



# Annual Report 2014

Compensa Towarzystwo Ubezpieczeń S.A.  
Vienna Insurance Group

Compensa Towarzystwo Ubezpieczeń na Życie S.A.  
Vienna Insurance Group



## Table of Contents

|                                                   |           |
|---------------------------------------------------|-----------|
| Letter from the Chairman of the Supervisory Board | 3         |
| Letter from the CEO                               | 4         |
| <b>The Company</b>                                | <b>5</b>  |
| Information about the Company                     | 6         |
| Shareholder Structure                             | 8         |
| Compensa in 2014                                  | 10        |
| Insurance Products                                | 12        |
| <b>Branch Offices</b>                             | <b>14</b> |
| Branch Offices                                    | 15        |
| Insurance Representations                         | 16        |
| <b>Results of Compensa TU S.A.</b>                | <b>17</b> |
| Financial Results                                 | 18        |
| Expert Auditor's Opinion                          | 24        |
| Report of the Supervisory Board                   | 26        |
| <b>Results of Compensa TU na Žycie S.A.</b>       | <b>29</b> |
| Financial Results                                 | 30        |
| Expert Auditor's Opinion                          | 37        |
| Report of the Supervisory Board                   | 39        |
| <b>Vienna Insurance Group</b>                     | <b>42</b> |



## Letter from the Chairman of the Supervisory Board

Dear Madam / Sir,

The Polish operations are an important contributor to the business of VIG Group. In 2014 Poland achieved 3<sup>rd</sup> position within the whole VIG Group in terms of premium right behind Austria and Czech Republic.

Polish VIG companies have been steadily contributing to the development of the whole Vienna Insurance Group, having achieved in 2014 a total premium surpassing the EUR 1 bln mark and IFRS gross financial result of EUR 55.2 mio after 12 months of 2014 – an increase of 288% in the last 5 years. Such excellent results confirm VIG's view of the Polish market as a prospective one. Achievements of the Polish companies are also a living example of the success of the VIG's strategy oriented at the utilization of the potential of CEE insurance markets, multibrand approach and back office between synergic the companies.

Compensa, being the biggest company both in life and non-life within VIG PL and achieving a total premium of PLN 2.66 bn in 2014 is one of the backbones of this strategy in Poland. Year 2014, due to the increasing price pressure on the non-life market coming from top competitors, was quite difficult for the Polish insurance industry which lost 1.3% premium compared to 2013. Despite that, Compensa Non Life was able to successfully withstand the shrinking premium trend on the market and improve its total sales results by 4.7% on annual basis. Compensa Life had to face the market fluctuations regarding the STE policies' legal changes but with the exclusion of this business its premium grew by 177%. Simultaneously, the company managed to finalize the merger process with Benefia Life, and through this synergy – to open new perspectives in future development.

I would like to thank the Company's management, employees and business Partners for the efforts, which enabled Compensa not only to stay on track of development in the sense of financial performance, but also to build its position based on the high standard of sales and claims services.

Please become acquainted with the detailed information regarding Compensa company and its achievements in 2014, which are presented in the enclosed Annual Report.

Yours faithfully,



Franz Fuchs  
Chairman of the Supervisory Board  
Compensa TU S.A. Vienna Insurance Group  
Compensa TU na Życie S.A. Vienna Insurance Group





## Letter from the CEO

### Dear All,

Last year was for Compensa, as well as for the whole insurance market in Poland, a period full of challenges. Compensa, being part of this market, had to deal with an ongoing price competition in the sector of non-life insurances, as well as with a thorough makeover of the life insurance business. 2014 was also marked by a change in the seat of the CEO, which I took over from the former and long-term President of Compensa, creator of the company's success, Franz Fuchs.

From the perspective of the past year I note with satisfaction, that we have managed to overcome difficulties encountered during year 2014, and moved up the top five largest insurance companies both on life and non-life market. In Compensa Non Life we recorded an increase of sales in all major business lines, which enabled us once again to surpass the PLN 1 bn mark in terms of gross premium written, at the same time keeping growth on the level higher than the market average. Worth mentioning is the dynamic development of the products crafted for the SME sector, where premium growth year on year was on the level of 35%, which indicates the company's ability to use the market potential. The expected amendment of the insurance law and resulting that necessity to introduce complex changes in the life product offer and reorganization of its way of distribution coincided with the finalization of merger with a sister entity of the VIG Group in Poland – Benefia Life. Compensa Life introduced new life product, adjusted to the market needs. The joint utilization of potential of the two companies with a total gross premium written of over PLN 1.5 bn will undoubtedly have impact on the increase of the strength of Compensa brand and will allow us to gain significant competitive advantage over key players on the life market.

Apart from the favorable sales results in 2014 Compensa was invariably concentrating on the increase of the quality of its services. An example of the care for our Clients are the results of independent surveys, which put Compensa among top insurance companies in terms of equality of the claims handling process. I also wish to inform with satisfaction that according to the last available report of the Insureds' Ombudsman, Compensa was reported as a motor insurance company with the lowest inflow of complaints from Clients on the market.

On behalf of the Management Board of Compensa I wish to express my thanks to our Clients and business Partners for the trust shown, as well as all Employees for their everyday work, through which they contribute to the constant development of the Company and strengthening of its position on the Polish insurance market.

Please become acquainted with the summary of 2014, included in this report hereto.

Kind regards,



Artur Borowiński  
CEO  
Compensa TU S.A. Vienna Insurance Group  
Compensa TU na Życie S.A. Vienna Insurance Group





# The Company

As of 31 December 2014.

## Information about the Company

### Management Board



**Artur Borowiński**

President of the Management Board



**Ireneusz Arczewski**

Deputy President of the Management Board



**Michał Gomowski**

Deputy President of the Management Board



**Jarosław Szwajgier**

Deputy President of the Management Board



**Wolfgang Stockmeyer**

Member of the Management Board

### Supervisory Board

**Franz Fuchs**

Chairman of the Supervisory Board

**Dieter Fröhlich**

Deputy Chairman of the Supervisory Board

**Wolfgang Petschko**

Member of the Supervisory Board

**dr Peter Hagen**

Deputy Chairman of the Supervisory Board

**Roland Goldsteiner**

Member of the Supervisory Board

**Andrzej Witkowski**

Member of the Supervisory Board

#### Address of the Headquarters

Compensa Towarzystwo Ubezpieczeń S.A.  
Vienna Insurance Group  
Al. Jerozolimskie 162  
02-342 Warszawa

#### Company Management Bodies

Pursuant to the articles of association of Compensa TU S.A. Vienna Insurance Group, the Company Management Bodies are:

- The General Assembly,
- The Supervisory Board,
- The Management Board.

As of 31 December 2014.

Compensa TU na Życie S.A.

Date of establishing the Company:  
5 November 1997  
National Court Register (KRS):  
0000043309  
TIN (tax identification number):  
527 20 52 806  
Share capital:  
PLN 167 845 797.00 – fully paid

#### Address of the Headquarters

Compensa Towarzystwo Ubezpieczeń  
na Życie S.A. Vienna Insurance Group  
Al. Jerozolimskie 162  
02-342 Warszawa

#### Company Management Bodies

Pursuant to the articles of association of  
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Group, the Company Management  
Bodies are:

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- The Supervisory Board,
- The Management Board.

## Information about the Company

### Management Board



**Artur Borowiński**

President of the Management Board



**Ireneusz Arczewski**

Member of the Management Board



**Piotr Tański**

Member of the Management Board



**Wolfgang Stockmeyer**

Member of the Management Board

### Supervisory Board

**Franz Fuchs**

Chairman of the Supervisory Board

**Dieter Fröhlich**

Deputy Chairman of the  
Supervisory Board

**Wolfgang Petschko**

Member of the Supervisory Board

**dr Peter Hagen**

Deputy Chairman of the  
Supervisory Board

**Roland Goldsteiner**

Member of the Supervisory Board

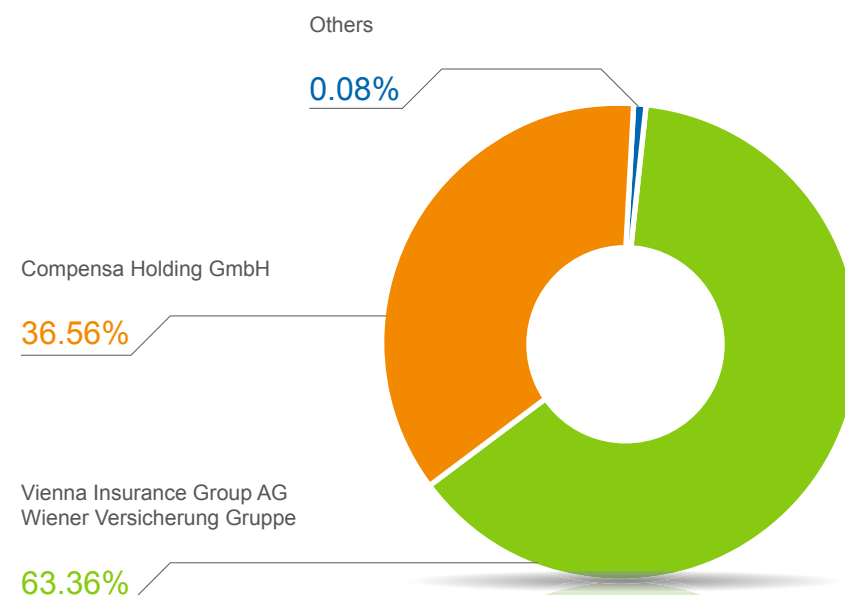
**Andrzej Witkowski**

Member of the Supervisory Board

As of 31 December 2014.

## Shareholder Structure

| SHAREHOLDERS                                            | NUMBER OF<br>SHARES<br>IN PCS. | SHARE IN<br>THE SHARE<br>IN % | NUMBER OF<br>VOTES<br>IN % |
|---------------------------------------------------------|--------------------------------|-------------------------------|----------------------------|
| Compensa Holding GmbH                                   | 9 747 928                      | 36.56                         | 36.56                      |
| Vienna Insurance Group AG Wiener<br>Versicherung Gruppe | 16 895 282                     | 63.36                         | 63.36                      |
| Others                                                  | 20 708                         | 0.08                          | 0.08                       |
| <b>Total</b>                                            | <b>26 663 918</b>              | <b>100.00</b>                 | <b>100.00</b>              |



As of 31 December 2014.

## Shareholder Structure

| SHAREHOLDERS                                            | NUMBER OF<br>SHARES<br>IN PCS. | SHARE IN<br>THE SHARE<br>IN % | NUMBER OF<br>VOTES<br>IN % |
|---------------------------------------------------------|--------------------------------|-------------------------------|----------------------------|
| Compensa Holding GmbH                                   | 563 500                        | 21.15                         | 21.15                      |
| Vienna Insurance Group AG Wiener<br>Versicherung Gruppe | 2 100 719                      | 78.85                         | 78.85                      |
| <b>Total</b>                                            | <b>2 664 219</b>               | <b>100.00</b>                 | <b>100.00</b>              |

Compensa Holding GmbH

21.15%

Vienna Insurance Group AG  
Wiener Versicherung Gruppe

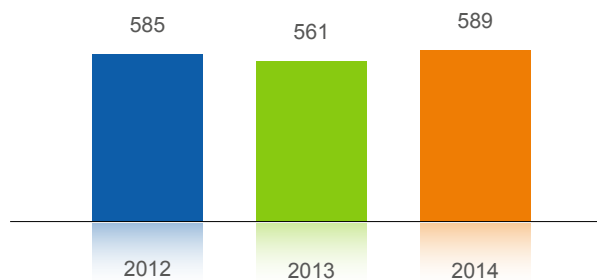
78.85%

As of 31 December 2014.

## Compensa in 2014

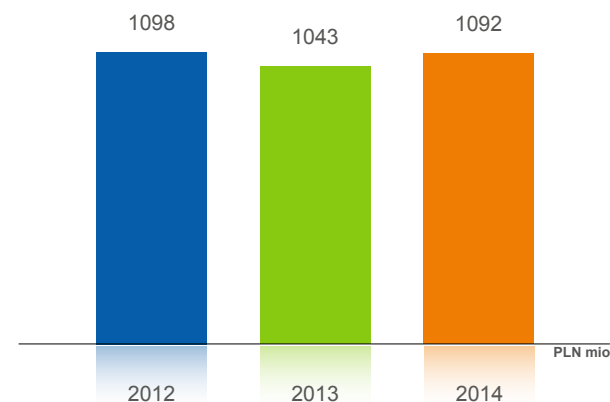
### Employment

At the end of 2014, the Company had a total of **589** employees. The number of employees decreased by **28** as compared to 2013.



### Gross premium written in PLN million

The gross premium written reached the value of **PLN 1 092 420 thousand**. The company ended the year 2014 with a net profit of **PLN 80 318 thousand**. Similarly as in the preceding years, motor insurance accounted for the major part of the portfolio (**68.4%**). It should be emphasized that the company aims at growth in the share of property insurance in the portfolio. The target segment of Compensa is the individual customer and small and medium-sized enterprises.

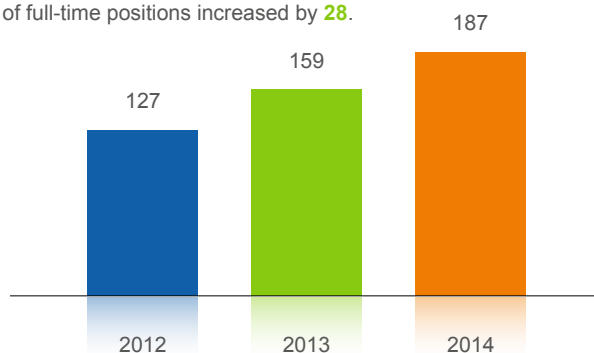


As of 31 December 2014.

## Employment

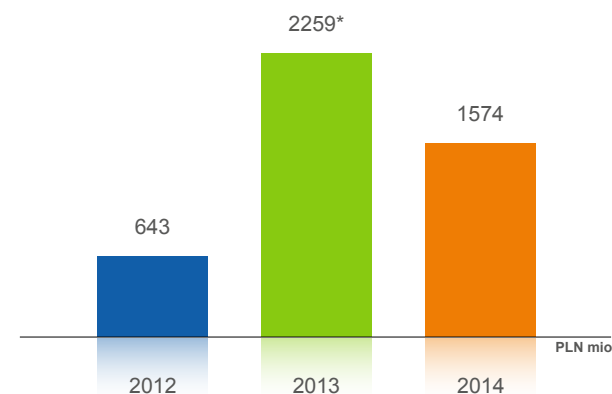
Similarly as in the previous years, the majority of the departments carried out their activities within the whole VIG group.

As of 31 December 2014, the Company had **187** full-time positions, including **181** full-time positions in the Headquarters, and **6** full-time positions in local units. At the end of 2013, the Company had **159** full-time positions; the number of full-time positions increased by **28**.



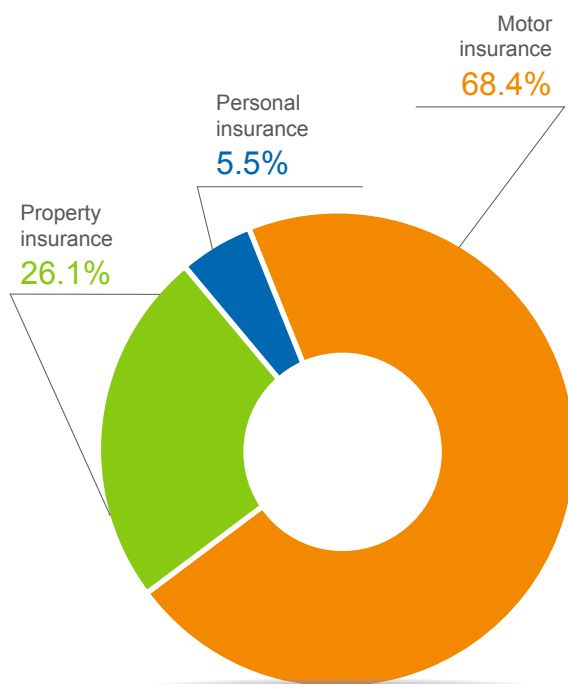
## Gross premium written in PLN million

The year 2014 was closed with the gross premium written of **PLN 1 573 737 thousand** and with the net profit of **PLN 28 832 thousand**. As compared to the preceding year, the premium written fell down by **30.3%**.



\* According to the merger of Compensa TU na Žycie S.A. Vienna Insurance Group and Benefia TU na Žycie S.A. Vienna Insurance Group in 2014, financial data as of 2013 are presented jointly, for comparative purposes.

Compensa TU S.A.



Gross premium written structure

## Insurance Products

In 2014, Compensa TU S.A. offered insurance products aimed at individual and corporate customers. The offer included both insurance individual risk coverage insurance and insurance packages providing comprehensive insurance.

Changes in the insurance offer resulted from the need for product adaptation to the changing needs of customers, continuous development of products and the application of best experience in their sale.

### Motor insurance

#### Compensa Komunikacja

- MTPL
- Motor hull insurance
- AC Mini
- Green Card
- Assistance
- Baggage insurance
- Motor legal protection insurance
- Insurance for entrepreneurs
- Protection against discounts losses at MTPL and motor hull insurance
- Legal assistance insurance
- Financial loss insurance
- Windscreen and car windows insurances
- Personal accident insurance for drivers and passengers
- Direct claims handling

### Property insurance

#### Household insurance

- Compensa Rodzina
- Compensa Mój Dom
- Twoja Inwestycja – insurance of construction projects

#### Agricultural insurance

- Compulsory agricultural civil liability insurance
- Compulsory farm buildings insurance
- Farm property insurance

### Insurance for businesses

- Compensa Firma – insurance package for middle-sized enterprises
- Mój Biznes – insurance package for small-sized enterprises
- Property fire insurance and insurance of other risks with BI option
- Property all risk insurance extended with BI option
- Property robbery and burglary insurance
- Machinery insurance extended with BI option
- All risks construction machinery and equipment insurance
- All risks electronic equipment insurance
- Construction all risks insurance
- Assembly all risks insurance
- National and international cargo insurance
- TPL insurance
- Carrier's TPL

### Personal insurance

#### Personal insurance

- Compensa Voyage – travel insurance
- Accident insurance
- Personal Accident for school

#### Health insurance

- Compensa Zdrowie
- Compensa Zdrowie z Refundacją (with refund)

## Compensa TU na Życie S.A.

The Company is licensed to provide insurance activities in groups 1–5 of section I of the appendix to the Act on Insurance Activities (life insurances, dowry insurance, maintenance of children, if unit-linked insurance, annuity insurance, accident and health insurance, if they supplement insurances mentioned in groups 1–4).

### Individual life insurance

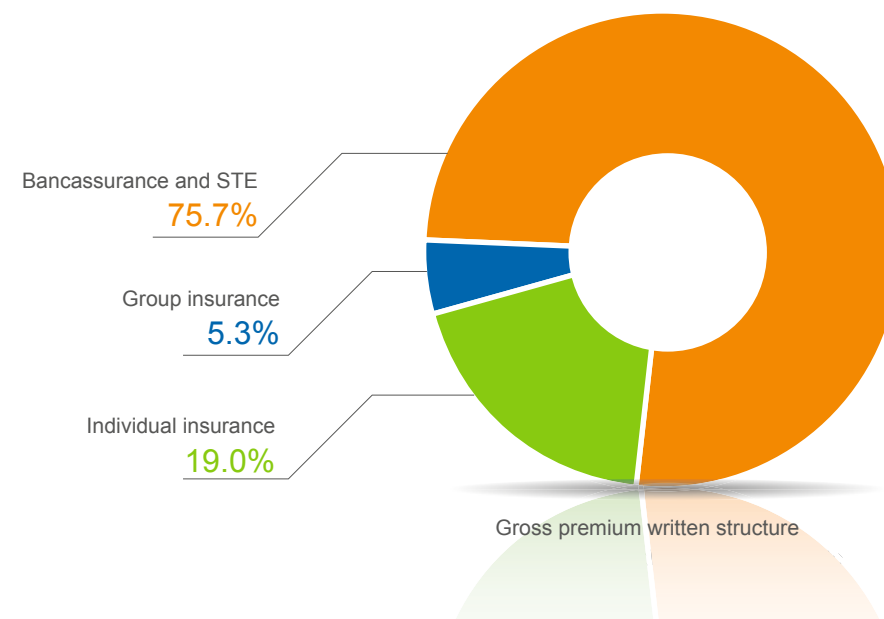
- Gwarancja Ochrona – individual term life insurance
- Gwarancja Komfort – individual endowment insurance
- Gwarancja Renta – individual life insurance with guaranteed lifetime annuity
- Flexi Plus – individual unit-linked insurance
- Compensa Perspektywa – individual unit-linked insurance
- Compensa Prestiż – individual unit-linked insurance
- Compensa Atut – individual unit-linked insurance
- Compensa IKZE – individual unit-linked insurance
- Godne Pożegnanie – individual term life insurance with regular premium payment
- Godne Pożegnanie – individual term life insurance with single premium payment
- Między Nami – individual term life insurance
- Moje Lepsze Jutro – unit-linked insurance
- Optimum+ – individual term life insurance
- Start z Plusem – insurance for children

### Group life insurance

- Bezpieczna Grupa – group life insurance
- Pakiet Bezpieczna Grupa – group life insurance
- Ochrona – comprehensive protection of life and health of insured employees and their families

### Bancassurance

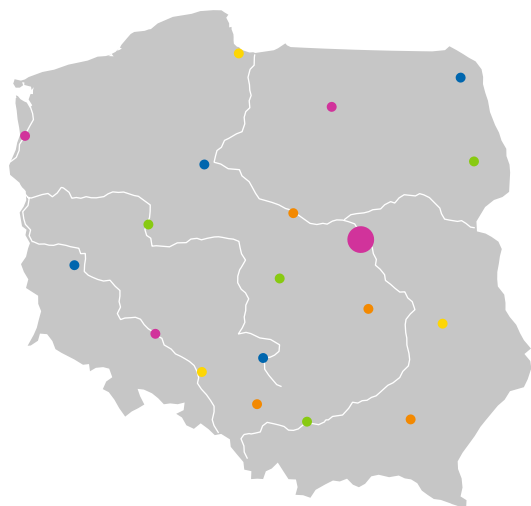
- Credit life insurance
- Lessee's life insurance
- Personal account holder's life insurance
- Credit card holder's life insurance
- Unit-linked insurance





## Branch Offices

## Branch Offices



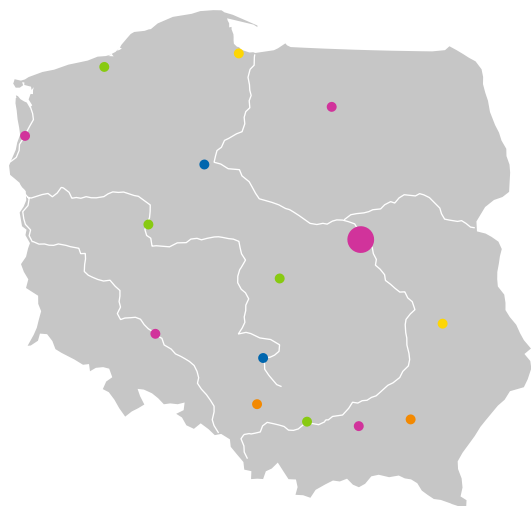
### Headquarters

Al. Jerozolimskie 162, 02-342 Warszawa

|             |                             |
|-------------|-----------------------------|
| Białystok   | ul. Mazowiecka 48           |
| Bydgoszcz   | ul. J. Matejki 1A           |
| Częstochowa | ul. Kawia 4/16              |
| Katowice    | ul. św. Floriana 15         |
| Kraków      | ul. K. Kordylewskiego 1     |
| Kraków II   | ul. Rusznikarska-Deptak 2/8 |
| Lublin      | ul. T. Zana 32              |
| Łódź        | al. E. Rydza-Śmigłego 20    |
| Łódź II     | ul. Nawrot 85A/3            |
| Olsztyn     | ul. S. Wyszyńskiego 1       |
| Opole       | ul. Luboszycka 36           |
| Płock       | ul. Miodowa 1               |

|              |                        |
|--------------|------------------------|
| Poznań       | ul. Szelągowska 29     |
| Radom        | ul. F. Focha 14        |
| Rzeszów      | ul. Bernardyńska 2     |
| Sopot        | ul. Rzemieślnicza 33   |
| Suwałki      | ul. T. Noniewiczza 85C |
| Szczecin     | ul. Mieszka I 82–83    |
| Warszawa     | Al. Jerozolimskie 162  |
| Warszawa II  | ul. L. Rydygiera 21    |
| Wrocław      | ul. Grabiszyńska 208   |
| Wrocław II   | ul. R. Traugutta 144   |
| Zielona Góra | ul. Wiśniowa 19A       |

## Insurance Representations



### Headquarters

Al. Jerozolimskie 162, 02-342 Warszawa

#### INDIVIDUAL INSURANCE REPRESENTATIONS

|          |                          |
|----------|--------------------------|
| Katowice | ul. św. Floriana 15      |
| Kraków   | ul. K. Kordylewskiego 1  |
| Lublin   | ul. T. Zana 32           |
| Łódź     | al. E. Rydza-Śmigłego 20 |
| Olsztyn  | ul. T. Kościuszki 43     |
| Poznań   | ul. Szelągowska 30       |
| Rzeszów  | ul. Bernardyńska 2/7     |
| Sopot    | ul. Rzemieśnicza 33      |
| Szczecin | ul. Mieszka I 82–83      |
| Tarnów   | ul. Krakowska 26/3       |
| Warszawa | ul. L. Rydygiera 21      |
| Wrocław  | ul. Grabiszyńska 208     |

#### GROUP INSURANCE REPRESENTATIONS

|             |                          |
|-------------|--------------------------|
| Bydgoszcz   | ul. J. Matejki 1         |
| Częstochowa | ul. Kawia 4/16 I p.      |
| Katowice    | ul. św. Floriana 15      |
| Koszalin    | ul. Zwycięstwa 40 box 70 |
| Kraków      | ul. K. Kordylewskiego 1  |
| Rzeszów     | ul. Bernardyńska 2/7     |
| Sopot       | ul. Rzemieśnicza 33      |
| Warszawa    | Al. Jerozolimskie 162    |
| Wrocław     | ul. Grabiszyńska 208     |



# Results

of Compensa TU S.A.



## Financial results

The Company closed the year 2014 with the net profit of **PLN 80 318 thousand**. The result increased by **PLN 1 491 thousand** compared to the preceding year.

### Detailed specification of results

|                                      | 31.12.2013<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|--------------------------------------|----------------------------|----------------------------|
| Gross premium written                | 1 043 193                  | 1 092 420                  |
| Net return on investments            | 77 894                     | 87 336                     |
| Gross claims                         | 597 825                    | 680 385                    |
| Change in gross technical provisions | 109 700                    | 38 886                     |
| Acquisition and administrative costs | 264 392                    | 295 994                    |
| <b>Technical result</b>              | <b>39 447</b>              | <b>43 021</b>              |
| <b>Net financial result</b>          | <b>78 827</b>              | <b>80 318</b>              |

### Solvency declaration ratios and parameters

|                                           | 31.12.2014<br>(PLN thous.) |
|-------------------------------------------|----------------------------|
| Solvency margin                           | 133 493                    |
| Own funds to cover solvency margin        | 361 356                    |
| Coverage of solvency margin by own assets | 270,7%                     |

Compensa TU S.A.



## Technical account

|                                                                                                          | 31.12.2013<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|----------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Premiums</b>                                                                                          | <b>763 949</b>             | <b>767 467</b>             |
| Gross premiums written                                                                                   | 1 043 193                  | 1 092 420                  |
| Reinsurers' share in premium written                                                                     | 268 013                    | 296 594                    |
| Change in gross provisions for unearned premiums and provision for unexpired risk                        | 12 824                     | 33 422                     |
| Reinsurers' share in change in provisions for premiums                                                   | 1 594                      | 5 064                      |
| <b>Revenues of net investments transferred from P&amp;L account</b>                                      | <b>15 794</b>              | <b>24 062</b>              |
| <b>Other technical income – net of reinsurance</b>                                                       | <b>2 121</b>               | <b>2 468</b>               |
| <b>Claims</b>                                                                                            | <b>490 788</b>             | <b>484 803</b>             |
| Claims paid – net of reinsurance                                                                         | 460 892                    | 520 731                    |
| – Gross claims paid                                                                                      | 597 825                    | 680 385                    |
| – Reinsurers' share in claims paid                                                                       | 136 933                    | 159 654                    |
| Change in provisions for outstanding claims – net of reinsurance                                         | 29 896                     | -35 927                    |
| – Change in gross provisions for outstanding claims                                                      | 97 180                     | 4 884                      |
| – Reinsurers' share in change in provisions for outstanding claims                                       | 67 284                     | 40 811                     |
| <b>Change in other technical provisions – net of reinsurance</b>                                         | <b>0</b>                   | <b>0</b>                   |
| <b>Bonuses and discounts including change in provisions for bonuses and rebates – net of reinsurance</b> | <b>0</b>                   | <b>0</b>                   |
| <b>Costs of insurance activities</b>                                                                     | <b>225 218</b>             | <b>239 259</b>             |
| Acquisition costs                                                                                        | 223 882                    | 255 141                    |
| Administrative costs                                                                                     | 40 510                     | 40 853                     |
| Reinsurance commissions and reinsurers' profit sharing                                                   | 39 174                     | 56 735                     |
| <b>Other technical costs – net of reinsurance</b>                                                        | <b>26 715</b>              | <b>26 334</b>              |
| <b>Change in provisions for claims outstanding</b>                                                       | <b>-304</b>                | <b>580</b>                 |
| <b>Balance on technical account</b>                                                                      | <b>39 447</b>              | <b>43 021</b>              |

Compensa TU S.A.

## General profit and loss account

|                                                                                                    | 31.12.2013<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|----------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| Technical account – non-life insurance or technical account life insurance                         | 39 447                     | 43 021                     |
| Return on investments                                                                              | 90 082                     | 92 440                     |
| Unrealized gains on investments                                                                    | 5 714                      | 11 109                     |
| Investments charges                                                                                | 14 019                     | 12 403                     |
| Unrealized losses on investments                                                                   | 3 882                      | 3 811                      |
| Net returns on investments including costs transferred to the technical non-life insurance account | 15 794                     | 24 062                     |
| Other operating income                                                                             | 6 941                      | 3 773                      |
| Other operating expenses                                                                           | 10 002                     | 10 998                     |
| Profit (loss) on operating activities                                                              | 98 485                     | 99 070                     |
| Extraordinary profits                                                                              | 74                         | 0                          |
| Extraordinary losses                                                                               | 0                          | 0                          |
| Gross profit (loss)                                                                                | 98 559                     | 99 070                     |
| Income tax                                                                                         | 19 732                     | 18 752                     |
| Other statutory reductions in profit (increases in loss)                                           | 0                          | 0                          |
| <b>Net profit (loss)</b>                                                                           | <b>78 827</b>              | <b>80 318</b>              |

## Cash flow statement

|                                                      | 31.12.2013<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|------------------------------------------------------|----------------------------|----------------------------|
| <b>Cash flows from business activities</b>           | <b>91 827</b>              | <b>-11 809</b>             |
| <b>Proceeds</b>                                      | <b>1 469 908</b>           | <b>1 362 909</b>           |
| Direct insurance and reinsurance activities proceeds | 1 127 496                  | 1 124 874                  |
| Outwards reinsurance proceeds                        | 318 042                    | 219 053                    |
| Proceeds on other operating activities               | 24 370                     | 18 982                     |
| <b>Expenses</b>                                      | <b>1 378 081</b>           | <b>1 374 718</b>           |
| Direct insurance and reinsurance expenses            | 975 720                    | 1 093 589                  |
| Outwards reinsurance expenses                        | 380 727                    | 272 805                    |
| Expenses on other operating activities               | 21 634                     | 8 325                      |
| <b>Cash flows from investment activities</b>         | <b>-52 344</b>             | <b>73 116</b>              |
| <b>Proceeds</b>                                      | <b>2 335 472</b>           | <b>3 506 443</b>           |
| <b>Expenses</b>                                      | <b>2 387 816</b>           | <b>3 433 327</b>           |
| <b>Cash flows from financial activities</b>          | <b>-32 173</b>             | <b>-62 778</b>             |
| <b>Total net cash flows</b>                          | <b>7 310</b>               | <b>-1 472</b>              |
| <b>Balance sheet change in cash</b>                  | <b>7 310</b>               | <b>-1 472</b>              |
| <b>Opening balance of cash</b>                       | <b>16 922</b>              | <b>24 231</b>              |
| <b>Closing balance of cash</b>                       | <b>24 231</b>              | <b>22 760</b>              |

## Balance sheet: assets

|                                                                                           | 31.12.2013<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|-------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Intangible assets</b>                                                                  | <b>33 450</b>              | <b>32 668</b>              |
| <b>Investments</b>                                                                        | <b>1 578 819</b>           | <b>1 641 688</b>           |
| Land and buildings                                                                        | 48 139                     | 46 471                     |
| Investments in subordinated undertakings                                                  | 0                          | 0                          |
| Other financial investments                                                               | 1 530 680                  | 1 595 218                  |
| Deposit debtors from credit undertakings                                                  | 0                          | 0                          |
| <b>Net assets of life insurance when the investment risk is borne by the policyholder</b> |                            |                            |
| <b>Debtors</b>                                                                            | <b>207 131</b>             | <b>240 260</b>             |
| Direct insurance debtors                                                                  | 188 289                    | 226 433                    |
| Reinsurance debtors                                                                       | 8 174                      | 4 182                      |

|                                       | 31.12.2013<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|---------------------------------------|----------------------------|----------------------------|
| Other debtors                         | 10 668                     | 9 645                      |
| <b>Other asset components</b>         | <b>27 688</b>              | <b>27 002</b>              |
| <b>Tangible assets</b>                | <b>3 457</b>               | <b>4 243</b>               |
| Cash                                  | 24 231                     | 22 760                     |
| <b>Prepayments and accrued income</b> | <b>138 811</b>             | <b>155 590</b>             |
| Deferred income tax assets            | 8 454                      | 8 112                      |
| Deferred acquisition costs            | 129 000                    | 146 391                    |
| Accrued interest and rent             | 0                          | 0                          |
| Other prepayments and accrued income  | 1 356                      | 1 086                      |
| <b>TOTAL ASSETS</b>                   | <b>1 985 899</b>           | <b>2 097 209</b>           |



## Balance sheet: liabilities

|                                                                                       | 31.12.2013<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |                                                          | 31.12.2013<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|---------------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------------------------------------|----------------------------|----------------------------|
| <b>Equity</b>                                                                         | <b>315 253</b>             | <b>372 300</b>             | <b>Other provisions</b>                                  | <b>28 639</b>              | <b>34 705</b>              |
| Share capital                                                                         | 143 985                    | 143 985                    | Provisions for pensions and other workforce entitlements | 7 485                      | 9 361                      |
| Supplementary capital                                                                 | 58 783                     | 78 490                     | Deferred income tax provision                            | 8 995                      | 14 464                     |
| Revaluation reserve                                                                   | 15 791                     | 51 640                     | Other provisions                                         | 12 159                     | 10 880                     |
| Other reserve capitals                                                                | 17 867                     | 17 867                     | <b>Creditors arising out of reinsurers' investments</b>  | <b>366 047</b>             | <b>389 442</b>             |
| Profit (loss) from previous years                                                     | 0                          | 0                          | <b>Other creditors and special funds</b>                 | <b>70 226</b>              | <b>98 885</b>              |
| Net profit (loss)                                                                     | 78 827                     | 80 318                     | Creditors arising out of direct insurance                | 45 009                     | 61 638                     |
| <b>Subordinated creditors</b>                                                         | <b>30 917</b>              | <b>29 836</b>              | Creditors arising out of reinsurance                     | 16 861                     | 29 231                     |
| <b>Technical provisions</b>                                                           | <b>1 592 909</b>           | <b>1 636 056</b>           | Other creditors                                          | 7 398                      | 7 429                      |
| Provision for unearned premiums and provision for unexpired risk                      | 708 471                    | 741 893                    | Special funds                                            | 959                        | 588                        |
| Provisions for outstanding claims                                                     | 884 225                    | 893 370                    | <b>Prepayments and accrued income</b>                    | <b>65 410</b>              | <b>72 618</b>              |
| Equalization provisions                                                               | 213                        | 793                        | <b>TOTAL LIABILITIES</b>                                 | <b>1 985 899</b>           | <b>2 097 209</b>           |
| <b>Reinsurers' share in technical provisions (negative value)</b>                     | <b>471 106</b>             | <b>520 670</b>             |                                                          |                            |                            |
| Reinsurers' share in provision for unearned premiums and provision for unexpired risk | 152 086                    | 160 146                    |                                                          |                            |                            |
| Reinsurers' share in outstanding claims                                               | 319 020                    | 360 524                    |                                                          |                            |                            |
| <b>Estimated recourses and claim returns (negative value)</b>                         | <b>12 395</b>              | <b>15 963</b>              |                                                          |                            |                            |
| Estimated gross recourses and claims returns                                          | 12 408                     | 16 670                     |                                                          |                            |                            |
| Reinsurers' share in estimated recourses and claim returns                            | 13                         | 706                        |                                                          |                            |                            |

Compensa TU S.A.



## Expert Auditor's Opinion



KPMG Audyt  
Spółka z ograniczoną  
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*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

### OPINION OF THE INDEPENDENT AUDITOR

*To the General Meeting of Compensa Towarzystwo Ubezpieczeń Spółka Akcyjna Vienna Insurance Group*

#### Opinion on the Financial Statements

We have audited the accompanying financial statements of Compensa Towarzystwo Ubezpieczeń Spółka Akcyjna Vienna Insurance Group with its registered office in Warsaw, Aleje Jerozolimskie 162 ("the Company"), which comprise the introduction to the financial statements, the balance sheet as at 31 December 2014, the technical account of property and casualty insurance, the general profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended and the supplementary information and explanations, and:

- 1) the amount of own assets to cover solvency margin;
- 2) the amount of solvency margin;
- 3) the surplus of own assets to cover solvency margin;
- 4) the amount of technical provisions;
- 5) the amount of admissible assets to cover technical provisions;
- 6) the surplus of admissible assets to cover technical provisions.

#### Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Company is responsible for the correctness of the accounting records, the preparation and fair presentation of these financial statements and preparation of the Report on the Company's activities in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act") and related bylaws, and other applicable regulations. Management of the Company is also responsible 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.

According to the Accounting Act, Management of the Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements, and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free from material misstatement.

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., a Polish limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG Cooperative ("KPMG International"), a Swiss entity.

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. jest spółką komandytową i członkiem sieci KPMG składającej się z niezależnych spółek członkowskich stowarzyszonych z KPMG International Cooperative ("KPMG International"), podmiotem prawa szwajcarskiego.

Spółka zarejestrowana w Sądzie Rejonowym dla m.st. Warszawy, XII Wydział Gospodarczy Krajowego Rejestru Sądowego.

KRS 0000339379  
NIP 525-260-53-42  
REGON 142078130

Compensa TU S.A.



Expert Auditor's Opinion



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

#### *Opinion*

In our opinion, the accompanying financial statements of Compensa Towarzystwo Ubezpieczeń Spółka Akcyjna Vienna Insurance Group have been prepared and present fairly, in all material respects, 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 the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act and related bylaws, are in compliance with the respective regulations and the provisions of the Company's statute that apply to the Company's financial statements and have been prepared from accounting records that in all material respects have been properly maintained.

#### **Specific Comments on Other Legal and Regulatory Requirements**

##### *Report on the Company's Activities*

As required under the Accounting Act we report that the accompanying Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and Attachment No. 6 to the Decree of the Minister of Finance dated 28 December 2009 on specific accounting principles in insurance and reinsurance companies (Official Journal from 2009, No. 226, item 1825) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
ul. Chłodna 51  
00-867 Warsaw

#### *Signed on the Polish original*

.....  
Agnieszka Witkowska  
Key Certified Auditor  
Registration No. 12435

#### *Signed on the Polish original*

.....  
Marcin Dymek  
Certified Auditor  
Registration No. 9899  
Limited Liability Partner  
with power of attorney

24 February 2015



## Report of the Supervisory Board

Compensa TU S.A.



of Compensa Towarzystwo Ubezpieczeń Spółka Akcyjna Vienna Insurance Group on its activity in 2014 and assessment of the Financial Statements for the financial year ended 31 December 2014, evaluation of the Management Board 2014 Report and the Management Board motion on distribution of net profit for the financial year ended 31 December 2014

In the year 2014 the Supervisory Board performed its activities in line with the Articles of Association of Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group adopted by the General Shareholders' Meeting last amended on 30.04.2014 and based on Supervisory Board By-Laws adopted by the Supervisory Board by Resolution no. 09/2013 of 17.09.2013.

In addition, based on resolution of the Supervisory Board no. 11/2009 on 02.12.2009, confirmed by the General Meeting of Shareholders on 29.04.2011, the Supervisory Board performed the duties of the Audit Committee from 1.01.2014 to 24.06.2014. On its meeting held on 24.06.2014 the Supervisory Board resolved to establish a separate Audit Committee (as per Resolution no. 14/2014) composed of the following members of the Supervisory Board: Franz Fuchs, Peter Hagen, Roland Goldsteiner, and by Resolution no. 15/2014 of the Supervisory Board of 24.06.2014 adopted Audit Committee By-Laws. Within the Audit Committee Roland Goldsteiner fulfills the criteria of independence and competence under article 86 section 4 of the Act of 7.05.2009 on Expert Auditors and their Self-Government, Entities Authorized to Audit Financial Statements and Public Supervision and recommendations of the Polish Financial Supervision Authority on the functioning of the Audit Committee.

### Composition of the Supervisory Board in 2014

From 1.01.2014 to 30.04.2014 the Supervisory Board was composed of the following members:

- 1) **Peter Hagen** – Chairman (appointed 29.06.2012),
- 2) **Dieter Fröhlich** – Deputy Chairman (appointed 18.06.2011),
- 3) **Roland Goldsteiner** – Member (appointed 18.06.2011),
- 4) **Wolfgang Petschko** – Member (appointed 18.06.2011),
- 5) **Andrzej Witkowski** – Member (appointed 30.04.2013).

Following decisions taken at General Shareholders Meeting dated 30.04.2014, the composition of the Supervisory Board was extended and included the following members:

- 1) **Franz Fuchs** – appointed Chairman by Resolution no. 12/2014 of the Supervisory Board of 24.06.2014 (mandate expires 30.06.2019),
- 2) **Peter Hagen** – appointed Deputy Chairman by Resolution no. 13/2014 of the Supervisory Board of 24.06.2014 (mandate expires 30.06.2019),
- 3) **Dieter Fröhlich** – Member (mandate expires 30.06.2019),
- 4) **Roland Goldsteiner** – Member (mandate expires 30.06.2019),
- 5) **Wolfgang Petschko** – Member (mandate expires 30.06.2019),
- 6) **Andrzej Witkowski** – Member (mandate expires 30.06.2018).

### Detailed information of the activity and decisions of the Supervisory Board in 2014

The Supervisory Board took decisions by way of Resolutions at its meeting and by circulation in line with §5 of Supervisory Board By-Laws as of 17.09.2013. In the period 1.01.2014 – 31.12.2014 Supervisory Board meetings were held 4 times. Over the reporting period the Supervisory Board adopted 25 resolutions in line with §5 of Supervisory Board By-Laws as of 17.09.2013.

The Supervisory Board exercised constant monitoring of the company's operations and assessed the company's operations from the standpoint of financial security standards prescribed by the Insurance Activity Act. During its meetings in the period 2014 the Supervisory Board analyzed detailed information as provided by the Management Board regarding results recorded within the reporting period, in particular financial, sales and investment management results in comparison to the results from previous year, plans approved by previous Supervisory Board resolutions and their influence on the company's current and future financial standing. The Supervisory Board also monitored in quarterly manner the Management Board reports of financial results including

## Compensa TU S.A.



esp. profit and loss account, balance sheet, technical account and cash flow statements. The Supervisory Board analyzed detailed information as provided by the Management Board on the current situation on the insurance market, company's gross premium written, gross and net premium earned and claims development, separately for motor third-party liability insurance, motor own damage insurance, property insurance, personal insurance and other lines of business. The Supervisory Board also monitored the reported level of administration costs, direct and indirect acquisition costs, claims handling costs, asset management and other technical costs compared to the previous year and the approved budget. The activities of the Supervisory Board in the area of investments focused on the analysis of the internally and externally managed asset portfolio in terms of its volume, structure and profitability. The Supervisory Board paid special attention to the compliance of the investment portfolio structure with the in-force investment and risk strategy as approved by the Supervisory Board and Asset Management Department of Vienna Insurance Group. The Supervisory Board reviewed biggest sale and purchase transactions of financial instruments and top positions in the investment portfolio by asset class.

Furthermore, the Supervisory Board monitored the current technical results of the company in total and per line of business as well as the bottom line figures for the corresponding reporting periods. The Supervisory Board also regularly considered the movements on the gross technical reserves including in particular the claims reserves (IBNR/RBNP) and premium reserve by key product lines and types of claims (material, personal, pain and suffering, annuity). The Supervisory Board also accordingly monitored the company's activity in Lithuania and Latvia.

In addition to regularly reported business topics, the Supervisory Board discussed and monitored reserving methodology for reopened claims, concept of stand-alone Baltics operations, the volume of unmatched premiums and premium matching process.

In the course of its activity in 2014, the Supervisory Board assessed the financial statement for the year 2013 and additionally Chairman of the Supervisory Board Mr. Franz Fuchs and Member of the Supervisory Board Mr. Roland Goldsteiner held meeting on 5.12.2014 with representatives of the financial auditor to discuss the scope of audit for the current year and the audit procedures applied as well as key findings resulting from the audit of the financial statement. The Supervisory Board was accordingly informed and acknowledged the auditor's findings concerning esp.

premium recognition, acquisition costs, DAC, insurance receivables, technical provisions, IT, claims paid, reinsurance, investment activity, taxes and completeness. The auditor confirmed that the company's financial statement for 2013 was in line with Polish accounting law, that no fraud or illegal acts were identified, and issued an unqualified auditor opinion. The Supervisory Board also obtained a relevant statement of independence from the auditor.

In the period from 1.01.2014 to 24.06.2014 the Supervisory Board fulfilled the obligations of Audit Committee as imposed by resolution no. 11/2009 of 02.12.2009. The Supervisory Board thus performed the following activities as defined in article 86 section 7 of the Act of 7.05.2009 on Expert Auditors and their Self-Government, Entities Authorized to Audit Financial Statements and Public Supervision of:

- monitoring process of financial reporting;
- monitoring effectiveness of internal control systems, internal audit and risk management;
- monitoring realization of financial revision;
- monitoring independence of chartered accountant and entity authorized to approve financial statement, in that case rendering of the following services: bookkeeping for accounting and tax purposes, tax consulting, running bankruptcy and winding up procedures, publishing and training activities in the scope of accounting, financial revision and taxes, preparing expertise or economic-financial opinions, rendering attesting services, consulting or management requiring knowledge on accounting and financial revision, rendering services provided in the standards of financial revision and other services provided in other laws as restricted to be rendered by chartered accountants.

In its capacity as Audit Committee the Supervisory Board in close cooperation with relevant departments of Vienna Insurance Group supervised the correctness of financial statements delivered by the Company in the form of quarterly reports i.a. Accounting Report, Planning and Controlling Package and Actuarial Report.

The Supervisory Board (from 24.06.2014 Audit Committee) monitored risk management and status of implementation of Solvency II requirements.

In 2014 the Supervisory Board acknowledged regular information reported by Internal Audit Bureau, containing Internal Audit activities in reporting period, internal audit plan fulfillment, main findings, recommendations and implementation thereof, and audit plan for the following periods. The Supervisory Board acknowledged in particular



the performed audits of branch offices, effectiveness of IT projects, sales support, corporate policies and underwriting, accounting and reporting, outsourcing, underwriting fleets, claims, compliance with Company's statutes and Management Board rules and regulations, credit cards, Administration Bureau, reinsurance, IT system and data safety, actuary and risk management and overview of user accounts in terms of access to the Company's IT systems.

#### **Assessment of the Company's Financial Statements, Management Board's Activity Report and Motion on Distribution of Profit**

Following the provisions of art. 382 of the Commercial Company Code and bearing in mind the functions of the Audit Committee realized by the Supervisory Board, the Supervisory Board assessed:

- Financial Statements for the financial year ended 31 December 2014,
- Management Board 2014 Activity Report,
- Management Board motion on allocating the net profit for the year ended 31 December 2014.

Having familiarized itself with the presented documents and the auditor's opinion on the audited Company's financial statements for the financial year ended 31 December 2014 the Supervisory Board concluded that the Financial Statements and the Management Board Report are fully in line with the accounting ledgers and documents as well as with the actual state of affairs, and in particular:

- give a fair view of any information relevant to assessment of the Company's activities in 2014, in particular profitability, financial result of its operations, and its financial and asset value position as at 31 December 2014,
- are compliant, with regard to form and content, with applicable provisions of law and the Company's Articles of Association,
- the financial statements were drawn up in compliance with

the prevailing accounting principles and on the basis of duly kept accounting ledgers,

- the financial statements and the audit carried out by chartered auditors, were in line with the provisions of the Accounting Act of 29 September 1994 and the applicable audit standards as defined by the National Audit Board in Poland.

#### **Assessment of the motion on distribution of profit**

The Supervisory Board believe that the allocation of the 75% of 2014 net profit to pay dividend for 2014 and 25% of 2014 net profit to increase the spare capital – as proposed by the Management Board – is fully in line with the Company's current needs and fulfill statutory requirements and the criteria of Recommendation issued by the Financial Supervisory Commission KNF.

The Supervisory Board recommends that the Ordinary Shareholders' Meeting of the Company resolves on the approval of the financial statements for the financial year ended 31 December 2014 and the Management Board Activity Report for 2014 and on allocating the 75% of net profit generated in 2014 to pay dividend for 2014 and 25% of net profit generated in 2014 to increase the spare capital.



**Franz Fuchs**  
Chairman  
of the Supervisory  
Board



**dr Peter Hagen**  
Deputy Chairman  
of the Supervisory  
Board



**Dieter Fröhlich**  
Member  
of the Supervisory  
Board



**Roland Goldsteiner**  
Member  
of the Supervisory  
Board



**Wolfgang Petschko**  
Member  
of the Supervisory  
Board



**Andrzej Witkowski**  
Member  
of the Supervisory  
Board



# Results

of Compensa TU na Życie S.A.

Compensa TU na Žycie S.A.



## Financial results

The year 2014 was closed with gross premium written at the level of **PLN 1 573 737 thousand** and with the net profit of **PLN 28 832 thousand**. As compared to the previous year, premium written decreased by **30.3%**.

### Main items of the profit and loss account

|                                      | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|--------------------------------------|-----------------------------|----------------------------|
| Gross premium written                | 2 259 050                   | 1 573 737                  |
| Net return on investments            | 84 323                      | 70 897                     |
| Gross claims                         | 2 380 006                   | 1 619 145                  |
| Change in gross technical provisions | -361 451                    | -392 545                   |
| Acquisition and administrative costs | 312 298                     | 397 709                    |
| <b>Technical result</b>              | <b>6 523</b>                | <b>9 794</b>               |
| <b>Net financial result</b>          | <b>-3 012</b>               | <b>-28 832</b>             |

### Solvency declaration ratios and parameters

|                                           | 31.12.2014<br>(PLN thous.) |
|-------------------------------------------|----------------------------|
| Solvency margin                           | 89 175                     |
| Own funds to cover solvency margin        | 211 601                    |
| Coverage of solvency margin by own assets | 237%                       |

\* According to the merger of Compensa TU na Žycie S.A. Vienna Insurance Group and Benefia TU na Žycie S.A. Vienna Insurance Group in 2014, financial data as of 2013 are presented jointly, for comparative purposes.

## Technical account

|                                                                                                                                                  | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------|
| <b>Premiums</b>                                                                                                                                  | <b>2 032 815</b>            | <b>1 556 693</b>           |
| Gross premiums written                                                                                                                           | 2 259 050                   | 1 573 737                  |
| Reinsurers' share in gross premium written                                                                                                       | 226 213                     | 17 093                     |
| Changes in provisions for premiums and risk                                                                                                      | 29                          | -54                        |
| <b>Revenue on investments</b>                                                                                                                    | <b>113 508</b>              | <b>78 659</b>              |
| Return on other financial investments                                                                                                            | 84 194                      | 58 570                     |
| – from stock, shares, other securities with variable amount of income and units of participation and investment certificates in investment funds | 8 580                       | 9 830                      |
| – from debt securities and other securities with fixed amount of income                                                                          | 26 283                      | 22 236                     |
| – from term deposits in credit institutions                                                                                                      | 47 910                      | 25 234                     |
| – from other deposits                                                                                                                            | 1 421                       | 1 270                      |
| Positive balance on realized investments                                                                                                         | 25 292                      | 20 088                     |
| <b>Unrealized gains on investments</b>                                                                                                           | <b>68 357</b>               | <b>57 808</b>              |
| <b>Other technical income – net of reinsurance</b>                                                                                               | <b>2 434</b>                | <b>3 950</b>               |
| <b>Claims</b>                                                                                                                                    | <b>2 063 976</b>            | <b>1 514 909</b>           |
| Claims paid – net of reinsurance                                                                                                                 | 2 092 331                   | 1 516 440                  |
| – gross claims paid                                                                                                                              | 2 380 006                   | 1 619 145                  |
| – reinsurers' share in claims paid                                                                                                               | 287 674                     | 102 705                    |
| Change in provisions for claims outstanding – net of reinsurance                                                                                 | -28 355                     | -1 530                     |
| – gross provisions                                                                                                                               | -33 399                     | -2 890                     |

\* According to the merger of Compensa TU na Žycie S.A. Vienna Insurance Group and Benefia TU na Žycie S.A. Vienna Insurance Group in 2014, financial data as of 2013 are presented jointly, for comparative purposes.

Compensa TU na Žycie S.A.

## Technical account

|                                                                                                                              | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------|
| – reinsurers' share                                                                                                          | -5 044                      | -1 360                     |
| <b>Change in other technical provisions – net of reinsurance</b>                                                             | <b>-255 515</b>             | <b>-288 548</b>            |
| Change in provisions for life insurance – net of reinsurance                                                                 | -422 797                    | -390 166                   |
| Change in technical provisions – net of reinsurance for life insurance when the investment risk is borne by the policyholder | 167 282                     | 101 618                    |
| <b>Bonuses and discounts including change in provisions – net of reinsurance</b>                                             | <b>182</b>                  | <b>-2 933</b>              |
| <b>Net operating expenses</b>                                                                                                | <b>300 832</b>              | <b>389 653</b>             |
| Costs of acquisition                                                                                                         | 264 221                     | 346 405                    |
| Administrative costs                                                                                                         | 48 077                      | 51 304                     |
| Reinsurance commissions and profit participation                                                                             | 11 465                      | 8 056                      |
| <b>Investments charges</b>                                                                                                   | <b>49 961</b>               | <b>19 063</b>              |
| Property maintenance costs                                                                                                   | 0                           | 0                          |
| Other costs of deposit activities                                                                                            | 6 816                       | 7 620                      |
| Negative result on deposit indexation                                                                                        | 39 362                      | 4 147                      |
| Negative result on realized investments                                                                                      | 3 783                       | 7 296                      |
| <b>Unrealized losses on investments</b>                                                                                      | <b>47 580</b>               | <b>46 507</b>              |
| <b>Other technical costs – net of reinsurance</b>                                                                            | <b>3 574</b>                | <b>8 665</b>               |
| <b>Revenue on net investments transferred to profit and loss account</b>                                                     | <b>0</b>                    | <b>0</b>                   |
| <b>Result on technical life insurance account</b>                                                                            | <b>6 523</b>                | <b>9 794</b>               |

\* According to the merger of Compensa TU na Žycie S.A. Vienna Insurance Group and Benefia TU na Žycie S.A. Vienna Insurance Group in 2014, financial data as of 2013 are presented jointly, for comparative purposes.

## General profit and loss account

|                                                                                                    | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|----------------------------------------------------------------------------------------------------|-----------------------------|----------------------------|
| Technical account – non-life insurance or technical account life insurance                         | 6 524                       | 9 794                      |
| Return on investments                                                                              | 0                           | 0                          |
| Unrealized gains on investments                                                                    | 0                           | 0                          |
| Net returns on investments including costs, transferred from the technical life insurance account  | 0                           | 0                          |
| Investments charges                                                                                | 0                           | 0                          |
| Unrealized losses on investments                                                                   | 0                           | 0                          |
| Net returns on investments including costs transferred to the technical non-life insurance account | 0                           | 0                          |
| Other operating income                                                                             | 1 557                       | 6 561                      |
| Other operating expenses                                                                           | 4 033                       | 35 684                     |
| Profit (loss) on operating activities                                                              | 4 047                       | -19 329                    |
| Extraordinary profits                                                                              | 0                           | 0                          |
| Extraordinary losses                                                                               | 0                           | 0                          |
| Gross profit (loss)                                                                                | 4 047                       | -19 329                    |
| Income tax                                                                                         | 7 059                       | 9 503                      |
| Other statutory reductions in profit (increases in loss)                                           | 0                           | 0                          |
| <b>Net profit (loss)</b>                                                                           | <b>-3 012</b>               | <b>-28 832</b>             |

\* According to the merger of Compensa TU na Žycie SA Vienna Insurance Group and Benefia TU na Žycie SA Vienna Insurance Group in 2014, financial data as of 2013 are presented jointly, for comparative purposes.

Compensa TU na Życie S.A.

## Cash flow statement

|                                                      | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|------------------------------------------------------|-----------------------------|----------------------------|
| <b>Cash flows from business activities</b>           | <b>-444 977</b>             | <b>-443 822</b>            |
| <b>Proceeds</b>                                      | <b>842 693</b>              | <b>583 950</b>             |
| Direct insurance and reinsurance activities proceeds | 837 249                     | 579 578                    |
| Outwards reinsurance proceeds                        | 2 254                       | 8                          |
| Proceeds on other operating activities               | 3 189                       | 4 364                      |
| <b>Expenses</b>                                      | <b>1 287 670</b>            | <b>1 027 772</b>           |
| Direct insurance and reinsurance expenses            | 1 276 871                   | 1 017 468                  |
| Outwards reinsurance expenses                        | 5 906                       | 4 769                      |
| Expenses on other operating activities               | 4 893                       | 5 535                      |
| <b>Cash flows from investment activities</b>         | <b>447 481</b>              | <b>459 376</b>             |
| <b>Proceeds</b>                                      | <b>11 231 256</b>           | <b>9 627 059</b>           |
| <b>Expenses</b>                                      | <b>10 783 775</b>           | <b>9 167 683</b>           |
| <b>Cash flows from financial activities</b>          | <b>-1 882</b>               | <b>-15 727</b>             |
| <b>Proceeds</b>                                      | <b>20 056</b>               | <b>0</b>                   |
| <b>Expenses</b>                                      | <b>21 938</b>               | <b>15 727</b>              |
| <b>Total net cash flows</b>                          | <b>622</b>                  | <b>-173</b>                |
| <b>Balance sheet change in cash</b>                  | <b>623</b>                  | <b>-173</b>                |
| <b>Opening balance of cash</b>                       | <b>9 076</b>                | <b>9 697</b>               |
| <b>Closing balance of cash</b>                       | <b>9 697</b>                | <b>9 525</b>               |

\* According to the merger of Compensa TU na Życie SA Vienna Insurance Group and Benefia TU na Życie SA Vienna Insurance Group in 2014, financial data as of 2013 are presented jointly, for comparative purposes.

## Balance sheet: assets

|                                                                                           | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|-------------------------------------------------------------------------------------------|-----------------------------|----------------------------|
| <b>Intangible assets</b>                                                                  | <b>22 586</b>               | <b>19 644</b>              |
| <b>Investments</b>                                                                        | <b>1 407 383</b>            | <b>896 344</b>             |
| Land and buildings                                                                        | 0                           | 0                          |
| Investments in subordinated undertakings                                                  | 17 858                      | 0                          |
| Other financial investments                                                               | 1 389 525                   | 896 344                    |
| Deposit debtors from credit undertakings                                                  | 0                           | 0                          |
| <b>Net assets of life insurance when the investment risk is borne by the policyholder</b> | <b>706 992</b>              | <b>808 610</b>             |
| <b>Debtors</b>                                                                            | <b>23 003</b>               | <b>29 943</b>              |
| Direct insurance debtors                                                                  | 11 445                      | 10 800                     |
| Reinsurance debtors                                                                       | 8                           | 0                          |

|                                       | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|---------------------------------------|-----------------------------|----------------------------|
| Other debtors                         | 11 550                      | 19 143                     |
| <b>Other asset components</b>         | <b>10 792</b>               | <b>10 328</b>              |
| Tangible assets                       | 1 093                       | 803                        |
| Cash                                  | 9 698                       | 9 525                      |
| Other assets                          | 0                           | 0                          |
| <b>Prepayments and accrued income</b> | <b>83 008</b>               | <b>69 943</b>              |
| Deferred income tax assets            | 12 309                      | 5 461                      |
| Deferred acquisition costs            | 70 610                      | 64 450                     |
| Accrued interest and rent             | 0                           | 0                          |
| Other prepayments and accrued income  | 90                          | 32                         |
| <b>TOTAL ASSETS</b>                   | <b>2 253 764</b>            | <b>1 834 811</b>           |

\* According to the merger of Compensa TU na Życie SA Vienna Insurance Group and Benefia TU na Życie SA Vienna Insurance Group in 2014, financial data as of 2013 are presented jointly, for comparative purposes.

Compensa TU na Žycie S.A.

## Balance sheet: liabilities

|                                                                                        | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |                                                                   | 31.12.2013*<br>(PLN thous.) | 31.12.2014<br>(PLN thous.) |
|----------------------------------------------------------------------------------------|-----------------------------|----------------------------|-------------------------------------------------------------------|-----------------------------|----------------------------|
| <b>Equity</b>                                                                          | <b>250 600</b>              | <b>216 247</b>             | <b>Reinsurers' share in technical provisions (negative value)</b> | <b>103 605</b>              | <b>4 121</b>               |
| Share capital                                                                          | 122 981                     | 167 846                    | <b>Estimated recourses and claim returns (negative value)</b>     | <b>0</b>                    | <b>0</b>                   |
| Supplementary capital                                                                  | 298 403                     | 258 780                    | <b>Other provisions</b>                                           | <b>46 400</b>               | <b>44 423</b>              |
| Revaluation reserve                                                                    | -4 010                      | 6 196                      | Provisions for pensions and other workforce entitlements          | 2 832                       | 3 808                      |
| Other reserve capitals                                                                 | 8 696                       | 8 696                      | Deferred income tax provision                                     | 25 915                      | 28 728                     |
| Profit (loss) from previous years                                                      | -175 469                    | -196 439                   | Other provisions                                                  | 17 654                      | 11 887                     |
| Net profit (loss)                                                                      | 0                           | -28 832                    | <b>Creditors arising out of reinsurers' investments</b>           | <b>98 998</b>               | <b>1 663</b>               |
| <b>Subordinated creditors</b>                                                          | <b>19 952</b>               | <b>20 555</b>              | <b>Other creditors and special funds</b>                          | <b>42 627</b>               | <b>49 796</b>              |
| <b>Technical provisions</b>                                                            | <b>1 898 794</b>            | <b>1 506 249</b>           | Creditors arising out of direct insurance                         | 24 402                      | 26 532                     |
| Provision for unearned premiums and provision for unexpired risk                       | 4 091                       | 4 037                      | Creditors arising out of reinsurance                              | 2 584                       | 1 606                      |
| Provision for life insurance                                                           | 1 141 391                   | 653 106                    | Other creditors                                                   | 15 058                      | 21 093                     |
| Provisions for outstanding claims                                                      | 43 181                      | 40 291                     | Special funds                                                     | 583                         | 565                        |
| Provisions for bonuses and rebates for the policyholders                               | 3 138                       | 205                        | <b>Prepayments and accrued income</b>                             | <b>0</b>                    | <b>0</b>                   |
| Provision for the benefit of life insurance policyholders who bear the investment risk | 706 992                     | 808 610                    | <b>TOTAL LIABILITIES</b>                                          | <b>2 253 764</b>            | <b>1 834 811</b>           |

\* According to the merger of Compensa TU na Žycie SA Vienna Insurance Group and Benefia TU na Žycie SA Vienna Insurance Group in 2014, financial data as of 2013 are presented jointly, for comparative purposes.



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*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

## OPINION OF THE INDEPENDENT AUDITOR

*To the General Meeting of Compensa Towarzystwo Ubezpieczeń na Życie Spółka Akcyjna  
Vienna Insurance Group*

### Opinion on the Financial Statements

We have audited the accompanying financial statements of Compensa Towarzystwo Ubezpieczeń na Życie Spółka Akcyjna Vienna Insurance Group with its registered office in Warsaw, Aleje Jerozolimskie 162 ("the Company"), which comprise the introduction to the financial statements, the balance sheet as at 31 December 2014, the technical account of life insurance, the general profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended and the supplementary information and explanations, and:

- 1) the amount of own assets to cover solvency margin;
- 2) the amount of solvency margin;
- 3) the surplus of own assets to cover solvency margin;
- 4) the amount of technical provisions;
- 5) the amount of admissible assets to cover technical provisions;
- 6) the surplus of admissible assets to cover technical provisions.

### Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Company is responsible for the correctness of the accounting records, the preparation and fair presentation of these financial statements and preparation of the Report on the Company's activities in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act") and related bylaws, and other applicable regulations. Management of the Company is also responsible 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.

According to the Accounting Act, Management of the Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements, and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free from material misstatement.

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KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., a Polish limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG Cooperative ("KPMG International"), a Swiss entity.

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Spółka zarejestrowana w Sądzie Rejonowym dla m.st. Warszawy, w Warszawie, KRS 0000333079, NIP 527-261-53-42, REGON 142078130.

Compensa TU na Życie S.A.



Expert Auditor's Opinion



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

#### *Opinion*

In our opinion, the accompanying financial statements of Compensa Towarzystwo Ubezpieczeń na Życie Spółka Akcyjna Vienna Insurance Group have been prepared and present fairly, in all material respects, 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 the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act and related bylaws, are in compliance with the respective regulations and the provisions of the Company's statute that apply to the Company's financial statements and have been prepared from accounting records that in all material respects have been properly maintained.

#### **Specific Comments on Other Legal and Regulatory Requirements**

##### *Report on the Company's Activities*

As required under the Accounting Act we report that the accompanying Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and Attachment No. 6 to the Decree of the Minister of Finance dated 28 December 2009 on specific accounting principles in insurance and reinsurance companies (Official Journal from 2009 No. 226, item 1825) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
ul. Chłodna 51  
00-867 Warsaw

#### *Signed on the Polish original*

.....  
Agnieszka Witkowska  
Key Certified Auditor  
Registration No. 12435

#### *Signed on the Polish original*

.....  
Marcin Dymek  
Certified Auditor  
Registration No. 9899  
Limited Liability Partner  
with power of attorney

27 February 2015



## Report of the Supervisory Board

of Compensa Towarzystwo Ubezpieczeń na Życie Spółka Akcyjna Vienna Insurance Group on its activity in 2014 and assessment of the Financial Statements for the financial year ended 31 December 2014, evaluation of the Management Board 2014 Report and the Management Board motion on distribution of net profit for the financial year ended 31 December 2014

In the year 2014 the Supervisory Board performed its activities in line with the Articles of Association of Compensa Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group adopted by the General Shareholders' Meeting last amended on 25.07.2014 and based on Supervisory Board By-Laws adopted by the Supervisory Board by Resolution no. 09/2013 of 17.09.2013.

In addition, based on resolution of the Supervisory Board no. 10/2009 on 02.12.2009, confirmed by the General Meeting of Shareholders on 28.04.2011, the Supervisory Board performed the duties of the Audit Committee from 1.01.2014 to 24.06.2014. On its meeting held on 24.06.2014 the Supervisory Board resolved to establish a separate Audit Committee (as per Resolution no. 16/2014) composed of the following members of the Supervisory Board: Franz Fuchs, Peter Hagen, Roland Goldsteiner, and by Resolution no. 17/2014 of the Supervisory Board of 24.06.2014 adopted Audit Committee By-Laws. Within the Audit Committee Roland Goldsteiner fulfills the criteria of independence and competence under article 86 section 4 of the Act of 7.05.2009 on Expert Auditors and their Self-Government, Entities Authorized to Audit Financial Statements and Public Supervision and recommendations of the Polish Financial Supervision Authority on the functioning of the Audit Committee.

### Composition of the Supervisory Board in 2014

From 1.01.2014 to 30.04.2014 the Supervisory Board was composed of the following members:

- 1) **Peter Hagen** – Chairman  
(appointed 29.06.2012),
- 2) **Dieter Fröhlich** – Deputy Chairman  
(appointed 18.06.2011),
- 3) **Roland Goldsteiner** – Member  
(appointed 18.06.2011),
- 4) **Wolfgang Petschko** – Member  
(appointed 18.06.2011),
- 5) **Andrzej Witkowski** – Member  
(appointed 30.04.2013).

Following decisions taken at General Shareholders Meeting dated 30.04.2014, the composition of the Supervisory Board was extended and included the following members:

- 1) **Franz Fuchs** – (mandate expires 30.06.2019)  
appointed Chairman by Resolution no. 14/2014  
of the Supervisory Board of 24.06.2014,
- 2) **Peter Hagen** – (mandate expires 30.06.2019)  
appointed Deputy Chairman by Resolution no. 15/2014  
of the Supervisory Board of 24.06.2014,
- 3) **Dieter Fröhlich** (mandate expires 30.06.2019),
- 4) **Roland Goldsteiner** – Member  
(mandate expires 30.06.2019),
- 5) **Wolfgang Petschko** – Member  
(mandate expires 30.06.2019),
- 6) **Andrzej Witkowski** – Member  
(mandate expires 30.06.2016).

### Detailed information of the activity and decisions of the Supervisory Board in 2014

The Supervisory Board took decisions by way of Resolutions at its meeting and by circulation in line with §5 of Supervisory Board By-Laws as of 17.09.2013. In the period 1.01.2014 – 31.12.2014 Supervisory Board meetings were held 4 times. Over the reporting period the Supervisory Board adopted 26 resolutions in line with §5 of Supervisory Board By-Laws as of 17.09.2013.

The Supervisory Board exercised constant monitoring of the company's operations and assessed the company's operations from the standpoint of financial security standards prescribed by the Insurance Activity Act. During its meetings in the period 2014 the Supervisory Board analyzed detailed information as provided by the Management Board regarding results recorded within the reporting period, in particular financial, sales and investment management results in comparison to the results from previous year, plans approved by previous Supervisory Board resolutions and their influence on the company's current and future financial standing.



The Supervisory Board also monitored in quarterly manner the Management Board reports of financial results including esp. profit and loss account, balance sheet, technical account and cash flow statements. The Supervisory Board analyzed detailed information as provided by the Management Board on the current situation on the insurance market, company's gross premium written, gross and net premium earned and claims and benefits development, separately for single and regular premium products in retail, group and bancassurance lines of business. The Supervisory Board also monitored the reported level of administration costs, direct and indirect acquisition costs, claims handling costs, asset management and other technical costs compared to the previous year and the approved budget. The activities of the Supervisory Board in the area of investments focused on the analysis of the internally and externally managed asset portfolio in terms of its volume, structure and profitability. The Supervisory Board paid special attention to the compliance of the investment portfolio structure with the in-force investment and risk strategy as approved by the Supervisory Board and Asset Management Department of Vienna Insurance Group. The Supervisory Board reviewed biggest sale and purchase transactions of financial instruments and top positions in the investment portfolio by asset class.

Furthermore, the Supervisory Board monitored the current technical results of the company in total and per line of business as well as the bottom line figures for the corresponding reporting periods. The Supervisory Board also regularly considered movements on the gross technical reserves including in particular the mathematical reserve, unit-linked reserve, claims reserves, DAC, and premium reserve by key product lines and types of claims and benefits paid. Additionally, the Supervisory Board acknowledged Management Board's report on the implementation of the SAP project.

In addition to regularly reported business topics, the Supervisory Board discussed and monitored the status of merger with Benefia Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, unit-linked business environment, planned product changes and guaranteed interest rate portfolio.

In the course of its activity in 2014, the Supervisory Board assessed the financial statement for the year 2013 and additionally Chairman of the Supervisory Board Mr. Franz Fuchs and Member of the Supervisory Board Mr. Roland Goldsteiner held meeting on 5.12.2014 with representatives of the financial auditor to discuss the scope of audit for the current year and the audit procedures applied as well as key findings resulting from the audit of the financial statement.

The Supervisory Board was accordingly informed and acknowledged auditor's findings concerning esp. technical provisions, IT, premium recognition, acquisition costs, DAC and insurance receivables, claims paid, investment activity, taxes and completeness of disclosures. The auditor confirmed that the company's financial statement for 2013 was in line with Polish accounting law, that no fraud or illegal acts were identified, and issued an unqualified auditor opinion. The Supervisory Board also obtained a relevant statement of independence from the auditor.

In the period from 1.01.2014 to 24.06.2014 the Supervisory Board fulfilled the obligations of Audit Committee as imposed by resolution no. 10/2009 of 2.12.2009. The Supervisory Board thus performed the following activities as defined in article 86 section 7 of the Act of 7.05.2009 on Expert Auditors and their Self-Government, Entities Authorized to Audit Financial Statements and Public Supervision of:

- monitoring process of financial reporting;
- monitoring effectiveness of internal control systems, internal audit and risk management;
- monitoring realization of financial revision;
- monitoring independence of chartered accountant and entity authorized to approve financial statement, in that case rendering of the following services: bookkeeping for accounting and tax purposes, tax consulting, running bankruptcy and winding up procedures, publishing and training activities in the scope of accounting, financial revision and taxes, preparing expertise or economic-financial opinions, rendering attesting services, consulting or management requiring knowledge on accounting and financial revision, rendering services provided in the standards of financial revision and other services provided in other laws as restricted to be rendered by chartered accountants.

In its capacity as Audit Committee the Supervisory Board in close cooperation with relevant departments of Vienna Insurance Group supervised the correctness of financial statements delivered by the Company in the form of quarterly reports i.a. Accounting Report, Planning and Controlling Package and Actuarial Report.

The Supervisory Board (from 24.06.2014 Audit Committee) monitored risk management and status of implementation of Solvency II requirements. In particular the following issues were discussed during Audit Committee (until 23.06.2014 Supervisory Board) meetings:

- results of calculation of SCR (Solvency Capital Requirement) according to Solvency II requirements at 31.12.2013,



- results of risk inventory and analysis of internal control system, including information about biggest risks to which the Company is exposed,
- results of stress tests at 31.12.2013 performed annually according to KNF requirements,
- information about BION (KNF evaluation of insurance company) given by KNF for 2013.

In 2014 the Supervisory Board acknowledged regular information reported by Internal Audit Bureau, containing Internal Audit activities in reporting period, internal audit plan fulfillment, main findings, recommendations and implementation thereof, and audit plan for the following periods. The Supervisory Board acknowledged in particular the performed audits of group claims, effectiveness of IT projects, accounting and reporting, monitoring of outstanding premiums, rules of cooperation with new multiagencies, outsourcing, compliance with Company's statutes and Management Board rules and regulations, IT security, credit cards, Administration Bureau, analysis of the profitability of individual distribution channels, account receivables monitoring and vindication rules, risk management and actuary as well as overview of user accounts in terms of access to the Company's IT systems.

#### Assessment of the Company's Financial Statements, Management Board's Activity Report and Motion on Covering Loss

Following the provisions of art. 382 of the Commercial Company Code and bearing in mind the functions of the Audit Committee realized by the Supervisory Board, the Supervisory Board assessed:

- Financial Statements for the financial year ended 31 December 2014,
- Management Board 2014 Activity Report,
- Management Board motion on allocating the profit for the year ended 31 December 2014.

Having familiarized itself with the presented documents and the auditor's opinion on the audited Company's financial statements for the financial year ended 31 December 2014

the Supervisory Board concludes that the Financial Statements and the Management Board's Report are fully in line with the accounting ledgers and documents as well as with the actual state of affairs, and in particular:

- give a fair view of any information relevant to assessment of the Company's activities in 2014, in particular profitability, financial result of its operations, and its financial and asset value position as at 31 December 2014,
- are compliant, with regard to form and content, with applicable provisions of law and the Company's Articles of Association,
- the financial statements were drawn up in compliance with the prevailing accounting principles and on the basis of duly kept accounting ledgers,
- the financial statements and the audit carried out by chartered auditors, were in line with the provisions of the Accounting Act of 29 September 1994 and the applicable audit standards as defined by the National Audit Board in Poland.

#### Assessment of the motion on distribution of covering a loss

The Supervisory Board believe that the covering a loss by the profits of following years – as proposed by the Management Board – is fully in line with the Company's current needs and fulfill statutory requirements.

The Supervisory Board recommends that the Shareholders' Meeting of the Company resolves on the approval of the financial statements for the financial year ended 31.12.2014 and the Management Board Activity Report for 2014 and on covering a loss by the profits of following years.



**Franz Fuchs**  
Chairman  
of the Supervisory  
Board



**Dr. Peter Hagen**  
Deputy Chairman  
of the Supervisory  
Board



**Dieter Fröhlich**  
Member  
of the Supervisory  
Board



**Roland Goldsteiner**  
Member  
of the Supervisory  
Board



**Wolfgang Petschko**  
Member  
of the Supervisory  
Board



**Andrzej Witkowski**  
Member  
of the Supervisory  
Board



# VIG

Vienna Insurance Group

## VIENNA INSURANCE GROUP COMPANY PROFILE

Approximately 23,000 Vienna Insurance Group (VIG) employees in around 50 Group companies in 25 countries generated around EUR 9.2 billion in premiums in 2014. This makes the Group one of the leading exchange-listed insurance groups in Austria and Central and Eastern Europe. As the number 1 in its core markets, VIG provides its customers an outstanding portfolio offering a wide range of property and casualty, life and health insurance products and services.

### From Austria to Central and Eastern Europe

VIG's roots go all the way back to the year 1824 in Austria: 190 years of history in which the Company developed from a successful local insurer to a leading international insurance group. The story begins with Wiener Städtische, one of the first Western European companies in its industry to recognise the growth opportunities in Central and Eastern Europe, and to take a chance on entering the market in the former Czechoslovakia in 1990. Additional markets followed, with the Company expanding into Hungary in 1996, Poland in 1998, Croatia in 1999 and Romania in 2001, to mention only a few examples. Following its entry into the Moldovan market in 2014, Vienna Insurance Group now operates in 25 markets.

### Number 1 in its core markets

VIG's core markets include Austria, the Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia and Ukraine. With a market share of more than 19%, VIG is the clear number 1 insurer in these markets.

The VIG markets in Central and Eastern Europe generated more than half of the approximately EUR 9.2 billion in Group premiums in 2014 – a clear indication of the success of the CEE expansion strategy. VIG is convinced that the region will continue to converge economically, leading to further

increases in the demand for insurance. VIG RE, the reinsurance company that was established by VIG in 2008, has its registered office in the Czech Republic, thereby stressing the importance of the CEE region as a growth market for VIG.

### Customer proximity – in 25 markets

Local entrepreneurship, and the customer proximity it brings, plays a key role in VIG's success and is reflected in the regional ties, multi-brand strategy and the wide variety of distribution channels used. The Group therefore intentionally relies on established regional brands united under the Vienna Insurance Group umbrella, because it is the individual strengths of these brands and local expertise that make VIG successful as a corporate group.

### Success thanks to a focus on our core business and binding values

VIG is a progressive, highly risk-conscious insurer that focuses on its core business, the insurance business. It offers security in the form of reliability, trustworthiness and soundness – not only to its customers, but also in its dealings with business partners, employees and shareholders. All its business decisions in this regard are based on ethical values such as honesty, integrity, diversity, equal opportunity and customer orientation.

The effects of this fundamental approach are shown not only by its strategy of continuous sustainable growth, but also its excellent creditworthiness. In July 2014 the internationally recognised rating agency Standard & Poor's confirmed its A+ rating with a stable outlook. As a result, VIG continues to have the best rating of all companies in the ATX, the leading index of the Vienna Stock Exchange.



VIG

### Two strong partners in the CEE region: VIG and the Erste Group

The Erste Group is one of the leading banking groups in Central and Eastern Europe, with strong ties to Austria. VIG and the Erste Group entered into a strategic partnership in 2008 that has benefited both of them. In markets where both groups are active, Erste Group branches market VIG insurance products and VIG Group companies offer Erste Group bank products in return.

### Strong stock-exchange presence, long-term principal shareholder

VIG shares have been listed on the Vienna Stock Exchange since October 1994. At the end of 2014, slightly more than 20 years after its IPO, VIG was one of the top companies in the Prime Market of the Vienna Stock Exchange with a market capitalisation of around EUR 4.8 billion. While the ATX leading index fell by 15.2% in 2014, VIG shares once again proved their stability by achieving a price gain of around 2.4%. The Company's dividend policy is based on stability and continuity. VIG has paid a dividend every year since its IPO, the latest being EUR 1.30 per share in 2013.

VIG's secondary listing on the Prague Stock Exchange in February 2008 underscores the great importance of the Central and Eastern European region to the Company. With a market capitalisation of around CZK 132.1 billion, VIG was also one of the largest companies on the Prague Stock Exchange at the end of 2014.

Around 70% of VIG's shares are held by Wiener Städtische Versicherungsverein, a stable principal shareholder with a long-term orientation. The remaining shares are in free float.

### Employer of choice

In addition to being first choice for insurance products, VIG also wants to be the first choice as an employer and to attract the most talented and intelligent employees. A wide array of measures, such as identifying and developing each employee's individual skills, are implemented by a modern People Management department. Diversity is seen as an opportunity and is part of day-to-day life at VIG. Importance is attached to creating the conditions needed to enable women to develop their full potential. This is because Vienna Insurance Group is aware that its success is based on people, and therefore on the dedication of its approximately 23,000 employees.

**Further information on VIG is available at [www.vig.com](http://www.vig.com) and in the VIG Group Annual Report.**

# THE LEADING INSURANCE SPECIALIST IN AUSTRIA AND CEE



## AUSTRIA

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

**onau**  
VIENNA INSURANCE GROUP

**S-VERSICHERUNG**  
VIENNA INSURANCE GROUP

## SLOVAKIA

**Kooperativa**  
VIENNA INSURANCE GROUP

**KOMUNÁLNA POISTOVNA**  
VIENNA INSURANCE GROUP

**POISTOVŇA SLOVENSKEJ SPORITELNE**  
VIENNA INSURANCE GROUP

## BULGARIA

**BULSTRAD**  
VIENNA INSURANCE GROUP

**Life BULSTRAD**  
VIENNA INSURANCE GROUP

## UKRAINE

**КНЯЖА**  
VIENNA INSURANCE GROUP

**ГЛОБУС**  
VIENNA INSURANCE GROUP

**ЮПІТЕР**  
VIENNA INSURANCE GROUP

## BELARUS

**КУПАЛА**  
VIENNA INSURANCE GROUP

## GEORGIA

**GPI**  
VIENNA INSURANCE GROUP

## MACEDONIA

**ОСИГУРУВАЊЕ МАКЕДОНИЈА**  
VIENNA INSURANCE GROUP

**WINNER**  
VIENNA INSURANCE GROUP

**Life WINNER**  
VIENNA INSURANCE GROUP

## ITALY BRANCH

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

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**ERSTE BIZTOSÍTÓ**  
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## LATVIA

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## ALBANIA

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**INTERSIG**  
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## GERMANY

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## ROMANIA

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**DE VIATA BCR ASIGURARI**  
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## LITHUANIA

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