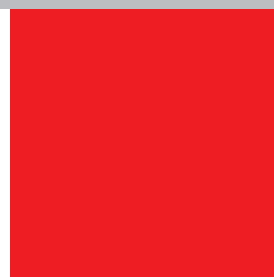


# Annual Report 2009

**POIŠŤOVŇA**  
SLOVENSKEJ SPORITELNE  

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**VIENNA INSURANCE GROUP**



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01

# Address by the Chairman of the Board of Directors

## Dear Ladies and Gentlemen

Compared to 2008, the financial crisis affected the insurance market more heavily in 2009. The life insurance market saw a decline by 4% as well as changes in customer behaviour. The customers preferred safer investments and guaranteed valorisation. In seeking funding sources, the ability of paying one's liabilities became more important. In line with this situation, we have extended our product range and issued a new product - "Insurance to loans". This became our bestseller in 2009 for its topicality as well as the easy way of its signing.

We achieved premium written of EUR 33 530 000 in 2009. Along with the other companies of the Vienna Insurance Group operating in Slovakia - we ensured the group's leadership on the total insurance market again. The group's market share is 29.61% in life-insurance. In compliance with the clearly aimed strategy and exploiting the synergies arising from our affiliation to an internationally operating corporation - we jointly try to support our clients and partners and be a trustworthy partner with attractive services.

The professional publicity appreciated our efforts as well. In its ranking „TOP TREND Insurance company of the Year 2009“, the economic weekly TREND ranked us on the second place. We feel highly praised by this ranking and it just proves that we are able to keep up with strong and long-operating insurance companies.

Our experience in bank-insurance and the three pillars on which our company is based on (strategic goal, mission & vision and corporate governance) - constitute a good and stable basis for further development and growth of the company, as well as the further improvement of our services for the clients.

Next year we will persist in our effort to be a financial partner our clients and partners can trustfully rely on.

On behalf of the Board of Directors, I would like to express my gratitude to our employees developing the good reputation of our company in accordance with its values. Furthermore I would like to thank our partners, the co-operation of which extends our possibilities and also our shareholders for their confidence in us and their support in the fulfilment of our goals.

### **Roman Podolák**

Chairman of the Board of Directors  
Poist'ovňa Slovenskej sporiteľne, a. s.  
Vienna Insurance Group

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# Basic Company Data

**Business name:**

Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group  
(thereinafter „Company“)

**Registered office:**

Tomášikova 48  
832 68 Bratislava  
Slovak Republic

**Legal form of business:**

joint stock company

**Company Identification Number (IČO):**

35851023

**Tax Identification Number (IČ DPH):**

SK2021710064

**Line of business:**

sale of life insurance products according to the Act No.95/2002 Coll.  
on Insurance in the range of following insurance segments:

- insurance for the case of death, for the case of survival or death or survival
- insurance related to investment fund
- accident and disease insurance, if being a rider to the main insurance

**Company foundation:**

January 27, 2003, by listing in the Trade register of the District Court Bratislava I., fill 3085/B

**Share capital:**

EUR 5 677 200

**Shareholders:**

Wiener Städtische Versicherung AG Vienna Insurance Group	90%
KOOPERATIVA poisťovňa, a. s. Vienna Insurance Group	5%
Slovenská sporiteľňa, a. s.	5%

**Board of Directors:**

Ing. Roman Podolák, Chairman of the Board of Directors

Ing. Viera Kubašová, Member of the Board of Directors

**Supervisory Board:**

Ing. Juraj Lelkes – Chairman of the Supervisory Board

Mag. Erwin Hammerbacher – Vice-Chairman of the Supervisory Board

Paul Huss – Member of the Supervisory Board

Ľuboš Solnoky – Member of the Supervisory Board

Ing. Daniel Morvay – Member of the Supervisory Board

Ing. Jarmila Gregorová – Member of the Supervisory Board

**Distribution channel:**

branches of Slovenská sporiteľňa, a. s.

**Contact:**

sporotel: 0850 111 888

Poisťovňa Slovenskej sporiteľne, a. s.

Vienna Insurance Group

Tomášikova 48

832 68 Bratislava 3, Slovak Republic

tel.: +421 2 4862 9300

fax.: +421 2 4862 7040

web: [www.pslsp.sk](http://www.pslsp.sk)

e-mail: [pslsp@pslsp.sk](mailto:pslsp@pslsp.sk)

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# Selected Indicators

<b>Financial Indicators</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total assets	135 838	177 165	183 046
Shareholder equity	12 478	16 230	21 250
- Out of it share capital	5 089	5 676	5 677
Technical provisions	121 232	158 283	156 845
Profit after tax	2 870	3 420	1 975
<b>Business indicators</b>			
New business	19 964	30 921	19 412
Gross premium written	24 808	41 715	33 530
<b>Other data</b>			
Employees (average)	52	53	57

The data is in EUR thousand and numbers in pieces - unless stipulated otherwise.

The Company provides data in compliance with IFRS EU.

For 2008 - the data was converted based on the exchange rate EUR 1 = SKK 30.1260.

For 2007 - the data was converted based on the exchange rate of December 31, 2007 (EUR 1 = SKK 33.603), except the Profit After Tax, New Business and Gross Premium Written, which were converted using the average exchange rate of 2007 (EUR 1 = SKK 33.781).

The new business is shown in annualised premium, including riders.

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# Company Structure

## Shareholders

Wiener Städtische Versicherung AG Vienna Insurance Group	90%
KOOPERATIVA poisťovňa, a. s. Vienna Insurance Group	5%
Slovenská sporiteľňa, a. s.	5%

## Wiener Städtische Versicherung AG Vienna Insurance Group

The stock-exchange quoted Vienna Insurance Group headquarters in Vienna - is one of the leading insurance groups in Central and Eastern Europe. Apart from its key market in Austria, the Vienna Insurance Group operates through its investment also in Albania, Belarus, Bulgaria, the Czech Republic, Estonia, Georgia, Croatia, Liechtenstein, Lithuania, Latvia, Hungary, Macedonia, Germany, Poland, Romania, Russia, Slovakia, Serbia, Turkey and the Ukraine. The group also maintains branch offices in Italy and Slovenia.

On the Austrian insurance market, the group is represented through the companies Wiener Städtische Versicherung, Donau Versicherung and Sparkassen Versicherung.

## KOOPERATIVA poisťovňa, a. s. Vienna Insurance Group

The KOOPERATIVA poisťovňa, a. s. Vienna Insurance Group was founded as the first private universal insurance company in Slovakia already in 1990. In its first years on the market, the company developed the position of a stable and successful insurance company, which the company maintains thanks to the confidence of its customers and in spite of the growing competition.

By the entry of the Austrian majority shareholder Wiener Städtische Versicherung AG Vienna Insurance Group, KOOPERATIVA got incorporated into the strong insurance corporation in Central and Eastern Europe Vienna Insurance Group and thanks to the support and the superior know-how of its shareholder, KOOPERATIVA achieves excellent results in life as well as non-life insurance.

In 2009, Vienna Insurance Group achieved (under the guidance of KOOPERATIVA) a market share of more than 31 percent in Slovakia. In the 20 years of doing business on the Slovak insurance market, the number of KOOPERATIVA-clients exceeded 1 million and the number of insurance policies exceeded even 1.3 million pieces. KOOPERATIVA currently employs more than 1 200 employees.

## Slovenská sporiteľňa, a. s.

With its 2.5 million clients, Slovenská sporiteľňa is the largest commercial bank in Slovakia. In the long run, the company maintains its leading position in total assets, loans to private clients, client deposits, number of branches as well as ATMs. The company provides its comprehensive services in 279 branches and 18 regional company centres throughout Slovakia.

Since 2001, Slovenská sporiteľňa has been a member of one of the largest Central European bank groups, namely the Erste Group with more than 51 000 employees taking care of 17.5 million clients in eight Central and East-European countries (Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia, Serbia and the Ukraine).

## Board of Directors

### **Ing. Roman Podolák**

Chairman of the Board of Directors

Graduate of the Slovak Technical University in Bratislava and 14 years in the insurance industry. Mr. Podolák gained extensive professional experience from various managing positions in several insurance companies. He holds the position of the Board Chairman of Poist'ovňa Slovenskej sporiteľne since December 1, 2004. The year 2009 was significant becoming a Member of Presidium of the Slovak Association of Insurance Companies.



### **Ing. Viera Kubašová**

Member of the Board of Directors

Graduate of the Slovak Technical University in Bratislava and 11 years in the insurance industry. Mrs. Kubašová took up her work for Poist'ovňa Slovenskej sporiteľne at its very foundation on January 27, 2003 - as Head of the Financial Department. From December 2003 to May 2007 she was Proxy Holder of the Company. She became a Member of the Board of Directors of Poist'ovňa Slovenskej sporiteľne on May 1, 2007.



## Supervisory Board

Ing. Juraj Lelkes – Chairman of the Supervisory Board  
(since April 1, 2009)

Mag. Erwin Hammerbacher – Vice-Chairman of the Supervisory Board  
(since April 1, 2009)

Paul Huss – Member of the Supervisory Board  
(since April 1, 2009)

Ľuboš Solnoky – Member of the Supervisory Board  
(since April 1, 2009)

Ing. Slávka Miklošová – Member of the Supervisory Board  
(till April 1, 2009)

Ing. Daniel Morvay – Member of the Supervisory Board  
(since June 12, 2007)

Ing. Jarmila Gregorová – Member of the Supervisory Board  
(since April 15, 2009)

At the General Assembly held on April 1, 2009, the following new members of the Supervisory Board have been elected for their 5 years term: Ing. Juraj Lelkes, Paul Huss and Ľuboš Solnoky.

Ing. Slávka Miklošová resigned from the post of Member of Supervisory Board by April 1, 2009.

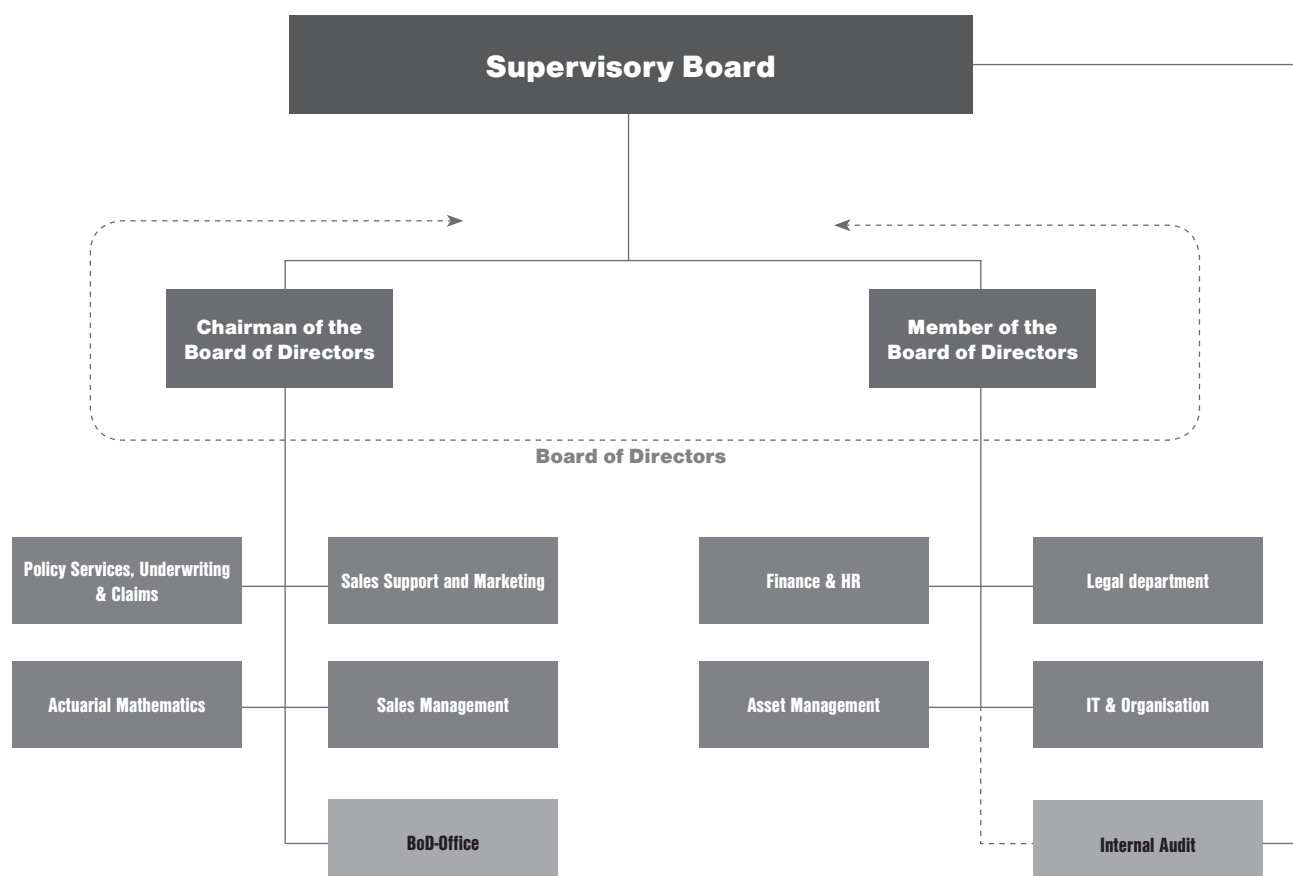
The election of the Member of the Supervisory Board elected by employees was held on April 14. In compliance with the electoral system, Ing. Jarmila Gregorová has been elected.

As of December 31, 2009 - the Supervisory Board consisted of six members, out of them two elected by employees (in compliance with the §200, subsec.1, of the Commercial Code No. 513/1991 (Coll.)).

## Equity participations

Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group has no equity participations in other companies.

## Organisational structure



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# Vienna Insurance Group

The Vienna Insurance Group is one of the largest listed international insurance groups in Central and Eastern Europe (CEE). The Group, headquartered in Vienna, operates around 50 insurance companies in 23 countries and has approximately 23,000 employees. The insurance companies of the Vienna Insurance Group offer high-quality insurance services in both the life and non-life segments. Their main objective is to provide innovative insurance solutions for all areas of life and top-quality customer service in all markets.

## **Leading Position in the CEE Region**

In 1990, the Vienna Insurance Group became the first Western insurance company to make a move into the countries of Central and Eastern Europe. Since then, the Vienna Insurance Group has continuously expanded its involvement in the region in pursuit of its goals. Its clear, focused internationalisation strategy in the CEE economic region gave it the boost needed to move from being a national insurance company to an international group of companies. The Vienna Insurance Group now participates in 23 markets, extending from Estonia in the north to Turkey in the south, and from Vaduz in the west to Vladivostok in the east. It is one of the leading international insurance groups doing business in Central and Eastern Europe.

## **Focus on the CEE region**

The growth potential in the CEE region opens up many opportunities for development of the company, especially opportunities for longer-term development. The Vienna Insurance Group has expanded its involvement in the region step by step over the past years. In the beginning, the main focus was on offering insurance services in the motor segment. In addition to motor insurance, household and homeowner's insurance was also in strong demand. In response to the increasing level of prosperity, the Vienna Insurance Group began to offer savings and investment products in the form of life insurance in addition to its basic policies. With this in mind, the Vienna Insurance Group strengthened its presence in the markets of the CEE countries by acquiring the s-Versicherungsgruppe, specialising in life insurance, and thereby added to the strength of its existing distribution channels.

The Vienna Insurance Group is therefore optimally positioned to participate in the increased need for insurance accompanying the rising standard of living in the countries of the CEE region. The Group has vigorously expanded its position in the CEE region, and already generates about 50% of its total premium volume of around EUR 8 billion in the growth region of Central and Eastern Europe. In the property/casualty business, the CEE companies are already contributing more than 60% of Group premiums. No other international insurance company generates such a high proportion of its premiums in this region.

### **Clear strategic orientation**

The Vienna Insurance Group's international focus on Central and Eastern Europe is aimed at achieving long-term steady growth in premiums and earnings. In addition to strengthening its market-leading position in Austria, the goals of the Vienna Insurance Group therefore also include an expansion of its insurance business in Central and Eastern Europe. The focus in this expansion will be on organic growth of the insurance companies. The Vienna Insurance Group has followed a clear strategy of value-oriented growth for many years, with a central focus on being a leader. The Vienna Insurance Group is already one of the market leaders in Austria, the Czech Republic, Slovakia, Romania, Albania, Bulgaria, Georgia and Ukraine.

One of the key factors in the Vienna Insurance Group's success in strengthening its market position is its multi-brand strategy, which relies on the power of proven brand names with a long tradition in all markets. The Group also takes advantage of its excellent access to customers by utilising multi-channel distribution, making systematic use of synergies, and diversifying risk broadly.

The experience and solid market knowledge gained by the Vienna Insurance Group over the past 20 years is applied continuously to the Group's insurance business, which is broadly diversified across countries, distribution channels and products. The unwavering path followed by the Group has led to similar strength in the structure of the business, which in turn is reflected in an excellent rating from Standard & Poor's (A+, stable outlook).

### **Stability during difficult times**

The importance of a broad geographical market base becomes particularly clear during difficult economic times. The differences in economic momentum among different countries have a balanced effect on the Vienna Insurance Group. As a result, the Vienna Insurance Group achieved outstanding performance and successfully continued its growth in 2009, in spite of the currently cloudy economic situation. The Vienna Insurance Group stands for financial stability, offering its customers a high level of security in the present as well as in the future. Based on its knowledge of insurance markets in the CEE region, the Vienna Insurance Group feels that these markets, which are not yet saturated compared to Western Europe, are likely to continue showing growth rates above those for Western Europe over coming years.

### **Our employees are our path to success**

The Group's shared success across all of its markets has been made possible by the dedicated, entrepreneurial commitment of the employees in our Group companies. Special thanks are therefore due to all employees of the Vienna Insurance Group. Our common commitment makes great achievements possible, especially in turbulent times, and will continue to strengthen the Group in the future.

Further information on the Vienna Insurance Group is available at [www.vig.com](http://www.vig.com) or in the Vienna Insurance Group Annual Report.

# Welcome to the family of VIENNA INSURANCE GROUP



**AUSTRIA**

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

**Donau**  
VIENNA INSURANCE GROUP

**S-VERSICHERUNG**  
VIENNA INSURANCE GROUP

**CZECH REPUBLIC**

**Kooperativa**  
VIENNA INSURANCE GROUP

**ČPP**  
VIENNA INSURANCE GROUP

**POJIŠTOVNA ČESKÉ SPORITELNY**  
VIENNA INSURANCE GROUP

**SLOVAKIA**

**Kooperativa**  
VIENNA INSURANCE GROUP

**KOMUNÁLNA poisťovňa**  
VIENNA INSURANCE GROUP

**POIŠTOVNÁ SLOVENSKEJ SPORITELNE**  
VIENNA INSURANCE GROUP

**ROMANIA**

**OMNIASIG**  
VIENNA INSURANCE GROUP

**OMNIASIG**  
ASIGURARI DE VIATA  
VIENNA INSURANCE GROUP

**ASIROM**  
VIENNA INSURANCE GROUP

**POLAND**

**COMPENSA**  
VIENNA INSURANCE GROUP

**InterRisk**  
VIENNA INSURANCE GROUP

**BENEFIA**  
VIENNA INSURANCE GROUP

**PZM**  
TU S.A.  
VIENNA INSURANCE GROUP

**GERMANY**

**InterRisk**  
VIENNA INSURANCE GROUP

**HUNGARY**

**UNION BIZTOSÍTÓ**  
VIENNA INSURANCE GROUP

**ERSTE BIZTOSÍTÓ**  
VIENNA INSURANCE GROUP

**BULGARIA**

**BULSTRAD**  
VIENNA INSURANCE GROUP

**BULSTRAD Life**  
VIENNA INSURANCE GROUP

**BULGARSKI IGOTI**  
VIENNA INSURANCE GROUP

**BCR ASIGURARI**  
VIENNA INSURANCE GROUP

**BCR ASIGURARI DE VIATA**  
VIENNA INSURANCE GROUP

**UKRAINE**

**КНЯЖА**  
VIENNA INSURANCE GROUP

**ГЛОБУС**  
VIENNA INSURANCE GROUP

**LIECHTENSTEIN**

**VIENNA-LIFE**  
VIENNA INSURANCE GROUP

**CROATIA**

**KVARNER**  
VIENNA INSURANCE GROUP

**Life**  
VIENNA INSURANCE GROUP

**OSIGURANJE HELIOS**  
VIENNA INSURANCE GROUP

**ERSTE OSIGURANJE**  
VIENNA INSURANCE GROUP

**ALBANIA**

**SIGMA**  
VIENNA INSURANCE GROUP

**ESTONIA**

**COMPENSA**  
VIENNA INSURANCE GROUP

**ЮПІТЕР**  
VIENNA INSURANCE GROUP

**УКРАЇНЬСЬКА СТРАХОВА ГРУПА**  
VIENNA INSURANCE GROUP

**ITALY BRANCH**

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

**SERBIA**

**WIENER STÄDTISCHE**  
VIENNA INSURANCE GROUP

**MACEDONIA**

**WINNER**  
VIENNA INSURANCE GROUP

**LATVIA**

**COMPENSA**  
VIENNA INSURANCE GROUP

**GEORGIA**

**GPI**  
VIENNA INSURANCE GROUP

**BELARUS**

**КУПАЛА**  
VIENNA INSURANCE GROUP

**Victoria**  
VIENNA INSURANCE GROUP

**RUSSIA**

**СТРАХОВАЯ КОМПАНИЯ МСК-Лайф**  
VIENNA INSURANCE GROUP

**LITHUANIA**

**COMPENSA**  
VIENNA INSURANCE GROUP

**IRAQI**  
VIENNA INSURANCE GROUP

**TURKEY**

**RAYSIGORTA**  
VIENNA INSURANCE GROUP

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**Report on activities of the Supervisory Board in 2009  
of the company Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group  
(hereinafter also „Company“)**

The Supervisory Board (hereinafter only SuB) performed its activities and functions resulting from the Articles of Associations of the Company and from other legal acts in the year 2009. During the mutual meetings and discussions the Board members informed the SuB members based on accounting records and documents about the development of the Company, its financial situation and provided explanations pertaining to the Company's business affairs.

Introduction of the EURO currency was an important event in 2009 and the Company paid significant attention to it. This major process that required lot of intervention into the information systems and processes of the Company was under the supervision of the SuB successfully completed without any problems.

In 2009 there were 4 meetings of the SuB and 1 discussion per rollam where several decisions about the Company activities and changes were taken by the SuB. Further there was one ordinary and one extraordinary Shareholder's meeting.

SuB had received from the Board of Directors Financial Statements for the year ended on December 31, 2009, including the Notes, profit distribution proposal for year 2009, management and company assets status report as of December 31, 2009 and the Annual report for the year 2009 that was thoroughly examined by the SuB.

The Company's Financial Statements for year ended on December 31, 2009 were audited by PricewaterhouseCoopers Slovensko, s. r. o. who has stated that the Financial Statements are fairly, in all material respects, presenting the financial situation of the Company as of December 31, 2009 and the business result of the year 2009.

The SuB has examined and discussed the results of the Company for the year 2009 as reported in the Financial Statements and in the auditor's report and suggests to the Shareholder's meeting the approval of the Financial Statements for the year 2009 as well as the profit distribution proposal for year 2009 as presented to the Shareholder's meeting by the Board of Directors.

Finally the SuB would like to express thanks to the Board of Directors as well as to all employees of the Company who contributed to the achieved results in 2009 with their work.

March 3, 2010



Ing. Juraj Leikes  
Chairman of the Supervisory Board  
Poist'ovňa Slovenskej sporiteľne, a. s.  
Vienna Insurance Group

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# The company's Identity

## The Mission

Our main mission is to improve public awareness about the purpose, importance, advantages and benefits of life insurance. Through utilisation of the synergy effect within international group, we are bringing attractive and competitive life insurance products which will satisfy individual needs of individuals, and will provide insurance protection and financial security to clients in unexpected cases or after retirement. Our mission includes to make the life insurance products available via a selected distribution channel to all those who show their interest in this form of protection for themselves, their families or their liabilities.

## The Vision

- To be competent in support and bank-insurance know-how in Slovakia.
- To belong to the largest insurance companies in the field of life insurance in Slovakia.
- To be a stable and trustworthy lifelong financial partner for our clients.

## Company Culture Values

### Trustworthiness and reliability

- To be reliable, honest, fair and communicative.
- To treat others as we would like to be treated.
- To fulfil what has been promised to clients and shareholders.

### Pro-client approach

- Client orientation – the client is the centre of all our activities.
- To be a partner for the client, to know the client and his/her needs.
- To render top quality and professional services.
- To respect the company's Code of Conduct.
- To develop long-time relationship to the clients.
- To seek the most appropriate solutions for the client.
- To introduce simple processes (to simplify processes) and to reduce bureaucracy.

### Positive approach to work

- To be active and initiative in achieving goals.
- Positive thinking, drive to achieve goals.
- To foresee, to react to changes quickly and in a creative way.
- Human relations based upon consideration and respect.
- Open communication leading to constructive solution.
- Mutual assistance and team cooperation.

### Responsibility

- Identification with the company and with its goals.
- To act as if own company and own money were concerned.
- Loyalty.
- To educate oneself, to gain knowledge and to apply it for the benefit of the company.
- To improve performance and to seek innovative solutions.

### Strategic Goal of the Company

- To become the first choice for the client of Slovenská sporiteľňa in case of insurance and to contribute to achieve the leading position of Vienna Insurance Group among the best insurers in Slovakia.

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# Achievements and Awards

In 2009, Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group gained the prestigious award by the economic weekly TREND – ranking second in the contest „Insurance Company of the year 2009“.

As a leader in bank-insurance, the Company sells its products through the largest retail bank in Slovakia, through the branch-network of Slovenská sporiteľňa. This enables the Company to maintain the lowest operating costs in the long run and in the category of this indicator, the Company achieved the highest scoring possible in the recent two years. The year to year increase of the market share as well as the return on equity capital also contributed to this 2nd place ranking.

In the TOP TREND poll of Insurance of the Year, Poist'ovňa Slovenskej sporiteľne had previously achieved notable rankings. In 2007, it ranked 4th and in 2008 it ranked 5th. The „silver position“ in 2009 is the outcome not just of the Company's long development and progress, but also of the clearly defined goals and its overall vision.

09

# Product portfolio

## Capital Life Insurance

### SPOROŽivot Kapital

Endowment insurance or whole-life insurance (death for any reason). It is a combination of life insurance and safe investment of financial resources. By a single payment, the clients get financially secured for the future. The money is valorised each year by a guaranteed technical interest rate. This can be increased by the additional share on returns of provisions in the form of annually assigned profit shares.

### SPOROŽivot Klasik

Endowment insurance or whole-life insurance (death for any reason), with the possibility of riders of accidental death and permanent consequences of an accident. It is a secure way of regular savings with the financial resources protection against inflation. The product offers high insurance coverage for low premium. The client chooses the payment frequency (monthly, quarterly, half-yearly, annually).

### IXtra život Junior

This is a product developed specifically for children aged 0 to 14. It is a single paid insurance which comprises insurance coverage for the case of permanent consequences of an accident of the child and for the case of dread diseases of the child. A significant insurance element is the accurate directness of the valorised financial resources, which will be paid out only to the insured child in the year when the child becomes 19 years old.

## Managed Unit-linked Life Insurance

### H-Fix Kapital

Endowment insurance or whole-life insurance (death for any reason), combining the advantages of a life insurance and fund-investments with elements of investment protection (for the case of the drop of fund's value), as well as a reinsurance of already achieved revenue. The premium is paid in a single payment when signing the insurance application. The client has the possibility of extra payments and withdrawals during the entire insurance period.

### H-Fix Klasik

Endowment insurance or whole-life insurance (death for any reason), combining the advantages of a life insurance and fund-investments with elements of investment protection (for the case of the drop of fund's value), as well as a reinsurance of already achieved revenue. The premium may be paid yearly, half-yearly, quarterly or monthly. The client himself/herself can set the way of payment as well as the ratio between the policy's investment and risk component. The protection of deposited money against inflation is secured by indexation. The client has the possibility of extra payments and withdrawals during the entire insurance period.

## Credit Risk Insurance

### Credit risk insurance with real estate secured loan

#### Credit risk insurance with consumer loans

This insurance constitutes a flexible way of securing loans against the risk of failure to repay loans due to death, permanent consequences of an accident, temporary disability to work or involuntary unemployment. Should any of those insured events occur, the client's obligation to pay the loan will be taken over by the insurance company. This insurance is concluded for loans granted by Slovenská sporiteľňa, immediately with the arrangement of the loan. Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group provided this product till March 31, 2009.

## Group Risk Insurance

### Insurance to loan

This insurance is intended for the case of death (from any causes), permanent total disability, temporary disability to work or involuntary unemployment. This insurance is provided with consumer loans and real estate secured loans concluded at Slovenská sporiteľňa immediately with the arrangement of the loan. Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group provides this product in cooperation with Poist'ovňa Cardif Slovakia. This product is available from April 1, 2009 and since November it can be concluded also through the internet - as part of the loan application.

## Accident Oriented Risk Insurance

### SPOROistota

This insurance offers coverage for the case of death from any causes, accidental death or permanent consequences of an accident. This insurance is offered to owners of current accounts or persons with disposition rights to the concerning account. Thanks to its insurance coverage and low price - it is a suitable supplement to the single paid unit-linked or capital life insurance.

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# Report on the Company's Business Activity and Assumed Future Development

## The Company's Market Position and its Activity

The economic crisis, the full impact of which came in 2009, affected the development in the life insurance market as well, which declined by 4% compared to last year. Nevertheless the premium is above the level of 2007, indicating a growing market tendency in the long run. The volume of the premium written was EUR 1.062 billion on the life insurance market in 2009, to which Poistovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group contributed by premium written of EUR 33.5 million, achieving a market share of 3.16%.

For the entire Vienna Insurance Group in Slovakia, the year 2009 was in the sign of growth and a strengthening the market position. In spite of the four percentage decline on the life insurance market, the whole group managed to achieve a market share in this segment of 29.61%, remaining the number one in life-insurance. Considering the whole sector, i.e. life and non-life insurance, it was even slightly more successful. With the total premium written of EUR 638 million it reached a market share of 31.62%.

Premium written in EUR ths.	2007	2008	2009
Life insurance market in Slovakia	956 048	1 105 796	1 061 501
Poistovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group	27 817	40 162	33 530
Market share of the Company	2.91%	3.77%	3.16%
Ranking of the Company on the market	9	8	10
Vienna Insurance Group in Slovakia in life insurance	241 689	323 829	314 288
Market share of Vienna Insurance Group	25.28%	29.28%	29.61%
Ranking of Vienna Insurance Group on the market	2	1	1

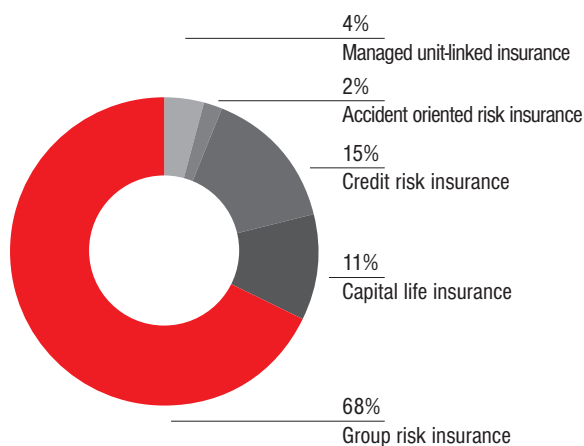
Source: Slovenská asociácia poisťovní (SLASPO - Slovak Association of Insurance Companies)

The data for 2007 and 2008 are converted using the exchange rate EUR 1 = SKK 30.1260. Premium Written of the Company was converted using the average exchange rate of 2008 (EUR 1 = SKK 31.291).

The data for 2009 are preliminary and not audited - provided by SLASPO - Slovak Association of Insurance Companies.

The total number of policies concluded by the Company as of December 31, 2009 totalled 138 073. However, this number does not include the Company's most successful product of 2009 – "Insurance of loans". This group insurance product is offered by Poistovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group since April 2009. Till December 31, 2009 the Company concluded this product with 36 110 loans, which represents 68% of the new business (by number of policies).

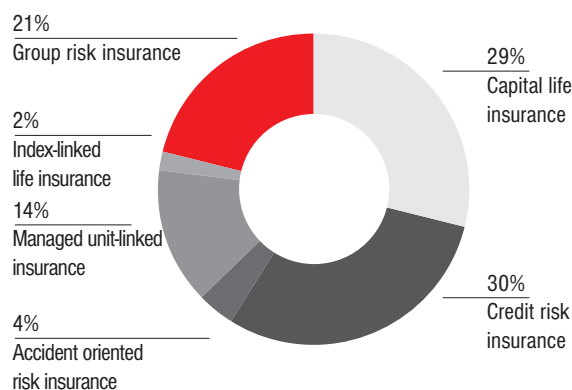
**Composition of the new business for 2009 – by number of policies**



The selection of distribution channels plays an important role in the development of business results. In the banking environment, in which Poistovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group operates, the clients are interested (apart from covering risks associated with the repayment of loans) especially in a safe valorisation of their money. This trend even strengthened in consequence of the drops on stock market triggered by the economic crisis and so the clients chose guaranteed traditional life insurance products. After having considered the aforementioned circumstances as well as further factors, the Company decided to refrain from issuing any special tranche of single paid investment products in 2009. In spite of the fact that this drop-out was the main cause for the decrease of new business by 37.2%, in the long run - the Company maintains its 4th place in single paid new business. The volume of total new business amounted to EUR 19.412 million.

Along with the change of the product type structure, the new business has also been affected by the introduction of the new product called „Insurance to loans”, replacing the original credit risk insurance. The product offers solutions for the current threats brought about by the economic crisis and within the insurance of loans, the Company responded by introducing a new rider - permanent total disability. In the first month of sale, the penetration of the insurance of loans increased by 17% compared to the original product. In relation to the total portfolio, it constitutes 21% of the total number of policies.

**Total portfolio distribution as of December 31, 2009 – by number of policies**



**Financial Situation**

Since 2006, Poistovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group has compiled its financial statements in compliance with international financial reporting standards in the wording as adopted by the European Union (IFRS EU).

In compliance with IFRS EU, the Company's result after tax for 2009 is a profit in the amount of EUR 1 975 thousand. The premium written for 2009 reached EUR 33 530 thousand, out of this - the insurance linked to investment funds amounted EUR 6 741 thousand.

Compared to the previous year, the book value of the Company's assets as of December 31, 2009 increased by 3.3% to EUR 183 046 thousand. By the end of the period, the share capital amounts EUR 5 677 thousand. The technical provisions before re-insurance amounted EUR 156 845 thousand by the day the Financial Statements were compiled.

On January 1, the Slovak Republic successfully joined the Euro-zone. Along the common currency, we have adopted also the rates valid in the Euro-zone. In the early 2009, the base rate of the European Central Bank (ECB) was about 2.5%. Due to the economic decline, increasing unemployment and slowing-down inflation, this rate decreased gradually and from May till the end of the year 2009 it was 1%.

The yields on the financial markets copied the development of ECB's base rate and decreased gradually and this affected also the profitability of the Company's termed deposits. Since the launch of the refinancing tenders of the European Central Bank in July, the markets saw liquidity surpluses (practically till the end of 2009), keeping the rates low on the financial markets.

In the first half of 2009, the European bond market saw an increased interest in short-term bonds, while the yield of long-term bonds increased. This became evident in Slovakia in the second quarter, when the yield of primary-issuances of Slovak government papers even exceeded the

yields on the secondary market. In the last quarter, due to the relatively high demand for Slovak state bonds, the difference between the Slovak and German state bonds started to decrease, resulting in lower yields. In consequence of this, the new investments made in the second and third quarter brought higher yields. The drop of yields in the second half of the year and especially in the last quarter caused a growth of the bond-prices. This resulted in higher shareholder equity due to the revaluation of the financial investments available for sale.

The stock markets continued falling over the first two months of 2009. This fall started in 2008 already. The situation changed in March, when the largest American banks reported their profits of the first two months. The growth continued also in the subsequent months and was caused mainly by two factors, i.e. the profits made by companies and massive governmental support programmes. Such measures are not sustainable however and so it is actually questionable, whether, after they have run out - the companies will really manage to continue in the assumed profit growth.

Though the representation of equity investments in 2009 was rather limited in the Company's portfolio, due to the significant growth on the stock market, those investments achieved extraordinary profits.

The achieved valorisation of the financial assets enabled the Company to credit its clients with discretionary participation features for 2009 - amounting 3.65%.

From the aspect of new investments, the total financial placement was affected by the ongoing crisis as well as by the development of the value and structure of technical provisions. In spite of the slight yearly decrease of technical reserves, the book value of the total financial placement saw a yearly increase and by the end of 2009 - it achieved the level of EUR 181 088 thousand.

Apart of the financial placement covering the technical provisions from the managed unit-linked and index-linked life insurance, the investment strategy of which is precisely predefined, the new financial investments flew mainly into state securities, bond mutual funds and money market funds. The goal of those investments was to create an optimum balance between security, profitability and liquidity of this portfolio. As of December 31, 2009, state bonds constituted 67.5% of this portfolio.

In 2009, the Company created technical provisions in an amount of EUR 156 845 thousand. Compared to 2008, it means a drop by 0.9%, caused mainly by the large amount of 5-year maturities of capital policies. The Company assumes this trend to be continued also in the upcoming years.

In 2009, Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group had to solve a total of 9 368 insurance events, the main part of which - 96.6% were maturities, 3% of the events were deaths and 0.4% accidents. The settlement of insurance events resulted in paid out claims worth EUR 27.2 thousand.

The Board of Directors proposes to assign the profit achieved in 2009 to retained earnings of the previous years. This decision will positively affect the Company's equity, thus strengthening also its solvency.

## Proposal for Profit Distribution

In 2009, the Company achieved a profit after tax of EUR 1 974 655.79. Already in 2009, the Company fulfilled its legal duty of creating a legal reserve fund amounting 20% of the Company's share capital representing EUR 1 135 440 (as of December 31, 2009).

Thus the Board of Directors proposes to assign the profit achieved in 2009 to retained earnings of the previous years.

## Other Significant Circumstances and Events

### Influence of the accounting entity on employment and the environment

Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group continues to be a stable employer. In spite of the economic crisis and the increasing unemployment rate in 2009, the average number of employees have even increased. To December 31, 2009 the Company employed 56 full-time employees (including two BoD-members and nine managing employees) - out of them 34 women. The number of employees to December 31, 2008 was 53.

Compared to 2008, Company has recorded also an increase of university educated employees, the share which reached 59%. The rest of the staff (41%) consists of employees with full-secondary education. The average age was 34.5 years.

Though the Company was confronted with the pressure to increase efficiency and cut costs in 2009 due to the economic crisis, the Company continued supporting education and care for its employees. The Company continued providing a wide range of employee benefits and through its remuneration system it motivated the employees to achieve better results in meeting the objectives of the Company.

The operations of Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group do not adversely affect the environment. The Company continues developing the environmental awareness of its employees, supporting waste-separation and the use of recycled paper.

### Philanthropic and Charity Activities

Activities of Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group follow the Ethical Code of the care Insurance Industry, being an official document of the Slovak Association of Insurance Companies. The company used the services of law-protected workshops and dedicated 2% of its taxes to organisations focusing on the treatment and prevention of dread diseases. In 2009, the Company supported the Foundation Paediatric Cardio-Centre (Nadácia detské kardiocentrum) and the League Against Cancer (Liga proti rakovine).

### Involvement in Law-Suits

In 2009, Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group was involved in one law-suit - as a passive participant. As of December 31, 2009 this law-suit was still ongoing.

**Audits Performed**

In May, the National Bank of Slovakia (hereinafter just „NBS“) conducted an on-site supervision at Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group - in compliance with the Act No. 747/2004 on Financial Market Supervision (as amended and in the wording of subsequent regulations). The subject of this supervision was the abidance of the provisions stipulated by the Insurance Act No. 8/2008 (Coll. of Laws - as amended and in the wording of the subsequent regulations) and other generally binding legal regulations, as well as the abidance of conditions stipulated in the permission for the performing of insurance activities and the abidance of the internal rules.

Several insufficiencies have been identified during that supervision and the NBS issued recommendations to remedy them. In the course of 2010, the Company will adopt measures complying with the aforementioned recommendations.

**Acquisition of Own Shares**

During the 2009 accounting period, Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group acquired neither any own shares, temporary certificates, business shares or stocks, nor temporary certificates and business shares in the parent company.

**Organisational Units Abroad**

Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group maintains no organisation unit abroad.

**Liability Adequacy Test**

The technical provisions of the Company as of the day the financial statements were compiled, are calculated and formed according to applicable formulas and principles i.e. in an amount corresponding to the current value of the Company's future liabilities towards the insured, calculated on the basis of the original actuary assumptions.

The Company also verified the sufficiency of technical provisions by performing an adequacy test, applying the method of discounted cash-flow and current actuary assumptions.

The test involved all insurance policies. The Company tested their main insurances with riders, since it is not possible to separate the riders from the main insurance and test them completely separately.

The Company tests the adequacy of its provisions in its portfolio separately for traditional policies (risk and capital policies) and separately for unit-linked policies. Should partial insufficiencies be discovered in the aforementioned two groups, they will be compensated by the surplus in other parts of the very same group.

The conducted liability adequacy test proved that the Company's total technical provisions are sufficient.

Further details pertaining to this issue can be found in the Notes to the Financial Statements.

**Information on Received Bank-Loans and other Bank-Credits**

As of December 31, 2009 - the Company received no bank-loans or any other loans.

**Risks and Uncertainties**

The Company is mainly exposed to insurance risks and financial risks.

An important risk control tool is the required insurance company's solvency margin, which is set by the law. The term solvency of an insurance company means the capability of the insurance company to ensure by own resources the sustainable payment of liabilities arising from the concluded insurance policies. As of the compilation date of financial statements, the actual solvency of Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group was EUR 21 215 thousand, exceeding the required solvency margin by almost 3 times. By this, the Company provides its clients with certainty in respect of satisfying their claims from concluded insurance policies.

One of the insurance-risk control tools is the underwriting of risks related to the life and health of the insured person, which the Company assumes with the subsequent policy signed. The Company issues policies covering the following insurance risks: death, survival, accidental death, permanent consequences of an accident, dread diseases and permanent total disability. When assessing the risk, various different underwriting levels are distinguished, i.e. with respect to the client's health condition.

By re-insurance, Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group transfers a part of its insurance risk onto the re-insurer. In this way, the reinsurance becomes an active tool for controlling the Company's insurance risks, supporting by this the Company's ability to fulfil its liabilities towards the insured.

The most important financial risk components are interest-rate risk, liquidity risk, credit risk and currency risk.

Due to the nature of its investments and liabilities, the Company faces mostly interest-rate risk, which is controlled through asset liability management (ALM).

The individual risks and their analysis are described in detail in the Notes to the Financial Statements. As of December 31, 2009 the Company records no significant risks and uncertainties.

**Research and Development Costs**

Poist'ovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group does not have any research and development costs.

**Events of Special Significance, Occurring after the Accounting Period**

There were no occurrences after the Balance Sheet date, which would significantly affect the depiction of facts being subject of the accounting.

## Assumed Future Development

Also in 2010, Poistovnía Slovenskej sporiteľne, a. s. Vienna Insurance Group will provide its clients quality products focusing on their protection for cases of various adverse life situations.

Since its foundation, the Company has been one of the leaders in single paid products and it will continue in this trend also in the year 2010. At the same time, the Company will focus on the sale of regularly paid products and risk products. The Company estimates a 10% yearly increase of gross premium written.

One of the Company's main priorities in the near future will be cost-reduction, by optimising processes and the cost's structure.

In connection with those circumstances, the Company assumes a profit growth of 10%.

Side by side with two significant and internationally operating financial groups, i.e. the Erste Group and Vienna Insurance Group, the Company will continue to develop its image as a trustworthy partner, supported by the launching of innovative services, simplification of processes and the creation of competitive products customised to the respective distribution channel.

An objective for 2010 is also to contribute to the effort of maintaining the Vienna Insurance Group in its top position on the Slovak insurance market.



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**Report on Verifying Consistency of the Annual Report with the Financial Statements,  
as required by §23 of Act No. 540/2007 Coll.  
(Addendum to the Auditor's Report)**

To the shareholders, Supervisory Board and Board of Directors of Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group.

We have audited the accompanying financial statements of Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group („the Company“) at 31 December 2009, on which we issued an unqualified Auditor's Report on 24 March 2010 which is included in the annual report.

In accordance with the Act No. 431/2002 Coll. on Accounting, as amended, we also verified whether accounting information included in the Company's annual report at 31 December 2009 is consistent with the audited financial statements referred to above.

**Statutory Body's Responsibility for the Annual Report**

The company's statutory body is responsible for the preparation, accuracy, and completeness of the annual report in accordance with the Slovak Accounting Act.

**Auditor's Responsibility for Verifying Consistency of the Annual Report with the Financial Statements**

Our responsibility is to express an opinion on whether the accounting information presented in the annual report is consistent, in all material respects, with the information in the Company's audited financial statements. We conducted the verification in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the verification to obtain reasonable assurance whether the annual report is free from accounting information that would significantly differ from the information stated in the financial statements.

The scope of work includes performing procedures to verify that the accounting information presented in the annual report is consistent with the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the annual report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. We did not verify those data and information in the annual report that were not derived from the financial statements.

We believe that the procedures performed provide a sufficient and appropriate basis for our opinion.

**Opinion**

In our opinion, the accounting information presented in the Company's annual report prepared for the year ended on 31 December 2009 is consistent, in all material respects, with the audited financial statements referred to above.

PricewaterhouseCoopers Slovensko, s.r.o.

**Translation note:**

This version of our report is a translation from the original, which was prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



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## INDEPENDENT AUDITOR'S REPORT

To the shareholders, Supervisory Board, and Board of Directors of Poistovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group

We have audited the accompanying financial statements of Poistovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group, which consist of the balance sheet as at 31 December 2009, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, a summary of significant accounting policies, and explanatory notes.

### Statutory body's responsibility for the financial statements

The statutory body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

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

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



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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Poistovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group as of 31 December 2009, its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers Slovensko, s.r.o.  
SKAU licence No.: 161

Ing. Eva Hupková  
SKAU licence No.: 672

24 March 2010

### **Translation note:**

This version of our report is a translation from the original, which was prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Poistovňa

Slovenskej sporiteľne, a. s.

Vienna Insurance Group

Financial statements compiled pursuant  
to IFRS in the wording as adopted by the EU  
for the year ending December 31, 2009

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**Balance sheet**

	Note	as of December 31, 2009	as of December 31, 2008
<b>ASSETS</b>			
Tangible assets	5	174	198
Intangible assets	6	143	181
Financial assets	7	181 508	172 383
Equity securities		22 568	10 413
- available for sale		11 244	2 994
- at fair value through profit or loss		11 324	7 419
Bonds		153 141	148 454
- held to maturity		65 885	68 660
- available for sale		67 723	61 461
- at fair value through profit or loss		19 533	18 333
Term deposits	9	5 378	13 376
Receivables including receivables from insurance	10	269	140
Corporate Income Tax receivable	10	152	-
Deferred tax receivable	20	345	867
Assets arising from reinsurance	11	13	13
Accruals accounts	13	156	658
Accrued costs		23	36
Deferred acquisition costs		133	621
Cash and cash equivalents	12	707	2 865
<b>Total assets</b>		<b>183 046</b>	<b>177 165</b>
<b>SHAREHOLDER EQUITY</b>			
Share capital	14	5 677	5 676
Other funds	14	5 437	5 241
Revaluation differences	14	35	(3 010)
Retained earnings	14	10 101	8 323
<b>Total shareholder equity</b>		<b>21 250</b>	<b>16 230</b>
<b>LIABILITIES</b>			
Liabilities arising from insurance policies	15	159 944	159 950
- out of this provision for unit-linked insurance	15	30 355	25 675
Other operating liabilities	18, 19	915	1
Liabilities from business relations and other liabilities	17	937	653
Corporate Income Tax liability		-	331
<b>Total liabilities</b>		<b>161 796</b>	<b>160 935</b>
<b>Shareholder equity and liabilities total</b>		<b>183 046</b>	<b>177 165</b>

**Comprehensive income statement**

	Note	For the period January 1 – December 31, 2009	For the period January 1 – December 31, 2008
Gross written premium	21	33 530	40 162
- out of this insurance connected to an investment fund	21	6 741	24 671
written premium ceded to re-insurers	21	(316)	(152)
Change of the provision for unearned premium	15, 21	11	51
<b>Earned premium</b>		<b>33 225</b>	<b>40 061</b>
Income from financial placement	22	6 059	8 884
Costs of financial placement	24	(356)	(2 889)
Realised net-gains / (losses) from financial placement	23	160	(695)
Net increase / (decrease) of the financial assets at fair value through profit or loss		1 564	(684)
Other income	25	393	232
<b>Other operating income</b>		<b>7 821</b>	<b>4 848</b>
Change of the provision for life-insurance	15	6 196	(2 607)
Change of the provision for unit-linked insurance	15	(4 680)	(19 433)
Costs of claims	26	(32 679)	(12 655)
Claims ceded to re-insurers	26	44	14
Change of the provision for claims	15, 26	(99)	(188)
<b>Net insurance benefits and claims</b>		<b>(31 218)</b>	<b>(34 869)</b>
Acquisition costs of insurance contracts	27	(3 898)	(2 920)
Operating expenses	28, 29	(3 276)	(2 733)
Other operating expenses	30	(218)	(172)
<b>Expenses</b>		<b>(7 392)</b>	<b>(5 825)</b>
<b>Profit before tax</b>		<b>2 436</b>	<b>4 215</b>
Income tax	32	(461)	(795)
<b>Profit for the year</b>		<b>1 975</b>	<b>3 420</b>
<b>Other comprehensive income:</b>			
Revaluation of available for sale		3 760	(1 531)
Deferred tax from revaluation of available for sale		(715)	291
Exchange rate differences from currency conversion		-	1 526
<b>Other comprehensive income for the year, net of tax</b>		<b>3 045</b>	<b>286</b>
<b>Total comprehensive income for the year</b>		<b>5 020</b>	<b>3 706</b>
<b>Profit attributable to:</b>			
The owners of the parent company		1 777	3 078
Participations with minority influence		197	342
		<b>1 975</b>	<b>3 420</b>
		<b>For the period January 1 – December 31, 2009</b>	<b>For the period January 1 – December 31, 2008</b>
<b>Total comprehensive income attributable to:</b>			
The owners of the parent company		4 518	3 336
Participations with minority influence		502	371
		<b>5 020</b>	<b>3 706</b>

All amounts are in thousands of EUR, unless stipulated otherwise  
The notes on pages 32 to 77 are an integral part of these financial statements.

**Statement of changes in shareholder equity**

	Share-capital	Legal reserve funds	Other funds	Revaluation differences	Retained earnings	Share-holder equity total
<b>Balance as of January 1, 2008</b>	<b>5 089</b>	<b>554</b>	<b>3 857</b>	<b>(1 587)</b>	<b>4 566</b>	<b>12 478</b>
Changes in the share capital	-	-	-	-	-	-
Revaluation of financial assets	-	-	-	(1 474)	-	(1 474)
Change of the deferred tax	-	-	-	280	-	280
Profit distribution	-	310	-	-	(310)	-
Operating profit of the current period	-	-	-	-	3 420	3 420
Exchange rate differences from currency conversion	587	76	445	(229)	647	1 526
<b>Balance as of December 31, 2008</b>	<b>5 676</b>	<b>939</b>	<b>4 302</b>	<b>(3 010)</b>	<b>8 323</b>	<b>16 230</b>
Changes in the share capital	1	-	-	-	(1)	-
Revaluation of financial assets	-	-	-	3 760	-	3 760
Change of the deferred tax	-	-	-	(715)	-	(715)
Profit distribution	-	196	-	-	(196)	-
Operating profit of the current period	-	-	-	-	1 975	1 975
<b>Balance as of December 31, 2009</b>	<b>5 677</b>	<b>1 135</b>	<b>4 302</b>	<b>35</b>	<b>10 101</b>	<b>21 250</b>

**Cash flow statement**

	Note	For the year ending December 31, 2009	For the year ending December 31, 2008
<b>Cash flow from operating activities</b>			
Profit before tax		2 436	4 215
Profit adjustment by non-cash items:			
Depreciations of tangible assets	5	68	(32)
Depreciations of intangible assets	6	52	83
(Profits)/losses from sale of assets		(10)	83
(Increase)/decrease of Deferred acquisition costs		488	329
Interest income		(5 447)	(5 957)
Dividend income		-	(14)
Operating profit before changes in working capital		<b>(2 409)</b>	<b>(1 293)</b>
(Increase)/decrease of financial assets		(8 936)	(37 399)
Revaluation of AFS investments	7	3 760	(1 757)
(Increase)/decrease of assets from re-insurance	11	8	(30)
(Increase)/decrease of receivables from insurance and of other receivables		242	(68)
Increase/(decrease) of liabilities from insurance		(6)	37 591
Increase/(decrease) of other liabilities and accruals		455	(307)
Increase/(decrease) of liabilities from re-insurance	11	(8)	24
Increase/(decrease) of financial liabilities		-	(4)
Increase/(decrease) of other liabilities and provisions	18, 19	914	-
<b>Cash flows from operating activities</b>		<b>(6 411)</b>	<b>(3 242)</b>
Interests received			
		5 447	5 938
Received dividends			
	22	-	14
Tax paid			
		(1 136)	(567)
<b>Net cash flow from operating activities</b>		<b>(2 100)</b>	<b>2 143</b>
<b>Cash flow from investment activities</b>			
Acquisition of tangible assets	5	(45)	(94)
Acquisition of intangible assets	6	(17)	(35)
Income from sale of assets		10	25
<b>Net cash flow from investment activities</b>		<b>(52)</b>	<b>(104)</b>
<b>Cash flow from financing activities</b>			
<b>Net cash flow from financing activities</b> (increase of shareholder equity)			
		-	-
<b>Net increase/(decrease) of cash and cash equivalents</b>		<b>(2 151)</b>	<b>2 039</b>
Cash and cash equivalents at the beginning of the period	12	2 865	573
Exchange rate differences on cash and cash equivalents		(6)	104
Exchange rate differences from currency conversion		-	149
<b>Cash and cash equivalents at the end of the period</b>	<b>12</b>	<b>707</b>	<b>2 865</b>

# Notes to the Financial Statements compiled pursuant to IFRS in the wording as adopted by the EU

## 1 General information

**Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group** was founded on September 20, 2002, was incorporated on January 27, 2003, and is registered with the Business Register (OR) of the District Court Bratislava I., rider No. 3085/B.

As of December 31, 2008, the principal office of Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group changed to:  
Tomášikova 48, 832 68 Bratislava  
Slovak Republic  
IČO (company identification number): 35851023  
DIČ (tax identification number): SK2021710064

On May 8, 2009, the Company's commercial name changed to Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group.

Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group (hereinafter, the "Company") provides the following types of life insurance:

- insurance for the case of death, for the case of survival or death or survival
- insurance related to investment fund
- accident and disease insurance, if being a rider to the main insurance

The Company performs its business activities on entire territory of the Slovak Republic through a network of branch offices of Slovenská sporiteľňa, a. s.

The Company is not a partner of any accounting entities with unlimited liability.

These Financial Statements were compiled on January 11, 2010 as a going concern requirement for the Company's financial statements as of December 31, 2009 (the balance sheet date), and were approved by the Company's Board of Directors on March 23, 2010.

The financial statements for the preceding accounting period were approved on April 1, 2009 by the Company's General Assembly.

The members of the statutory and supervisory bodies as entered into the Business Register are:

<b>Board of Directors:</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Chairman:	Ing. Roman Podolák	Ing. Roman Podolák
Member:	Ing. Viera Kubašová	Ing. Viera Kubašová
<b>Supervisory Board:</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Chairman:	Ing. Juraj Lelkes (as of April 1, 2009)	Mag. Klaus Bergsmann
Members:	Ing. Daniel Morvay	Ing. Daniel Morvay
	Ing. Jarmila Gregorová (as of April 15, 2009)	Ing. Slávka Miklošová
	Mag Erwin Hammerbacher (as of April 1, 2009)	Ing. Petr Tejbus
	Paul Huss (as of April 1, 2009)	
	Luboš Solnoky (as of April 1, 2009)	
<b>Procurator:</b>	Ing. Adriána Palčová	Ing. Adriána Palčová/Lopatková

The Company had an average of 57 employees in 2009 (53 in 2008), including 2 members of the Board of Directors (2 in 2008) and 9 managers (9 in 2008)

The Company is owned by the following three entities, all of which own equity in the Company:

- Wiener Städtische Versicherung AG, Vienna	90%,
- KOOPERATIVA poisťovňa, a. s. Vienna Insurance Group	5%,
- Slovenská sporiteľňa, a. s.	5%.

A shareholder's number of votes depends on the nominal value of shares held. A shareholder's number of votes is calculated by the sum of the nominal values of his shares multiplied by the factor of EUR 33.2 (thirty three euro and twenty cents). The Company's shares are not publicly tradable.

The Company is included in the consolidated financial statements of Wiener Städtische Versicherung AG Vienna Insurance Group, with its registered office at Schottenring 30, 1010 Vienna, Austria. These consolidated financial statements are available at the registered office of the aforementioned company.

## 2 Accounting principles and methods

### Basis of presentation

The accounting period of this Financial Statements as of December 31, 2009 is the period of 12 months ending December 31, 2009. These financial statements have been prepared in accordance with Article 17a), paragraph 1, of Act 431/2002 on Accounting, as amended, and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

These Financial Statements have been compiled as on-going Financial Statements in compliance with the aforementioned IFRS EU and their

respective interpretations, issued and valid in the wording as adopted by the European Union as of December 31, 2009, their application is obligatory for the compilation of Financial Statements as of the balance sheet reporting day.

The ultimate parent company of Poisťovňa Slovenskej sporiteľne, a. s. Vienna Insurance Group is WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group ("the Group").

The financial statements have been prepared under the historical cost convention, except for the valuation of financial assets available for sale, and financial assets and financial liabilities at fair value through profit or loss, which are stated at fair value.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 and 4.

All amounts are stated in thousands of EUR unless stated otherwise.

The Board of Directors may propose to the Company's shareholders to amend the financial statements even after their approval by the General Assembly. However, according to paragraph 16, Articles 9 to 11 of the Accounting Act, an entity's accounting records cannot be reopened after the financial statements have been prepared and approved. If, after the financial statements have been approved, management identifies that the comparative information would not be consistent with the current period information, the Accounting Act allows entities to restate comparative information in the accounting period in which the relevant facts are identified.

**EURO adoption**

By signing the accession treaty to the European Union (on April 16, 2003 in Athens), the Slovak Republic obliged to accede to the Economic and Monetary Union and to adopt the common currency – i.e. the Euro. Due to the National Plan for the Euro Adoption in the Slovak Republic, Slovakia adopted the common European currency on January 1, 2009. Changes in accounting and disclosure are also part of the Euro adoption.

As of January 1, 2009, Slovakia adopted the Euro as the single legal tender in the country. The conversion from Slovak crowns to the Euro, including the valuation of assets, liabilities, and equity, was effected using the agreed conversion rate of EUR 1 = SKK 30.1260.

For the purpose of reporting comparable data for the comparison period the average conversion exchange rate of 2008 was applied (EUR 1 = SKK 30.291) on transactions made during year 2008. For conversion of assets and liabilities balances as of December 31, 2007 exchange rate EUR 1 = SKK 33.603 was used.

**Adoption of New or Revised Standards and Interpretations in 2009**

**IFRIC 12, Service Concession Arrangements** (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after March 30, 2009, with early adoption permitted). The Company does not provide services to the public sector based on concession arrangements. This amendment has been adopted by the EU.

**New or revised standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 and which the Company has not early adopted:**

**IFRS 8, Operating Segments** (effective for annual periods beginning on or after January 1, 2009). The standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments, with segment information presented on a similar basis to that used for internal reporting purposes. The Company does not expect IFRS 8 to affect the financial statements. This amendment has been adopted by the EU.

**Puttable Financial Instruments and Obligations Arising on Liquidation – IAS 32 and IAS 1 Amendment** (effective for annual periods beginning on or after January 1, 2009). The amendment requires classification as equity of some financial instruments that meet the definition of financial liabilities. The Company does not expect the amendment to affect its financial statements. This amendment has been adopted by the EU.

**IAS 23, Borrowing Costs** (revised in March 2007; effective for annual periods beginning on or after January 1, 2009). The main change to IAS 23 is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Company will be required to capitalize such borrowing costs as part of the cost of the asset. The revised standard applies prospectively to borrowing costs relating to qualifying

assets for which the commencement date for capitalization is on or after January 1, 2009. The Company does not expect the amendment to the standard to have a material effect on its separate financial statements. This amendment has been adopted by the EU.

**IAS 1, Presentation of Financial Statements** (revised in September 2007; effective for annual periods beginning on or after January 1, 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities will be allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The Company expects the revised IAS 1 to affect the presentation of its separate financial statements but to have no impact on the recognition or measurement of specific transactions and balances. This amendment has been adopted by the EU.

**IAS 27, Consolidated and Separate Financial Statements** (revised in January 2008; effective for annual periods beginning on or after July 1, 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent company and to the non-controlling interests (previously 'minority interests') even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Company is currently assessing the impact of the revised standard on its separate financial statements. The amendment has been adopted by the EU.

**Vesting Conditions and Cancellations – Amendment to IFRS 2, Share-based Payment** (effective for annual periods beginning on or after January 1, 2009). The amendment clarifies that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment which has been adopted by the EU will have no impact on the Company's separate financial statements.

**IFRS 3, Business Combinations** (revised in January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure

at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. Acquisition-related costs will be accounted for separately from the business combination and therefore recognized as expenses rather than included in goodwill. An acquirer will have to recognize at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognized in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Company is currently assessing the impact of the revised standard on its separate financial statements. The amendment has been adopted by the EU.

**IFRIC 13, Customer Loyalty Programmes** (issued in June 2007; effective for annual periods beginning on or after July 1, 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 which has been adopted by the EU is not relevant to the Company's operations because the Company does not operate any loyalty programme. The amendment has been adopted by the EU.

**IFRIC 15, Agreements for the Construction of Real Estate** (effective for annual periods beginning on or after January 1, 2009). The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognize revenue on such transactions. IFRIC 15 which has been adopted by the EU has no impact on the Company's separate financial statements.

**IFRIC 16, Hedges of a Net Investment in a Foreign Operation** (effective for annual periods beginning on or after October 1, 2008). The interpretation explains which currency risk exposures are eligible for hedge accounting and states that translation from the functional currency to the presentation currency does not create an exposure to which hedge accounting could be applied. The IFRIC allows the hedging instrument to be held by any entity or entities within a group except the foreign operation that itself is being hedged. The interpretation also clarifies how the gain or loss recycled from the currency translation reserve to profit or loss is calculated on disposal of the hedged foreign operation. Reporting entities will apply IAS 39 to discontinue hedge accounting prospectively when their hedges do not meet the criteria for hedge accounting in IFRIC 16. This interpretation which has been adopted by the EU does not have any impact on these separate financial statements as the Company does not apply hedge accounting.

**Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – Amendment to IFRS 1, First-time Adoption of International Financial Reporting Standards, and to IAS 27, Consolidated Financial Statements** (revised in May 2008; effective for annual periods beginning on or after January 1, 2009). The amendment allows first-time adopters of IFRS to measure investments in subsidiaries, jointly controlled entities or associates at fair value or at previous GAAP carrying value as deemed cost in the separate financial statements. The amendment also requires distributions from pre-acquisition net assets of investees to be recognized in profit or loss rather than as a recovery of the investment. The amendment which has been adopted by the EU will have no impact on the Company's separate financial statements.

**Eligible Hedged Items – Amendment to IAS 39, Financial Instruments: Recognition and Measurement** (effective with retrospective application for annual periods beginning on or after July 1, 2009; early application permitted). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment which has been adopted by the EU will have no impact on the Company's separate financial statements.

**Improvements to International Financial Reporting Standards** (issued in May 2008). In 2007, the International Accounting Standards Board ("IASB") decided to initiate an annual improvements project as a method of making necessary, but non-urgent, amendments to IFRS. The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary; possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. The Company does not expect the amendments to have any material effect on its separate financial statements. The improvement project has been adopted by the EU.

**IFRIC 17, Distribution of Non-Cash Assets to Owners** (effective for annual periods beginning on or after July 1, 2009; early adoption permitted). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognized. An entity should measure

a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognized in profit or loss when the entity settles the dividend payable. IFRIC 17 which has been adopted by the EU is not relevant to the Company's operations because the Company does not distribute non-cash assets to its shareholders.

**IFRS 1, First-time Adoption of International Financial Reporting Standards** (effective for the first IFRS financial statements for a period beginning on or after July 1, 2009). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The revised standard will have no impact on the Company's separate financial statements. The amendment has been adopted by the EU.

**IFRIC 18, Transfers of Assets from Customers** (effective for annual periods beginning on or after July 1, 2009). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. The Company is currently assessing the impact of this interpretation on its separate financial statements. IFRIC 18 has been adopted by the EU.

**Improving Disclosures about Financial Instruments - Amendment to IFRS 7, Financial Instruments: Disclosures** (revised in March 2009; effective for annual periods beginning on or after January 1, 2009). The Company will be required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. The Company will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The amendment has not yet been adopted by the EU.

**Embedded Derivatives - Amendments to IFRIC 9 and IAS 39** (effective for annual periods ending on or after June 30, 2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after December 31, 2009, with early adoption permitted). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. The amendment has been adopted by the EU.

**Improvements to International Financial Reporting Standards** (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after July 1, 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39

are effective for annual periods beginning on or after January 1, 2010; the improvements have not yet been adopted by the EU). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Company does not expect the amendments to have any material effect on its financial statements. The amendment has not yet been adopted by the EU.

**Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, Share-based Payment** (effective for annual periods beginning on or after January 1, 2010, not yet adopted by the EU). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The amendment has not yet been adopted by the EU.

**Additional Exemptions for First-time Adopters - Amendments to IFRS 1, First-time Adoption of IFRS** (effective for annual periods beginning on or after January 1, 2010; not yet adopted by the EU). The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' when the application of their national accounting requirements produced the same result. The amendments will not have any impact on

the Company's financial statements. The amendment has not yet been adopted by the EU.

**Classification of Rights Issues – Amendment to IAS 32, Financial Instruments:**

**Presentation** (effective for annual periods beginning on or after February 1, 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The Company is currently assessing the impact of the amendment on its financial statements. The amendment has not yet been adopted by the EU.

**IAS 24, Related Party Disclosures** (amended November 2009, effective for annual periods beginning on or after January 1, 2011; not yet adopted by the EU). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The Company is currently assessing the impact of the amended standard on disclosures in its financial statements. The amendment has not yet been adopted by the EU.

**IFRS 9, Financial Instruments** (issued in November 2009, effective for annual periods beginning on or after January 1, 2013, with earlier application permitted; not yet adopted by the EU). The new standard applies a simplified approach to financial assets classification which defines if the financial asset is measured at amortised cost or at fair value. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

The Company is considering the implications of the standard, the impact on the Company and the timing of its adoption by the Company. The amendment has not yet been adopted by the EU.

**IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments** (effective for annual periods beginning on or after July 1, 2010; not yet adopted by the EU). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. The amendment has not yet been adopted by the EU.

**Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14**

(effective for annual periods beginning on or after January 1, 2011; not yet adopted by the EU). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. The amendment has not yet been adopted by the EU.

**Limited exemption from comparative IFRS 7 disclosures for first-time adopters - Amendment to IFRS 1** (effective for annual periods beginning on or after July 1, 2010; not yet adopted by the EU). Existing IFRS preparers were granted relief from presenting comparative information for the

new disclosures required by the March 2009 amendments to IFRS 7 'Financial Instruments: Disclosures'. This amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7. The amendment has not yet been adopted by the EU.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Company's financial statements.

**Changes in presentation**

Where necessary, corresponding figures have been adjusted to conform to the presentation of the current year amounts.

**Opening statement of financial position at the beginning of the earliest comparative period presented and related information in the notes.**

The revised IAS 1 which became effective from January 1, 2009 requires an entity to present a statement of financial position as at the beginning of the earliest comparative period ('opening statement of financial position'), when the entity applies an accounting policy retrospectively or makes a retrospective restatement or when it reclassifies items in its financial statements. Therefore, an entity that makes such a prior period adjustment or reclassification normally presents, as a minimum, three statements of financial position, two of each of the other statements, and related notes.

In 2009, the Company made restatements required by the amended IAS 1 that do not impact on the statement of financial position, for example the Company now presents gains and losses from revaluation of Available for sale financial assets in the statement of comprehensive income rather than in the statement of changes in equity. IAS 1 suggests that the opening statement of financial position should be presented even if the restatements have an impact only on the other primary statements. In these circumstances, management considered whether omitting the opening statement of financial position on January 1, 2008 would represent a material omission of information. In management's opinion, the omission of the opening statement of financial position, where the restatement or reclassification does not affect any statement of financial position (and that fact is disclosed), is not material and is therefore permitted. Management considered that materiality of an omission is measured against its ability to influence the economic decisions of the users of the financial statements.

**Presentation of each item of other comprehensive income in the statement of changes in equity.**

The revised IAS 1 which became effective from January 1, 2009 requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each change. This could include presenting profit or loss and each item of other comprehensive income in the statement of changes in equity. Management considered materiality and concluded that it is sufficient for an entity to present such information only in the statement of comprehensive income and that repeating the same information in the statement of changes in equity, is not a material omission of information. In reaching this conclusion, Management considered the examples provided in the guidance on

implementing, which accompanies the revised IAS 1, but is not a mandatory part of that standard.

## 2.1 Exchange rate differences

(a) Functional currency and the currency in which these Financial Statements were presented

The functional currency is the currency in which the Company runs its activities. The currency used for the presentation of these Financial Statements, is the euro (EUR), which is also the functional currency.

(b) Operations and differences

Transactions in foreign currency are transactions executed in a currency other than the Company's functional currency and for calculation (conversion) - the Company shall use the exchange rate between the functional currency and the foreign currency as of the transaction date, i.e. the current exchange rate of the European Central Bank (ECB). The exchange rate for assets and liabilities denominated in foreign currency is the exchange rate of the EBC as of the date the Financial Statements were compiled (as of the balance sheet reporting date).

Exchange rate gains and losses arising from conversion and revaluation as of the balance sheet date are included in the Income Statement. Differences from currency derivatives are not reported as exchange rate gains or losses, but rather represent a separate expenditure/income item of the Company.

## 2.2 Tangible assets

At the time of acquisition, tangible and intangible assets are recognised at acquisition cost. As of the balance-sheet date, tangible assets are stated at depreciated cost. Acquisition expenses also include expenditure directly connected to the acquisition of respective assets or capitalised subsequent costs, whereas it is probable that the Company will economically benefit from such assets in the future. The acquisition price does not comprise additional costs of normal operation, since such costs are booked directly as current period costs. All Company assets have been acquired by purchase.

The straight-line depreciation method is used for the depreciation of tangible assets. Assets are depreciated commencing from purchase value, lowered by the assumed income from their sale, if the asset in question is intended for sale following obsolescence. Depreciated value is systemically allocated to expenses during the assumed lifespan of the asset in question. The assumed life-span of the individual asset types is as follows:

■ personal computers and other hardware	4 years
■ automobiles	4 years
■ furniture	5 to 12 years
■ office devices and equipment	2 to 8 years

Lifespan and residual value is revaluated each year.

Property insurance

The subject of this insurance is compensation for losses incurred as a consequence of the operating risk that financial institutions are exposed

All amounts in thousands EUR, unless stipulated otherwise

to, in compliance with the following definition of the Basel committee for bank supervision: "Direct or indirect loss as a consequence of unsuitable internal processes, the failure thereof, failure of the human factor, failure of systems, or a consequence of external circumstances." The insurance costs of the Company are provided in Item 28 - Operating Expenses.

## 2.3 Intangible assets

(a) Licences

Software licences have been evaluated at purchase prices. The applied depreciation method is straight-line depreciation. The depreciated value is systemically allocated to expenses during the assumed lifespan of the asset in question. The assumed life-span of individual asset types is 4 to 8 years.

(b) Software

Software has been evaluated at purchase prices. The applied depreciation method is straight-line depreciation. The depreciated value is systemically allocated to expenses during the assumed lifespan of the asset. The assumed life-span of individual asset types is 4 to 8 years.

## 2.4 Financial assets and liabilities

The Company categorises financial assets as follows: financial assets at fair value through profit or loss, financial assets available for sale, financial assets held to maturity, term deposits and receivables.

Classification of financial assets as financial assets at fair value through profit or loss, financial assets available for sale, and financial assets held to maturity depends on the investment intention.

(a) Financial assets and liabilities at fair value through profit or loss

Classified if:

- acquired for re-selling or re-purchase in the near future,
- acquired with the intention of preventing accounting discrepancies between the revaluation of financial assets and liabilities, as covered by this financial asset,
- it is evident that those assets will soon generate gains,
- they are derivatives unless they are designated as hedges,
- it is designated by the accounting entity as an asset recognised initially at fair value and revaluated through profit or loss.

(b) Financial assets available for sale

Financial assets (except derivatives) classified as available for sale or not classified as other category.

(c) Financial assets held to maturity

Financial assets (except derivatives) with fixed or determinable payments, fixed maturities, and the intention and ability to hold to maturity.

(d) Term deposits and receivables

Term deposits and receivables are financial assets with fixed maturity (Item 2.7(a)).

The standard purchase and sale of financial assets is reported, or its reporting is ended by applying a settlement date. This method is

consequently used for all purchase and sale of financial assets.

For assets specified in both items b) through d), transaction costs are allocated to purchase (acquisition).

The respective financial assets or financial liabilities are initially recognised at fair value.

Financial assets and liabilities are subsequently measured at fair value, with the exception of provided loans and receivables, and financial assets held to maturity. Financial assets held to maturity are measured at residual value, using the effective interest rate method.

Realised and unrealised gains and losses from revaluations of financial assets and financial liabilities measured at fair value through profit or loss are recognised in the Income Statement in the period in which incurred. Unrealised gains and losses arising from the fair value changes of financial assets available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Income Statement as realised net gains and losses on financial assets.

The fair value of investments is set at market price. Market price is defined as the closing price published by the respective stock exchange for the respective evaluation day. In case that such closing price does not exist, the market price for respective evaluation day is set as the average value of the closing quotations provided by the market-makers, or this price is calculated from the yield achieved by an interpolation between the closest points of the given security's yield curve. In case of an inactive financial market, the fair value for the respective investment is set by employing evaluation techniques, which involve the application of current independent market transactions between informed and consenting parties, further references to the current fair value of another tool (being in principal of the same nature), other market information, and analysis of discounted cash flows and other models.

## 2.5 Derivative financial instruments

The Company classifies derivatives by their purpose of use for hedging derivatives and derivatives for trading. The Company owns in its portfolio only derivatives with currency instruments with fixed term operation, which are intended for trading. Derivative financial instruments are initially and also subsequently evaluated at fair value. Changes of fair values of such derivative instruments are recognised through profit or loss. Fair value is calculated as the difference between the present value of "buy receivable" and "sell liability" - i.e. the foreign currency against domestic currency, or domestic currency against the respective foreign currency. The receivable as well as the liability are denominated in the domestic currency, applying the exchange rate as set by the European Central Bank for the respective evaluation day.

## 2.6 Receivables

Receivables including receivables from insurance are initially recognised at fair value, the value of which is subsequently lowered by the value of

adjustments. Value adjustments to receivables from insurance are created in relation to the default-time of the respective receivables, based upon the results of the maturity development analysis. Following the ending of the insurance due to default, a value adjustment is created, amounting to 100% of the respective receivable. The Company requires clients to pay premium arrears, and in the case of receivables where the exaction costs would exceed the debt to recover, the Company drops further exaction measures. Receivables unpaid even after the aforementioned payment requirement will be ceded by the Company to a third-party, which will continue to exact such unpaid receivables.

## 2.7 Impairment and uncollectability of financial assets

As of the balance sheet date, the Company assesses the indicators for a possible impairment of financial assets or group of financial assets. The value of financial assets or group of financial assets is impaired and impairment losses are incurred in the event that one or more negative circumstances occurred subsequent to the initial recognition of the asset, affecting expected future cash flows from the financial assets or group of financial assets, and when such assets can be reliably estimated.

The impairment indicators are:

- significant financial difficulty of the issuer or debtor,
- infringement of contract terms such as default or delinquency in payments,
- high probability of insolvency,
- probability that the issuer or debtor will enter bankruptcy,
- suspended trading due to financial difficulties.

Possible impairment of financial assets is assessed on financial assets available for sale and financial assets held to maturity.

The Company has also established internal rules for the performance of the test, and the assessment of a possible impairment of financial assets or group of financial assets.

Impairment of equity and fund investments is performed if

- the investment's market value is constantly below 80% of its purchase price for a period of 6 months, and/or
- the investment's market value as of the balance sheet date dropped by more than 50% compared to the purchase price.

Impairment of debt financial instruments is performed in the case of the issuer's financial difficulties, and when the disbursement of remaining yields or the principal is partially or absolutely problematical or questionable. The market value of the debt-investment reflects any potential financial difficulties of the issuer.

If there are impairment indicators, the Company will determine the impairment amount. This amount of the loss is recognised in the income statement with a simultaneous creation of value adjustments.

The impairment loss of financial assets carried at amortized costs is measured as the difference:

- between the present value of expected future cash flows (using the original effective interest-rate of the respective financial instrument),
- and the asset's carrying amount as of the revaluation date.

The amount of impairment loss is set as follows:

- individually - for significant financial assets, and
- collectively - for financial assets grouped on the basis of identical credit risk.

If the amount of impairment decreases in the subsequent period and this change occurred due to an event which occurred after the impairment was recognised, the previously recognised impairment is adequately reversed by adjusting the value-adjustment accounts as well as the respective income accounts. The impairment loss is reversed or decreased to that amount the asset's carrying amount does not exceed the asset's carrying amount if the impairment had not been recognised.

In the case of financial assets available for sale, the Company assesses whether a significant and long-standing decrease of the fair value below acquisition cost occurred. If there are such impairment indicators, the cumulative revaluation loss recognised in equity is removed from equity and recognised in the Income statement. The impairment loss recognised through profit or loss is measured as the difference:

- between the acquisition costs, and
- the fair value as of the revaluation date.

If the impairment of the debt investment decreases in the subsequent period and such change occurred due to an event which occurred after the impairment was recognised, the impairment is reversed in the value-adjustment accounts as well as the respective income accounts.

## 2.8 Cash and cash equivalents

Cash and cash equivalents include petty cash, cash equivalents, bank deposits and other short-term highly liquid assets with a maturity-period of three months and less, with the exception of short time-deposits included for investment purposes.

## 2.9 Classification of insurance policies

### (a) Definition of the term 'Insurance Policy'

An insurance policy is a compensation agreement for the insured person, based upon which one party (the insurer) accepts a significant insurance risk of the other party (the insured) if a specified future and uncertain event (the insured event) negatively affects the insured person.

An insurance policy is not a contract, if it is exposing the insurer to financial risk without the conveyance of a significant insurance risk. The financial risk is the risk of a possible future change of interest-rate, the price of a security, commodity price, exchange-rate, price index or rates, credit rating, or other variables that are independent from the contracting parties involved.

Insurance risk is significant in the event that such insured event (claim) occurs, the Company would be obliged to pay a significant amount of

All amounts in thousands EUR, unless stipulated otherwise

additional payments (additional to the payments paid by the policy-holder to the Company). Once a contract is classified as an insurance policy, it remains an insurance policy until the expiry of all rights and obligations arising.

The Company tests the significant level of risk transfer as the difference between the premium paid (payment made by the insured towards the Company) and the claim in the case of an insured event.

Contracts are classified at the level of contract-portfolios of particular products. If the entire portfolio consists of policies, the Company does not examine individual contracts to identify an insignificant group transferring an insignificant insurance risk. If even a small number of contracts fail to meet the classification requirements of an insurance policy, the entire portfolio of insurance policies is assigned as insurance contracts. Some insurance policies contain riders. Those riders are not classified separately, since they constitute an inseparable part of the insurance policy

All contracts with policyholders issued by the Company were classified as insurance contracts.

Some of the Company's insurance policies have discretionary participation features - DPF - and all contain embedded derivatives, which however, are closely tied with the major contract and therefore cannot be separated and evaluated at fair value.

(Characterisation of the insurance policies - item 2.11 (a))

(Embedded derivatives - item 2.11 (c))

## 2.10 Accounting methods and principles related to insurance policies

### (a) Classification

By their nature, the Company's products are long-term insurance policies with fixed and guaranteed conditions. The Company issues for every product the respective insurance conditions defining all rights and obligations of the contracting parties.

The products of the Company may be divided into the following product groups, i.e. by insurance risks and coverage:

#### 1. risk insurance

- credit-risk life insurance with regular premium, covering risk of death and permanent consequences, wherein it is possible to agree an optional accidental death rider (this risk is covered by 30% of insurance policies),
- group insurance in the case of death, and additional insurance covering permanent total disability,
- accident oriented insurance with a flat regular premium, covering obligatory risks: death, permanent consequences, and accidental death.

#### 2. capital insurance (endowment)

- capital life insurance with single paid premium, covering the risks: death and survival,
- capital insurance (à term fix) with single paid premium, covering the following three obligatory risks: survival, permanent consequences, and dread disease,
- capital life insurance with regular premium, covering the risks of

death and survival; the following riders may be arranged for that policy: permanent consequences (this risk is covered by 83% of insurance policies) and accidental death (this risk is covered by 84% of insurance policies).

### 3. unit-linked insurance

- unit-linked life insurance with single paid premium,
- unit-linked life insurance with regular premium,
- index-linked life insurance with single paid premium.

Unit-linked life insurance as well as index-linked products covers the risk of death, where the insured bears the risk from invested money.

This insurance is associated with so-called managed funds, managed by Erste - Sparinvest KAG.

If surviving till the end of the insurance period, the insured is entitled to receive the capitalised value of the insurance policy.

Index-linked life insurance is associated with a bond consisting of three base-indexes. For this insurance, the supplementary insurance of permanent consequences is mandatory.

If surviving till the end of the insurance term, an appreciation of 50% of its nominal value is guaranteed.

Risk insurance and endowment insurance are called jointly „traditional policies“.

## (b) Income and costs arising from insurance

### 1. Income – insurance premium

The insurance premium is determined by the value of the policyholder's remuneration (payment) for the provided insurance cover. The term insurance premium (i.e. the premium determined in the insurance policy by the extent of insurance cover, the insurance sums, and the premium payment frequency) is set by the Company based upon insurance-technical methods and depending on the age and gender of the insured person and policy duration. This aforementioned premium also contains the margin for the premium payment mode (provided the regular premium is paid in other than yearly intervals) and the margin for accepted risk (condition of health, occupation, hobbies) and discount for the arranged premium amount (in the case of capital life insurance with regularly paid premium).

The Company's entitlement for the insurance premium arises in the insurance policy on the defined commencement of insurance, and expires on the day the insurance ends.

The Company books the gross premium written, i. e.

- regardless of the fact whether the premium has really been paid,
- without considering the fact of whether the premium belongs fully or partially in the respective accounting period,
- with respect to the cancellation of insurance policies,
- without considering reinsurance.

The gross premium written is the sum of all individual premiums written, arising in the respective accounting period. This part of the gross premium written, which is part of the upcoming accounting period, is accrued by the Company through provisions and accruals. The yield from the insurance-premium is booked as gross-value, without the re-insurer's share.

### 2. Acquisition costs

The acquisition costs for insurance policies include acquisition (initial) commissions and other costs, relating to the acquisition and administration of new insurance policies, e.g. costs connected to marketing, medical extracts and examinations (checks), postage, stationery, training of the consultants (the accruing of the acquisition costs is described under item 2.10 d).

### 3. Operating expenses

Operating expenses include maintenance (renewal) commissions as well as other costs connected to insurance management (e.g. personal costs, depreciations, rent, costs related to maintenance of the car fleet, rent for premises, travel costs, consultancy, and software costs).

### 4. Expenses on claims

Company costs also include payments from claims, paid surrender values with premature insurance cancellation (repealed insurance policy), extraordinary drawings from unit-linked insurances, and claims handling costs.

### 5. Costs for creating provisions

The obligation for contractual claims (arising to the company based upon arranged insurance policies) is valid from the beginning of the insurance period. The Company creates provisions for the coverage of its obligations against the insured, which are supposed to be paid in the future. The Company also creates a provision for life insurance and a provision for covering investment risks on behalf of the insured. A change of provision is booked through profit or loss.

The provision for unearned premium (UPR) is created:

- for traditional policies from gross premium written, and
- for unit-linked policies from written fees

and considers that part of the insurance premium or fees belonging to future accounting periods. The provision for insurance policies for a regular fee is created using the pro-rata temporis method.

For insurance with single-paid premium, no such provision is created. Neither is provision created for monthly paid regular premiums, due to the fact the Company issues policies with validity from the 1st of the month. The change of provision balance is booked through profit or loss.

The provision for claims is intended for claim settlement in the current accounting period or future accounting periods. This provision consists of two parts:

- provision for incurred but not reported insured events (claims) (IBNR),
- provision for reported but not settled insured events (claims) (RBNS).

### IBNR-provision

The company creates this provision based on statistical estimation from annualised premium.

The annualised premium for capital insurance, risk insurance, and riders is the termed-premium in the policy multiplied by the payment frequency. The annualised premium for unit-linked insurance is the current monthly premium for risk of death multiplied by twelve.

The IBNR-provision is released in the case of an insured event (claim) reported in the current calendar year, but incurred in previous calendar years. The amount from the released IBNR-provision for the respective reporter claimed equals the total amount of RBNS-provision for the respective claim, including anticipated expenses connected to its settlement. This provision is then released on the first day of the month in which the claim has been reported.

The reason for employing this method is the Company's insufficient experience (since the Company started in 2003), and the relatively low number of reported claims. The Company however, stores all data required for the application of a more qualified method of determining this provision.

For verifying the adequacy of created IBNR-provision, the Company uses a method based on the calculation of the mean-delay between the occurrence of the insured events (claims) and the reporting thereof.

#### RBNS-provision

The Company creates this provision depending on the type of claim and the amount of assumed insurance payment, increased by the probable cost of claim settlement. When reporting a claim from previous accounting periods, the IBNR-provision is released. When an insurance policy is terminated with the claim (insured event), the provision for life insurance, provision for bearing the investment risk on behalf of the insured, and the provision for unearned premium is also released. The RBNS-provision is released by the date on which the decision on the amount of insurance payment to the client is decided.

The provision for life insurance represents the current value of liabilities of the Company against the insured person, minus the current value of future premium.

The same assumptions are used for this calculation as used in the calculation of the insurance premium (mortality rate, interest rate, and costs - item 15.1 (d)).

The Company measures this provision at gross-value.

The provision is calculated on a monthly basis, i.e. by linear interpolation between topical anniversaries, considering the start date of the insurance.

If the provision value is below zero, this shall be replaced by zero, and the difference arising is monitored in book-keeping as deferred acquisition costs.

For capital life insurance, the single paid insurance premium is included with the life-insurance provision as a discounted value of accrued administrative costs, as connected to duration. A part of the provision is also the provision for the rider to the capital insurance (à term fix) with a single premium.

For capital life insurance with regular premium, the provision value of the life insurance is reduced by the Zillmerisation.

The Zillmerisation of the provision allows for the fact that in the case of the current insurance period, acquisition expenses paid at the conclusion of the insurance contract are paid (amortised) as the future premium (related to such insurance policy) takes effect.

All amounts in thousands EUR, unless stipulated otherwise

Part of life insurance provision is also profit share reserve - allocated as well as non-allocated. The amount of released life-insurance provision for the respective insurance policy equals the sum of the provision (as gross-value) and the profit share reserve (allocated as well as non-allocated). The life insurance provision is released on the insurance expiration day. Life insurance reserve (provision) is not created for unit-linked life insurance since the only risk is the death of the insured with a natural monthly insurance-premium, which is appropriate for the age and gender of the insured person and the current amount of risk sum (RS).

Provision for life insurance where the investment risk is borne by the policy holder (hereinafter "provision for unit-linked insurance" - Provision for UL) is created for unit-linked life insurance policies. This provision is created as an aggregate amount of the current value of all individual funds existing with active insurance. The topical value of the insurance policy fund is calculated as the multiple product of the current number of units and current per unit price. The change of the provision's balance (status) is booked through profit or loss.

#### (c) Embedded derivatives

All products of the Company contain embedded derivatives. All derivatives depend on the major insurance and cannot be separated or evaluated separately. The most significant embedded derivatives are:

- entitlement to the surrender value, and
- entitlement to profit sharing

Those derivatives are part of the liability adequacy test. Further embedded derivatives are, for example, the entitlement to insurance reduction, entitlement to indexation, entitlement to increase of insurance premium or insurance sum, entitlement to prolongation of insurance period, and entitlement to extraordinary withdrawal.

Those derivatives are applied just to a minimum extent and by number as well as claim amount – as such they are not really relevant. This is also the reason why such are currently (with the exception reduction claim) not included in the liability adequacy test.

#### d) Accrual accounts

Accruing of acquisition costs of insurance policies – (deferred acquisition costs - DAC)

Deferred acquisition cost is used by the Company for capital life insurance with regular premium, applying the Zillmering of the provision, i. e. the gradual amortisation of all acquisition costs connected to the arranging of the insurance.

The Company defers acquisition commission for unit-linked life insurance for a regular premium with frequency of payments other than yearly. The reason for this is the temporal harmonisation of the commission paid (annual amount at commencement of insurance) with the fee being applied during the first year.

#### (e) Liability adequacy test

The Company performs the liability adequacy test as of the balance sheet reporting date. The objective of the test is to verify whether the amount of provisions calculated according to the original actuarial factors is

sufficient in comparison to the calculation, which also considers assumed cash flows with the use of current actuarial assumptions and the influence of risk factors.

The applied adequacy test is based upon the recommendations of the Slovak Society of Actuaries and the assumptions set by the Company based either on its own experience or estimates of progress. The Company tests its insurance policy portfolio as a whole. Should the test show that the provisions are not sufficient, the difference is booked through profit or loss. The most significant prerequisites and spreads are specified in part 4.1.3. The Company's provisions were sufficient when old and new risk spreads were used - thus the aforementioned change has not affected the booking value of provisions.

The item 2.10 (b), in the part „IBNR-provision“ contains a description of the adequacy test for the provision for incurred and not reported insured events (IBNR).

#### (f) Re-insurance contracts

Re-insurance contracts held by the Company, are contracts concluded by the Company with the re-insurers and based upon which the Company claims payments arising from insurance policies issued by the Company, and contracts meeting the definition of an insurance policy as defined under item 2.10.

The Company cedes to the re-insurers the share of risk from standard activities for reducing possible net-losses by risk transfer. The items of the Balance sheet and Income Statement arising from the re-insurance contracts are presented separately from the Balance sheet and Income Statement items from the insurance policies. The reason is the fact that re-insurance contracts do not free the Company from direct liabilities towards the insured.

Company insurance policies are re-insured by risk-based excedent and quota share re-insurance. The re-insured risks include: death, accidental death, permanent consequences, and permanent total disability.

Receivables from re-insurers and the share of the re-insurer in the technical provisions are recorded in the category of assets arising from reinsurance (Item 11). The premium ceded to the re-insurer is booked as expense. The claims ceded to the re-insurer are booked as revenues, receivables from reinsurance and liabilities towards re-insurers constitute amounts claimed or paid pursuant to this contract. Assets arising from reinsurance are assessed from the aspect of impairment by the day these Financial Statements were compiled.

## 2.11 Income tax

The income tax consists of current tax and deferred tax.

The current tax represents the expected tax debt from the taxable profit for the current period calculated using the tax rate applicable as of the balance sheet reporting date. The current tax is shown in the Income Statement.

When quantifying deferred tax, the balance-sheet method is used for

comparing the book and tax value of assets and liabilities, determining their temporary differences (temporary concept). The detection of temporary differences arising with the first recognition of assets/liability in the transaction, not being a corporate combination and also having (on the date of transaction) affected neither profit nor loss, nor the tax assessment base - leads to a deferred tax receivable or liability.

Deferred tax receivables and liabilities are evaluated by tax rates expected to be valid in the period when the receivable gets realised or the liability settled, based upon the tax rate and tax regulations formally stipulated by law as of the balance sheet reporting date.

Deferred taxes are reported through profit or loss with the exception of deferred taxes connected to the equity items, reported directly in the equity. Neither the deferred tax receivable nor the deferred tax debt is discounted.

The deferred tax receivable (as of the balance sheet reporting date) is revaluated and reported in the extent in which it is probable that the taxable profit enables the exploitation of those deductible temporary differences.

Deferred tax receivables and liabilities do not take legislative changes in the Income Tax Act into account, as such changes became effective after the balance sheet reporting day and nevertheless the impact of which is insignificant for the company.

## 2.12 Provisions and conditioned liabilities

Provisions are liabilities without temporal and amount limitations. These are reported if there is a simultaneous obligation to do so as a consequence of a past event, if there is a probability of resources outflow, and if we can reliably estimate the amount of this duty. Provisions are revaluated by the balance sheet reporting day and are used only for the purpose for which they were reported. The provisions are not reported for future operating losses.

If the probability of resources outflow in the future is really low, the Company does not create provisions, but rather a condition to obligation, which is not booked, only shown in the notes. If it is improbable that depreciation and disposal of resources would occur in the future, those items should not be regarded as conditioned liabilities.

## 2.13 Related parties

Parties are considered to be „related“, if one-party is able to control the other party, or if it has significant influence on the other party in its financial and operational related decision-making. Related parties are:

- companies, which directly or indirectly (through one or several intermediaries) control or are under common control of the reported company (including holding companies, subsidiaries and affiliated companies),
- associated companies,
- individuals holding a direct or indirect share in the voting rights of the reporting company, giving those individuals a significant influence on the company and close relatives of each such individual,
- key management consisting of persons holding the competence,

authority, and responsibility for the planning and control of activities of the reporting company including managers (directors), executive clerks, and close family members of such individuals (Board of Directors and Supervisory Board).

## 2.14 Employee benefits

Employee benefits are all forms of rewards paid by the unit to the employee for his/her services.

### (a) Short-term employee benefits

Short-term employee benefits include for example:

- wages, salaries and social security contributions,
- entitlement for holidays and other forms of paid leisure time,
- bonuses and profit shares,
- non-financial benefits (fringe benefits).

Short-term employee benefits are fully payable within 12 months following the performance of work. Those liabilities are booked in nominal value and need not be discounted. The application of insurance mathematical factors is also not required. They are reported as an obligation and expense of a period, if the accounting unit is obliged to pay them, and if it is possible to determine or reliably estimated the amount of payment.

### (b) Contribution defined annuity plans

Costs of the contribution-defined annuity plans are contributions paid by the employer to other financial institutions (e.g. complimentary pension insurers (DDS)) and are booked as expenses of the respective period, if the accounting unit is obliged to pay them. Apart from contribution payments, there arise no further long-term obligations for the Company to pay a pension.

### (c) Other long-term benefits - retirement benefit

After becoming entitled to the first old age pension or disability pension, the Company's employee is also entitled to retirement benefits. For a reliable estimate of the amount of such future benefit, principles of insurance mathematics shall be applied. The change of the provision amount for employee benefits is booked as expenses and yields of the current accounting period.

## 2.15 Income from ordinary activities

Income from ordinary activities are shown if the Company received any economic benefits during the accounting period, and if those benefits can be reliably measured (quantified). The income from insurance policies (written premium) is described in item 2.10(b).

### (a) Income from fees and commission

The co-insurers share with the Company a common insurance protection dedicated to life assurance and group insurance in the case of death. The Company is entitled to receive a commission for insurance management on behalf of the co-insured companies.

The income from those fees is the fee from insurance policies.

The profit commission connected to the re-insurance contracts is shown

All amounts in thousands EUR, unless stipulated otherwise

in the accounting period in which that aforementioned entitlement to the profit commission incurs.

The kick-back fee for shares in funds gets disbursed to the Company by the administrating companies (usually quarterly) is booked to income from fees.

### (b) Interest income

Interest income from financial assets (being classified as assets at fair value through profit or loss) is assigned using the affective interest rate method. The value of financial investments yielding interest is increased (on monthly basis) by the accrued interest on the last day of the month.

### (c) Dividend income

Dividend income from financial assets available for sale is booked if it is recognised that the payment will be credited to the account.

### (d) Other investment income

The revaluation of financial assets available for sale is booked to income with a realisation of the respective assets. The revaluation of financial assets at fair value through profit or loss is booked to income (monthly) on the last day of the month. In the case of investments purchased for index-bound life insurance, the yield (running fee) from this investment is disbursed to the Company annually.

## 3 Estimates, judgements, assumptions and future uncertainties

The Company makes judgements, assumptions, and assesses other uncertain sources of future development, which could most significantly affect the value of assets and liabilities in the upcoming period. Estimates are regularly revaluated and based on past experience and other factors, including the future events, which could (to a certain degree and under certain circumstances) occur, as well as current market conditions.

### Estimations consequent on long-term insurance policies

The estimates, judgements, assumptions and uncertainties for the future affecting technical provisions are specified in greater detail in item 4.1.3 (liability adequacy test).

The Company tracks costs connected to insurance acquisition (except costs for commissions, costs of insurance management, and claim settlement claims which are allocated directly) and based upon the assessment of the relationship between the expenses and the purpose of spending - the Company stipulates if and at which ratio the costs (which cannot be directly allocated to a specific activity) shall be reallocated.

### Financial assets evaluated at market value

The Company made estimations of market price of Category 3 classification of financial assets. These market prices were calculated with data which are not directly observable on the market, but are rather the result of expert estimates. Specialties are in item 4.2.6 and 7.

**Current economic situation**

The Company has analysed recent developments on the international financial and capital market, and the possible impact thereof on:

- the commercial activities of the Company, i.e. also in connection with the ability of the Company to continue its business ('going concern');
- the individual items shown in the submitted financial statement, especially from the aspect of the adequacy of their evaluation, consideration of the uncertainty connected to the performed estimates, and the consequentially potential significant error in these Financial Statements; and
- significant risks (credit risk, liquidity risk etc., as described further in chapter 4.2) and the uncertainty associated with the impact analysis of changing assumptions affecting the impact of the aforementioned risks.

From the short-term perspective, the Company expects market price volatility of assets covering technical provisions. This could affect the book value of the liabilities arising from insurance policies pertaining to unit-linked life insurance and (consequentially) also the amount of yield-fees charged by the Company. From the short-term point of view, there is some uncertainty regarding the impact of the financial crisis, including, for example, the number of new policies and the amount of premium collected from the insured.

Insurance policies sold by the Company are medium to long-term. Based on the aforementioned analysis, the Company Management does not assume significant consequences of the adverse development on the international financial and capital markets for the Company's activity in the long run.

**Current volatility on global financial markets**

Continuing global liquidity crisis that began in the middle of year 2007, apart from other consequences, caused lower volume of funds available on financial markets, lower liquidity in Slovak banking sector, sometimes higher interbank interest rates and very high volatility on local and international stocks markets. Uncertainties on global financial markets also led to bank bankruptcies and consecutive steps made to save banks in the United States of America and in Western Europe. At the moment it is not possible to predict the impact of lurking crisis or protect against it.

These circumstances might influence the ability of the Company to obtain new financial assets under the conditions used in similar transactions in the past. Issuers of financial assets held in the Company's portfolio can be also influenced by lower liquidity levels that can consequently influence the ability to repay the remaining debt. Assumptions of the management about cash flows and evaluation of impairment financial and non-financial assets can be influenced by retrograding operating conditions of issuers. Considering available information the management revaluated expectations of future cash flows regarding evaluation of impairment.

Management can not reliably evaluate the impact of another deterioration of financial markets liquidity as well as impact of higher stock and forex markets volatility. The management believes that they take all necessary steps to support ongoing growth of the Company under the current conditions.

**4 Risk management**

The Company is exposed especially to insurance and financial risk. This part summarises those risks and describes how to manage them.

**Solvency**

The solvency of an insurance company - in the meaning of applicable laws - is the company's ability for sustained payment of liabilities (arising from arranged insurance policies) from its own resources.

In order to ensure this ability, the insurance company is obliged to permanently monitor the actual solvency margin, at least in the amount of the required solvency margin.

The required solvency margin is the minimum value of the actual solvency margin, stipulated upon insurance activities as conducted by the respective insurance company.

When setting the real and required solvency margin, the company follows the currently applicable methodical instructions on the solvency calculation and guarantee fund for insurance companies, branches of foreign insurance companies, re-insurance companies and branches of foreign re-insurance companies.

The required solvency margin is set for life insurance as a kind of insurance (according to the Classification of Insurance Fields pursuant to the applicable legislation), i.e. including unit-linked insurances and riders to those arranged insurances.

The actual solvency margin is the value of own resources (equity) of the company. Own resources of the company which comprise the actual solvency are pursuant to applicable legislation.

The guarantee fund value is pursuant to the actual provision of the National bank of Slovakia.

	December 31, 2009	December 31, 2008
<b>The required solvency margin of the insurance company in life insurance</b>	<b>7 405</b>	<b>7 340</b>
- of this the required solvency margin for traditional policies	6 437	6 403
- of this the required solvency margin for unit-linked policies	717	703
- of this the required solvency margin for riders	252	234
<b>Actual solvency margin of the insurance company</b>	<b>21 107</b>	<b>16 049</b>

The Company performs all of capital requirements specified by legislation.

## 4.1 Insurance risk

### 4.1.1 Identification and management of insurance-risk

The Company issues insurance policies covering the following insurance risks: death, survival, accidental death, permanent consequences, dread diseases and permanent total disability (Note 2.10 (a)).

For assessing mortality risk including full and permanent disability in the premium as well as in the provisions, the Company uses mortality tables published by the Statistical Office of the Slovak Republic (1995). Such tables are modified based upon the experience of the re-insurer (Sparkassen Versicherung AG, Vienna, Austria).

When assessing accident risk in the premium as well as in the provisions, the Company uses an estimate based on experience acquired on the Czech and Slovak insurance markets as well as the experience of the re-insurer.

Among the risks the Company is exposed to, is also the risk of dread diseases which the Company began to insure in 2006. When evaluating risk included in the insurance premium as well as the provisions, the Company uses documents from the Institute of Medical Information and Statistics (Ústav zdravotníckych informácií a štatistiky) for the observation period 2000 - 2004.

The risk arising from the increasing life expectancy is insignificant for the Company, since the Company arranges only fixed-term insurance policies which interconnect longevity risk with mortality risk.

For controlling insurance risk, the Company uses the following strategies and programmes:

#### (a) Underwriting of risks

Underwriting of risks is a tool for controlling risks associated with the life and health of the insured person - assumed by the Company with the subsequent insurance arrangement.

In assessing accepted risk associated with the health, occupation, or hobbies of the insured person, the Company uses the following levels of underwriting:

- without exploring risks,
- statement of health status,
- medical questionnaire,
- medical questionnaire and examination by a contractual physician of the Company,
- medical questionnaire and examination by a contractual physician of the Company + financial questionnaire.

The applied level of underwriting depends on the age of the insured person, the insurance sum in the case of death, and the insurance type.

#### (b) Re-insurance

The Company has its insurance policies re-insured by risk-based excess and quota share re-insurance.

The re-insurance is applied for insurance-risk management, but the

All amounts in thousands EUR, unless stipulated otherwise

re-insurance does not free the Company from its liabilities as the primary insurer. If the re-insurer will not pay for the insured event for any reason, the Company remains liable to pay the claim to the entitled person. The risk in connection with the re-insurance, which the Company is exposed to is insignificant.

### 4.1.2 Identification and management of other risk factors

A significant factor affecting the value of future liabilities is also the revaluation achieved from financial assets. This parameter is stipulated based upon current market yields, as well as on expectations of future economic and financial developments. The development of this risk factor is resolved and controlled within the asset liability of the management (ALM) (Item 4.2).

Another risk associated with insurance activity is policy cancellation rate due to premature termination of the insurance contract by the client, or due to defaulted payments of the insurance premium. This policy cancellation rate is regularly monitored and evaluated. The Company has stipulated this policy cancellation rate based on own experience from the period 2003 to 2009, and for each product separately. The Company monitors the development of the policy cancellation rate and performs various measures for its reduction, e.g. by a payment reminders process, communication with intermediaries, changes in the mode of payment, etc.

Further risks of the Company also involve the estimation of the future development the costs connected to the acquisition and management of insurance, and costs for the settlement of insurance claims and their future development. The value of such costs as of December 31, 2009 was set by the Company based on own data, mainly insurance stock data, the amount of insurance premium, acquisition and operational costs, and the number of settled claims.

The amount of costs is set for each product separately. The Company monitors the amount of costs and should the development indicate a significant exceeding of expected value, the Company will take necessary steps for their reduction.

The Company regularly monitors the aforementioned risks, and evaluates their actual development in comparison to the assumptions. Should there be any significant deviation between assumptions and reality, indicating some future unfavourable development, the Company will take the necessary eliminative steps.

The Company has all the aforementioned risk factors considered in the adequacy test of provisions (Item 4.1.3), as well as in the test for sensitivity to changes (Item 4.1.4).

### 4.1.3 Liability adequacy test

The Company performs a liability adequacy test in order to assess the sufficiency of technical provisions. The Company tests all of its traditional and unit-linked insurance policies. Along with the main insurance, the Company also tests riders, since the nature of insurance policies does not allow their separation from the main insurance and a separate testing.

An exception (due to its low share in the insurance stock) is additional insurance with single paid premium to a fixed term capital insurance.

The Company tests the adequacy of provisions on its portfolio separately for traditional policies (risk and capital) and unit-linked policies. Evident partial insufficiencies detected in the aforementioned two test groups are compensated by the surplus in other parts of the same group. Since 2009, the Company has used testing software and methodology uniformly applied by all companies in the s-Versicherung. The procedures used by this software comply with the principle described in the Expert Directive of the Slovak Association of Actuaries "Liability adequacy-test in life insurance" as issued by the SSA (December 2005).

#### a) Testing method

The fundamental method in testing the adequacy of provisions is the discounted cash-flow method (DCF).

As cash flow(s) should be regarded:

- for traditional policies: insurance premium, costs, payments of claims (including the profit share reserve and surrender values), commission payments,
- for unit-linked policies: fees, costs, payments of claims beyond the fund's value, commission payments.

#### b) Applied assumptions

In testing the adequacy of its provisions, the Company employed the following assumptions:

- Assumed mortality rate - according to anticipated mortality rate

- Assumed loss experience for riders - according to the current loss ratio
- Assumptions on the cancellation of insurance policies - according to the current development
- Assumptions on paid-ups - according to the current situation,
- The amount of claims and the amount of surrender values - according to applicable contractual agreements
- The amount of commission - according to the applicable internal directives
- The amount of costs - according to best estimates, based on year-end data
- The amount of fees - according to the actually claimed fees
- Investment yield (for shares in the surplus and value of the fund) - according to the estimate of interest rate development
- Performance of unit investment funds - according to the estimate of interest rate development
- Discount rate - according to estimated development of risk-free rates
- Inflation - according to estimated development

In the test, applied assumptions will be adjusted by spreads for unfavourable development. The amount of which has been set according to a methodology unified for the entire s-Versicherung group, i.e. as percentage increase, or reduction of the respective assumption. This in the case that the amount has been set in compliance with the recommendation in the Expert Directive of the Slovak Association of Actuaries on adequacy testing of technical provisions, i.e. as a percentage increase or decrease of the tax assumption. The investment income and discount rate shall be modified as a change of the basis point (hereinafter "bp").

Assumption	Kind of assumption	Value		Spread	
		2009	2008	2009	2008
mortality		55%	55%	37.5%	37.5%
loss experience	permanent disability through accident	13%	10%		
	accidental death	20%	18%	0%	0%
	dread diseases	50%	-		
cancellation rate	first year	3% - 22%	3% - 21%		
	second year	0.1% - 15%	0.1% - 13%		
	third year	0.1% - 12%	0.1% - 12%	50%	50%
	fourth year	0.1% - 10%	0.1% - 10%		
	subsequent years of insurance	0.1% - 8%	0.1% - 8%		
reduction		0% - 0.65%	0% - 0.65%	0%	0%
costs	initial (EUR/policy)	5 - 30	9 - 22		
	administrative (EUR/policy)	5 - 22	8 - 21	5%	5%
	liquidation (EUR/policy)	6 - 12	6 - 12		
investment yield	for the upcoming year	3.65%	3.70%	(0.5%)	(0.5%)
	for further years	3.70%	4.00%		
discount rate		1.25% - 5.01%	1.99% - 3.53%	(0.5%)	(0.5%)
performance of unit investment funds		1.25% - 5.01%	1.99% - 3.53%	(0.5%)	(0.5%)
kick-back / running fee		0.0090 - 0.0095	0.0090 - 0.0095	-	-
inflation		2.64% - 4.04%	3.2% - 4.6%	0%	0%

## c) Result of the liability adequacy-test - traditional policies

When testing traditional insurances, the sufficiency of technical provisions is set at their accounting value against the amount of provision, which is a result of the test conducted by the DCF-method.

The technical provision in its booking value applies for:

- traditional policies - it is the sum of the gross provision for life insurance (including profit share reserve – non-allocated as well as allocated), the provision for unearned premium and the negative part of the gross provision set to zero (DAC).
- unit-linked policies - it is the sum of provisions for unit-linked life insurance and provisions on accruals, from which the DAC for unit-linked policies is deducted.

Possible insufficiencies in one part of the insurance portfolio are compensated by surplus in another portfolio part of traditional insurance.

	December 31, 2009	December 31, 2008
<b>For traditional policies</b>		
Technical provision in book value	125 786	132 195
Provision value as a test result	117 792	126 287
<b>Difference</b>	<b>7 994</b>	<b>5 908</b>
Positive differences	10 872	8 865
Negative differences	(2 878)	(2 957)
<b>For investment policies</b>		
Technical provision in book value	30 274	25 101
Provision value as a test result	29 249	21 988
<b>Difference</b>	<b>1 025</b>	<b>3 113</b>
Positive differences	1 025	3 113
Negative differences	-	-

The liability adequacy test of unit-linked policies considers more than just investment risk. The investment risk is absolutely covered by financial assets evaluated through profit & loss.

## d) Statement of the Company's adequacy of provisions

The Company conducted tests using the actuator software - with the result that the provisions in their booking value are sufficient.

The statement on the liability adequacy of the Company based upon the aforementioned results of the liability adequacy test follows that the technical provisions, created by the Company as of the balance sheet reporting date, are sufficient for covering all insurance liabilities and also adequately consider all aforementioned insurance risks as well as risk factors.

#### 4.1.4 Sensitivity test of technical provisions to change of selected parameters

##### a) Testing procedure

The Company applies for this sensitivity test the very same algorithm as for the above liability adequacy test. For the purpose of this test, the Company divided its portfolio into traditional policies (risk and capital policies) and unit-linked policies. The test also comprised all insurance policies of traditional as well as unit-linked insurance.

##### b) Tested parameters

The Company tested the sensitivity of provisions to the change of the following parameters:

- mortality,
- cancellation rate,
- costs,
- discount rate,
- investment yield.

We performed the sensitivity test in the following three steps:

- we set tested parameters (except discount rate) to the basic value (before the surcharge), being their best estimates for the adequacy test of provisions (tab in 4.1.3 b),
- we gradually increased and decreased the basic values of tested parameters by 10%, or by 50 or 100 bp, as specified in the column "Parameter change",

- we set the specified present value of the planned future cash flow on the basis of the best estimate of the discount rate - reduced by the surcharge of 50 bp,
- we set the sensitivity of the present value of the planned cash flow by modifying the best estimate of the discount rate - reduced by the surcharge of 50 bp and by the parameter changes specified in the column "Parameter change",
- we tested the sensitivity of the basic scenario for unit-linked insurance for the test of discount rate and the investment yield in one scenario, having both parameters modified by the change specified in the column "Parameter change",
- we adjusted the tested parameters to the basic value (before the margin), being the best values used for the liability adequacy-test (tab in 4.1.3 b),
- we increased the basic values of tested parameters by 50 bp, respectively 0.5% or 10%,
- we decreased the basic values of tested parameters by 50 bp, respectively 0.5% or 10%,

The columns "Effect of the change on the present value of future cash-flow" - show (as a percentage) the change of basic provision value caused by the parameter change. Not a single sensitivity test scenario indicated any effect on the sufficiency of provisions.

##### c) Result of the liability adequacy test – traditional policies

The results of sensitivity tests are shown in the following table

Parameter	Parameter change	Effect of the change on the present value of future cash-flow		Affect of the change on the book value of provisions
		%	TEUR	
mortality	+ 10%	0.61%	716	0
	(10)%	(0.62)%	(719)	0
cancellation rate	+ 10%	0.10%	113	0
	(10)%	(0.10)%	(117)	0
costs	+ 10%	0.74%	859	0
	(10)%	(0.74)%	(859)	0
discount rate	+ 0.5 p	(1.61)%	(1 878)	0
	(0.5) bp	1.67%	1 956	0
investment yield	+ 0.5 bp	(1.85)%	(2 165)	0
	(0.5) bp	(5.04)%	5 893	0

## d) Result of the sensitivity test – unit-linked policies

The results of sensitivity tests are shown in the following table:

Parameter	Parameter change	Effect of the change on the present value of future cash-flow		Affect of the change on the book value of provisions
		%	tis. EUR	
mortality	+ 10%	0.81%	232	0
	(10)%	(0.81)%	(233)	0
cancellation rate	+ 10%	1.22%	350	0
	(10)%	(1.24)%	(356)	0
costs	+ 10%	1.72%	495	0
	(10)%	(1.72)%	(495)	0
discount rate	+ 0.5 bp	(4.95)%	(1 420)	0
	(0.5) bp	5.41%	1 552	0
investment yield	+ 0.5 bp	5.17%	1 484	0
	(0.5) bp	(4.92)%	(1 411)	0

## e) Statement on the sensitivity test of technical provisions to parameter change

Even if the value of tested parameters changed in compliance with the aforementioned scenarios, the amount of technical provisions for traditional policies as well as for unit-linked policies in their booking value is still sufficient to cover all liabilities from insurance, thus none of the tested changes would (individually) affect the Company's costs and income (the respective book value of the technical provision for traditional policies is indicated in item 4.1.3 c, and the book value provisions for unit-linked policies is stated in item 4.1.3 d).

## 4.1.5 Concentration of mortality risk

An important element of insurance risk is the extent of insurance risk concentration. A risk concentration may exist if a certain event can significantly affect Company liabilities.

With regard to the insurance risk of death, a concentration of insurance sums could affect the amount of indemnification payments (claims) within the portfolio. In the lower table we can see the concentration of mortality risk by insurance sum in risk, whilst the specified percentage represents the number of policies in the respective range. In the lower table we can see the concentration of mortality risk by insurance sum in the risk.

Amount in risk (in EUR)	December 31, 2009		December 31, 2008	
	before re-insurance %	after re-insurance %	before re-insurance %	after re-insurance %
0 - 9 960.00	89.36%	90.25%	93.76%	94.08%
9 960.01 - 16 600.00	6.20%	7.85%	3.71%	5.53%
16 600.01 - 24 900.00	1.89%	1.17%	1.34%	0.35%
24 900.01 - 33 200.00	0.96%	0.41%	0.52%	0.03%
33 200.01 - 99 600.00	1.53%	0.32%	0.63%	0.01%
99 600.01 - 166 000.00	0.07%	0.01%	0.02%	0.00%
166 000.01 - 332 000.00	0.01%	0.00%	0.00%	0.00%
more than 332 000.01	0.00%	0.00%	0.00%	0.00%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## 4.2 Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities, and liabilities from insurance policies. The major financial risk is the possibility that the income from financial assets may not be sufficient for funding liabilities from insurance policies. The most important components of financial risk are interest rate risk, liquidity risk, credit risk, and currency risk.

Such risks arise from open positions in interest rate, currency and equity related products, all of which are exposed to general and specific market changes.

Due to the nature of its investments and liabilities, the Company faces mainly interest rate risk.

The Company controls its positions by means of asset liability management (ALM). The basic technique applied by ALM is to match asset maturity to the liability arising from insurance policies. The following table shows the categorisation of the balance sheet, employing categories used within ALM.

	December 31, 2009		December 31, 2008	
	Book value	% of book value	Book value	% of book value
<b>Assets</b>				
Cash and cash equivalents	707	0.39%	2 865	1.62%
Term deposits	5 378	2.94%	13 376	7.55%
Financial assets available for sale	78 967	43.13%	64 456	36.37%
Financial assets held to maturity	65 885	35.98%	68 660	38.74%
Financial assets in fair value through profit or loss	30 857	16.85%	25 752	14.53%
Other assets	1 314	0.72%	2 128	1.20%
<b>Assets in total</b>	<b>183 109</b>	<b>100.00%</b>	<b>177 236</b>	<b>100.00%</b>
<b>Liabilities and shareholder equity</b>				
Technical provisions	156 845	85.66%	158 283	89.31%
- out of this provision for unit-linked life insurance	30 355	16.58%	25 675	14.49%
Other liabilities arising from insurance	3 162	1.73%	1 738	0.98%
Other liabilities	1 852	1.01%	985	0.56%
Total liabilities	161 859	88.40%	161 006	90.84%
Shareholder equity	21 250	11.61%	16 230	9.16%
<b>Liabilities and shareholder equity in total</b>	<b>183 109</b>	<b>100.00%</b>	<b>177 236</b>	<b>100.00%</b>

#### 4.2.1 Interest rate risk

Interest rate risk is the only financial risk which has a materially different impact on assets and liabilities categorised within the ALM system. The assets-side of the Company is dominated by debt instruments with fixed yield, representing 71.26% of total assets (previous period 70.96%) and assets invested on the financial market, representing 9.10% of total assets (previous period 9.10%).

On the liability side, there are liabilities with fixed yield (representing 68.18%) of total liabilities, and equity (previously period 74.03%). Such liabilities represent a mean guaranteed yield amounting to 16% (previous period 3.22%).

Total financial assets (without assets covering technical provisions for unit-linked life insurance) represent a realised yield of 4.10% (previous period: 3.72%).

Development of selected balance-sheet items	December 31, 2009	December 31, 2008
Assets with fixed yield	136 538	141 912
Assets with variable yield	3 140	4 346
Liabilities with guaranteed yield	124 842	131 206
<b>Difference</b>	<b>14 837</b>	<b>15 052</b>
<b>Average yield at purchase</b>	<b>%</b>	<b>%</b>
<b>Assets</b>		
Financial assets available for sale	4.09	4.12
Financial assets held to maturity	4.63	4.63
Term deposits	0.25	2.23
<b>Average market yield</b>	<b>%</b>	<b>%</b>
<b>Assets</b>		
Financial assets available for sale	3.91	5.15
Financial assets held to maturity	2.56	3.53
Term deposits	0.25	2.23
<b>Average costs</b>	<b>%</b>	<b>%</b>
<b>Liabilities with guaranteed yield</b>		
Technical provisions	3.16	3.21
<b>Average maturity *</b>	<b>in years</b>	
<b>Assets</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Financial assets	4.20	4.39
<b>Liabilities</b>		
Technical provisions	3.23	3.21

\* calculated as per the principal's maturity

The difference in the maturity of financial assets and technical provisions should be resolved mainly through the financial assets available for sale and new investments from the premium received in the future.

Insurance policies of traditional insurance reach a guaranteed yielded in the form of the technical interest-rate, being set and guaranteed with the arrangement of the policy and remains valid till the end of the insurance period or till the occurrence of the insured event (claim). Out of this the risk arises that the income from interest-rate and capital income will be not sufficient for covering those guaranteed of liabilities. The way how the Company manages this risk is stated in comment 4.2.

#### 4.2.2 Sensitivity test of assets covering technical provisions for changing market interest rates

##### a) Testing procedure

The Company selected for this test the bond-component of financial assets, which covers technical provisions. In this test, the Company monitors the risk of increasing interest rates on the market that would cause a decrease in the market price of bond securities.

##### b) Tested parameters

The sensitivity test is based on the calculation of market value of the bond-component with the subsequent change of tested parameter against current market rates:

- we have set the tested parameter to the current value,
- we have increased the tested parameter by 50 basis points.

##### c) Conclusion

This table shows the impact of the changed testing parameter on the market value of the bond-component of assets, as of the balance sheet reporting date.

Parameter / change of interest rates	Market value of the monitored assets	Change of market value	Impact on asset value
basic scenario	135 148	-	-
+ 50 basis point	132 801	(2 347)	(1 540)

#### 4.2.3 Liquidity risk

The Company is exposed to daily liquidity requirements arising from indemnification payments (claims). Liquidity risk means the risk of insufficient cash for paying liabilities within their maturity period (at adequate cost). The need for liquidity is continuously tracked and its unexpected need is reported in advance in order to ensure necessary resources. The Company simultaneously also tracks the development of the negative difference in expected cash flow for the period of 6 months - 1 year. The Company is planning to overcome this difference by securities of unspecified maturity - prolonged termed-deposits.

as of December 31, 2009	Expected cash flow						Total
	<6m	6m-1y	1-5y	5-10y	10y <	Unspec.	
Debt-securities	23 622	6 597	84 049	62 341	8 343	-	<b>184 952</b>
Equity securities	-	-	-	-	11 324	11 244	<b>22 568</b>
Term deposits *	6 070	-	-	-	-	-	<b>6 070</b>
Liabilities from policies	21 225	15 102	77 112	31 478	11 740	-	<b>156 657</b>
- traditional policies	20 624	14 501	70 720	14 129	6 259	-	<b>126 232</b>
- unit-linked policies	601	601	6 392	17 349	5 481	-	<b>30 425</b>
Difference	7 776	(8 504)	6 937	30 863	7 927	11 244	<b>56 933</b>
Cumulative difference	7 776	(728)	6 209	37 071	44 998	56 242	
<b>as of December 31, 2008</b>							
Debt-securities	13 541	5 148	85 877	46 385	28 063	-	<b>179 014</b>
Equity securities	-	-	-	-	7 419	2 994	<b>10 413</b>
Term deposits *	16 144	-	-	-	-	-	<b>16 144</b>
Liabilities from policies	15 368	12 527	85 741	35 840	8 807	-	<b>158 283</b>
- traditional policies	14 459	11 740	78 635	21 030	6 688	-	<b>132 552</b>
- unit-linked policies	909	787	7 106	14 809	2 119	-	<b>25 730</b>
Difference	14 316	(7 379)	137	10 545	26 675	2 994	<b>47 289</b>
Cumulative difference	14 316	6 938	7 074	17 619	44 294	47 289	

\*) The item also contains term deposits, booked in cash and cash-equivalents (item 12)

The expected cash flow from debt securities comprises the future disbursement of the principal and coupons, the amount of which can be calculated as at the date of the financial statements. The expected cash flow from equity securities are indicated in their current market value as at the date of the financial statements. The expected cash flow from term deposits comprises the disbursement of the principal and the interest-yield, the amount of which can be calculated as at the date of the financial statements.

The expected cash flow from insurance policy liabilities means the amount of technical provisions according to maturity date.

#### 4.2.4 Credit risk, reduction in value, and uncollectability of financial assets

The Company is exposed to credit risk, i.e. that the other party will fail to meet its liabilities within maturity. The main fields where the company is exposed to credit risk are as follows:

- Share of the re-insurer in the insurance liabilities,
- Debt of the re-insurer, regarding already paid insured event (claim),
- Owed premium,
- Risk of other party connected to derivatives transactions,
- Risk of unpaid yield or principal of financial investment.

Credit risk is limited by external limits (Ordinance of the National bank of the Slovak Republic No. 7/2008, by which the placement limits of technical provisions allocation are set in the insurance industry), and by internal limits approved by the Supervisory Board.

The owed premium is continuously tracked and the method of creating adjustments is described within item 2.7 (b). Should the client be entitled to surrender value or claim-payment, the client's debts are offset against the respective claim amount. The exaction of receivables from insurance is conducted in cooperation with an external company. No debts of other contracting parties occurred within the accounting period. Receivables from financial investments are categorised based on the rating provided by Standard & Poor's (S&P). Should S&P not provide the rating of the respective parameter, a substitute equivalent shall be applied:

<b>December 31, 2009</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>BB</b>	<b>B</b>	<b>A-pi *</b>	<b>B-pi</b>	<b>Without rating</b>
Debt securities	4 283	7 955	132 718	1 956	-	-	4 555	-	1 675
Equity securities	-	-	22 568	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-	5 378	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	421
Assets arising from re-insurance	35	-	41	-	-	-	-	-	-
Cash and cash equivalents	-	-	2	-	-	-	705	-	1
<b>Total assets bearing credit risk</b>	<b>4 318</b>	<b>7 955</b>	<b>155 329</b>	<b>1 956</b>	<b>-</b>	<b>-</b>	<b>10 638</b>	<b>-</b>	<b>2 096</b>
<b>December 31, 2008</b>									
Debt securities	4 037	6 776	130 403	996	-	-	4 568	-	1 675
Equity securities	-	-	7 419	-	-	-	2 994	-	-
Term deposits	-	717	1 656	-	-	-	11 003	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	140
Assets arising from re-insurance	43	-	41	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-	2 864	-	-
<b>Total assets bearing credit risk</b>	<b>4 080</b>	<b>7 493</b>	<b>139 519</b>	<b>996</b>	<b>-</b>	<b>-</b>	<b>21 429</b>	<b>-</b>	<b>1 815</b>

\*) A-pi/B-pi is a rating by S&P granted on the basis of publicly accessible information

As of the balance sheet reporting date, the Company re-valued the possible reduction of value of its financial assets or financial assets group, using indicators and internal rules as defined in item 2.8, and a value reduction was found not to be necessary.

The chart below shows the maximum of exposing the financial assets to the credit risk:

as of December 31, 2009	Before maturity	After maturity, non-depreciated			Unspec.	Depreciated	Total
		0 - 6m	6m - 1y	>1y			
Financial assets held to maturity	65 885	-	-	-	-	-	<b>65 885</b>
Financial assets available for sale	67 723	-	-	-	11 244	-	<b>78 967</b>
Financial assets at fair value through profit or loss	19 533	-	-	-	11 324	-	<b>30 857</b>
Term deposits	5 378	-	-	-	-	-	<b>5 378</b>
Receivables from insurance	224	45	-	-	-	-	<b>269</b>
Receivables from re-insurance	13	-	-	-	-	-	<b>13</b>
<b>Total</b>	<b>158 757</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>22 568</b>	<b>-</b>	<b>181 370</b>

as of December 31, 2009	Before maturity	After maturity, non-deprec.			Unspec.	Depreciated	Total
		0 - 6m	6m - 1y	>1y			
Financial assets held to maturity	68 660	-	-	-	-	-	<b>68 660</b>
Financial assets available for sale	61 461	-	-	-	2 994	-	<b>64 455</b>
Financial assets at fair value through profit or loss	18 333	-	-	-	7 419	-	<b>25 752</b>
Term deposits	13 376	-	-	-	-	-	<b>13 376</b>
Receivables from insurance	76	64	-	-	-	-	<b>140</b>
Receivables from re-insurance	13	-	-	-	-	-	<b>13</b>
<b>Total</b>	<b>161 919</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>10 413</b>	<b>-</b>	<b>172 396</b>

#### 4.2.5 Currency risk

The Company's liabilities from insurance contracts are currently exclusively in EUR. The Company is not exposed to currency risk.

#### 4.2.6 Classification of securities evaluated at fair value

As of December 31, 2009, Category 1 investments amounted to approximately 59.94% of the financial assets evaluated at fair value. Category 1 securities primarily include state bonds and mutual funds evaluated using listed prices. Category 2 investments amounted for approximately 18.96% of the financial assets evaluated at fair value. Since market listings for those securities are generally not available, the determination of their market prices is conditioned by the use of relevant information generated through market transactions with comparable securities.

Category 3 investments amounted for approximately 21.10% of the financial assets evaluated at fair value. The market prices of those securities are calculated with data which is not directly observable on the market, but is rather the result of expert estimates.

The following table shows the Company's assets evaluated at fair value as of December 31, 2009:

<b>Assets</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	<b>Total</b>
Financial assets available for sale				
- Shares	-	-	-	-
- Debt securities	43 261	20 817	3 645	<b>67 723</b>
- Participation securities	11 244	-	-	<b>11 244</b>
Financial assets at fair value through profit or loss				
- Shares	-	-	-	-
- Long-term securities	-	-	19 533	<b>19 533</b>
- Participation securities	11 324	-	-	<b>11 324</b>
Financial derivative tools	-	-	-	-
<b>Total assets</b>	<b>65 829</b>	<b>20 817</b>	<b>23 178</b>	<b>109 824</b>

The following table shows the changes in Category 3 investments for the year ending December 31, 2009:

	<b>Debt securities available for sale</b>	<b>Debt securities at fair value through profit or loss</b>	<b>Total assets</b>	<b>Liabilities from investment policies</b>	<b>Total liabilities</b>
Initial state	13 873	18 333	32 206	-	-
Total income and costs affecting:					
- Income statement	148	1 200	1 348	-	-
- Equity	19	-	19	-	-
Transfer into or from Category 3	(8 247)	-	(8 247)	-	-
Re-classified into loans and receivables					
Purchases	1 055	-	1 055	-	-
Sales, maturities, coupons	(3 203)	-	(3 203)	-	-
<b>Final balance</b>	<b>3 645</b>	<b>19 533</b>	<b>23 178</b>	<b>-</b>	<b>-</b>
Total income and costs of the securities in the portfolio as of December 31, 2009 for the year 2009	119	1 200	1 319	-	-

The following table shows the sensitivity of Category 3 investments to favourable and unfavourable changes used to determine the fair value of financial assets and liabilities. As a favourable change we considered the reduction of credit spreads by 50 bp, a move which would increase the value of debt securities, whilst an unfavourable change would be an increase of the credit-spreads by 50 bp which would entail a value-drop of debt securities.

	Impact on income statement		Impact on the balance sheet	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
<b>December 31, 2009</b>				
Debt securities for sale	-	-	42	(41)
Debt securities at fair value through profit or loss	847	(808)	-	-
<b>December 31, 2008</b>				
Debt securities for sale	-	-	285	(271)
Debt securities at fair value through profit or loss	886	(841)	-	-

## 5 Tangible assets

values in EUR (whole)	PC and other hardware	Vehicles	Furniture	Office machines and equipment	Total
<b>as of January 1, 2008</b>					
Initial price	180 139	75 041	134 035	78 763	467 978
Cumulated depreciations	(94 594)	(37 554)	(125 581)	(49 526)	(307 254)
<b>Net book value</b>	<b>85 545</b>	<b>37 487</b>	<b>8 454</b>	<b>29 237</b>	<b>160 723</b>
<b>12 months ending December 31, 2008</b>					
Net book value as of January 1, 2007	85 545	37 487	8 454	29 237	160 723
Addition	32 211	53 309	6 148	6 379	98 047
Disposal	(9 241)	(8)	(95 703)	(6 938)	(111 889)
Depreciations	(30 841)	(17 479)	89 825	(9 461)	32 045
Net book value as of December 31, 2007	9 569	5 712	986	2 987	19 254
<b>Net book value as of January 1, 2007</b>	<b>87 244</b>	<b>79 021</b>	<b>9 710</b>	<b>22 205</b>	<b>198 180</b>
<b>as of December 31, 2008</b>					
Initial price	224 789	139 064	56 486	87 273	507 613
Cumulated depreciations	(137 545)	(60 043)	(46 776)	(65 069)	(309 432)
<b>Net book value</b>	<b>87 244</b>	<b>79 021</b>	<b>9 710</b>	<b>22 205</b>	<b>198 180</b>
<b>12 months ending December 31, 2009</b>					
Net book value as of January 1, 2008	87 244	79 021	9 710	22 205	198 180
Addition	40 729	-	4 075	-	44 804
Disposal	(9 496)	(46 474)	(3 971)	-	(59 940)
Depreciations*	(27 744)	29 320	(437)	(9 697)	(8 557)
<b>Net book value as of December 31, 2008</b>	<b>90 734</b>	<b>61 867</b>	<b>9 378</b>	<b>12 508</b>	<b>174 487</b>
<b>as of December 31, 2008</b>					
Initial price	256 022	92 591	56 590	87 273	492 476
Cumulated depreciations	(165 289)	(30 723)	(47 213)	(74 765)	(317 990)
<b>Net book value</b>	<b>90 734</b>	<b>61 867</b>	<b>9 378</b>	<b>12 508</b>	<b>174 487</b>

\* Change in depreciation includes except the current year depreciation also the cumulative value of depreciation of disposed assets.

Depreciation of disposed and undisposed assets were as follows:

Depreciations (in EUR)					Total
2008	39 982	17 479	2 896	16 399	76 756
Exchange rate differences from currency conversion	1 546	676	112	634	2 968
<b>Total 2008</b>	<b>41 528</b>	<b>18 155</b>	<b>3 008</b>	<b>17 033</b>	<b>79 724</b>
<b>2009</b>	<b>37 070</b>	<b>17 154</b>	<b>4 397</b>	<b>9 697</b>	<b>68 318</b>

## 6 Intangible assets

Intangible assets represents software and software licences.

values in EUR (whole)	Total
<b>as of January 1, 2008</b>	
Initial price	864 119
Cumulated depreciations	(656 889)
<b>Net book value</b>	<b>207 231</b>
<b>12 months ending December 31, 2008</b>	
Net book-value as of January 1, 2008	207 231
Acquisition	35 303
Disposal	-
Depreciations	(83 219)
Exchange rate differences from currency conversion	22 065
<b>Net book-value as of December 31, 2008</b>	<b>181 380</b>
<b>as of December 31, 2008</b>	
Initial price	1 000 520
Cumulated depreciations	(819 140)
<b>Net book-value</b>	<b>181 380</b>
<b>12 months ending December 31, 2009</b>	
Net book-value as of January 1, 2009	181 380
Acquisition	17 281
Disposal	(4 145)
Depreciations	(51 996)
<b>Net book-value as of December 31, 2009</b>	<b>142 521</b>
<b>as of December 31, 2009</b>	
Initial price	1 013 657
Cumulated depreciations	(871 136)
<b>Net book-value</b>	<b>142 521</b>

Depreciation of disposed and undisposed assets were as follows:

Depreciations (in EUR)	Spolu
2008	83 219
Exchange rate differences from currency conversion	3 218
<b>Total 2008</b>	<b>86 437</b>
<b>2009</b>	<b>56 140</b>

## 7 Financial assets

	December 31, 2009	December 31, 2008
Securities held to maturity	65 885	68 660
Securities available for sale	78 967	64 455
Securities at fair value through profit or loss	30 857	25 752
Derivative financial instruments	-	-
Term deposits	5 378	13 376
Receivables including receivables from insurance	421	140
<b>Financial assets in total</b>	<b>181 508</b>	<b>172 383</b>

Of these financial assets up to one year:	December 31, 2009	December 31, 2008
Securities held to maturity	22 280	11 400
Securities available for sale	2 949	2 089
Securities at fair value through profit or loss	-	-
Derivative financial instruments	-	-
Term deposits	5 378	13 376
Receivables including receivables from insurance	269	140
<b>Financial assets up to one year in total</b>	<b>31 028</b>	<b>27 005</b>

Securities held to maturity	December 31, 2009	December 31, 2008
Fixed yield debt securities		
- listed	65 285	67 851
Variable yield debt securities		
- listed	601	809
- not listed	-	-
<b>Securities held to maturity in total</b>	<b>65 885</b>	<b>68 660</b>

Securities held-to-maturity not provided in the balance sheet at their fair value. The fair value of the securities held- to-maturity is EUR 67 658 thousand (reference period: EUR 69 212 thousand).

The fair value of the securities held-to-maturity is based on the market price. In the case of an inactive financial market, the fair value for the respective investment is set by means of evaluation techniques, comprising the use of topical and independent market transactions between informed and consenting parties, references to the current fair value of another tool (being in principal the same), other market information, analysis of discounted cash flow, or other models.

Securities available for sale	December 31, 2009	December 31, 2008
Equity securities	11 244	2 994
Fixed-yield debt securities		
- listed	65 417	57 925
Variable yield debt securities		
- listed	2 306	3 537
<b>Securities available for sale in total</b>	<b>78 967</b>	<b>64 456</b>

Of the total value of securities for sale, EUR 24 462 thousand was evaluated using evaluation techniques (reference period: EUR 24 254 thousand).

<b>Securities available for sale (by evaluation mode):</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Securities available for sale evaluated using inputs derivable from the market (Category 2)	20 817	10 381
Securities available for sale evaluated using inputs not derivable from the market (Category 3)	3 645	13 873

<b>Securities at fair value through profit or loss</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Equity- and debt-securities	30 857	25 752
- of this covering the provision for unit-linked life insurance	30 355	25 675
Share in %	98.4%	99.7%

<b>Equity securities</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
<b>Listed securities</b>	-	-
- equity securities - Euro-zone	-	-
- equity securities - USA	-	-
- equity securities - other	-	-
<b>Not listed securities</b>	22 568	10 413
- equity securities – Euro-zone *	22 568	10 413
- equity securities - USA	-	-
- equity securities - other	-	-
<b>Equity securities in total</b>	<b>22 568</b>	<b>10 413</b>

\*) also comprising investments covering the provision for unitlinked insurance

#### Movement of assets

	<b>securities held to maturity</b>	<b>securities available for sale</b>	<b>securities at fair value through profit or loss</b>	<b>Total</b>
<b>as of January 1, 2008</b>	<b>58 994</b>	<b>56 950</b>	<b>4 980</b>	<b>120 923</b>
Additions	11 042	12 548	20 129	43 718
Outflows	(8 291)	(10 176)	-	(18 466)
Differences from re-evaluation	-	(1 600)	(684)	(2 284)
Exchange rate differences	-	126	-	126
Exchange rate differences from currency conversion	6 915	6 608	1 327	14 849
<b>as of December 31, 2008</b>	<b>68 660</b>	<b>64 456</b>	<b>25 752</b>	<b>158 867</b>
Additions	11 130	18 324	3 540	32 994
Outflows	(13 904)	(7 572)	-	(21 476)
Differences from re-evaluation	-	3 760	1 564	5 324
Exchange rate differences	-	-	-	-
<b>as of December 31, 2009</b>	<b>65 885</b>	<b>78 967</b>	<b>30 857</b>	<b>175 709</b>

## 8 Derivatives for trading

The Company has not booked any trading derivatives related to the monitored periods.

## 9 Term deposits

As loans, the Company reports term deposits with a maturity-period of not more than 1 month, acquired for the investment and capitalisation of technical provisions and own resources.

	December 31, 2009	December 31, 2008
Term deposits	5 378	13 376
<b>Term deposits in total</b>	<b>5 378</b>	<b>13 376</b>

The average interest rate of term deposits was 0.80% (previous year 3.14%).

## 10 Receivables

	December 31, 2009	December 31, 2008
Receivables from insurance	464	313
Adjustments to receivables from insurance	(262)	(248)
Receivables on behalf of other entities	12	7
Other receivables	54	69
- advances	-	-
- against related entities	53	64
- against the employees	1	3
- other	-	2
<b>Receivables in total</b>	<b>268</b>	<b>140</b>

All receivables (except receivables from insurance) are due within a year.

The following table shows the amount of depreciated receivables classified by maturity. The only depreciated receivables are from insurance.

Depreciated receivables	December 31, 2009	December 31, 2008
Up to 4 months	13	11
5-12 months	26	41
more than 12 months	223	196
	<b>262</b>	<b>248</b>

## 11 Assets arising from re-insurance

	December 31, 2009	December 31, 2008
The reinsurer's share in RPBO	62	71
VIG Reinsurance	30	35
General Cologne Reinsurance	31	36
Receivables from re-insurance	14	13
VIG Reinsurance	-	-
Sparkassen Versicherung	11	6
GeneralCologne Reinsurance	3	7
<b>Assets arising from re-insurance in total</b>	<b>76</b>	<b>84</b>

All assets arising from re-insurance have a maturity of up to one year.

<b>Liabilities arising from re-insurance</b>		
VIG Reinsurance	32	35
GeneralCologne Reinsurance	31	36
<b>Liabilities arising from re-insurance in total</b>	<b>63</b>	<b>71</b>

## 12 Cash and cash equivalents

	December 31, 2009	December 31, 2008
Cash at bank and cash in hand	16	104
Non unit-linked term deposits	691	2 761
<b>Cash and cash equivalents in total</b>	<b>707</b>	<b>2 865</b>

The average interest rate of short-termed deposits was 0.61% (previous year 2.88%) and the average duration was 1.53 days (previous year 1.51 days).

## 13 Accruals accounts

<b>Accrued costs</b>	December 31, 2009	December 31, 2008
- DAC - traditional policies	50	43
- DAC - unit-linked policies	83	578
- Deferred costs - traditional policies (maintenance commission)	7	7
- Deferred costs - unit-linked policies (maintenance commission)	1	1
- other	15	29
<b>Total</b>	<b>156</b>	<b>658</b>

DAC - deferred acquisition costs on insurance policies are part of the liability adequacy test. The accruing of commissions for unit-linked life insurance is described in more detail in part 2.11

For completing the review of accruals, we provide also the total Zillmerisation value (more in part 2.11), which considers the gradual payment of acquisition costs in the future insurance premium:

	December 31, 2009	December 31, 2008
Total Zillmerisation value in all policies	1 519	2 314
<b>- of this New Business for the respective period</b>	<b>142</b>	<b>105</b>

## 14 Shareholder equity

The Company issued a total of 171 000 equity shares in a nominal value of EUR 33.20. All issued shares were fully paid.

The compulsory reserve fund was created with the foundation of the Company and is further created from profit in compliance with the requirements of Slovak legislation. Other funds represent financial deposits of shareholders.

The evaluation differences contain cumulative changes of the fair value of financial assets for sale.

	Share capital	Reserve funds	Other funds	Evaluation differences	Undistributed profit	Share-holder equity in total
<b>Balance as of January 1, 2008</b>	5 089	554	3 857	(1 587)	4 566	<b>12 478</b>
Changes in equity	-	-	-	-	-	-
Revaluation of financial assets	-	-	-	(1 474)	-	<b>(1 474)</b>
Deferred tax change	-	-	-	280	-	<b>280</b>
Profit or loss brought forward	-	310	-	-	(310)	-
Profit or loss of the current period	-	-	-	-	3 420	<b>3 420</b>
Exchange rate differences from conversions	587	76	445	(229)	647	<b>1 526</b>
<b>Balance as of December 31, 2008</b>	<b>5 676</b>	<b>939</b>	<b>4 302</b>	<b>(3 010)</b>	<b>8 323</b>	<b>16 230</b>
Changes in shareholder equity	1	-	-	-	(1)	-
Revaluation of financial assets	-	-	-	3 760	-	<b>3 760</b>
Change of deferred tax	-	-	-	(715)	-	<b>(715)</b>
Accrued operating profit	-	196	-	-	(196)	-
Operating profit of the current period	-	-	-	-	1 975	<b>1 975</b>
<b>Balance as of December 31, 2009</b>	<b>5 677</b>	<b>1 135</b>	<b>4 302</b>	<b>35</b>	<b>10 101</b>	<b>21 250</b>

Movements in revaluation of financial assets available for sale:

<b>Balance as of January 1, 2008</b>	<b>(1 587)</b>
Revaluation - brutto (Comment 7)	(1 474)
Deferred tax from revaluation (Comment 20)	280
Exchange rate differences from conversion	(229)
<b>Balance as of December 31, 2008</b>	<b>(3 010)</b>
Revaluation - brutto (Comment 7)	3 760
Deferred tax from revaluation (Comment 20)	(715)
<b>Balance as of December 31, 2009</b>	<b>35</b>

## 15 Liabilities arising from insurance and reinsurance contracts

	December 31, 2009	December 31, 2008
Liabilities against the insured	895	1 125
- maturities	643	870
- other claims	34	37
- surrender values	49	38
- liabilities from cancelled policies	8	15
- insurance-premium overpayment	160	164
Liabilities to intermediaries	1 832	166
Liabilities from premium collected on behalf of other entities	142	169
Liabilities from premium received in advance	230	206
<b>Liabilities from insurance</b>	<b>3 099</b>	<b>1 667</b>
<b>Technical provisions before re-insurance</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Provision for reported but non-settled claims (RBNS)	219	222
Provision for incurred but not reported claims (IBNR)	245	143
Provision for unearned premium	163	183
Provision for unit-linked life insurance	30 355	25 675
Provision for life insurance, of those:	125 863	132 059
- profit share reserve allocated	2 514	2 488
- profit share reserve non-allocated	830	662
<b>Technical provisions before re-insurance in total</b>	<b>156 845</b>	<b>158 283</b>
<b>Liabilities arising from insurance policies</b>	<b>159 944</b>	<b>159 950</b>
<b>Liabilities from re-insurance</b>	<b>63</b>	<b>71</b>
<b>Technical provisions after re-insurance</b>		
Provision for reported but non-settled claims (RBNS)	219	222
Provision for incurred but not reported insured events (claims) (IBNR)	245	143
Provision for unearned premium	100	112
Provision for unit-linked insurance	30 355	25 675
Provision for life insurance, of those:	125 863	132 059
- profit share reserve allocated	2 514	2 488
- profit share reserve non-allocated	830	662
<b>Technical provisions after re-insurance in total</b>	<b>156 782</b>	<b>158 212</b>

Out of the total value of liabilities, the liabilities up to EUR 37 264 thousand are due on one year.

## 15.1 Development of technical provisions

### (a) Provisions for claims

	December 31, 2009			December 31, 2008		
	Gross	Share of reins	Net	Gross	Share of reins	Net
RBNS	222	-	222	132	-	132
IBNR	143	-	143	21	-	21
<b>Total at period end</b>	<b>366</b>	<b>-</b>	<b>366</b>	<b>153</b>	<b>-</b>	<b>153</b>
<b>RBNS</b>						
Reported claims - release	(27 593)	-	(27 593)	(8 273)	-	(8 273)
- written payments for settled claims during the period	(27 211)	-	(27 211)	(8 104)	-	(8 104)
- release of unearned-premium part	(382)	-	(382)	(168)	-	(168)
Reported claims - creation	27 590	-	27 590	8 345	-	8 345
- incurred in the current period	27 149	-	27 149	8 143	-	8 143
- incurred in the previous period	442	-	442	202	-	202
Exchange rate differences from currency conversion	-	-	-	18	-	18
<b>Total at period end</b>	<b>219</b>	<b>-</b>	<b>219</b>	<b>222</b>	<b>-</b>	<b>222</b>
<b>IBNR</b>						
Reported claims - release provisions	(350)	-	(350)	(104)	-	(104)
Not reported claims - creation provisions	452	-	452	220	-	220
Exchange rate differences from currency conversion	-	-	-	7	-	7
<b>Total at period end</b>	<b>245</b>	<b>-</b>	<b>245</b>	<b>143</b>	<b>-</b>	<b>143</b>
RBNS	219	-	219	222	-	222
IBNR	245	-	245	143	-	143
<b>RPP in total at period end</b>	<b>464</b>	<b>-</b>	<b>464</b>	<b>366</b>	<b>-</b>	<b>366</b>

### (b) Provisions for claims - IBNR development

	2007	2008	2009
IBNR status	21	143	245
Payments during the year *	60	104	350
Exchange rate differences from currency conversion	-	6.48	-

\*) for which the IBNR was created

For the creation of the IBNR, the Company applies a statistical estimation based on the calculation from the current insurance premium written. Please find the exact methodology described in item 2.11 (b). In spite of the fact that the Company has been on the insurance market for six years, its portfolio is not yet stabilised and the number of amount of insurance events develops in leaps, providing no statistically relevant data.

The Company however, stores all necessary data and assumes that next year it will have sufficient information available, so that for IBNR-estimation the Company will be able to employ a different method, i.e. based on the number and amount of indemnification-payments (claims).

Payments during the year show the amount of paid claims which were reported and paid in the same year, but which had incurred in previous years.

**(c) Provision for unearned premium**

	2009			2008		
	Gross value	Re-insurer share	Net value	Gross value	Re-insurer share	Net value
At the beginning of the period	183	(71)	112	190	(42)	149
Creation during the period	504	(8)	496	539	(24)	515
Release during the period	(525)	17	(508)	(566)	-	(566)
Exchange rate differences from currency conversion	-	-	-	21	(6)	15
<b>Total at period end</b>	<b>163</b>	<b>(62)</b>	<b>101</b>	<b>183</b>	<b>(71)</b>	<b>112</b>

**(d) Provision for life insurance****Value of parameters used in the calculation of provisions for life insurance**

Parameter	Extent		Note
	from	to	
Technical interest rate	2.50%	4.00%	depending on product and commencement date of insurance
Costs - Zillmer's alpha	1.00%	3.50%	depending on product and commencement date of insurance
Costs gamma (administration costs)	0.10%	0.25%	depending on product type
Mortality tables	SR 1995		

The parameter Zillmer's alpha is used for deferred acquisition costs for capital life insurance with regular premium. The gamma-parameter is used for calculating the reserve for the management of capital life insurance - for single paid insurance-premium.

	2009			2008		
	Gross value	Share of reins.	Net value	Gross value	Share of reins.	Net value
Reserve for life insurance	128 909	-	128 909	113 520	-	113 520
Profit share reserve	3 150	-	3 150	2 447	-	2 447
<b>Total at the beginning of the period</b>	<b>132 059</b>	<b>-</b>	<b>132 059</b>	<b>115 967</b>	<b>-</b>	<b>115 967</b>
Created reserve for life insurance	24 485	-	24 485	13 810	-	13 810
- deposit part of the insurance-premium	20 632	-	20 632	9 843	-	9 843
- allocation of the technical interest-rate	3 853	-	3 853	3 967	-	3 967
Creation of the profit share reserve	1 532	-	1 532	1 632	-	1 632
Release reserve for life insurance	(30 875)	-	(30 875)	(11 608)	-	(11 608)
- death	(323)	-	(323)	(244)	-	(244)
- maturity	(25 530)	-	(25 530)	(7 122)	-	(7 122)
- surrender	(3 683)	-	(3 683)	(4 142)	-	(4 142)
- other	(1 340)	-	(1 340)	(101)	-	(101)
Release of the profit share reserve	(1 338)	-	(1 338)	(1 227)	-	(1 227)
Exchange rate differences from currency conversion	-	-	-	13 485	-	13 485
<b>Total at period end</b>	<b>125 863</b>	<b>-</b>	<b>125 863</b>	<b>132 059</b>	<b>-</b>	<b>132 059</b>
Reserve for life insurance	122 519	-	122 519	128 909	-	128 909
Profit share reserve	3 344	-	3 344	3 150	-	3 150
<b>Total at period end</b>	<b>125 863</b>	<b>-</b>	<b>125 863</b>	<b>132 059</b>	<b>-</b>	<b>132 059</b>

**(e) Provision for unit-linked insurance**

	2009			2008		
	Gross value	Share of reins.	Net value	Gross value	Share of reins.	Net value
<b>Provision at period beginning</b>	<b>25 675</b>	-	<b>25 675</b>	<b>4 922</b>	-	<b>4 922</b>
Creation reserve for UL	6 052	-	6 052	20 067	-	20 067
- investment part of the insurance-premium	4 546	-	4 546	20 758	-	20 758
- consideration of funds development	1 506	-	1 506	(692)	-	(692)
Release reserve for UL	(1 372)	-	(1 372)	(634)	-	(634)
- death	(64)	-	(64)	(3)	-	(3)
- maturity	-	-	-	-	-	-
- surrender	(1 152)	-	(1 152)	(402)	-	(402)
- fee payment from the fund	(138)	-	(138)	(121)	-	(121)
- other */	(18)	-	(18)	(108)	-	(108)
Exchange rate differences from currency conversion	-	-	-	1 320	-	1 320
<b>Total at period end</b>	<b>30 355</b>	-	<b>30 355</b>	<b>25 675</b>	-	<b>25 675</b>

\*) The item contains cancellations up to 2 months, cancellations due to non-payments, and extraordinary withdrawals

**16 Reinsurance result**

	12/2009	12/2008
Written premium ceded to reinsurance companies	(316)	(152)
Expenses on claims ceded to reinsurance companies	44	14
Change of provisions ceded	(9)	24
Commissions from the re-insurers	132	43
<b>Reinsurance result</b>	<b>(150)</b>	<b>(71)</b>
Exchange rate differences from currency conversion	-	(3)

**17 Liabilities from business relations and other liabilities**

	December 31, 2009	December 31, 2008
Liabilities from business relations	179	128
Liabilities towards the employees and statutory representative	467	408
Liabilities towards insurances	36	2
Liabilities arising from taxes and fees	252	447
Other liabilities	4	1
<b>Liabilities from business relations and other in total</b>	<b>937</b>	<b>984</b>

All liabilities are obligations with a maturity period of up to one year.

## 18 Other operating liabilities

As at the balance sheet reporting date, the Company records no long term provision for additional commission for the procurement of insurance policies in the amount of EUR 913 thousands (2008: EUR 0 thousands), The assumed payment date (as specified in the conditions) is December 31, 2011.

## 19 Employee benefits

Current liability value in EUR	2009	2008
Initial value	661	892
Release and use	(14)	(33)
Creation	1 203	(289)
of this the effect of fluctuation change	896	(545)
Non-reported past costs	-	-
Exchange rate differences from currency conversion	-	91
<b>Final balance</b>	<b>1 851</b>	<b>661</b>

Actuarial assumptions	2009	2008
Discount rate	3.50%	3.50%
Assumed wage increase	4.50%	4.50%
Fluctuation	19.32%	19.32%
Probability of invalidity	5.31%	5.31%
Probability of survival	86.92%	86.92%

The value of provisions for employee benefits is updated as of December 31 of the current calendar year.

## 20 Deferred tax

Deferred tax liabilities and liabilities are compensated if there is an executable (applicable) right of compensating the due tax-receivables against due tax-payables (obligations), and when the deferred tax as well as due-tax is owned by the same tax authority.

	2009	2008
Deferred tax receivable		
- claimed after more than 12 months	259	772
- claimed within 12 months	107	106
	<b>366</b>	<b>878</b>
Deferred tax liability		
- claimed after more than 12 months	21	11
- claimed within 12 months	-	-
	<b>21</b>	<b>11</b>
<b>Net value of the deferred tax</b>	<b>345</b>	<b>867</b>

<b>Deferred tax</b>	<b>2009</b>	<b>2008</b>
<b>At the beginning of the period</b>	<b>867</b>	<b>429</b>
Changes booked via profit or loss	192	93
Changes booked to equity	(714)	280
Exchange rate differences from currency conversion	-	64
<b>At the end of the period</b>	<b>345</b>	<b>867</b>

## 21 Earned premium

	<b>2009</b>	<b>2008</b>
Written premium	33 530	40 162
- of this for unit-linked insurance	6 741	24 671
Change of provision for unearned premium	20	28
<b>Earned premium before re-insurance</b>	<b>33 551</b>	<b>40 189</b>
The written premium ceded to reinsurance companies	(316)	(152)
Change of provision for unearned premium ceded to the re-insurers	(10)	24
<b>Earned premium after re-insurance</b>	<b>33 225</b>	<b>40 061</b>
- exchange rate differences from currency conversion		1 549
<b>Written premium by payment mode</b>	<b>2009</b>	<b>2008</b>
Single payment	16 219	23 740
Current	17 311	16 422
<b>Total</b>	<b>33 530</b>	<b>40 162</b>
- exchange rate differences from currency conversion		1 553

## 22 Income from financial placement

	<b>2009</b>	<b>2008</b>
Securities for sale		
- dividend income	-	14
- interest income	2 602	2487
Securities held-to-maturity	3 041	2989
Interest from termed accounts	70	645
Share in commissions	237	68
Derivatives for trading	-	716
Exchange rate gains (Item 31)	110	1965
<b>Income from financial placement in total</b>	<b>6 059</b>	<b>8 884</b>
- exchange rate differences from currency conversion		344

## 23 Realised net gains/(losses) from financial placement

	2009	2008
Realised gains from financial placement - AFS		
- equity securities	1 304	5 841
- debt-securities	-	-
Realised losses from financial placement - AFS		
- equity securities	(1 143)	(6 536)
- debt-securities	-	-
Realised net-gains from financial placement - HTM		
- T-bills	14 374	5 810
Realised losses from financial placement - HTM		
- T-bills	(14 374)	(5 810)
<b>Net realised gains from financial placement in total</b>	<b>160</b>	<b>(695)</b>
- exchange rate differences from currency conversion		(27)

## 24 Costs for financial placement

	2009	2008
Fees for financial placement	244	152
Fixed term operations losses	-	822
Exchange-rate losses (Item 31)	112	1 915
<b>Financial placement cost in total</b>	<b>356</b>	<b>2 889</b>
- exchange rate differences from currency conversion		112

## 25 Other income

	2009	2008
Profit commission from reinsurance	132	43
Commission from foreign insurance-premium (from co-insurance)	85	78
Fees from the insurance policies	3	6
Release of adjustments	87	41
Loss compensations from insurance-companies	1	2
Exchange rate gains – non unit-linked	-	-
Short-term provisions not used	10	26
Other	74	36
<b>Other income in total</b>	<b>393</b>	<b>232</b>
- exchange rate differences from currency conversion		9

## 26 Costs of claims

	2009	2008
Claims	27 211	8 096
- death	954	640
- maturity	26 120	7 326
- injury	138	126
- dread diseases	-	3
Surrender values	5 262	4 391
Costs of claims service	206	169
<b>Costs of claims</b>	<b>32 679</b>	<b>12 655</b>
Costs of claims ceded to re-insurers	(44)	(14)
Change of provision's balance (state) of claims	99	188
<b>Expenses on claims</b>	<b>32 734</b>	<b>12 829</b>
- exchange rate differences from currency conversion		496

## 27 Acquisition expenses on insurance policies

	2009	2008
Commissions for the underwriting agents	2 950	1 906
Marketing costs	109	180
Administrative costs	352	504
DAC change - for traditional policies	(7)	77
- creation	(167)	(124)
- depreciation	132	192
- release due to cancellation	28	9
DAC change - commissions for unit-linked insurance	495	252
- creation	(233)	(1 583)
- depreciation	671	1 659
- release due to cancellation	57	176
<b>Acquisition expenses on insurance policies in total</b>	<b>3 898</b>	<b>2 920</b>
- exchange rate differences from currency conversion		113

## 28 Operating expenses

	2009	2008
Maintenance commissions	1 170	751
Personal costs (Item 29)	1 258	1 152
Depreciations	124	121
Other costs	586	541
- of this audit costs	31	44
- of this tax-consultancy costs	9	13
- of this property insurance costs	3	4
Insurance software maintenance costs	138	167
<b>Operating expenses in total</b>	<b>3 276</b>	<b>2 733</b>
- exchange rate differences from currency conversion		106

The total costs connected to the acquisition and administration of insurance, as well as costs for settling claims (apart from commission expenses), were based on the assessment of estimates re-allocated and shown in the respective categories (Item 3). This is also why the personal costs shown in item 28 are lower than those in item 29, where they are shown without re-allocation.

In connection with the euro-introduction on January 1, 2009, the following costs were expended in 2009:

	2009	2008
Software maintenance	12	40
Modification of periodicals for clients	-	3
Other	-	2
<b>Operating costs in total</b>	<b>12</b>	<b>45</b>
- exchange rate differences from currency conversion	-	2

## 29 Personal costs

	2009	2008
Wages and bonuses	1 210	1 101
Social insurance + health insurance	323	292
Other personal costs	118	127
Other long-term benefits - severance payments	1	-
<b>Personal costs in total</b>	<b>1 652</b>	<b>1 519</b>
- exchange rate differences from currency conversion		59

### 30 Other costs

	2009	2008
Adjustments - creation	101	78
Commissions and fees	102	91
Exchange-rate losses	-	2
Other	15	1
<b>Other costs in total</b>	<b>218</b>	<b>172</b>
- exchange rate differences from currency conversion		7

### 31 Net exchange rate differences

The exchange rate gains / losses booked through profit or loss are included in the following table:

	2009	2008
<b>Exchange rate gains</b>	<b>110</b>	<b>1 966</b>
- short-term term deposits	103	1 778
- mutual funds purchase and sale	-	95
- foreign currency accounts	7	93
- other	-	-
<b>Exchange-rate losses</b>	<b>(112)</b>	<b>(1 917)</b>
- short-term term deposits	(112)	(1 213)
- mutual funds purchase and sale	-	(496)
- foreign currency accounts	(1)	(206)
- other	-	(2)
<b>Net exchange-rate differences</b>	<b>(2)</b>	<b>48</b>
- exchange rate differences from currency conversion		2

### 32 Tax expenditure

	2009	2008
Corporate tax due	654	885
Tax deducted abroad	-	3
Deferred tax (Item 20)	(192)	(93)
	<b>461</b>	<b>795</b>
Profit before tax	2 436	4 215
Tax calculated pursuant to the applicable legal tax rate	463	801
Tax deducted abroad	-	3
Impact of permanent differences	(17)	6
Impact of non-reported tax	15	(15)
<b>Tax liability</b>	<b>461</b>	<b>795</b>
- exchange rate differences from currency conversion		31

In both periods, the applicable tax rate was 19%.

### 33 Transactions with related parties

Related parties of the Company are companies in the group, the Board of Directors, and the Supervisory Board of the Company.

#### 33.1 Transactions with company management

The Board members did not receive any loans - neither in the period from the beginning of the year till December 31, 2009, nor in the previous year. Apart from the salaries for the Board members, the Company also contributes to the Complementary Pension Insurance.

	2009	2008
Remunerations and contributions for BoD members	236	215
- of this contributions for health insurance	5	4
- of this social contributions	19	15
Other	16	-
Remunerations for Supervisory Board members	6	11
	<b>258</b>	<b>226</b>
Total - exchange rate differences from currency conversion		9

#### 33.2 Transactions with group companies

	December 31, 2009	December 31, 2008
<b>Kooperativa</b>		
Liabilities from insurance	98	117
Receivables for commissions	5	-
Income from commissions	71	69
Commissions costs	-	(38)
<b>Sparkassen Versicherung AG, Vienna</b>		
Liabilities from re-insurance	-	35
Receivables from re-insurance	11	6
IT services	(181)	(220)
Re-insured claims	14	
<b>VIG RE zajišťovna, a.s., Prague</b>		
Liabilities from reinsurance	31	-
Receivables from reinsurance	-	-
Re-insured claims	8	-

## 34 Conditioned liabilities

### Tax legislation

Due to the fact that many fields of Slovak tax legislation have not been sufficiently practically proven so far, there is some uncertainty on how tax authorities will handle and apply such legislation.

The Company have not had a tax audit in tax periods 2009, 2008, 2007, 2006 and 2005. Therefore the Company could be exposed to the risk of retrospective assessment. Management of the Company is not aware of any circumstances that could lead to significant tax costs in the future. Tax periods mentioned above could be audited by tax authority till years 2014, 2013, 2012, 2011 and 2010.

## 35 Events subsequent to Balance-Sheet date

There were no occurrences after the Balance-Sheet date which would significantly affect the financial situation of the Company.

In Bratislava, March 23, 2010.

Signatures of the statutory body members:



Ing. Roman Podolák,  
Board Chairman and CEO



Ing. Viera Kubašová  
Board member and CFO

Signature of the person in charge  
of compiling the Financial Statements:



Ing. Anna Samuelová  
Head of the Financial Department

Signature of the person in charge  
of the accounting:



Ing. Anna Samuelová  
Head of the Financial Department