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A WORD OF INTRODUCTION FROM THE CHAIRMAN OF THE BOARD

Dear ladies, dear gentlemen,



In 2013, the leasing company market achieved a slight growth in terms of the volume of new trades. Financial products were offered in the course of the year under the conditions of an ending economic recession. This trend was particularly apparent in the 4th quarter, where it became more evident that domestic companies are recovering from the crisis. The Czech legal code gained a new civil code, which accentuates the principles of contractual freedom and moves our legal system closer to the codes or mature western countries.

What did the year 2013 mean for us?

For us, 2013 meant quantitative confirmation that the strategic direction we chose was correct. We achieved the planned results. We fulfilled our plans, were the most popular choice on the leasing company market for corporate customers, and successfully managed the risks we are exposed to in general as a leasing company on the market.

Last year, ČSOB Leasing, a.s. provided companies with new financial services at a volume of CZK 10.69 bn. This was 17% more than in 2012. Compared to new production in 2010, it is actually an increase of 46.5%. Even more important, however, is that more than 95% of this volume went towards financing investments for Czech businesses.

The company definitely confirmed its leading position on the leasing market and as the largest non-banking provider of financing for investment assets in Czech business. We are the most highly-sought leasing company among Czech enterprises in the long term, and we are proud to support their business future, growth and competitiveness with our services. As for the structure of financed assets, ČSOB Leasing, a.s. provided significant financing on the market into personal and utility vehicles, motorcycles, buses, heavy transport equipment, machining and construction machines, and agricultural, handling and storage equipment. In terms of product composition, our leasing company has a leading position in financial leasing and corporate loans. Year-on-year, we moved from seventh the third position in operative leasing (as a sum of all commodities), which is the greatest leap forward on the market.

We implemented several important infrastructure projects concerning SW support for sales activities and processes within the company. We also devoted considerable efforts to ongoing cost optimisation.

In the most valuable area, human resources, the results of our surveys have showed us that the number of motivated and satisfied employees is on the rise. It is clear that working for ČSOB Leasing, a.s. is appealing and motivating for them, which has the greatest impact on our results and the satisfaction of our customers and business partners, which in turn serves as the greatest encouragement to work even harder.

Through its employees, ČSOB Leasing, a.s. is also a socially responsible company. For instance, in May 2013 a company meeting took place where our employees spent an afternoon of sports with handicapped athletes from the Integrated Sports Association and supported it with a fundraiser. This year again, we are conducting a range of activities involving our employees in the area of socially beneficial work. Helping out is part of our corporate philosophy. In 2014, we hope to continue pursuing our strategy towards further intensifying our successful cooperation within the ČSOB group and finding business synergies and solutions that will allow us to offer client's even greater added value. Within our sector, we are ready to promote changes that will support Czech businesses and their willingness to invest. Although personal communication and commodity consulting when selecting the subject of financing is important to customers in our segment, we perceive that many operations related to leasing will soon move to the internet and become a part of the digital world.

Please allow me to thank you all for the work and effort that has helped us to achieve a wide range of excellent results in 2013. In particular, I would like to thank all our customers and shareholders for their trust, all our employees for their work efforts and endless enthusiasm, and business partner for their quality cooperation last year.

I wish all the best on our shared path to a better and wealthier future.





IMPORTANT EVENTS IN 2013 AND THE FIRST HALF OF 2014



IMPORTANT EVENTS IN 2013 AND THE FIRST HALF OF 2014

2013

JANUARY • In 2013 ČSOB Leasing, a.s.¹⁾ continues in its exclusive partnership for financing Zetor tractors under the Zetor *Finance* brand. The Zetor Finance product is used by more than three quarters of the customers of ZETOR TRACTORS when purchasing a tractor on lease or loan.

FEBRUARY, MARCH • ČSOB Leasing prepared a new variant of operative leasing for the cargo vehicle commodity for its clients, namely Fullservice leasing with security.

• ČSOB Leasing offered its employees a new educational program – *Path to Success.* Participants in the program can choose from many new skills and expertise corresponding to their development needs and day-to-day work.

APRIL • ČSOB Leasing introduced a new marketing campaign called "We will mix just what you want", within which it introduced an interesting offer, which gives customers the opportunity to obtain not only motor third-party liability insurance, but also motor hull insurance for one year from free on selected vehicle models.

• With the aim of improving services for customers and business partners, ČSOB Leasing successfully implemented the *new SW PRM* (Partner Relationship Management). Among other areas, PRM has recently made it possible to arrange precise, timely and

process-coordinated care about the needs of our customers during the entire life cycle of the contractual relationship which has led to a range of simplifications in the area of processes.

MAY • ČSOB Leasing together with selected automobile dealers introduced a new product to the market in the operative leasing product series designated for business, called *"Leasing for smart business"*. Thanks to this product, company owners can affordably operate company personal and utility vehicles with convenient and carefree maintenance of their vehicles with their preferred partners and a number of additional services.

JUNE • ČSOB Leasing was awarded the bronze crown in the prestigious "Golden Crown" competition for the best financial product, for its product ČSOB Optimal Leasing with flexible services, and a silver crown for the product ČSOB Leasing – Program AGRO 2013.

• ČSOB Leasing continued its cooperation with the domestic trailer manufacturer PANAV.

• ČSOB Leasing gave customers the option of using preferential interest rates on 33 brands with 11 importers of construction, agricultural and handling equipment. JULY, AUGUST • For the summer season, ČSOB Leasing prepared a photo contest called *Photograph leasing*. All the clients of ČSOB Leasing and non-clients who enjoy photography could enter the contest. The condition was to take an interest photo of the subject of lease, or the dram subject of lease. The main prize was a personal automobile.

SEPTEMBER • ČSOB Leasing added a revolutionary novelty to its product portfolio and offered the new *Mobility plus* consumer product. This novelty gives consumers the opportunity to enjoy all the benefits of corporate customers, ad takes a step towards the future of the leasing market.

OCTOBER • In the 1st to 3rd quarters of 2013, ČSOB Leasing provided new financing for agricultural equipment worth CZK 858 mn (note: measured in the volume of newly provided financing). The results from the Czech Leasing and Financial Association prove that overall, *ČSOB Leasing ranks first* on the market in financing farmers. • ČSOB Leasing is the main partner of the motion picture Rush in the Czech Republic. The reason for participating in the release of this film to Czech cinemas is the perception of many parallels between ČSOB Leasing and the film Rush. • ČSOB Leasing continues its *cooperation* with the CENTRAL AUTO-MOTO CLUB OF THE CZECH REPUBLIC (ÚAMK), calling for greater safety on roads.

NOVEMBER • ČSOB Leasing employees take an active part in the newly public welfare project *Volunteering Days*. Over 50% of employees helped out in a total of 20 organisations.

• ČSOB Leasing successfully completed the *project* and implemented the new *Partner* application, which became the main source of data and establishes their absolute purity. This application is particularly beneficial for the sales teams, but also for some back office teams.

DECEMBER • The company confirmed its leasing position on the leasing market and as the largest non-banking provider of financing investment assets for Czech businesses. In 2013, ČSOB Leasing provided its clients with new financial services in the amount of CZK 10.69 bn. This is 17% more than in 2012. Of this amount, more than 95% went into financing investments for Czech businesses. • In 2013, ČSOB Leasing managed to compete successfully with captive leasing companies and specialised competitors focussed mainly on fleet clients with the operative leasing of cargo vehicles product.

¹⁾ hereinafter ČSOB Leasing or the company

IMPORTANT EVENTS IN 2013 AND THE FIRST HALF OF 2014

2014

• From the start of 2014, ČSOB Leasing prepared an attractive offer of financing for entrepreneurs in the agricultural segment called *"Program AGRO 2014"*. Within this program, provided they fulfill the given conditions, Czech farmers can partake in the subsidy program of the Support and Guarantee Farming and Forestry Fund, a.s. (PGRLF), reducing their total costs for procuring new agricultural equipment through interest cost subsidies.

- In 2014, ČSOB Leasing continues to prioritise the operative leasing product for the cargo automobile commodity.
- ČSOB Leasing concluded brand-name cooperation with the new importer of JCB agricultural equipment, PEKASS, for JCB products.
- ČSOB Leasing launched cooperation with the LELY agricultural equipment importer, Agropartner Soběslav, and offers brandname financing for LELY products.
- ČSOB Leasing provides the product of subsidised financing of warehouse supplies

with the companies ZETOR Tractors, Kubota, MASSEY FERGUSSON, LELY.

- ČSOB Leasing launched brand-name cooperation with the medical equipment importer ESSILOR.
- ČSOB Leasing concluded an agreement with the agricultural equipment importer AUSTRO DIESEL for brand cooperation for MASSEY FERGUSSON tractors.
- ČSOB Leasing prepared a special offer for customers with subsidised interest on KRONE agricultural equipment.
- In 2014, ČSOB Leasing *continues to cooperate with ÚAMK.* Within this partnership, a contest is prepared for everybody who buys a highway vignette for 2014. Competitors can win one of 2 private automobiles or other prizes worth CZK 10,000.

APRIL • In April, ČSOB Leasing launched the campaign "Tune your car". Within this campaign, it introduces the novelty "HIT Credit", a product attractive because of its low interest rate, variable final instalment and interesting insurance options.

MAY • ČSOB Leasing concludes the project for implementation of *CODA Financials* financial software, which plays a strategic role in company management. Its architecture brings transparency and instant overview to all employees and processes in the financial area. It helps adapt to continuous changes and minimise their impact on analyses, reporting and management processes.

JUNE • At some point during the course of the summer holidays, ČSOB Leasing will enter into a *contract with the 200 000th customer*. The 200,000th customer will be rewarded with a holiday voucher.





COMPANY PROFILE / INTRODUCING ČSOB LEASING, A.S.

ČSOB Leasing, a.s. is among the leading leasing institutions in the Czech Republic. It has won the position of market leader in this highly competitive environment. It is a company with many years of experience (19 years since company foundation).

• ČSOB Leasing, a.s. provides financing for the purpose or use of light and heavy means of transport, machinery, equipment, computer equipment, technologies and technological units, including financing subjects with high acquisition prices (wagons, aircraft, etc., including syndicated financing, etc.).

• ČSOB Leasing, a.s. offers customers and business partners a wide range of products (financial leasing, lease back, releasing, customer loans, full-service leasing, operative leasing, fleet management, stock financing, etc.).

• ČSOB Leasing, a.s. is a universal leasing company with a wide range of financial services for business and private individuals.

• ČSOB Leasing, a.s. offers products to customers not only through its own distribution network (personal approach in every region of CZ) and the extensive ČSOB distribution network, but also directly at the points of sale of cooperating dealers of movable assets.

• ČSOB Leasing, a.s. cooperates closely with the specialised subsidiary ČSOB Leasing pojišťovací makléř, s.r.o. (insurance broker) and through it offers a wide range of insurance products from leading insurance companies in the Czech market: motor thirdparty liability insurance, motor hull insurance, glass insurance, baggage insurance, legal protection, accident insurance for passengers, insurance of costs for renting a substitute vehicle, GAP, machinery insurance, payment ability insurance, industrial and business insurance.

• ČSOB Leasing, a.s. holds a quality certificate according to ISO 9001:2008.

• ČSOB Leasing, a.s. has been awarded in a number of competitions for the best financial product or company: Golden Crown, Golden Purse, Fleet Award, CZECH TOP 100 or Flotila.

• ČSOB Leasing, a.s. is a company that support modern e-communication with its customers and business partners (eLeasing – the customer online portal, electronic invoicing (ISDOC format) for full-service leasing clients, and the eLine SW application for business partners (thanks to which the customer can obtain a calculation, approval and then conclude the contract directly at the point of sale for a wide range of commodities within a few minutes).

• ČSOB Leasing, a.s. is a 100% subsidiary of Československá obchodní banka, a. s., a member of the ČSOB group and the major multinational KBC group.

 ČSOB Leasing, a.s. has the highest capital adequacy of leasing companies on the Czech market.

• ČSOB Leasing, a.s. contributes significantly to overall market growth. The volume of provided financial services in 2013 exceeded CZK 10 bn.

• Through ČSOB Leasing, customer can use the support programs of the EIB (European Investment Bank) and PGRLF (Support and Guarantee Farming and Forestry Fund), and other cooperating partners such as importers, manufacturers, insurers, etc.).

• ČSOB Leasing, a.s. is a specialist in financing corporate investments. More than 95% of

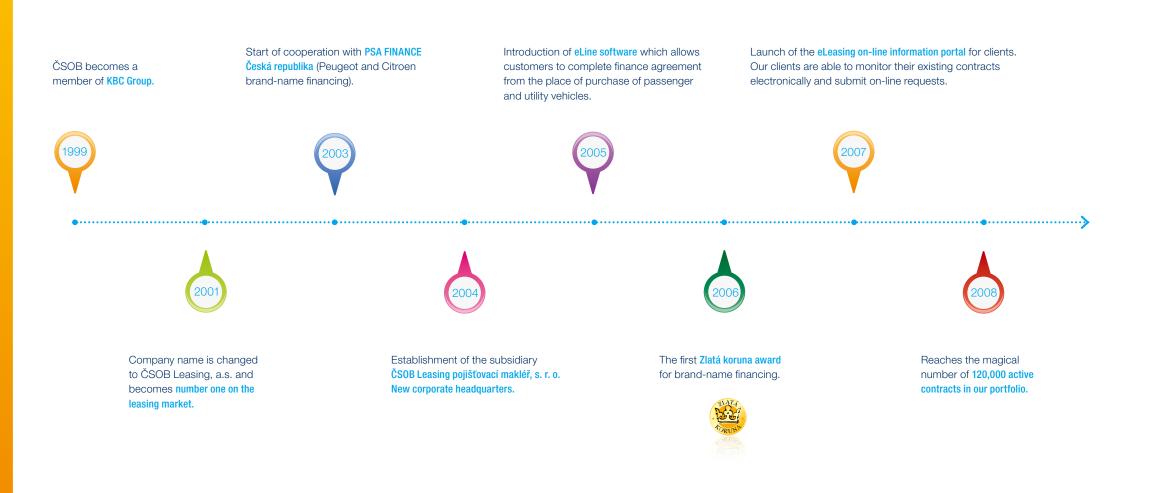
the volume of services provided in 2013 was aimed at financing the investment of Czech businesses.

• ČSOB Leasing, a.s. is a company that understands the needs of its surroundings. The employees of ČSOB Leasing, a.s. take an active part in public welfare projects. Social responsibility is becoming a standard part of the corporate philosophy.

• ČSOB Leasing, a.s. in its product development comes up with solutions that support the future development and progressive change in the area of transport mobility, while applying a company-wide effort to protect and care for the environment.



COMPANY PROFILE / MILESTONES IN THE HISTORY OF ČSOB LEASING, A.S



COMPANY PROFILE / *MILESTONES IN THE HISTORY OF ČSOB LEASING, A.S.*

The Flotila (full service leasing) product comes out on top in surveys by Fleet and Flotila magazines. 1st place in the non-banking financial institutions category in the CZECH TOP 100. Implementation of electronic invoicing services ČSOB Leasing becomes known as "Your Credible Future".

 PRM (Partner Relationship Management) implementation.

 Revolutionary product Leasing with flexible services.

 AGR0 2013 comprehensive program for farmers.

 ČSOB Leasing strengthened its leading position on the leasing market and as the most highly-sought provider of asset financing on the Czech market.

 The value of financing reached CZK 10.4 bn and the volume of financing at acquisition prices reached CZK 12.91 bn.







2010

First transaction for syndicated financing of České drahy, a.s. (Czech Railways) in the history of leasing companies, with the involvement of ČSOB Leasing, a.s., ING Lease (C. R.), s.r.o. and SG Equipment Finance Czech Republic, s.r.o. The total value of the deal was approximately CZK 1.5 bn. 2012

We support the development of electromobility. Partnership with the ÚAMK motorists' association – traffic safety support and awareness. On-line conclusion of agreements on the premises of machine, equipment, and heavy transport equipment vendors. 2014

ČSOB Leasing attains 200.000 customers.

COMPANY PROFILE / YOUR CREDIBLE FUTURE

ČSOB Leasing – Your Credible Future

In general, the future is unknown, but we can bring the client's dreams closer, implement them, put a name to it, if you so wish. Hence, "ČSOB Leasing – Your Credible Future".

ČSOB Leasing helps clients create and develop their business into the future, through asset financing (cars, production equipment, machines, etc.). With ČSOB Leasing, you can use the financed item or equipment immediately, but pay for it in the future.

REGISTERED CAPITAL of CZK 3 bn

19 YEARS on the market

ONE OF THE LARGEST leasing companies STABLE BACKGROUND of the ČSOB and KBC Group

> **PRODUCTS** with the optional use of subsidy programs

QUALITY CERTIFICATION

according to ISO 9001:2008

BRANCH in every region of the Czech Republic

FINANCED VALUE

CZK 10.69 bn

200,000 customers

358,000 financed movable objects and services

ČSOB Leasing, a.s. I ANNUAL REPORT 2013



COMPANY MANAGEMENT

MANAGEMENT OF ČSOB Leasing, a.s.

BOARD OF DIRECTORS as at 31 December 2013



Ing. Libor Bosák Chairman of the Board



Ing. Josef Rosenkranz Deputy Chairman of the Board



Ing. Rudolf Kypta Member of the Board **SUPERVISORY BOARD** *as at 31 December 2013*

PETR HUTLA (since 1 January 2013)

JIŘÍ VÉVODA (since 1 January 2013)

JÁN LUČAN (since 1 January 2013)

JEROEN KAREL VAN LEEUWEN (since 1 January 2013)

Mgr. PETR NEUVIRTH (since 14 December 2010)

Ing. JAROSLAV KREJČÍ (since 4 September 2006) SUPERVISORY BOARD since 1 January 2014

PETR HUTLA (since 1 January 2013)

JIŘÍ VÉVODA (since 1 January 2013)

JÁN LUČAN (since 1 January 2013)

OLDŘICH BARTOŇ (since 1 January 2014)

JEROEN KAREL VAN LEEUWEN (since 1 January 2013)



chapter **04**

REPORT OF THE BOARD OF DIRECTORS ON THE BUSINESS ACTIVITIES OF ČSOB LEASING, a.s. AND THE STATE OF ITS ASSETS FOR 2013



REPORT OF THE BOARD OF DIRECTORS ON THE BUSINESS ACTIVITIES OF ČSOB LEASING, a.s. AND THE STATE OF ITS ASSETS FOR 2013

The Company's Board of Directors (BoD) was composed of following members in 2013:

Libor Bosák Chairman of the Board of Directors

Josef Rosenkranz Vice-Chairman of the Board of Directors

Rudolf Kypta Member of the Board of Directors

Ivana Vondráčková Member of the Board of Directors (member till 4 December 2013)

In 2013 the Board of Directors held twenty two regular meetings in conformity with the company's Articles of Association.

In 2013 **ČSOB Leasing** continued its development and successfully dealt with the constantly changing macroeconomic environment. The business strategy was based on strengthening of the cooperation within ČSOB Group (X-sell both bank clients and insurance business), continuance of quality (credit risk) driven new production, and managing of operating expenses. The successful change of company's culture during prior years helped to strengthen the company's and employees' stability, reinforce the reputation of the company, both within the ČSOB Group and KBC Group as well as on the whole market, to maintain the quality and flexibility of the provided financial services depending on customers' needs.

In 2013 ČSOB Leasing fully operated under the management of ČSOB bank.

As at December 31, 2013 the company's paid-up registered capital amounted to 3,050 million CZK. The registered capital of the company's subsidiary ČSOB Leasing pojišťovací makléř, s.r.o. amounted to 2 million CZK as at December 31, 2013, the share of **ČSOB Leasing, a.s.** constituting 100%.

The company has all valid trade licenses required to carry out its activities.

The primary task of the company's management was to ensure and support the permanent development of the company in all its organizational and functional aspects, with emphasis on the improvement of the customer relations and the expansion of its trading activities in order to carry out its business and thus fulfill the objectives of ČSOB Group. The company's management continuously worked on accomplishment of this task, supervised and controlled its realization and ensured it at all levels of company management.

Regarding newly realized deals, **ČSOB Leasing** reached turnover of 13.27 billion CZK (volume of the newly financed subjects at acquisition prices). The turnover of new business 2013 was higher year-to-year by 14%. In 2013 ČSOB Leasing entered into 14 688 new customer contracts which represent the yearto-year increase by 5%. The Initial investment (10.69 billion CZK) of new contracts exceeded 10 billion CZK for the first time since 2008.

As of 31 December 2013 the total number of active contracts in the company's portfolio equaled to 76 035. Moreover, **ČS0B Leasing** administers, based on cooperation agreements, almost 12 000 active contracts for PSA Finance, of which 3 387 were newly concluded in 2013.

In 2013 **ČSOB Leasing** maintained the first position on the total Czech leasing market and on the overall relevant market (which includes also hire-purchase and consumer loans relating to the comparable commodities) with the share in the market 13.5% (year-to-year increase 1.3%). The overall relevant market increased year-to-year by 5.6% from 75 billion CZK in 2012 to 79 billion CZK in 2013.

The position on the market and business achievements result from a successful sales strategy, effective distribution and trading models, operating under its own stable commercial network, the company's reputation as well as proper product orientation and structure (brand financing, consumer loans, foreign exchange leasing, operating leasing including full-service leasing, fleet management and a competitive product range for suppliers of the financed subjects).

ČSOB Leasing plays active part in development activities of ČSOB Group, mainly in the area of ICT and X-sell. The Initial investment of X-sell increased year-to-year by 19%. ČSOB Leasing continually carries out activities aiming at increasing productivity and efficiency, at standardization and optimization of business processes and at raising the value of products for customers. Much effort has been devoted to the development of new accounting system CODA (will be released in 2014).

REPORT OF THE BOARD OF DIRECTORS ON THE BUSINESS ACTIVITIES OF ČSOB LEASING, a.s. AND THE STATE OF ITS ASSETS FOR 2013

According to the International Financial Reporting Standards (IFRS), the company's assets (consolidated balance sum) reached 25.0 billion CZK. This represents year-to-year increase by 9%.

There were no significant changes in the structure of financing in 2013. Ratio between fixed and float funding was 53% to 47% at the end of 2013. 18.0 billion CZK of the total 18.5 billion CZK of borrowings at the end of 2013 was provided by the related companies. **ČSOB Leasing** met the requirements for the tax recognition of costs paid on resources provided from ČSOB/ KBC Group in 2013.

The equity (according to IFRS) amounted to 5.0 billion CZK as at December 31, 2013 which was lower than at the end of 2012 (5.4 billion CZK). This decrease is the result of the payment of dividend to ČSOB in May 2013.

The pre-tax consolidated profit (IFRS) for 2013 was 583 million CZK. After-tax profit reached 453 million CZK. Consolidated managerial net profit reached 383 million CZK.

The total increase of the impairment to the portfolio including additional income

from receivables which had been written off reached 20 million CZK in 2013, which was significantly lower than the increase of the impairment in 2012 (93 CZKm). This is the result of successful strategy in the field of contract approval process, portfolio management and debt collection. The impairment to the Loans and Receivables reached the cumulative total amount of 0.66 billion CZK at the end of 2013 (excluding already written off receivables). Provisions and reserves in this amount fully cover the entrepreneurial risk. The methodology of the impairments and bad-debt write-offs is in accordance with the standards used in the ČSOB Group.

The total increase of the impairment to the portfolio in 2013 reached 89 million CZK, which was significantly lower than the increase of the impairment in 2012 (175 CZKm).

The interest yields amounting to 1 155 million CZK were the most considerable revenue item in 2013. Interest costs totaling 353 million CZK represented the most considerable cost item.

In 2013 ČSOB Leasing held consolidated operating expenses under the budget

(savings of 15 million CZK, -2.26 %). Main savings were realized mainly in the area of IT.

According to the Czech Accounting Standards (CAS) the consolidated after-tax profit of ČSOB Leasing amounted to 445 million CZK.

By the end of the year 2013 ČSOB Leasing, a.s. operated 11 branches and 3 smaller trading offices and the total number of employees (FTE) reached 355 (33 of them being the employees of ČSOB Leasing pojišťovací makléř).

The Statutory Financial Statements according to Czech Accounting Standards as at December 31, 2013 were audited by Ernst & Young and they are an integral part of the documents submitted to the Annual Meeting and the Supervisory Board.

According to the auditor, the Statutory Financial Statements according to Czech Accounting Standards gives a true and fair view of the assets, liabilities, shareholder's capital and equity of ČSOB Leasing, a.s., as at December 31, 2013, and the results of the company's business administration activities for the year 2013 are consistent with the Act on Accounting No. 563/1991 Sb. according to the Czech Accounting Standards.

During 2013, a quality system was managed in conformity with ISO 9001:2008 standards. ČSOB Leasing is a holder of the ISO 9001:2008 certificate (including FSL products) until the end of 2015.

ČSOB Leasing's achievements are the result of the extraordinary efforts of all the company's employees and management. Therefore gratitude is expressed to all of them. Our thanks also belong to ČSOB and whole KBC for the support and work conditions provided. In addition, the company's performance results from support and conditions provided by the company's owner.

Prague, March 24, 2014

Libor Bosák Chairman of the Board of Directors



REPORT OF THE SUPERVISORY BOARD

Report of the Supervisory Board of **ČSOB Leasing. a.s.** for the decision to the sole shareholder acting on behalf of the Annual Meeting

Today the Supervisory Board of **ČSOB Leasing, a.s.**, submits its report on its performance for the period beginning on January 1, 2013 to December 31st for decision to the sole shareholder.

In the Year 2013 the Supervisory Board consisted of:

Petr Hutla, Jiří Vévoda, Ján Lučan, Jeroen Karel van Leeuwen, Jaroslav Krejčí, Petr Neuvirth.

In the year 2013 three regular meetings of the Supervisory Board were held.

All the meetings of the Supervisory Board were held together with the members of the Board of Directors.

The Board of Directors regularly submitted to the Supervisory Board the required documents: CEO report, strategy of the company, reports on performance regarding the financial and commercial results of **ČSOB Leasing** and situation on the Czech relevant market, Audit committee report and also status report on cooperation with ČSOB Group. Having reviewed the financial statements, the Supervisory Board accepts the results of the audit conducted by Ernst & Young and recommends to the Annual Meeting to approve the annual financial statements and the proposal of the Board of Directors for the 2013 profit distribution (based on the Czech Accounting Standards).

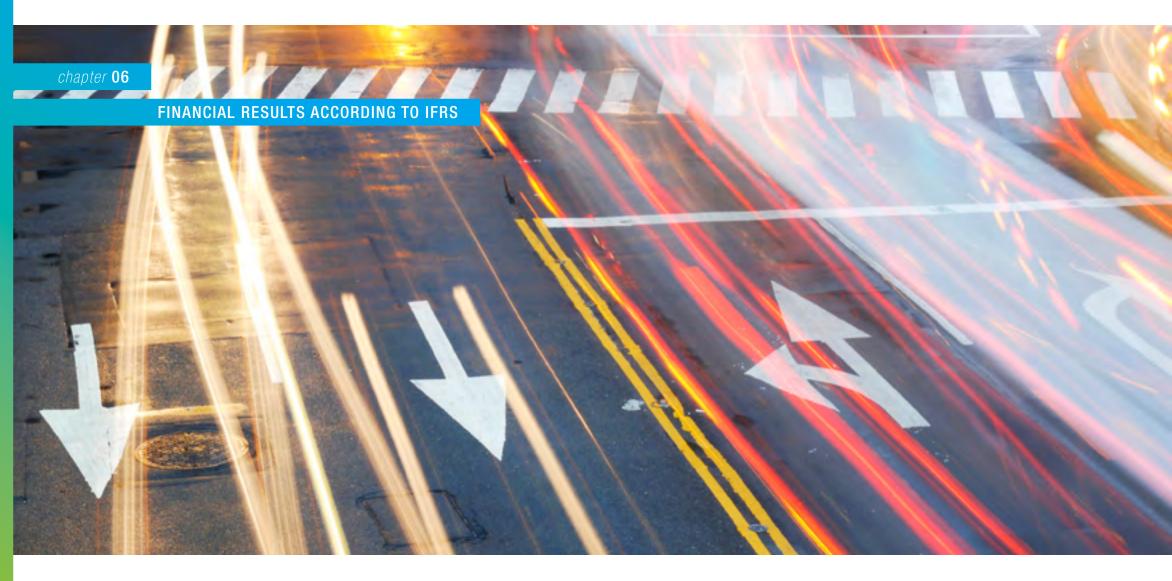
The Supervisory Board, hereby informs the sole shareholder exercising the authority of the Annual Meeting that it has thoroughly studied the report of the Board of Directors of **ČSOB Leasing, a.s.** on Related Parties and approved it at its meeting on April 3rd, 2014.

Prague, on April 3rd, 2014

Petr Hutla Chairman of the Supervisory Board







FINANCIAL RESULTS ACCORDING TO IFRS

FINANCIAL RESULTS ACCORDING TO IFRS (NON-AUDITED, CONSOLIDATED)

ČCOP Lossing a	2012	2012	2011	2010
ČSOB Leasing, a.s. – Profit and Loss Statement (IFRS), CZKt	2013	2012	2011	2010
Net Interest Income	802,059	828,409	1,063,877	1,246,667
Interest Income	1,155,369	1,261,298	1,550,724	1,771,229
Interest Expenses	(353,310)	(432,889)	(486,847)	(524,562)
Non Interest Income	535,051	608,447	636,688	619,967
Income from Fin. Instruments at Fair Value	22,745	19,652	30,486	15,170
Net Fee and Commission Income	142,048	143,309	158,803	183,923
Other Net income	370,258	445,486	447,399	420,874
Operational Income	1,337,110	1,436,856	1,700,565	1,866,634
Operating Expenses	(665,249)	(665,436)	(703,856)	(663,218)
Operating profit before adjustments and provisions	671,861	771,420	996,709	1,203,416
Adjustments and provisions for credit risks	(88,862)	(174,543)	(231,352)	(644,290)
Profit before tax and minority interests	582,999	596,877	765,357	559,126
Total income tax	(130,317)	(129,532)	(195,022)	(136,386)
NET PROFIT	452,682	467,345	570,335	422,740





FINANCIAL RESULTS ACCORDING TO IFRS

ČSOB Leasing, a.s. – Balance Sheet (IFRS), CZKt	2013	2012	2011	2010
ASSETS				
Cash and balances with central banks	3,755	5,434	3,191	3,209
Receivables from banks	58,867	110,000	109,618	72,920
Trading assets	0	0	0	0
Investment securities	0	0	0	0
Loans and leases	22,798,819	21,021,832	21,891,242	21,930,242
Tangible and intangible assets	1,872,656	1,597,347	1,505,397	1,270,715
Other assets, incl. tax receivables	190,023	178,728	149,692	226,179
Prepayments and accrued income	74,738	62,959	67,071	67,793
TOTAL ASSETS	24,998,858	22,976,300	23,726,211	23,571,058
LIABILITIES AND EQUITY				
Payables to banks	18,443,602	15,252,110	13,379,755	12,767,438
Trading payables	6,130	13,861	35,542	78,650
Payables to customers	98,433	96,683	218,269	155,500
Securities issued	0	889,969	1,600,000	1,300,000
Other liabilities, including tax liabilities	1,207,368	1,197,057	1,241,414	1,170,238
Accruals and deferred income	193,186	138,587	208,763	237,430
Other provisions	9,563	7,718	6,679	4,597
TOTAL LIABILITIES	19,958,282	17,595,985	16,690,422	15,713,853
Shareholder's equity				
Registered capital	3,050,000	3,050,000	3,050,000	3,050,000
Share premium	572,421	572,421	2,072,421	2,072,421
Reserve funds	611,263	611,263	611,263	611,263
Gains/losses not recognized in profit and loss	(130,926)	(112,374)	(174,393)	(183,058)
Retained earnings	485,136	791,660	906,163	1,883,839
Profit for the period	452,682	467,345	570,335	422,740
TOTAL SHAREHOLDER'S EQUITY	5,040,576	5,380,315	7,035,789	7,857,205
TOTAL LIABILITIES	24,998,858	22,976,300	23,726,211	23,571,058

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FINANCIAL REPORT / ANNUAL REPORT STATEMENT



(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ČSOB Leasing, a.s.:

- I. We have audited the consolidated financial statements of ČSOB Leasing, a.s. as at 31 December 2013 presented in the annual report of the Company on pages 63 99 and our audit report dated 21 March 2014 in on page 62. We have also audited individual financial statements of ČSOB Leasing, a.s. as at 31 December 2013 presented in the annual report of the Company on pages 25 61 and our audit report dated 21. March 2014 is on page 24.
- II. We have also audited the consistency of the annual report with the financial statements described above. The management of ČSOB Leasing, a.s. is responsible for the accuracy of the annual report. Our responsibility is to express, based on our audit, an opinion on the consistency of the annual report with the financial statements.

We conducted our audit in accordance with International Standards on Auditing and the related implementation guidance issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the information presented in the annual report that describes the facts reflected in the financial statements is consistent, in all material respects, with the financial statements. We have checked that the accounting information presented in the annual report is consistent with that contained in the audited financial statements as at 31 December 2013. Our work as auditors was confined to checking the annual report with the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements described above.

III. In addition, we have reviewed the accuracy of the information contained in the report on related parties of CSOB Leasing, a.s. for the year ended 31 December 2013 presented in the annual report of the Company on pages 100 - 103. As described in report or leated parties, the Company or pages 100 - 103. As described in report or leated parties, the Company prepared this report in accordance with Commercial Code. The management of CSOB Leasing, a.s. is responsible for the preparation and accuracy of the report on related parties. Our responsibility is to issue a report based on our review.

We conducted our review in accordance with the applicable International Standard on Review Engagements and the related Czech standard No. 56 issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the report on related parties is free from material misstatement. The review is limited primarily to enquiries of company personnel, to analytical procedures applied to financial data and to examining, on a test basis, the accuracy of information, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.



Based on our review, nothing has come to our attention that causes us to believe that the report on related parties of ČSOB Leasing, a.s. for the year ended 31 December 2013 is materially misstated.

Frist & Yang Ernst & Young Audit, s.r.o License No. 401 Represented by

Douglas Burnham

Partner

Wetal Sobolora lveta Sobolová Auditor, License No. 2328

14 July 2014 Prague, Czech Republic

FINANCIAL REPORT / INDEPENDENT AUDITOR REPORT



(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ČSOB Leasing, a.s.:

We have audited the accompanying financial statements of ČSOB Leasing, a.s. which comprise the balance sheet as at 31 December 2013, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. For details of ČSOB Leasing, a.s. see Note 1 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing as amended by implementation guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 ČSOB Leasing, a.s. as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Ernst & Young Ernst & Young Audit, s.T.o. License No. 401 Represented by

Douglas Burnham Partner

lveta Sobolová

Auditor, License No. 2328

21 March 2014 Prague, Czech Republic

BALANCE SHEET – LONG FORM (CZK THOUSAND)

					Current year		Prior year 2012
				Gross	Allowances	Net	Net
			TOTAL ASSETS	38,301,719	(12,632,838)	25,668,881	23,793,594
A.			STOCK SUBSCRIPTION RECEIVABLE				
B.			FIXED ASSETS	22,013,455	(10,038,239)	11,975,216	11,393,089
B.	Т.		Intangible assets	358,245	(192,902)	165,343	121,394
В.	I.	1	Foundation and organization expenses				
		2	Research and development				
		3	Software	272,276	(192,703)	79,573	44,582
		4	Patents, royalties and similar rights	199	(199)	0	
		5	Goodwill				
		6	Other intangible assets				
		7	Intangible assets in progress	85,770		85,770	76,812
		8	Advances granted for intangible assets				
B.	П.		Tangible assets	21,653,210	(9,845,337)	11,807,873	11,269,695
В.	П.	1	Land	12,186		12,186	12,186
		2	Constructions	110,730	(63,891)	46,839	54,154
		3	Separate movable items and groups of movable items	21,011,580	(9,774,870)	11,236,710	11,175,093
		4	Perennial crops				
		5	Livestock				
		6	Other tangible assets	212		212	212
		7	Tangible assets in progress	151,279		151,279	21,549
		8	Advances granted for tangible assets	367,223	(6,576)	360,647	6,50
		9	Gain or loss on revaluation of acquired property				

BALANCE SHEET – LONG FORM (CZK THOUSAND)

					Current year		Prior year 2012
				Gross	Allowances	Net	Net
B.	III.		Financial investments	2,000	0	2,000	2,000
В.	III.	1	Subsidiaries	2,000		2,000	2,000
		2	Associates				
		3	Other long-term securities and interests				
		4	Loans to subsidiaries and associates				
		5	Other long-term investments				
		6	Long-term investments in progress				
		7	Advances granted for long-term investments				
C.			CURRENT ASSETS	16,158,297	(2,594,599)	13,563,698	12,260,330
C.	I.		Inventory	15,472	0	15,472	17,726
C.	Ι.	1	Materials				
		2	Work in progress and semi-finished production				
		3	Finished products				
		4	Livestock				
		5	Goods	15,472		15,472	17,726
		6	Advances granted for inventory				
C.	П.		Long-term receivables	6,431,486	0	6,431,486	5,312,281
C.	П.	1	Trade receivables	6,429,297		6,429,297	5,312,281
		2	Receivables from group companies with majority control				
		3	Receivables from group companies with control of 20%–50%				
		4	Receivables from partners, co-operative members and participants in association				
		5	Long-term advances granted				
		6	Unbilled revenue				

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BALANCE SHEET – LONG FORM (CZK THOUSAND)

					Current year		Prior year 2012
				Gross	Allowances	Net	Net
		7	Other receivables	2,189		2,189	
		8	Deferred tax asset				
C.	III.		Short-term receivables	9,701,529	(2,594,599)	7,106,930	6,918,528
C.	III.	1	Trade receivables	9,548,145	(2,594,599)	6,953,546	6,812,369
		2	Receivables from group companies with majority control				
		3	Receivables from group companies with control of 20%–50%				
	·	4	Receivables from partners, co-operative members and participants in association				
		5	Social security and health insurance				
		6	Due from government – tax receivables	117,158		117,158	78,525
		7	Short-term advances granted	2,380		2,380	1,817
		8	Unbilled revenue	31,146		31,146	20,058
		9	Other receivables	2,700		2,700	5,759
C.	IV.		Short-term financial assets	9,810	0	9,810	11,795
C.	IV.	1	Cash	3,042		3,042	4,525
		2	Bank accounts	6,768		6,768	7,270
		3	Short-term securities and interests			0	
		4	Short-term financial assets in progress				
D.			OTHER ASSETS – TEMPORARY ACCOUNTS OF ASSETS	129,967	0	129,967	140,175
D.	I.		Accrued assets and deferred liabilities	129,967	0	129,967	140,175
D.	I.	1	Prepaid expenses	12,916		12,916	9,609
		2	Prepaid expenses (specific-purpose expenses)				
		3	Unbilled revenue	117,051		117,051	130,566

BALANCE SHEET – LONG FORM (CZK THOUSAND)

				Current year	Prior year 2012
			TOTAL EQUITY & LIABILITIES	25,668,881	23,793,594
Α.			EQUITY	4,548,861	4,897,586
Α.	I.		Basic capital	3,050,000	3,050,000
Α.	Ι.	1	Registered capital	3,050,000	3,050,000
		2	Own shares and own ownership interests (-)		
		3	Changes in basic capital		
Α.	II.		Capital funds	442,558	461,110
А	II.	1	Share premium (agio)	572,421	572,421
		2	Other capital funds	1,063	1,063
		3	Gain or loss on revaluation of assets and liabilities	(130,926)	(112,374)
		4	Gain or loss on revaluation of company transformations		
		5	Gain or loss on company transformations		
		6	Gain or loss on revaluation upon company transformations		
Α	III.		Reserve funds and other funds created from profit	610,961	612,608
А	III.	1	Legal reserve fund	610,000	610,000
		2	Statutory and other funds	961	2,608
Α.	IV.		Profit (loss) for the previous years	0	0
	IV.	1	Retained earnings for the previous years		
		2	Accumulated loss of previous years		
		3	Other retained earnings for previous years		
Α.	V.		Profit (loss) for the year (+/-)	445,342	773,868

BALANCE SHEET – LONG FORM (CZK THOUSAND)

				Current year	Prior year 2012
В.			LIABILITIES	19,936,915	17,488,077
В.	Т.		Provisions	117,433	7,718
В.	Ι.	1	Provisions created under special legislation		
		2	Provision for pensions and similar obligations		
		3	Provision for corporate income tax	107,870	
		4	Other provisions	9,563	7,718
В.	П.		Long-term liabilities	708,942	765,231
В.	П.	1	Trade payables		
		2	Liabilities to group companies with majority control		
		3	Liabilities to group companies with control of 20%–50%		
		4	Liabilities to partners, co-operative members and participants in association		
		5	Long-term advances received	396	639
		6	Bonds payable		
		7	Long-term notes payable		
		8	Unbilled deliveries		
		9	Other liabilities	73,746	137,225
		10	Deferred tax liability	634,800	627,367
В.	Ш.		Current liabilities	682,650	590,449
В.	Ш.	1	Trade payables	305,809	278,236
		2	Liabilities to group companies with majority control	55,000	
		3	Liabilities to group companies with control of 20%–50%		
		4	Liabilities to partners, co-operative members and participants in association		
		5	Liabilities to employees	14,849	14,931
		6	Liabilities arising from social security and health insurance	7,545	6,857

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BALANCE SHEET – LONG FORM (CZK THOUSAND)

				Current year	Prior year 2012
		7	Due to government – taxes and subsidies	3,710	5,428
		8	Short-term advances received	95,369	105,125
		9	Bonds payable		
		10	Unbilled deliveries	185,502	134,383
		11	Other liabilities	14,866	45,489
В.	IV.		Bank loans and borrowings	18,427,890	16,124,679
В.	IV.	1	Long-term bank loans	7,001,252	6,580,210
		2	Short-term bank loans	11,426,638	8,654,469
		3	Borrowings		890,000
C.			OTHER LIABILITIES – TEMPORARY ACCOUNTS OF LIABILITIES	1,183,105	1,407,931
C.	I.		Accrued liabilities and deferred assets	1,183,105	1,407,931
C.	I.	1	Accruals	19,887	20,266
		2	Deferred income	1,163,218	1,387,665

PREPARED ON: 21/3/2014

Signature of accounting entity's statutory body:



Ing. Rudolf Kypta

Ing. Libor Bosák

Person responsible for accounting: (name, signature):

Ing. Monika Nepovímová

Person responsible for financial statements (name, signature):

Ing. Monika Nepovímová

INCOME STATEMENT – LONG FORM (CZK THOUSAND)

			Current year	Prior year 2012
	l	Revenue from sale of goods	31,963	29,191
А.	2	2 Cost of goods sold	32,179	29,553
	+	Gross margin	(216)	(362)
1	П.	Production	5,437,984	6,344,399
	II. ⁻	Revenue from sale of finished products and services	5,437,984	6,344,399
	2	2 Change in inventory produced internally		
	3	3 Own work capitalized		
B.		Production related consumption	635,068	651,036
B.	-	Consumption of material and energy	101,263	107,468
B.	2	2 Services	533,805	543,568
	+	Value added	4,802,700	5,693,001
C.		Personnel expenses	360,926	362,253
C.	-	Wages and salaries	262,129	269,546
C.	2	2 Bonuses to members of company or cooperation bodies	948	948
C.	3	3 Social security and health insurance	86,865	80,859
C.	2	Other social costs	10,984	10,900
D.	-	Taxes and charges	27,250	36,009
E.	-	Amortization and depreciation of intangible and tangible fixed assets	4,227,578	4,906,829
1	III.	Revenue from sale of intangible and tangible fixed assets and materials	710,271	712,010
1	III. ⁻	Revenues from sale of intangible and tangible fixed assets	710,271	712,010
	2	2 Revenue from sale of materials		
F.		Net book value of intangible and tangible fixed assets and materials sold	675,619	730,927
F.	-	Net book value of intangible and tangible fixed assets sold	675,619	730,927

INCOME STATEMENT – LONG FORM (CZK THOUSAND)

				Current year	Prior year 2012
F.		2	Materials sold		
G.		1	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	(415,964)	(483,958)
	IV.	1	Other operating revenues	980,181	1,064,884
Н.		2	Other operating expenses	1,488,860	1,617,791
Ň	V.	1	Transfer of operating revenues		
Ι.		2	Transfer of operating expenses		
1	*		Profit or loss on operating activities	128,883	300,044
Ň	VI.	1	Revenue from sale of securities and interests		
J.		2	Securities and interests sold		
	VII.		Income from financial investments	161,062	180,933
Ň	VII.	1	Income from subsidiaries and associates	161,062	180,933
		2	Income from other long-term securities and interests		
		3	Income from other financial investments		
Ň	VIII.	1	Income from short-term financial assets		
K.		2	Expenses related to financial assets		
	IX.	1	Gain on revaluation of securities and derivatives	2,594	13,484
L.		2	Loss on revaluation of securities and derivatives	94,487	155,585
M.		1	Change in provisions and allowances relating to financial activities		
)	Х.	1	Interest income	763,595	824,257
N.		2	Interest expense	259,296	277,992
2	XI.	1	Other finance income	219,294	251,841
О.		2	Other finance cost	375,413	211,456

INCOME STATEMENT – LONG FORM (CZK THOUSAND)

			Current year	Prior year 2012
XII.	1	Transfer of finance income		
P.	2	Transfer of finance cost		
*		Profit or loss on financial activities	417,349	625,482
Q.		Tax on profit or loss on ordinary activities	100,890	151,658
Q.	1	- due	107,870	
Q.	2	- deferred	(6,980)	151,658
**	i.	Profit or loss on ordinary activities after taxation	445,342	773,868
XIII.	. 1	Extraordinary gains		
R.	2	Extraordinary losses		
S.	1	Tax on extraordinary profit or loss	0	0
S.	1	- due		
S.	2	- deferred		
*		Extraordinary profit or loss	0	0
	1	Transfer of share of profit or loss to partners (+/-)		
***		Profit or loss for the year (+/-)	445,342	773,868
****	*	Profit or loss before taxation	546,232	925,526

PREPARED ON: 21/3/2014

Signature of accounting entity's statutory body:

W O.L

Ing. Rudolf Kypta

Ing. Libor Bosák

Person responsible for accounting: (name, signature):

Ing. Monika Nepovímová

Person responsible for financial statements (name, signature):

Ing. Monika Nepovímová

FINANCIAL REPORT / ANNEX TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

01. DESCRIPTION OF THE COMPANY

ČSOB Leasing, a.s. ("the Company") is a joint stock company incorporated on 31 October 1995 in the Czech Republic. The Company's registered office is located at Na Pankráci 310/60, Prague 4, 140 00 Czech Republic, and the business registration number (IČ) is 639 98 980. The Company is involved in the leasing of industrial equipment, motor and other vehicles, technological equipment and real estate, the provision of leasing, the provision of loans and credit, and intermediary activities in trading.

The parent company is Československá obchodní banka, a.s., ("ČSOB") with its registered office at Radlická 333/150, Prague 5, 150 57, holding a 100% interest in the Company's basic capital. The ultimate parent company of the group is KBC Group N.V.

In 2010, Československá obchodní banka, a. s., and KBC Lease Holding N.V. entered into a contract for the exercise of voting rights pertaining to the shares of ČSOB Leasing, a.s. Pursuant to the contract, KBC Lease Holding N.V. is entitled to exercise 49.18% of voting rights pertaining to the shares of ČSOB Leasing, a.s. However, ČSOB continues to hold all the Company's shares.

The Company's statutes were changed in 2010 as follows: the quorum for any general meeting of shareholders is the presence of shareholders (in person or by proxy) who hold shares with a face value exceeding 60% of the Company's basic capital (the power of attorney must show a certified signature of a shareholder being represented). The Company is included in the consolidated group of ČSOB.

The Company is the 100% parent company of ČSOB Leasing pojišťovací makléř, s.r.o. ("ČSOBL PM"). The accompanying financial statements have been prepared as standalone accounts (non-consolidated). In accordance with the valid Czech accounting legislation, the Company is exempt from the obligation to prepare the consolidated financial statements (the Company is a subsidiary included in the consolidated group of ČSOB). The Company chose to prepare consolidated financial statements for the years ended 31 December 2012 and 31 December 2013.

The Company has not concluded a control agreement or an agreement on profit distribution with the parent company.

Members of the statutory bodies as at 31 December 2013 were as follows:

Board of Directors		From
Chair:	Ing. Libor Bosák	1 May 2009
Vice-chair:	Ing. Josef Rosenkranz	1 November 2010
Member:	Ing. Rudolf Kypta	1 March 2011

Supervisory Board		Od
Chair:	Petr Hutla	1 January 2013
Member:	Jiří Vévoda	1 January 2013
Member:	Mgr. Petr Neuvirth	14 December 2010
Member:	Ján Lučan	1 January 2013
Member:	Ing. Jaroslav Krejčí	4 September 2006
Member:	Jeroen Karel van Leeuwen	1 January 2013

Changes made to the Commercial Register in 2013 concerning the composition of the statutory and supervisory bodies were as follows:

Board of Directors		Until
Member:	Mgr. Ivana Vondráčková	4 December 2013

Supervisory Board		Until
Chair:	Danny De Raymaeker	31 December 2012
Vice-chair:	Herwig Huysmans	31 December 2012
Member:	Ing. Petr Knapp	31 December 2012
Member:	Lieven Coppejans	31 December 2012

The Company's organizational structure is as follows:

Prague headquarters (CEO's teams, professional groups headed by executive directors: Financial Management and Operations; and Sales Department).

Branches (Brno, České Budějovice, Hradec Králové, Liberec, Ostrava, Pardubice, Plzeň, Prague, Teplice, Zlín, Autobazar Čakovice).

The Company has no foreign branch.

02. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying (separate) financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines and the Czech Accounting Standards as applicable for 2013 and 2012.

FINANCIAL REPORT / ANNEX TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

03. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the 2013 and 2012 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets (both own and used for finance or operating leases) are recorded at their acquisition cost and related expenses. The useful economic lives are as follows:

	Years
Software	3–8
Patents, royalties and similar rights	per contract

Amortization

Intangible fixed assets with a cost exceeding CZK 60 thousand are amortized as follows:

- own assets amortization starts in the month assets are put in use and continues on a straight-line basis over their useful economic lives;
- finance leases acquisition cost less residual value is amortized on a straight-line basis over the life of the lease contract; amortization starts on the day when the lessee receives the leased asset in a usable condition;
- operating leases acquisition cost less residual value is amortized on a straight-line basis from the day the asset is put in use over the life of the lease contract.

Patents, royalties and similar rights are amortized over their useful lives as stipulated in the respective contract.

Small intangible assets with a cost not exceeding CZK 60 thousand are expensed in the year of acquisition. A significant number of small intangible fixed assets are amortized over

a period of 24 or 36 months and charged to income on a straight-line basis.

b) Tangible Fixed Assets

Tangible fixed assets (both own and used for finance or operating leases) are recorded at their acquisition cost, which consists of the purchase price, freight, customs duties and other related costs. Interest on loans taken for the construction of tangible fixed assets is expensed.

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years	
Buildings	30	
Machinery and equipment	4–12	
Vehicles	4-6	
Furniture and fixtures	6	

Tangible fixed assets with a cost exceeding CZK 40 thousand are depreciated as follows:

- own assets from the month they are put in use over their useful economic lives;
- finance leases acquisition cost less residual value is depreciated on a straight-line basis over the life of the lease contract; depreciation starts on the day when the lessee receives the leased asset in a usable condition;
- operating leases acquisition cost less residual value is depreciated on a straight-line basis from the day the asset is put in use over the life of the lease contract.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded with a corresponding credit to the 'Other capital funds' account on the date of acquisition. The replacement cost of these assets is based on a certified expert's opinion.

If the net book value of the depreciated assets exceeds their estimated realizable value, an allowance is created against such assets.

The allowance against fixed assets also includes an allowance against finance leases denominated in foreign currencies, which reflects the decrease in value due to exchange rate depreciation from the date when the payment schedule was issued.

Small tangible assets with a cost not exceeding CZK 40 thousand are expensed in the year of acquisition. A significant number of small tangible fixed assets are depreciated over a period of 24 or 36 months and charged to income on a straight-line basis.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

c) Financial Assets

Short-term financial assets consist of liquid valuables, cash in hand and at bank.

Long-term financial assets consist of ownership interests. Ownership interests constituting dominant or significant influence are valued at acquisition cost in accordance with Czech Accounting Standards.

FINANCIAL REPORT / ANNEX TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

If there is a decrease in the carrying value of long-term financial assets that are not revalued at the balance sheet date, the difference is considered a temporary diminution in value and is recorded as an allowance.

d) Jointly Controlled Operations

The Company has a jointly controlled operation with an entity in which the Company has no ownership interest. These jointly controlled operations represent back-office services for another leasing company. The Companies cooperate based on an "Operating Agreement" meaning that each joint venturer uses their own assets and resources to perform the activities of the joint venture, rather than founding a business organization, partner company or another legal entity or financial structure separated from venturers. The Operating agreement ensures that any expenses incurred in common and the operating profits or losses derived from the joint venture are shared among the venturers. In respect of its interests in jointly controlled operations, the Company recognizes in the accompanying financial statements expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

e) Inventory

The Company records inventory solely in connection with the "Hire Purchase" customer product, when accepting vehicles to the second-hand car sale, and in the event that the Company confiscates the leased asset via a collateralized transfer of the ownership right.

In the case of the hire purchase and second-hand car sales, the items are valued at cost (i.e., at the cost of acquisition and any acquisition-related costs); in the case of confiscation they are valued using a certified expert's opinion (trucks and machinery and equipment) or using an expert estimate of realizable value (personal and utility vehicles).

f) Receivables

Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income.

The Company creates allowances against prematurely terminated contracts based on its own analysis of customers' solvency and the availability of collateral using the leased asset, in order to estimate the expected loss resulting from the lease contract as a whole. As the time period between the premature termination of the contract and the realization of collateral is usually short, the expected proceeds are not discounted.

Allowances against other overdue receivables, against commercial loans to suppliers, consumer credit and against advances granted are created on the basis of the receivable ageing structure and previous experience as to the repayment of those receivables in the entire receivables portfolio.

g) Derivatives

Derivatives – currency forwards and interest rate swaps – are initially measured at cost. Fair values are derived from discounted cash-flow models. Derivatives are recorded in other receivables, if their fair value is positive, or in other payables, if their fair value is negative for the Company.

Derivatives are classified as derivatives held for trading or hedging derivatives. The latter are designated as cash flow hedges. In order to qualify for hedge accounting, the change in its estimated cash flow must offset, in whole or in part, the change in cash flow arising from the hedged item. In addition, there must be formal documentation of the hedging relationship at inception and the Company must prove that the hedging relationship is highly effective. In all other cases, derivatives are recognized as held-for-trading.

Derivatives are revalued to fair value as at the balance sheet date. Changes in the fair value of derivatives held for trading are reported in income. Changes in the fair value of derivatives designated as cash flow hedges are taken to equity and reflected in the balance sheet through a gain or loss on revaluation of assets and liabilities. Any ineffective portion of the hedge is reported in income.

Realized derivatives transactions are shown within financial gains and losses on revaluation.

h) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register. Other capital funds consist of intangible asset donations from ČSOB in 2003.

In accordance with the Commercial Code, the Company creates a legal reserve fund from profit (in the first year in which profit is generated, i.e. in the year 2000) in the amount of 20% of profit after tax and in subsequent years, the legal reserve fund is allocated 5% of profit after tax until the fund reaches 20% of basic capital. These funds can only be used to offset losses.

The Company accounts for a Social fund within equity, which serves exclusively to pay costs related to sports and social events organized for the Company employees. Allocations to this fund are decided by the Company's shareholder

during the distribution of results for the previous period. In compliance with the valid accounting legislation in the Czech Republic, the allocations to this fund are not reflected in the income statement, but they represent a movement within the Company's equity.

i) Provisions and Liabilities

The Company creates provisions for losses and risks if the related purpose, amount and timing can be reliably estimated and the accrual and matching principles are observed.

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial derivatives at fair value are shown in other payables.

Long-term and short-term loans are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

j) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the quarterly fixed rate set for the period from the last day of the previous quarter to the last but one day of the following quarter. The fixed rate represents a daily exchange rate published by the Czech National Bank ("CNB") on the day immediately preceding the relevant quarter. The CNB daily exchange rate is used for invoices received in foreign currency, in monthly recalculations of current account balances, liabilities from loans and the balance of issued promissory notes. On the balance sheet date, monetary items are adjusted to the exchange rates as published by the CNB as at 31 December. Realized and unrealized exchange rate gains and losses excluding those related to cash flow hedges are charged or credited, as appropriate, to income for the year.

k) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

The Company recognizes as an expense any additions to provisions for or allowances against risks, losses or physical damage that are known at the date of the financial statements.

Revenues from the sale of own products and services represent revenues from lease services provided by the Company. Lease revenues are recognized on a straight-line basis over the lease term starting on the date of the lease contract conclusion until the regular or premature termination of the lease contract. Contractual fines and penalties are recognized when accounted for. Insurance commissions are recognized after the provision of services and a reliable determination of commission amount.

Revenues from leases, depreciation and amortization, expenses and income from the insurance of leased assets are included in the operating result, while interest expense arising from financing the leasing business are included in financial expenses. As a result, neither the operating nor the financial results reflect the relationship between these revenues and expenses.

Revenues from the sale of goods represent hire purchase revenue and sales of seized goods from hire purchases and consumer credits. Revenues from hire purchase are recognized when the leased asset is delivered, and the acquisition cost of the asset is recognized in cost of goods sold. At the same time, the Company creates a tax nondeductible provision for the sales margin on the hire purchase contract, which is amortized on the basis of the annual payment. Seized goods from hire purchases and consumer credits are valued using an expert estimate of the realizable value or a certified expert's opinion.

Interest on consumer credit is calculated from its principal value. Interest and relevant insurance are accrued and outstanding amounts are included in the balance of the respective credit.

Interest on financial products for suppliers is calculated from the principal value thereof. Interest is recognized in the periods in which the actual flow of the related services occurs, regardless of when the related monetary flow arises.

Revenues and expenses relating to the prematurely terminated lease contracts including damages and losses and insurance claims received are disclosed in other operating revenues and expenses, as these items relate directly to the operating activities of the Company.

I) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management prepares these estimates and predictions based

on all available relevant information. These estimates and assumptions are based on information available at the date of the financial statements and may differ from actual results.

m) Income Tax

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.).

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization. A deferred tax asset is recorded if it is likely to be tax deductible in the following tax periods.

n) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the balance sheet date.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of preparation of the financial statements the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

04. FIXED ASSETS

a) Intangible Fixed Assets

Total intangible fixed assets at net book value

	31/12/2013	31/12/2012
Intangible fixed assets used for leases	0	7
Total intangible fixed assets for own use	165,343	121,387
Total	165,343	121,394

	Patents, royalties and similar rights	Software	Investment in progress	Total
Cost				
Balance as at 31/12/2011	199	200,890	35,517	236,606
Additions	0	11,323	52,617	63,940
Disposals	0	0	(11,322)	(11,322)
Balance as at 31/12/2012	199	212,213	76,812	289,224
Additions	0	60,063	70,878	130,941
Disposals	0	0	(61,920)	(61,920)
Balance as at 31/12/2013	199	272,276	85,770	358,245
Accumulated amortization				
Balance as at 31/12/2011	199	142,799	0	142,998
Additions to accumulated amortization	0	24,839	0	24,839
Disposals of accumulated amortization	0	0	0	0
Balance as at 31/12/2012	199	167,638	0	167,837
Additions to accumulated amortization	0	25,065	0	25,065
Disposals of accumulated amortization	0	0	0	0
Balance as at 31/12/2013	199	192,703	0	192,902
Net book value as at 31/12/2011	0	58,091	35,517	93,608
Net book value as at 31/12/2012	0	44,575	76,812	121,387
Net book value as at 31/12/2013	0	79,573	85,770	165,343

The total value of small intangible fixed assets (for own use) which are not reflected in the accompanying balance sheet was CZK 1,199 thousand and CZK 1,493 thousand at cost as at 31 December 2013 and 2012, respectively.

Intangible fixed assets used for finance and operating leases	
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	Finance leases	Finance leases, small items (intangibles)	Operating leases	Total
Cost				
Balance as at 31/12/2011	461	624	0	1,085
Additions	0	0	0	0
Disposals	(411)	(620)	0	(1,031)
Balance as at 31/12/2012	50	4	0	54
Additions	0	0	0	0
Disposals	(50)	(4)	0	(54)
Balance as at 31/12/2013	0	0	0	0
Accumulated amortization				
Balance as at 31/12/2011	362	527	0	889
Additions to accumulated amortization	92	97	0	189
Disposals of accumulated amortization	(411)	(620)	0	(1,031)
Balance as at 31/12/2012	43	4	0	47
Additions to accumulated amortization	7	1	0	8
Disposals of accumulated amortization	(50)	(5)	0	(55)
Balance as at 31/12/2013	0	0	0	0
Net book value as at 31/12/2011	99	97	0	196
Net book value as at 31/12/2012	7	0	0	7
Net book value as at 31/12/2013	0	0	0	0

The Company does not lease separate intangible items. Data presented in the table above relates to intangible assets leased as part of tangibles on the basis of one customer contract.

b) Tangible Fixed Assets

Tangible fixed assets at net book value

	31/12/ 2013	31/12/ 2012
Tangible fixed assets for own use	102,675	94,874
Tangible fixed assets used for finance and operating leases	11,627,750	11,079,697
Small tangible fixed assets used for finance and operating leases	77,448	95,124
Total	11,807,873	11,269,695

	Land and buildings	Machinery and equipment	Vehicles	Other tangibles	Tangibles in progress	Total
Cost		· · ·				
Balance as at 31/12/2011	70,653	57,123	72,468	5,421	1,631	207,296
Additions	0	1,032	21,682	0	21,192	43,906
Disposals	0	(435)	(30,766)	0	(22,713)	(53,914)
Reclassification from/to leased assets	0	0	0	0	0	0
Balance as at 31/12/2012	70,653	57,720	63,384	5,421	110	197,288
Additions	0	11,209	9,808	0	25,821	46,838
Disposals	0	(7,274)	(13,980)	0	(21,017)	(42,271)
Reclassification from/to leased assets	0	0	1,985	0	0	1,985
Balance as at 31/12/2013	70,653	61,655	61,197	5,421	4,914	203,840
Accumulated depreciation						
Balance as at 31/12/2011	12,721	45,295	49,882	4,020	0	111,918
Additions to accumulated depreciation	1,992	6,212	13,176	318	0	21,698
Disposals	0	(435)	(30,767)	0	0	(31,202)
Reclassification from/to leased assets	0	0	0	0	0	0
Balance as at 31/12/2012	14,713	51,072	32,291	4,338	0	102,414
Additions to accumulated depreciation	1,991	4,834	10,876	318	0	18,019
Disposals	0	(7,274)	(13,979)	0	0	(21,253)
Reclassification from/to leased assets	0	0	1,985	0	0	1,985
Balance as at 31/12/2013	16,704	48,632	31,173	4,656	0	101 165
Net book value as at 31/12/2011	57,932	11,828	22,586	1,401	1,631	95,378
Net book value as at 31/12/2012	55,940	6,648	31,093	1,083	110	94,874
Net book value as at 31/12/2013	53,949	13,023	30,024	765	4,914	102,675

Tangible fixed assets used for finance and operating leases

	Land and buildings	Machinery and equipment	Personal automobiles	Utility vehicles	Operating leases	Furniture and fixtures	Tangibles in progress	Advances	Total
Cost									
Balance as at 31/ 12/ 2011	76,083	9,279,506	3,094,804	10,712,837	4,184,850	740	18,024	100,912	27,467,756
Additions	0	1,353,825	248,266	1,336,687	1,077,209	0	4,070,371	345,464	8,431,822
Disposals	(23,820)	(1,803,474)	(733,503)	(2,069,701)	(1,020,864)	0	(4,066,956)	(432,563)	(10,150,881)
Reclassification from/to own assets	0	0	(29,503)	(19,830)	49,333	0	0	0	0
Balance as at 31/ 12/ 2012	52,263	8,829,857	2,580,064	9,959,993	4,290,528	740	21,439	13,813	25,748,697
Additions	0	1,285,474	291,206	1,652,700	1,590,015	0	4,976,299	891,525	10,687,219
Disposals	0	(3,089,612)	(1,179,896)	(4,388,652)	(1,098,022)	(740)	(4,851,373)	(538,115)	(15,146,410)
Reclassification from/to own assets	0	(20,313)	0	0	18,327	0	0	0	(1,986)
Balance as at 31/ 12/ 2013	52,263	7,005,406	1,691,374	7,224,041	4,800,848	0	146,365	367,223	21,287,520
Accumulated depreciation and allowances									
Balance as at 31/ 12/ 2011	58,408	5,076,329	1,910,404	6,271,602	1,543,903	494	0	23,203	14,884,343
Additions to accumulated depreciation	7,275	1,730,233	633,373	2,115,510	1,068,771	148	0	0	5,555,310
Disposals	(23,820)	(1,803,474)	(753,228)	(2,083,855)	(1,020,864)	0	0	0	(5,685,241)
Reclassification from/to own assets	0	0	(9,778)	(5,676)	15,454	0	0	0	0
Allowances	0	(23,151)	(1,642)	(18,397)	(26,331)	0	0	(15,891)	(85,412)
Balance as at 31/ 12/ 2012	41,863	4,979,937	1,779,129	6,279,184	1,580,933	642	0	7,312	14,669,000
Additions to accumulated depreciation	5,324	1,493,180	465,965	1,745,732	1,120,684	98	0	0	4,830,983
Disposals	0	(3,097,177)	(1,179,896)	(4,388,652)	(1,098,022)	(740)	0	0	(9,764,487)
Reclassification from/to own assets	0	(12,748)	0	0	10,763	0	0	0	(1,985)
Allowances	0	(28,331)	(3,596)	(16,343)	(24,735)	0	0	(736)	(73,741)
Balance as at 31/ 12/ 2013	47,187	3,334,861	1,061,602	3,619,921	1,589,623	0	0	6,576	9,659,770
Net book value as at 31/ 12/ 2011	17,675	4,203,177	1,184,400	4,441,235	2,640,947	246	18,024	77,709	12,583,413
Net book value as at 31/ 12/ 2012	10,400	3,849,920	800,935	3,680,809	2,709,595	98	21,439	6,501	11,079,697
Net book value as at 31/ 12/ 2013	5,076	3,670,545	629,772	3,604,120	3,211,225	0	146,365	360,647	11,627,750

Additions and deductions of allowances against fixed assets and advances granted for fixed assets are analyzed in Note 6.

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Small tangible fixed assets used for finance and operating leases

	Financial leases – machinery	Finance leases – furniture and fixtures	Operating leases – machinery	Total
Cost				
Balance as at 31/12/2011	48,342	1,464	132,593	182,399
Additions	7,908	0	43,061	50,969
Disposals	(14,718)	0	(44,619)	(59,337)
Balance as at 31/12/2012	41,532	1,464	131,035	174,031
Additions	8,797	0	23,181	31,978
Disposals	(12,829)	(1,464)	(29,866)	(44,159)
Balance as at 31/12/2013	37,500	0	124,350	161,850
Accumulated depreciation				
Balance as at 31/12/2011	27,236	942	57,119	85,297
Additions to accumulated depreciation	9,887	293	42,767	52,947
Disposals	(14,718)	0	(44,619)	(59,337)
Balance as at 31/12/2012	22,405	1,235	55,267	78,907
Additions to accumulated depreciation	10,433	229	38,992	49,654
Disposals	(12,829)	(1,464)	(29,866)	(44,159)
Balance as at 31/12/2013	20 009	0	64 393	84 402
Net book value as at 31/12/2011	21,106	522	75,474	97,102
Net book value as at 31/12/2012	19,127	229	75,768	95,124
Net book value as at 31/12/2013	17,491	0	59,957	77,448

The Company has provided small tangible assets for finance and operating leases since 2005.

The total value of small tangible fixed assets (for own use) which are not reflected in the accompanying balance sheet was CZK 49,208 thousand and CZK 50,271 thousand at cost as at 31 December 2013 and 2012, respectively.

The Company has adjusted the carrying value of certain tangible assets for a diminution in value through an allowance charged against income (see Note 6). The assets are not encumbered by any liens or easements.

c) Long-Term Financial Investments

Summary of changes in long-term financial investments:

	Balance as at				Balance as at				Balance as at
	31/12/2011	Additions	Disposals	Revaluation	31/12/2012	Additions	Disposals	Revaluation	31/12/2013
Subsidiaries	2,000	0	0	0	2,000	0	0	0	2,000
Total	2,000	0	0	0	2,000	0	0	0	2,000

Subsidiary as at 31 December 2013 was as follows:

Name	ČSOB Leasing pojišťovací makléř, s.r.o.
Registered office	Prague 4, Na Pankráci 60/310
Percentage of ownership	100
Total assets	173,327
Equity	163,140
Basic capital and capital funds	2,000
Funds created from profit	200
Retained earnings	0
Profit for the current year	160,940
Acquisition cost of interest	2,000
Nominal value of interest	2,000
Intrinsic value of interest	163,140
Dividends paid in 2013	161,062

Subsidiary as at 31 December 2012 was as follows:

Name	ČSOB Leasing pojišťovací makléř, s.r.o.
Registered office	Prague 4, Na Pankráci 60/310
Percentage of ownership	100
Total assets	171,412
Equity	163,262
Basic capital and capital funds	2,000
Funds created from profit	200
Retained earnings	0
Profit for the current year	161,062
Acquisition cost of interest	2,000
Nominal value of interest	2,000
Intrinsic value of interest	163,262
Dividends paid in 2012	180,933

The financial information on ČSOBL PM was obtained from its audited financial statements.

05. *RECEIVABLES*

	31/12/2013	31/12/2012
Trade receivables and advances granted, gross	15,979,822	15,065,134
– Long-term	6,429,297	5,312,281
– Short-term	9,550,525	9,752,853
Allowances	(2,594,599)	(2,938,667)
Trade receivables, net	13,385,223	12,126,467
Other receivables	153,193	104,342
Total short- and long-term receivables and advances granted	13,538,416	12,230,809

Allowances against outstanding receivables that are considered doubtful were charged to income in 2013 and 2012 based on their ageing analysis and previous experience in the repayment of those receivables (see Note 6).

Ageing structure of trade receivables and advances granted:

After due date	31/12/2013	31/12/2012
30 days or less	121,669	166,481
31–60 days	37,623	71,504
61–90 days	24,028	25,461
91–184 days	54,735	58,036
185–365 days	99,063	138,232
From 1 year to 5 years	1,768,762	2,209,732
Over 5 years	609,059	568,738
Total overdue	2,714,939	3,238,184
Before maturity	13,264,883	11,826,950
Total short- and long-term trade receivables and advances granted	15,979,822	15,065,134

In addition, the Company wrote off irrecoverable receivables of CZK 482,287 thousand and CZK 541,172 thousand in 2013 and 2012, respectively, as bankruptcy proceedings were completed, unsatisfying the claims in bankruptcy proceedings.

Trade receivables and advances granted:

	31/12/2013 Short-term	31/12/2013 Long-term	31/12/2012 Short-term	31/12/2012 Long-term
Receivables from finance leases	1,617,156	0	1,957,825	0
Receivables from operating leases	200,104	0	180,295	0
Receivables from hire purchases	16,480	0	37,056	0
Receivables from customer credit	5,846,737	6,428,097	5,584,523	5,309,186
Commercial loans to suppliers	1,115,270	1,200	1,086,803	2,869

	31/12/2013 Short-term	31/12/2013 Long-term	31/12/2012 Short-term	31/12/2012 Long-term
Receivable purchases	485,875	0	585,629	0
Other trade receivables	268,903	0	320,722	226
Total trade receivables and advances granted	9,550,525	6,429,297	9,752,853	5,312,281
Total trade receivables and advances granted	15,979,822		15,065,134	
Allowances	(2,594,599)		(2,938,667)	
Net value of trade receivables and advances granted	13,385,223		12,126,467	

Receivables from consumer credits granted since March 2011 are secured by the collateralized transfer of ownership rights from contract inception.

Other receivables:

	31/12/2013	31/12/2012
Due from government – tax receivables	117,158	78,525
Unbilled revenues	31,146	20,058
Other receivables	2,700	5,759
Total other short-term receivables	151,004	104,342
Positive fair value of financial derivatives (Note 14)	2,189	0
Total other long-term receivables	2,189	0
Total other receivables	153,193	104,342

Unbilled revenue represents, in particular, contingent revenues from prematurely terminated customer contracts and revenues from jointly controlled operations. Receivables from related parties (see Note 19).

06 ALLOWANCES

Allowances reflect a temporary diminution in the value of assets (see Notes 4 and 5).

Changes in the allowance accounts:

Allowances against:	Balance as at 31/12/2011	Additions	Deductions	Balance as at 31/12/2012	Additions	Deductions	Balance as at 31/12/2013
Fixed assets	232,901	66,430	(135,951)	163,380	11,486	(84,491)	90,375
Advances for fixed assets	23,203	5,845	(21,736)	7,312	9,552	(10,288)	6,576
Receivables – legal	1,312,207	370,194	(296,379)	1,386,022	153,028	(290,009)	1,249,041
Receivables - other	2,026,017	120,109	(593,481)	1,552,645	22,856	(229,943)	1,345,558
Total allowances	3,594,328	562,578	(1,047,547)	3,109,359	196,922	(614,731)	2,691,550

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

Allowances against fixed assets include an allowance against finance leases denominated in a foreign currency, which reflect a diminution in value due to the depreciation of the exchange rate since the payment schedule date. As at 31 December 2013 and 2012, this allowance amounted to CZK 0 thousand and CZK 11,510 thousand, respectively.

07 SHORT-TERM FINANCIAL ASSETS

The Company has overdraft facilities of CZK 400,000 thousand with ČSOB (in CZK, EUR and USD). As at 31 December 2013 and 2012, the drawn element of the overdraft was CZK 278,693 thousand and CZK 229,342 thousand, respectively, and is shown as a short-term bank loan in the accompanying balance sheet (see Note 12).

08 OTHER ASSETS

Prepaid expenses include, in particular, insurance premiums, subscriptions, licenses, prepaid purchases of small assets, etc., which are charged to income for the year in which they were incurred.

Unbilled revenues include, in particular, unpaid insurance claims and interest and customer credit insurance, which are recognized into income in the year in which they were earned.

09 EQUITY

The basic capital of the Company consists of 305 registered shares fully subscribed and paid, with a nominal value of CZK 10,000 thousand per share. Other capital funds consist of the donation of assets from ČSOB in 2003. Differences arising from the revaluation of assets and liabilities consist of the revaluation of hedging derivatives to fair value. The changes in the revaluation of assets and liabilities is attributable to the changes in the fair value of hedging derivatives.

The movements in the capital accounts during 2013 and 2012 were as follows (in CZK thousands):

	Balance as at 31/12/2011	Increase	Decrease	Balance as at 31/12/2012	Increase	Decrease	Balance as at 31/12/2013
Number of shares	305	0	0	305	0	0	305
Basic capital	3,050,000	0	0	3,050,000	0	0	3,050,000
Share premium	2,072,421	0	(1,500,000)	572,421	0	0	572,421
Other capital funds	1,063	0	0	1,063	0	0	1,063
Differences arising from revaluation of assets and liabilities	(174,393)	62,019	0	(112,374)	61,446	(79,998)	(130,926)
Legal reserve fund	610,000	0	0	610,000	0	0	610,000
Other funds	4,527	0	(1,919)	2,608	0	(1,647)	961

Other funds from profit (social fund) are restricted for expenses related to sports and social events for employees, payment of public transport passes, costs of beverages in the workplace, etc.

Since 2012, the Company has not allocated any resources to the social fund; the expenses related to sports and social events for employees, payment of public transport passes, costs of beverages in the workplace, etc. have been charged to income.

Pursuant to the decision of the General Meeting dated 5 December 2012, the Company paid to the shareholder CZK 1,500,000 thousand from its capital funds (share premium account).

The Annual General Meetings held on 9 May 2013 and 16 May 2012, respectively, approved the transfer of profit for 2012 and 2011 to retained earnings. The Annual General Meeting held on 9 May 2013 and 16 May 2012 approved the dividend payment from retained earnings of CZK 773,868 thousand and CZK 684,839 thousand, respectively.

Profit for 2011	684,839	Profit for 2012	773,868
Allocation to:		Allocation to:	
Legal reserve fund	0	Legal reserve fund	0
Other funds	0	Other funds	0
Undistributed profits added to retained earnings	684,839	Undistributed profits added to retained earnings	773,868
Dividends and profit distribution	(684,839)	Dividends and profit distribution	(773,868)
Retained earnings as at 31/ 12/ 2012	0	Retained earnings as at 31/ 12/ 2013	0

10 PROVISIONS

	Provision for hire purchase	Provision for income tax	Provision for litigation	Other provisions	Total
Closing balance as at 31/12/2011	28	0	6,679	0	6,707
Additions	0	0	4,334	0	4,334
Deductions/Reversal	(28)	0	(3,295)	0	(3,323)
Corporate income tax prepayment	0	0	0	0	0
Closing balance as at 31/12/2012	0	0	7,718	0	7,718
Additions	0	107,870	3,987	637	112,494
Deductions	0	0	(2 779)	0	(2 779)
Closing balance as at 31/12/2013	0	107,870	8,926	637	117,433

The Company does not create legal provisions.

Until 2012, no provision for corporate income tax was created due to a zero tax liability, i.e. utilization of tax loss from prior years, incurred as a result of a change in the depreciation and amortization of newly acquired assets for leases. In 2013, the Company created a provision for corporate income tax.

Other provisions were created for the purpose of covering future liabilities and expenses where the related purpose and timing can be reliably estimated and the accrual principle is observed.

All provisions for hire purchase are created to reduce the income for the current period that relates to future periods. Income realized immediately in the hire purchase is accrued in the period when the Company incurs the related interest expense of financing the hire purchase assets.

11 LIABILITIES

	31/12/2013	31/12/2012
Trade payables and advances received	456,178	383,361
Other payables	935,414	972,319
Total current and long-term liabilities and advances received	1,391,592	1,355,680

Trade payables:

	31/12/2013	31/12/2012
Finance lease installments received before maturity	93,353	101,518
Advances received for finance leases	1,101	767
Advances received for operating leases	0	0
Trade payables	290,811	263,598
Liabilities to group companies with majority control (Note 19)	55,000	0
Other trade payables	15,913	17,478
Total trade payables	456,178	383,361

Other payables:

	31/12/2013	31/12/2012
Payables to ČSOB	0	0
Long-term advances received	396	639
Negative fair value of derivatives (Note 14)	73,746	137,225
Deferred tax liability (Note 15)	634,800	627,367
Total long-term liabilities	708,942	765,231
Payables to employees	14,849	14,931
Social and health insurance	7,545	6,857
Due to government – tax liabilities	3,710	5,428
Unbilled deliveries	185,502	134,383
Negative fair value of derivatives (Note 14)	13,495	43,704
Other payables – other	1,371	1,785
Total current liabilities	226,472	207,088
Total other liabilities	935,414	972,319

As at 31 December 2013 and 2012, long-term advances were received as security for collateral of receivables arising from customer contracts. As at 31 December 2013 and 2012, the Company had overdue current payables totaling CZK 62,971 thousand and CZK 50,354 thousand, respectively.

The Company has no payables that were secured by collateral or guarantees in favour of a creditor.

Unbilled deliveries represent, in particular, estimated unbilled insurance cost of insurance of assets used for finance and operating leases, contingent commissions and rent. Payables to related parties (see Note 19).

12 BANK LOANS AND BORROWINGS

	31/12/2013	31/12/2012
Short-term bank loans and overdrafts	11,426,638	8,654,469
Long-term loans	7,001,252	6,580,210
Short-term borrowings (short-term notes issued)	0	890,000
Bank loans and borrowings	18,427,890	16,124,679

The interest expense relating to bank loans and borrowings for 2013 and 2012 was CZK 258 823 thousand and CZK 277,302 thousand, respectively. The Company does not capitalize interest on loans as part of the construction of tangible fixed assets.

Breakdown to short- and long-term items:

	31/12/2013	31/12/2012
Overdrafts	278,693	229,342
Short-term loans	1,886,604	741,853
Long-term loans – part due within 1 year	9,261,341	7,683,274
Short-term bank loans and overdrafts	11,426,638	8,654,469
Long-term loans – due over 1 year and within 5 years	6,545,742	6,166,300
Long-term loans – due over 5 years	455,510	413,910
Long-term bank loans	7,001,252	6,580,210
Short-term borrowings (short-term notes issued)	0	890,000

The Company uses amortized fixed-rate five-year loans to finance the new portfolio from April 2011. The loans, which have replaced interest-rate swaps as instruments hedging the Company against interest rate risk, are drawn on a monthly basis.

Bank loans and short term borrowings:

	Currency	31/12/2013	31/12/2012
ČSOB	CZK & EUR	17,935,990	14,742,779
European Investment Bank	CZK	491,900	491,900
Bills of exchange	CZK	0	890,000

In 2013 the average interest rate accruing on the above bank loans and borrowings ranged from 0.59% to 1.53% (in 2012: 1.22% to 1.93%). The interest rate was determined as a weighted average taking into account the amount of the loan, duration of the loan, and the interest rate in the respective year.

The loans from the European Investment Bank ("EIB") may only be used for the purposes specified by the contract (the loans use preferential EU funds that are restricted to co-financing SME products and provided only if certain investment covenants are met). The respective loan is secured by the Guarantee Agreement between the EIB and KBC Bank N.V.

13 OTHER LIABILITIES

Accruals include, in particular, accrued interest on loans, which are charged to income for the year in which they were incurred. Deferred income includes, in particular, deferred lease installments, which are recognized into income for the year in which they were earned.

14 DERIVATIVES

The Company has concluded several derivative contracts and classifies derivatives either as held for trading or as hedging derivatives. As at 31 December 2013 and 2012, the derivatives were revalued at fair value, with the positive and negative fair values of derivatives being included in other receivables and other payables, respectively (see Note 5 and 11).

(in CZK thousands)	31/12/2013			31/12/2012		
	Contractual/Face value	Fair value		Contractual/Face value	Fair	value
		Positive	Negative		Positive	Negative
Derivatives held for trading						
Interest rate swaps						
Due within 1 year	0	0	0	234,902	0	(2,061)
Due over 1 year	69,653	0	(6,130)	158,040	0	(11,800)
Total derivatives held for trading	69,653	0	(6,130)	392,942	0	(13,861)

The following table summarizes face values and positive or negative values of outstanding derivatives held for trading as at 31 December:

The following table summarizes face values and positive or negative values of outstanding hedging derivatives as at 31 December:

(in CZK thousands)	31/12/2013		31/12/2013 31/12/2012		31/12/2012	
	Contractual/Face value	Fair	value	Contractual/Face value	Fair	value
		Positive	Negative		Positive	Negative
Derivatives hedging cash flows						
Interest rate swaps (interest rate hedge)						
Due within 1 year	811,088	0	(13,495)	1,933,328	0	(41,643)
Due over 1 year	5,865,088	2,189	(67,616)	4,273,691	0	(125,425)
Total hedging derivatives	6,676,176	2,189	(81,111)	6,207,019	0	(167,068)

Hedging derivatives include derivatives hedging cash flows that are designated as hedging instruments of assets and liabilities in a hedge of interest rate risks and that qualify for hedge accounting.

15 INCOME TAXES

	2013	2012
Profit before taxes	546,232	925,526
Non-taxable revenues	(214,969)	(334,258)
Difference between book and tax depreciation	206,729	460,730
Difference between book and tax net book value of disposed assets	456,344	419,557
Non-deductible expenses	13,426	(279,389)
Creation of allowances, net	(280,828)	(558,784)
Creation of provisions, net	1,845	1,011
Other (e.g. entertainment expenses, write offs of receivables, shortages and losses)	292,409	278,384
Taxable income	1,007,762	1,192,166
Tax loss carried forward	(440,025)	(1,192,166)
Current income tax rate	19%	19%
Тах	107,870	0
Adjustment of the tax paid in previous years	0	0
Current tax expense	107,870	0

In 2013, the Company has fully set off its carry forward tax losses generated since 2008 (the tax loss generated in 2007 was fully offset in previous years).

The Company quantified deferred taxes as follows (in CZK thousands):

		2013		2012
Deferred tax items	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	0	(723,089)	0	(839,233)
Other temporary differences:				
Allowance against receivables and fixed assets	62 937	0	91,837	0
Valuation differences from cash flows hedging derivatives	11,626	0	26,040	0
Provision for hire purchase	0	0	0	0
Bonuses and social and health insurance contributions	13,726	0	7,780	0
Tax loss carried forward	0	0	86,209	0
Total	88,829	(723,089)	211,866	(839,233)
Net		(634,800)		(627,367)

The Company calculated deferred tax on the basis of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, while taking into consideration the period of realization.

As at 31 December 2013 and 2012, the Company recorded a deferred tax liability of CZK 634 800 thousand and CZK 627,367 thousand, respectively.

16 COMMITMENTS AND CONTINGENCIES

As at 31 December 2013, the Company had no contingent liabilities or contingent assets recorded off balance sheet.

17 REVENUES

The breakdown of revenues on ordinary activities is as follows:

	2013	2012
Revenues from hire purchase and sale of used automobiles	31,963	29,191
Revenues from sales of goods	31,963	29,191
Revenues from finance and operating leases	5,430,083	6,335,014
Fees for hire purchase and consumer credit	7,901	9,385
Revenues from sale of own products and services	5,437,984	6,344,399
Revenues from sales of assets from prematurely terminated lease contracts	679,767	675,713
Revenues from sales of assets from regularly terminated finance lease contracts	26,028	28,195
Revenues from sale of assets for own use	4,476	8,102
Revenues from sales of fixed intangible and tangible assets	710,271	712,010
Contractual penalties, interest for delayed payments and other operating revenues	25,663	46,473
Other revenues from contractual and intermediary activities	647,776	692,796
Revenues from prematurely terminated contracts	218,609	267,298
Revenues from sale of receivables	88,133	58,317
Other operating income	980,181	1,064,884
Interest on bank loans	2	204
Contractual interest on loans for suppliers	32,147	39,687
Interest on consumer credit	731,446	784,366
Interest income	763,595	824,257
Exchange rate gains	219,294	251,841
Income from long-term financial assets (dividends)	161,062	180,933
Gain on revaluation of derivatives	2,594	13,484
Other income from financial activities	382,950	446,258

All revenues of the Company are domestic revenues. Since 2003, the Company has been providing back-office services to another third party leasing company; this business represents a jointly controlled operation. The fees for these services depend on the operating results of the company to which the services are provided. In 2013 and 2012, the fees represented net income of CZK 33 598 thousand and CZK 26,165 thousand, respectively, which are shown within other operating income from contractual and intermediary activities.

18 PERSONNEL AND RELATED EXPENSES

Number of employees, members of management and supervisory bodies:

	2013	2012
Average number of employees		
Members of management bodies	34	37
Employees	292	310
Total	326	347
Number of statutory body members		
Members of the Board of Directors	3	4
Members of the Supervisory Board	6	6

The breakdown of personnel expenses is as follows:

	2013	2012
Wages and salaries of management	55,475	88,741
Wages and salaries of other employees	206,654	180,805
Social and health insurance premiums of management	16,030	17,690
Social and health insurance premiums of other employees	70,835	63,169
Social cost	10,984	10,900
Bonuses to members of the Board of Directors	948	948
Total personnel expenses	360,926	362,253

19 RELATED PARTY INFORMATION

The members of statutory and supervisory bodies, directors and executive officers were granted no loans, guarantees, advances or other benefits in 2013 and 2012 and they do not hold any shares of the Company.

As at 31 December 2013 and 2012, the members of the Board of Directors and senior management used company automobiles for private purposes, with a total cost of CZK 17,808 thousand and CZK 20,727 thousand, respectively, and with a net book value of CZK 10,241 thousand and CZK 11,292 thousand, respectively.

As at 31 December 2013, the members and former members of the Board of Directors and of the Supervisory Board had four lease contracts entered into with the Company; the value of future installments of the Board of Directors' and Supervisory Board's members totaled CZK 569 thousand and CZK 260 thousand (respectively, as at 31 December 2012 CZK 1,352 thousand and CZK 403 thousand).

In 2013 and 2012 the Company received dividends from its subsidiary ČSOBL PM in the amount of CZK 161,062 thousand and CZK 180,933 thousand, respectively.

In 2013 and 2012 the Company recorded an interest expense resulting from a short-term loan granted by ČSOBL PM in the amount of CZK 473 thousand and CZK 690 thousand, respectively.

The Company receives services from, and sells services to, related parties in the ordinary course of business. Purchases and sales were as follows in 2013 and 2012:

Expenses	2013	2012
ČSOB – interest on loans received	251,687	251,425
ČSOB – interest expense on bonds and bills of exchange	0	2,494
ČSOB – revaluation of derivatives	88,769	155,585
ČSOB Leasing pojišťovací makléř, s.r.o. – interest on loans and insurance costs	7,283	6,755
ČSOB – rent and other related services, telephones, other expenses	43,616	39,964
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance costs	347,435	381,193
Hypoteční banka, a.s. – fleet management	1,530	1,533
ČSOB – fleet management	12,593	13,028
ČSOB Factoring, a.s. – fleet management	51	188
ČSOB Pojišťovna, a.s., člen holdingu ČSOB. – fleet management	2,964	2,997
KBC Global Services N.V.	3,173	6,229
KBC Global Services Czech Branch, organizační složka – IT services	49,331	40,654

Expenses	2013	2012
KBC Lease N.V. – other expenses	0	69
KBC Lease Holding N.V.	341	969
KBC Group N.V.	3,992	0
Patria Online, a.s. – services	31	44
První certifikační autorita, a.s.	2	1
Total expenses	812,798	903,128
Income	2013	2012
ČSOB – intermediary commission, rebilling	373	242
ČSOB – fleet management	59,934	56,644
ČSOB – interest on bank accounts	1	2
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance commission and insurance claims	34 590	34,322
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – fleet management	7,431	6,214
ČSOB Leasing pojišťovací makléř, s.r.o. – other income	9,173	8,644
KBC Global Services Czech Branch, organizační složka – rent and ICT transfer	2,342	2,157
KBC Global Services N.V. – fleet management	39	114
KBC Group N.V.	65	0
ČSOB Factoring, a.s. – fleet management	741	546
Českomoravská stavební spořitelna, a.s. – operating lease	13,298	10,558
Hypoteční banka, a.s. – fleet management	8,414	5,535
Total income	136,401	124,978

Breakdown of receivables from, and payables to, related parties:

Assets	31/12/2013	31/12/2012
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – trade receivables and contingent insurance claims	1,174	1,290
ČSOB – advances granted for rent(related services	790	795
ČSOB – fair value of financial derivates (Note 14)	2,189	0
ČSOB – other	10,803	11,358
KBC Global services N.V.	0	1,242
ČSOB Leasing pojišťovací makléř, s.r.o. – trade receivables	843	662
ČSOB Factoring, a.s. – trade receivables	39	46
Českomoravská stavební spořitelna a.s. – trade receivables.	1,273	718
Hypotéční banka, a.s. – trade receivables	1,412	1,741
Total assets	18,523	17,852

Liabilities	31/12/2013	31/12/2012
ČSOB – loans (including overdrafts) (Note 12)	17,935,990	14,742,779
ČSOB – issued bills of exchanges	0	268,000
ČSOB – fair values of derivatives (Notes 5, 11 and 14)	87,241	180,929
KBC Lease N.V.	0	68
KBC Lease Holding N.V.	62	256
KBC Global Services N.V.	372	501
KBC Global Services Czech Branch, organizační složka	7,501	5,893
KBC Group N.V.	299	0
ČSOB – other	4,388	2,332
ČSOB Leasing pojišťovací makléř, s.r.o. – trade payables	734	538
ČSOB Leasing pojišťovací makléř, s.r.o. – loans (Note 11)	55,000	0
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance premiums	32,105	36,950
Total Liabilities	18,123,692	15,238,246

Trade receivables and payables arose in the ordinary course of business.

20 SIGNIFICANT ITEMS OF INCOME STATEMENT

Other operating expenses represent, in particular, expenses for insurance of leased assets. The statutory auditor's fee is disclosed in the notes to the consolidated financial statements of ČSOB, a.s.

21 SUBSEQUENT EVENTS

Following changes to the Commercial Register have been made until the day of the preparation of the financial statements:

	Supervisory Board	То
Member:	Petr Neuvirth	31 December 2013
Member:	Jaroslav Krejčí	31 December 2013

	Supervisory Board	From
Member:	Oldřich Bartoň	1 January 2013

There were no other material events subsequent to the balance sheet date to be disclosed in the financial statements.

22 STATEMENT OF CASH FLOWS (SEE APPENDIX 1)

The cash flow statement was prepared under the indirect method.

23 STATEMENT OF CHANGES IN EQUITY (SEE NOTE 9)

PREPARED ON: 21/3/2014

Signature of accounting entity's statutory body:





Ing. Rudolf Kypta

Ing. Libor Bosák

Person responsible for accounting: (name, signature):

Ing. Monika Nepovímová

Person responsible for financial statements (name, signature):

Ing. Monika Nepovímová

FINANCIAL REPORT / INDEPENDENT AUDITOR REPORT



(Translation of a report originally issued in Czech - see Note 2 to the consolidated financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ČSOB Leasing, a.s.:

We have audited the accompanying consolidated financial statements of ČSOB Leasing, a.s. and its subsidiaries ("the Group") which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated income statement for the year then ended, and a summary of significant accounting policies and other explanatory information. For details of the Group see Note 1 to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Ernst & Lang Ernst & Young Audit, S.P.O License No. 401 Represented by

Douglas Burnham

Partner veta Sobolová

Auditor, License No. 2328

21 March 2014 Prague, Czech Republic

					Current year		Prior year 2012
				Gross	Allowances	Net	Net
			TOTAL ASSETS	38,416,758	(12,634,256)	25,782,502	23,961,077
Α.			STOCK SUBSCRIPTIONS RECEIVABLE				
В.			FIXED & FINANCIAL ASSETS	22,013,132	(10,039,657)	11,973,475	11,391,172
В.	I.		Intangible assets	359,922	(194,320)	165,602	121,477
В.	Ι.	1	Foundation and organizational costs	509	-509		
		2	Research and development				
		3	Software	273,227	(193,612)	79,615	44,582
		4	Patents, royalties and similar rights	199	(199)		
		5	Goodwill				
		6	Other intangibles assets				
		7	Intangibles assets in progress	85,987		85,987	76,895
		8	Advances granted for intangibles assets				
В.	П.		Tangible assets	21,653,210	(9 845,337)	11,807,873	11,269,695
В.	II.	1	Land	12,186		12,186	12,186
		2	Constructions	110,730	(63,891)	46,839	54,154
		3	Separate movable items and groups of movable items	21,011,580	(9,774,870)	11,236,710	11,175,093
		4	Perennial crops				
		5	Livestock				
		6	Other tangible assets	212		212	212
		7	Tangible assets in progress	151,279		151,279	21,549
		8	Advances granted for tangible assets	367,223	(6,576)	360,647	6,501
		9	Gain or loss on revaluation of acquired property				
В.	III.		Financial investments	0	0	0	0
В.	111.	1	Subsidiaries				

					Current year		Prior year 2012	
				Gross	Allowances	Net	Net	
		2	Associates					
		3	Other long-term securities and interests					
		4	Loans to subsidiaries and associates					
		5	Other long-term investments					
		6	Long-term investments in progress					
		7	Advances granted for long-term investments					
B.	IV.		Active/Passive consolidation difference (Goodwill/Badwill)	0	0	0	0	
B.	V.		Investments accounted for under the equity method	0	0	0	0	
C.			CURRENT ASSETS	16,273,660	(2,594,599)	13,679,061	12,429,725	
C.	Ι.		Inventory	15,472	0	15,472	17,726	
C.	Ι.	1	Materials					
		2	Work-in-progress and semi-finished production					
		3	Finished products					
		4	Livestock					
		5	Goods	15,472	0	15,472	17,726	
		6	Advances granted for inventory					
C.	II.		Long-term receivables	6,431,486	0	6,431,486	5,312,281	
C.	П.	1	Trade receivables	6,429,297		6,429,297	5,312,281	
		2	Receivables to group companies with majority control					
		3	Receivables to group companies with control of 20%–50%					
		4	Receivables from partners, co-operative members and participants in association					
		5	Long-term advances granted					
		6	Unbilled revenue					

					Current year		Prior year 2012
				Gross	Allowances	Net	Net
		7	Other receivables	2,189	· · · ·	2,189	
		8	Deferred tax asset				
C.	III.		Short-term receivables	9,764,571	(2,594,599)	7,169,972	6,984,950
C.	III.	1	Trade receivables	9,549,796	(2,594,599)	6,955,197	6,815,809,
		2	Receivables to group companies with majority control				
		3	Receivables to group companies with control of 20%–50%				
		4	Receivables from partners, co-operative members and participants in association				
		5	Social security and health insurance				
		6	Due from government – tax receivables	124,862		124,862	92,723
		7	Short-term advances granted	2,380		2,380	1,817
		8	Unbilled revenue	84,829		84,829	68,836
		9	Other receivables	2,704		2,704	5,765
C.	IV.		Short-term financial assets	62,131	0	62,131	114,768
C.	IV.	1	Cash	3,264		3,264	4,768
		2	Bank accounts	58,867		58,867	110,000
		3	Short-term securities and interests				
		4	Short-term financial assets in progress				
D.			OTHER ASSETS – TEMPORARY ACCOUNTS OF ASSETS	129,966	0	129,966	140,180
D.	Т.		Accrued assets and deferred liabilities	129,966	0	129,966	140,180
D.	I.	1	Prepaid expenses	12,915	0	12,915	9,614
		2	Prepaid expenses (specific-purpose expenses)				
		3	Unbilled revenue	117,051	0	117,051	130,566

				Current year	Prior year 2012
			TOTAL SHAREHOLDER'S EQUITY & LIABILITIES	25,782,502	23,961,077
Α.			SHAREHOLDER'S EQUITY	4,710,001	5,058,848
Α.	I.		Basic capital	3,050,000	3,050,000
Α.	I.	1	Registered capital	3,050,000	3,050,000
		2	Own shares and ownership interests		
		3	Changes in basic capital		
A.	П.		Capital funds	442,558	461,110
А	П.	1	Share premium (agio)	572,421	572,421
		2	Other capital funds	1,063	1,063
		3	Gain or loss on revaluation of assets and liabilities	(130,926)	(112,374)
		4	Gain or loss on revaluation of company transformations		
Α	Ш.		Reserve funds and other funds created from profit	611,161	612,808
А	III.	1	Legal reserve fund	610,200	610,200
		2	Statutory and other funds	961	2,608
Α.	IV.		Profit (loss) for the previous years	161,062	180,933
	IV.	1	Retained earnings for the previous years	161,062	180,933
		2	Accumulated loss of previous years		
		3	Other retained earnings for previous years		
Α.	V.		Consolidated earnings of accounting period	445,220	753,997
	V.	1	Profit (loss) for the year (+/-)	445,220	753,997
		2	Consolidated earnings – equity method (+/-)		
A.	VI.		Consolidated reserve funds	0	0
Α.	VII.		Exchange rate gains (losses) from foreign consolidated entities	0	0

				Current year	Prior year 2012
B.			LIABILITIES	19,889,515	17,494,298
B.	I.		Provisions	117,433	7,718
В.	l.	1	Provisions created under special legislation		
		2	Provision for pensions and similar obligations		
		3	Provision for corporate income tax	107,870	
		4	Other provisions	9,563	7,718
B.	II.		Long-term liabilities	707,975	764,644
В.	II.	1	Trade payables		
		2	Liabilities to group companies with majority control		
		3	Liabilities to group companies with control of 20%–50%		
		4	Liabilities to partners, co-operative members and participants in association		
		5	Long-term advances received	396	639
		6	Bonds payable		
		7	Long-term notes payable		
		8	Unbilled deliveries		
		9	Other liabilities	73,746	137,225
		10	Deferred tax liability	633,833	626,780
B.	Ш.		Current liabilities	636,217	597,257
В.	III.	1	Trade payables	306,572	280,106
		2	Liabilities to group companies with majority control		
		3	Liabilities to group companies with control of 20%–50%		
		4	Liabilities to partners, co-operative members and participants in association		
		5	Liabilities to employees	15,997	15,946
		6	Liabilities arising from social security and health insurance	8,238	7,394

CONSOLIDATED BALANCE SHEET - LONG FORM (CZK THOUSAND)

				Current year	Prior year 2012
		7	Due to government – taxes and subsidies	3,965	5,629
		8	Short-term advances received	95,369	105,125
		9	Bonds payable		
		10	Unbilled deliveries	191,202	137,530
		11	Other liabilities	14,874	45,527
В.	IV.		Bank loans and borrowings	18,427,890	16,124,679
B.	IV.	1	Long-term bank loans	7,001,252	6,580,210
		2	Short-term bank loans	11,426,638	8,654,469
		3	Borrowings	0	890,000
C.			OTHER LIABILITIES – TEMPORARY ACCOUNTS OF LIABILITIES	1 182,986	1,407,931
C.	Ι.		Accrued liabilities and deferred assets	1,182,986	1,407,931
C.	Ι.	1	Accruals	19,768	20,266
		2	Deferred income	1,163,218	1,387,665
D.			MINORITY CAPITAL	0	0
D.	Т.		Minority basic capital	0	0
D.	П.		Minority capital funds	0	0
D.	Ш.		Minority funds created from profit, including retained earnings	0	0
D.	IV.		Minority earnings from current accounting period	0	0

PREPARED ON: 21/3/2014

Signature of accounting entity's statutory body:

W WY

Person responsible for accounting: (name, signature):

Person responsible for financial statements (name, signature):

Ing. Monika Nepovímová



Ing. Rudolf Kypta

Ing. Libor Bosák

Ing. Monika Nepovímová

CONSOLIDATED INCOME STATEMENT – LONG FORM (CZK THOUSAND)

			Current year	Prior year 2012
I.		Revenues from goods sold	31,963	29,191
A.		Cost of goods sold	32,179	29,553
+		Gross margin	(216)	(362)
II.		Production	5,673,969	6,575,563
П.	1	Revenue from sale of finished products and services	5,673,969	6,575,563
	2	Change in inventory produced internally		
	3	Own work capitalized		
B.		Production related consumption	634,374	649,429
B.	1	Consumption of material and energy	101,823	107,624
B.	2	Services	532,551	541,805
+		Value added	5 039,379	5 925,772
C.		Personnel expenses	391,080	389,752
C.	1	Wages and salaries	283,847	289,760
C.	2	Bonuses to members of company or cooperation bodies	1 068	1 068
C.	3	Social security and health insurance	94,305	87,198
C.	4	Other social costs	11,860	11,726
D.		Taxes and fees	29,242	37,235
E.		Amortization and depreciation of intangible and tangible fixed assets	4 227,620	4 907,129
		Settling of passive consolidation difference (Negative goodwill)		
		Settling of active consolidation difference (Goodwill)		
111.		Revenue from sale of intangible and tangible fixed assets and materials	710,271	712,010
.	. 1	Revenues from sale of intangible and tangible fixed assets	710,271	712,010
	2	Revenue from sale of materials		

CONSOLIDATED INCOME STATEMENT – LONG FORM (CZK THOUSAND)

			Current year	Prior year 2012
F.		Net book value of intangible and tangible fixed assets and materials sold	675,619	730,927
	1	Net book value of intangible and tangible fixed assets sold	675,619	730,927
	2	Materials sold		
G.		Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	(415,964)	(483,958)
IV.		Other operating revenues	974,649	1,060,415
H.		Other operating expenses	1,489,398	1,618,568
V.		Transfer of operating revenues		
Ι.		Transfer of operating expenses		
*		Consolidated operating results	327,304	498,544
VI.		Revenue from sale of securities and interests		
J.		Securities and interests sold		
VII.	Ι.	Income from financial investments	0	0
VII.	l. 1	Income from subsidiaries and associates		
	2	Income from other long-term securities and interests		
	3	Income from other financial investments		
VIII	II.	Income from short-term financial assets		
K.		Expenses related to financial assets		
IX.		Gain on revaluation of securities and derivatives	2,594	13,484
L.		Loss on revaluation of securities and derivatives	94,487	155,585
M.		Change in reserves and provisions relating to financial activities		
Х.		Interest income	763,764	824,440
N.		Interest expense	258,823	277,302
XI.		Other finance income	219,312	251,852

CONSOLIDATED INCOME STATEMENT – LONG FORM (CZK THOUSAND)

			Current year	Prior year 2012
).		Other finance cost	375,444	211,504
XII.		Transfer of finance income		
).		Transfer of finance cost		
*		Consolidated result from financial activities	256,916	445,385
		Tax on profit or loss on ordinary activities	139,000	189,932
2.	1	- due	146,360	38,045
2.	2	- deferred	(7,360)	151,887
**		Consolidated result on ordinary activities after taxation	445,220	753,997
XIII.	Ι.	Extraordinary gains		
۶.		Extraordinary losses		
		Tax on extraordinary profit or loss	0	0
S.	1	- due		
S.	2	- deferred		
*		Consolidated result from extraordinary activities	0	0
***	•	Consolidated net result excluding equity income (loss)	445,220	753,997
	1	Earnings for the accounting period – group share		
	2	Earnings for the accounting period – minority share		
**		Income / loss from equity method consolidation	0	0
***	r -	Consolidated net result for the accounting period	445,220	753,997
***	r	Consolidated result of operations before tax	584,220	943,929

PREPARED ON: 21/3/2014

Signature of accounting entity's statutory body:

WW

Ing. Rudolf Kypta

Ing. Libor Bosák

Person responsible for accounting: (name, signature):

Ing. Monika Nepovímová

Person responsible for financial statements (name, signature):

Ing. Monika Nepovímová

01. DESCRIPTION OF THE COMPANY AND DEFINITION OF THE CONSOLIDATION GROUP

ČSOB Leasing, a.s. ("the Consolidating Company" or "ČSOBL") is a joint stock company incorporated on 31 October 1995 in the Czech Republic. The Company's registered office is located at Na Pankráci 310/60, Prague 4, 140 00 Czech Republic, and the business registration number (IČ) is 639 98 980. The Company is involved in the leasing of industrial equipment, motor and other vehicles, technological equipment and real estate, the provision of leasing, the provision of loans and credit, and intermediary activities in trading.

The parent company is Československá obchodní banka, a.s., ("ČSOB") with its registered office at Radlická 333/150, Prague 5, 150 57, holding a 100% interest in the Consolidating Company's basic capital. The ultimate parent company of the group is KBC Group N.V.

In 2010, Československá obchodní banka, a. s., and KBC Lease Holding N.V. entered into a contract for the exercise of voting rights pertaining to the shares of ČSOB Leasing, a.s. Pursuant to the contract, KBC Lease Holding N.V. is entitled to exercise 49.18% of voting rights pertaining to the shares of ČSOB Leasing, a.s. However, ČSOB continues to hold all the Company's shares.

The Company's statutes were changed in 2010 as follows: the quorum for any general meeting of shareholders is the presence of shareholders (in person or by proxy) who hold shares with a face value exceeding 60% of the Company's basic capital (the power of attorney must show a certified signature of a shareholder being represented).

The Company is included in the consolidated group of ČSOB. The Company has not concluded a control agreement or an agreement on profit distribution with the parent company. Since 2003, the Group has been providing back-office services to another third party leasing company; this business represents a jointly controlled operation.

Members of the statutory bodies of the Consolidating Company as at 31 December 2013 were as follows:

Board of Directors		From
Chair:	Ing. Libor Bosák	1 May 2009
Vice-chair:	Ing. Josef Rosenkranz	1 November 2010
Member:	Ing. Rudolf Kypta	1 March 2011

Supervisory Boar	ď	From
Member:	Jiří Vévoda	1 January 2013
Member:	Mgr. Petr Neuvirth	14 December 2010
Member:	Ján Lučan	1 January 2013
Member:	Ing. Jaroslav Krejčí	4 September 2006
Member:	Jeroen Karel van Leeuwen	1 January 2013

Changes made to the Commercial Register in 2013 concerning the composition of the statutory and supervisory bodies were as follows:

Board of Directors		Until
Member:	Mgr. Ivana Vondráčková	4 December 2013

Supervisory Board		Do
Chair:	Danny De Raymaeker	31 December 2012
Vice-chair:	Herwig Huysmans	31 December 2012
Member:	Ing. Petr Knapp	31 December 2012
Member:	Lieven Coppejans	31 December 2012

The consolidation group (the "Group") consists of the Consolidating Company and of such consolidated companies that were included into consolidation group.

Group Structure as at 31 December 2013

Name	ČSOB Leasing pojišťovací makléř, s.r.o. (ČSOBL PM)
Registered office	Prague 4, Na Pankráci 60/310
Acquisition cost of interest	2,000
Percentage of ownership	100
Basic capital	2,000
Equity	163,140
Profit/(loss) for the current year	160,940
Retained earnings	0
Total assets	173,327
Intrinsic value of interest	163,140
Consolidation method	Full

Group Structure as at 31 December 2012		
Name	ČSOB Leasing pojišťovací makléř, s.r.o.	
Registered office	Prague 4, Na Pankráci 60/310	
Acquisition cost of interest	2,000	
Percentage of ownership	100	
Basic capital	2,000	
Equity	163,262	
Profit/(loss) for the current year	161,062	
Retained earnings	0	
Total assets	171,412	
Intrinsic value of interest	163,262	
Consolidation method	Full	

The consolidation group consists of subsidiaries in which the parent holds more than 50% of the exercised voting rights, and of associated companies in which the parent holds more than 20% of the exercised voting rights.

Ernst & Young Audit, s.r.o., audited the financial statements of ČSOB Leasing pojišťovací makléř, s.r.o. ("ČSOBL PM") for the year ended 31 December 2013 and 31 December 2012 and issued reports thereon which were unqualified.

The principal company of the consolidation group is ČSOBL, which is the Consolidating Company of the consolidation group.

In the following notes, the term "Group" is used to refer to the consolidation group. Due to the materiality principle, balances used in the notes usually reflect the totals of group companies being consolidated, and do not necessarily mean the total of data related to all companies in the consolidation group.

02. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying (separate) financial statements of the Consolidating Company and of its subsidiaries included in the consolidation were prepared in accordance with the Czech Act on Accounting and the related guidelines and the Czech Accounting Standards as applicable for 2013 and 2012.

The accompanying consolidated financial statements were prepared in compliance with Decree No. 500/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., on Accounting, based on the direct method.

The selected consolidation method should be applied to the accounting entities included in the consolidation group consistently and continually.

To prepare the consolidated financial statements, the full consolidation was used for a subsidiary and the equity consolidation (consideration consolidation) was used for an associate. Financial statements of all companies included in consolidation were prepared as at 31 December 2013.

All entities included in the consolidation group use the same principles of asset and liabilities valuation and reporting, which is in full compliance with the Czech accounting regulations and Czech accounting standards.

Dividends or profit shares, mutual receivables and payables and mutual costs and revenues paid by the consolidated companies to other consolidated companies were excluded from consolidation.

Amounts in the financial statements and the notes are rounded to thousands of Czech Crowns unless stated otherwise.

Explanation Added for Translation into English

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

03. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in preparing the 2013 and 2012 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets (both own and used for finance or operating leases) are recorded at their acquisition cost and related expenses. The useful economic lives are as follows:

	Years
Software	3–8
Patents, royalties and similar rights	per contract

Amortization

Intangible fixed assets with a cost exceeding CZK 60 thousand are amortized as follows:

- own assets amortization starts in the month assets are put in use and continues on a straight-line basis over their useful economic lives;
- finance leases acquisition cost less residual value is amortized on a straight-line basis over the life of the lease contract; amortization starts on the day when the lessee receives the leased asset in a usable condition;
- operating leases acquisition cost less residual value is amortized on a straight-line basis from the day the asset is put in use over the life of the lease contract.

Patents, royalties and similar rights are amortized over their useful lives as stipulated in the respective contract.

Small intangible assets with a cost not exceeding CZK 60 thousand are expensed in the year of acquisition. A significant number of small intangible fixed assets are amortized over a period of 24 or 36 months and charged to income on a straight-line basis.

b) Tangible Fixed Assets

Tangible fixed assets (both own and used for finance or operating leases) are recorded at their acquisition cost, which consists of the purchase price, freight, customs duties and other related costs. Interest on loans taken for the construction of tangible fixed assets is expensed.

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset.

The useful economic lives are as follows:

	Years
Buildings	30
Machinery and equipment	4–12
Vehicles	4–6
Furniture and fixtures	6

Tangible fixed assets with a cost exceeding CZK 40 thousand are depreciated as follows:

- own assets from the month they are put in use over their useful economic lives;
- finance leases acquisition cost less residual value is depreciated on a straight-line basis over the life of the lease contract; depreciation starts on the day when the lessee receives the leased asset in a usable condition;
- operating leases acquisition cost less residual value is depreciated on a straight-line basis from the day the asset is put in use over the life of the lease contract.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded with a corresponding credit to the 'Other capital funds' account on the date of acquisition. The replacement cost of these assets is based on a certified expert's opinion.

If the net book value of the depreciated assets exceeds their estimated realizable value, an allowance is created against such assets. The allowance against fixed assets also includes an allowance against finance leases denominated in foreign currencies, which reflects the decrease in value due to exchange rate depreciation from the date when the payment schedule was issued.

Small tangible assets with a cost not exceeding CZK 40 thousand are expensed in the year of acquisition. A significant number of small tangible fixed assets are depreciated over a period of 24 or 36 months and charged to income on a straight-line basis.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

c) Financial Assets

Short-term financial assets consist of liquid valuables, cash in hand and at bank.

d) Jointly Controlled Operations

The Group has a jointly controlled operation with an entity in which the Group has no ownership interest. These jointly controlled operations represent back-office services for another leasing company. The venturers cooperate based on an "Operating Agreement" meaning that each joint venturer uses their own assets and resources to perform the activities of the joint venture, rather than founding a business organization, partner company or another legal entity or financial structure separated from venturers. The Operating agreement ensures that any expenses incurred in common and the operating profits or losses derived from the joint venture are shared among the venturers. In respect of its interests in jointly controlled operations, the Group recognizes in the accompanying consolidated financial statements expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

e) Inventory

The Group records inventory solely in connection with the "Hire Purchase" customer product, when accepting vehicles to the second-hand car sale, and in the event that the Company confiscates the leased asset via a collateralized transfer of the ownership right.

In the case of the hire purchase and second-hand car sales, the items are valued at cost (i.e., at the cost of acquisition and any acquisition-related costs); in the case of confiscation they are valued using a certified expert's opinion (trucks and machinery and equipment) or using an expert estimate of realizable value (personal and utility vehicles).

f) Receivables

Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income.

Receivables from companies included in the consolidation group are offset.

The Group creates allowances against prematurely terminated contracts based on its own analysis of customers' solvency and the availability of collateral using the leased asset, in order to estimate the expected loss resulting from the lease contract as a whole. As the time period between the premature termination of the contract and the realization of collateral is usually short, the expected proceeds are not discounted.

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Allowances against other overdue receivables, against commercial loans to suppliers, consumer credit and against advances granted are created on the basis of the receivable ageing structure and previous experience as to the repayment of those receivables in the entire receivables portfolio.

g) Derivatives

Derivatives – currency forwards and interest rate swaps – are initially measured at cost. Fair values are derived from discounted cash-flow models. Derivatives are recorded in other receivables, if their fair value is positive, or in other payables, if their fair value is negative for the Company.

Derivatives are classified as derivatives held for trading or hedging derivatives. The latter are designated as cash flow hedges. In order to qualify for hedge accounting, the change in its estimated cash flow must offset, in whole or in part, the change in cash flow arising from the hedged item. In addition, there must be formal documentation of the hedging relationship at inception and the Company must prove that the hedging relationship is highly effective. In all other cases, derivatives are recognized as held for trading.

Derivatives are revalued to fair value as at the balance sheet date. Changes in the fair value of derivatives held for trading are reported in income. Changes in the fair value of derivatives designated as cash flow hedges are taken to equity and reflected in the balance sheet through a gain or loss on revaluation of assets and liabilities. Any ineffective portion of the hedge is reported in income.

Realized derivatives transactions are shown within financial gains and losses on revaluation.

h) Equity

The basic capital of the Consolidating Company is stated at the amount recorded in the Commercial Register. Other capital funds consist of intangible asset donations from ČSOB in 2003.

The consolidated statutory reserve fund includes the statutory reserve funds of the Consolidating and Consolidated Companies.

In accordance with the Commercial Code, the Consolidating Company creates a statutory reserve fund from profit (in the first year in which profit is generated, i.e. in the year 2000) in the amount of 20% of profit after tax and in subsequent years, the legal reserve fund is allocated 5% of profit after tax until the fund reaches 20% of basic capital. These funds can only be used to offset losses.

The Group accounts for a Social fund within equity, which serves exclusively to pay costs related to sports and social events organized for the Group employees. Allocations to this fund are decided by the Company's shareholder during the distribution of results for the previous period. In compliance with the valid accounting legislation in the Czech Republic, the allocations to this fund are not reflected in the consolidated income statement, but they represent a movement within the Group's equity.

i) Provisions and Liabilities

The Group creates provisions for losses and risks if the related purpose, amount and timing can be reliably estimated and the accrual and matching principles are observed.

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial derivatives at fair value are shown in other payables. Payables to companies included in the consolidation group are offset.

Short-term and long-term loans are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

j) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the quarterly fixed rate set for the period from the last day of the previous quarter to the last but one day of the following quarter. The fixed rate represents a daily exchange rate published by the Czech National Bank ("CNB") on the day immediately preceding the relevant quarter. The CNB daily exchange rate is used for invoices received in foreign currency, in monthly recalculations of current account balances, liabilities from loans and the balance of issued promissory notes. On the balance sheet date, monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses excluding those related to cash flow hedges are charged or credited, as appropriate, to income for the year.

k) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

The Group recognizes as an expense any additions to provisions for or allowances against risks, losses or physical damage that are known at the date of the financial statements.

Revenues from the sale of own products and services represent revenues from lease services provided by the Group. Lease revenues are recognized on a straight-line basis over the lease term starting on the date of the lease contract conclusion until the regular or premature termination of the lease contract. Contractual fines and penalties are recognized when accounted for. Insurance commissions are recognized after the provision of services and a reliable determination of commission amount.

Revenues from leases, depreciation and amortization, expenses and income from the insurance of leased assets are included in the operating result, while interest expense arising from financing the leasing business are included in financial expenses. As a result, neither the operating nor the financial results reflect the relationship between these revenues and expenses.

Revenues from the sale of goods represent hire purchase revenue and sales of seized goods from hire purchases and consumer credits. Revenues from hire purchase are recognized when the leased asset is delivered, and the acquisition cost of the asset is recognized in cost of goods sold. At the same time, the Company creates a tax nondeductible provision for the sales margin on the hire purchase contract, which is amortized on the basis of the annual payment. Seized goods from hire purchases and consumer credits are valued using an expert estimate of the realizable value or a certified expert's opinion. Interest on consumer credit is calculated from its principal value. Interest and relevant insurance are accrued and outstanding amounts are included in the balance of the respective credit.

Interest on financial products for suppliers is calculated from the principal value thereof. Interest is recognized in the periods in which the actual flow of the related services occurs, regardless of when the related monetary flow arises.

Revenues and expenses relating to the prematurely terminated lease contracts including damages and losses and insurance claims received are disclosed in other operating revenues and expenses, as these items relate directly to the operating activities of the Group.

I) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management prepares these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available at the date of the financial statements and may differ from actual results.

m) Income Tax

The corporate income tax expense is calculated for each company in the Group based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). The corporate income tax expense in the consolidated income statement consists of the sum of corporate income tax expense of the Consolidating Company and other companies in the Group consolidated using the full consolidation method.

The deferred tax position is calculated for each company in the Group and reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization. The consolidated deferred tax position is the sum of the deferred tax positions of the Consolidating Company and other companies in the Group for which the full consolidation method has been used, adjusted for the effects of temporary differences resulting from the intercompany transactions.

n) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the balance sheet date.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of preparation of the financial statements the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

04. FIXED ASSETS

a) Intangible Fixed Assets

Total intangible fixed assets at net book value

	31/12/2013	31/12/2012
Intangible fixed assets used for leases	0	7
Total intangible fixed assets for own use	165,602	121,471
Total	165,602	121,478

Intangible fixed assets for own use

	Foundation and organization expenses	Patents, royalties and similar rights	Software	Investment in progress	Total
Cost					
Balance as at 31 December 2011	509	199	201,759	35,517	237,984
Additions	0	0	11,322	52,700	64,022
Disposals	0	0	0	(11,322)	(11,322)
Balance as at 31 December 2012	509	199	213,081	76,895	290,684
Additions	0	0	60,146	71,095	131,241
Disposals	0	0	0	(62,003)	(62,003)
Balance as at 31 December 2013	509	199	273,227	85,987	359,922
Accumulated amortization					
Balance as at 31 December 2011	509	199	143,366	0	144,074
Additions to accumulated amortization	0	0	25,139	0	25,139
Disposals of accumulated amortization	0	0	0	0	0
Balance as at 31 December 2012	509	199	168,505	0	169,213
Additions to accumulated amortization	0	0	25,107	0	25,107

	Foundation and organization expenses	Patents, royalties and similar rights	Software	Investment in progress	Total
Disposals of accumulated amortization	0	0	0	0	0
Balance as at 31 December 2013	509	199	193,612	0	194,320
Net book value as at 31 December 2011	0	0	58,393	35,517	93,910
Net book value as at 31 December 2012	0	0	44,576	76,895	121,471
Net book value as at 31 December 2013	0	0	79,615	85,987	165,602

The total value of small intangible fixed assets (for own use) which are not reflected in the accompanying balance sheet was CZK 1,199 thousand and CZK 1,493 thousand at cost as at 31 December 2013 and 2012, respectively.

Intangible fixed assets used for finance and operating leases

	Finance leases	Finance leases – small items (intangibles)	Operating leases	Total
Cost				
Balance as at 31 December 2011	461	624	0	1,085
Additions	0	0	0	0
Disposals	(411)	(620)	0	(1,031)
Balance as at 31 December 2012	50	4	0	54
Additions	0	0	0	0
Disposals	(50)	(4)	0	(54)
Balance as at 31 December 2013	0	0	0	0
Accumulated amortization				
Balance as at 31 December 2011	362	527	0	889
Additions to accumulated amortization	92	97	0	189
Disposals of accumulated amortization	(411)	(620)	0	(1,031)
Balance as at 31 December 2012	43	4	0	47
Additions to accumulated amortization	7	1	0	8

	Finance leases	Finance leases – small items (intangibles)	Operating leases	Total
Disposals of accumulated amortization	(50)	(5)	0	(55)
Balance as at 31 December 2013	0	0	0	0
Net book value as at 31 December 2011	99	97	0	196
Net book value as at 31 December 2012	7	0	0	7
Net book value as at 31 December 2013	0	0	0	0

The Company does not lease separate intangible items. Data presented in the table above relates to intangible assets leased as part of tangibles on the basis of one customer contract.

b) Tangible Fixed Assets

Tangible fixed assets at net book value

	31/12/2013	31/12/2012
Tangible fixed assets for own use	105,272	96,357
Tangible fixed assets used for finance and operating leases	11,625,153	11,078,215
Small tangible fixed assets used for finance and operating leases	77,448	95,124
Total	11,807,873	11,269,696

Tangible fixed assets for own use

	Land and buildings	Machinery and equipment	Vehicles	Other tangibles	Tangibles in progress	Total
Cost						
Balance as at 31 December 2011	70,653	57,123	75,769	5,421	1,631	210,597
Additions	0	1,032	22,135	0	21,192	44,359
Disposals	0	(435)	(30,766)	0	(22,713)	(53,914)
Reclassification from/to leased assets	0	0	0	0	0	0
Balance as at 31 December 2012	70,653	57,720	67,138	5,421	110	201,042
Additions	0	11,209	10,575	0	25,821	47,787
Disposals	0	(7,274)	(13,980)	0	(21,017)	(42,271)
Reclassification from/to leased assets	0	0	1,985	0	0	1,985
Balance as at 31 December 2013	70,653	61,655	65,900	5,421	4,914	208,543
Accumulated depreciation						
Balance as at 31 December 2011	12,721	45,295	51,276	4,020	0	113,312
Additions to accumulated depreciation	1,992	6,212	13,601	318	0	22,123
Disposals	0	(435)	(30,768)	0	0	(31,203)
Reclassification from/to leased assets	0	0	0	0	0	0
Balance as at 31 December 2012	14,713	51,072	34,109	4,338	0	104,232
Additions to accumulated depreciation	1,991	4,834	11,164	318	0	18,307
Disposals	0	(7,274)	(13,979)	0	0	(21,253)
Reclassification from/to leased assets	0	0	1,985	0	0	1,985
Balance as at 31 December 2013	16,704	48,632	33,279	4,656	0	103,271
Net book value as at 31 December 2011	57,932	11,828	24,493	1,401	1,631	97,285
Net book value as at 31 December 2012	55,940	6,648	33,029	1,083	110	96,357
Net book value as at 31 December 2013	53,949	13,023	32,621	765	4,914	105,272

Tangible fixed assets used for finance and operating leases

	Land and buildings	Machinery and equipment	Personal automobiles	Utility vehicles	Operating leases	Furniture and fixtures	Tangibles in progress	Advances	Total
Cost									
Balance as at 31 December 2011	76,083	9,279,506	3,094,804	10,712,837	4,181,549	740	18,024	100,912	27,464,455
Additions	0	1,353,825	248,266	1,336,687	1,076,756	0	4,125,057	345,464	8,486,055
Disposals	(23,820)	(1,803,474)	(733,503)	(2,069,701)	(1,020,864)	0	(4,121,642)	(432,563)	(10,205,567)
Reclassification from/to own assets	0	0	(29,503)	(19,830)	49,333	0	0	0	0
Balance as at 31 December 2012	52,263	8,829,857	2,580,064	9,959,993	4,286,774	740	21,439	13,813	25,744,943
Additions	0	1,285,474	291,206	1,652,700	1,589,066	0	4,976,299	891,525	10,686,270
Disposals	0	(3,089,612)	(1,179,896)	(4,388,652)	(1,098,022)	(740)	(4,851,373)	(538,115)	(15,146,410)
Reclassification from/to own assets	0	(20,313)	0	0	18,327	0	0	0	(1,986)
Balance as at 31 December 2013	52,263	7,005,406	1,691,374	7,224,041	4,796,145	0	146,365	367,223	21,282,817
Accumulated depreciation and allowances									
Balance as at 31 December 2011	58,408	5,076,329	1,910,404	6,271,602	1,542,509	494	0	23,203	14,882,949
Additions to accumulated depreciation	7,275	1,730,233	633,373	2,115,510	1,068,346	148	0	0	5,554,885
Disposals	(23,820)	(1,803,474)	(753,228)	(2,083,855)	(1,020,864)	0	0	0	(5,685,241)
Reclassification from/to own assets	0	0	(9,778)	(5,676)	15,454	0	0	0	0
Allowances	0	(23,151)	(1,642)	(18,397)	(26,331)	0	0	(15,891)	(85,412)
Balance as at 31 December 2012	41,863	4,979,937	1,779,129	6,279,184	1,579,114	642	0	7,312	14,667,181
Additions to accumulated depreciation	5,324	1,493,180	465,965	1,745,732	1,120,397	98	0	0	4,830,696
Disposals	0	(3,097,177)	(1,179,896)	(4,388,652)	(1,098,022)	(740)	0	0	(9,764,487)
Reclassification from/to own assets	0	(12,748)	0	0	10,763	0	0	0	(1,985)
Allowances	0	(28,331)	(3,596)	(16,343)	(24,735)	0	0	(736)	(73,741)
Balance as at 31 December 2013	47,187	3,334,861	1,061,602	3,619,921	1,587,517	0	0	6,576	9,657,664
Net book value as at 31 December 2011	17,675	4,203,177	1,184,400	4,441,235	2,639,040	246	18,024	77,709	12,581,506
Net book value as at 31 December 2012	10,400	3,849,919	800,935	3,680,809	2,707,660	98	21,439	6,501	11,078,215
Net book value as at 31 December 2013	5,076	3,670,545	629,772	3,604,120	3,208,628	0	146,365	360,647	11,625,153

Additions and deductions of allowances against fixed assets and advances granted for fixed assets are analyzed in Note 6.

8

Small tangible fixed assets used for finance and operating leases

	Financial leases – machinery	Finance leases – furniture and fixtures	Operating leases – machinery	Total
Cost				
Balance as at 31 December 2011	48,342	1,464	132,593	182,399
Additions	7,908	0	43,061	50,969
Disposals	(14,718)	0	(44,619)	(59,337)
Balance as at 31 December 2012	41,532	1,464	131,035	174,031
Additions	8,797	0	23,181	31,978
Disposals	(12,829)	(1,464)	(29,866)	(44,159)
Balance as at 31 December 2013	37,500	0	124,350	161,850
Accumulated depreciation				
Balance as at 31 December 2011	27,236	942	57,119	85,297
Additions to accumulated depreciation	9,887	293	42,767	52,947
Disposals	(14,718)	0	(44,619)	(59,337)
Balance as at 31 December 2012	22,405	1,235	55,267	78,907
Additions to accumulated depreciation	10,433	229	38,992	49,654
Disposals	(12,829)	(1,464)	(29,866)	(44,159)
Balance as at 31 December 2013	20,009	0	64,393	84,402
Net book value as at 31 December 2011	21,106	522	75,474	97,102
Net book value as at 31 December 2012	19,127	229	75,768	95,124
Net book value as at 31 December 2013	17,491	0	59,957	77,448

The total value of small tangible fixed assets (for own use) which are not reflected in the accompanying balance sheet was CZK 49,208 thousand and CZK 50,271 thousand at cost as at 31 December 2013 and 2012, respectively.

The Group has adjusted the carrying value of certain tangible assets for a diminution in value through an allowance charged against income (see Note 6). The assets are not encumbered by any liens or easements.

05. *RECEIVABLES*

	31/12/2013	31/12/2012
Trade receivables and advances granted, gross	15,981,473	15,068,574
– Long-term	6,429,297	5,312,281
– Short-term	9,552,176	9,756,293
Allowances	(2,594,599)	(2,938,667)
Trade receivables, net	13,386,874	12,129,907
Other receivables	214,584	167,324
Total short- and long-term receivables and advances granted	13,601,458	12,297,231

Allowances against outstanding receivables that are considered doubtful were charged to income in 2013 and 2012 based on their ageing analysis and previous experience in the repayment of those receivables (see Note 6).

Trade receivables and advances granted

	31/12/2013	31/12/2013	31/12/2012	31/12/2012
	Short-term	Long-term	Short-term	Long-term
Receivables from finance leases	1,617,156	0	1,957,825	0
Receivables from operating leases	198,664	0	180,295	0
Receivables from hire-purchases	16,480	0	37,056	0
Receivables from customer credit	5,846,737	6,428,097	5,584,523	5,309,186
Commercial loans to suppliers	1,115,270	1,200	1,086,803	2,869
Receivable purchases	485,875	0	585,629	0
Other trade receivables	271,994	0	324,162	226
Total trade receivables and advances granted	9,552,176	6,429,297	9,756,293	5,312,281
Total trade receivables and advances granted	15,981,473		15,068,574	
Allowances	(2,594,599)		(2,938,667)	
Net value of trade receivables and advances granted	13,386,874		12,129,907	

Ageing structure of trade receivables and advances granted:

After maturity	31. 12. 2013	31. 12. 2012
Within 30 days	121,669	167,146
31–60 days	37,623	71,504
61–90 days	24,028	25,519
91–184 days	54,735	58,036
185–365 days	99,063	138,233
From 1 year to 5 years	1,768,762	2,210,994
Over 5 years	609,059	568,738
Total overdue	2,714,939	3,240,170
Before maturity	13,266,534	11,828,404
Total short- and long-term trade receivables and advances granted	15,981,473	15,068,574

Receivables from consumer credits granted since March 2011 are secured by the collateralized transfer of ownership rights from contract inception.

Other receivables:

	31/12/2013	31/12/2012
Due from government – tax receivables	124,862	92,723
Unbilled revenues	84,829	68,836
Other receivables	2,704	5,765
Total other short-term receivables	212,395	167,324
Positive fair value of financial derivatives (Note 14)	2,189	0
Total other long-term receivables	2,189	0
Total other receivables	214,584	167,324

In addition, the Group wrote off irrecoverable receivables of CZK 482,287 thousand and CZK 541,172 thousand in 2013 and 2012, respectively, due to cancellation of bankruptcy proceedings, unsatisfying the claims in bankruptcy proceedings, etc.

Unbilled revenue represents, in particular, contingent revenues from prematurely terminated customer contracts and revenues from jointly controlled operations and also commissions from insurance intermediation. Receivables from related parties (see Note 19).

06. *ALLOWANCES*

Allowances reflect a temporary diminution in the value of assets (see Notes 4 and 5).

Changes in the allowance accounts:

Allowances against:	Balance as at 31/12/2011	Additions	Deductions	Balance as at 31/12/2012	Additions	Deductions	Balance as at 31/12/2013
Fixed assets	232,901	66,430	(135,951)	163,380	11,486	(84,491)	90,375
Advances for fixed assets	23,203	5,845	(21,736)	7,312	9,552	(10,288)	6,576
Receivables – legal	1,312,207	370,194	(296,379)	1,386,022	153,028	(290,009)	1,249,041
Receivables - other	2,026,017	120,109	(593,481)	1,552,645	22,856	(229,943)	1,345,558
Total allowances	3,594,328	562,578	(1,047,547)	3,109,359	196,922	(614,731)	2,691,550

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

Allowances against fixed assets include an allowance against finance leases denominated in a foreign currency, which reflects a diminution in value due to the depreciation of the exchange rate since the payment schedule date. As at 31 December 2013 and 2012, this allowance amounted to CZK 0 thousand and CZK 11,510 thousand, respectively. Statutory allowances are created in compliance with the Provision Act and are tax deductible.

07. SHORT-TERM FINANCIAL ASSETS

The Company has overdraft facilities of CZK 400,000 thousand with ČSOB (in CZK, EUR and USD). As at 31 December 2013 and 2012, the drawn element of the overdraft was CZK 278,693 thousand and CZK 229,342 thousand, respectively, and is shown as a short-term bank loan in the accompanying balance sheet (see Note 12).

08. OTHER ASSETS

Prepaid expenses include, in particular, insurance premiums, subscriptions, licenses, prepaid purchases of small assets, etc., which are charged to income for the year in which they were incurred.

Unbilled revenues include, in particular, unpaid insurance claims and interest and customer credit insurance, which are recognized into income in the year in which they were earned.

09. EQUITY OF THE GROUP AND OF THE CONSOLIDATING COMPANY

The basic capital of the Consolidating Company consists of 305 registered shares fully subscribed and paid, with a nominal value of CZK 10,000 thousand per share. Other capital funds consist of the donation of assets from ČSOB in 2003. Differences arising from the revaluation of assets and liabilities consist of the revaluation of hedging derivatives to fair value. The changes in the revaluation of assets and liabilities is attributable to the changes in the fair value of hedging derivatives.

	Balance as at 31/12/2011	Increase	Decrease	Balance as at 31/12/2012	Increase	Decrease	Balance as at 31/12/2013
Number of shares	305	0	0	305	0	0	305
Basic capital	3,050,000	0	0	3,050,000	0	0	3,050,000
Other capital funds	1,063	0	0	1,063	0	0	1,063
Share premium	2,072,421	0	(1,500,000)	572,421	0	0	572,421
Differences arising from revaluation of assets and liabilities	(174,393)	62,019	0	(112,374)	61,446	(79,998)	(130,926)
Legal reserve fund	610,200	0	0	610,200	0	0	610,200
Other funds	4,527	0	(1,919)	2,608	0	(1,647)	961

The movements in the capital accounts of the Group during 2013 and 2012 were as follows (in CZK thousands):

Other funds from profit (social fund) are restricted for expenses related to sports and social events for employees, payment of public transport passes, costs of beverages in the workplace, etc.

Since 2012, the Company has not allocated any resources to the social fund; the expenses related to sports and social events for employees, payment of public transport passes, costs of beverages in the workplace, etc. have been charged to income.

Pursuant to the decision of the General Meeting dated 5 December 2012, the Company paid to the shareholder CZK 1,500,000 thousand from its capital funds (share premium account).

The Annual General Meetings of the Consolidating Company held on 9 May 2013 and 16 May 2012, respectively, approved the transfer of profit for 2012 and 2011 to retained earnings of the Consolidating Company. The Annual General Meeting of the Consolidating Company held on 9 May 2013 and 16 May 2012 approved the dividend payment from retained earnings of the Consolidating Company of CZK 773,868 thousand and CZK 684,839 thousand, respectively.

Profit for 2011	684,839	Profit for 2012	773,868
Allocation to –		Allocation to –	
Legal reserve fund	0	Legal reserve fund	0
Other funds	0	Other funds	0
Undistributed profits added to retained earnings	684,839	Undistributed profits added to retained earnings	773,868
Dividends and profit distribution	(684,839)	Dividends and profit distribution	(773,868)
Retained earnings as at 31/ 12/ 2012	0	Retained earnings as at 31/ 12/ 2013	0

10. *PROVISIONS*

The movements in the provision accounts were as follows:

	Provision for hire purchase	Provision for income tax	Provision for litigation	Other provisions	Total
Closing balance as at 31 December 2011	28	0	6,679	0	6,707
Additions	0	36,895	4,334	0	41,229
Deductions/Reversal	(28)	0	(3,295)	0	(3,323)
Corporate income tax prepayment		(36,895)			(36,895)
Closing balance as at 31 December 2012	0	0	7,718	0	7,718
Additions	0	145,754	3,987	637	150,378
Deductions/Reversal	0	0	(2,779)	0	(2,779)
Corporate income tax prepayment	0	(37,884)	0	0	(37,884)
Closing balance as at 31 December 2013	0	107,870	8,926	637	117,433

The Group created a joint provision for income tax in the current period. As at 31 December 2013 and 2012, the provision amounted to CZK 145,754 thousand and CZK 36,895 thousand, respectively, and is recorded as compensated through the advance for income tax.

The Group does not create statutory provisions. Other provisions were created for the purpose of covering future liabilities and expenses where the related purpose and timing can be reliably estimated and the accrual principle is observed.

All provisions for hire purchase are created to reduce the income for the current period that relates to future periods. Income realized immediately in the hire purchase is accrued in the period when the Company incurs the related interest expense of financing the hire purchase assets

11. LIABILITIES

	31/12/2013	31/12/2012
Trade payables and advances received	401,941	385,231
Other payables	942,251	976,670
Total current and long-term liabilities and advances received	1,344,192	1,361,901
Trade payables:		
	31/12/2013	31/12/2012
Finance lease installments received before maturity	93,353	101,518
Advances received for finance leases	1,101	767
Advances received for operating leases	0	0
Trade payables	290,882	263,716
Other trade payables	16,605	19,230
Total trade payables	401,941	385,231

Other payables:

	31/12/2013	31/12/2012
Payables to ČSOB	0	0
Long-term advances received	396	639
Negative fair value of derivatives (Note 14)	73,746	137,225
Deferred tax liability (Note 15)	633,833	626,780
Total long-term liabilities	707,975	764,644
Payables to employees	15,997	15,946
Social and health insurance	8,238	7,394
Due to government – tax liabilities	3,965	5,629

	31/12/2013	31/12/2012
Unbilled deliveries	191,202	137,530
Negative fair value of derivatives (Note 14)	13,495	43,704
Other payables – other	1,379	1,823
Total current liabilities	234,276	212,026
Total other liabilities	942,251	976,670

As at 31 December 2013 and 2012, long-term advances were received as security for collateral of receivables arising from customer contracts.

As at 31 December 2013 and 2012, the Group had overdue current payables totaling CZK 63,017 thousand and CZK 50,662 thousand, respectively.

The Group has no payables that were secured by collateral or guarantees in favour of a creditor.

Unbilled deliveries represent, in particular, estimated unbilled insurance cost of insurance of assets used for finance and operating leases, contingent commissions and rent. Payables to related parties (see Note 19).

12. BANK LOANS AND BORROWINGS

Bank loans and borrowings	18,427,890	16,124,679
Short-term borrowings (short-term notes issued)	0	890,000
Long-term loans	7,001,252	6,580,210
Short-term bank loans and overdrafts	11,426,638	8,654,469
	31/12/2013	31/12/2012

The interest expense relating to bank loans and borrowings for 2013 and 2012 was CZK 258,823 thousand and CZK 277,302 thousand, respectively. The Group does not capitalize interest on loans as part of the construction of tangible fixed assets.

Breakdown to short- and long-term items:

	31/12/2013	31/12/2012
Overdrafts	278,693	229,343
Short-term loans	1,886,604	741,853
Long-term loans – part due within 1 year	9,261,341	7,683,274
Short-term bank loans and overdrafts	11,426,638	8,654,469
Long-term loans – due over 1 year and within 5 years	6,545,742	6,166,300
Long-term loans – due over 5 years	455,510	413,910
Long-term bank loans	7,001,252	6,580,210
Short-term borrowings (short-term notes issued)	0	890,000

The Company uses amortized fixed-rate five-year loans to finance the new portfolio from April 2011. The loans, which have replaced interest-rate swaps as instruments hedging the Company against interest rate risk, are drawn on a monthly basis.

Bank loans and short term borrowings:

	Currency	31/12/2013	31/12/2012
ČSOB	CZK & EUR	17,935,990	14,742,779
European Investment Bank	CZK	491,900	491,900
Bills of exchange	CZK	0	890,000

In 2013, the average interest rate accruing on the above bank loans and borrowings ranged from 0.59% to 1.53% (in 2012: 1.22% to 1.93%). The interest rate was determined as a weighted average taking into account the amount of the loan, duration of the loan, and the interest rate in the respective year.

The loans from the European Investment Bank ("EIB") may only be used for the purposes specified by the contract (the loans use preferential EU funds that are restricted to co-financing SME products and provided only if certain investment covenants are met). The respective loan is secured by the Guarantee Agreement between the EIB and KBC Bank N.V.

13. OTHER LIABILITIES

Accruals include, in particular, accrued interest on loans, which are charged to income for the year in which they were incurred. Deferred income includes, in particular, deferred lease installments, which are recognized into income for the year in which they were earned.

14. DERIVATIVES

The Group has concluded several derivative contracts and classifies derivatives either as held for trading or as hedging derivatives. As at 31 December 2013 and 2012, the derivatives were revalued at fair value, with the positive and negative fair values of derivatives being included in other receivables and other payables, respectively (see Note 5 and 11).

The following table summarizes face values and positive or negative values of outstanding derivatives held for trading as at 31 December:

(in CZK thousands)	31/12/2013		31/12/2012			
	Contractual/Face value	Fair v	alue	Contractual/Face value	Fair v	alue
		Positive	Negative		Positive	Negative
Derivatives held for trading						
Interest rate swaps						
Due within 1 year	0	0	0	234,902	0	(2,061)
Due over 1 year	69,653	0	(6,130)	158,040	0	(11,800)
Total derivatives held for trading	69,653	0	(6,130)	(392,942)	0	(13,861)

The following table summarizes face values and positive or negative values of outstanding hedging derivatives as at 31 December:

(in CZK thousands)	31/12/2013			31/12/2012		
	Contractual/Face value	Fair val	ue	Contractual/Face value	Fair v	alue
		Positive	Negative		Positive	Negative
Derivatives hedging cash-flows						
Interest rate swaps (interest rate hedge)						
Due within 1 year	811,088	0	(13,495)	1,933,328	0	(41,643)
Due over 1 year	5,865,088	2,189	(67,616)	4,273,691	0	(125,425)
Total hedging derivatives	6,676,176	2,189	(81,111)	6,207,019	0	(167,068)

Hedging derivatives include derivatives hedging cash flows that are designated as hedging instruments of assets and liabilities in a hedge of interest rate risks and that qualify for hedge accounting.

15. INCOME TAXES

	2013	2012
Profit before taxes	584,220	943,929
Non-taxable revenues	(57,288)	(159,087)
Difference between book and tax depreciation	206,729	460,730
Difference between book and tax net book value of disposed assets	456,344	419,557
Non-deductible expenses	17,146	(278,779)
Creation of allowances, net	(280,828)	(558,784)
Creation of provisions, net	1,845	1,011
Other (e.g. entertainment expenses, write offs of receivables, shortages and losses)	296,129	278,994
Taxable income	1,207,151	1,386,350
Tax loss carried forward	(440,025)	(1,192,166)
Current income tax rate	19%	19%
Тах	145,754	36,895
Adjustment of the tax paid in previous years	606	1,150
Current tax expense	146,360	38,045

The share of ČSOBL PM in the total current tax expense was CZK 38,490 thousand and CZK 38,045 thousand in 2013 and 2012, respectively.

Taxable income of CZK 1,207,151 thousand comprises the taxable income of the Consolidating Company of CZK 1,007,762 thousand and the taxable income of ČSOBL PM of CZK 199,389 thousand.

In 2013, the Consolidating Company has fully set off its carry forward tax losses generated since 2008 (the tax loss generated in 2007 was fully offset in previous years).

The Group quantified deferred taxes as follows (in CZK thousands):

	2013		2012	
Deferred tax items	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	0	(723,089)	0	(839,233)
Other temporary differences:				
Allowance against receivables and fixed assets	62,937	0	91,837	0
Valuation differences from cash flows hedging derivatives	11,626	0	26,040	0
Provision for hire purchase	0	0	0	0
Bonuses and social and health insurance contributions	14,693	0	8,367	0
Tax loss carried forward	0	0	86,209	0
Total	89,256	(723,089)	212,453	(839,233)
Net		(633,833)		(626,780)

The Company calculated deferred tax on the basis of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, while taking into consideration the period of realization. As at 31 December 2013 and 2012, the Group recorded a deferred tax liability of CZK 633,833 thousand and CZK 626,780 thousand, respectively.

16. COMMITMENTS AND CONTINGENCIES

As at 31 December 2013, the Company had no contingent liabilities or contingent assets recorded off balance sheet.

17. REVENUES

The breakdown of revenues on ordinary activities is as follows:

	2013	2012
Revenues from hire purchase and sale of used automobiles	31,963	29,191
Revenues from sales of goods	31,963	29,191
Revenues from finance and operating leases	5,429,160	6,334,115
Revenues from insurance intermediation	236,908	232,063
Fees for hire purchase and consumer credit	7,901	9,385
Revenues from sale of own products and services	5,673,969	6,575,563
Revenues from sales of assets from prematurely terminated lease contracts	679,767	675,713
Revenues from sales of assets from regularly terminated finance lease contracts	26,028	28,195
Revenues from sale of assets for own use	4,476	8,102
Revenues from sales of fixed intangible and tangible assets	710,271	712,010
Contractual penalties, interest for delayed payments and other operating revenues	25,663	46,473
Other revenues from contractual and intermediary activities	642,244	688,327
Revenues from prematurely terminated contracts	218,609	267,298
Revenues from sale of receivables	88,133	58,317
Other operating income	974,649	1,060,415
Interest on bank loans	171	387
Contractual interest on loans for suppliers	32,147	39,687
Interest on consumer credit	731,446	784,366
Interest income	763,764	824,440
Exchange rate gains	219,312	251,852
Gain on revaluation of derivatives	2,594	13,484
Other income from financial activities	221,906	265,336

All revenues of the Group are domestic revenues. Since 2003, the Group has been providing back-office services to another third party leasing company; this business represents a jointly controlled operation. The fees for these services depend on the operating results of the company to which the services are provided. In 2013 and 2012, the fees represented net income of CZK 36,112 thousand and CZK 28,697 thousand, respectively, which are shown within other operating income from contractual and intermediary activities.

18. PERSONNEL AND RELATED EXPENSES

Number of employees, members of management and supervisory bodies:

	2013	2012
Average number of employees		
Members of management bodies	35	38
Employees	323	338
Total	358	376
Number of statutory body members		
Members of the Board of Directors	3	4
Members of the Supervisory Board	6	6

The breakdown of personnel expenses is as follows

	2013	2012
Wages and salaries of management	57,685	90,951
Wages and salaries of other employees	226,162	198,809
Social and health insurance premiums of management	16,635	18,295
Social and health insurance premiums of other employees	77,670	68,903
Social cost	11,860	11,726
Bonuses to members of management	1,068	1,068
Total personnel expenses	391,080	389,752

19. RELATED PARTY INFORMATION

The members of statutory and supervisory bodies, directors and executive officers were granted no loans, guarantees, advances or other benefits in 2013 and 2012 and they do not hold any shares of the Group companies.

As at 31 December 2013 and 2012, the members of the Board of Directors and senior management used company automobiles for private purposes, with a total cost of CZK 17,808 thousand and CZK 20,727 thousand, respectively, and with a net book value of CZK 10,241 thousand and CZK 11,292 thousand, respectively.

As at 31 December 2013, the members and former members of the Board of Directors and of the Supervisory Board had four lease contracts entered into with the Consolidating Company; the value of future installments of the Board of Directors' and Supervisory Board's members totaled CZK 569 thousand and CZK 260 thousand (respectively, as at 31 December 2012: CZK 1,352 thousand and CZK 403 thousand).

Expenses	2013	2012
ČSOB – interest on loans received	251,687	251,425
ČSOB – interest expense on bonds and bills of exchange	0	2,494
ČSOB – revaluation of derivatives	88,769	155,585
ČSOB – rent and other related services, telephones, other expenses	43,645	39,993
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance costs	347,435	381,193
ČSOB Leasing SR – other expenses	6	0
Hypoteční banka, a.s. – fleet management	1,530	1,533
ČSOB – fleet management	12,593	13,028
ČSOB Factoring, a.s. – fleet management	51	188
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – fleet management	2,964	2,997
KBC Global Services N.V.	3,173	6,229
KBC Global Services Czech Branch, organizační složka – IT services	49,331	40,654
KBC Lease N.V. – other expenses	0	69
KBC Lease Holding N.V.	341	969
KBC Group N.V.	3,992	0
Patria Online, a.s. services	31	44
První certifikační autorita, a.s.	2	1
Total expenses	805,550	896,402

The Company receives services from, and sells services to, related parties in the ordinary course of business. Purchases and sales were as follows in 2013 and 2012:

Income	2013	2012
ČSOB – intermediary commission, rebilling	373	242
ČSOB – fleet management	59,934	56,644
ČSOB – interest on bank accounts	171	166
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance commission and insurance claims	149,162	138,588
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – fleet management	7,431	6,214
KBC Global Services Czech Branch, organizační složka – rent and ICT transfer	2,342	2,157
KBC Global Services N.V. – fleet management	39	114
KBC Group N.V.	65	0
ČSOB Factoring, a.s. – fleet management	741	546
Českomoravská stavební spořitelna, a.s. – operating lease	13,298	10,558
Hypoteční banka, a.s. – fleet management	8,414	5,535
Total income	241,970	220,764

Breakdown of receivables from, and payables to, related parties:

Assets	31/12/2013	31/12/2012
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – trade receivables and contingent insurance claims	42,345	37,234
ČSOB – advances granted for rent-related services	790	795
ČSOB – fair value of financial derivates (Note 14)	2,189	0
ČSOB – other trade receivables	10,803	11,358
KBC Global services N.V.	0	1,242
ČSOB Factoring, a.s. – trade receivables	39	46
Českomoravská stavební spořitelna a.s. – trade receivables	1,273	718
Hypoteční banka, a.s. – trade receivables	1,412	1,741
Total assets	58,851	53,134

Liabilities		
ČSOB – loans (including overdrafts) (Note 12)	17,935,990	14,742,779
ČSOB – issued bills of exchanges	0	268,000
ČSOB – fair values of derivatives (Notes 5, 11 and 14)	87,241	180,929
KBC Lease N.V.	0	68
KBC Lease Holding N.V.	62	256
KBC Global Services N.V.	372	501
KBC Global Services Czech Branch, organizační složka	7,501	5,893
KBC Group N.V.	299	0
ČSOB – other	4,388	2,332
ČSOB Pojišťovna a.s., člen holdingu ČSOB – insurance premiums	32,389	36,950
Total Liabilities	18,068,242	15,237,708

Trade receivables and payables arose in the ordinary course of business.

20. SIGNIFICANT ITEMS OF INCOME STATEMENT

Other operating expenses represent, in particular, expenses for insurance of leased assets. The statutory auditor's fee is disclosed in the notes to the consolidated financial statements of ČSOB, a.s.

21. SUBSEQUENT EVENTS

Following changes to the Commercial Register have been made until the day of the preparation of the financial statements:

	Supervisory Board	То
Member:	Petr Neuvirth	31 December 2013
Member:	Jaroslav Krejčí	31 December 2013

	Supervisory Board	From
Member:	Oldřich Bartoň	1 January 2013

Following changes to the Commercial Register have been made until the day of the preparation of the financial statements:

	Statutory Representatives	From
Statutory Representative:	Ing. Rudolf Kypta	5 March 2014
Statutory Representative:	Ing. Josef Rosenkranz	5 March 2014

There were no other material events subsequent to the balance sheet date to be disclosed in the financial statements.

22. STATEMENT OF CHANGES IN EQUITY (SEE NOTE 9)

PREPARED ON: 21/3/2014

Signature of accounting unit's statutory body:

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Ing. Rudolf Kypta

Ing. Libor Bosák

Person responsible for consolidation: (name, signature):

Ing. Monika Nepovímová

Person responsible for financial statements (name, signature):

Ing. Monika Nepovímová

FINANCIAL REPORT / REPORT ON RELATIONS WITH RELATED PARTIES

Report of the Board of Directors of ČSOB Leasing, a.s. on Related Parties pursuant to Section 66a of Act No. 513/1991 Coll., the Commercial Code, as amended (hereinafter the "Commercial Code")

01. CONTROLLED PARTY

ČSOB Leasing, a.s.

Prague 4, postal code 140 00, Na Pankráci 310/60 Business Registration No. (IČ): 63998980, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert No. 3491 (hereinafter the "Company")

02. CONTROLLING PARTY

Directly Controlling Party: Československá obchodní banka, a.s.,

with its registered office in Prague 5, Radlická 333/150 Business Registration No. (IČ): 00001350, entered in the Commercial Register maintained by the Municipal Court in Prague, Section BXXXVI, Insert No. 46

Ultimate Controlling Party: KBC Group NV

Belgium, 1080 Brussels, Havenlaan 2

03. *REPORTING PERIOD*

This Report describes relations between Related Parties pursuant to Section 66a of the Commercial Code for the last reporting period, i.e. the period from 1 January 2013 to 31 December 2013.

04. RELATIONS BETWEEN RELATED PARTIES

In the Reporting Period, the Company maintained relations with Related Parties as follows:

4.1. Core Business Operations of the Company 4.1.1 Operating leases

In the Reporting Period, the Company entered into lease agreements with some Related Parties. Alternatively, in the Reporting Period the Company provided performance to the relevant Related Parties on the basis of lease agreements entered into in prior reporting periods. The Related Parties provided counter-performance in the form of lease installments. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.1.2 Fleet management

In the Reporting Period, the Company entered into agreements with some Related Parties on fleet management, and agreements related to fleet management agreements (e.g. on personal data administration, on car sale dealership, on legal relations regulation), and provided performance to the Related Parties. Alternatively, in the Reporting Period the Company provided performance to the respective Related Parties on the basis of lease agreements entered into in prior reporting periods. The Related Parties provided counter-performance in the form of payment for the agreed upon services rendered related to car fleet operation. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2. Other Relations

4.2.1 Insurance contracts

In the Reporting Period, the Company entered into insurance contracts with some Related Parties. Alternatively, in the Reporting Period the Related Parties provided performance on the basis of insurance contracts entered into in prior reporting periods. The Related Parties provided counterperformance in the form of insurance coverage and settlement. All contracts were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.2 Cash management

In the Reporting Period, the Company entered into agreements with the Controlling Party. The scope of the agreements comprised provision of services related to current accounts or term deposits, and services related to internet banking. Alternatively, in the Reporting Period the Controlling Party provided performance on the basis of agreements entered into in prior reporting periods. The Company provided counter-performance in the form of fees paid. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.3 Loans, notes and bonds, guarantees

In the Reporting Period, the Company entered into agreements with some Related Parties on loans, the promissory note program and note procurement, and on guarantee acceptance. Alternatively, in the Reporting Period the Related Parties provided performance on the basis of agreements entered into in prior reporting periods. The Company provided counter-performance in the form of payment of loan interest and principals, fees and commissions for note placements, fees for bond administration, and fees for guarantees. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.4 Lease and sub-lease agreements

In the Reporting Period, the Company entered into agreements with some Related Parties on lease and sub-lease

FINANCIAL REPORT / REPORT ON RELATIONS WITH RELATED PARTIES

of non-residential premises, parking places and separate movable items or groups of movable items. Alternatively, in the Reporting Period the Related Parties provided performance on the basis of lease and sub-lease agreements entered into in prior reporting periods. The Related Parties provided counter-performance in the form of contractual fees or lease of assets or sets of assets. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.5 Cooperation agreements – employee benefits

In the Reporting Period, the Company entered into cooperation agreements with some Related Parties on employee benefits. Alternatively, in the Reporting Period the Related Parties provided performance on the basis of cooperation agreements entered into in prior reporting periods. The Related Parties provided counter-performance in the form of employee benefits. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.6 Cooperation agreements – sale of products and services

In the Reporting Period, the Company entered into cooperation agreements with some Related Parties. The scope of the agreements comprised cooperation in brokering the sale of products, provision of advisory services, searching for business opportunities and product sale support. Alternatively, in the Reporting Period the Related Parties provided performance on the basis of agreements entered into in prior reporting periods. The Related Parties provided counter-performance in the form of commissions paid or provision of the agreed upon services. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

Further in connection with the cooperation agreements with ČSOB, the Company entered into agreements with some Related Parties on personal data processing, data transfer and agreements on mutual rights and obligations. Alternatively, in the Reporting Period the Related parties provided performance on the basis of the cooperation agreements entered into in prior reporting periods. The Related Parties provided counter-performance in the form of information transmission and ensuring of confidentiality. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.7 Agreements on provision of IT services

In the Reporting Period, the Company entered into agreements with some Related Parties on provision of services in the field of information technology, comprising primarily HW or SW lease or loan, provision of SW licenses, SW maintenance, and provision of IT and information system services. Alternatively, in the Reporting Period the Related Parties provided performance on the basis of agreements entered into in prior reporting periods. Based on the decision to outsource all ICT services, all rights and obligations arising from some of the foregoing agreements have been transferred from ČSOB to KBC Global Services Czech Branch (KBC GS CZ). The existing job contracts of employees providing the Company's ICT services have been transferred to KBC GS CZ. The Company continues to be the contractual partner for external supply of ICT products and services. The Related Parties provided counter-performance in the form of payment for the services or licenses rendered and provision of HW or SW. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

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4.2.8 Other agreements

Agreements entered into with Related Parties in the Reporting Period None.

Counter-performance on the basis of agreements entered into with Related Parties in prior reporting periods

Agreement	Counter-performance	Related Party	Detriment
Cooperation agreement on provision of telephone services for ČSOB Leasing, a.s. in ČSOB call center	Contractual fees	ČSOB	none
Cooperation agreement on provision of corporate information in ČSOB call center (incl. Amendments)	Contractual fees	ČSOB	none
Frame agreement on purchase of used cars	Contractual commission	ČSOB	none
Cooperation agreement on telemarketing events	Contractual price	ČSOB	none
Agreement for car hand-washing services	Service	ČSOB	none
Agreement on outsourcing of services (incl. Amendments)	Contractual price	ČSOBL Poj. Makléř	none
Agreement on representation in insurance and related activities	Consideration paid	ČSOBL Poj. Makléř	none
Cooperation agreement (employee supplementary pension insurance) – incl. Amendments	Service	ČSOB Penzijní fond Stabilita, a. s.	none
Intragroup Service Frame Agreement (ISFA)	Fees for services	KBC Lease Holding NV	none
Sub-agreement ISFA – Business architecture, Process management, Application management	Fees for services	KBC Lease Holding NV	none

4.3. Other Legal Actions

Legal action	Related Party executing the action	Related Party benefiting from the legal action
Sole shareholder's decision on distribution of profits	ČSOB	ČSOB Leasing

In addition to the foregoing relations, the Related Parties exchanged information available in the public domain or information required by law to meet their statutory obligations.

FINANCIAL REPORT / REPORT ON RELATIONS WITH RELATED PARTIES

05. CONCLUSION

The Company Board of Directors hereby represents that it has exercised due care and diligence in determining the group of Related Parties for purposes of this Report, primarily by soliciting information from the Controlling Party about the group of entities controlled by this Party.

The Company Board of Directors hereby affirms that any pecuniary performance or counter-performance arising from the foregoing relations between Related Parties resulted in no detriment to the Company.

The Company Board of Directors disclosed significant receivables from, liabilities to and transactions with the Related Parties. The respective balances are included in Note 19 to the Financial Statements.

Prague, 21 March 2014

ČSOB Leasing, a.s. Board of Directors

Ing. Libor Bosák Chairman of the Board of Directors and Managing Director of ČSOB Leasing



Ing. Rudolf Kypta member of the Board of Directors and Executive Director of ČSOB Leasing



chapter 08

CONTACT INFORMATION

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