

Generali Investments CEE, a.s.

Annual Report 2014

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INDEPENDENT AUDITOR'S REPORT

Information about Generali Investments CEE, a.s.

Date of incorporation:	3 December 1997
Registered office:	Prague 4, Nusle, Na Pankráci 1658/121, postal code 140 00
Registered capital:	CZK 52 million
Auditor for 2014:	Ernst & Young Audit, s.r.o.
Board of Directors:	Axel Sima – member of the Board of Directors/Josef Beneš – Chairman of the Board of Directors Petr Dobiáš – member of the Board of Directors
Supervisory Board:	Gregor Pilgram – Chairman of the Supervisory Board Marco Maffioli – member of the Supervisory Board Carlo Schiavetto – member of the Supervisory Board
Management:	Axel Sima – CEO/Josef Beneš - CEO
Main lines of business:	management of client assets and related investment services, investment advisory services, securities trading

Scope of business:

Provision of the following investment services:

Main investment services

- pursuant to Section 4 Paragraph 2a) of Act 256/2004 Coll., on Capital Market Undertakings (hereinafter the “Capital Market Undertakings Act” or “CMUA”), receiving and dispensing instructions concerning investment instruments in relation to the investment instruments specified in Section 3 Paragraph 1a) to k) of the CMUA;
- pursuant to Section 4 Paragraph 2b) of the CMUA, the implementation of instructions concerning investment instruments for the client’s account in relation to the investment instruments specified in Section 3 Paragraph 1a) to k) of the CMUA;
- pursuant to Section 4 Paragraph 2c) of the CMUA, trading investment instruments for the Company’s own account in relation to the investment instruments specified in Section 3 Paragraph 1a) to k) of the CMUA;
- pursuant to Section 4 Paragraph 2d) of the CMUA, the management of client assets if they include an investment instrument, at the Company’s sole discretion under contractual arrangements and in relation to the investment instruments specified in Section 3 Paragraph 1a) to k) of the CMUA;
- pursuant to Section 4 Paragraph 2e) of the CMUA, investment advisory services pertaining to investment instruments in relation to the investment instruments specified in Section 3 Paragraph 1a) to k) of the CMUA;
- pursuant to Section 4 Paragraph 2g) of the CMUA, underwriting or placement of investment instruments with an obligation for their underwriting;
- pursuant to Section 4 Paragraph 2h) of the CMUA, placement of investment instruments without an obligation for their underwriting.

Additional investment services

- pursuant to Section 4 Paragraph 3a) of the CMUA, safekeeping and administration of investment instruments, including associated services, in relation to the investment instruments specified in Section 3 Paragraph 1a) to k) of the CMUA;
- pursuant to Section 4 Paragraph 3c) of the CMUA, advisory services pertaining to capital structure, industrial strategy and related issues, and the provision of advisory and services related to company transformations or transfers;
- pursuant to Section 4 Paragraph 3d) of the CMUA, the provision of investment recommendations and analyses of investment opportunities or similar general recommendations pertaining to trading of investment instruments in relation to the investment instruments specified in Section 3 Paragraph 1a) to k) of the CMUA.

Sole shareholder:

CZI Holdings N.V.
 Diemerhof 32, 1112XN Diemen
 The Netherlands
 Business registration number: 342 45 976

Amendments and additions to the Commercial Register in the past year:

The following changes were made in the Company's bodies during the reporting period:

31 May 2014 - the end of the term of Supervisory Board member Marco Maffioliho
 1 June 2014 - the start of the term of Supervisory Board member Gianluca Colocci
 30 September 2014 – the end of the term of Board of Directors member Axel Dieter Sima
 2 October 2014 - the start of the term of Board of Directors chairman Josef Beneš

Other information

Information on capital and capital requirements			
Common Equity Tier 1 capital: instruments and reserves		At year-end	REFERENCE TO ARTICLE OF REGULATION (EU) NO. 575/2013
		(31 December 2014)	
1	Capital instruments and the related share premium		Article 26(1), Articles 27, 28, 29
	of which: instrument type No. 1	52,000	EBA list under Article 26(3)
	of which: instrument type No. 2		EBA list under Article 26(3)
	of which: instrument type No. 3		EBA list under Article 26(3)
2	Retained earnings	281,485	Article 26(1(c))
3	Accumulated other comprehensive income (and other reserves)		Article 26(1)
3a	Funds for general banking risk	10,400	Article 26(1(f))
4	The amount of qualifying items referred to in Article 484(3) and the associated share premium subject to phasing out from Common Equity Tier 1 capital		Article 486(2)
5	Minority interests (the amount allowable in consolidated Common Equity Tier 1 capital)		Article 84
5a	Independently verified interim profit reduced by foreseeable charges or dividends		Article 26(2)
6	Common Equity Tier 1 capital prior to normative adjustments	343,885	
Common Equity Tier 1 capital: normative adjustments			
7	Additional value adjustments (negative amount)		Articles 34, 105
8	Intangible assets (reduced by associated tax liabilities) (negative amount)	(699)	Article 36(1(b)), Article 37
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability, except for assets that arise from temporary differences (reduced by associated tax liabilities provided the conditions laid down in Article 38(3) are met (negative amount)		Article 36(1(c)), Article 38

11	Fair value reserves related to gains or losses on cash flow hedges		Article 33(1(a))
12	Negative amounts that resulting from the calculation of expected loss amounts		Article 36(1(d)), Articles 40, 159
13	Increase in equity that results from securitised assets (negative amount)		Article 32(1)
14	Gains or losses on liabilities valued at fair value that result from changes in the own credit standing		Article 33(1(b))
15	Defined benefit pension fund assets (negative amount)		Article 36(1(e)), Article 41
16	Direct and indirect holdings by an institution of own Common Equity Tier 1 instruments (negative amount)		Article 36(1(f)), Article 42
17	Direct, indirect and synthetic holdings of the Common Equity Tier 1 instruments of financial sector entities where those entities have a reciprocal cross holding with the institution designed to inflate artificially the own funds of the institution (negative amount)		Article 36(1(g)), Article 44
18	Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities (the aggregate amount exceeding the 10% threshold amount reduced by eligible short positions) (negative amount)		Article 36(1(h)), Articles 43, 45, 46, Article 49(2 and 3), Article 79
19	Direct, indirect and synthetic holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (the aggregate amount exceeding the 10% threshold amount reduced by eligible short positions) (negative amount)		Article 36(1(i)), Articles 43, 45, 47, Article 48(1(b)), Article 49(1 to 3), Article 79
20	Empty set in the EU		
20a	The exposure amount of the following items which qualify for a risk weight of 1 250 %, where the institution deducts that exposure amount as an alternative		Article 36(1(k))
20b	of which: qualifying holdings outside the financial sector (negative amount)		Article 36(1(k), point i), Articles 89 to 91
20c	of which: securitisation positions (negative amount)		Article 36(1(k), point ii), Article 243(1(b)), Article 244(1(b)), Article 258
20d	of which: free deliveries (negative amount))		Article 36(1(k), point iii), Article 379(3)
21	Deferred tax assets that arise from temporary differences (the aggregate amount exceeding the 10% threshold amount reduced by associated tax liabilities provided the conditions laid down in Article 38(3) are met (negative amount)		Article 36(1(c)), Article 38, Article 48(1(a))
22	The amount exceeding the 15% threshold amount (negative amount)		Article 48(1)
23	of which: direct and indirect holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities		Article 36(1(i)), Article 48(1(b))

24	Empty set in the EU		
25	Of which: deferred tax assets that arise from temporary differences		Article 36(1(c)), Article 38, Article 48(1(a))
25a	Losses for the current financial year (negative amount)		Article 36(1(a))
25b	Foreseeable tax charges relating to Common Equity Tier 1 capital (negative amount)		Article 36(1(l))
27	The amount of items deducted from Additional Tier 1 items that exceeds the Additional Tier 1 capital of the institution (negative amount)		Article 36(1(j))
28	Total normative adjustments of Common Equity Tier 1 capital	(699)	
29	Common Equity Tier 1 capital	343,186	
Additional Tier 1 capital: instruments			
30	Capital instruments and the related share premium		Articles 51, 52
31	of which: qualified as equity according to applicable accounting standards		
32	of which: qualified as liabilities according to applicable accounting standards		
33	The amount of qualifying items referred to in Article 484(4) and the related share premium subject to phasing out from Additional Tier 1 capital		Article 486(3)
34	Qualifying Tier 1 capital included in consolidated Additional Tier 1 capital (including minority interests that are not listed in line 5) issued by subsidiaries and held by third parties		Articles 85, 86
35	of which: instruments issued by subsidiaries subject to phasing out		Article 486(3)
36	Additional Tier 1 capital prior to normative adjustments		
Additional Tier 1 capital: normative adjustments			
37	Direct and indirect holdings by an institution of own Additional Tier 1 instruments (negative amount)		Article 52(1(b)), Article 56(a), Article 57
38	Direct, indirect and synthetic holdings of the Additional Tier 1 instruments of financial sector entities with which the institution has reciprocal cross holdings designed to inflate artificially the own funds of the institution (negative amount)		Article 56(b), Article 58
39	Direct, indirect and synthetic holdings of the Additional Tier 1 instruments of financial sector entities, where an institution does not have a significant investment in those entities (the aggregate amount exceeding the 10% threshold amount reduced by eligible short positions) (negative amount)		Article 56(c), Articles 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the Additional Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (reduced by eligible short positions) (negative amount)		Article 56(d), Articles 59, 79
41	Empty set in the EU		
42	The amount of items required to be deducted from Additional Tier 1 items that exceed the Additional Tier 1 capital of the institution (negative amount)		Article 56(e)

43	Total normative adjustments of Additional Tier 1 capital		
44	Additional Tier 1 capital		
45	Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital	343,186	
Tier 2 capital: instruments and items			
46	Capital instruments and the related share premium		Articles 62, 63
47	The amount of qualifying items referred to in Article 484(5) and the related share premium subject to phasing out from Tier 2 capital		Article 486(4)
48	Qualifying capital instruments included in consolidated Tier 2 capital (including minority interests and instruments included in Additional Tier 1 capital that are not listed in line 5 or line 34) issued by subsidiaries and held by third parties		Articles 87, 88
49	of which: instruments issued by subsidiaries subject to phasing out		Article 486(4)
50	Credit risk adjustments		Article 62(c) and (d)
51	Tier 2 capital prior to normative adjustments		
Tier 2 capital: normative adjustments			
52	Direct and indirect holdings by an institution of own Tier 2 instruments and subordinated loans (negative amount)		Article 63(b, point i) Article 66(a), Article 67
53	Holdings of the Tier 2 instruments and subordinated loans of financial sector entities with which the institution has reciprocal cross holdings designed to inflate artificially the own funds of the institution (negative amount)		Article 66(b), Article 68
54	Direct and indirect holdings of the Tier 2 instruments and subordinated loans of financial sector entities, where an institution does not have a significant investment in those entities (the aggregate amount exceeding the 10% threshold amount reduced by eligible short positions) (negative amount)		Article. 66(c), Articles 69, 70, 79
55	Direct and indirect holdings by the institution of the Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (reduced by eligible short positions) (negative amount)		Article 66(d), Articles 69, 79
56	Empty set in the EU		
57	Total Tier 2 normative adjustments		
58	Tier 2 capital		
59	Total capital = Tier 1 capital + Tier 2 capital	343,186	
60	Total risk-weighted assets		
Capital ratios and buffers			
61	Common Equity Tier 1 capital (expressed as a percentage of the total risk exposure amount)	40.06	Article 92(2(a))
62	Tier 1 capital (expressed as a percentage of the total risk exposure amount)	40.06	Article 92(2(b))
63	Total capital (expressed as a percentage of the total risk exposure amount)	40.06	Article 92(2(c))

64	Capital buffer requirements determined for specific institutions (Common Equity Tier 1 capital requirement laid down in Article 92 (1(a)), plus requirements of capital conservation buffer and countercyclical capital buffer, plus systemic risk buffer, plus systemically important institution buffer (expressed as a percentage of the total risk exposure amount)		Capital Requirements Directive, Articles 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement		
66	of which: countercyclical capital buffer requirement		
67	of which: systemic risk buffer requirement		
67a	of which: systemically important institution buffer (G-SVI) or other systemically important institution buffer (J-SVI)		
68	Common Equity Tier 1 capital available to meet the buffer requirements (expressed as a percentage of the total risk exposure amount)		Capital Requirements Directive, Article 128
69	[V EU Regulation non-relevant]		
70	[V EU Regulation non-relevant]		
71	[V EU Regulation non-relevant]		
Amounts below threshold amounts for deduction (prior to applying risk weights)			
72	Direct and indirect holdings by the institution of capital instruments of financial sector entities where the institution does not have a significant investment in those entities (the aggregate amount lower than the 10% threshold amount reduced by eligible short positions)		Article 36(1(h)), Articles 45, 46, Article 56(c), Articles 59, 60, Article 66(c), Articles 69, 70
73	Direct and indirect holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (the aggregate amount lower than the 10% threshold amount reduced by eligible short positions)		Article 36 (1(i)), Articles 45, 48
74	Empty set in the EU		
75	Deferred tax assets that arise from temporary differences (the aggregate amount lower than the 10% threshold amount reduced by associated tax liabilities provided the conditions laid down in Article 38(3) are met (negative amount)		Articles 36(1(c)), Article 38, 48
Applicable thresholds for inclusion of items in Tier 2 capital			
76	Credit risk adjustments included in Tier 2 capital with regard to exposure amounts where the Standardised Approach applies (prior to applying thresholds)		Article 62
77	Thresholds for inclusion credit risk adjustments in Tier 2 capital according to the Standardised Approach		Article 62
78	Credit risk adjustments included in Tier 2 capital with regard to exposure amounts where the internal rating approach applies (prior to applying thresholds)		Article 62
79	Thresholds for inclusion credit risk adjustments in Tier 2 capital according to the internal rating approach		Article 62
Capital instruments governed by the phase-out provisions (applicable only in the period from 1 January 2014 to 1 January 2022)			
80	Applicable limits for instruments included in Common Equity Tier 1 capital governed by the phase-out provisions		Article 484(3), Article 486(2 and 5)

81	Amounts excluded from Common Equity Tier 1 capital due to limits (the amount exceeding the limit reduced by redeemed instruments and past due instruments)		Article 484(3), Article 486(2 and 5)
82	Applicable limits for instruments included in Additional Tier 1 capital governed by the phase-out provisions		Article 484(4), Article 486(3 and 5)
83	Amounts excluded from Additional Tier 1 capital due to limits (the amount exceeding the limit reduced by redeemed instruments and past due instruments)		Article 484(4), Article 486(3 and 5)
84	Applicable limits for instruments included in Tier 2 capital governed by the phase-out provisions		Article 484(5), Article 486(4 and 5)
85	Amounts excluded from Tier 2 capital due to limits (the amount exceeding the limit reduced by redeemed instruments and past due instruments)		Article 484(5), Article 486(4 and 5)

Information on capital and capital requirements		
In CZK thousand	(31 December 2014)	
Information on capital and capital requirements pursuant to Article 438(c to f) of Regulation (EU) No. 575/2013		
Exposures to central governments or central banks		Article 438(c) of Regulation (EU) No. 575/2013 EU
Exposures to regional governments or local authorities		
Exposures to public sector entities		
Exposures to multilateral development banks		
Exposures to international organizations		
Exposures to institutions	227,305	
Exposures to corporates	231	
Retail exposures		
Exposures secured by mortgages or immovable property		
Exposures in default		
Exposures associated with particularly high risk		
Exposures in the form of covered bonds		
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units and shares in collective investment undertakings		
Equity exposures		
Other items	2,468	
Position risk		
Large exposures exceeding the limits specified in Articles 395 to 401, to the extent an institution is permitted to exceed those limits		Article 438(e) of Regulation (EU) No. 575/2013 EU
Foreign-exchange risk		
Settlement risk		
Commodities risk		

Capital requirements in accordance with Title III, Chapter 2 of Regulation (EU) No. 575/2013 EU	50,128	Article 438(f) of Regulation (EU) No. 575/2013 EU
Capital requirements in accordance with Title III, Chapter 3 of Regulation (EU) No. 575/2013 EU		
Capital requirements in accordance with Title III, Chapter 4 of Regulation (EU) No. 575/2013 EU		

Capital ratios	
Information valid as at	(31 December 2014)
in %	At year-end
Capital ratio for Common Equity Tier 1 capital	40.06
Capital ratio for Tier 1 capital	40.06
Capital ratio for total capital	40.06

Ratio indicators	
	31 December 2014
1. Capital adequacy	40.06%
2. Debt ratio I	6.24%
3. Debt ratio II	6.66%
4. Return on average assets (ROAA)	21.67%
5. Return on average equity Tier 1 (ROAE)	29.43%
6. Return on sales	41.77%
7. Administrative expenses per employee	2411.05

Other information

In 2014, the Company incurred no expenses in research and development, acquired no treasury shares or the Controlling Person's shares, and had no branch abroad.

Report of the Board of Directors

The development of the economy and financial markets in 2014

1. The Czech economy recovering due to domestic demand and exports as key drivers

The Czech economy has gained positive momentum from the weaker crown, falling oil prices, a pro-growth trend in both the monetary and fiscal policies, and also from the economic recovery in the Eurozone. The situation in Ukraine and recession in Russia had no significant impact on the Czech economy. The Czech Republic's GDP growth in 2014 was 2.0% and the estimated growth rate for this year is 2.4% with a predicted slight acceleration in the coming years. The Czech economic growth was driven by all segments of domestic demand, i.e. both investment and consumption (private and government). Net exports, i.e. foreign trade in goods and services, had neutral effects on overall GDP, as solid growth in exports from the Czech Republic was compounded by an even more robust increase in imports due to the aforementioned rise in domestic demand. The global economic growth rate remained at 3.3% in 2014, according to the IMF, but the seemingly steady pace of the overall growth comprised a faster growth pace in the developed economies (primarily European) and a slump in the emerging markets economies (Brazil, China, Russia). This year, the IMF anticipates only a slightly slower growth rate in the emerging markets economies (essentially stabilization, although it does not apply for all economies in this category, the main exception being Russia), and a further growth boost in the developed countries. The overall growth of the global economy should thus accelerate to 3.5%.

The Eurozone economy grew by 0.9% last year and estimates for this year have been revised upwards in line with the EMU benefiting from the weakening of the euro, a decline in oil prices, a less stringent fiscal policy, and measures adopted by the European Central Bank. During 2014 the ECB reduced its refinancing rate from 0.25% to 0.05% and, most importantly, its deposit rate dropped from zero to negative values (-0.20%). In March 2015, the bank launched purchases of government bonds and bonds of other European institutions, meaning the ECB has also implemented the policy of quantitative easing (QE). The foregoing steps are reflected in the weakening of the euro and in boosting consumer and business confidence in the Eurozone, in a better

Selected ratios		2012	2013	2014
GDP world IMF	Real change %	3.4	3.3	3.3
GDP Eurozone	Real change %	(0.7)	(0.4)	0.9
GDP CR	Real change %	(0.7)	(0.7)	2.0
Inflation EMU	HICP, average %	2.5	1.4	0.4
Inflation CR	CPI, average %	3.3	1.4	0.4
Price of oil	Brent, average %	112.0	108.7	99.5
EUR/USD	Year average	1.3	1.3	1.3
EUR/CZK	Year average	25.1	26.0	27.5
FED	Interest rate, YE	0.3	0.3	0.3
ECB	Interest rate, YE	0.8	0.3	0.1
CNB	Interest rate, YE	0.1	0.1	0.1
10Y IRS USD	In %, YE	1.8	3.1	2.3
10Y IRS EUR	In %, YE	1.6	2.2	0.8
10Y IRS CZK	In %, YE	1.3	2.1	0.9
S&P 500	YE	1426.2	1848.4	2059.0
Eurostoxx 50	YE	2635.9	3109.0	3146.0
PX	YE	1038.7	989.0	947.0

outlook for overall economic growth, as well as in predictions of a higher inflation rate. Greece's situation poses a question mark in the Eurozone, as the country must develop and implement more reforms in order to receive additional funds from the aid pledged by lending institutions (i.e. the Troika - the IMF, the ECB and the European Commission). Greece continues to depend on outside help.

On the whole, this year is expected to bring another acceleration of economic growth in the Eurozone; in conjunction with low oil prices, the external environment is favorable for the Czech economy. Another positive development can be seen on the local labor market and, generally, in domestic demand. On the other hand, the positive impact of the weak koruna, resulting from foreign exchange interventions (and particularly from the exchange rate commitment) of the Czech National Bank (CNB) in November 2013, has been fizzling out. The central bank would change the target rate for the koruna (CZK 27/ EUR with tolerance for the weaker exchange rate of the Czech currency) to a lower rate in the event of mounting deflationary tendencies in the economy, which could project into inflation expectations and consumer behavior, but this is not the case of the Czech economy yet. Although the overall year-on-year inflation rate was just slightly above zero (0.1%) and it could temporarily get into negative territory (due to the influence of energy prices), whereby the average inflation rate in 2015 is estimated at 0.3%, core inflation, which reflects with delay growth in the economy and, especially, in domestic demand, climbed to 1.2% at the beginning of 2015, representing the highest figure since the end of 2008. As a result, the CNB Board has no need to shift the commitment for the exchange rate of the crown against the euro to lower levels, however, the Board is not going to lift the exchange rate commitment as such before the second half of 2016, and the same applies to maintaining CNB interest rates at technical zero (repo rate at 0.05%).

Key factors of public finance in the Czech economy comprise a low public deficit (1.3% of GDP in 2013 and 2014) and an ongoing reduction in the ratio of public debt to GDP. This ratio fell slightly below 44% in 2014.

2. Monetary policies of major central banks dominate financial markets

In 2014, financial markets were significantly affected by the monetary policies of major central banks (ECB, FED). In the second half of the year, a significant drop in oil prices also had an impact on the financial markets (an immediate impact in terms of falling inflation, in many countries even to negative year-on-year values, and with moderate delay a positive impact on the economy due lower energy costs). In Europe, the ECB policy was clearly dominant. Although the bank did not start the quantitative easing program until Q1 2015, the markets anticipated this step and it was reflected both in the yields of government bonds (including the Eurozone periphery) and in the weakening of the euro. The Federal Reserve (FED) completed its tapering program, i.e. gradual reduction and then complete cessation of bond purchases. The US central bank is expected to begin a cycle of raising interest rates in 2015.

The US stock market in 2014 recorded double-digit growth for the second consecutive year; the S & P 500 index rose by 11.4%, significantly outperforming other regions. The European stocks gained 4.4% (DJ Euro Stoxx 600); conversely, stocks in emerging markets (MSCI Emerging Markets) fell by 4.6%.

The favorable trend continued also for European credit instruments in 2014. The annual gain of IBoxx Corporate was 8.2%; financial: 7.7%; non-financial: 8.7%), in response to the positive macro environment and the ECB's expansionary monetary policy.

Government bond yields in the United States and Germany fell in 2014 due to the outlook of monetary policies (further softening in the case of the ECB, signs of prudence for the scenario of future policy tightening of in the case of the Fed). The yield on Germany's ten-year Bund [10Y Bund] in 2014 dropped by nearly 140 bp to 0.54% and the yield on US ten-year government bonds [10Y US Treasury] fell by more than 85 bp to 2.17%. Total yields on ten-year government bonds in 2014 were 6.1% for the United States and 10.4% for Germany.

The yield on the Czech 10Y CZGB bond dropped by 178 bp to 0.74% in 2014. The yield spread of the 10Y CZGB bond against the Bund fell from less than 60 bp at the start of the year to 20 bp at year-end.

Portfolio performance in 2014

2014 was in a sense a breakthrough year for the Company due to considerable enhancement of the process of integration in the "global world" of Generali Group with all pertinent advantages and synergy effects. Of the many benefits we would point out especially improved cooperation with our colleagues in other countries in the segments of portfolio management, risk management and analyses, which facilitates access to a variety of new information and "technology" in these fields. With regard to the long-standing experience and past achievements of all our employees, we believe this cooperation is of equal benefit for our colleagues in other countries. We are convinced that this collaboration allows us to provide all our customers with even better services and that they undoubtedly greatly benefit from them.

In the past year, the Company focused primarily on managing assets of institutional clients, in particular insurance companies and pension funds domiciled in the EU member states. The long-term trend of relative growth in assets related to pension funds continued in this segment, compared to other segments. Currently GICEE manages the largest transformed fund in the Czech Republic, four funds within the framework of the second pillar, as well as four funds as part of the third pillar. These funds employ diversified strategies, from highly conservative funds to funds with more than 50% allocation in shares. In respect of the present process of abolishing the second pillar, all second-pillar funds are likely to shut down in the relatively near future and management of these funds' portfolios must be modified accordingly with regard to the substantial shortening of investment terms. Another important source

of assets was mutual funds. The Company manages a broad range of mutual funds, from relatively conservative funds to mixed funds and widely diversified equity funds, to commodity funds, and other types of funds. From the regional perspective, the Czech market continues to be of greatest importance to us, however, the proportion of assets from clients with other than Czech domiciles, e.g. Slovakia, Bulgaria and Ireland, is significant. In 2015 we anticipate an increase in both the number of clients and the number of client countries.

The key prerequisite for our success is our employees. For several years we have succeeded in maintaining a stable and experienced team, including the staff of the portfolio management department and analytical department and the equally important IT and back-office departments. At the same time, we have been adding new colleagues to our teams, taking advantage of the opportunities arising from membership in one of the world's largest insurance groups and benefiting from the Group's human resources. We are pleased to say that our Company has a truly international team with all the positives it entails.

A tremendous challenge nowadays not only for the Company, but for virtually every asset manager, is the long period of practically zero (and in some markets already negative) risk-free interest rates, which in contrast to the past conditions significantly reduce the expected absolute yields of most fixed-income portfolios and mixed portfolios. This situation leads many clients to ponder the current investment strategy and the amount of risk they are willing and able to take in the investment segment, as well as the selection of investment instruments to which they would allocate their funds.

Although the situation described above requires a partially different approach to portfolio management than in the past, the basic principles of our activity have not changed. We primarily focus on a long-term strategy for each portfolio and we wholeheartedly believe in teamwork that we support, not only in the two sectors, but across the Company. We follow our strategy, which involves managing the assets of our clients in such a way that in the poor years any possible drop in their value is considerably limited, while in the strong years any rise in the price of assets is fully reflected in their appreciation. Other key principles of our approach comprise, for example, an increased focus on the Central and Eastern European region, an emphasis on investment liquidity, consistent performance of detailed fundamental analyses, and preferred selection of the simplest investment instruments with the lowest level of latent risks. We strove to implement these principles and rules in the management of all our portfolios in 2014 and we believe we succeeded. Due to the broad diversification of most portfolios, somewhat poorer performance of risk assets in our region was offset by good performance of the assets in the developed markets in particular. We managed to help our institutional clients meet their goals, whether they included primarily accounting results or the mark-to-market aspect of the portfolio. In the funds segment we achieved the best performance for most funds focused on developed markets stocks, notably on specific segments of these markets, such as pharmaceuticals and biotechnology. Commodity-oriented funds were on the opposite end of the performance scale as a result of a general downturn in this segment last year.

Prague, 13 April 2015



.....
Ing. Josef Beneš
Chairman of the Board of Directors
Generali Investments CEE, a.s.



.....
Mgr. Martin Vít
Member of the Board of Directors
Generali Investments CEE, a.s.

Report of the Board of Directors on business activities and assets of Generali Investments CEE a.s. and the annual financial statements for the year ended 31 December 2014

One of the principal tasks of today's decision of the sole shareholder exercising the powers of the General Meeting of Generali Investments CEE a.s. is to approve the financial results reported by Generali Investments CEE a.s. for 2014.

The balance sheet of Generali Investments CEE a.s. as at 31 December 2014 includes assets totaling CZK 472,005 thousand, broke down as follows:

- Cash in hand CZK 69 thousand
- Receivables from banks CZK 445,415 thousand
- Receivables from non-bank entities CZK 9,427 thousand
- Intangible and tangible fixed assets CZK 965 thousand
- Other assets CZK 15,014 thousand
- Prepaid expenses and unbilled revenues CZK 1,115 thousand

Liabilities totaling CZK 472,005 thousand have the following structure:

- Payables to non-bank entities CZK 489 thousand
- Other liabilities CZK 16,823 thousand
- Other provisions CZK 12,245 thousand
- Equity CZK 442,448 thousand

Equity comprises:

- Registered capital amounting to CZK 52,000 thousand
- Reserve funds, indivisible funds and other funds created from profit CZK 10,400 thousand
- Retained earnings CZK 281,484 thousand
- Current year profit/(loss) CZK 98,564 thousand

Key figures of the income statement:

- Profit for the year from ordinary activities before taxes CZK 121,961 thousand
- Profit for the year from extraordinary activities before taxes CZK 0 thousand
- Income tax expense CZK 23,397 thousand
- Profit for the year after taxes CZK 98,564 thousand

Prague, 13 April 2015


.....
Ing. Josef Beneš
Chairman of the Board of Directors
Generali Investments CEE, a.s.


.....
Mgr. Martin Vít
Member of the Board of Directors
Generali Investments CEE, a.s.

Report of the Supervisory Board on the results of its oversight activities for the decision of the sole shareholder exercising the powers of the Company's General Meeting

In 2014, members of the Supervisory Board were as follows: from 1 January 2014 to 31 May 2014: Gregor Pilgram – Chairman of the Supervisory Board, Marco Maffioli - member of the Supervisory Board, Carlo Schiavetto - member of the Supervisory Board from 1 June 2014 to 31 December 2014: Gregor Pilgram - Chairman of the Supervisory Board, Gianluca Colocci - member of the Supervisory Board, Carlo Schiavetto - member of the Supervisory Board

In 2014, the Supervisory Board met statutory obligations under the applicable law and the Articles of Association of the Company.

The Supervisory Board oversaw the performance of the Company's Board of Directors and the Company's business activities. The Supervisory Board monitored whether the Company's business was conducted in accordance with generally binding regulations, the Articles of Association and the resolutions adopted by the sole shareholder at the General Meeting of the Company.

At its meetings the Supervisory Board discussed the Company's business results, investment policy, internal control system, system of employee remuneration and meeting the long-term business targets.

In supervising the performance of the Board of Directors, the Supervisory Board did not identify any deficiencies and in its opinion the Board of Directors exercised its powers in compliance with generally binding regulations, the Articles of Association and the conclusions adopted by the sole shareholder at the General Meeting of the Company. The Supervisory Board confirms that the Company's annual financial statements for the year ended 31 December 2014 were prepared in accordance with applicable law and other regulations on accounting.

Furthermore, the Supervisory Board of the Company reviewed and discussed the proposal of the Board of Directors for distribution of profits generated in 2014. The Supervisory Board has accepted the proposal of the Board of Directors and proposes that the sole shareholder in its capacity of the Company's General Meeting approve the annual financial statements of the Company for the year ended 31 December 2014, as well as the proposal for the distribution of profits generated in 2014 submitted by the Board of Directors.

Prague, 17 April 2015



.....
Gregor Pilgram
Chairman of the Supervisory Board
Generali Investments CEE, a.s.

Information about the basis for calculation of the contribution to the Investor Compensation Fund

Pursuant to Section 129 of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended, Generali Investments CEE a.s. as a securities trader is obligated to allocate an annual contribution in the amount of 2% of revenues from fees and commissions for investment services provided in the last calendar year to the Investor Compensation Fund (Garanční fond obchodníků s cennými papíry, GF OCP). The minimum annual contribution to the GF OCP is CZK 10 thousand, payable by 31 March of the following year.

Revenues from fees and commissions for investment services provided amounted to CZK 235,966 thousand in 2014. The contribution to the GF OCP was calculated as 2% of the total of fees and commissions and an amount of CZK 4,719 thousand was credited to the Investor Compensation Fund via direct bank transfer on 27 March 2014.

Generali Investments CEE, a.s.

Independent auditor's report
and financial statements

For the year ended 31 December 2014

Generali Investments CEE, a.s.

Residence: Na Pankraci 1658/121, 140 21, Prague 6

Identification number: 25 629 123

Legal form: joint-stock company

Primary business: securities trade according to special law

Balance sheet date: 31 December 2014

Date of preparation: 13 April 2015

Balance sheet
as at 31 December 2014

(CZK'000)	Note	31 December 2014	31 December 2013
ASSETS			
Cash		69	46
Due from banks	3	445,415	423,586
a) repayable on demand		61,394	6,415
b) other receivables		384,021	417,171
Due from nonbanking entities - other	4	9,427	17,233
Long-term intangible fixed assets	5	700	452
Long-term tangible fixed assets	5	265	533
Other assets	6	15,014	15,226
Prepayments and accrued income		1,115	1,152
Total assets		472,005	458,228
LIABILITIES AND EQUITY			
Liabilities against non-bank institutions	8	489	36
Other liabilities	9	16,823	30,380
Other provisions	10	12,245	0
Share capital fully paid	11	52,000	52,000
Statutory reserve fund	11	10,400	10,400
Retained earnings from previous periods	11	281,484	260,432
Profit for the accounting period	11	98,564	104,980
Total liabilities and equity		472,005	458,228

Off-balance sheet
As at 31 December 2014

(CZK'000)	Note	31 December 2014	31 December 2013
Off-balance sheet liabilities:			
Assets held under custody	12	234	216
Assets under management	12	244,595,754	234,381,604
Total off-balance sheet liabilities		244,595,988	234,381,820

Generali Investments CEE, a.s.
Income statement & Statement of changes in equity
For the year ended 31 December 2014

Income statement
for the year ended 31 December 2014

(CZK'000)	Note	2014	2013
Interest and similar income	12	739	1,156
Fee and commission income	13	235,966	285,127
Fee and commission expense	14	(111)	(7,277)
Gains less losses from financial transactions	15	(144)	99
Other operating income	16	1,409	1,667
Other operating expense	17	(6,794)	(11,775)
Administrative expense	18	(108,406)	(136,656)
of which: a) staff costs		(80,126)	(97,964)
of which: aa) wages and salaries		(62,149)	(77,291)
ab) social and health insurance		(15,019)	(17,232)
ac) other staff costs		(2,958)	(3,441)
b) other administrative expenses		(28,280)	(38,692)
Depreciation for long-term tangible and intangible fixed assets	5	(698)	(967)
Profit on ordinary activities before taxation		121,961	131,374
Income tax	19	(23,397)	(26,394)
Profit for the accounting period after taxation		98,564	104,980

Statement of changes in equity
for the year ended 31 December 2014

(CZK'000)	Share capital	Statutory reserve fund	Retained earnings	Profit for the year	Total
Balance as at 1 January 2013	52,000	10,400	225,017	176,855	464,272
Transfer to retained earnings	-	-	176,855	(176,855)	-
Net profit for the accounting period	-	-	-	104,980	140,980
Dividends	-	-	(141,440)	-	(141,440)
Balance as at 31 December 2013	52,000	10,400	260,432	104,980	427,812
Transfer to retained earnings	-	-	104,980	(104,980)	-
Net profit for the accounting period	-	-	-	98,564	98,564
Dividends	-	-	(83,928)	-	(83,928)
Balance as at 31 December 2014	52,000	10,400	281,484	98,564	442,448

1. General information

Generali Investments CEE a.s. (hereinafter referred to as "the Company") was incorporated on 3 December 1997. The Company changed its name (from Generali PPF Asset Management a.s.); the change was recorded in the Commercial Register with effect from 1 January 2015.

The Company's operations primarily consist of:

- Management of the portfolios of institutional clients and related investment services;
- Investment consulting;
- Securities trading and the provision of supplementary investment services.

The departments of the Company are as follows: Portfolio Management department, Market Analysis department, Risk Management department, Project Management department, Internal Processes department (this includes the Back Office and administrative section and the Middle Office section), financial department, Commerce section and Compliance. IT Support (which is outsourced to an external provider from the Group) and the Internal Audit function also fall within the competence of the Internal Processes department.

The Company is owned by the sole shareholder:

CZI Holdings N.V.
Diemerhof 32
1112XN Diemen

The Netherlands
Identification code: 342 45 976

	Position	Name
Board of Directors	Chairman	Ing. Josef Beneš
	Member	Ing. Mgr. Petr Dobiáš
Supervisory Board	Chairman	Carlo Schiavetto
	Member	Gregor Pilgram
	Member	Gianluca Colocci

Both members of the Board of Directors are executive members of the Company's seven-member senior management. There was a change of the member of the Board of Directors during year 2014. Mr. Axel Dieter Simy was replaced by Mr. Josef Benes, during year 2013 Mr. Marcel Dostal was replaced by Axel Dieter Sima.

2. Accounting policies

2.1. Basis of preparation

The financial statements are prepared based on the Company's accounting records which are maintained in accordance with Accounting Act 563/1991 Coll., as amended, the Czech Finance Ministry Regulation no. 501/2002 Coll., which provides guidance on the structure and content of financial statement items and disclosures to be made by banks and certain financial institutions, and the Czech Accounting Standards for financial institutions. The financial statements are prepared under the historical cost convention.

The financial statements are rounded to thousands of Czech Crowns (CZK'000) unless stated otherwise.

2.2. Transaction date

The transaction date refers to, in particular, the day of payment or takeover of a currency; the day of purchase or sale of a foreign currency and securities; the day payment or collection is made from the client's bank account; the day (foreign currency) funds are credited according to the incoming report from the bank. In the case of securities transactions, the transaction date refers to the day of negotiating a securities transaction.

2.3. Foreign currencies

Financial assets and liabilities denominated in foreign currencies are translated to Czech Crowns at the exchange rate announced by the Czech National Bank (hereinafter referred to as "CNB") effective at the balance sheet date. The resulting foreign exchange gains and losses are recognised in gains less losses from financial transactions.

2.4. Fee and commission income

The custody and management fee and the fee for the advisory service are recognised based on the applicable service contracts, on an accrual basis.

2.5. Interest income

Interest income is recognised for all interest bearing instruments on an accrual basis using the effective interest method based on the acquisition cost.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash flows until maturity or the nearest change of interest rate to the net carrying amount of the financial asset.

2.6. Due from nonbanking entities

Receivables originated by the Company are stated at nominal value less allowances created based on the individual assessment of recoverability.

2.7. Other provisions

Provisions are recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. All provisions are presented in liabilities.

In the reporting period, the Company creates a provision for tax due and recognises this in liabilities, but only for the amount of the tax underpayment due. In the event that the tax advance payments exceed the anticipated tax payable, then the provision for tax due is not recognised and the anticipated overpayment of tax advance payments (the difference between advances paid and the provision created) is recognised in assets as a receivable.

The Company recognises the full anticipated amount of tax due as an expense in the appropriate income statement line. Release or utilisation of provision is recognised in the income statement together with income tax due.

2.8. Long-term tangible and intangible fixed assets

Tangible fixed assets are recorded at cost and depreciated by applying the straight-line basis over their estimated useful lives. The estimated useful life of the asset is usually set according to the tax life or contractually as a right of use for a definite period. Intangible fixed assets are amortised by applying the straight-line basis.

The periods of depreciation / amortisation for individual categories of tangible and intangible fixed assets are as follows:

Software	36 months
Low value intangible fixed assets	36 months
Machinery and equipment	3 - 4 years
Low value tangible fixed assets	2 years

Based on the decision of the Company, intangible assets with a unit cost of less than CZK 60,000 and tangible assets with a unit cost of less than CZK 40,000 and a useful life longer than one year, which have been recognized as long-term fixed assets, are depreciated based on the estimated useful life of the asset applying the percentage rate for individual months after being put into use.

Other intangible and tangible assets not recognised as long-term fixed assets are expensed in the period in which they were acquired and recorded in the operational evidence.

2.9. Income tax

The income tax expense is calculated in accordance with Czech legislation using the actual statutory tax rate and the profit reported in the income statement prepared in agreement with Czech Accounting Standards, including or excluding the permanently or temporarily non-deductible expenses and non-taxable income. The income tax rate is 19 %.

2.10. Value added tax

As at 1 January 2009 the Company became part of a group, which is registered for value added tax (hereinafter "VAT") and where the representative member of the group is Česká pojišťovna a.s. To a large extent, the Company together with the group has tax-exempt supplies without the entitlement to a tax deduction, but also makes supplies that are entitled to a tax deduction as well as taxable supplies. Therefore, the group reduces the tax deduction in respect of taxable supplies received.

2.11. Deferred taxation

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base using the full liability method. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which this asset can be utilised.

The approved tax rate for the period in which the Company expects to utilise the asset is used for the deferred taxation calculation.

2.12. Staff costs, pensions and social fund

Staff costs are included in Administrative expense and they include also board emoluments.

The Company makes contributions on behalf of its employees to a defined contribution pension plan. Contributions paid by the Company are accounted for directly as an expense.

Regular contributions are made to the State to fund the national pension plan.

2.13. Related parties

The Company defined its related parties in accordance with Decree No. 501/2002 Coll. and IAS 24, related parties are considered upon meeting the following conditions:

- a) Directly, or indirectly through one or more intermediates, the party:
 - i) controls, is controlled by, or is under common control with the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - ii) has an interest in the entity that gives it significant influence over the entity, or
 - iii) has joint control over the entity;
- b) The party is an associate of the entity;
- c) The party is a joint venture in which the entity is a venture;
- d) The party is a member of the key management personnel of the entity or its parent;
- e) The party is a close member of the family of any individual referred to in (a) or (d);
- f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such an entity resides with, directly or indirectly, any individual referred to in (d) or (e) or such an individual directly or indirectly has significant voting power in such an entity; or
- g) The party is a post-employment benefit plan for the benefit of employees of the entity, or of (g) any entity that is a related party of the entity.

A transaction between related parties is the transfer of resources, services or liabilities among related parties regardless of whether a price is charged for the transaction.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the contractually agreed sharing of control over an economic activity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

2.14. Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are reflected in the financial statements in the case that these events provide further evidence of conditions, which existed at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to preparation of the financial statements that are indicative of conditions which arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves reflected in the financial statements.

2.15. Explanation added for translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3. Due from banks

(CZK'000)	31 December 2014	31 December 2013
Current accounts with banks	61,394	6,415
Term deposits with banks	384,021	417,171
Total due from banks	445,415	423,586

The Company does not have balances on foreign bank accounts in the reporting periods.

The Company predominantly uses the banking services of the company Unicredit a.s., where the financial resources of CZK 238 452 thousand are deposited (2013: CZK 243 186 thousand deposited in PPF banka a.s.).

4. Due from non-banking entities

4.1. Receivables by type of debtor

(CZK'000)	31 December 2014	31 December 2013
Receivables from non financial organisations - individuals	86	85
Receivables from non financial organisations - legal entities	145	317
Receivables from financial organisations - collective investment entities	4,095	4,125
Receivables from financial organisations - pension companies	1,941	8,634
Receivables from financial organisations - insurance companies	3,160	4,072
Total	9,427	17,233

4.2. Receivables from related parties

(CZK'000)	31 December 2013	Additions	Disposals	31 December 2014
Receivables against non financial organisations – legal entities, of which:	309	(9,504)	9,340	145
CZI Holding N.V. company, ID No: 34245976	-	(1)	1	-
Generali CEE Holding B.V.	309	(9,503)	9,339	145
Receivables against financial organisations – collective investment entities, of which:	4,125	(35,788)	35,758	4,095
ČP Invest investiční společnost, a.s., Prague 1, ID No: 43873766	876	(21,345)	20,913	444
Generali Invest CEE PLC, 33 Sir John Rogerson's, Quasy, Dublin 2, Ireland	3,249	(14,443)	14,845	3,651
Receivables against financial organisations– pension companies, of which:	8,634	(69,181)	62,488	1,941
Penzijní fond České pojišťovny a.s., Prague 1, ID No: 61858692	8,634	(69,181)	62,488	1,941
Receivables against financial organisations – insurance companies, of which:	3,725	(117,699)	117,102	3,128
Česká pojišťovna a.s., Prague 1, ID No: 45272956	1,948	(66,628)	66,434	1,754
Česká pojišťovna zdraví a.s., Prague 10, ID No: 49240749	34	(555)	535	14
Generali poisťovňa, a.s., Bratislava, ID No: SK2021000487	372	(15,083)	15,104	393
Generali Pojišťovna a.s., Prague 2, ID No: 61859869	906	(15,993)	15,482	395
GP Reinsurance EAD, Bulgaria	465	(19,440)	19,547	572
Total receivables from related parties	16,793	(232,172)	224,688	9,309

5. Long-term intangible and tangible fixed assets

5.1. Long term intangible fixed assets

(CZK'000)	Software	Other	Total
At 1 January 2013			
Cost	6,783	1,674	8,457
Accumulated amortisation	(6,291)	(1,629)	(7,920)
Net book amount	492	45	537
Year ended 31 December 2013			
Opening net book amount	492	45	537
Additions	328	-	328
Amortisation charge	(368)	(45)	(413)
Closing net book amount	452	0	452
At 31 December 2013			
Cost	7,110	1,674	8,784
Accumulated amortisation	(6,658)	(1,674)	(8,332)
Net book amount	452	0	452
Year ended 31 December 2014			
Opening net book amount	452	0	452
Additions	511	38	549
Amortisation charge	(301)	0	(301)
Closing net book amount	662	38	700
At 31 December 2014			
Cost	7,356	1,712	9,068
Accumulated amortisation	(6,694)	(1,674)	(8,368)
Net book amount	662	38	700

5.2. Long-term operating tangible fixed assets

(CZK'000)	Property and plant	Equipment	Other	Total
At 1 January 2013				
Cost	1,142	87	2,268	3,497
Accumulated depreciation	(949)	(87)	(1,582)	(2,618)
Net book amount	193	-	686	879
Year ended 31 December 2013				
Opening net book amount	193	-	686	879
Additions	46	-	171	217
Disposals	-	-	(9)	(9)
Depreciation charge	(128)	-	(426)	(554)
Closing net book amount	111	-	422	533
At 31 December 2013				
Cost	1,097	87	2,018	3,202
Accumulated depreciation	(986)	(87)	(1,596)	(2,669)
Net book amount	111	-	422	533
Year ended 31 December 2014				
Opening net book amount	111	-	422	533
Additions	-	-	131	131
Disposals	-	-	(2)	(2)
Depreciation charge	(72)	-	(325)	(397)
Closing net book amount	39	-	226	265
At 31 December 2014				
Cost	1,097	87	2,090	3,274
Accumulated depreciation	(1,058)	(87)	(1,864)	(3,009)
Net book amount	39	-	226	265

5.3. Depreciation of long-term tangible fixed assets and amortization of long-term intangible fixed assets

(CZK'000)	2014	2013
Depreciation of tangible fixed assets	397	554
Amortisation of intangible fixed assets	301	413
Total depreciation and amortisation	698	967

6. Other assets, prepayments and accrued income

Other assets

(CZK'000)	31 December 2014	31 December 2013
Other debtors	1,036	1,017
Due from employees	51	-
Receivables against exempted tax from the Financial Office	8	8
Receivable against overpayment to the Chamber of Commerce from the Financial Office in Austria	-	4
Other contingencies gains	-	9
Overpayment on income tax advances	11,549	11,296
Deferred tax assets (note 20)	2,370	2,892
Total other assets	15,014	15,226
Of which from related parties	1,011	1,026

As at 31 December 2014, the paid tax advances on corporate income tax amount to CZK 34,381 thousand, the provision for income tax is CZK 22,832 thousand and the expected overpayment is CZK 11,549 thousand. As at 31 December 2013, the paid tax advances totaling CZK 40,585 thousand exceeded the expected current tax amounting to CZK 29,289 thousand; the expected overpayment was CZK 11,296 thousand.

Other receivables from related parties consist mainly of receivables from Generali CEE Holding of CZK 688 thousand (2013: CZK 688 thousand), Česká pojišťovna a.s. of CZK 323 thousand (2013: CZK 329 thousand).

Prepayments and accrued income

(CZK'000)	31 December 2014	31 December 2013
Other deferred expenses	1,115	1,152
Of which due to related parties	431	0

As at 31 December 2014, other deferred expenses due to related parties mainly included prepaid rent of office premises and related services prepaid to Česká pojišťovna.

7. Provisions

The movements in provisions can be analysed as follows:

Provisions for taxes (CZK'000)	31 December 2014	31 December 2013
At 1 January	-	-
Additions	22,832	29,289
Release of provisions to reflect tax advances paid	(22,832)	(29,289)
At 31 December	-	-

The Company does not recognize provisions for income taxes, because paid tax advances exceed the income tax provision. Tax liability represents the management's best estimate at the balance sheet date.

Other provisions can be analysed as follows:

(CZK'000)	31 December 2014	31 December 2013
At 1 January	-	-
Creation of other provisions	12,245	-
Release of other provisions	-	-
At 31 December	12,245	-

The Company recognizes provisions for employee bonuses payable in the subsequent period subject to employee performance and achievement of job targets. An estimate of unpaid bonuses made in the previous period is presented within other liabilities and classified as anticipated liabilities in the amount CZK 15 209 thousands. The provision charge is presented together with the expenses covered by the provision, i.e within staff costs.

8. Liabilities due to non-bank institutions

(CZK'000)	31. prosince 2014	31. prosince 2013
Liabilities due to non-bank institutions	489	36
Of which due to related parties	65	32

As at 31 December 2014, the balance on Liabilities due to the non-bank institutions account is represented by overpayment of advance payments for commission income amounting to CZK 489 thousand (2013: CZK 36 thousand) due to the clients of the group CZK 65 thousand (2013: CZK 32 thousand).

9. Other liabilities

(CZK'000)	31 December 2014	31 December 2013
Liabilities for social and health insurance	1,060	1,101
Amounts due to state budget	680	607
Amounts due to employees	3,139	2,757
Payables from settlement with customers	111	101
Deferred tax	-	-
Anticipated liabilities	5,764	16,518
Other liabilities	6,069	9,296
Total other liabilities	16,823	30,380
Of which due to related parties	3,053	1,558

As at 31 December 2014, anticipated liabilities included an estimate of unconditional extraordinary bonuses of CZK 2,991 thousand that will be paid in the future, and an estimate of unbilled supplies of CZK 2,774 thousand. Unbilled supplies include, in particular, an estimate of outsourced IT services of CZK 2,775 thousand, which are provided by related party, Česká pojišťovna, a.s.

As at 31 December 2013, anticipated liabilities included an estimate of unbilled rent and related services of CZK 1,202 thousand, and an estimate of unpaid bonuses incl. premiums of CZK 15,250 thousand.

Other payables include a payable amounting to CZK 4,719 thousand in respect of a contribution to the Guarantee Fund for Securities Traders (2013: CZK 5,703 thousand), a payable to the State budget for failure to fulfill meeting the ratio of people with disabilities to the total number of employees of the employer of CZK 114 thousand (2013: CZK 116 thousand) and other liabilities from suppliers totaling CZK 1,235 thousand (as at 31 December 2013, the liabilities mainly included brokering fees of CZK 1,750 thousand).

Other liabilities to related parties consist mainly of a liability to Česká pojišťovna a.s. totaling CZK 14 thousand (2013: CZK 1,222 thousand), Generali CEE Holding B.V. of CZK 266 thousand (2013: CZK 319 thousand) and Generali pojišťovna a.s. of CZK 18 thousand (2013: CZK 17 thousand).

10. Equity and profit distribution

10.1. Share capital

(CZK'000)	31 December 2014	31 December 2013
Issued and paid up	52,000	52,000

The Company is required under the Commercial Code to allocate 5 % of annual profit to a non-distributable statutory reserve fund until the balance reaches 20 % of share capital. The Company's statutory reserve fund reaches the required 20 %.

10.2. Profit distribution

It is proposed that the net profit of CZK 98,564 thousand for the year 2014 is distributed as follows:

(CZK'000)	2014
Dividends	78,832
Retained earnings	19,732
Net profit	98,564

The net profit of CZK 104,980 thousand for the year 2013, based on the sole shareholder decision as at 30 April 2014, was distributed as follows:

(CZK'000)	2013
Dividends	83,928
Retained earnings	21,052
Net profit	104,980

11. Assets under custody and management

(CZK'000)	31 December 2014	31 December 2013
Assets held under custody		
Shares	234	216
Total assets held under custody	234	216
Assets under management		
Cash	6,833,413	15,031,347
Debt securities	205,011,498	186,323,917
Shares	12,562,724	12,188,624
Other assets	20,188,117	20,837,716
Total assets under management	244,595,754	234,381,604
Total	244,595,988	234,381,820

Assets held under management as at 31 December 2014 include assets received from related parties of CZK 243,021,833 thousand (2013: CZK 233,034,244 thousand).

12. Interest and similar income

(CZK'000)	31 December 2014	31 December 2013
Interest income from current accounts	6	5
Interest income from term deposits in banks	733	1,151
Total interest income	739	1,156

13. Fee and commission income

(CZK'000)	31 December 2014	31 December 2013
Asset management fees	235,278	284,439
Fees for advisory services	688	688
Total fee and commission income	235,966	285,127
Of which from related parties	232,859	280,604

Fee and commission income from related parties comprises the income from Penzijní společnost České Pojišťovny, a.s. of CZK 69,181 thousand (2013: CZK 78,882 thousand), Česká pojišťovna a.s. of CZK 66,628 thousand (2013: CZK 77,991 thousand), Generali pojišťovna a.s. of CZK 15,993 thousand (2013: CZK 37,964 thousand), Generali Poist'ovna, a.s. of CZK 15,83 thousand (2013: CZK 13,536 thousand) and from ČP INVEST investiční společnost, a.s. of CZK 21,345 thousand (2013: CZK 31,665 thousand).

Assets under management mainly include assets of clients in the Czech Republic, one client in Slovakia and additional clients in Bulgaria and Ireland. Fee and commission income represents a substantial part of a total annual turnover of CZK 237,374 thousand.

14. Fee and commission expense

(CZK'000)	31 December 2014	31 December 2013
Domestic and foreign transfers	(55)	(46)
Brokerage fee	(56)	(7,231)
Total fee and commission expense	(111)	(7,277)

In 2013, Company paid bank fee to PPF Banka on behalf of Penzijní Spolenosti Ceske Pojistovny (pension company), pursuant to a contract for the brokering and settlement of financial instruments trading. The terms and conditions of the contract were amended in 2014 in order that the fees are paid directly by the pension company.

15. Net loss from financial transactions

(CZK'000)	31 December 2014	31 December 2013
Foreign exchange differences from trading with currency instruments	(101)	(15)
Other foreign exchange differences	(43)	114
Total net loss from financial transactions	(144)	99

16. Other operating income

(CZK'000)	31 December 2014	31 December 2013
Gains on sale of long-term fixed assets	3	81
Revenue from Kondor services and other analytical services	1,406	1,374
Other operating income	-	212
Total other operating income	1,409	1,667
Of which from related parties	1,409	1,374

17. Other operating expense

(CZK'000)	31 December 2014	31 December 2013
Contribution to Guarantee Fund	(4,719)	(5,703)
Unclaimed VAT	(1,672)	(5,597)
Property insurance and statutory liabilities	(158)	(209)
AKAT fee	(128)	(109)
Residual value of sold or disposed assets	(2)	(41)
Other operating expense	(115)	(116)
Total other operating expense	(6 794)	(11,775)

18. Administrative expense

(CZK'000)	31 December 2014	31 December 2013
Staff costs	(80,126)	(97,964)
Other administrative expenses	(20,280)	(38,692)
from that:		
a) Rent and lease charges	(4,232)	(10,785)
b) Legal advisory services	(153)	(96)
c) Services provided by the auditing company	(904)	(883)
from that:		
- statutory audit of financial statements	(795)	(750)
- other assurance services	(50)	(50)
- other auditor's services	(59)	(83)
d) Outsourced internal audit	(36)	(608)
e) other	(22,955)	(26,320)
Total administrative expense	(108,406)	(136,656)
Out of which related parties	(11,236)	(4,444)

Expenses incurred with related parties include, in particular, expenses with Česká pojišťovna, a.s. of CZK 8,885 thousand (2013: CZK 1,272 thousand), representing namely rent and related services of CZK 5,462 thousand (the premises have been used since October 2013), outsourced IT services of CZK 2,748 thousand, outsourced internal audit of CZK 365 thousand, etc. The costs of services provided by Generali CEE Holding totaled CZK 2,245 thousand (2013: CZK 3,113 thousand) and expenses incurred with Generali Pojišťovna a.s. totaled CZK 106 thousand (2013: CZK 59 thousand).

Staff costs can be analysed as follows:

(CZK'000)	31 December 2014	31 December 2013
Wages and emoluments of Board of Directors	(14,217)	(20,636)
Wages and emolument of another member of senior management	(11,556)	(12,498)
Emoluments of Supervisory Board	(13)	(20)
Other wages, personal costs and emoluments of employees	(39,321)	(47,578)
Social costs and health insurance	(15,019)	(17,232)
Total staff costs	(80,126)	(97,964)

Staff statistics

	2014	2013
Average number of employees	47	50
Number of members of the Board of Directors	2	2
Number of other members of senior management	5	5
Number of members of the Supervisory Board	3	3

19. Taxation

The income tax expense consists of the following:

(CZK'000)	2014	2013
Current tax expense	(22,832)	(29,289)
Deferred tax	(523)	2,946
Adjustment of prior year tax expense	(42)	(50)
Total income tax expense	(23,397)	(26,394)

Current tax can be analysed as follows:

(CZK'000)	2014	2013
Profit before taxation	121,961	131,375
Difference between accounting and tax depreciation	(7)	16
Creation of allowances	(15,250)	(86)
Release of allowances	12,492	15,250
Non-deductible expenses	975	7,599
Net taxable profit	120,171	154,154
Current tax charge at 19 %	(22,832)	(29,289)

The deferred tax asset (+) / liability (-) is calculated at 19 % (the rate enacted for 2014) depending on the period of the expected timing of the reversal of the temporary difference and can be analysed as follows:

(CZK'000)	31 December 2014	31 December 2013
Deferred tax liability		
Difference in net book values of fixed assets	(4)	(5)
Deferred tax liability from receivables	-	-
Deferred tax asset		
Deferred tax asset in respect of social and health insurance	2,374	2,897
Net deferred tax asset (Note 6)	2,370	2,892
Net deferred tax liability (Note 9)	-	-

The Company has recorded the deferred tax asset amounting to CZK 2,374 thousand related to the social and health insurance not paid before the end of January 2015.

20. Financial risks

20.1. Strategy in using financial instruments

The Company's strategy is to minimize any market risk that could arise from open positions in respect of interest, share and currency deals, which are sensitive to changes on the financial markets.

20.2. Trading

The objective of the Company's activity is trading on behalf of clients in such a way that no open positions arise for the Company that could generate potential loss if the market conditions were to change.

20.3. Risk management

The Company does not trade with financial instruments in significant volumes on its own account, and thus does not face any significant financial risks.

20.4. Credit risk

The Company does not provide or draw any credits. Receivables from entities in the Czech Republic are mainly balances on current and investment bank accounts or fixed term deposits with banking institutions (as at 31 December 2014: CZK 445,415 thousand, of which CZK 384,021 thousand was a fixed term deposit including accrued interest; as at 31 December 2013: CZK 423,586 thousand of which CZK 417,171 thousand was a fixed term deposit including accrued interest). Other receivables from non banking entities arise from the commission for management of assumed values or from consulting, and are payable within one month.

Geographical segmentation

31 December 2014 (CZK'000)	Domestic	European union	Total
Financial assets			
Cash and cash deposits	69	-	69
Due from banks	445,415	-	445,415
Due from nonbanking entities	4,811	4,616	9,427
Other assets - financial	12,644	-	12,644
Total financial assets	462,939	4,616	467,555

31 December 2013 (CZK'000)	Domestic	European union	Total
Financial assets			
Cash and cash deposits	46	-	46
Due from banks	423,586	-	423,586
Due from nonbanking entities	13,148	4,085	17,233
Total financial assets	436,780	4,085	440,865

20.5. Market risk

The Company's strategy is to intermediate trade in investment instruments on behalf of clients without incurring any open positions on its own account that could generate a loss if the market conditions were to change.

20.6. Currency risk

Foreign currency assets and liabilities, including off-balance sheet exposure, represent exposure of the Company towards currency risks. Realised and unrealised foreign exchange gains and losses are recorded directly into the income statement.

The table below summarizes the Company's exposure to currency risk. Included in the table are the Company's assets and liabilities at carrying amounts, categorized by currency.

31 December 2014					
(CZK'000)	CZK	EUR	USD	Other	Total
Financial assets					
Cash and cash deposits	25	8	29	7	69
Due from banks	443,000	2,415	-	-	445,415
Due from non-banking entities	5,249	4,076	-	102	9,427
Other assets - financial	12,644	-	-	-	12,644
Total financial assets	460,918	6,499	29	109	467,555
Financial liabilities					
Liabilities against non-bank institutions	489	-	-	-	489
Other liabilities - financial	16,475	344	3	-	16,822
Total financial liabilities	16,964	344	3	-	17,311
Net financial assets/liabilities	443,954	6,155	26	109	450,244
31 December 2013					
(CZK'000)	CZK	EUR	USD	Other	Total
Financial assets					
Cash and cash deposits	8	-	25	13	46
Due from banks	421,284	2,300	2	-	423,586
Due from non-banking entities	13,531	3,639	-	63	17,233
Other assets - financial	12,322	12	-	-	12,334
Total financial assets	447,145	5,951	27	76	453,199
Financial liabilities					
Liabilities against non-bank institutions	36	-	-	-	36
Other liabilities - financial	30,218	160	2	-	30,380
Total financial liabilities	30,254	160	2	-	30,416
Net financial assets/liabilities	416,891	5,791	25	76	422,783

20.7. Interest rate risk

The Company is exposed to interest rate risk as a result of interest-bearing assets and liabilities having different maturity dates, periods of changes/adjustments of interest rates and volumes during these periods. The Company purposely does not carry out transactions that would generate positions sensitive to changes in market interest rates. The slight discrepancy between interest-rate-sensitive assets and the payables of the Company, as outlined in the table below, arises only as a result of the Company's regular activity.

The book value of these assets and payables is included in the period in which they mature or in which the interest rate changes, whichever occurs sooner. Due to anticipated early repayment or undefined maturity dates, certain assets or payables are allocated to individual periods based on expert evaluation.

The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's interest bearing assets and liabilities at carrying amounts, categorised by the earlier of contractual, reprising or maturity dates.

31 December 2014 (CZK'000)	Within 3 months	3 – 12 months	Total
Assets			
Due from banks	241,405	204,010	445,415
Due from non-banking entities	9,427	-	9,427
Total selected assets	250,832	204,010	454,842
Liabilities			
Liabilities against non-bank institutions	489	-	489
Total selected liabilities	489	-	489
Selected net assets/liabilities	250,343	204,010	454,353

31 December 2013 (CZK'000)	Within 3 months	3 – 12 months	Total
Assets			
Due from banks	423,586	-	423,586
Due from non-banking entities	17,233	-	17,233
Total selected assets	440,819	-	440,819
Liabilities			
Liabilities against non-bank institutions	36	-	36
Total selected liabilities	36	-	36
Selected net assets/liabilities	440,783	-	440,783

20.8. Liquidity risk

Liquidity risk is determined by the method of financing the Company's activities and management of their balance sheet positions. It includes both the risk of the ability to finance the Company's assets using instruments with suitable maturity as well as the ability to liquidate/sell assets for an acceptable price within an acceptable time frame.

The Company's strategy in respect of liquidity is to hold its assets in highly available means, mainly on current bank accounts as deposits payable upon request or in the form of term deposits.

The Company does not state data relating to tangible and intangible fixed assets, capital funds and retained profit in the following tables due to the fact that no maturity is set for these items. Only the assets and liabilities sensitive to interest rates are included in the table below.

31 December 2014 (CZK'000)	Within 3 months	3 – 12 months	Total
Assets			
Cash and cash deposits	69	-	69
Due from banks	241,405	204,010	445,415
Due from non-banking entities	9,427	-	9,427
Total assets	250,901	204,010	454,911
Liabilities			
Liabilities against non-bank institutions	489	-	489
Other liabilities – sensitive to interest rate	11,058	-	11,058
Total liabilities	11,547	0	11,547
Net assets/liabilities	239,354	204,010	443,364
31 December 2013 (CZK'000)	Within 3 months	3 – 12 months	Total
Assets			
Cash and cash deposits	46	-	46
Due from banks	423,586	-	423,586
Due from non-banking entities	17,233	-	17,233
Other assets	-	-	-
Total assets	440,865	-	440,865
Liabilities			
Liabilities against non-bank institutions	36	-	36
Total liabilities	36	-	36
Net assets/liabilities	440,829	-	440,829

21. Subsequent events

The Company changed its name (from Generali PPF Asset Management a.s.); the change was recorded in the Commercial Register with effect from 1 January 2015.

No other events occurred subsequent to the year-end until the date of preparation of the financial statements, which would have a material impact on the financial statements of the Company as at 31 December 2014.

These financial statements have been approved for submission to the general meeting of shareholders by the Board of Directors.

13 April 2015



Josef Beneš
Member of Board of Directors



Martin Vít
Member of Board of Directors

Appendix No. 2

Report on Related Parties

pursuant to the provisions of Sections 82 – 88 of Act No 90/2012 Coll.,
on Business Corporations and Co-operatives, as amended (the Business Corporations Act)

for the year ended 31 December 2014

Pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations and Co-operatives, as amended (hereinafter the "Business Corporations Act"), the Board of Directors of Generali Investments CEE a.s. has prepared a report on relations between Generali Investments CEE, a.s., with its registered office at Na Pankráci 1658/121, 140 00 Prague 4, as the controlled person (hereinafter the "Company"), and CZI Holdings N.V., with its registered office at Diemerhof 32, 1112NX Diemen, the Netherlands, as the directly controlling person, and other parties controlled by the same controlling person (hereinafter the "Related Parties") for the year ended 31 December 2013 (hereinafter the "Reporting Period").

I. Relationship structure between Related Parties, the Controlled Person's role and method and means of control

Generali Investments CEE, a.s. is a member of the Generali Group controlled by Assicurazioni Generali S.p.A, with its registered office at Piazza Duca degli Abruzzi 2, Trieste, Italy.

The Company is a member of the Generali insurance group. As such, it is obligated to follow instructions issued by the controlling company in executing its management and coordination activities and to implement measures adopted by the supervisory authority IVASS (Istituto per la Vigilanza sulle Assicurazioni) to ensure stable and effective management of the Generali Group.

The entity directly controlling CZI Holdings N.V. is Generali CEE Holding B.V. (formerly Generali PPF Holding B.V.), with its registered office at Diemerhof 32, 1112XN Diemen, the Netherlands, which oversees and manages activities of the Generali Group in Central and Eastern Europe through its subsidiaries (controlled persons). The company operates not only in the Czech Republic, but also in Slovakia, Poland, Hungary, Romania, Bulgaria, Serbia, Slovenia, Montenegro and Croatia.

The controlling persons execute control within the Generali Group exclusively through their votes, i.e. by exercising their voting rights at general meetings.

The Group's structure is illustrated in the following organizational chart:

- Controlled Person (hereinafter also the "Related Party")

Generali Investments CEE, a.s., with its registered office at Na Pankráci 1658/121, 140 00 Prague 4, business registration number (IČ): 25629123, was incorporated in the Commercial Register maintained by the Municipal Court in Prague, Section B, File No. 5073, on 3 December 1997. The Controlled Person is a securities trader subject to regulatory supervision by the Czech National Bank. The Controlled Person provides the Controlling Person and other parties controlled by the same Controlling Person investment services pursuant to Section 4 Paragraph 2a) to e) of Act No. 256/2004 Coll., on Capital Market Undertakings (hereinafter the "Capital Market Undertakings Act" or "CMUA"), in particular the management of client assets if they include an investment instrument, at the sole discretion under contractual arrangements, and investment advisory pertaining to investment instruments in relation to the investment instruments specified in Section 3 Paragraph 1a) to k) of the CMUA. The Controlled Person is not dependent on another Group entity.

- Controlling Person (hereinafter also the “Related Party”)

CZI Holdings N.V., with its registered office at Diemerhof 32, 1112XN Diemen, the Netherlands, was the person directly controlling the Company in the reporting period and at the date of this Report. During the reporting period, CZI Holdings N.V. held 104,000 ordinary registered shares of the Company with a nominal value of CZK 500 per unit, representing 100% of the Company’s exercised voting rights.

II. Overview of agreements entered into by and between Related Parties and respective performance

In the reporting period, performance was provided between the Company and the Controlling Person and between the Company and other Related Parties under the following agreements:

Company	Business registration number (iČ)	Agreement	Agreement signed on	Agreement effective as of	Performance provided by the Company to the Related Party
CZI Holdings N.V.	34245976	Asset Management Agreement	1 April 2010	1 April 2010	Asset management
		Amendment No. 1	2 May 2011	6 May 2011	
Česká pojišťovna a.s.	45272956	Asset Management Agreement	1 September 2003	1 September 2003	Asset management
		Amendment No. 1	18 December 2003	1 January 2004	
		Amendment No. 2	1 April 2004	1 April 2004	
		Amendment No. 3	29 September 2004	29 September 2004	
		Amendment No. 4	27 December 2004	27 December 2004	
		Amendment No. 5	28 June 2005	1 July 2005	
		Amendment No. 6	1 July 2005	1 July 2005	
		Amendment No. 7	31 October 2005	1 November 2005	
		Amendment No. 8	30 December 2005	1 January 2006	
		Amendment No. 9	15 March 2006	15 March 2006	
		Amendment No. 10	29 August 2008	1 September 2008	
		Amendment No. 11	16 December 2009	16 December 2009	
		Amendment No. 12	16 December 2010	1 January 2011	
		Amendment No. 13	2 February 2011	3 February 2011	
		Amendment No. 14	29 October 2012	31 October 2012	
		Amendment No. 15	13 March 2013	13 March 2013	
		Amendment No. 16	30 December 2013	1 January 2014	
Amendment No. 17	29 January 2014	3 February 2014			

Agreement on lease, services and sub-lease	25 September 2007	1 October 2007	Provision of access to Kondor+ business system
Agreement on provision of access to Helpline KPMG	3 December 2012	3 December 2012	Consideration for helpline access
Framework agreement on sharing NON-IT and IT technologies and related operating expenses ČPD/29691/2014	6 January 2014	1 November 2013	Consideration for sharing IT technologies
Implementing agreement on sharing NON-IT and IT technologies for the operation of equipment and in the data room ČPD/29765/2014	6 January 2014	1 November 2013	
Implementing agreement on sharing IT technologies for the operation of applications IPT, Helpdesk, CDA, SAP, Exchange, and operation of Videoconference, BB, LAN ČPD/29766/2014	6 January 2014	1 November 2013	
Implementing agreement on sharing IT technologies for the operation of applications ČPD/29767/2014	6 January 2014	1 January 2014	
Implementing agreement on sharing IT technologies for the operation of final user environment ČPD/29789/2014	6 January 2014	1 November 2013	
Agreement on cost sharing for IT support ČPD 30812/2014	24 March 2014	1 April 2014	
Agreement on unified accounting for shared costs (entered into with other Group members)	10 December 2014	2014	
Cost sharing framework agreement ČPD/29138/2014	17 March 2014	17 March 2014	
Amendment No. 1 to Cost sharing framework agreement entered into on 17 March 2014	23 September 2014	1 October 2014	Consideration for activities related to human resources management
Agreement on sub-lease of non-residential premises	18 October 2013	18 October 2013	Consideration for sub-lease of non-residential premises
Amendment No. 1 to Agreement on sub-lease of non-residential premises	2 January 2014	2 January 2014	
Agreement on lease of movable assets	18 October 2013	18 October 2013	Consideration for lease of movable assets
Cost sharing framework agreement	23 April 2014	1 January 2014	Consideration for activities related to management of mobile phones, data modems, landlines, postal services administration and facility

		Purchase agreement	1 April 2014	1 April 2014	Consideration for purchase of computer technology
		Life insurance cooperation agreement	27 June 2014	27 June 2014	Private life insurance for employees
		Confidentiality agreement ČPD/30917/2014	18 June 2014	18 June 2014	Confidentiality concerning provision of IT information
		Agreement on fulfilling obligations arising from Group membership (entered into with other VAT paying Group members)	16 January 2009	16 January 2009	Consideration for fulfilling Group obligations arising from the VAT Act
		Amendment No. 1	30 December 2009	30 September 2009	
		Amendment No. 2	27 May 2010	27 May 2010	
		Amendment No. 3	20 December 2011	20 December 2011	
		Travel insurance agreements - 24 new agreements			Consideration for insurance of employees' business trips
Česká pojišťovna ZDRAVÍ a.s.	49240749	Asset Management Agreement	31 March 2011	1 April 2011	Asset management
		Amendment No. 1	30 December 2011	1 January 2012	
		Amendment No. 2	13 March 2013	1 February 2013	
		Amendment No. 3	30 December 2013	1 January 2014	
		Amendment No. 4	24 February 2014	24 February 2014	
ČP INVEST investiční společnost, a.s.	43873766	Agreement on management of collective investment funds	1 June 2007	1 June 2007	Asset management
		Amendment No. 1	27 June 2007	27 June 2007	
		Amendment No. 2	24 July 2007	24.7.2007	
		Amendment No. 3	13 December 2007	13 December 2007	
		Amendment No. 4	1 April 2008	1 April 2008	
		Amendment No. 5	5 June 2008	6 June 2008	
		Amendment No. 6	3 November 2008	4 November 2008	
		Amendment No. 7	22 April 2009	14 April 2009	
		Amendment No. 8	25 May 2009	25 May 2009	
		Amendment No. 9	20 August 2009	20 August 2009	
		Amendment No. 10	22 December 2009	1 January 2010	
		Amendment No. 11	2 February 2010	2 February 2010	

		Amendment No. 12	8 March 2010	8 March 2010	
		Amendment No. 13	1 September 2010	1 September 2010	
		Amendment No. 14	1 December 2010	1 December 2010	
		Amendment No. 15	14 March 2011	15 March 2011	
		Amendment No. 16	13 April 2011	14 April 2011	
		Amendment No. 17	10 June 2011	10 June 2011	
		Amendment No. 18	7 October 2011	7 October 2011	
		Amendment No. 19	19 October 2011	19 October 2011	
		Amendment No. 20	13 December 2011	15 December 2011	
		Amendment No. 21	19 January 2012	1 February 2012	
		Amendment No. 22	5 June 2012	7 June 2012	
		Amendment No. 23	25 June 2012	1 July 2012	
		Amendment No. 24	30 July 2012	30 July 2012	
		Amendment No. 25	12 December 2012	14 December 2012	
		Amendment No. 26	21 January 2013	23 January 2013	
		Amendment No. 27	12 June 2013	13 June 2013	
		Amendment No. 28	15 October 2013	15 October 2013	
		Amendment No. 29	20 December 2014	1 January 2014	
Generali Pojiškovna a.s.	61859869	Asset Management Agreement	13 October 2008	13 October 2008	
		Amendment No. 1	9 December 2008	10 December 2008	
		Amendment No. 2	23 December 2008	1 January 2009	
		Amendment No. 3	26 November 2009	27 November 2009	
		Amendment No. 4	17 December 2009	1 January 2010	
		Amendment No. 5	31 March 2010	1 April 2010	
		Amendment No. 6	25 May 2010	25 May 2010	Asset management
		Amendment No. 7	2 June 2010	14 June 2010	
		Amendment No. 8	2 August 2010	2 August 2010	
		Amendment No. 9	5 October 2010	6 October 2010	
		Amendment No. 10	3 December 2010	3 December 2010	
		Amendment No. 11	8 December 2010	8 December 2010	
		Amendment No. 12	20 December 2011	1 January 2012	
		Amendment No. 13	31 December 2013	1 January 2014	

Generali CEE Holding B.V., organizační složka	28239652	Asset Management Agreement	1 April 2010	1 April 2010	Asset management
		Amendment No. 1	12 May 2010	12 May 2010	
		Framework agreement on provision of advisory services	9 December 2011	1 January 2012	Advisory services
		Agreement on provision of services	22 December 2008	1 January 2009	Consideration for advisory and other services
		Amendment No. 1 to Agreement on provision of services	31 December 2009	1 January 2010	
		Amendment No. 2 to Agreement on provision of services	29 March 2013	1 April 2013	
		Amendment No. 3 to Agreement on provision of services	2 January 2014	1 January 2014	
		Amendment No. 4 to Agreement on provision of services	1 July 2014	1 July 2014	
GENERALI INVEST CEE plc		Investment Management Agreement	27 May 2009	27 May 2009	Asset management
		Amendment No. 1	14 January 2010	14 January 2010	
GP REINSURANCE EAD:	200270243	Management Agreement	31 December 2008	31 December 2008	Asset management
		Amendment No. 1	30 January 2009	3 February 2009	
		Amendment No. 2	22 May 2009	29 May 2009	
		Amendment No. 3	8 September 2009	3 September 2009	
		Amendment No. 4	31 December 2009	31 December 2009	
		Amendment No. 5	31 December 2009	1 January 2010	
		Amendment No. 6	16 April 2010	20 April 2010	
		Amendment No. 7	8 June 2010	1 July 2010	
		Amendment No. 8	15 September 2010	17 September 2010	
		Amendment No. 9	28 December 2010	1 January 2011	
		Amendment No. 10	21 February 2011	23 February 2011	
		Amendment No. 11	31 March 2011	23 February 2011	
		Amendment No. 12	28 July 2011	28 July 2011	
		Amendment No. 13	4 August 2011	5 August 2011	
		Amendment No. 14	2 November 2011	3 November 2011	
		Amendment No. 15	5 January 2012	1 January 2012	
		Amendment No. 16	6 June 2012	8 June 2012	
		Amendment No. 17	28 September 2012	1 October 2012	
		Amendment No. 18	24 October 2012	26 October 2012	
		Amendment No. 19	30 December 2012	1 January 2013	
		Amendment No. 20	8 January 2013	8 January 2013	
		Amendment No. 21	1 February 2013	1 February 2013	

		Amendment No. 22	11 February 2013	13 February 2013	
		Amendment No. 23	30 May 2013	1 June 2013	
		Amendment No. 24	31 July 2013	1 August 2013	
		Amendment No. 25	14 August 2013	21 August 2013	
		Amendment No. 26	15 October 2013	21 October 2013	
		Amendment No. 27	9 December 2013	11 December 2013	
		Amendment No. 28	30 December 2013	1 January 2014	
		Amendment No. 29	6 March 2014	14 February 2014	
Generali poistovna, a. s.	35709332	Asset Management Agreement	2 September 2008	2 September 2008	
		Amendment No. 1	29 December 2008	29 December 2008	Asset management
		Amendment No. 2	31 December 2008	1 January 2009	
		Amendment No. 3	30 June 2010	30 June 2010	
		Amendment No. 4	22 April 2011	1 May 2011	
		Amendment No. 5	28 December 2011	1 January 2012	
Penzijní společnost České pojišťovny, a.s.	61858692	Asset Management Agreement	20 December 2012	31 December 2012	Asset management
		Amendment No. 1	31 March 2013	31 March 2013	
		Amendment No. 2	19 December 2013	1 January 2014	
		Cooperation agreement	14 April 2003	14 April 2003	Supplementary pension insurance for employees

Performance between Related Parties is quantified in the Notes to the financial statements for the year ended 31 December 2014; specifically particular revenues from commissions for asset management are disclosed in Note 14, receivables in Note 4.2, liabilities in Note 8, and managed assets in Note 12. Insurance is included in Note 19 (other staff costs).

III. Other legal actions

No other legal actions were undertaken for the benefit of the Controlling Person or the Company or other Related Parties during the reporting period, or if such legal actions were effected in relation to the Related Parties, these were general legal procedures performed on the basis of conditions for the execution of legal actions by the Controlling Person in relation to the Company in its position as the Company shareholder.

No measures were adopted for the benefit or at the request of the Controlling Person or other Related Parties during the reporting period, except for general measures adopted by the Company in relation to the Controlling Person in its position as the Company shareholder.

The Company did not receive or undertake any other legal actions for the benefit or at the request of Related Parties pertaining to assets exceeding 10% of the Company's equity as stated in the most recent financial statements.

IV. Performance provided and detriment suffered by the Controlled Person and method of compensation

All the aforementioned agreements were entered into on an arm's-length's basis. Similarly, all performance provided and counter-performance received under the foregoing agreements and agreements entered into in prior years was effected on an arm's-length basis and the Company suffered no detriment therefrom. The Company did not receive or adopt any measures or undertake any legal actions for the benefit or at the request of Related Parties in 2014.

No special advantages or disadvantages or additional risks arise for the Company from the foregoing agreements.

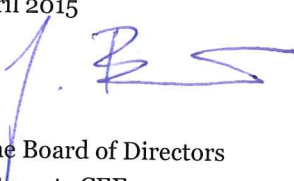
The Company collaborates in Group projects and policies as a member of the Generali Group. The Company suffered no detriment arising from the Group activities.

V. Final representation

This Report was prepared by the Board of Directors of the Controlled Person, Generali Investments CEE a.s., on 29 April 2015 and was submitted to the Supervisory Board and the auditors performing an audit of the financial statements.

The statutory body declares that the Report has been prepared with due diligence and that all information included in the Report is sufficient, accurate and complete. In view of its statutory obligations, the Controlled Person issues an Annual Report, the integral part of which is the Report on Related Parties.

Prague, 29 April 2015


Josef Beneš
Chairman of the Board of Directors
Generali Investments CEE, a.s.


Martin Vít
Member of the Board of Directors
Generali Investments CEE, a.s.