment of other non-financial assets

Assets which have an indefinite useful life are not amortized. However, they are tested for impairment on an annual basis. Assets which are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of impairment assessment, assets are grouped at the lowest levels for which separately identifiable cash flows (cash-generating units) exist. Impaired non-monetary assets other than goodwill are reviewed at each balance sheet date to establish whether or not the impairment can be reversed.

Intangible assets which represent the value of an acquired insurance portfolio in life and non-life insurance with a definite useful life. The carrying value of this asset is tested for impairment when there are objective indicators that such reduction can occur. An indicator of the possible impairment loss is a change in the assumptions used in the initial recognition of this asset. If necessary, the test is conducted by the "embedded value" methodology on the actual balance of the acquired portfolio using current best estimates.

2.18 INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION AND MEASUREMENT

The Company concludes contracts which transfer insurance risk or insurance and financial risk. Insurance contracts are those which transfer significant insurance risk. Such contracts may also transfer financial risk. The Company defines as a significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event which are at least 10% more than the benefits payable if the insured event does not occur. Investment contracts are those contracts that transfer financial risk with no significant insurance risk; however the Company currently does not have such contracts.

A number of insurance and investment contracts contain a DPF. This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

a. Which are likely to be a significant portion of the total contractual benefits
b. Whose amount or timing is at the discretion of the Company
c. Which are contractually based on:
    (i) The performance of a specified pool of contracts or a specified type of contract
    (ii) Realized or unrealized investment returns on a specified pool of assets held by the Company
    (iii) The profit or loss of the Company, fund or other entity that issues the contract

A portion of additional DPF is considered to be significant based on the fact that additional benefits constitute a significant portion of all contractual payments. DPF is part of insurance liabilities.

a) Recognition and measurement

Insurance contracts are classified into main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Non-life insurance contracts

These contracts include casualty, property and personal insurance contracts, in general called non-life insurance.

Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for individual and business customers who become liable to pay compensation to a third party for bodily harm, property or other damage.

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (coverage in case of interrupted business operation).

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Personal insurance contracts primarily protect the Company's customers from the consequences of events (such as accidental death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage.

Claims and loss adjustment expenses are charged to the income statement when incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims, except for insurance claims paid in the form of annuity.

Life insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (such as death or survival) over a long period. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are recognized before deduction of commission. Insurance benefits are recorded as an expense when incurred.

The liability is determined as the sum of the expected discounted value of insurance benefit payments
and future administrative expenses which are directly related to the contract, less the expected discounted value of theoretical premiums which would be required to meet the benefits and administrative expenses based on the valuation assumptions used (the valuation premiums). The liability is based on such assumptions as mortality, acquisition and administrative expenses, guaranteed interest rate and such items which are established at the time of contract issuance. Liabilities are recalculated at each balance sheet date, using assumptions established at contract conclusion. Changes in liabilities are charged to the income statement.

Claims and loss adjustment expenses are charged to the income statement when incurred, based on the estimated liability to provide compensation owed to policy holders or beneficiaries. They include direct and indirect claims settlement costs, and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Company. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported.

Universal capital life insurance contracts contain a minimum guaranteed interest rate per annum (between 2.4% and 6%). These contracts also contain DPF, giving the policyholder the right to participate in the investment income exceeding the minimum guaranteed interest rate in the form of a share in the profits. The decision about the participation rate and the share in the profits for the year depends on the Company's decision. The Company's management decides on profit distribution for the current year based on the achieved investment income for the year and this decision is at its full discretion. The share in the profits for the current year is announced to policyholders and an appropriate provision for the share in profits is set up at each balance sheet date. The share in the profits is credited to individual policies during the next calendar year, as long as the policy is still active at the time of crediting or at 31 December of the calendar year.

Variable life insurance contracts

Accounting policies for these contracts are the same as for life insurance contracts with fixed and guaranteed terms regarding premium and insurance benefits.

The liability is determined by the so-called method of the current account, i.e., the liability will be increased by applicable fees from insurance reduced by applicable fees from insurance. The liability on a monthly basis will be reduced by risk premium, administrative and other agreed fees, if appropriate, less surrender values. The liability will also be increased by the guaranteed agreed percentage, which is declared by the Company, or by the guaranteed agreed interest rate, based on the type of a particular product.

Some variable life insurance products enable allocation of a part of the premium to the accounts of the insured, which are stated in participation units of the insured. These parts of liabilities comply with accounting policies valid for unit linked insurance.

Change in variable life insurance liabilities is recorded in the income statement.

Investment life insurance contracts (unit linked)

Accounting policies for these contracts are the same as for life insurance contracts with fixed and guaranteed terms regarding premium and insurance benefits. A unit linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of an investment fund set up by the Company with the consideration received from the contract holders. This embedded derivative meets the definition of an insurance contract. Therefore, it is not accounted for separately from the host insurance contract. The liability for such contracts (the technical provision for covering the risk of investing funds in the name of the insured) is adjusted for all changes in the fair value of the underlying assets.

These contracts insure events associated with human life (such as death or survival) over a long period. The technical provision for covering the risk of investing funds in the name of the insured is set up in the life insurance if the economic risk of volatility of revenues or growth of invested insurance premium is borne solely by the person who concluded the contract with the insurance company. This reserve is determined as the present

value of funds invested in the name of the insured for all such insurance contracts in the life insurance and represents the fair value of client's units at the balance sheet date.

The provision is increased by the premium paid net of acquisition costs and is decreased by the administrative charges, the risk premium and any surrender values and decreased by the termination of an insurance contract in any way. The provision is calculated in participation units and its value is determined by multiplying the participation units and the current price at the balance sheet date.

Claims and loss adjustment expenses are charged to the income statement when incurred, based on the estimated liability for compensation owed to the insured or the policyholders. They include direct and indirect claims settlement costs and arise from events that have occurred before the balance sheet date even if they have not yet been reported to the Company. The liabilities from unpaid losses are estimated using the estimates for individual cases reported to the Company and the statistical analyses of losses which occurred but have not been reported.

b) Embedded derivatives

Certain derivatives embedded in insurance contracts are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

According to IFRS 4 the Company does not separately measure embedded derivatives that meet the definition of an insurance contract or embedded options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate). All other embedded derivatives are separated and carried at fair value if they are not closely related to the host insurance contract and meet the definition of a derivative.

c) Liability adequacy test

Non-life insurance

At each balance sheet date, a liability adequacy test for unearned premium reserve in non-life insurance is performed by comparing the expected values of claim payments and expenses related to the remaining period of active contracts and the unearned premium from these contracts net of deferred acquisition costs. The amount of expected cash flows from claim payments and expenses is estimated based on the claims development for the elapsed period of the contract and is adjusted for significant individual claims which are not expected to recur. If the test shows that provisions are insufficient, insufficiency will be additionally set up through the income statement by writing off DAC. If writing off DAC will be insufficient to cover the deficiency, a provision for unexpired risks will be set up. A liability adequacy test is performed for product groups which include insurance contracts with similar risk profiles.

For annuities, the assumptions used in calculating the provision include all future cash flows and changes are immediately recognized in the income statement.

The adequacy of claims provisions in non-life insurance is tested by comparison with an alternative calculation of the amount of the ultimate loss using the triangle of insurance benefits paid. If this calculated loss is less than the ultimate loss determined by accounting policies, the provision is sufficient. Otherwise the provision will be set up through the income statement.

Life insurance

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of contractual liabilities after deducting the related DAC. In performing these tests, current best estimates of future contractual cash flows, claim adjustments and administrative expenses are used, as well as the market risk-free yield curve. The Company takes into account basic principles, when assessing the best estimate and risk margin, which are established in legal enactments adopting Solvency II (mainly Directive 2009/128/EC and legislative proposal of the delegating legal directive at the balance sheet date). Any insufficiency is immediately charged to the income statement, initially by writing off DAC and subsequently by setting up a provision for the deficiency of life insurance provisions. Any DAC written off as a result of this test cannot be subsequently reinstated.

The Company performs the adequacy test separately for individual life insurance product groups. Any sufficiency or deficiency between these groups is not compensated.

As set out in (a) above, long-term insurance contracts with fixed terms are measured based on assumptions set out at the inception of the contract.

2.19 LEASING

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.20 EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits include salaries, wage compensation for public holidays, holidays and arise for the services provided by employees to the Company. They are accounted for at their nominal value and are recognized as personnel costs in the income statement.

Social insurance and pension plans with defined contributions

During the year, the Company pays contributions to the statutory health, medical and injury insurance and to the guarantee fund and the unemployment fund at the amount determined by

law, based on the gross salaries. During the year, the Company contributes to these funds at 35.2 % (31.12.2013: 35.2 %) of the gross salaries up to the amount of monthly salary pursuant to relevant legal regulations. The employee contribution was 13.4 % (31.12.2013: 13.4 %).

The costs of the statutory health, medical and injury insurance and the guarantee fund
and the unemployment fund are recognised as costs in the same period as are the related personnel costs.
No other liabilities relate to them.

The Company classifies employee benefits relating to pensions (such as contributions to supplementary old-age saving) as defined contribution plans.

Liabilities from defined contribution plans are recognised as costs when incurred. No other liabilities relate to them.

Unfunded defined benefit pension plans
Based on IAS 19 except for the short term employee benefits, provision for defined benefit plans is included, such as termination indemnities and other long-term employee benefits. They are measured according to the Projected Unit Credit Method (in accordance with IAS 19), which implies that the defined benefit liability is influenced by many variables, such as mortality, employee turnover, salary trends, expected inflation and discount rate. The liability recognized on the balance sheet represents the net total amount of the present value of the defined benefit obligation.

The rate used to discount future cash flows is determined by reference to market yields at the balance sheet date on high-quality corporate bonds. The actuarial assumptions are periodically tested to confirm their consistency.

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.
The Company recognizes termination benefits when it is demonstrably committed to either:

- Terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal
- Providing termination benefits as a result of an offer made to encourage voluntary redundancy

2.21 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the Company's shareholders approve the profit distribution and the dividend amount.

2.22 SHARE-BASED PAYMENT

Provision for share-based payment is a form of long-term plan for remuneration of the Group's top management. Reward for achieving the objectives will be paid in form of shares of Assicurazioni Generali S.p.A. The plan is set out in cycles that last three financial years. The total number of shares is divided into three tranches - 30%, 30% and 40% each year. The payment of each tranche depends on whether the criterion was met in the year and whether the manager is still the Group's employee at the end of the three-year cycle.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and uses assumptions that affect the reported amounts of assets and liabilities in the following accounting periods. Estimates and judgments are continually revaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Significant estimates and assumptions, which have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the following accounting period, are described below.

The ultimate liability arising from claims made under insurance contracts
The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in
the estimate of the liability that the Company will ultimately pay for such claims.

At the balance sheet date a reserve is created for expected final expenses for the settlement of all insurance claims up to that time, regardless of whether they were reported or not. This reserve includes loss adjustment costs, less the amount of already paid claims. Reserve for these claims is not discounted.

Data included as assumptions are mostly from internally-acquired Company analysis or from other companies in the Group.

If sufficient data for determination of reliable trends of insurance claims are not available (mainly in the first years after introduction of a new product or risk), prudent assumptions are used.

Expenses for events, which were not liquidated, and IBNR reserves (Note 15) are estimated by different statistical methods. These methods extrapolate the trend of paid and arisen claims, average cost for insurance claims and final expenses for insurance claims for each year of insurance claim rise on the basis of historical trend and expected damages.

For the statistical data of damages trend it is assumed that damages from the past will happen again in

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the future. There are also reasons that this rule will be not applied. These reasons were taken into account in a range that was possible to assume. These reasons include:
- Economical, juridical, political and social trends
- Changes in the portfolio of insurance contracts
- Impact of insurance claims with extraordinary scale

Provision for motor third party liability insurance deficit (provision for MTPL deficit)

Before 1 January 2002, motor third party liability insurance (MTPL insurance) was provided solely by Slovenská poisťovňa, a.s., which administrated all contracts and set up technical provisions for that purpose. After 1 January 2002, all rights and obligations under § 28, Section 3 of Act No. 381/2001 Coll. were transferred to the Slovak Insurers' Bureau (SIB). However, Slovenská poisťovňa, a.s. had not set up sufficient provisions for liabilities from the compulsory MTPL insurance. All members of the SIB participate in the deficit incurred in proportion to their share on the number of insured vehicles. In 2005, 2007 and 2011, the audit company Deloitte performed an audit of the statutory provisions. In 2011 Deloitte estimated the set a lower and an upper limit of the deficit (less of value of cash equivalents on SIB account) to be between EUR 43,599 – 81,338 thousand. Estimates approved or acknowledged by SIB members were used for determining the amount of the provision, which has been calculated based on the average amount of the estimated deficit (using estimates made in previous years) and the Company's MTPL current market share.

Despite the updated estimate of the amount of the deficit, there is still an uncertainty related to court decisions and the lack of reliable data about the future development in insurance claims resulting from compulsory MTPL insurance.

In this connection, the Company booked MTPL provision of EUR 3,388 thousand, out of which EUR 703 thousand concluded under business combination (31 December 2013: EUR 3,355 thousand). The MTPL provision is reviewed at each balance sheet date and is reduced by the contribution made by all SIB participants during the year and adjusted in accordance with the estimated actual share in MTPL provision (as at 31 December 2014: 7.6% plus 2% from the policies concluded under business combination under common control).

Estimate of future insurance benefits arising from long-term insurance contracts

The valuation of liabilities from life insurance consists of two steps. In the first step, future liabilities from insurance before putting a new product on the market are measured.

For life insurance contracts, mortality assumptions or assumptions that some other insured event will occur, assumptions that an insurance policy will be voluntarily terminated, future expenses and future investment income increased by a safety premium are set. For life insurance products, these assumptions, which are included in the insurance premium, are not changed during the entire term of insurance. They are used to compute liabilities during the entire lifetime of the policy.

In the second step, the Company reassesses at every balance-sheet date whether liabilities from insurance contracts calculated, based on assumptions set prior to concluding the policy, are adequate. If the liabilities are adequate, the original assumptions are used for the valuation. But if not, the original assumptions are modified based on actual financial and operative assumptions, increased by a safety margin.

The liability adequacy test in life insurance is determined by the method of discounted cash flows.

The future cash flows for all life insurance products: premiums, insurance benefits, administrative expenses, loss adjustment expenses, investment costs. The carrying value of cash flows will be compared with the value of technical provisions in life insurance, including deferred liabilities to the insured, provision for covering the risk of investments in the name of the insured, unearned premium reserve and technical provision for claims, paid as annuity decreased by deferred acquisition costs. If the carrying value of cash flows is higher, the Company will set up an appropriate technical provision through the income statement.

Impairment of securities available-for-sale

At every balance-sheet date, the Company examines whether there is unbiased evidence that financial assets, or a group of financial assets, is impaired. If there is such evidence, the Company determines the amount of the impairment loss (Note 20). The Company concludes that securities available for sale are impaired when there has been a significant or long-term diminution in their fair value below their cost. The assessment of whether a significant or long-term diminution in fair value has occurred requires the use of estimates. The Company assesses, among other factors, the volatility in security prices, the financial performance of companies, the industry and sector performance, changes in technology, and operational and financing cash flows. To consider impairment may be appropriate when there is objective evidence that the financial performance of companies or the industry and sector performance have deteriorated, when changes in technology have occurred and operating and financing cash flows have worsened.

Subrogation receivables

The Company uses a mathematical - statistical method (Chain-Ladder) in calculation of subrogation receivable, assuming that the history of obtained subrogations is relevant for the future.

Current volatility in global financial markets

The crisis situation in the financing of some Euro area countries and other risks could have also a negative impact on Slovak economics.

The management cannot reliably estimate the potential impact of the deepening financial crisis and worsening economic situation in the country with respect to the future financial situation of the Company. On the basis of the analysis the management have undertaken steps to ensure the Company's liquidity.

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4. RISK MANAGEMENT

Risk management is a core element of the Company's business, fully integrated into management decisions. Risk management processes consist of the identification and valuation of risks, quantification, as well as application and implementation of mitigation measures.

In general, the Company's risk management is in line with the risk management policy of the Generali Group. Therefore, risk management of the Generali Group serves as a framework for local risk management.

Risk management policies

The Generali Group business model is based on the full accountability of managers in each country. Risk management policies are defined and managed at a local level to ensure the adequacy of specific risk-bearing sources. However, the Generali Group adopts a common set of policies and minimum requirements binding for all group companies to ensure an appropriate level of control, highlight potential synergies across different countries, and avoid any unexpected growth of overall risk exposure.

Priorities in risk management programmes

Risk management activities contribute to the objective of managing corporate performance on a risk-weighted basis in all companies of the Generali Group. The basis of the system has already been implemented but the complexity of the implementation process requires that the following priorities are set:

- Implementation of the economic capital model, based on internal models
- Harmonized asset-liability management approaches adopted at all organizational levels within the Generali Group
- Identification, measurement and evaluation of operational risks

Due to its insurance activities, the Company is naturally exposed to several types of risk, which are related to movements in financial markets, adverse development of life and non-life insurance and generally all factors affecting ongoing organized economic operations. These risks can be grouped in the following five main categories: market risk, liquidity risk, credit risk, insurance risk and operational risk.

4.1 INSURANCE RISK

Insurance risk is analyzed for both life and non-life insurance business.

The risk of insurance contracts relates to the fact that it is not clear whether or when an insurance event will occur, or how big the related claim will be. It is evident from the nature of an insurance contract that such risk is incidental and cannot be predicted.

For the portfolio of insurance contracts where the probability theory is applied to pricing and provisioning, the main risk the Company is exposed to is that the amount of insurance claims or benefits may be higher than the related insurance liabilities. This may occur if the number and significance of insured events and contributions actually occurred is higher than originally assumed. Insured events are random and the actual number and amount of claims and benefits vary every year from the level calculated using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its own insurance underwriting strategy to diversify the type of insurance risks accepted. It has also worked within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors increasing the insurance risk include insufficient diversification of risk in view of type and size, geographical location and the type of the industrial sector.

Insurance risk in life insurance and non-life insurance is concentrated in the Slovak Republic.

4.1.1 LIFE INSURANCE RISK

The Company's life insurance portfolio comprises long-term insurance contracts with fixed and guaranteed terms, variable (investment) life insurance (unit linked) and short-term group life assurance contracts. In this portfolio, except for the bank assurance portfolio and group contracts, saving contracts are prevailing, but it also includes contracts that cover the insurance risk only (death plus riders, such as accident, permanent disability, serious illness etc.).

The risks related to policies with guaranteed terms are taken into account when setting prices and guaranteed terms have been set in a prudential way. Mortality and morbidity tables are normally used with the use of adequate safety margins. Aggregate valuation of mortality and other risks developed within the annual Embedded Value analysis shows that mortality and other risk assumptions used in pricing have been sufficient. There is a particular emphasis on underwriting new contracts, covering the assessment of both medical and financial aspects. Standard underwriting manuals, forms, as well as medical and financial underwriting requirements have been established both for death covers and riders. To mitigate mortality risk and risks from riders, maximum insurability levels and consistent policy conditions, especially regarding policy exclusions, have been set. Reinsurance is another feature for mitigating mortality and morbidity risk.

This instrument is mainly applied by the Company for mortality insurance.

The tables below show the concentration of insurance risk of death in life insurance within groups per Sum at Risk (SaR), as well as impact of reinsurance to mitigate risk exposure.

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SUM AT RISK * (SAR) FOR MORTALITY AT THE END OF 2014

Interval SaR (in thousand EUR)	Interval total	Number of lives	Average age	Total after reinsurance
Less than 7	374 050	234 645	39	374 050
7 to 15	279 692	27 576	38	279 692
15 to 30	268 217	12 866	38	268 217
30 to 50	226 373	5 829	36	226 373
More than 50	283 665	3 829	36	248 233
Collective agreements	222 288	5 959	–	–
Total	**1 654 285**	**290 704**	**–**	**1 396 564**

SUM AT RISK * (SAR) FOR MORTALITY AT THE END OF 2013

Interval SaR (in thousand EUR)	Interval total	Number of lives	Average age	Total after reinsurance
Less than 7	408 057	247 665	39	408 057
7 to 15	284 559	28 101	38	284 559
15 to 30	264 768	12 734	37	264 768
30 to 50	213 381	5 518	36	213 381
More than 50	234 300	3 171	35	213 591
Collective agreements	230 806	6 334	–	–
Total	**1 635 871**	**303 523**	**–**	**1 384 356**

* Amount of the insurance in risk is calculated for one life for all relevant contracts.

Significant risks included in risk premiums in life insurance are lapse risk and loss risk. Lapse risk (risk related to a voluntary withdrawal from the insurance contract) and loss risk (risk related to inadequate charges and loadings in premiums to cover future expenses) are evaluated in a prudential manner when setting prices for new products, and are taken into account when generating and testing profit based on new tariff assumptions derived either from the Company's experience or, if this experience is not sufficiently reliable or suitable, from the experience of other entities of the Generali Group. To mitigate lapse risk, surrender penalties are generally included in the tariff and are set to compensate, at least partially, the loss of future profits. It is also the aim of the Company to project the commission systems to motivate agents and brokers to care for the portfolio.

RISK SENSITIVITY ANALYSIS ON THE PARAMETERS CHANGE OF RISK PREMIUM IN LIFE INSURANCE (FROM LIABILITY ADEQUACY TEST):

	2014		2013	
Mortality risk	Required minimum amount of provisions *	Provision insufficiency**	Required minimum amount of provisions *	Provision insufficiency**
Present value	189 215	529	105 174	1 611
Mortality +10% shift	190 999	534	105 750	1 712
Mortality -10% shift	187 425	524	104 598	1 514
Lapse risk				
Present value	189 215	529	105 174	1 611

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Gradient +25% shift	198 664	415	106 944	2 197
Gradient - 25% shift	175 997	660	103 172	1 219
Loss risk				
Present value	189 215	529	105 174	1 611
Expenses +10% shift	193 482	547	106 126	1 855
Expenses - 10% shift	184 947	510	104 223	1 390

* In 2014 the Company included provision for risks from investing on behalf of the insured into liability adequacy test.
In 2013 the technical provision was taken indirectly into liability adequacy test, only as discount and claim above the value of the provision.

** Deficiency of provision is fully reported in these financial statements

The liability adequacy test for long-term insurance contracts was performed at the balance sheet date. Future liabilities arising from long-term life insurance contract terms were estimated as the discounted future cash flow from the current estimate increased by the safety margin. Any incidental deficiency of provisions for the contracts, where the investment risk is borne by the policy holder, is a part of the technical provision for life insurance and in the same amount is taken into account in the sum of liabilities in the liability adequacy test.

In the risk of death, the historical trend in mortality decreasing, observed in population tables, was included in the future cash flow estimation by the Company. The Company also included the effect of risk underwriting into the future cash flow estimation. The effect of underwriting the risk is set based on the death analysis registered from life policies compare to the death assumptions in population mortality tables. In the risk of disability, sickness or injury claim, the Company assumes incidence of these claims based on the historical observation analysis of own portfolio. Compare to the previous period, the Company with the best estimation included the trend of decreasing mortality into the future cash flow estimation and increased the claim from necessary treatment assumptions. In case of death, if mortality or other life-related risks deviate by 10% in the future, this change in assumptions will have little effect on the adequacy of reserves as stated above.

The lapse rates used for calculating future cash flows were based on the recent historical analysis of these rates from the beginning of the insurance. When analyzing lapses, the product and the distribution channel were taken into consideration. The Company performs regular back testing of cancellation assumptions. No material changes occurred in trend of cancellation rates compared with previous period. If the number of lapses or payments in future years differs by 25%, this change in assumptions will have a minor impact on the liability adequacy test result, as described above.

4.1.2 NON-LIFE INSURANCE RISK

The underwriting risk may be split into two components: the price risk and the reserve risk.

The price risk is linked to the possibility that premiums collected from policyholders could be insufficient to cover future claims and expenses. The Company constantly monitors the possibility that, in the event of an extreme scenario (such as major damage caused by a disaster), the total amount of claims remains within acceptable limits. The Company also tests the liability adequacy for unearned premium and in the case of its deficiency the deferred acquisition costs will be released and eventually the provision for unexpired risk will be set up.

The reserve risk represents the risk that the amount of provisions for insurance benefits will be not sufficient in comparison to the insurance benefits. The Company analyzes historical data regarding the frequency and the amount of insurance benefits and use different types of triangular methods to estimate the amount of provisions for insurance benefits and test of its adequacy.

Exposure to disasters and reinsurance coverage

In case of natural and other disasters occurring as a result of specific geographical circumstances, the Company acquires suitable reinsurance protection, the level and economic profitability of which is determined by specific criteria.

Contractual reinsurance (also known as compulsory reinsurance) is based on economic profitability parameters and on its capability to keep volatility within acceptable limits. All methods are analyzed and the most suitable reinsurance programmes are adopted, thus granting adequacy, appropriateness, and expected profitability.

Facultative reinsurance (known as non-contractual reinsurance) is used for those insurance groups for which risk exposure exceeds the retention set. The Company has no permission to cover risks outside the Generali Group guidelines that have been

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adopted in setting up the reinsurance structures, and to expose the Generali Group to a limit higher than the established retention for each line of business.

IMPACT OF NATURAL DISASTERS ON THE FREQUENCY AND THE AMOUNT OF LOSSES IN THIS SEGMENT

	Before reinsurance		After reinsurance	
(in EUR)	2014	2013	2014	2013
Mean value of the amount of losses* - property	1 765	3 034	854	1 138
Mean value of the amount of losses * - disasters	7 812	5 410	4 533	2 120
Number of claims per 100 contracts / insured objects [in %]	5,37 %	3,23 %	5,37 %	3,23 %

* Amount of losses is the sum of claims and RBNS at the end of the year

The policy of insurance underwriting risk in non-life insurance

The Company's underwriting policy covers all sold types of insurance, with a special focus on individuals and small or medium-sized business and commercial lines within the non-life segment.

The focus is mainly on products with low or medium-sized volatility. The underwriting guidelines are characterized by particular prudence related to emerging risks, with a systematic exclusion of guarantees concerning asbestos. The Company annually reviews the established underwriting limits, which are mandatory for all risk subscribers in life and non-life insurance.

Concentration risk in non-life insurance

Just as in life, even in non-life insurance the Company is exposed to risk of several major damages due to the lack of risk diversification. The following table shows the diversification of insurance risks under variable probable maximum loss (PML) and the number of insured objects to PML at various intervals.

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PML IN ASSETS AT THE END OF 2014

Interval (in ths. EUR)	Total interval (in ths. EUR)	Number of objects	Total after reinsurance
less than 25	667 723	107 494	386 924
25 – 100	2 515 700	45 763	1 451 433
100 – 1 000	4 572 441	20 544	2 517 529
1 000 – 10 000	7 016 804	2 618	2 097 648
10 000 – 50 000	4 710 700	236	121 905
more than 50 000	12 523 989	66	45 050
Total	**32 007 357**	**176 721**	**6 620 489**

PML IN ASSETS AT THE END OF 2013

Interval (in ths. EUR)	Total interval (in ths. EUR)	Number of objects	Total after reinsurance
less than 25	756 789	101 077	439 008
25 – 100	4 146 616	75 575	2 404 945
100 – 1 000	5 495 920	26 352	3 031 240
1 000 – 10 000	7 299 947	2 659	2 788 733
10 000 – 50 000	5 166 275	262	1 206 894
more than 50 000	11 463 443	65	1 656 646
Total	**34 328 990**	**205 990**	**11 527 466**

Reserve risk

The reserve risk is the risk that the technical provision for claims will not be sufficient to cover all liabilities arising from claims incurred.

The claim development table in the non-life environment (excluding active reinsurance) shows the ultimate loss by incurred year and its development from 2004 (and earlier). The ultimate loss includes paid losses, the remaining provisions for losses reported, and the estimated provisions for IBNR claims. The amounts are shown net of reinsurance, claim liquidation expenses ULAE and recourse claims. ULAE are considered at RBNS and IBNR. ULAE are unallocated loss adjustment expenses that are not claim-file specific but are calculated en masse.

The estimation has changed according to real paid claims and new information about frequency and average amount of unpaid claims. The difference between the ultimate cost of claims and cumulative claims paid for 2014 determines the claims provision related to accident years from 2005 (and earlier) to 2014.

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Estimate of ultimate cumulative claim costs:	2005 and earlier	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
at the end of the accident year	119 582	50 430	56 796	87 964	69 133	73 915	74 003	64 013	54 061	51 544	
one year later	119 097	55 348	62 243	86 390	60 615	75 668	68 284	65 019	52 128		
two years later	118 709	53 617	60 863	82 762	55 978	73 276	65 733	64 126			
three years later	118 553	53 126	58 634	82 239	57 536	71 808	63 472				
four years later	118 599	51 632	57 824	80 115	56 566	71 679					
five years later	115 534	50 729	58 136	79 870	56 004						
six years later	114 536	51 046	58 113	79 157							
seven years later	114 034	51 119	57 679								
eight years later	113 283	50 308									
nine years later	113 034										
Estimate of ultimate cumulative claim costs at 31 Dec. 2014	**113 034**	**50 308**	**57 679**	**79 157**	**56 004**	**71 679**	**63 472**	**64 126**	**52 128**	**51 544**	**659 131**
Cumulative payments at 31 December 2014	-110 029	-48 577	-56 141	-76 922	-52 723	-67 561	-56 024	-54 668	-42 444	-26 445	-591 534
Provision for insurance claims shown on the balance sheet	**3 005**	**1 731**	**1 538**	**2 235**	**3 281**	**4 118**	**7 448**	**9 458**	**9 684**	**25 099**	**67 597**

4.2 MARKET RISK

i) Currency risk

The Company is exposed to currency risk as a result of transactions in foreign currencies, as well as assets and liabilities denominated in foreign currencies. Conversion from Slovak crowns to Euro at the beginning of 2009 decreased currency risk significantly.

The Company is also indirectly exposed to currency risk through financial assets invested in mutual funds, which are further invested into various securities. The Company monitors the impact of such risk using the so-called “look through” principle.

As at 31 December 2014, the value of assets denominated in foreign currencies totalled EUR 28,707 thousand and EUR 34,154 thousand including indirect exposure from mutual funds (2013: EUR 26,053 thousand and EUR 30,240 thousand respectively) and the value of liabilities denominated in foreign currencies amounted to zero (2013: EUR 0 thousand).
The Company’s major exposure exists towards issuers of securities seated in Europe and the United States. Assets are denominated in the following foreign currencies: the American dollar, the Czech crown and the Polish zloty.

The Company monitors and manages currency risk on assets on a daily basis. Using short-term derivative financial instruments (currency swaps), the Company hedges significant positions in foreign currencies to EUR, thus eliminating currency risk. Gains or losses on assets due to foreign exchange differences are offset by losses or gains from currency derivatives. The net impact of changes in foreign exchange rates compared to the Euro on the Company’s profit/(loss) is therefore insignificant.

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CURRENCY RISK SENSITIVITY (OPEN FOREIGN CURRENCY POSITION)

Balance as at 31 December 2014	USD	CZK	PLN	HUF	GBP	CHF	Other
Change in the exchange rate	+/-10 %	+/-10 %	+/-10 %	+/-10 %	+/-10 %	+/-10 %	+/-10 %
Profit or loss	+/- 64,5	+/- 67,2	+/- 0,4	+/- 2,7	+/- 0,1	0	0
Profit or loss (including mutual funds*)	+/- 322,9	+/- 87,0	+/- 13,6	+/- 3,8	+/- 10,8	+/- 5,3	+/- 236,3
Balance as at 31 December 2013							
Change in the exchange rate	+/-10 %	+/-10 %	+/-10 %	+/-10 %	+/-10 %	+/-10 %	+/-10 %
Profit or loss	+/- 21,5	+/- 3,8	+/- 1,6	+/- 2,9	+/- 0,2	0	0
Profit or loss (including mutual funds*)	+/- 317,5	+/- 20,1	+/- 6	+/- 3,3	+/- 8,8	+/- 5,2	+/- 87,9

* does not contain financial placement in name of policyholders

ii) Interest rate risk

Managing the interest rate risk

The Company monitors and regularly evaluates the development of market interest rates and their impact on the portfolio value. It analyzes the mismatch between its assets and liabilities. Based on this analysis, it determines the investment strategy to eliminate this mismatch. The Company analyzes interest rate risk mainly by performing duration analysis and its sensitivity to changes in yield curve (total or partial). The Company regularly monitors whether the set investment policy is properly respected.

The Company is also exposed to a mismatch of assets and liabilities, due to the accounting procedures applied. This is particularly true for life insurance products with a guaranteed interest rate. Financial location of technical provisions is classified in the category available for sale (AFS), with an impact on balance sheet values, but with no direct impact on profit or loss (excluding realization and hedge accounting revaluation, which was established in February 2014). On the contrary, the technical liabilities are primarily calculated on the basis of no changeable assumptions and are adjusted only upwards of a possible deficiency. As a result, sensitivity to changes in interest rates on the liabilities side, has an effect only if provisions become insufficient. Change is accounted for through the income statement. The impact of changes in interest rates on the balance sheet and income statement is presented in the following sensitivity analysis. The assumptions on interest rates were taken from the internal model of the Company.

INTEREST RATE SENSITIVITY (DOES NOT INCLUDE INVESTMENTS IN THE NAME OF THE INSURED)

As at 31 December 2014	Bonds book value (decrease)/ increase	Out of hedge accounting bonds	Derivatives book value (decrease)/ increase	Mutual funds book value (decrease)/ increase	Technical provisions book value (decrease)/ increase	Impact on the Income Statement	Impact on the Equtiy
Impact of change of +100 bp	-11 520	-1 681	1 688	-51	-194	-238	-10 077
Impact of change of -100 bp	12 657	1 847	-1 859	51	112	151	10 962
As at 31 December 2013							
Impact of change of +100 bp	-10 715	–	786	-78	-956	1 664	-9 051
Impact of change of -100 bp	11 774	–	-850	83	2 638	-3 405	8 369

Technical provisions reflect sensitivity to changes in interest rates, only if the provision for insufficiency is changed accordingly. Provision for insufficiency arises if the minimum required value of the liability adequacy test is higher than the book value of technical provisions. Discounting future cash flows in determining the minimum required value is based on the forward curve of risk-free rates apllied at the balance sheet date. The bases for deriving the curve are Euro swap rates valid on the date of valuation. The Company

Notes to the separate financial statements

took into account basic principles when constructing the risk-free rate curve, which are established in legal enactments adopting Solvency II (mainly Directive 2009/128/EC and legislative proposal of the delegating legal directive at the balance sheet date).

The Company is exposed to interest rate risk and indirectly through financial assets invested in investment funds that invest in further coupon securities. The Company pursues the impact of such risk based on the „look through" principle. The majority of financial assets in investment funds are the property of the Company for products, which bear investment risk insurance. They are included in the category valued at fair value through profit and loss. This occurs if the change in the value of liabilities, compared to the change in prices over investment units (directly reflecting the value of the related asset), is also charged through the profit and loss account. Therefore, the Company is not exposed to significant interest rate risk in this product segment.

In the non-life insurance area the Company is exposed to interest rate risk mainly only by financial assets, because technical provisions in non-life insurance are not discounted and do not contain either financial options or guarantees. The only exception is the provision for claims in the form of annuities in MTPL, which are not significant yet.

iii) Other price risk

Price risk is a risk that the fair value of, or future cash flows from, a financial instrument will fluctuate as
a result of changes in market prices (other than changes resulting from interest rate or currency risks). This applies, regardless of whether these changes are caused by factors specific to the particular financial instrument or by factors that affect all similar financial instruments traded in the market. The Company's price risk results from investments into securities, the fair value of which is affected by developments in capital or financial markets.

Unexpected movements in the prices of shares, currencies, and risk-free rates may adversely affect the market value of the Company's investments. These assets are invested with the objective of meeting obligations towards policyholders in life and non-life insurance and generating revenues for shareholders. The same changes may affect the present value of insurance liabilities.

The Company manages price risk (other than interest rate and currency risks) by applying the principle of risk diversification, focusing on the issuer's credit risk and liquidity risk.

The Company is exposed to price risk through financial assets invested in mutual funds, which are further invested into various securities. The Company monitors the impact of such risk using the so-called "look through" principle.

PRICE CHANGE SENSITIVITY (DOES NOT INCLUDE INVESTMENTS IN THE NAME OF THE INSURED)

Balance as at 31 December 2014	Profit/(loss)	Other comprehensive income
Price change	+/-10 %	+/-10 %
Profit or loss	–	+/- 1 728
Profit or loss (including mutual funds)	–	+/- 2 348
Balance as at 31 December 2013		
Price change	-/+ 10 %	-/+ 10 %
Profit or loss	–	+/- 1 322
Profit or loss (including mutual funds)	–	+/- 1 807

Notes to the separate financial statements

4.3 LIQUIDITY RISK

The Company's objective is to eliminate liquidity risk. Certain assets, up to 10%, are invested into term deposits with an average maturity of seven days to have flexible access to liquidity.

The Company prepares the cash-flow plan for the whole fiscal year, with income and expenditures updated on a monthly basis. The operational cash flow is prepared on a daily basis for at least seven subsequent workdays.

The following tables show the estimated amount and timing of cash flows from financial assets and financial liabilities:

2014	Estimated cash flows (undiscounted)					
	0-5 years	5 – 10 years	10 – 15 years	15 – 20 years	> 20 years	Total
Bonds	152 944	52 223	67 981	2 371	763	276 282
Term deposits	1 250	–	–	–	–	1 250
Derivates	-1 668	-500	-161	–	–	-2 329
Shares	1 743	–	–	–	–	1 743
Index shares (exchange – traded fund)	15 537	–	–	–	–	15 537
Mutual funds	152 552	–	–	–	–	152 552
Total	**322 358**	**51 723**	**67 820**	**2 371**	**763**	**445 035**

2014	Estimated cash flows (undiscounted)					
	0-5 years	5 – 10 years	10 – 15 years	15 – 20 years	> 20 years	Total
Life insurance contracts with fixed and guaranteed terms*	15 073	32 939	20 380	12 845	13 704	94 941
Unit-linked products*	42 946	44 081	22 952	11 088	8 786	129 853
Non-life insurance	94 603	1 635	806	487	198	97 729
Active reinsurance	1 253	–	–	–	–	1 253
Deposits from reinsurers	286	–	–	–	–	286
Trade and other liabilities	44 532	–	–	–	–	44 532
Total	**198 693**	**78 655**	**44 138**	**24 420**	**22 688**	**368 594**

* Cash flows from variable life contracts are adequately distributed to the part unit-linked insurance and contracts with fixed terms, based on the nature of the liability

Weighted duration of bonds: 4.82 years
Average maturity of liabilities: 5.96 years

Notes to the separate financial statements

2013	Estimated cash flows (undiscounted)					
	0-5 years	5 – 10 years	10 – 15 years	15 – 20 years	> 20 years	Total
Bonds	134 411	66 509	73 723	2 366	–	277 009
Term deposits	6 170	–	–	–	–	6 170
Derivates	-81	82	45	–	–	46
Shares	1 579	–	–	–	–	1 579
Index shares (exchange – traded fund)	11 646	–	–	–	–	11 646
Mutual funds	151 597	–	–	–	–	151 597
Total	**305 322**	**66 591**	**73 768**	**2 366**	–	**448 047**

2013	Estimated cash flows (undiscounted)					
	0-5 years	5 – 10 years	10 – 15 years	15 – 20 years	> 20 years	Total
Life insurance contracts with fixed and guaranteed terms*	-11 183	31 225	25 807	17 778	22 272	85 899
Unit-linked products*	35 939	54 797	31 077	14 866	9 991	146 670
Non-life insurance	90 757	1 801	910	575	337	94 380
Active reinsurance	389	–	–	–	–	389
Deposits from reinsurers	425	–	–	–	–	425
Trade and other liabilities	39 547	–	–	–	–	39 547
Total	**155 874**	**87 823**	**57 794**	**33 219**	**32 600**	**367 310**

* Cash flows from variable life contracts are adequately distributed to the part unit-linked insurance and contracts with fixed terms, based on the nature of the liability

Weighted duration of bonds: 5.08 years
Average maturity of liabilities: 4.29 years

Notes to the separate financial statements

4.4 CREDIT RISK

The Generali Group has adopted some rules to reduce the credit risk of investments. These rules prefer the purchase of investment grade securities and encourage the diversification and dispersion of the portfolio. The portfolio of fixed-yield investments is being built under the principle of prudence. At least 50% of bonds are government or similar issues.

The Company has to comply with Regulation No. 7/2008 of the National Bank of Slovakia, which sets the limits for placing technical provisions in the insurance business and credit risk regulations of the Generali Group. In respect of exposure to credit risk, the Company regularly monitors whether limits have been exceeded.

THE COMPANY'S CREDIT RISK EXPOSURE IS AS FOLLOWS

As at 31 December 2014	Bonds available for sale		Loans and receivables				
Credit risk	corporate	government	To customers	Other receivables	Reinsurance assets	Cash	Term deposits
AAA	–	–	–	–	6	6	–
AA+	–	–	–	–	–	–	–
AA	–	–	–	–	63	–	–
AA-	2 831	559	–	–	1 574	–	–
A+	3 349	–	19	–	398	–	–
A	–	153 862	-	–	74	30	–
A-	22 974	–	994	–	2 820	14 883	–
BBB+	16 776	5 399	281	–	39 355*	8	650
BBB	16 419	1 975	–	–	–	–	–
BBB-	15 185	8 226	–	–	–	–	–
BB+	1 171	1 091	–	–	–	–	–
BB	–	–	–	–	–	–	–
BB-	–	–	–	–	–	–	–
B	1 035	–	–	–	–	–	–
CCC	–	–	–	–	–	–	–
Unrated	228	–	11 502	903	789	1 627	600
Total	**79 968**	**171 112**	**12 796**	**903**	**45 079**	**16 554**	**1 250**

* of which EUR 39,235 thousand represents the share of GP Reinsurance EAD (Note 28)

Notes to the separate financial statements

THE COMPANY'S CREDIT RISK EXPOSURE

As at 31 December 2013	Bonds available for sale		Loans and receivables				
Credit risk	corporate	government	To customers	Other receivables	Reinsurance assets	Cash	Term deposits
AAA	–	–	–	–	22		
AA+	–	–	–	–	–	7	–
AA	–	–	–	–	32	–	–
AA-	2 832	1 013	–	–	1 031	–	–
A+	6 142	–	146	–	592	–	–
A	3 170	148 384	–	–	70	–	–
A-	19 099	–	–	–	3 038	9	–
BBB+	9 029	5 238	413	–	36 911*	7	410
BBB	15 799	2 053	196	–	1 577	18	–
BBB-	9 684	4 418	–	–	–	1 770	5 660
BB+	352	1 093	–	–	–	–	–
BB	–	–	–	–	–	–	–
BB-	4 722	–	–	–	–	–	–
B	892	–	–	–	–	–	–
CCC	–	–	–	–	–	–	–
Unrated	220	–	12 750	816	1 515	2 535	100
Total	**71 941**	**162 199**	**13 505**	**816**	**44 788**	**4 347**	**6 170**

* of which EUR 36,584 thousand represents the share of GP Reinsurance EAD (Note 28)

THE MAXIMUM CREDIT RISK EXPOSURE

	Not yet due, not impaired	Overdue, not impaired			Impaired	
As at 31 December 2014		0 – 3 months	3 – 6 months	6 months – 1 year	More than 1 year	Total
Financial assets available for sale (without shares)	251 080	–	–	–	–	251 080
Cash and term deposits	17 804	–	–	–	–	17 804
Loans and receivables*	1 310	8 115	1 734	160	2 380	13 699
Reinsurance assets	45 079	–	–	–	–	45 079
Total	**315 273**	**8 115**	**1 734**	**160**	**2 380**	**327 662**

* Receivables classified as 'Overdue, not impaired' are receivables individually impaired, which have been collectively assessed for impairment based on the groups with similar credit risk characteristics.

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THE MAXIMUM CREDIT RISK EXPOSURE

	Not yet due, not impaired	Overdue, not impaired			Impaired	
As at 31 December 2013		0 – 3 months	3 – 6 months	6 months – 1 year	More than 1 year	Total
Financial assets available for sale (without shares)	234 140	–	–	–	–	234 140
Financial assets and liabilities at fair value at profit and loss (without shares and bonds)	166	–	–	–	–	166
Cash and term deposits	10 517	–	–	–	–	10 517
Loans and receivables*	3 656	8 320	891	334	1 120	14 321
Reinsurance assets	44 788	–	–	–	–	44 788
Total	**293 267**	**8 320**	**891**	**334**	**1 120**	**303 932**

* Receivables classified as 'Overdue, not impaired' are receivables individually impaired, which have been collectively assessed for impairment based on the groups with similar credit risk characteristics.

Financial assets other than those available for sale are shown at net value. Movements in the respective valuation allowances were as follows:

VALUATION ALLOWANCES FOR RECEIVABLES FROM THE INSURED

	2014	2013
Opening balance	8 547	9 117
Write-offs of receivables	-854	-838
Creation/(Release)	520	268
Closing balance	**8 213**	**8 547**

VALUATION ALLOWANCES FOR OTHER RECEIVABLES

	2014	2013
Opening balance	266	966
Write-offs of receivables	–	-745
Creation/(Release)	-3	45
Closing balance	**263**	**266**

Notes to the separate financial statements

4.5 OPERATIONAL RISK

The Company defines operational risks as potential losses, including occasional costs, arising from the lack or underperformance of internal processes, human resources and systems. Reasons may arise from both internal and external factors. Due to the wide range of this definition, operational risks have been further segmented to liability assignment and facilitation in using tools for mitigating risk. The main categories are as follows:

- Strategic risks, resulting from planning and managing the Company's long-term value
- Common operational risks, resulting from day-to-day operations aimed at achieving the Company's business objectives
- Disclosure risks, arising from the capability of information systems to support internal decisions and facilitate proper communication to external stakeholders

The top management of the Generali Group is responsible for strategic risks, while management in individual countries deals with them only in connection with changes in local markets. The strategic planning process is the main tool for managing this type of risk. The process is based on a three-year horizon and is adjusted every year, ending with the setting of risk-adapted performance targets. Control consists of a systematic evaluation of the actual performance and underlying business assumptions, or by adapting individual actions to the new environment. Strategic risk carriers mentioned above are also directly involved in these control processes. The responsibility for common operational risks is assigned to each business unit that defines operational plans linked with risk-adjusted targets. They also identify and execute actions to mitigate risks which could potentially jeopardize their performance in terms of capital consumption and fluctuation of the operating result.

Country Managers are directly responsible for controlling these risks. However, the parent company has set these principles:

- The parent company defines the criteria for evaluating common operational risks. In addition, one of the priorities related to risk management refers to this subject.
- Policies and basic requirements for handling specific risk-bearing sources are defined at the Group level.
- The Group Internal Audit sets common methodologies and principles regulating internal audit activities to identify the most relevant processes to be audited.
- The Group Control Department analyzes the performance of each country and evaluates the actions undertaken.

Business and accounting units are responsible for managing and revealing risks, as they are close to risk-bearing sources and information users. However, the parent company identifies policies, methods, and tools to manage both internal and external information flows affecting the whole Group.

4.6 CAPITAL MANAGEMENT

The Company considers its entire equity to be its capital in the amount of EUR 119,388 thousand (2013: EUR 108,922 thousand). The Company's objectives in managing capital are:

- Complying with requirements regarding share capital, required by the regulating authorities in the Slovak insurance market – the Company manages its capital based on the accounting principle of prudence for its minimum regulatory capital position presented in the table below. Ensuring a quantitative capital limit in order to maximize the return to shareholders, and to have sufficient capital to perform and extend the Company's business activities
- Retaining the Company's ability to continue as a going concern to provide a return to shareholders and benefits for other stakeholders
- Providing an adequate return to shareholders by setting prices of insurance products proportionally to the level of risk

The National Bank of Slovakia is the local regulatory and supervisory body overseeing business activities of insurance companies. It specifies the minimum amount and the type of assets that each insurance company must hold along with their insurance liabilities. The minimum required share capital (presented in the table below) must always be available throughout the reporting period.

Notes to the separate financial statements

	2014	2013
Actual solvency margin	98 522	89 133
Required solvency margin	25 063	24 410

The Company continuously monitors the performance and adequacy of its own resources. During the whole period of activity these were shown in sufficient value. The actual solvency margin exceeded the minimum required as at 31 December 2014 and 31 December 2013.

The Company, in addition to regulatory requirements on capital, monitors the amount and use of economic (risk) capital. For this purpose, the Company implemented an internal model developed at the Group level in 2010. In 2011 there was further improvement of the internal model, in accordance with the upcoming legislation Solvency 2.

4.7 FAIR VALUE HIERARCHY

In accordance with the amendment to IFRS 7 on disclosing information that reflects significance of inputs in valuing financial assets at fair value, the Company classified financial assets according to the following fair value hierarchy:

- Level 1: financial assets and liabilities valued based on prices quoted in active markets
- Level 2: in determining the fair value of financial assets and liabilities, valuation techniques are used with inputs which are based on market-observable data
- Level 3: the fair value of financial assets and liabilities is determined using valuation techniques with inputs other than market observable data

For financial assets traded in active markets, the determination of fair values is based on quoted market prices. For other financial assets fair value is determined using valuation techniques. For computing the fair value of financial assets for which a market price was not established as at 31 December 2014, the method of discounted cash-flows was used. This was based on the interest rate of a yield curve for each financial instrument denominated in the relevant currency, issued by Bloomberg or Reuters. Using linear interpolation, a zero coupon of the rate is calculated from the yield curve, which is then applied in discounting the cash-flows (Bootstrapping method).

The assumptions and inputs used in the valuation include non-risk bearing and benchmarking interest rates, credit risk margins and other margins used in estimating the discount rate, value of bonds and shares and foreign exchange rates. The purpose of valuation techniques is to calculate a fair value that reflects the value of the financial instrument at the balance sheet date, that a buyer would pay under usual business conditions. For determining the fair value of non-standardized and lower complexity financial instruments the Company applies models that use market observable data as inputs and do not require any management estimates, which reduces the uncertainty related to determining the fair value.

Specific information is disclosed for Level 3 (significant inputs based on other than market observable data).
In 2014, the Company performed classification of fair value valued financial assets and liabilities, according to requirements stated above as follows:

Notes to the separate financial statements

FAIR VALUE ESTIMATION AND FAIR VALUE HIERARCHY

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets and liabilities				
Derivative financial assets				
Interest swaps	–	-1 620	–	-1 620
Futures	–	–	–	–
Currency swaps	–	-392		-392
Total	–	**-2 012**		**-2 012**
Other financial assets at fair value through profit or loss				
Bonds	–	–	–	–
Investment funds	152 552	–	–	152 552
Total	**152 552**	–	–	**152 552**
Available-for-sale financial assets				
Bonds	216 323	34 757	–	251 080
Shares	17 279	–	–	17 279
Total	**233 602**	**34 757**	–	**268 359**
Total financial assets measured at fair value	**386 154**	**32 745**	–	**418 899**

FAIR VALUE ESTIMATION AND FAIR VALUE HIERARCHY

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets and liabilities				
Derivative financial assets				
Interest swaps	–	130	–	130
Futures	–	–	–	–
Currency swaps	–	36	–	36
Total	–	**166**	–	**166**
Other financial assets at fair value through profit or loss				
Bonds	–	–	–	–
Investment funds	151 597	–	–	151 597
Total	**151 597**	–	–	**151 597**
Available-for-sale financial assets				
Bonds	201 348	32 792	–	234 140
Shares	13 225	–	–	13 225
Total	**214 573**	**32 792**	–	**247 365**
Total financial assets measured at fair value	**366 170**	**32 958**	–	**399 128**

Notes to the separate financial statements

5. TANGIBLE ASSETS

As at 1 January 2013	Buildings	Land	Motor vehicles	Office equipment	Machinery and equipment	Total
Acquisition cost	2 109	102	2 044	897	4 632	9 784
Accumulated depreciation	-462	–	-833	-65	-3 506	-4 866
Net book value	**1 647**	**102**	**1 211**	**832**	**1 126**	**4 918**
Year ended 31 December 2013						
Opening balance	1 647	102	1 211	832	1 126	4 918
Additions	34	–	123	96	547	800
Disposals – at acquisition cost	-31	–	-136	-241	-1 255	-1 663
Disposals – accumulated depreciation	31	–	118	238	1 253	1 638
Depreciation	-133	–	-487	-193	-545	-1 340
Net book value at the end of the year	**1 548**	**102**	**829**	**732**	**1 126**	**4 337**
As at 31 December 2013						
Acquisition cost	2 112	102	2 031	752	3 924	8 921
Accumulated depreciation	-564	-	-1 202	-20	-2 798	-4 584
Net book value	**1 548**	**102**	**829**	**732**	**1 126**	**4 337**
Year ended 31 December 2014						
Opening balance	1 548	102	829	732	1 126	4 337
Additions	7	–	198	173	464	842
Additions from business combination	–	–	4	–	13	17
Disposals – at acquisition cost	-260	–	-192	-36	-483	-971
Disposals – accumulated depreciation	188	–	189	36	455	868
Depreciation	-126	–	-420	-240	-490	-1 276
Net book value at the end of the year	**1 357**	**102**	**608**	**665**	**1 085**	**3 817**
As at 31 December 2014						
Acquisition cost	1 859	102	2 041	889	3 918	8 809
Accumulated depreciation	-502	–	-1 433	-224	-2 833	-4 992
Net book value	**1 357**	**102**	**608**	**665**	**1 085**	**3 817**

The Company has its tangible assets insured by Allianz - Slovenská Poisťovňa, a.s. The insured amount for insurance of property of legal and employed individuals is EUR 15,595 thousand.

Notes to the separate financial statements

6. INTANGIBLE ASSETS

As at 1 January 2013	Software	VOBA	Other intangible assets	Total
Acquisition cost	7 597	64 989	3	72 589
Accumulated amortization	-4 354	-21 353	-3	-25 710
Net book value	**3 243**	**43 636**	**–**	**46 879**
Year ended 31 December 2013				
Opening balance	3 243	43 636	–	46 879
Additions	1 515	–	–	1 515
Disposals - at acquisition cost	-93	–	–	-93
Disposals - accumulated amortization	93	–	–	93
Amortization	-1 572	-4 299	–	- 5 871
Net book value	**3 186**	**39 337**	–	**42 523**
As at 31 December 2013				
Acquisition cost	9 019	64 989	3	74 011
Accumulated amortization	-5 833	-25 652	-3	-31 488
Net book value	**3 186**	**39 337**	**–**	**42 523**
Year ended 31 December 2014				
Opening balance	3 186	39 337	–	42 523
Additions	2 132	–	–	2 132
Additions from business combination	406	–	–	406
Disposals - at acquisition cost	-32	–	–	-32
Disposals - accumulated amortization	32	–	–	32
Amortization	-1 223	-4 058	–	-5 281
Allowance	-239	–	–	-239
Net book value	**4 262**	**35 279**	–	**39 541**
As at 31 December 2014				
Acquisition cost	11 286	64 989	3	76 278
Accumulated amortization	-7 024	-29 710	-3	-36 737
Net book value	**4 262**	**35 279**	**–**	**39 541**

The Company monitored whether there was any objective indication of impairment of the acquired portfolio of insurance contracts (VOBA) and deduced that there was not. VOBA is consistently lower than the difference between the book and the minimum required (as a result of the liability adequacy) value of technical provisions in life and unit linked insurance and there are no reasons in principle to review the assumptions used in determining the value of the portfolio.

Notes to the separate financial statements

7. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Investments in subsidiaries and joint ventures as at 31 December 2014 related to shares in the pension company VÚB Generali d.s.s., a. s. and GSL Services, s.r.o.. VUB Generali d.s.s., a.s. and GSL Services, s.r.o. have their registered offices in the Slovak Republic.

	2014	2013
As at 1 January	16 604	17 416
Changes – sale of Generali Belarus	–	-812
As at 31 December	**16 604**	**16 604**

As at 31 December 2014	Equity share	Acquisition cost	Valuation allowance	Book value
VUB Generali d.s.s., a.s.	50 %	16 597	–	16 597
GSL Services, s.r.o. (subsidiary)	100 %	7	–	7
Total		**16 604**	–	**16 604**
As at 31 December 2013				
VUB Generali d.s.s., a.s.	50 %	16 597	–	16 597
GSL Services, s.r.o. (subsidiary)	100 %	7	–	7
Total		**16 604**	–	**16 604**

Financial information on subsidiaries, joint ventures and associates

As at 31 December 2014	Assets	Liabilities	Equity	Revenue	Profit/(loss)
VUB Generali, d.s.s., a.s.	19 317	1 147	18 170	7 904	4 601
GSL Services, s.r.o.	239	712	-473	6	3
As at 31 December 2013					
VUB Generali, d.s.s., a.s.	16 330	641	15 689	5 237	2 612
GSL Services, s.r.o.	235	711	-476	–	-18

Notes to the separate financial statements

8. FINANCIAL ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
Term deposits	1 250	6 170
Available for sale	268 359	247 365
At fair value through profit or loss	152 552	151 597
Derivatives	-	202
Total financial assets	**422 161**	**405 334**
Derivatives	2 012	36
Financial liabilities at amortized value	–	–
Total financial liabilities	**2 012**	**36**

Reconciliation of the group of financial assets monitored by management of the Company to categories used in balance sheet:

Financial assets available for sale	31 December 2014	31 December 2013
Government bonds	171 112	162 199
Corporate bonds	79 968	71 941
Total bonds	**251 080**	**234 140**
Shares	17 279	13 225
Total financial assets available for sale	**268 359**	**247 365**

Financial assets and liabilities at fair value through profit or loss	31 December 2014	31 December 2013
Bond funds	18 015	74 268
Equity funds	51 900	68 990
Mixed funds	80 551	–*
Money market funds	152	8 339
Real estates funds	1 934	–
Derivatives	–	202
Total financial assets	**152 552**	**151 799**
Derivates	-2 012	-36
Total financial liabilities	**-2 012**	**-36**

* The Company divided the Mixed funds in 2013 in the following way: the portion invested in bond funds is recognized as Bond funds and portion invested in equities is recognized as Equity funds. The remaining balance is recognized as Money market funds.

Notes to the separate financial statements

Mutual funds covering provision in covering risks from investing financial resources on behalf of the insured amounted to EUR 144,543 thousand (as at 31 December 2013: EUR 143,053 thousand), mutual funds held by the Company amounted to EUR 8,009 thousand (as at 31 December 2013: EUR 8,544 thousand).

Movements in financial assets and liabilities are as follows:

	Financial assets and liabilities at fair value through profit or loss	Financial assets available for sale
As at the beginning of 2013	**146 586**	**243 730**
Disposals (sale and maturity)	-11 326	-67 646
Acquisitions	10 109	72 732
Gain from revaluation (other comprehensive income and loss)	–	872
Net movement in fair value (profit or loss)	6 394	-1 458
Impairment loss	–	-116
Change of accrued interest income	–	-749
As at the beginning of 2014	**151 763**	**247 365**
Disposals (sale and maturity)	-8 552	-24 375
Acquisitions	6 602	30 660
Profit from revaluation (other comprehensive income and loss)	–	12 035
Net movement in fair value (profit or loss)	727	3 360
Impairment loss	–	-420
Change of accrued interest income	–	-266
As at the end of 2014	**150 540**	**268 359**

The fair value of financial assets with an existing market price as at 31 December 2014 has been determined by using the existing market price.

The fair value of financial assets for which no market price existed as at 31 December 2014 was calculated by using the method of discounted cash flows from the yield curve interest rates for individual financial instruments denominated in the given currency, published by Bloomberg or Reuters. Zero-coupon rates for discounting cash flows are calculated from the yield curve, using linear interpolation (the Bootstrapping method).

	Underlying asset value due				Fair value
As at 31 December 2014	within 1 month	within 1 year	within 10 years	over 10 years	Assets/(Liabilities)
Interest swaps	–	–	14 884	12 500	-1 620
Currency swaps	33 259	10 385	–	–	-392
Total	**33 259**	**10 385**	**14 884**	**12 500**	**-2 012**
As at 31 December 2013					
Interest swaps	–	7 251	13 701	2 500	130
Currency swaps	25 793	–	–	–	36
Total	**25 793**	**7 251**	**13 701**	**2 500**	**166**

Notes to the separate financial statements

Offsetting financial assets and liabilities

Financial assets which are subject of “master netting agreements” offsetting or other similar agreements (enforced by law) are as follows:

				Not offset			
31 December 2014	Gross value of financial assets	Offset gross values	Net value of financial assets	Financial instruments	Cash collateral received	Securities collateral received	Net values
Derivatives	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**
31 December 2013							
Derivatives	202	–	202	36	–	–	166
Total	**202**	**–**	**202**	**36**	**–**	**–**	**166**

Financial liabilities which are subject of “master netting agreements” offsetting or other similar agreements (enforced by law) are as follows:

				Not offset			
31 December 2014	Gross value of financial assets	Offset gross values	Net value of financial assets	Financial instruments	Cash collateral received	Securities collateral received	Net values
Derivatives	2 012	–	2 012	–	–	–	2 012
Total	**2 012**	**–**	**2 012**	**–**	**–**	**–**	**2 012**
31 December 2013							
Derivatives	36	–	36	36	–	–	–
Total	**36**	**–**	**36**	**36**	**–**	**–**	**–**

9. REINSURANCE ASSETS

The reinsurer’s share in technical provisions was as follows:

	31 December 2014	31 December 2013
Unearned Premium Reserve (UPR)	12 333	10 742
Provision for claims Reported But Not Settled (RBNS) and loss adjustment expenses	30 434	32 015
Provision for claims Incurred But Not Reported (IBNR)	2 286	2 031
Other provisions	26	–
Total	**45 079**	**44 788**

Notes to the separate financial statements

10. LOANS AND RECEIVABLES

	31 December 2014	31 December 2013
Receivables from clients	11 948	12 905
Receivables from reinsurers	848	600
Other receivables	903	816
Total	**13 699**	**14 321**

Receivables from clients, receivables from agents and other receivables are shown net of valuation allowance.

Overview of valuation allowances is described below. Estimated fair value of receivables does not differ materially from the book value.

	31 December 2014	31 December 2013
Bad debt provision for receivables from clients*	-8 213	-8 547
Bad debt provision for receivables from agents	-143	-143
Bad debt provision for other receivables	-120	-120
Total	**-8 476**	**-8 810**

* Of the total sum of provisions for receivables from clients a provision for receivables from unit-linked insurance amounted to EUR 1,734 thousand (2013: EUR 2,727 thousand). This provision is created in the whole amount of unpaid insurance premium, thereby reducing the accounting mismatch between posting of insurance premium and creation of technical provisions in life insurance.

11. DEFERRED ACQUISITION COSTS

	31 December 2014	31 December 2013
At the beginning of the period	26 682	24 479
Additions/(Disposals) of deferred acquisition costs during the year (Note 23)	1 471	2 203
At the end of the period	**28 153**	**26 682**

Notes to the separate financial statements

12. DEFERRED INCOME TAX

Deferred income taxes are calculated for all temporary differences under the balance sheet liability method, using the tax rate valid for the year 2014 of 22% (until 2013: 23%), as follows:

	31 December 2014	31 December 2013
Deferred tax assets		
- with the expected realization after more than 12 months	3 287	2 423
- with the expected realization within 12 months	2 531	1 455
	5 818	**3 878**
Deferred tax liabilities		
– with the expected settlement after more than 12 months	-11 541	-11 039
– with the expected settlement within 12 months	-2 057	-927
	-13 598	**-11 966**
Net deferred tax liability	**-7 780**	**-8 088**

MOVEMENTS IN THE DEFERRED INCOME TAX ARE AS FOLLOWS:

Year ended	31 December 2014	31 December 2013
At the beginning of the year	-8 088	-9 950
Tax recognized in the income statement (Note 26)	2 041	1 482
Tax charged to other comprehensive income (Note 14)	-1 733	380
At the end of the year	**-7 780**	**-8 088**

MOVEMENTS IN THE DEFERRED TAX ASSET AND LIABILITY DURING THE YEAR ARE AS FOLLOWS:

	1 January 2014	Other comprehensive income	Income statement	31 December 2014
Deferred tax asset				
Tax goodwill – business combination under common control	-	-	660	660
Intangible asset	-	-	52	52
Impairment of receivables	886	-	135	1 021
Expenses deductible after having been paid	97	-	-18	79
Employee benefits	22	-	-5	17
Provision for bonuses	361	-	16	377
Provision for the MTPL insurance deficit	50	-	-10	40
IBNR	1 510	-	246	1 756
Deferred policyholders liabilities	952	864	-	1 816
Total	**3 878**	**864**	**1 076**	**5 818**

Notes to the separate financial statements

	1 January 2014	Other comprehensive income	Income statement	31 December 2014
Deferred tax liability				
Tangible assets	-322	-	71	-251
Available for sale financial assets revaluation	-2 989	-2 597	-	-5 586
VOBA	-8 655	-	894	-7 761
Total	**-11 966**	**-2 597**	**965**	**-13 598**

				Change in tax rate		
	1 January 2013	Other comprehensive income	Income statement	Other comprehensive income	Income statement	31 December 2013
Deferred tax asset						
Impairment of receivables	1 052	-	-125	-	-41	886
Expenses deductible after having been paid	109	-	-7	-	-5	97
Employee benefits	12	-	11	-	-1	22
Provision for bonuses	376	-	1	-	-16	361
Provision for the MTPL insurance deficit	60	-	-8	-	-2	50
IBNR	1 246	-	333	-	-69	1 510
Deferred policyholders liabilities	925	70	-	-43	-	952
Total	**3 780**	**70**	**205**	**-43**	**-134**	**3 878**

				Change in tax rate		
	1 January 2013	Other comprehensive income	Income statement	Other comprehensive income	Income statement	31 December 2013
Deferred tax liability						
Tangible assets	-351	-	14	-	15	-322
Available for sale financial assets revaluation	-3 342	217	-	136	-	-2 989
VOBA	-10 037	-	989	-	393	-8 655
Total	**-13 730**	**217**	**1 003**	**136**	**408**	**-11 966**

The Company recorded a deferred tax liability from revaluation of available for sale financial assets. Losses from the sale of available for sale financial assets are generally tax non-deductible.

Notes to the separate financial statements

13. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Bank accounts	16 548	4 340
Cash equivalents	6	7
Total	**16 554**	**4 347**

Cash in banks and cash equivalents represent funds immediately available, which are intended to cover the operational needs of the Company. Term deposits are recognized under the financial assets since they are intended primarily to cover the liabilities from the insurance contracts.

14. EQUITY

SHARE CAPITAL

	Number of shares	Ordinary shares in EUR thousand
As at 1 January 2013	**75 302**	**25 000**
Changes during the year	-	-
As at 31 December 2013	**75 302**	**25 000**
Changes during the year	-	-
As at 31 December 2014	**75 302**	**25 000**

The Company issued a total of 75,302 shares. All shares are held by Generali PPF Holding B.V., which represents a 100% share in the share capital.

The total amount of ordinary registered shares is 75,302 (at 31 December 2013: 75,302). The nominal value is EUR 332 per share. All issued shares are fully paid. Shares are not listed.

Legal reserve fund

The Company creates a legal reserve fund in compliance with the Commercial Code of 10% of net profit for the ordinary accounting period up to a minimum of 20% of the share capital. The legal reserve fund is used to cover losses of the Company and cannot be distributed.

Based on the decision of the General Meeting, the legal reserve fund was increased by 10% of net profit for 2013 (in absolute value of EUR 695 thousand) from EUR 4,177 thousand as at 31 December 2013 to EUR 4,872 thousand as at 31. December 2014.

Notes to the separate financial statements

PROFIT / (LOSS) FROM PREVIOUS AND CURRENT YEARS

	31 December 2014	31 December 2013
Profit/(loss) from previous years	71 800	65 540
Profit/(loss) of the current year	7 752	6 955
Additions from business combination	-3 500	-
Total	**76 052**	**72 495**

The financial statements for 2013 were approved at the General Meeting held on 29 May 2014. The profit of EUR 6,955 thousand was transferred as follows:

- EUR 695 thousand as an addition to the legal reserve fund,
- EUR 6,260 thousand to retained earnings of previous years.

REVALUATION DIFFERENCES FROM SECURITIES AVAILABLE FOR SALE

At the beginning of 2013	**8 093**
Unrealized gain from revaluation attributable to policyholders	-309
Unrealized gain from revaluation attributable to policyholders – deffered tax	27
Loss from the available-for-sale financial assets revaluation	872
Loss from the available-for-sale financial assets revaluation – deferred tax	-63
Transfers to net profit upon impairment	116
Transfers to net profit upon impairment – deferred tax	-27
Transfers to net profit upon sale	- 1 927
Deferred tax upon sale	443
At the end of 2013	**7 225**
Unrealized gain from revaluation attributable to policyholders	-3 928
Unrealized gain from revaluation attributable to policyholders – deffered tax	864
Gain from the available-for-sale financial assets revaluation	12 037
Gain from the available-for-sale financial assets revaluation – deferred tax	-2 648
Transfers to net profit upon impairment	420
Transfers to net profit upon impairment – deferred tax	-92
Transfers to net profit upon sale	-652
Deferred tax upon sale	143
At the end of 2014	**13 369**

Notes to the separate financial statements

15. TECHNICAL LIABILITIES ARISING FROM INSURANCE CONTRACTS

The Company has the following technical provisions arising from insurance contracts:

Gross	31 December 2014	31 December 2013
- Claims reported but not settled (RBNS) and loss adjustment expenses	68 908	67 854
- Claims incurred but not reported (IBNR)	10 676	8 906
- Provision for unearned premiums	29 915	26 549
- Provision for profit sharing and premium refund	637	451
- Provision for MTPL deficit	3 388	3 355
- Life insurance provision	154 607	153 469
- Provision for risks from investing on behalf of the insured	144 543	143 053
- Other provisions	63	-
Total insurance liabilities, gross	**412 737**	**403 637**

Share of reinsurers (reinsurance assets)	31 December 2014	31 December 2013
- Claims reported but not settled (RBNS) and loss adjustment expenses	30 434	32 015
- Claims incurred but not reported (IBNR)	2 286	2 031
- Provision for unearned premiums	12 333	10 742
- Provision for profit sharing and premium refund	-	-
- Provision for MTPL deficit	-	-
- Life insurance provision	-	-
- Provision for risks from investing on behalf of the insured	-	-
- Other provisions	26	-
Total share of reinsurance on insurance liabilities	**45 079**	**44 788**

Net	31 December 2014	31 December 2013
- Claims reported but not settled (RBNS) and loss adjustment expenses	38 474	35 839
- Claims incurred but not reported (IBNR)	8 390	6 875
- Provision for unearned premiums	17 582	15 807
- Provision for profit sharing and premium refund	637	451
- Provision for MTPL deficit	3 388	3 355
- Life insurance provision	154 607	153 469
- Provision for risks from investing on behalf of the insured	144 543	143 053
- Other provisions	37	-
Total net liabilities from insurance	**367 658**	**358 849**

Notes to the separate financial statements

Movements in liabilities arising from insurance contracts and reinsurance assets

a. Provisions for insurance claims (RBNS and IBNR, including loss adjustment expenses)

NON-LIFE INSURANCE

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
RBNS	62 678	-31 845	30 833	60 784	-30 442	30 342
IBNR	4 622	-2 031	2 591	5 183	-2 105	3 078
Total at the beginning of the year	**67 300**	**-33 876**	**33 424**	**65 967**	**-32 547**	**33 420**
Insurance claims paid for claims settled in the year	-43 262	17 141	-26 121	-47 799	19 011	-28 788
Additions from business combination	3 432	-1 365	2 067	-	-	-
Change in liabilities	40 127	-13 953	26 174	49 132	-20 340	28 792
Total at the end of year	**67 597**	**-32 053**	**35 544**	**67 300**	**-33 876**	**33 424**
RBNS	62 417	-29 767	32 650	62 678	-31 845	30 833
IBNR	5 180	-2 286	2 894	4 622	-2 031	2 591
Total at the end of year	**67 597**	**-32 053**	**35 544**	**67 300**	**-33 876**	**33 424**

LIFE INSURANCE CONTRACTS WITH FIXED AND GUARANTEED TERMS

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
RBNS	3 327	-	3 327	3 567	-	3 567
IBNR	3 970	-	3 970	2 012	-	2 012
Total at the beginning of the year	**7 297**	**-**	**7 297**	**5 579**	**-**	**5 579**
Insurance claims paid for claims settled in the year	-26 655	184	-26 471	-28 385	177	-28 208
Change in liabilities	28 235	-344	27 891	30 103	-177	29 926
Total at the end of year	**8 877**	**-160**	**8 717**	**7 297**	**-**	**7 297**
RBNS	3 701	-160	3 541	3 327	-	3 327
IBNR	5 176	-	5 176	3 970	-	3 970
Total at the end of year	**8 877**	**-160**	**8 717**	**7 297**	**-**	**7 297**

Notes to the separate financial statements

CONTRACTS WHERE THE INSURED BEARS THE RISK FROM INVESTING

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
RBNS	1 600	-	1 600	849	-	849
IBNR	314	-	314	316	-	316
Total at the beginning of the year	**1 914**	**-**	**1 914**	**1 165**	**-**	**1 165**
Insurance claims paid for claims settled in the year	-26 381	-	-26 381	-28 875	-	-28 875
Change in liabilities	26 711	-	26 711	29 624	-	29 624
Total at the end of year	**2 244**	**-**	**2 244**	**1 914**	**-**	**1 914**
RBNS	1 924	-	1 924	1 600	-	1 600
IBNR	320	-	320	314	-	314
Total at the end of year	**2 244**	**-**	**2 244**	**1 914**	**-**	**1 914**

ACTIVE REINSURANCE

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
RBNS	249	-170	79	220	-152	68
IBNR	-	-	-	-	-	-
Total at the beginning of the year	**249**	**-170**	**79**	**220**	**-152**	**68**
Insurance claims paid for claims settled in the year	-131	84	-47	-125	88	-37
Change in liabilities	748	-421	327	154	-106	48
Total at the end of year	**866**	**-507**	**359**	**249**	**-170**	**79**
RBNS	866	-507	359	249	-170	79
IBNR	-	-	-	-	-	-
Total at the end of year	**866**	**-507**	**359**	**249**	**-170**	**79**

b. Provisions for unearned premiums

NON-LIFE INSURANCE

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of the year	23 457	-10 528	12 929	25 247	-11 549	13 698
Additions from business combination	1 784	-714	1 070	-	-	-
Change	1 228	-873	355	-1 790	1 021	-769
At the end of the year	**26 469**	**-12 115**	**14 354**	**23 457**	**-10 528**	**12 929**

Notes to the separate financial statements

LIFE INSURANCE CONTRACTS WITH FIXED AND GUARANTEED TERMS

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of the year	2 952	-129	2 823	2 856	-61	2 795
Change	205	70	275	96	-68	28
At the end of the year	**3 157**	**-59**	**3 098**	**2 952**	**-129**	**2 823**

ACTIVE REINSURANCE

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of the year	140	-85	55	20	-17	3
Change	149	-73	76	120	-68	52
At the end of the year	**289**	**-158**	**131**	**140**	**-85**	**55**

c. Provision for MTPL deficit

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of the year	3 355	-	3 355	3 809	-	3 809
Additions from business combination	703	-	703	-	-	-
Release during the year	-670	-	-670	-454	-	-454
At the end of the year	**3 388**	**-**	**3 388**	**3 355**	**-**	**3 355**

d. Technical provision for life insurance

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of the year	153 469	-	153 469	157 959	-	157 959
Increase from premiums	22 738	-	22 738	24 720	-	24 720
Release for payments on death, surrender and other terminations in the year	-24 402	-	-24 402	-27 915	-	-27 915
Change – provision for the share on profit (DPF)	-44	-	-44	214	-	214
Change – Liability adequacy test	-1 082	-	- 1 082	-1 818	-	-1 818
Change – Deferred policyholders liabilities (DPF)	3 928	-	3 928	309	-	309
At the end of the year	**154 607**	**-**	**154 607**	**153 469**	**-**	**153 469**

Notes to the separate financial statements

DEFERRED POLICYHOLDERS LIABILITIES – MOVEMENTS

At the beginning of 2013	**4 020**
Adjustment from unrealized gains and losses on assets available for sale (Note 14)	309
At the end of 2013	**4 329**
Adjustment from unrealized gains and losses on assets available for sale (Note 14)	3 928
At the end of 2014	**8 257**

TECHNICAL PROVISION FOR LIFE INSURANCE – BREAKDOWN BY COMPONENTS

	31 December 2014	31 December 2013
Technical provision for life insurance	**154 607**	**153 469**
Provision for guaranteed benefits	145 821	147 529
Provision for unallocated share on profit	-	-
Provision from liability adequacy test	529	1 611
Deferred policyholders liabilities	8 257	4 329

e. Provision on behalf of the insured when investment risk is borne by policyholders (investment life insurance)

	31 December 2014			31 December 2013		
Year ended	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of the year	143 053	-	143 053	140 855	-	140 855
Insurance premium less the charges	21 027	-	21 027	24 080	-	24 080
Insurance claims from death, surrender, and other terminations in the year	-24 063	-	-24 063	-28 279	-	-28 279
Change in valuation of mutual funds shares	4 526	-	4 526	6 397	-	6 397
At the end of the year	**144 543**	**-**	**144 543**	**143 053**	**-**	**143 053**

Notes to the separate financial statements

16. DEPOSITS FROM REINSURERS

Deposits received from reinsurers relate to amounts of ceded insurance provisions. The interest rate is applied on the deposits in favour of the reinsurer. The effective interest rate is determined based on current money-market interest rates.

The deposits relate to the reinsuring companies Generali Holding Vienna AG and Assicuracioni Generali S.p.A.

	31 December 2014	31 December 2013
from the unearned premium reserve	115	123
from provisions for insurance claims	171	302
Total	**286**	**425**

The effective interest rate of the Company's deposits from reinsurers amounts to 3% (2013: 3%) on average.

17. TRADE AND OTHER PAYABLES

	31 December 2014	31 December 2013
Financial and insurance liabilities:		
Payables to clients	9 335	11 684
Payables – brokers and agents	1 343	1 669
Payables – co-insurance	639	56
Payables from reinsurance	13 389	12 306
Amounts due to related parties	4 709	-
Payables – suppliers	860	189
Accruals:		
Commission	2 628	2 111
General expenses – not settled rental, services and other expenses	1 879	2 635
Payable from Rental agreement	986	1 165
Total financial liabilities	**35 768**	**31 815**
Non-financial liabilities:		
Payables – employees	705	665
Payables – social security	403	379
Accruals – personal cost	1 965	1 826
Provisions for employee benefits	78	98
Other provisions	477	469
Accrued commission from reinsurers	2 761	2 499
Contribution to the Emergency Medical Service (8% from MPTL premium)	2 068	1 560
VAT and other taxes	307	236
Total non-financial liabilities	**8 764**	**7 732**
Total liabilities	**44 532**	**39 547**

Notes to the separate financial statements

ACCRUED COMMISSION FROM REINSURERS

	31 December 2014	31 December 2013
Opening balance	2 499	2 616
Net usage	262	-117
Closing balance	**2 761**	**2 499**

All liabilities are within due date.

LIABILITIES TO EMPLOYEES ALSO INCLUDE LIABILITIES FROM THE SOCIAL FUND

	31 December 2014	31 December 2013
Opening balance	64	55
Creation from salaries	149	149
Additions from business combination	5	-
Use	-143	-140
Closing balance	**75**	**64**

18. NET INSURANCE PREMIUM

	Gross amount		Reinsurance share		Net amount	
	2014	2013	2014	2013	2014	2013
Written premium in non-life insurance	92 360	91 469	-45 746	-44 246	46 614	47 223
Written premium in life insurance	78 331	80 081	-702	-664	77 629	79 417
Written premium in active reinsurance	3 308	2 796	-1 831	-1 675	1 477	1 121
Total written premium	**173 999**	**174 346**	**-48 279**	**-46 585**	**125 720**	**127 761**
Non-life insurance, change in unearned premium reserve	-1 380	1 790	874	-1 022	-506	768
Life insurance, change in unearned premium reserve	-204	-97	-70	68	-274	-29
Active reinsurance, change in unearned premium reserve	3	-120	73	68	76	-52
Total change in unearned premium reserve	**-1 581**	**1 573**	**877**	**-886**	**-704**	**687**
Earned premium in non-life insurance	90 980	93 259	-44 872	-45 268	46 108	47 991
Earned premium in life insurance	78 127	79 984	-772	-596	77 355	79 388
Earned premium in active reinsurance	3 311	2 676	-1 758	-1 607	1 553	1 069
Total earned premium	**172 418**	**175 919**	**-47 402**	**-47 471**	**125 016**	**128 448**

Notes to the separate financial statements

19. FINANCIAL INVESTMENTS INCOME/ (EXPENSE) AND DERIVATIVE FINANCIAL INSTRUMENTS INCOME/ (EXPENSE)

	2014	2013
Financial assets and liabilities at fair value through profit or loss		
Unrealized gain/ (loss) from other financial assets at fair value through profit or loss	190	380
Realized gain/ (loss) from other financial assets at fair value through profit or loss	2 108	682
Net change in fair value of investments on behalf of policy holders	2 418	5 716
	4 716	**6 778**
Unrealized net profit/(loss) from derivative financial instruments	-	298
Realized net profit/(loss) from derivative financial instruments	-428	607
	-428	**905**
Hedge accounting – unrealized net profit/(loss) from derivative financial instruments	-1 881	-
Hedge accounting – realized net profit/(loss) from derivative financial instruments	-2 905	-
	-4 786	**-**
Total	**-498**	**7 683**
Financial assets available for sale		
Interest income from securities (coupon)	8 845	8 833
Amortizácia diskont/prémium	-901	-750
Realized net gain/ loss from financial assets available for sale	651	2 031
Realized net FX gain/ loss from financial assets available for sale	-39	-153
Unrealized net FX gain/ loss from financial assets available for sale	2 968	-
Unrealized net gain/ loss from financial assets available for sale	1 294	-708
Dividend income	263	201
Total	**13 081**	**9 454**
- Out of which: Hedge accounting – net gain/(loss) from hedging financial investments	4 224	-
Term deposits		
Interest income	2	2
Total	**2**	**2**
Other income*	**1 324**	**991**
Total	**13 909**	**18 130**

* includes dividend income from joint venture VUB Generali-DSS

Notes to the separate financial statements

20. IMPAIRMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE

Except for expenses and revenues from financial assets available for sale disclosed in Note 19. the Company recognized loss from the impairment of financial assets available for sale in the amount of EUR 420 thousand (2013: EUR 116 thousand).

21. OTHER REVENUE

Other revenue includes commission from the management companies of investment funds in the amount of EUR 868 thousand (2013: EUR 802 thousand), proceeds from the claims handling for foreign partners in the amount of EUR 235 thousand (2013: EUR 256 thousand), net proceeds from sale of assets in the amount of EUR 61 thousand (2013: EUR 38 thousand).

22. NET INSURANCE BENEFITS AND CLAIMS

	Gross amount		Reinsurance share		Net amount	
	2014	2013	2014	2013	2014	2013
Claims paid	92 473	101 118	-17 408	-19 276	75 065	81 842
- of which subrogations	-3 956	-4 065	1 583	1 626	-2 374	-2 439
Claims handling costs*	5 666	5 499	-	-	5 666	5 499
Change in provisions for insurance claims	-607	3 828	2 690	-1 348	2 083	2 480
Change in provisions for profit sharing and premium refund	-519	-58	-	-	-519	-58
Change in MTPL deficit provision	33	-454	-	-	33	-454
Profit sharing	275	487	-	-	275	487
Change in the technical provision for life insurance	-2 791	-4 799	-	-	-2 791	-4 799
Change in the provision for unit-linked insurance contracts on behalf of policyholders	1 490	2 198	-	-	1 490	2 198
Other costs for insurance benefits	-	-	-	-	-	-
Total	**96 021**	**107 819**	**-14 718**	**-20 624**	**81 303**	**87 195**

* out of which internal claims handling costs allocated from administrative expenses represent the amount of EUR 3,640 thousand (2013: EUR 3,939 thousand).

23. COMMISSION AND OTHER ACQUISITION COSTS

	Commission		Accruals		Other acquisition costs		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Non-life insurance	16 368	15 975	221	260	7 643	8 197	24 232	24 432
Life insurance	12 022	12 555	-1 692	-2 463	3 591	4 990	13 921	15 082
Active reinsurance	1 045	799	-	-	278	136	1 232	935
Total	**29 435**	**29 329**	**-1 471**	**-2 203**	**11 512**	**13 323**	**39 476**	**40 449**

Other acquisition costs include advertising and promotional costs, sales support, trainings of sales network, consumption of forms and medical charges.

Notes to the separate financial statements

24. INVESTMENT MANAGEMENT EXPENSES

Investment management expenses include all costs of managing financial investments, including staff costs of asset managers in the amount of EUR 720 thousand in 2014 (2013: EUR 682 thousand).

25. EXPENSES BY NATURE

Commission and other acquisition costs, investment management expenses and administrative costs are broken down by nature in the following table:

	2014	2013
Wages and salaries	10 642	10 301
Remuneration paid to the Board of Directors – short-term employee benefits	680	1 035
Pension costs (members of the Board of Directors)	29	33
Other social costs (members of the Board of Directors)	76	55
Social costs (employees)	3 699	3 719
Other personnel costs, of which:	259	171
- defined benefit plan (change of provision)	27	3
- defined benefit plan	149	147
Total personnel costs	**15 385**	**15 314**
Advertising and promotional activities	2 010	3 476
Rental	2 128	2 458
IT expenses	2 012	2 205
Postal and telecommunication services	1 314	1 733
Advisory	578	835
Audit fee*	174	180
Travel costs	417	402
Training courses	308	378
Depreciation and amortization (Note 5 and 6)	6 557	7 229
Costs of investments management (Note 24)	720	682
Commission (including accruals)	27 964	27 126
Change in the valuation allowance for receivables (Note 10)	-334	-1 273
Written off receivables	854	1 583
Assistance services	560	557
Other	3 682	2 985
out of which internal claims handling costs	-3 640	-3 939
Total costs other than insurance claims and benefits	**60 689**	**61 930**

* of which: audit EUR 87 thousand
other services EUR 87 thousand

The members of the Supervisory Board received no income for their membership in 2014.

Notes to the separate financial statements

26. INCOME TAX

	2014	2013
Income tax for the current period	3 412	3 672
Tax from previous periods	94	114
Tax levy	275	271
Deferred tax (Note 12)	-2 041	-1 482
Total tax expenses	**1 740**	**2 575**

RECONCILIATION OF THE EFFECTIVE TAX RATE:

	2014	2013
Profit/ (loss) before taxes	9 492	9 530
Income tax calculated using 22%/23% tax rate	2 088	2 192
Tax non-deductible expenses, non-tax income	-717	273
Deferred tax – change in tax rate	-	-275
Tax levy	275	271
Additional tax for the year	94	114
Total tax expense	**1 740**	**2 575**

27. INFORMATION ABOUT EMPLOYEES

	2014	2013
Top management	4	5
Middle management	39	41
Other employees	557	569
Total	**600**	**615**

Notes to the separate financial statements

28. TRANSACTIONS WITH RELATED PARTIES

Related parties are those counterparties that represent:

a. Enterprises which directly, or indirectly, through one or more intermediaries, control, or are controlled by, or are under the common control of, the reporting entity
b. Key management, consisting of those persons who have authority and responsibility for planning, directing and controlling the activities of the Company (for Board of Director's remuneration see Note 25)

Ultimate controlling entity:
Assicurazioni Generali, S.p.A., Trieste

Parent company:
Generali PPF Holding B.V. Amsterdam

Subsidiaries:
GSL Services, s.r.o. Bratislava

Joint ventures:
VÚB Generali, d.s.s., a.s., Bratislava

Associates:
Generali Belarus (sold in 2013)

Other related entities:
Generali Holding Vienna, AG, Vienna
Generali Versicherung, AG, Vienna
Generali Pojištovna, a.s., Prague (belongs to Generali PPF Holding B.V.)
Generali PPF Asset Management a.s., Prague (belongs to Generali PPF Holding B.V.)
Home Credit Finance Bank, Russia (belongs to PPF Group)
PPF Banka a.s., Prague (belongs to PPF Group)
Intesa Sanpaolo SpA, Milano
Nomos Capital, Ireland (belongs to PPF Group)
VTB Capital, Luxembourg
Europaische Reisevesicherung, AG, Vienna
Generali IARD S.A., Paris
AachenMünchener Versicherung AG, Aachen
Generali Towarzystwo Ubezpieczen, Warsaw
GP Reinsurance EAD, Bulgaria
Česká pojišťovna, a.s., Prague
Generali Zavarovalnica, Ljubljana
Generali-Provid. Biztosító/N
Generali IT, s.r.o., Bratislava
Generali Rückversicherung, AG, Vienna
Generali France S.A., Paris

Related parties without reinsurance 2014	Receivables	Payables	Financial investments*	Expenses	Income
Generali Holding Vienna, AG, Vienna	-	7	-	91	-
Generali Versicherung, AG, Vienna	-	-	-	-	-
Česká pojišťovna, a.s., Praha	-	-	-	-	-
GSL Services, s.r.o., Bratislava	-	-	7	-	1
Generali IT, s.r.o., Bratislava	-	-	-	-	1

Notes to the separate financial statements

Related parties without reinsurance 2014	Receivables	Payables	Financial investments*	Expenses	Income
Generali PPF Asset Management, a.s., Praha	-	14	-	548	-
Generali PPF Holding B.V., Amsterdam	8	415	-	402	-
Europ Assistance, s.r.o., Praha	92	1	-	312	-
PPF Banka, a.s., Praha	-	-	672	1 825	677
Generali Development spol. s r.o., Praha	-	10	-	10	-
Home Credit Finance Bank, Russia	-	-	-	4	69
CP INVEST investiční společnost, a.s., Praha	-	-	1 948	-	59
Generali Fund Management S.A., Luxemburg	-	-	69 774	-	1 038
Generali PPF Invest Plc, Dublin	-	-	23 838	3	-
Genertel Biztosító Zrt, Budatpešť	-	4 575	-	-	18
Intesa Sanpaolo SpA, Milano	-	-	1 839	-	86
VÚB Generali, dôchodková správcovská spoločnosť, a.s., Bratislava	5	-	16 597	-	1 159
Board of Directors	-	-	-	785**	-
Total	**105**	**5 022**	**114 675**	**3 980**	**3 108**

* PPF Bank - deposits in banks; Intesa Sanpaolo SpA – bond, coupon 5%;
** represent wages, bonuses and social costs

Related parties – reinsurers' share	Receivables	Payables*	2014 Share on provisions	Expenses	Income	Change in technical provisions**
Assicurazioni Generali, S.p.A., Trieste	-	548	436	1 503	499	-140
Generali Holding Vienna, AG, Vienna	12	-	49	-	-	579
Generali Versicherung, AG, Vienna	-	24	584	1 187	273	365
Generali Rückversicherung, AG, Vienna	-	40	-	6	7	-
Generali Towarzystwo Ubezpieczen S.A., Varšava	-	2	1	2	-	-1
Generali Poišťovna a.s., Praha	-	3	18	53	7	-18
Generali Italia S.p.A., Mogliano Veneto	112	22	1 382	528	171	787
Generali IARD S.A., Paris	-	19	173	325	45	-35
Generali France S.A., Paris	-	232	-	-	-	-
AachenMünchener Versicherung AG, Aachen	2	-	23	22	24	-16
Generali Espana, S.A., Madrid	-	88	132	167	3	-132
GP Reinsurance EAD	-	13 428	39 235	37 698	25 198	-456
Česká pojišťovna, a.s., Praha	381	76	279	209	25	-127
Generali Zavarovalnica, Ljubljana	-	-	-	8	1	-
Total	**507**	**14 482**	**42 312**	**41 708**	**26 253**	**806**

* including deposits from reinsurers and accured reinsurance commission
** „-“ = income, „+“ = expense

Notes to the separate financial statements

Related parties without reinsurance 2013	Receivables	Payables	Financial investments*	Expenses	Income
Generali Holding Vienna, AG, Vienna	-	-	-	142	-
Generali Versicherung, AG, Vienna	-	-	-	11	-
Česká Pojištovna, a.s., Praha	-	-	-	110	-
GSL Services, s.r.o., Bratislava	-	-	7	673	-
Generali IT, s.r.o., Bratislava	-	-	-	-	-
Generali PPF Asset Management, a.s., Praha	-	14	-	516	-
Generali PPF Holding B.V., Amsterdam	31	571	-	572	-
Europaische Reisevesicherung, AG, Vienna	-	-	-	13	-
Europ Assistance s.r.o., Praha	106	1	-	290	-
PPF Banka a.s., Praha	-	-	1 163	542	1 300
Generali Foreign Insurance Co. Inc., Minsk	-	-	-	33	-
Home Credit Finance Bank, Russia	-	-	3 723	-	263
CP INVEST investiční společnost, a.s., Praha	-	-	1 626	-	141
Generali Fund Management S.A., Luxemburg	-	-	63 875	-	2 301
Generali PPF Invest Plc., Dublin	-	-	25 846	-	1 680
Intesa Sanpaolo SpA, Milano	-	-	1 792	-	86
VÚB Generali, dôchodková správcovská spoločnosť, a.s. Bratislava	-	-	16 597	11	1 013
Board of Directors	-	-	-	1 123**	-
Total	**137**	**586**	**114 629**	**4 036**	**6 784**

* PPF Bank - deposits in banks; Home Credit Finance Bank - bond, coupon 7%; Intesa Sanpaolo SpA – bond, coupon 5%;
** represent wages, bonuses and social costs

Notes to the separate financial statements

Related parties – reinsurers' share	Receivables	Payables*	2013 Share on provisions	Expenses	Income	Change on technical provisions**
Assicurazioni Generali, S.p.A., Trieste	-	394	263	1 395	398	-13
Generali Holding Vienna, AG, Vienna	-	304	630	9	-	-1
Generali Versicherung, AG, Vienna	-	538	939	1 144	427	218
Generali Rückversicherung, AG, Vienna	-	37	-	6	1	1
Generali Italia S.p.A., Mogliano Veneto	25	-	2 606	32	120	-61
Generali IARD S.A., Paris	-	234	137	309	32	-106
Generali France S.A., Paris	-	218	-	-	-	-
AachenMünchener Versicherung AG, Aachen	5	-	7	20	10	1
GP Reinsurance EAD	-	11 643	36 675	36 584	25 888	150
Česká pojišťovna, a.s., Praha	360	-	152	83	10	-67
Generali Zavarovalnica, Ljubljana	-	7	-	8	1	-
Total	**390**	**13 375**	**41 409**	**39 590**	**26 887**	**122**

* including deposits from reinsurers and accured reinsurance commission
** „-“ = income, „+“ = expense

The balances due to or from the companies mentioned above are related to reinsurance, advisory and management services. All other balances were short-term, due within one month. None of the related parties stated above is a listed company, except for Assicurazioni Generali, S.p.A., Trieste, which is listed on the Milan Stock Exchange.

29. CONTINGENT LIABILITIES AND CONTINGENT RECEIVABLES

Ligitations

In connection with its insurance business, the Company faces several lawsuits. These relate particularly to refused insurance benefits (e.g., due to suspicion from fraud, or questionable entitlement to the insurance benefit). Upon refusal of the insurance benefit payment, the RBNS reserve is cancelled (reduced to nil), and is created again in case of a review of the commitment when a lawsuit against the Company is filed. In this case, it is created again as a provision for insurance benefit which considers the sued amount and potential related charges.

The number of lawsuits is adequate to the scope of insurance activities performed by the Company.
The Company monitors the frequency of re-opened insurance events relating to refused insurance benefits or their part, as well as the volume and probability of success or failure in these lawsuits. The Company is not aware of any lawsuits pending which might have a significant adverse effect on its financial position.

Tax legislation

As many areas of Slovak tax law allow for more than one interpretation (especially transfer pricing), the tax authorities may decide to tax certain business activities on which the Company believes that it should not be taxed. Tax authorities have not inspected the taxable periods 2008, 2010, 2011 and 2013 for Generali Slovensko poisťovňa. Therefore, there may be a risk of additional tax being imposed. The management of the Company is not aware of any circumstances in this respect which may lead to significant costs in the future. The taxable periods, which have not been controlled by tax authorities, may be subject to tax inspection up to 2019 – up to five years after the end of the year, in which the Company was obliged to file a tax return.

Notes to the separate financial statements

Operating leasing

The Company has rented headquarters premises for a fixed term. The value of future minimum lease payments as at 31 December 2014 is as follows:

	31 December 2014	31 December 2013
Up to 1 year	1 489	1 489
1 to 5 years	5 956	5 956
More than 5 years	745	2 234
Minimum lease payments	**8 190**	**9 679**

30. EVENTS AFTER THE REPORTING PERIOD

After the preparation date of the financial statements, no significant events have occurred which would require a change in them as at 31 December 2014.

The Company acquired a part of EuropäischeReiseversicherung Aktiengesellschaft – EuropäischeReiseversicherung AG branch, an insurance branch from a different Member State as at 1 January 2015.

Affidavit

I declare that the information contained in the annual report of Generali Poisťovňa, a. s., for the year 2014 is true and that no material circumstances have been omitted or misrepresented.

Bratislava 2015

Ing. Juraj Jurčík, MBA
Board member and Deputy General Director for Finance

Notes to the separate financial statements

Contact Details

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The company is part of the Generali Group, which is included in the Italian List of Insurance Companies maintained by IVASS.

PAX TIBI MARCE EVANGELISTA MEVS

GENERALI