

ČSOB Leasing, a.s.

ANNUAL REPORT  
FOR THE YEAR 2014



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**Trade name:** ČSOB Leasing, a.s.   **Registered office:** Praha 4, Na Pankráci 310/60, Postcode 14000, Czech Republic   **Legal form:** joint-stock company   **Registration:** entered in the Commercial Register maintained at the Metropolitan Court in Prague, file B 3491   **Date of entry:** 31 October 1995   **Company Registration Number:** 63998980   **Shareholder:** Československá obchodní banka, Company Registration Number: 000 01 350, Praha 5, Radlická 333/150, Postcode 15000



**ČSOB Leasing is**

- *a market leader*, occupying 1st place on the leasing company market, the largest non-banking provider of financing in the Czech Republic in 2014;
- *a company with many years of experience* and the largest capital facilities of the leasing companies on the Czech market;
- *a 100% subsidiary of Československá obchodní banka, a.s.*, a member of the ČSOB Group and of the prominent multinational KBC Group;
- *a universal leasing company*, the volume of financial services which it provided in the year 2014 having exceeded 13.4 billion koruna;
- *holder of a quality certificate* according to the ISO 9001:2008 standard;
- *a specialist in financing for business investments*. Financing investments for Czech entrepreneurs accounts for more than 95% of the volume of services provided;
- *a company having won many awards* for the best financial products or financial

companies: Gold Crown, Gold Purse, Fleet Award, CZECH TOP 100 and Flotila;

- *a company that understands the needs of its environment*. The employees at ČSOB LEASING, a.s. voluntarily and actively involve themselves in events organised by charity projects. Social responsibility is a standard part of the company philosophy;
- *a product developer* that creates solutions to support future development and progressive change in the area of transport mobility and the efforts made by society as a whole to conserve nature and care for it.

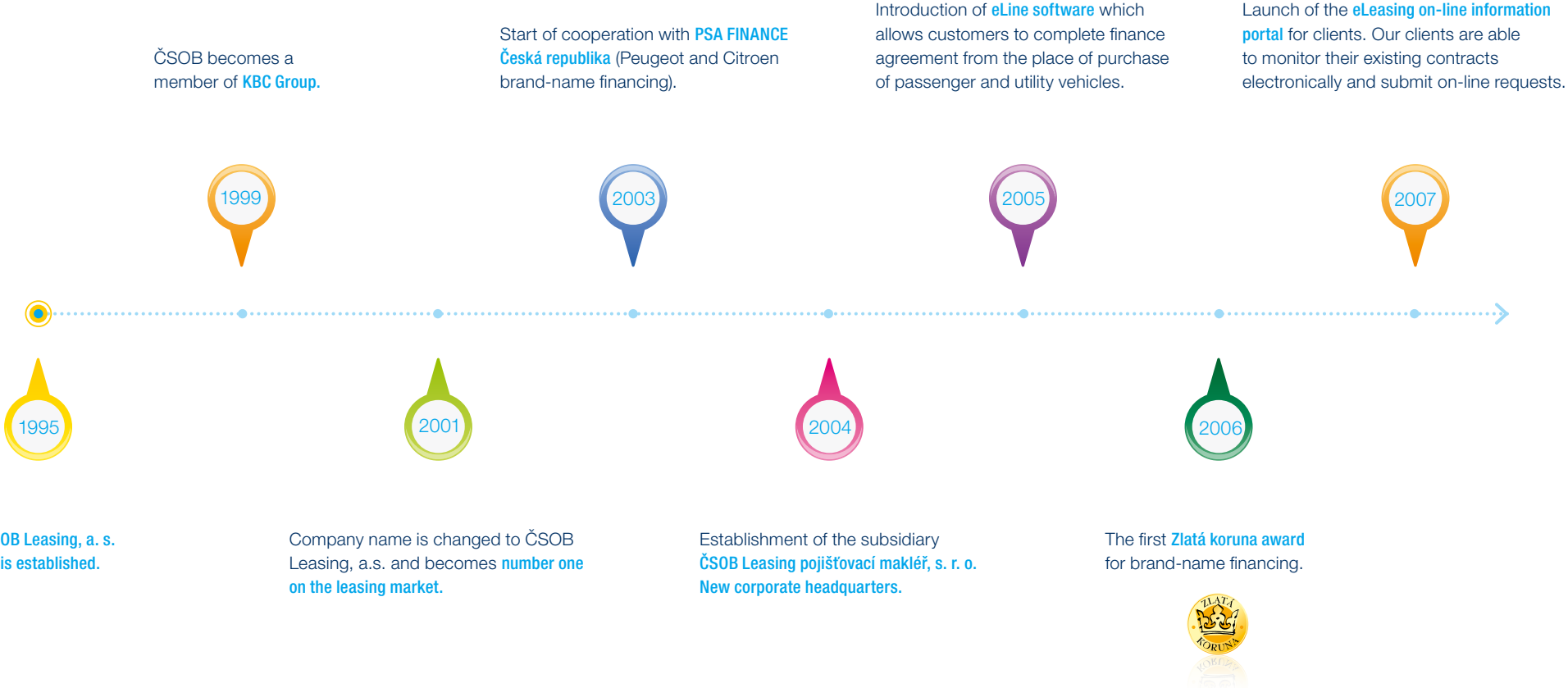
**ČSOB Leasing provides**

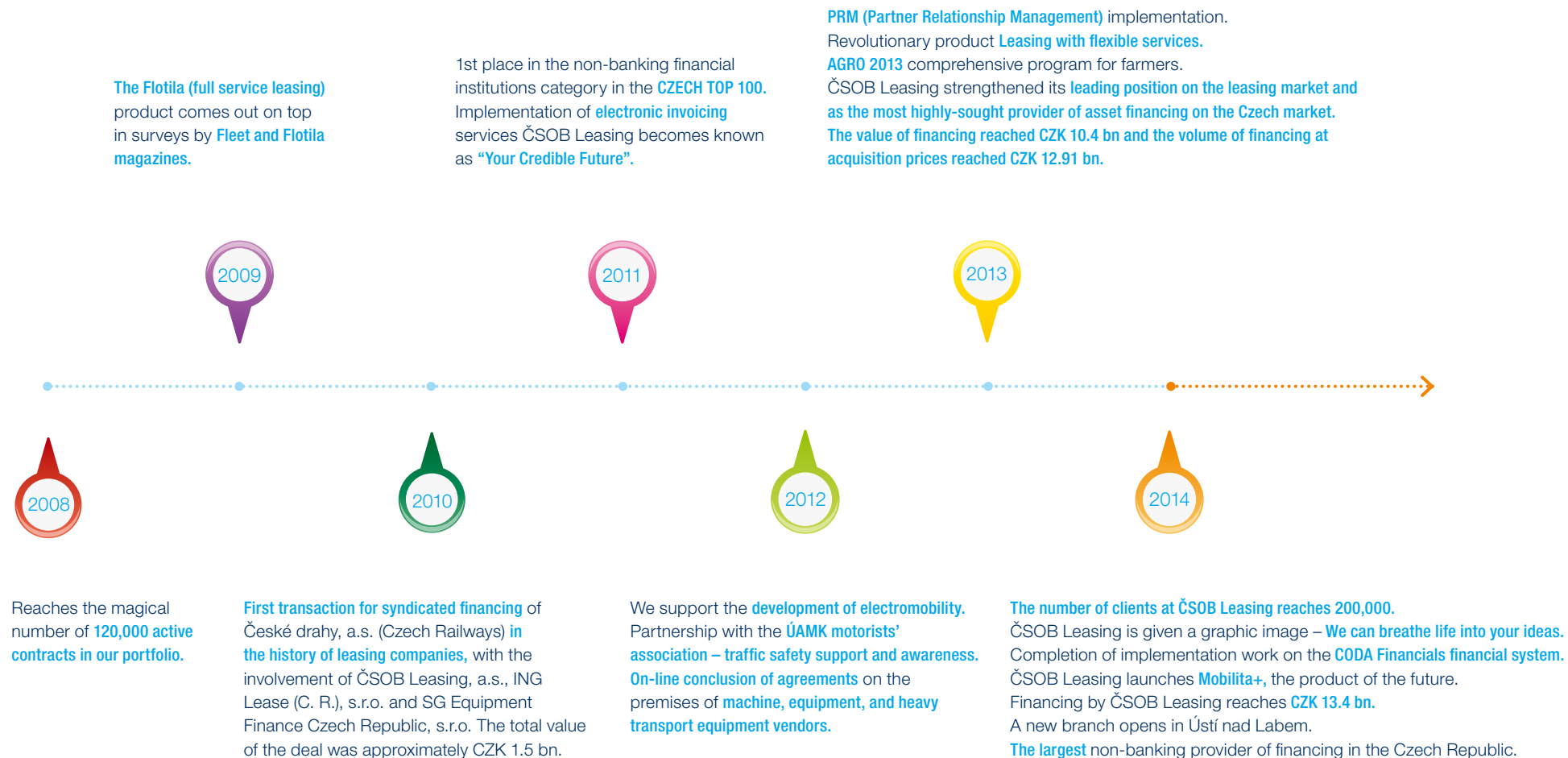
- its customers and business partners with *a wide range of products* (financial leasing, leaseback, re-leasing, client loans, full-service leasing, operative leasing, fleet management, financing warehouse stocks etc.);
- as an experienced partner, financing *the acquisition or use of light or heavy transport technology, machinery, equipment, information technology, technology, and technological units* and

financing objects with high acquisition values (wagons, aircraft, etc. Including syndicated financing, etc.);

- products to customers through its own distribution networks (a personal approach in each region of the Czech Republic) and the extensive ČSOB distribution network and directly at the point of sale with cooperating suppliers of personal property;
- *clients (entrepreneurs and individuals) and business partners with modern e-communication* via the e-Leasing website, full-service leasing clients with the option of sending invoices electronically, including ISDOC format, and business partners with the eLine SW application, thanks to which the client can be presented with a calculation and approval and subsequently sign a contract at the point of sale for a wide range of commodities in only a few minutes;
- *the use of special support programmes* run by the European Investment Bank (EIB), the Support and Guarantee Fund for Farming and Forestry (PGRLF) and cooperating partners, such as importers, manufacturers, insurers etc.

*ČSOB Leasing, a.s., works closely with specialised subsidiary ČSOB Leasing pojišťovací makléř, s.r.o., through which it is able to provide a wide range of insurance products from leading insurance companies on the Czech market: compulsory third party motor liability insurance, accident insurance, windshield insurance, luggage insurance, assistance services, legal protection insurance, body injury insurance, replacement vehicle rental cost insurance, GAP (insurance of the difference between the common price of a vehicle and the book residual value), machine insurance, payment protection insurance and insurance for industry and entrepreneurs.*





*"The added value of leasing products is derived from the fact that the leasing company provides the client with financing and services associated with purchasing productive assets, which it can use immediately and to the full for a minimum initial investment, spreading the cost of purchase over time into the future. This cost is repaid over time and the financed assets might even "contribute" to this repayment through their production."*

One of the added values of ČSOB Leasing for clients is that we are able to help our clients establish and develop their business future by financing the acquisition of items of use, such as production equipment and the like. Generally speaking, the future is an unknown quantity. We, however, are able to take the client closer to the future it dreams of, as it were. This is why we say, **"ČSOB Leasing – Your Credible Future."**

Our customers (in particular entrepreneurs) have become far more demanding over time in terms of the speed and quality of financial services (in that order, we would say). In terms of the quality of services, they are more appreciative of a sales representative or consultant that understands their business and investment needs and is able to meet their future business plans half way.





### COMPANY MANAGEMENT AT ČSOB Leasing, a.s.

#### THE BOARD OF DIRECTORS as at 31 December 2014



**Ing. Libor Bosák**  
*Chairman of the Board of Directors*



**Ing. Josef Rosenkranz**  
*Vice-Chairman of the Board of Directors*



**Ing. Rudolf Kypta**  
*Member of the Board of Directors*

#### THE SUPERVISORY BOARD as at 31 December 2014

**Ing. PETR KNAPP**  
(from 10. 9. 2014)  
*Chairman of the Supervisory Board*

**JIŘÍ VÉVODA**  
(from 1. 1. 2013)  
*Member of the Supervisory Board*

**JÁN LUČAN**  
(from 1. 1. 2013)  
*Member of the Supervisory Board*

**JEROEN KAREL VAN LEEUWEN**  
(from 1. 1. 2013)  
*Member of the Supervisory Board*

**Ing. PETR MANDA**  
(from 10. 9. 2014)  
*Member of the Supervisory Board*

# SIGNIFICANT EVENTS IN THE YEAR 2014 AND AT THE BEGINNING OF 2015



## SIGNIFICANT EVENTS IN 2014

## JANUARY–MARCH

• As part of an attractive range of financing services for entrepreneurs in the agriculture industry provided within *the AGRO programme*, Czech farmers that satisfy the set conditions were able to take advantage of a subsidy programme from the Support and Guarantee Fund for Farming and Forestry (PGRLF) and reduce the total cost of buying new farming technology thanks to the subsidising of interest costs.

• ČSOB Leasing continued to focus on further developing its *operative leasing product in relation to freight vehicles* as a priority in 2014.

• ČSOB Leasing entered into brand cooperation with ESSILOR, an importer of medical technology.

• ČSOB Leasing continued its cooperation with ÚAMK in 2014. Everyone who bought a motorway vignette for 2014 was entitled to enter the “Win with a Motorway Vignette” competition as part of this partnership. There were two cars for the winners and other prizes valued at CZK 10 thousand.

• ČSOB Leasing was the fleet financing partner for fork-lift trucks at Škoda Mladá Boleslav, a.s.

• ČSOB Leasing offered clients a special product for agricultural technology with subsidised interest – KRONE.

## APRIL–JUNE

• ČSOB Leasing launched the “*Tune your car the way you like*” campaign in April. As part of this campaign, it introduced HIT Kredit, a product that is attractive to clients for its low rate of interest, variable final repayment, attractive insurance and a new client benefit in the form of a holiday voucher. After three months of the campaign, ČSOB Leasing had become a financing partner to almost another 1,000 clients.

• Your Credible Future, the slogan that accompanies ČSOB Leasing, was given a graphic form with the name “*We can breathe life into your ideas*”.



• The 12th annual *Gold Crown competition*, in which an expert panel of 311 members chose the best financial products for the year 2014, saw ČSOB Leasing take *3rd place in the Leasing for Entrepreneurs category with its product “ČSOB Optimal Leasing with Flexible Services”*.

• ČSOB Leasing completed the implementation of the *CODA Financials* financial software project, which plays a strategic role in the management of the company. The architecture of the software brings transparency and an immediate overview to all employees of all processes involved in the sphere of finance. It helps those that use it adapt to continual change and minimise the impact of this change on analysis, statements and management processes. The CODA project team was set up in June 2011, originally comprising around two dozen people. Implementation took almost 3 years. Accounting data for 10 years had to be transferred, meaning around 100 million financial records!

• *The number of individual clients at ČSOB Leasing reached the 200,000 mark*. The two-hundred thousandth client was presented with a holiday voucher.



## JULY–SEPTEMBER

• ČSOB Leasing opens its fifteenth sales outlet in the Czech Republic. *The new branch* opened in the ČSOB building in the heart of the *city of Ústí nad Labem*.

• According to statistics for the first half of the year, the company was considerably ahead of the market, in that *the volume* of financing it provided *rose by 25%* in contrast to the market figure of 11%. What is more, ČSOB Leasing was the market leader in terms of non-banking institutions as far as the volume of finance provided for leasing and loans was concerned.

• ČSOB Leasing prepared *more than CZK 500 million to subsidise* the purchase of *agricultural or medical equipment or machinery* as part of special programmes. More than 300 million koruna were set aside for Czech farmers in the form of subsidised, fixed interest rates. The same amount was earmarked for entrepreneurs that plan to repair or reconstruct their machinery or buy new machinery. ČSOB Leasing also helped finance medical equipment as part of its Ordinance (Surgery) programme.

• ČSOB Leasing joined forces with selected supply partners to reduce the administrative work involved when suppliers and end

customers lease a freight vehicle to a minimum by applying service fixed rates.

- ČSOB Leasing built on its exclusive cooperation with the national importer of the SUZUKI brand, a leading global manufacturer of motorcycles and cars, with *"Suzuki Finance"*.

#### OCTOBER–DECEMBER

- *"Loan for a New Car"* saw the introduction of a new type of loan distribution to finance passenger and utility vehicles in cooperation with the ČSOB branch network. Clients can take advantage of favourable financing conditions at all ČSOB branches in the Czech Republic.

- *Mobilita+* from ČSOB Leasing. ČSOB Leasing broadened the products it offers private individuals to include a new product entitled Mobilita Plus. This is a modern product that is closer in nature to the leasing type of financing provided in the countries of the West.

- Market leader ČSOB Leasing increased its transactions by a quarter. ČSOB Leasing provided its clients with *financing amounting to 13.4 billion koruna* in 2014, some 25.6% (2.7 billion koruna) more than in the previous year.

The company therefore strengthened its position as *market leader* in the non-banking

sector with a *market share 15.2%*. Some 96% of new finance, meaning 12.9 billion koruna, was used in direct support of Czech business.

- ČSOBL achieved *record market penetration* on the freight vehicle market of *16.9%*, this confirming its position as *one of the leading players on the Czech leasing market in the heavy transport technology segment* (ČSOBL finances every sixth freight vehicle or semi-trailer sold in the Czech Republic).

#### MAIN EVENTS AT THE BEGINNING OF 2015

- ČSOB Leasing financed the production and delivery of a *Viktorie TBM S-799 tunnel boring machine* for Metrostav. The construction company is using a special structure of leasing financing for a machine that weighs 1,800 tons and that has a cutting head which measures ten metres in diameter.



Preparation work began in 2013, a year and a half before the machine went into production. Viktorie is in some ways a unique contract for ČSOB Leasing, both in terms of its size and the manner of financing. It is, in fact, an almost singular case in the Czech Republic as far as the number of similar pieces of equipment is concerned.

- ČSOB Leasing financed the *purchase of 30 MAN towing vehicles* in the form of operative leasing for Lannutti Czech, one of the most prominent transport companies in the Czech Republic.



- In the first three months of 2015, ČSOB Leasing signed *3,454 new contracts* and provided financing of CZK 3.75 billion, representing a year-on-year increase of 45.89%. The market share enjoyed by ČSOB Leasing reached 18% during the 1st quarter. The largest increase in contracts

signed was seen in *financing machinery and equipment*. *The company has a share of 32% here, meaning that it occupies first place on the market.*

- The financial academy of the Gold Crown 2015 competition to find the best finance products awarded ČSOB Leasing a *Silver Crown for the HIT Kredit business loan* and a *Bronze Crown for its AGRO 2015 product*.



# SOCIAL RESPONSIBILITY

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## AT ČSOB LEASING IN 2014

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**We at ČSOB Leasing are convinced of the benefits of acting responsibly with regard to our surroundings and social responsibility is one of the pillars of company philosophy in 2015 for the fifth year in succession, an integral part of the company.**

ČSOB LEASING  
SUPPORTED A TOTAL  
OF 39 NON-PROFIT  
ORGANISATIONS  
THROUGH ITS  
ACTIVITIES.



### Volunteer days

We at ČSOB Leasing consider volunteer work to be one of the main pillars of social responsibility in terms of how to actively help our surroundings.

Some 225 employees, meaning 60%, took part in voluntary work. Employees focused the greatest level of support on social needs and health. In doing so they actively offered their energy and abilities and provided help to the following partner organisations:

- Sdružení Krajina (Landscape Association)
- Cesta domů (Journey Home)
- 01/14, ČSOP (Czech Union for Nature Conservation), "Natura, quo vadis?"
- APLA Praha, Střední Čechy, o.s.
- Společenství Androméda, o.s.
- Toulcův dvůr environmental education centre – ENVIRA
- Oáza Hodonín
- ZOO Dvůr Králové, a.s.
- Infant Care Home – Children's Centre at in Thomayer University Hospital
- Pexeso Family Centre
- KC Motýlek – association helping handicapped children
- Prague Zoo

### Collections

Financial collections organised by ČSOB Leasing were able to provide the Association of Integrated Sports with assistance to the sum of 100,000 koruna. The organisation used this money to stage nationwide competitions in iKuželník (Russian skittles) and iBoccia (pétanque).

ČSOB Leasing built on its cooperation with the Czech Paraplegic Association in 2014, organising two collections. A financial collection linked to the sale of postcards and photographs brought the association almost CZK 10 thousand, while a second collection raised CZK 15 thousand.

### Donations

ČSOB Leasing donated two passenger cars valued at around CZK 400 thousand to Oblastní charita Pardubice. These cars will help carers get to the places where their help is needed without any problems.

### Financial literacy

ČSOB Leasing organised talks on financial literacy for pupils of the 9th grade of primary school.



*Volunteer day at the Motýlek Community Centre*



*Handing over a vehicle to Oblastní charita Pardubice*



*iKuželník, handing over the proceeds of the collection*

REPORT OF THE BOARD OF DIRECTORS  
ON THE BUSINESS ACTIVITIES  
OF ČSOB LEASING, A.S. AND THE STATE  
OF ITS ASSETS FOR 2014



## REPORT OF THE BOARD OF DIRECTORS ON THE BUSINESS ACTIVITIES OF ČSOB LEASING, A.S. AND THE STATE OF ITS ASSETS FOR 2014

### The Company's Board of Directors (BoD) was composed of following members in 2014:

#### 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*

In 2014 the Board of Directors held twenty one regular meetings in conformity with the company's Articles of Association.

In 2014 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), boosting our sales volumes via own sales network, continuance of quality (credit risk) driven new production, and managing of operating expenses. The successful implementation of the strategy during prior years helped to strengthen the company's and employees' stability within the ČSOB Group and KBC Group as well as on the whole market and also to maintain the quality and flexibility of the provided financial services depending on customers' needs.

In 2014 ČSOB Leasing fully operated under the management of ČSOB bank. The company has all valid trade licenses required to carry out its activities.

As at December 31, 2014 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, 2014, the share of ČSOB Leasing, a.s. constituting 100%.

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 16.43 billion CZK (volume of the newly financed items (objects) at acquisition prices). The turnover of new business 2014 was higher year-to-year by 24 %. In 2014 ČSOB Leasing entered

into 15 172 new customer contracts which represent the year-to-year increase by 3%. The Initial investment (13.42 billion CZK) of new contracts was the highest since 2008.

As of 31 December 2014, the total number of active contracts in the company's portfolio equaled to 74 471. Moreover, ČSOB Leasing administers, based on cooperation agreements, 9 682 active contracts for PSA Finance, of which 2 732 were newly concluded in 2014.

In 2014 ČSOB Leasing maintained the first position on the total Czech leasing market and on the overall relevant market (which includes also hire-purchase and asset loans relating to the comparable commodities) with the share in the market 15.0% (year-to-year increase 1.6%). The overall relevant market increased year-to-year by 12.4% from 79 billion CZK in 2013 to 89 billion CZK in 2014.

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, asset 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 an active part in development activities of ČSOB Group, mainly in the area of X-sell and ICT. The Initial investment of X-sell exceeded 8 billion CZK in 2014. New activities in RET X-sell area has been launched and successfully promoted within banking network (Autopůjčka, Mobilita+). 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 completion of key projects. The most important of them, accounting system CODA, was successfully released in 2014 after several years of development. On the other hand a new project of high importance started in 2014 – new FSL (operational leasing) is aimed to be part of the company's core back office system. All other projects were delivered according to agreed time plan.

According to the International Financial Reporting Standards (IFRS), the company's assets (consolidated balance sum) reached 28.8 billion CZK. This represents year-to-year increase by 15%.

## REPORT OF THE BOARD OF DIRECTORS ON THE BUSINESS ACTIVITIES OF ČSOB LEASING, A.S. AND THE STATE OF ITS ASSETS FOR 2014

There were no significant changes in the structure of financing in 2014. Share of fixed and float funding was 57% to 43% at the end of 2014. All funding has been provided from the CSOB Bank since the EIB loan was repaid in December 2014. The total sum of borrowings was 21.1 billion CZK at the end of 2014. ČSOB Leasing met the requirements for the tax recognition of cost paid on intra group funding in 2014 (thin capitalization).

The equity (according to IFRS) amounted to 5.9 billion CZK on December 31, 2014 which was higher than at the end of 2013 (5.0 billion CZK). In May 2014, ČSOB Leasing paid out a dividend to CSOB Bank in amount of 445 million CZK and received additional capital in amount of 800 million CZK on the other hand, in order to meet the thin capitalization rules in 2014.

The pre-tax consolidated profit (IFRS) for 2014 was 623 million CZK. After-tax consolidated profit (IFRS) reached 495 million CZK.

Good quality of portfolio led to release of impairment (IFRS) (-24 CZK) during 2014, which is even better than in 2013 (impairment creation 89 CZK). 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 0.57 billion CZK at the end of 2014 (excluding receivables already written off). 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. 2014 is the first year when Basel II internal ratings-based approach (IRBa) was applied.

The interest income amounting to 1,142 million CZK were the most considerable revenue item in 2014. Interest costs totaling 331 million CZK represented the most considerable cost item. ČSOB Leasing held consolidated operating expenses under the budget (savings of 15 million CZK, i.e. 2.3%). Main savings were realized in IT costs.

By the end of the year 2014 ČSOB Leasing, a.s. operated 10 branches and 3 smaller trading offices and the total number of employees (FTE) reached 356 (33 of them being the employees of ČSOB Leasing pojišťovací makléři). The satisfaction of employees remains high (82 points) which is above the ČSOB Group results. ČSOB Leasing continued with the CSR activities in 2014 supported by all employees.

During 2014, 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. During 2014 ČSOB Leasing implemented all new group standards in the area of operating risks and compliance. The internal control system has been strengthened and no major issues have occurred.

According to the Czech Accounting Standards (CAS) the consolidated after-tax profit of ČSOB Leasing amounted to 448 million CZK. The Statutory Financial Statements (CAS) as at December 31, 2014 were audited by Ernst & Young and they are an integral part of the documents submitted to the Annual Meeting and the Supervisory Board.

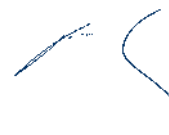
According to the auditor, the Statutory Financial Statements according to Czech Accounting Standards gives a true and fair view of the assets, liabilities, shareholder's capital and equity of ČSOB Leasing, a.s., as at December 31, 2014, and the results of the company's business administration activities for the year 2014 are consistent with the Act on Accounting No. 563/1991 Sb. according to the Czech Accounting Standards.

ČSOB Leasing pays high attention to company culture, staff motivation and satisfaction and to CSR activities. Employees of ČSOB Leasing expressed their opinion regarding their motivation and satisfaction in regular survey in September 2014. The satisfaction

score achieved 82% which is one of the best in the Group. To improve management skills all management has been evaluated within 360 survey including PEARL principles. The company is actively involved in CSR activities and the participation of employees is at the high levels especially during voluntary days (60% of employees). In 2014 there was a close cooperation with two associations of disabled people on material and immaterial basis. On top of that the courses of financial basics for young people have been kicked off too.

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 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 27, 2015



Libor Bosák

Chairman of the Board of Directors



**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 1st, 2014 to December 31st for decision to the sole shareholder.

**In the Year 2014 the Supervisory Board consisted of:**

**From January 1st to September 10th:**

Petr Hutla, Jiří Vévoda, Ján Lučan, Jeroen Karel van Leeuwen, Oldřich Bartoň.

**From September 10th to December 31st:**

Petr Knapp, Jiří Vévoda, Ján Lučan, Jeroen Karel van Leeuwen, Petr Manda.

In the year 2014 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 2014 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 21st, 2015.

**Prague, on April 21st, 2015**



**Petr Knapp**

*Chairman of the Supervisory Board*





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

Profit and Loss Statement (IFRS), CZKt	2014	2013	2012	2011
Net Interest Income	810,685	802,059	828,409	1,063,877
Interest Income	1,142,018	1,155,369	1,261,298	1,550,724
Interest Expenses	(331,333)	(353,310)	(432,889)	(486,847)
Non Interest Income	444,387	535,051	608,447	636,688
Income from Fin. Instruments at Fair Value	(16,691)	22,745	19,652	30,486
Net Fee and Commission Income	105,026	142,048	143,309	158,803
Other Net income	356,052	370,258	445,486	447,399
Operational Income	1,255,072	1,337,110	1,436,856	1,700,565
Operating Expenses	(656,756)	(665,249)	(665,436)	(703,856)
Operating profit before adjustments and provisions	598,316	671,861	771,420	996,709
Adjustments and provisions for credit risks	24,321	(88,862)	(174,543)	(231,352)
Profit before tax and minority interests	622,637	582,999	596,877	765,357
Total income tax	(127,491)	(130,317)	(129,532)	(195,022)
NET PROFIT	495,146	452,682	467,345	570,335

## FINANCIAL RESULTS ACCORDING TO IFRS

Balance Sheet (IFRS), CZKt	2014	2013	2012	2011
<b>ASSETS</b>				
Cash and balances with central banks	4,078	3,755	5,434	3,191
Receivables from banks	94,241	58,867	110,000	109,618
Trading assets	0	0	0	0
Investment securities	0	0	0	0
Loans and leases	26,849,225	22,798,819	21,021,832	21,891,242
Tangible and intangible assets	1,617,579	1,872,656	1,597,347	1,505,397
Other assets, incl. tax receivables	147,898	190,023	178,728	149,692
Prepayments and accrued income	117,906	74,738	62,959	67,071
<b>TOTAL ASSETS</b>	<b>28,830,927</b>	<b>24,998,858</b>	<b>22,976,300</b>	<b>23,726,211</b>
<b>LIABILITIES</b>				
Payables to banks	21,153,421	18,443,602	15,252,110	13,379,755
Trading payables	3,749	6,130	13,861	35,542
Payables to customers	130,183	98,433	96,683	218,269
Securities issued	0	0	889,969	1,600,000
Other liabilities, including tax liabilities	1,454,034	1,207,368	1,197,057	1,241,414
Accruals and deferred income	175,706	193,186	138,587	208,763
Other provisions	7,456	9,563	7,718	6,679
<b>TOTAL LIABILITIES</b>	<b>22,924,549</b>	<b>19,958,282</b>	<b>17,595,985</b>	<b>16,690,422</b>
<b>SHAREHOLDER'S EQUITY</b>				
Registered capital	3,050,000	3,050,000	3,050,000	3,050,000
Share premium	572,421	572,421	572,421	2,072,421
Reserve funds	1,411,263	611,263	611,263	611,263
Gains/losses not recognized in profit and loss	(114,929)	(130,926)	(112,374)	(174,393)
Retained earnings	492,477	485,136	791,660	906,163
Profit for the period	495,146	452,682	467,345	570,335
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>5,906,378</b>	<b>5,040,576</b>	<b>5,380,315</b>	<b>7,035,789</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>28,830,927</b>	<b>24,998,858</b>	<b>22,976,300</b>	<b>23,726,211</b>





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

#### INDEPENDENT AUDITOR'S REPORT

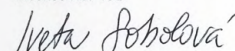
To the Shareholder of ČSOB Leasing, a.s.:

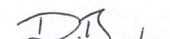
- I. We have audited the consolidated financial statements of ČSOB Leasing, a.s. as at 31 December 2014 presented in the annual report of the Company on pages 63 - 98 and our audit report dated 26 March 2015 in on page 62. We have also audited individual financial statements of ČSOB Leasing, a.s. as at 31 December 2014 presented in the annual report of the Company on pages 26 - 61 and our audit report dated 26 March 2015 is on page 25.
- 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 2014. 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.

Ernst & Young Audit, s.r.o.  
License No. 401

  
Iveta Sobolová, Auditor  
License No. 2328

  
Douglas Burnham  
Partner

13 July 2015  
Prague, Czech Republic



(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 2014, 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of ČSOB Leasing, a.s. as at 31 December 2014, 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 Audit, s.r.o.  
License No. 401

*Iveta Sobolová*  
Iveta Sobolová, Auditor  
License No. 2328

*D. Burnham*  
Douglas Burnham  
Partner

26 March 2015  
Prague, Czech Republic

**BALANCE SHEET – LONG FORM** (IN THOUSANDS OF CZECH CROWNS)

				Current year			Prior year 2013	
				Gross	Allowances	Net	Net	
TOTAL ASSETS				40,634,589	(11,384,584)	29,250,005	25,668,881	
A. STOCK SUBSCRIPTION RECEIVABLE								
B. FIXED ASSETS				22,798,134	(9,116,488)	13,681,646	11,975,216	
B.	I.	Intangible assets		405,319	(223,866)	181,453	165,343	
B.	I.	1	Foundation and organization expenses					
		2	Research and development					
		3	Software	378,064	(223,667)	154,397	79,573	
		4	Patents, royalties and similar rights	199	(199)	0		
		5	Goodwill					
		6	Other intangible assets					
		7	Intangible assets in progress	27,056		27,056	85,770	
		8	Advances granted for intangible assets					
B.	II.	Tangible assets		22,390,815	(8,892,622)	13,498,193	11,807,873	
B.	II.	1	Land	12,186		12,186	12,186	
		2	Constructions	58,831	(18,681)	40,150	46,839	
		3	Separate movable items and groups of movable items	21,830,069	(8,869,627)	12,960,442	11,236,710	
		4	Perennial crops					
		5	Livestock					
		6	Other tangible assets	212		212	212	
		7	Tangible assets in progress	15,206		15,206	151,279	
		8	Advances granted for tangible assets	474,311	(4,314)	469,997	360,647	
		9	Gain or loss on revaluation of acquired property					
B.	III.	Financial investments		2,000	0	2,000	2,000	

**BALANCE SHEET – LONG FORM** (IN THOUSANDS OF CZECH CROWNS)

				Current year			Prior year 2013
				Gross	Allowances	Net	Net
B.	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				
<b>C.</b>			<b>CURRENT ASSETS</b>	<b>17,698,824</b>	<b>(2,268,096)</b>	<b>15,430,728</b>	<b>13,563,698</b>
<b>C.</b>	<b>I.</b>		<b>Inventory</b>	<b>14,179</b>	<b>0</b>	<b>14,179</b>	<b>15,472</b>
C.	I.	1	Materials				
		2	Work in progress and semi-finished production				
		3	Finished products				
		4	Livestock				
		5	Goods	14,179		14,179	15,472
		6	Advances granted for inventory				
<b>C.</b>	<b>II.</b>		<b>Long-term receivables</b>	<b>7,899,091</b>	<b>0</b>	<b>7,899,091</b>	<b>6,431,486</b>
C.	II.	1	Trade receivables	7,899,091		7,899,091	6,429,297
		2	Receivables from group companies with majority control				
		3	Receivables from group companies with control of 20%–50%				
		4	Receivables from partners				
		5	Long-term advances granted				
		6	Unbilled revenue				
		7	Other receivables				2,189
		8	Deferred tax asset				

**BALANCE SHEET – LONG FORM** (IN THOUSANDS OF CZECH CROWNS)

				Current year			Prior year 2013
				Gross	Allowances	Net	Net
<b>C.</b>	<b>III.</b>	<b>Short-term receivables</b>		<b>9,776,666</b>	<b>(2,268,096)</b>	<b>7,508,570</b>	<b>7,106,930</b>
C.	III.	1	Trade receivables	9,637,047	(2,268,096)	7,368,951	6,953,546
		2	Receivables from group companies with majority control				
		3	Receivables from group companies with control of 20%–50%				
		4	Receivables from partners				
		5	Social security and health insurance				
		6	Due from government – tax receivables	107,184		107,184	117,158
		7	Short-term advances granted	3,737		3,737	2,380
		8	Unbilled revenue	26,257		26,257	31,146
		9	Other receivables	2,441		2,441	2,700
<b>C.</b>	<b>IV.</b>	<b>Short-term financial assets</b>		<b>8,888</b>	<b>0</b>	<b>8,888</b>	<b>9,810</b>
C.	IV.	1	Cash	3,978		3,978	3,042
		2	Bank accounts	4,910		4,910	6,768
		3	Short-term securities and interests			0	
		4	Short-term financial assets in progress				
<b>D.</b>	<b>OTHER ASSETS – TEMPORARY ACCOUNTS OF ASSETS</b>			<b>137,631</b>	<b>0</b>	<b>137,631</b>	<b>129,967</b>
<b>D.</b>	<b>I.</b>	<b>Accrued assets and deferred liabilities</b>		<b>137,631</b>	<b>0</b>	<b>137,631</b>	<b>129,967</b>
D.	I.	1	Prepaid expenses	19,686		19,686	12,916
		2	Prepaid expenses (specific-purpose expenses)				
		3	Unbilled revenue	117,945		117,945	117,051

**BALANCE SHEET – LONG FORM** (IN THOUSANDS OF CZECH CROWNS)

				Current year	Prior year 2013
<b>TOTAL EQUITY &amp; LIABILITIES</b>				<b>29,250,005</b>	<b>25,668,881</b>
<b>A.</b>	<b>EQUITY</b>			<b>5,387,638</b>	<b>4,548,861</b>
<b>A. I.</b>	<b>Basic capital</b>			<b>3,050,000</b>	<b>3,050,000</b>
A. I. 1	Registered capital			3,050,000	3,050,000
	2 Own shares and own ownership interests (-)				
	3 Changes in basic capital				
<b>A. II.</b>	<b>Capital funds</b>			<b>1,258,555</b>	<b>442,558</b>
A II. 1	Share premium (agio)			572,421	572,421
	2 Other capital funds			801,063	1,063
	3 Gain or loss on revaluation of assets and liabilities			(114,929)	(130,926)
	4 Gain or loss on revaluation of corporation transformations				
	5 Gain or loss on corporation transformations				
	6 Gain or loss on revaluation upon corporation transformations				
<b>A III.</b>	<b>Funds created from profit</b>			<b>610,033</b>	<b>610,961</b>
A III. 1	Reserve fund			610,000	610,000
	2 Statutory and other funds			33	961
<b>A. IV.</b>	<b>Profit (loss) for the previous years</b>			<b>0</b>	<b>0</b>
IV. 1	Retained earnings for the previous years				
	2 Accumulated loss of previous years				
	3 Other retained earnings for previous years				
<b>A. V.</b>	<b>Profit (loss) for the year (+/-)</b>			<b>469,050</b>	<b>445,342</b>
<b>B.</b>	<b>LIABILITIES</b>			<b>22,758,241</b>	<b>19,936,915</b>
<b>B. I.</b>	<b>Provisions</b>			<b>10,335</b>	<b>117,433</b>

**BALANCE SHEET – LONG FORM** (IN THOUSANDS OF CZECH CROWNS)

		Current year	Prior year 2013
B. I.	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
<b>B. II.</b>		<b>Long-term liabilities</b>	<b>708,942</b>
B. 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	
	5	Long-term advances received	396
	6	Bonds payable	
	7	Long-term notes payable	
	8	Unbilled deliveries	
	9	Other liabilities	73,746
	10	Deferred tax liability	634,800
<b>B. III.</b>		<b>Current liabilities</b>	<b>682,650</b>
B. III.	1	Trade payables	305,809
	2	Liabilities to group companies with majority control	55,000
	3	Liabilities to group companies with control of 20%–50%	
	4	Liabilities to partners	
	5	Liabilities to employees	14,849
	6	Liabilities arising from social security and health insurance	7,545
	7	Due to government – taxes and subsidies	3,710
	8	Short-term advances received	95,369

BALANCE SHEET – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

		Current year	Prior year 2013
9	Bonds payable	0	0
10	Unbilled deliveries	219,276	185,502
11	Other liabilities	6,553	14,866
<b>B. IV.</b>	<b>Bank loans and borrowings</b>	<b>21,139,550</b>	<b>18,427,890</b>
B. IV. 1	Long-term bank loans	9,422,243	7,001,252
2	Short-term bank loans	11,717,307	11,426,638
3	Borrowings		
<b>C.</b>	<b>OTHER LIABILITIES – TEMPORARY ACCOUNTS OF LIABILITIES</b>	<b>1,104,126</b>	<b>1,183,105</b>
C. I.	Accrued liabilities and deferred assets	1,104,126	1,183,105
C. I. 1	Accruals	14,454	19,887
2	Deferred income	1,089,672	1,163,218

PREPARED ON: 26 March 2015

Signature of accounting entity's statutory body:

  
Ing. Rudolf Kypta

  
Ing. Libor Bosák

Person responsible for accounting  
(name, signature):

  
Ing. Pavel Burša

Person responsible for financial  
statements (name, signature):

  
Ing. Pavel Burša

## INCOME STATEMENT – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

			Current year	Prior year 2013
I.	1	Revenue from sale of goods	15,345	31,963
A.	2	Cost of goods sold	15,345	32,179
+		Gross margin	0	(216)
II.		Production	4,758,214	5,437,984
II.	1	Revenue from sale of finished products and services	4,758,214	5,437,984
	2	Change in inventory produced internally		
	3	Own work capitalized		
B.		Production related consumption	620,447	635,068
B.	1	Consumption of material and energy	90,327	101,263
B.	2	Services	530,120	533,805
+		Value added	4,137,767	4,802,700
C.		Personnel expenses	354,935	360,926
C.	1	Wages and salaries	259,820	262,129
C.	2	Bonuses to members of corporation management	372	948
C.	3	Social security and health insurance	83,968	86,865
C.	4	Other social costs	10,775	10,984
D.	1	Taxes and charges	28,248	27,250
E.	1	Amortization and depreciation of intangible and tangible fixed assets	3,689,032	4,227,578
III.		Revenue from sale of intangible and tangible fixed assets and materials	575,756	710,271
III.	1	Revenues from sale of intangible and tangible fixed assets	575,756	710,271
	2	Revenue from sale of materials		
F.		Net book value of intangible and tangible fixed assets and materials sold	517,326	675,619
F.	1	Net book value of intangible and tangible fixed assets sold	517,326	675,619
F.	2	Materials sold		

**INCOME STATEMENT – LONG FORM (IN THOUSANDS OF CZECH CROWNS)**

			Current year	Prior year 2013
G.	1	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	(347,583)	(415,964)
IV.	2	Other operating revenues	818,350	980,181
H.	1	Other operating expenses	1,244,966	1,488,860
V.	2	Transfer of operating revenues		
I.	1	Transfer of operating expenses		
*		<b>Profit or loss on operating activities</b>	<b>44,949</b>	<b>128,883</b>
VI.	1	Revenue from sale of securities and interests		
J.	1	Securities and interests sold		
<b>VII.</b>		<b>Income from financial investments</b>	<b>160,940</b>	<b>161,062</b>
VII.	1	Income from subsidiaries and associates	160,940	161,062
	2	Income from other long-term securities and interests		
	3	Income from other financial investments		
VIII.	1	Income from short-term financial assets		
K.	2	Expenses related to financial assets		
IX.	1	Gain on revaluation of securities and derivatives	1,439	2,594
L.	2	Loss on revaluation of securities and derivatives	62,666	94,487
M.	1	Change in provisions and allowances relating to financial activities		
X.	1	Interest income	750,133	763,595
N.	2	Interest expense	269,510	259,296
XI.	1	Other finance income	29,919	219,294
O.	2	Other finance cost	89,836	375,413
XII.	1	Transfer of finance income		
P.	2	Transfer of finance cost		

INCOME STATEMENT – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

		Current year	Prior year 2013
* Profit or loss on financial activities		520,419	417,349
Q. Tax on profit or loss on ordinary activities		96,318	100,890
Q. 1 – due		94	107,870
Q. 2 – deferred		96,224	(6,980)
** Profit or loss on ordinary activities after taxation		469,050	445,342
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 (+/-)		469,050	445,342
**** Profit or loss before taxation		565,368	546,232

PREPARED ON: 26 March 2015

Signature of accounting entity's statutory body:

Ing. Rudolf Kypta

Ing. Libor Bosák

Person responsible for accounting  
(name, signature):

Ing. Pavel Burša

Person responsible for financial  
statements (name, signature):

Ing. Pavel Burša

1. 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 Czech accounting legislation, the Company is exempt from the obligation to prepare consolidated financial statements (as 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 2013 and 31 December 2014.

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 2014 were as follows:

BOARD OF DIRECTORS		FROM
Chair	Ing. Libor Bošák	1. 5. 2009
Vice-chair	Ing. Josef Rosenkranz	1. 11. 2010
Member	Ing. Rudolf Kypta	1. 3. 2011

SUPERVISORY BOARD		FROM
Chair	Ing. Petr Knapp	10. 9. 2014
Member	Jiří Vévoda	1. 1. 2013
Member	Ing. Petr Manda	10. 9. 2014
Member	Ján Lučan	1. 1. 2013
Member	Jeroen Karel van Leeuwen	1. 1. 2013

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

Branches (Brno, České Budějovice, Hradec Králové, Jihlava, Liberec, Ostrava, Pardubice, Plzeň, Prague, Ústí nad Labem, Zlín, Autobazar Čakovice).

The Company has no foreign branch.

2. 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 2014 and 2013.

The amounts disclosed in the financial statements including the notes are rounded to thousands of Czech Crowns unless stated otherwise.

Explanation Added for Translation into English

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the 2014 and 2013 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets (both own use 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 over the life of the lease contract; amortization start on the day when the asset is put in use.

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 over the life of the lease contract; depreciation start on the day the asset is put in use.

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.

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 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 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.

Further, the Company creates allowances against its active portfolio of customer contracts.

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.

The Company creates a 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.

*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 purchase contracts and consumer credits contracts. Revenues from hire purchase contracts 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 non-deductible 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.

#### *l) 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 are 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.



4. FIXED ASSETS

a) Intangible Fixed Assets

TOTAL INTANGIBLE FIXED ASSETS AT NET BOOK VALUE

	31/12/2014	31/12/2013
Intangible fixed assets used for leases	0	0
Total intangible fixed assets for own use	181,453	165,343
Total	181,453	165,343

INTANGIBLE FIXED ASSETS FOR OWN USE

	Patents, royalties and similar rights	Software	Investment in progress	Total
<b>Cost</b>				
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
Additions	0	105,788	47,074	152,862
Disposals	0	0	(105,788)	(105,788)
Balance as at 31/12/2014	199	378,064	27,056	405,319
<b>Accumulated amortization</b>				
Balance as at 31/12/2012	199	167,638	0	167,837
Additions to accumulated amortization	0	25,065	0	25,065

**INTANGIBLE FIXED ASSETS FOR OWN USE**

	Patents, royalties and similar rights	Software	Investment in progress	Total
Disposals of accumulated amortization	0	0	0	0
Balance as at 31/12/2013	199	192,703	0	192,902
Additions to accumulated amortization	0	30,964	0	30,964
Disposals of accumulated amortization	0	0	0	0
Balance as at 31/12/2014	199	223,667	0	223,866
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
Net book value as at 31/12/2014	0	154,397	27,056	181,453

The total value of small intangible fixed assets (for own use) which are not reflected in the accompanying balance sheet was CZK 1,161 thousand and CZK 1,199 thousand at cost as at 31 December 2014 and 2013, respectively.

**INTANGIBLE FIXED ASSETS USED FOR FINANCE AND OPERATING LEASES**

	Finance leases	Finance leases small items (intangibles)	Operating leases	Total
<b>Cost</b>				
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
Additions	0	0	0	0
Disposals	0	0	0	0
Balance as at 31/12/2014	0	0	0	0

**INTANGIBLE FIXED ASSETS USED FOR FINANCE AND OPERATING LEASES**

	Finance leases	Finance leases small items (intangibles)	Operating leases	Total
<b>Accumulated amortization</b>				
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
Additions to accumulated amortization	0	0	0	0
Disposals of accumulated amortization	0	0	0	0
Balance as at 31/12/2014	0	0	0	0
Net book value as at 31/12/2012	7	0	0	7
Net book value as at 31/12/2013	0	0	0	0
Net book value as at 31/12/2014	0	0	0	0

The Company does not lease separate intangible items. The 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**

	31/12/2014	31/12/2013
Tangible fixed assets for own use	86,696	102,675
Tangible fixed assets used for finance and operating leases	13,292,681	11,627,750
Small tangible fixed assets used for finance and operating leases	118,816	77,448
<b>Total</b>	<b>13,498,193</b>	<b>11,807,873</b>

## TANGIBLE FIXED ASSETS FOR OWN USE

	Land and buildings	Machinery and equipment	Vehicles	Other tangibles	Tangibles in progress	Total
<b>Cost</b>						
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
Additions	400	6,832	3,138	0	5,453	15,823
Disposals	(36)	(2,051)	(10,063)	0	(10,367)	(22,517)
Reclassification from/to leased assets	0	0	0	0	0	0
Balance as at 31/12/2014	71,017	66,436	54,272	5,421	0	197,146
<b>Accumulated depreciation</b>						
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
Additions to accumulated depreciation	2,012	5,509	13,640	273	0	21,434
Disposals	(35)	(2,051)	(10,063)	0	0	(12,149)
Reclassification from/to leased assets	0	0	0	0	0	0
Balance as at 31/12/2014	18,681	52,090	34,750	4,929	0	110,450
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
Net book value as at 31/12/2014	52,336	14,346	19,522	492	0	86,696

## 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
<b>Cost</b>									
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
Additions	0	1,963,412	323,319	1,859,192	1,655,628	1,274	5,761,565	2,077,008	13,641,398
Disposals	(52,263)	(1,675,488)	(505,428)	(1,821,635)	(1,028,429)	0	(5,892,724)	(1,969,920)	(12,945,887)
Reclassification from/to own assets	0	0	0	5,175	(5,175)	0	0	0	0
Balance as at 31/12/2014	0	7,293,330	1,509,265	7,266,773	5,422,872	1,274	15,206	474,311	21,983,031
<b>Accumulated depreciation and allowances</b>									
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
Additions to accumulated depreciation	5 076	1 149 234	345 837	1 497 157	1 138 271	130	0	0	4 135 705
Disposals	(52,263)	(1,675,488)	(505,428)	(1,821,635)	(1,031,339)	0	0	0	(5,086,153)
Reclassification from/to own assets	0	0	0	2,265	(2,265)	0	0	0	0
Allowances	0	2,040	2,845	2,202	(23,797)	0	0	(2,262)	(18,972)
Balance as at 31/12/2014	0	2,810,647	904,856	3,299,910	1,670,493	130	0	4,314	8,690,350
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
Net book value as at 31/12/2014	0	4,482,683	604,409	3,966,863	3,752,379	1,144	15,206	469,997	13,292,681

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

## SMALL TANGIBLE FIXED ASSETS USED FOR FINANCE AND OPERATING LEASES

	Financial leases – machinery	Finance leases – furniture and fixtures	Operating leases – machinery	Total
<b>Cost</b>				
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
Additions	8,808	0	81,091	89,899
Disposals	(10,367)	0	(30,744)	(41,111)
Balance as at 31/12/2014	35,941	0	174,697	210,638
<b>Accumulated depreciation</b>				
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
Additions to accumulated depreciation	9,100	0	39,431	48,531
Disposals	(10,367)	0	(30,744)	(41,111)
Balance as at 31/12/2014	18,742	0	73,080	91,822
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
Net book value as at 31/12/2014	17,199	0	101,617	118,816

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 49,588 thousand and CZK 49,208 thousand at cost as at 31 December 2014 and 2013, 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 31/12/2012	Additions	Disposals	Revaluation	Balance as at 31/12/2013	Additions	Disposals	Revaluation	Balance as at 31/12/2014
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 2014 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	153,480
Equity	141,840
Basic capital and capital funds	2,000
Funds created from profit	200
Retained earnings	0
Profit for the current year	139,640
Acquisition cost of interest	2,000
Nominal value of interest	2,000
Intrinsic value of interest	141,840
Dividends paid in 2013	160,940

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

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

**5. RECEIVABLES**

	31/12/2014	31/12/2013
Trade receivables and advances granted, gross	17,539,875	15,979,822
– Long-term	7,899,091	6,429,297
– Short-term	9,640,784	9,550,525
Allowances	(2,268,096)	(2,594,599)
Trade receivables, net	15,271,779	13,385,223
Other receivables	135,882	153,193
Total short- and long-term receivables and advances granted	15,407,661	13,538,416

Allowances against outstanding receivables that are considered doubtful were charged to income in 2014 and 2013 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	31/12/2014	31/12/2013
30 days or less	203,420	121,669
31–60 days	30,187	37,623
61–90 days	17,391	24,028
91–184 days	54,324	54,735
185–365 days	55,397	99,063
From 1 year to 5 years	1,119,187	1,768,762
Over 5 years	939,314	609,059
Total overdue	2,419,220	2,714,939
Before maturity	15,120,655	13,264,883
Total short- and long-term trade receivables and advances granted	17,539,875	15,979,822

In addition, the Company wrote off irrecoverable receivables of CZK 406,615 thousand and CZK 482,287 thousand in 2014 and 2013, respectively, as bankruptcy proceedings were completed, unsatisfying the claims in bankruptcy proceedings.

**TRADE RECEIVABLES AND ADVANCES GRANTED:**

	31/12/2014 Short-term	31/12/2014 Long-term	31/12/2013 Short-term	31/12/2013 Long-term
Receivables from finance leases	1,315,039	0	1,617,156	0
Receivables from operating leases	179,673	0	200,104	0
Receivables from hire purchases	12,790	0	16,480	0
Receivables from customer credit	6,619,429	7,891,216	5,846,737	6,428,097
Commercial loans to suppliers	1,047,700	7,875	1,115,270	1,200
Receivable purchases	152,773	0	485,875	0
Other trade receivables	313,380	0	268,903	0
Total trade receivables and advances granted	9,640,784	7,899,091	9,550,525	6,429,297
Total trade receivables and advances granted	17,539,875		15,979,822	
Allowances	(2,268,096)		(2,594,599)	
Net value of trade receivables and advances granted	15,271,779		13,385,223	

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

**OTHER RECEIVABLES:**

	31/12/2014	31/12/2013
Due from government – tax receivables	107,184	117,158
Unbilled revenues	26,257	31,146
Other receivables	2,441	2,700
Total other short-term receivables	135,882	151,004
Positive fair value of financial derivatives (Note 14)	0	2,189
Total other long-term receivables	0	2,189
<b>Total other receivables</b>	<b>135,882</b>	<b>153,193</b>

Unbilled revenue represents, in particular, contingent revenues from prematurely terminated customer contracts and revenues from jointly controlled operations.

6. 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 31/12/2012	Additions	Deductions	Balance as at 31/12/2013	Additions	Deductions	Balance as at 31/12/2014
Fixed assets	163,380	11,486	(84,491)	90,375	31,021	(47,731)	73,665
Advances for fixed assets	7,312	9,552	(10,288)	6,576	10,289	(12,552)	4,313
Receivables – legal	1,386,022	153,028	(290,009)	1,249,041	66,747	(244,488)	1,071,300
Receivables – other	1,552,645	22,856	(229,943)	1,345,558	75,930	(224,692)	1,196,796
<b>Total allowances</b>	<b>3,109,359</b>	<b>196,922</b>	<b>(614,731)</b>	<b>2,691,550</b>	<b>183,987</b>	<b>(529,463)</b>	<b>2,346,074</b>

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

7. SHORT-TERM FINANCIAL ASSETS

The Company has overdraft an facility of CZK 400,000 thousand with ČSOB (in CZK, EUR and USD). As at 31 December 2014 and 2013, the drawn element of the overdraft was CZK 238,669 thousand and CZK 278,693 thousand, respectively, and is shown as a short-term bank loan in the accompanying balance sheet (see Note 12).

8. OTHER ASSETS

Prepaid expenses include, in particular, insurance premiums, subscriptions, licenses, prepaid purchases of small assets, etc., which are charged to income in the year in which they were incurred. Unbilled revenues include, in particular, unpaid insurance claims and unbilled interest and customer credit insurance, which are recognized into income in the year in which they were earned.

8. 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.

The reserve fund was created up to 20% of the basis capital and will not be further raised.

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 2014 AND 2013 WERE AS FOLLOWS (IN CZK THOUSANDS):

	Balance as at 31/12/2012	Increase	Decrease	Balance as at 31/12/2013	Increase	Decrease	Balance as at 31/12/2014
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	572,421	0	0	572,421	0	0	572,421
Other capital funds	1,063	0	0	1,063	800,000	0	801,063
Differences arising from revaluation of assets and liabilities	(112,374)	61,446	(79,998)	(130,926)	64,456	(48,459)	(114,929)
Legal reserve fund	610,000	0	0	610,000	0	0	610,000
Other funds	2,608	0	(1,647)	961	0	(928)	33

Other funds from profit are restricted for expenses related to sports and social events for employees, payment of public transport passes, costs of beverages in the workplace, etc. Further, the Company has signed a contract on Voluntary financial contribution outside the basic capital with Československá obchodní banka, a.s. on 26 May 2014. Based on this contract, Československá obchodní banka, a.s. has contributed to the Company capital in the amount of CZK 800,000 thousand.

The Annual General Meetings held on 16 April 2014 and 9 May 2013, respectively, approved the transfer of profit for 2013 and 2012 to retained earnings. The Annual General Meeting held on 16 April 2014 and 9 May 2013 approved the dividend payment from retained earnings of CZK 445,342 thousand and CZK 773,868 thousand, respectively.

<b>PROFIT FOR 2012</b>	<b>773,868</b>	<b>PROFIT FOR 2013</b>	<b>445,342</b>
<b>Allocation to:</b>		<b>Allocation to:</b>	
Legal reserve fund	0	Legal reserve fund	0
Other funds	0	Other funds	0
Undistributed profits added to retained earnings	773,868	Undistributed profits added to retained earnings	445,342
Dividends and profit distribution	(773,868)	Dividends and profit distribution	(445,342)
Retained earnings as at 31/12/2013	0	Retained earnings as at 31/12/2014	0

**10. PROVISIONS**

	Provision for hire purchase	Provision for income tax	Provision for litigation	Other provisions	Total
Closing balance as at 31/12/2012	0	0	7,718	0	7,718
Additions	0	107,870	3,987	637	112,494
Deductions/Reversal	0	0	(2,779)	0	(2,779)
Corporate income tax prepayment	0	0	0	0	0
Closing balance as at 31/12/2013	0	107,870	8,926	637	117,433
Additions	0	2,879	1,250	0	4,129
Deductions	0	(107,870)	(2,720)	(637)	(111,227)
Closing balance as at 31/12/2014	0	2,879	7,456	0	10,335

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 the tax loss from prior years, incurred as a result of a change in the depreciation and amortization of newly acquired assets for leases. As of 2013, the Company is creating provisions 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.

**11. LIABILITIES**

	31/12/2014	31/12/2013
Trade payables and advances received	563,159	456,178
Other payables	1,045,197	935,414
<b>Total current and long-term liabilities and advances received</b>	<b>1,608,356</b>	<b>1,391,592</b>

**TRADE PAYABLES:**

	31/12/2014	31/12/2013
Finance lease installments received before maturity	108,740	93,353
Advances received for finance leases	7,363	1,101
Advances received for operating leases	0	0
Trade payables	436,598	290,811
Liabilities to group companies with majority control (Note 19)	0	55,000
Other trade payables	10,458	15,913
<b>Total trade payables</b>	<b>563,159</b>	<b>456,178</b>

**OTHER PAYABLES:**

	31/12/2014	31/12/2013
Payables to ČSOB	0	0
Long-term advances received	439	396
Negative fair value of derivatives (Note 14)	80,652	73,746
Deferred tax liability (Note 15)	715,691	634,800
Total long-term liabilities	796,782	708,942
Payables to employees	12,687	14,849
Social and health insurance	6,954	7,545
Due to government – tax liabilities	2,945	3,710
Unbilled deliveries	219,276	185,502
Negative fair value of derivatives (Note 14)	6,411	13,495
Other payables – other	142	1,371
Total current liabilities	248,415	226,472
<b>Total other liabilities</b>	<b>1,045,197</b>	<b>935,414</b>

As at 31 December 2014 and 2013, long-term advances were received as security for collateral of receivables arising from customer contracts.

As at 31 December 2014 and 2013, the Company had overdue current payables totaling CZK 126,549 thousand and CZK 62,971 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, unbilled services, contingent commissions and rent.

Payables to related parties (see Note 19).

## 12. BANK LOANS AND BORROWINGS

	31/12/2014	31/12/2013
Short-term bank loans and overdrafts	11,717,307	11,426,638
Long-term loans	9,422,243	7,001,252
Short-term borrowings (short-term notes issued)	0	0
Bank loans and borrowings	21,139,550	18,427,890

The interest expense relating to bank loans and borrowings for 2014 and 2013 was CZK 268,849 thousand and CZK 258,823 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:

	31/12/2014	31/12/2013
Overdrafts	238,669	278,693
Short-term loans	2,009,737	1,886,604
Long-term loans – part due within 1 year	9,468,901	9,261,341
Short-term bank loans and overdrafts	11,717,307	11,426,638
Long-term loans – due over 1 year and within 5 years	8,563,015	6,545,742
Long-term loans – due over 5 years	859,228	455,510
Long-term bank loans	9,422,243	7,001,252
Short-term borrowings (short-term notes issued)	0	0

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	31/12/2014	31/12/2013
ČSOB	CZK & EUR	21,139,550	17,935,990
European Investment Bank	CZK	0	491,900
Bills of exchange	CZK	0	0

In 2014 the average interest rate accruing on the above bank loans and borrowings ranged from 0.48% to 1.40% (in 2013: 0.59% to 1.53%). 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.

13. OTHER LIABILITIES

Výdaje příštích období zahrnují především časové rozlišení úroků z úvěrů a jsou účtovány do nákladů období, do kterého věcně a časově přísluší. Výnosy příštích období zahrnují především časové rozlišení leasingových splátek a jsou účtovány do výnosů období, do kterého věcně a časově přísluší.

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 2014 and 2013, 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)	31/12/2014			31/12/2013		
	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	0	0	0
Due over 1 year	64,121	0	(3,749)	69,653	0	(6,130)
Total derivatives held for trading	64,121	0	(3,749)	69,653	0	(6,130)

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

(in CZK thousands)	31/12/2014			31/12/2013		
	Contractual/Face value	Fair value		Smluvní/Nominální	Reálná hodnota	
		Positive	Negative		Kladná	Záporná
Derivatives hedging cash flows						
Interest rate swaps (interest rate hedge)						
Due within 1 year	603,156	0	(6,411)	811,088	0	(13,495)
Due over 1 year	7,581,170	0	(76,903)	5,865,088	2,189	(67,616)
Total hedging derivatives	8,184,326	0	(83,314)	6,676,176	2,189	(81,111)

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

	2014	2013
Profit before taxes	565,368	546,232
Non-taxable revenues	(222,798)	(214,969)
Difference between book and tax depreciation	(681,867)	206,729
Difference between book and tax net book value of disposed assets	306,378	456,344
Non-deductible expenses	48,071	13,426
Creation of allowances, net	(167,735)	(280,828)
Creation of provisions, net	(2,107)	1,845
Other (e.g. entertainment expenses, write offs of receivables, shortages and losses)	217,913	292,409
Taxable income	15,152	1,007,762
Tax loss carried forward	0	(440,025)
Current income tax rate	19%	19%
Tax	2,879	107,870
Adjustment of the tax paid in previous years	(2,785)	0
Current tax expense	94	107,870

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):

Deferred tax items	2014		2013	
	Odložená daňová pohledávka	Odložený daňový závazek	Odložená daňová pohledávka	Odložený daňový závazek
Difference between net book value of fixed assets for accounting and tax purposes and allowances agens fixed assets	0	(780,404)	0	(723,089)
Other temporary differences:				
Allowance against receivables	24,919	0	62,937	0
Valuation differences from cash flows hedging derivatives	13,458	0	11,626	0
Bonuses and social and health insurance contributions	12,835	0	13,726	0
Valuation differences from cash flows from operational lease hedging derivatives	13,501	0	0	0
Total	64,713	(780,404)	88,289	(723,089)
Net		(715,691)		(634,800)

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 2014 and 2013, the Company recorded a deferred tax liability of CZK 715,691 thousand and CZK 634,800 thousand, respectively.

16. COMMITMENTS AND CONTINGENCIES

As at 31 December 2014, 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:

	2014	2013
Revenues from hire purchase and sale of used automobiles	15,345	31,963
<b>Revenues from sales of goods</b>	<b>15,345</b>	<b>31,963</b>
Revenues from finance and operating leases	4,756,157	5,430,083
Fees for hire purchase and consumer credit	2,057	7,901
<b>Revenues from sale of own products and services</b>	<b>4,758,214</b>	<b>5,437,984</b>
Revenues from sales of assets from prematurely terminated lease contracts	561,132	679,767
Revenues from sales of assets from regularly terminated finance lease contracts	11,627	26,028
Revenues from sale of assets for own use	2,997	4,476
<b>Revenues from sales of fixed intangible and tangible assets</b>	<b>575,756</b>	<b>710,271</b>
Contractual penalties, interest for delayed payments and other operating revenues	15,331	25,663
Other revenues from contractual and intermediary activities	599,444	647,776
Revenues from prematurely terminated contracts	193,294	218,609
Revenues from sale of receivables	10,281	88,133
<b>Other operating income</b>	<b>818,350</b>	<b>980,181</b>
Interest on bank loans	2	2
Contractual interest on loans for suppliers	27,926	32,147
Interest on consumer credit	722,205	731,446
<b>Interest income</b>	<b>750,133</b>	<b>763,595</b>
<b>Exchange rate gains</b>	<b>29,919</b>	<b>219,294</b>
Income from long-term financial assets (dividends)	160,940	161,062
Gain on revaluation of derivatives	1,439	2,594
<b>Other income from financial activities</b>	<b>192,298</b>	<b>382,950</b>

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 2014 and 2013, the fees represented net income of CZK 20,096 thousand and CZK 33,598 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:

	2014	2013
Average number of employees		
Members of management bodls	33	34
Employees	290	292
<b>Total</b>	<b>323</b>	<b>326</b>
Number of statutory body members		
Members of the Board of Directors	3	3
Members of the Supervisory Board	5	6

#### THE BREAKDOWN OF PERSONNEL EXPENSES IS AS FOLLOWS:

	2014	2013
Wages and salaries of management	56,701	55,475
Wages and salaries of other employees	203,119	206,654
Social and health insurance premiums of management	16,451	16,030
Social and health insurance premiums of other employees	67,517	70,835
Social cost	10,775	10,984
Bonuses to members of the Board of Directors	372	948
<b>Total personnel expenses</b>	<b>354,935</b>	<b>360,926</b>

**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 2014 and 2013 and they do not hold any shares of the Company.

As at 31 December 2014 and 2013, the members of the Board of Directors and senior management used company automobiles for private purposes, with a total cost of CZK 18,616 thousand and CZK 17,808 thousand, respectively, and with a net book value of CZK 8,176 thousand and CZK 10,241 thousand, respectively.

As at 31 December 2014, the members and former members of the Board of Directors and of the Supervisory Board had three lease contracts entered into with the Company; the value of future installments of the Board of Directors' and Supervisory Board's members totaled CZK 312 thousand and CZK 130 thousand (respectively, as at 31 December 2013 CZK 569 thousand and CZK 260 thousand).

In 2014 and 2013, the Company received dividends from its subsidiary ČSOBL PM in the amount of CZK 160,940 thousand and CZK 161,062 thousand, respectively.

In 2014 and 2013, the Company recorded an interest expense resulting from a short-term loan granted by ČSOBL PM in the amount of CZK 461 thousand and CZK 473 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 2014 and 2013:

	2014	2013
<b>Expenses</b>		
ČSOB – interest on loans received	266,599	251,687
ČSOB – interest expense on bonds and bills of exchange	0	0
CSOB – revaluation of derivatives	62,666	88,769
ČSOB Leasing pojišťovací makléř, s.r.o. – interest on loans and insurance costs	7,744	7,283
ČSOB – rent and other related services, telephones, other expenses	33,873	43,616
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance costs	321,352	347,435
Hypoteční banka, a.s. – fleet management	650	1,530
ČSOB – fleet management	6,573	12,593
ČSOB Factoring, a.s. – fleet management	25	51
ČSOB Pojišťovna, a.s., člen holdingu ČSOB. – fleet management	3,457	2,964
Českomoravská stavební spořitelna, a.s. – operative lease	765	0
KBC Global Services N.V.	0	3,173
KBC Global Services Czech Branch, organizační složka – IT services	55,359	49,331
KBC Lease N.V. – other expenses	0	0

	2014	2013
<b>Expenses</b>		
KBC Lease Holding N.V.	0	341
KBC Group N.V.	9,073	3,992
KBC Global Services Hungarian Branch	1	0
Patria Online, a.s. – services	30	31
První certifikační autorita, a.s.	0	2
ČSOB Penzijní společnost, a.s., člen skupiny ČSOB – fleet management	44	0
<b>Total expenses</b>	<b>768,211</b>	<b>812,798</b>
<b>Income</b>	<b>2014</b>	<b>2013</b>
ČSOB – intermediary commission, rebilling	750	373
ČSOB – fleet management	51,096	59,934
ČSOB – revaluation of derivatives	367	0
ČSOB – interest on bank accounts	2	1
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance commission and insurance claims	33,914	34,590
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – fleet management	5,659	7,431
ČSOB Leasing pojišťovací makléř, s.r.o. – other income	8,791	9,173
KBC Global Services Czech Branch, organizační složka – rent and ICT transfer	2,342	2,342
KBC Global Services N.V. – fleet management	17	39
KBC Group N.V.	0	65
ČSOB Factoring, a.s. – fleet management and other income	1,748	741
Českomoravská stavební spořitelna, a.s. – operating lease	12,469	13,298
Hypoteční banka, a.s. – fleet management	6,514	8,414
ČSOB Penzijní společnost, a.s., člen skupiny ČSOB – fleet management	197	0
<b>Total income</b>	<b>123,866</b>	<b>136,401</b>

## BREAKDOWN OF RECEIVABLES FROM, AND PAYABLES TO, RELATED PARTIES:

	31/12/2014	31/12/2013
<b>Assets</b>		
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – trade receivables and contingent insurance claims	873	1,174
ČSOB – advances granted for rent(related services	790	790
ČSOB – fair value of financial derivatives (Note 14)	0	2,189
ČSOB – other	3,231	10,803
KBC Global services N.V.	0	0
ČSOB Leasing pojišťovací makléř, s.r.o. – trade receivables	651	843
ČSOB Factoring, a.s. – trade receivables	321	39
Českomoravská stavební spořitelna a.s. – trade receivables.	758	1,273
Hypotéční banka, a.s. – trade receivables	1,366	1,412
ČSOB Penzijní společnost, a.s., člen skupiny ČSOB	92	0
<b>Total assets</b>	<b>8,082</b>	<b>18,523</b>
<b>Liabilities</b>		
ČSOB – loans (including overdrafts) (Note 12)	21,139,550	17,935,990
ČSOB – issued bills of exchanges	0	0
ČSOB – fair values of derivatives (Notes 5, 11 and 14)	87,063	87,241
Patria Online, a.s.	36	0
KBC Lease N.V.	0	0
KBC Lease Holding N.V.	0	62
KBC Global Services N.V.	0	372
KBC Global Services Czech Branch, organizační složka	14,771	7,501
KBC Group N.V.	599	299
ČSOB – other	1,324	4,388
ČSOB Leasing pojišťovací makléř, s.r.o. – trade payables	734	734
ČSOB Leasing pojišťovací makléř, s.r.o. – loans (Note 11)	0	55,000
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance premiums	32,049	32,105
<b>Total Liabilities</b>	<b>21,276,126</b>	<b>18,123,692</b>

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

There were no 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: 26 March 2015

Signature of accounting unit's statutory body:



Ing. Rudolf Kypta



Ing. Libor Bosák

Person responsible for accounting  
(name, signature):



Ing. Pavel Burša

Person responsible for financial  
statements (name, signature):



Ing. Pavel Burša

The accompanying balance sheet and income statement are an integral part of the financial statements..



(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 2014, 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 2014, and its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Ernst & Young Audit, s.r.o.  
License No. 401

*Iveta Sobolová*  
Iveta Sobolová, Auditor  
License No. 2328

*Douglas Burnham*  
Douglas Burnham  
Partner

26 March 2015  
Prague, Czech Republic

CONSOLIDATED INCOME STATEMENT – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

				Current year		Prior year 2013	
				Gross	Allowances	Net	Net
TOTAL ASSETS				40,785,399	(11,386,080)	29,399,319	25,782,502
A. STOCK SUBSCRIPTIONS RECEIVABLE							
B. FIXED & FINANCIAL ASSETS				22,797,811	(9,117,984)	13,679,827	11,973,475
B. I. Intangible assets				406,996	(225,362)	181,634	165,602
B.	I.	1	Foundation and organizational costs	509	(509)		
		2	Research and development				
		3	Software	379,232	(224,654)	154,578	79,615
		4	Patents, royalties and similar rights	199	(199)		
		5	Goodwill				
		6	Other intangibles assets				
		7	Intangibles assets in progress	27,056		27,056	85,987
		8	Advances granted for intangibles assets				
B. II. Tangible assets				22,390,815	(8,892,622)	13,498,193	11,807,873
B.	II.	1	Land	12,186		12,186	12,186
		2	Constructions	58,831	(18,681)	40,150	46,839
		3	Separate movable items and groups of movable items	21,830,069	(8,869,627)	12,960,442	11,236,710
		4	Perennial crops				
		5	Livestock				
		6	Other tangible assets	212		212	212
		7	Tangible assets in progress	15,206		15,206	151,279
		8	Advances granted for tangible assets	474,311	(4,314)	469,997	360,647
		9	Gain or loss on revaluation of acquired property				

CONSOLIDATED INCOME STATEMENT – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

				Current year			Prior year 2013
				Gross	Allowances	Net	Net
B.	III.	Financial investments		0	0	0	0
B.	III.	1	Subsidiaries				
		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		17,849,866	(2,268,096)	15,581,770	13,679,061
C.	I.	Inventory		14,179	0	14,179	15,472
C.	I.	1	Materials				
		2	Work-in-progress and semi-finished production				
		3	Finished products				
		4	Livestock				
		5	Goods	14,179		14,179	15,472
		6	Advances granted for inventory				
C.	II.	Long-term receivables		7,899,091	0	7,899,091	6,431,486
C.	II.	1	Trade receivables	7,899,091		7,899,091	6,429,297
		2	Receivables to group companies with majority control				
		3	Receivables to group companies with control of 20%–50%				
		4	Receivables from partners				
		5	Long-term advances granted				

**CONSOLIDATED INCOME STATEMENT – LONG FORM** (IN THOUSANDS OF CZECH CROWNS)

				Current year			Prior year 2013
				Gross	Allowances	Net	Net
	6		Unbilled revenue				
	7		Other receivables				2,189
	8		Deferred tax asset				
<b>C.</b>	<b>III.</b>		<b>Short-term receivables</b>	<b>9,838,096</b>	<b>(2,268,096)</b>	<b>7,570,000</b>	<b>7,169,972</b>
C.	III.	1	Trade receivables	9,638,219	(2,268,096)	7,370,123	6,955,197
		2	Receivables to group companies with majority control				
		3	Receivables to group companies with control of 20%–50%				
		4	Receivables from partners				
		5	Social security and health insurance				
		6	Due from government – tax receivables	119,291		119,291	124,862
		7	Short-term advances granted	3,742		3,742	2,380
		8	Unbilled revenue	74,400		74,400	84,829
		9	Other receivables	2,444		2,444	2,704
<b>C.</b>	<b>IV.</b>		<b>Short-term financial assets</b>	<b>98,500</b>	<b>0</b>	<b>98,500</b>	<b>62,131</b>
C.	IV.	1	Cash	4,259		4,259	3,264
		2	Bank accounts	94,241		94,241	58,867
		3	Short-term securities and interests				
		4	Short-term financial assets in progress				
<b>D.</b>			<b>OTHER ASSETS – TEMPORARY ACCOUNTS OF ASSETS</b>	<b>137,722</b>	<b>0</b>	<b>137,722</b>	<b>129,966</b>
<b>D.</b>	<b>I.</b>		<b>Accrued assets and deferred liabilities</b>	<b>137,722</b>	<b>0</b>	<b>137,722</b>	<b>129,966</b>
D.	I.	1	Prepaid expenses	19,777		19,777	12,915
		2	Prepaid expenses (specific-purpose expenses)				
		3	Unbilled revenue	117,945		117,945	117,051

**CONSOLIDATED BALANCE SHEET – LONG FORM (IN THOUSANDS OF CZECH CROWNS)**

				Current year	Prior year 2013
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES				29,399,319	25,782,502
A.	SHAREHOLDER'S EQUITY			5,527,475	4,710,001
A.	I.	Basic capital		3,050,000	3,050,000
A.	I.	1	Registered capital	3,050,000	3,050,000
		2	Own shares and ownership interests		
		3	Changes in basic capital		
A.	II.	Capital funds		1,258,555	442,558
A	II.	1	Share premium (agio)	572,421	572,421
		2	Other capital funds	801,063	1,063
		3	Gain or loss on revaluation of assets and liabilities	(114,929)	(130,926)
		4	Gain or loss on revaluation of company transformations		
A	III.	Funds created from profit		610,233	611,161
A	III.	1	Reserve fund	610,200	610,200
		2	Statutory and other funds	33	961
A.	IV.	Profit (loss) for the previous years		160,940	161,062
	IV.	1	Retained earnings for the previous years	160,940	161,062
		2	Accumulated loss of previous years		
		3	Other retained earnings for previous years		
A.	V.	Consolidated earnings of accounting period		447,747	445,220
	V.	1	Profit (loss) for the year (+/-)	447,747	445,220
		2	Consolidated earnings – equity method (+/-)		
A.	VI.	Consolidated reserve funds		0	0
A.	VII.	Exchange rate gains (losses) from foreign consolidated entities		0	0

CONSOLIDATED BALANCE SHEET – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

				Current year	Prior year 2013
<b>B.</b>		<b>LIABILITIES</b>		<b>22,767,718</b>	<b>19,889,515</b>
<b>B. I.</b>		<b>Provisions</b>		<b>10,335</b>	<b>117,433</b>
B. I.	1	Provisions created under special legislation			
	2	Provision for pensions and similar obligations			
	3	Provision for corporate income tax		2,879	107,870
	4	Other provisions		7,456	9,563
<b>B. II.</b>		<b>Long-term liabilities</b>		<b>795,789</b>	<b>707,975</b>
B. 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			
	5	Long-term advances received		439	396
	6	Bonds payable			
	7	Long-term notes payable			
	8	Unbilled deliveries			
	9	Other liabilities		80,652	73,746
	10	Deferred tax liability		714,698	633,833
<b>B. III.</b>		<b>Current liabilities</b>		<b>822,044</b>	<b>636,217</b>
B. III.	1	Trade payables		447,969	306,572
	2	Liabilities to group companies with majority control			
	3	Liabilities to group companies with control of 20%–50%			
	4	Liabilities to partners			
	5	Liabilities to employees		13,796	15,997
	6	Liabilities arising from social security and health insurance		7,599	8,238
	7	Due to government – taxes and subsidies		3,184	3,965
	8	Short-term advances received		116,506	95,369

CONSOLIDATED BALANCE SHEET – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

		Current year	Prior year 2013
9	Bonds payable		
10	Unbilled deliveries	226,437	191,202
11	Other liabilities	6,553	14,874
B. IV.	Bank loans and borrowings	21,139,550	18,427,890
B. IV. 1	Long-term bank loans	9,422,243	7,001,252
2	Short-term bank loans	11,717,307	11,426,638
3	Borrowings		
C.	OTHER LIABILITIES – TEMPORARY ACCOUNTS OF LIABILITIES	1,104,126	1,182,986
C. I.	Accrued liabilities and deferred assets	1,104,126	1,182,986
C. I. 1	Accruals	14,454	19,768
2	Deferred income	1,089,672	1,163,218
D.	MINORITY CAPITAL	0	0
D. I.	Minority basic capital	0	0
D. II.	Minority capital funds	0	0
D. III.	Minority funds created from profit, including retained earnings	0	0
D. IV.	Minority earnings from current accounting period	0	0

SENT OUT ON: 26 March 2015

Signature of accounting unit's statutory body:

Ing. Rudolf Kypka

Ing. Libor Bosák

Person responsible for accounting  
(name, signature):

Ing. Pavel Burša

Person responsible for financial  
statements (name, signature):

Ing. Pavel Burša

CONSOLIDATED INCOME STATEMENT – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

		Current year	Prior year
I.	Revenues from goods sold	15,345	31,963
A.	Cost of goods sold	15,345	32,179
+	Gross margin	0	(216)
II.	Production	4,970,799	5,673,969
II. 1	Revenue from sale of finished products and services	4,970,799	5,673,969
2	Change in inventory produced internally		
3	Own work capitalized		
B.	Production related consumption	621,551	634,374
B. 1	Consumption of material and energy	90,553	101,823
B. 2	Services	530,998	532,551
+	Value added	4,349,248	5,039,379
C.	Personnel expenses	385,508	391,080
C. 1	Wages and salaries	282,126	283,847
C. 2	Bonuses to members of corporation management	432	1,068
C. 3	Social security and health insurance	91,330	94,305
C. 4	Other social costs	11,620	11,860
D.	Taxes and fees	29,733	29,242
E.	Amortization and depreciation of intangible and tangible fixed assets	3,689,110	4,227,620
	Settling of passive consolidation difference (Negative goodwill)		
	Settling of active consolidation difference (Goodwill)		
III.	Revenue from sale of intangible and tangible fixed assets and materials	575,756	710,271
III. 1	Revenues from sale of intangible and tangible fixed assets	575,756	710,271
2	Revenue from sale of materials		
F.	Net book value of intangible and tangible fixed assets and materials sold	517,326	675,619

**CONSOLIDATED INCOME STATEMENT – LONG FORM** (IN THOUSANDS OF CZECH CROWNS)

		Current year	Prior year
1	Net book value of intangible and tangible fixed assets sold	517,326	675,619
2	Materials sold		
G.	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	(347,584)	(415,964)
IV.	Other operating revenues	812,711	974,649
H.	Other operating expenses	1,246,046	1,489,398
V.	Transfer of operating revenues		
I.	Transfer of operating expenses		
*	<b>Consolidated operating results</b>	<b>217,576</b>	<b>327,304</b>
VI.	Revenue from sale of securities and interests		
J.	Securities and interests sold		
VII.	<b>Income from financial investments</b>	<b>0</b>	<b>0</b>
VII. 1	Income from subsidiaries and associates		
2	Income from other long-term securities and interests		
3	Income from other financial investments		
VIII.	Income from short-term financial assets		
K.	Expenses related to financial assets		
IX.	Gain on revaluation of securities and derivatives	1,439	2,594
L.	Loss on revaluation of securities and derivatives	62,666	94,487
M.	Change in reserves and provisions relating to financial activities		
X.	Interest income	750,194	763,764
N.	Interest expense	269,049	258,823
XI.	Other finance income	29,919	219,312
O.	Other finance cost	89,864	375,444
XII.	Transfer of finance income		

CONSOLIDATED INCOME STATEMENT – LONG FORM (IN THOUSANDS OF CZECH CROWNS)

		Current year	Prior year
P.	Transfer of finance cost		
*	Consolidated result from financial activities	359,973	256,916
Q.	Tax on profit or loss on ordinary activities	129,802	139,000
Q. 1	– due	33,605	146,360
Q. 2	– deferred	96,197	(7,360)
**	Consolidated result on ordinary activities after taxation	447,747	445,220
XIII.	Extraordinary gains		
R.	Extraordinary losses		
S.	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)	447,747	445,220
1	Earnings for the accounting period – group share		
2	Earnings for the accounting period – minority share		
**	Income/loss from equity method consolidation	0	0
***	Consolidated net result for the accounting period	447,747	445,220
***	Consolidated result of operations before tax	577,549	584,220

SENT OUT ON: 26 March 2015

Signature of accounting unit’s statutory body:

  
Ing. Rudolf Kypta

  
Ing. Libor Bosák

Person responsible for accounting  
(name, signature):

  
Ing. Pavel Burša

Person responsible for financial  
statements (name, signature):

  
Ing. Pavel Burša

1. 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 2014 were as follows:

BOARD OF DIRECTORS		FROM
Chair:	Ing. Libor Bosák	1. 5. 2009
Vice-chair:	Ing. Josef Rosenkranz	1. 11. 2010
Member:	Ing. Rudolf Kypsta	1. 3. 2011

SUPERVISORY BOARD		FROM
Chair:	Ing. Petr Knapp	10. 9. 2014
Member:	Jiří Vévoda	1. 1. 2013
Member:	Ing. Petr Manda	10. 9. 2014
Member:	Ján Lučan	1. 1. 2013
Member:	Jeroen Karel van Leeuwen	1. 1. 2013

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

Group Structure as at 31 December 2014	
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	141,840
Profit/(loss) for the current year	139,640
Retained earnings	0
Total assets	153,480
Intrinsic value of interest	141,840
Consolidation method	Full

Group Structure as at 31 December 2013	
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	163,140
Profit/(loss) for the current year	160,940

Retained earnings	0
Total assets	173,327
Intrinsic value of interest	163,140
Consolidation method	Full

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 2014 and 31 December 2013 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 include the total of data related to all companies in the consolidation group.

2. 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 2014 and 2013.

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 method was used for a subsidiary and the equity consolidation method (consideration consolidation) was used for an associate.

Financial statements of all companies included in consolidation were prepared as at 31 December 2014.

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 the 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in preparing the 2014 and 2013 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets (both own use 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 over the life of the lease contract; amortization starts on the day when the asset is put in use.

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 over the life of the lease contract; depreciation starts on the day the asset is put in use.

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 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 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.

Further, the Company creates allowances against its active portfolio of customer contracts.

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 reserve fund includes the reserve funds of the Consolidating and Consolidated Companies.

The Consolidating Company creates a 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.

#### *j) 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 purchase contracts and consumer credit contracts. Revenues from hire purchase contracts 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 non-deductible 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.

#### *l) 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 are 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.



**4. FIXED ASSETS***a) Intangible Fixed Assets***TOTAL INTANGIBLE FIXED ASSETS AT NET BOOK VALUE**

	31/12/2014	31/12/2013
Intangible fixed assets used for leases	0	0
Total intangible fixed assets for own use	181,634	165,602
Total	181,634	165,602

**INTANGIBLE FIXED ASSETS FOR OWN USE**

	Foundation and organization expenses	Patents, royalties and similar rights	Software	Investment in progress	Total
<b>Cost</b>					
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
Additions	0	0	106,005	47,074	153,079
Disposals	0	0	0	(106,005)	(106,005)
Balance as at 31 December 2014	509	199	379,232	27,056	406,996
<b>Accumulated amortization</b>					
Balance as at 31 December 2012	509	199	168,505	0	169,213
Additions to accumulated amortization	0	0	25,107	0	25,139
Disposals of accumulated amortization	0	0	0	0	0
Balance as at 31 December 2013	509	199	193,612	0	194,320
Additions to accumulated amortization	0	0	31,042	0	31,042

**INTANGIBLE FIXED ASSETS FOR OWN USE**

	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 2014	509	199	224,654	0	225,362
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
Net book value as at 31 December 2014	0	0	154,578	27,056	181,634

The total value of small intangible fixed assets (for own use) which are not reflected in the accompanying balance sheet was CZK 1,161 thousand and CZK 1,199 thousand at cost as at 31 December 2014 and 2013, respectively.

**INTANGIBLE FIXED ASSETS USED FOR FINANCE AND OPERATING LEASES**

	Finance leases	Finance leases – small items (intangibles)	Operating leases	Total
<b>Cost</b>				
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
Additions	0	0	0	0
Disposals	0	0	0	0
Balance as at 31 December 2014	0	0	0	0
<b>Accumulated amortization</b>				
Balance as at 31 December 2012	43	4	0	47
Additions to accumulated amortization	7	1	0	8
Disposals of accumulated amortization	(50)	(5)	0	(55)

INTANGIBLE FIXED ASSETS USED FOR FINANCE AND OPERATING LEASES

	Finance leases	Finance leases – small items (intangibles)	Operating leases	Total
Balance as at 31 December 2013	0	0	0	0
Additions to accumulated amortization	0	0	0	0
Disposals of accumulated amortization	0	0	0	0
Balance as at 31 December 2014	0	0	0	0
Net book value as at 31 December 2012	7	0	0	7
Net book value as at 31 December 2013	0	0	0	0
Net book value as at 31 December 2014	0	0	0	0

The Company does not lease separate intangible items. The 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

	31/12/2014	31/12/2013
Tangible fixed assets for own use	86,696	102,675
Tangible fixed assets used for finance and operating leases	13,292,681	11,627,750
Small tangible fixed assets used for finance and operating leases	118,816	77,448
<b>Total</b>	<b>13,498,193</b>	<b>11,807,873</b>

## TANGIBLE FIXED ASSETS FOR OWN USE

	Land and buildings	Machinery and equipment	Vehicles	Other tangibles	Tangibles in progress	Total
<b>Cost</b>						
Balance as at 31 December 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 December 2013	70,653	61,655	61,197	5,421	4,914	203,840
Additions	400	6,832	3,138	0	5,453	15,823
Disposals	(36)	(2,051)	(10,063)	0	(10,367)	(22,517)
Reclassification from/to leased assets	0	0	0	0	0	0
Balance as at 31 December 2014	71,017	66,436	54,272	5,421	0	197,146
<b>Accumulated depreciation</b>						
Balance as at 31 December 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 December 2013	16,704	48,632	31,173	4,656	0	101,165
Additions to accumulated depreciation	2,012	5,509	13,640	273	0	21,434
Disposals	(35)	(2,051)	(10,063)	0	0	(12,149)
Reclassification from/to leased assets	0	0	0	0	0	0
Balance as at 31 December 2014	18,681	52,090	34,750	4,929	0	110,450
Net book value as at 31 December 2012	55,940	6,648	31,093	1,083	110	94,874
Net book value as at 31 December 2013	53,949	13,023	30,024	765	4,914	102,675
Net book value as at 31 December 2014	52,336	14,346	19,522	492	0	86,696

## 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
<b>Cost</b>									
Balance as at 31 December 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 December 2013	52,263	7,005,406	1,691,374	7,224,041	4,800,848	0	146,365	367,223	21,287,520
Additions	0	1,963,412	323,319	1,859,192	1,655,628	1,274	5,761,565	2,077,008	13,641,398
Disposals	(52,263)	(1,675,488)	(505,428)	(1,821,635)	(1,028,429)	0	(5,892,724)	(1,969,920)	(12,945,887)
Reclassification from/to own assets	0	0	0	5,175	(5,175)	0	0	0	0
Balance as at 31 December 2014	0	7,293,330	1,509,265	7,266,773	5,422,872	1,274	15,206	474,311	21,983,031
<b>Accumulated depreciation and allowances</b>									
Balance as at 31 December 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 December 2013	47,187	3,334,861	1,061,602	3,619,921	1,589,623	0	0	6,576	9,659,770
Additions to accumulated depreciation	5,076	1,149,234	345,837	1,497,157	1,138,271	130	0	0	4,135,705
Disposals	(52,263)	(1,675,488)	(505,428)	(1,821,635)	(1,031,339)	0	0	0	(5,086,153)
Reclassification from/to own assets	0	0	0	2,265	(2,265)	0	0	0	0
Allowances	0	2,040	2,845	2,202	(23,797)	0	0	(2,262)	(18,972)
Balance as at 31 December 2014	0	2,810,647	904,856	3,299,910	1,670,493	130	0	4,314	8,690,350
Net book value as at 31 December 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 December 2013	5,076	3,670,545	629,772	3,604,120	3,211,225	0	146,365	360,647	11,627,750
Net book value as at 31 December 2014	0	4,482,683	604,409	3,966,863	3,752,379	1,144	15,206	469,997	13,292,681

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

SMALL TANGIBLE FIXED ASSETS USED FOR FINANCE AND OPERATING LEASES

	Financial leases – machinery	Finance leases – furniture and fixtures	Operating leases – machinery	Total
<b>Cost</b>				
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
Additions	8,808	0	81,091	89,899
Disposals	(10,367)	0	(30,744)	(41,111)
Balance as at 31 December 2014	35,941	0	174,697	210,638
<b>Accumulated depreciation</b>				
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
Additions to accumulated depreciation	9,100	0	39,431	48,531
Disposals	(10,367)	0	(30,744)	(41,111)
Balance as at 31 December 2014	18,742	0	73,080	91,822
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
Net book value as at 31 December 2014	17,199	0	101,617	118,816

The total value of small tangible fixed assets (for own use) which are not reflected in the accompanying balance sheet was CZK 49,588 thousand and CZK 49,208 thousand at cost as at 31 December 2014 and 2013, 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.

**5. RECEIVABLES**

	31/12/2014	31/12/2013
Trade receivables and advances granted, gross	17,541,052	15,981,473
– Long-term	7,899,091	6,429,297
– Short-term	9,641,961	9,552,176
Allowances	(2,268,096)	(2,594,599)
Trade receivables, net	15,272,956	13,386,874
Other receivables	196,135	214,584
Total short- and long-term receivables and advances granted	15,469,091	13,601,458

Allowances against outstanding receivables that are considered doubtful were charged to income in 2014 and 2013 based on their ageing analysis and previous experience in the repayment of those receivables (see Note 6).

**TRADE RECEIVABLES AND ADVANCES GRANTED**

	31/12/2014 Short-term	31/12/2014 Long-term	31/12/2013 Short-term	31/12/2013 Long-term
Receivables from finance leases	1,315,039	0	1,617,156	0
Receivables from operating leases	179,630	0	198,664	0
Receivables from hire-purchases	12,790	0	16,480	0
Receivables from customer credit	6,619,429	7,891,216	5,846,737	6,428,097
Commercial loans to suppliers	1,047,700	7,875	1,115,270	1,200
Receivable purchases	152,773	0	485,875	0
Other trade receivables	314,600	0	271,994	0
Total trade receivables and advances granted	9,641,961	7,899,091	9,552,176	6,429,297
Total trade receivables and advances granted	17,541,052		15,981,473	
Allowances	(2,268,096)		(2,594,599)	
Net value of trade receivables and advances granted	15,272,956		13,386,874	

**AGEING STRUCTURE OF TRADE RECEIVABLES AND ADVANCES GRANTED**

<b>After maturity</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
Within 30 days	206,189	121,669
31–60 days	30,188	37,623
61–90 days	17,391	24,028
91–184 days	54,324	54,735
185–365 days	55,397	99,063
From 1 year to 5 years	1,119,187	1,768,762
Over 5 years	939,314	609,059
<b>Total overdue</b>	<b>2,421,990</b>	<b>2,714,939</b>
<b>Before maturity</b>	<b>15,119,062</b>	<b>13,266,534</b>
<b>Total short- and long-term trade receivables and advances granted</b>	<b>17,541,052</b>	<b>15,981,473</b>

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

**OTHER RECEIVABLES:**

	<b>31/12/2014</b>	<b>31/12/2013</b>
Due from government – tax receivables	119,291	124,862
Unbilled revenues	74,400	84,829
Other receivables	2,444	2,704
Total other short-term receivables	196,135	212,395
Positive fair value of financial derivatives (Note 14)	0	2,189
<b>Total other long-term receivables</b>	<b>0</b>	<b>2,189</b>
<b>Total other receivables</b>	<b>196,135</b>	<b>214,584</b>

In addition, the Group wrote off irrecoverable receivables of CZK 406,615 thousand and CZK 482,287 thousand in 2014 and 2013, respectively, due to the 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).

6. ALLOWANCES

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

CHANGES IN THE ALLOWANCE ACCOUNTS

Fixed assets	Balance as at 31/12/2012	Additions	Deductions	Balance as at 31/12/2013	Additions	Deductions	Balance as at 31/12/2014
Advances for fixed assets	163,380	11,486	(84,491)	90,375	31,021	(47,731)	73,665
Receivables – legal	7,312	9,552	(10,288)	6,576	10,289	(12,552)	4,313
Receivables – other	1,386,022	153,028	(290,009)	1,249,041	66,747	(244,488)	1,071,300
Total allowances	1,552,645	22,856	(229,943)	1,345,558	75,930	(224,692)	1,196,796
<b>Opravné položky celkem</b>	<b>3,109,359</b>	<b>196,922</b>	<b>(614,731)</b>	<b>2,691,550</b>	<b>183,987</b>	<b>(529,463)</b>	<b>2,346,074</b>

Statutory allowances are created in compliance with the Provision Act and are tax deductible.

7. SHORT-TERM FINANCIAL ASSETS

The Company has an overdraft facility of CZK 400,000 thousand with ČSOB (in CZK, EUR and USD). As at 31 December 2014 and 2013, the drawn element of the overdraft was CZK 238,669 thousand and CZK 278,693 thousand, respectively, and is shown as a short-term bank loan in the accompanying balance sheet (see Note 12).

8. OTHER ASSETS

Prepaid expenses include, in particular, insurance premiums, subscriptions, licenses, prepaid purchases of small assets, etc., which are charged to income in 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.

9. 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.

THE MOVEMENTS IN THE CAPITAL ACCOUNTS OF THE GROUP DURING 2014 AND 2013 WERE AS FOLLOWS (IN CZK THOUSANDS):

	Balance as at 31/12/2012	Increase	Decrease	Balance as at 31/12/2013	Increase	Decrease	Balance as at 31/12/2014
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	800,000	0	801,063
Share premium	572,421	0	0	572,421	0	0	572,421
Differences arising from revaluation of assets and liabilities	(112,374)	61,446	(79,998)	(130,926)	64,456	(48,459)	(114,929)
Reserve fund	610,200	0	0	610,200	0	0	610,200
Other funds	2,608	0	(1,647)	961	0	(928)	33

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

Further, the Company has signed a contract on Voluntary financial contribution outside the basic capital with Československá obchodní banka, a.s. on 26 May 2014. Based on this contract, Československá obchodní banka, a.s. has contributed to the Company capital in the amount of CZK 800,000 thousand.

The Annual General Meetings of the Consolidating Company held on 16 April 2014 and 9 May 2013, respectively, approved the transfer of profit for 2013 and 2012 to retained earnings of the Consolidating Company (ČSOBL). The Annual General Meeting of the Consolidating Company held on 16 April 2014 and 9 May 2013 approved the dividend payment from retained earnings of the Consolidating Company (ČSOBL) of CZK 445,342 thousand and CZK 773,868 thousand, respectively.

Profit for 2012	773,868	Profit for 2013	445 342
Allocation to –		Allocation to –	
Legal reserve fund	0	Legal reserve fund	0
Other funds	0	Other funds	0
Undistributed profits added to retained earnings	773,868	Undistributed profits added to retained earnings	445,342
Dividends and profit distribution	(773,868)	Dividends and profit distribution	(445,342)
Retained earnings as at 31/12/2013	0	Retained earnings as at 31/12/2014	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 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
Additions	0	36,118	1,250	0	37,368
Deductions/Reversal	0	(107,870)	(2,720)	(637)	(111,227)
Corporate income tax prepayment	0	(33,239)	0	0	(33,239)
<b>Closing balance as at 31 December 2014</b>	<b>0</b>	<b>2,879</b>	<b>7,456</b>	<b>0</b>	<b>10,335</b>

The Group created a joint provision for income tax in the current period. As at 31 December 2014 and 2013, the provision amounted to CZK 36,118 thousand and CZK 145,754 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.

**11. LIABILITIES**

	31/12/2014	31/12/2013
Trade payables and advances received	564,475	401,941
Other payables	1,053,358	942,251
<b>Total current and long-term liabilities and advances received</b>	<b>1,617,833</b>	<b>1,344,192</b>

**TRADE PAYABLES:**

	31/12/2014	31/12/2013
Finance lease installments received before maturity	108,740	93,353
Advances received for finance leases	7,363	1,101
Advances received for operating leases	0	0
Trade payables	436,189	290,882
Other trade payables	12,183	16,605
<b>Total trade payables</b>	<b>564,475</b>	<b>401,941</b>

**OTHER PAYABLES:**

	31/12/2014	31/12/2013
Payables to ČSOB	0	0
Long-term advances received	439	396
Negative fair value of derivatives (Note 14)	80,652	73,746
Deferred tax liability (Note 15)	714,698	633,833
<b>Total long-term liabilities</b>	<b>795,789</b>	<b>707,975</b>
Payables to employees	13,796	15,997
Social and health insurance	7,599	8,238
Due to government – tax liabilities	3,184	3,965
Unbilled deliveries	226,437	191,202
Negative fair value of derivatives (Note 14)	6,411	13,495
Other payables – other	142	1,379
<b>Total current liabilities</b>	<b>257,569</b>	<b>234,276</b>
<b>Total other liabilities</b>	<b>1,053,358</b>	<b>942,251</b>

As at 31 December 2014 and 2013, long-term advances were received as security for collateral of receivables arising from customer contracts.

As at 31 December 2014 and 2013, the Group had overdue current payables totaling CZK 126,552 thousand and CZK 63,017 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, unbilled services and contingent commissions.

Payables to related parties (see Note 19).

## 12. BANK LOANS AND BORROWINGS

	31/12/2014	31/12/2013
Short-term bank loans and overdrafts	11,717,307	11,426,638
Long-term loans	9,422,243	7,001,252
Short-term borrowings (short-term notes issued)	0	0
<b>Bank loans and borrowings</b>	<b>21,139,550</b>	<b>18,427,890</b>

The interest expense relating to bank loans and borrowings for 2014 and 2013 was CZK 268,849 thousand and CZK 258,823 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:

	31/12/2014	31/12/2013
Overdrafts	238,669	278,693
Short-term loans	2,009,737	1,886,604
Long-term loans – part due within 1 year	9,468,901	9,261,341
Short-term bank loans and overdrafts	11,717,307	11,426,638
Long-term loans – due over 1 year and within 5 years	8,563,015	6,545,742
Long-term loans – due over 5 years	859,228	455,510
Long-term bank loans	9,422,243	7,001,252
Short-term borrowings (short-term notes issued)	0	0

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	31/12/2014	31/12/2013
ČSOB	CZK & EUR	21,139,550	17,935,990
European Investment Bank	CZK	0	491,900
Bills of exchange	CZK	0	0

In 2014, the average interest rate accruing on the above bank loans and borrowings ranged from 0.48% to 1.40% (in 2013: 0.59% to 1.53%). 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.

**13. OTHER LIABILITIES**

Accruals include, in particular, accrued interest on loans, which are charged to income in the year in which they were incurred. Deferred income includes, in particular, deferred lease installments, which are recognized into income in 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 2014 and 2013, 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:

	31/12/2014			31/12/2013		
	Contractual/Face value	Fair value		Contractual/Face value	Fair value	
		Positive	Negative		Positive	Negative
(in CZK thousands)						
Derivatives held for trading						
Interest rate swaps						
Due within 1 year	0	0	0	0	0	0
Due over 1 year	64,121	0	(3,749)	69,653	0	(6,130)
Total derivatives held for trading	64,121	0	(3,749)	69,653	0	(6,130)

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

(in CZK thousands)	31/12/2014		31/12/2013	
	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	603 156	0	811 088	0
Due over 1 year	7 581 170	0	5 865 088	2 189
Total hedging derivatives	8 184 326	0	6 676 176	2 189

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

	2014	2013
Profit before taxes	577,549	584,220
Non-taxable revenues	(62,821)	(57,288)
Difference between book and tax depreciation	(681,867)	206,729
Difference between book and tax net book value of disposed assets	306,378	456,344
Non-deductible expenses	50,857	17,146
Creation of allowances, net	(167,736)	(280,828)
Creation of provisions, net	(2,107)	1,845
Other (e.g. entertainment expenses, write offs of receivables, shortages and losses)	220,700	296,129
Taxable income	190,096	1,207,151
Tax loss carried forward	0	(440,025)
Current income tax rate	19%	19%
Tax	36,118	145,754
Adjustment of the tax paid in previous years	(2,513)	606
<b>Current tax expense</b>	<b>33,605</b>	<b>146,360</b>

The share of ČSOBL PM in the total current tax expense was CZK 33,511 thousand and CZK 38,490 thousand in 2014 and 2013, respectively. Taxable income of CZK 190,096 thousand comprises the taxable income of the Consolidating Company of CZK 15,152 thousand and the taxable income of ČSOBL PM of CZK 174,944 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):**

Deferred tax items	2014		2013	
	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	(780,404)	0	(723,089)
Other temporary differences:				
Allowance against receivables and fixed assets	24,919	0	62,937	0
Valuation differences from cash flows hedging derivatives	13,458	0	11,626	0
Provision for hire purchase	0	0	0	0
Bonuses and social and health insurance contributions	13,828	0	14,693	0
Valuation differences from cash flows from operational lease hedging derivatives	13,501	0	0	0
<b>Total</b>	<b>65,706</b>	<b>(780,404)</b>	<b>89,256</b>	<b>(723,089)</b>
<b>Net</b>		<b>(714,698)</b>		<b>(633,833)</b>

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 2014 and 2013, the Group recorded a deferred tax liability of CZK 714,698 thousand and CZK 633,833 thousand, respectively.

**16. COMMITMENTS AND CONTINGENCIES**

As at 31 December 2014, 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:**

	2014	2013
Revenues from hire purchase and sale of used automobiles	15,345	31,963
Revenues from sales of goods	15,345	31,963
Revenues from finance and operating leases	4,755,295	5,429,160
Revenues from insurance intermediation	213,447	236,908
Fees for hire purchase and consumer credit	2 057	7,901
Revenues from sale of own products and services	4,970,799	5,673,969
Revenues from sales of assets from prematurely terminated lease contracts	561,132	679,767
Revenues from sales of assets from regularly terminated finance lease contracts	11,627	26,028
Revenues from sale of assets for own use	2,997	4,476
Revenues from sales of fixed intangible and tangible assets	575,756	710,271
Contractual penalties, interest for delayed payments and other operating revenues	15,331	25,663
Other revenues from contractual and intermediary activities	593,808	642,244
Revenues from prematurely terminated contracts	193,294	218,609
Revenues from sale of receivables	10,281	88,133
Other operating income	812,714	974,649
Interest on bank loans	63	171
Contractual interest on loans for suppliers	27,926	32,147
Interest on consumer credit	722,205	731,446
Interest income	750,194	763,764
Exchange rate gains	29,919	219,312
Gain on revaluation of derivatives	1,439	2,594
<b>Other income from financial activities</b>	<b>31,358</b>	<b>221,906</b>

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 2014 and 2013, the fees represented net income of CZK 22,386 thousand and CZK 36,112 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:

	2014	2013
<b>Average number of employees</b>		
Members of management bodies	34	35
Employees	322	323
<b>Total</b>	<b>356</b>	<b>358</b>
<b>Number of statutory body members</b>		
Members of the Board of Directors	3	3
Members of the Supervisory Board	5	6

THE BREAKDOWN OF PERSONNEL EXPENSES IS AS FOLLOWS:

	2014	2013
Wages and salaries of management	58,820	57,685
Wages and salaries of other employees	223,306	226,162
Social and health insurance premiums of management	16,960	16,635
Social and health insurance premiums of other employees	74,370	77,670
Social cost	11,620	11,860
Bonuses to members of management	432	1,068
<b>Total personnel expenses</b>	<b>385,508</b>	<b>391,080</b>

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 2014 and 2013 and they do not hold any shares of the Group companies.

As at 31 December 2014 and 2013, the members of the Board of Directors and senior management used company automobiles for private purposes, with a total cost of CZK 18,616 thousand and CZK 17,808 thousand, respectively, and with a net book value of CZK 8,176 thousand and CZK 10,241 thousand, respectively.

As at 31 December 2014, the members and former members of the Board of Directors and of the Supervisory Board had three 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 312 thousand and CZK 130 thousand (respectively, as at 31 December 2013: CZK 569 thousand and CZK 260 thousand).

The Company receives services from, and sells services to, related parties in the ordinary course of business. Purchases and sales were as follows in 2014 and 2013:

	2014	2013
Expenses		
ČSOB – interest on loans received	266,599	251,687
ČSOB – interest expense on bonds and bills of exchange	0	0
ČSOB – revaluation of derivatives	62,666	88,769
ČSOB – rent and other related services, telephones, other expenses	33,874	43,645
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance costs	321,352	347,435
ČSOB Leasing SR – other expenses	0	6
Hypoteční banka, a.s. – fleet management	650	1,530
Českomoravská stavební spořitelna – operative lease	765	0
ČSOB – fleet management	6,573	12,593
ČSOB Factoring, a.s. – fleet management	25	51
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – fleet management	3,457	2,964
KBC Global Services N.V.	0	3,173
KBC Global Services Czech Branch, organizační složka – IT services	55,359	49,331

	2014	2013
KBC Lease N.V. – other expenses	0	0
KBC Lease Holding N.V.	0	341
KBC Group N.V.	9,073	3,992
KBC Global Services Hungarian Branch	1	0
Patria Online, a.s. services	30	31
První certifikační autorita, a.s.	1	2
ČSOB Penzijní společnost, a. s., člen skupiny ČSOB – fleet management	44	0
<b>Total expenses</b>	<b>760,469</b>	<b>805,550</b>
<b>Income</b>		
ČSOB – intermediary commission, rebilling	750	373
ČSOB – fleet management	51,096	59,934
ČSOB – revaluation of derivatives	367	0
ČSOB – interest on bank accounts	2	171
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – insurance commission and insurance claims	94,981	149,162
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – fleet management	5,659	7,431
KBC Global Services Czech Branch, organizační složka – rent and ICT transfer	2,342	2,342
KBC Global Services N.V. – fleet management	17	39
KBC Group N.V.	0	65
ČSOB Factoring, a.s. – fleet management	1,748	741
Českomoravská stavební spořitelna, a.s. – operating lease	12,469	13,298
Hypoteční banka, a.s. – fleet management	6,514	8,414
ČSOB Penzijní společnost, a. s., člen skupiny ČSOB – fleet management	197	0
<b>Total income</b>	<b>176,142</b>	<b>241,970</b>

## BREAKDOWN OF RECEIVABLES FROM, AND PAYABLES TO, RELATED PARTIES:

	31/12/2014	31/12/2013
<b>Assets</b>		
ČSOB Pojišťovna, a.s., člen holdingu ČSOB – trade receivables and contingent insurance claims	35,597	42,345
ČSOB – advances granted for rent-related services	790	790
ČSOB – fair value of financial derivatives (Note 14)	0	2,189
ČSOB – other trade receivables	3,231	10,803
KBC Global services N.V.	0	0
ČSOB Factoring, a.s. – trade receivables	321	39
Českomoravská stavební spořitelna a.s. – trade receivables	758	1,273
Hypoteční banka, a.s. – trade receivables	1,366	1,412
ČSOB Penzijní společnost, a. s., člen skupiny ČSOB	92	0
<b>Total assets</b>	<b>42,155</b>	<b>58,851</b>
<b>Liabilities</b>		
ČSOB – loans (including overdrafts) (Note 12)	21,139,550	17,935,990
ČSOB – issued bills of exchanges	0	0
ČSOB – fair values of derivatives (Notes 5, 11 and 14)	87,063	87,241
Patria Online, a.s.	36	0
KBC Lease N.V.	0	0
KBC Lease Holding N.V.	0	62
KBC Global Services N.V.	0	372
KBC Global Services Czech Branch, organizační složka	14,771	7,501
KBC Group N.V.	599	299
ČSOB – other	1,324	4,388
ČSOB Pojišťovna a.s., člen holdingu ČSOB – insurance premiums	32,049	32,389
<b>Total Liabilities</b>	<b>21,275,392</b>	<b>18,068,242</b>

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

The following changes to the Commercial Register have been made up to the date of the preparation of the financial statements in the Statutory bodies of the Consolidated entity:

	Statutory Representative:	Until
Statutory Representative:	Jan Starý	30 January 2015

	Statutory Representative:	From
Statutory Representative:	Jan Čížek	6 February 2015
Statutory Representative:	Pavel Prokůš	1 March 2015
Statutory Representative:	Ing. Libor Bosák	1 March 2015

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: 26 March 2015

Signature of accounting unit's statutory body:

  
Ing. Rudolf Kypta

  
Ing. Libor Bosák

Person responsible for accounting  
(name, signature):

  
Ing. Pavel Burša

Person responsible for financial  
statements (name, signature):

  
Ing. Pavel Burša

The accompanying consolidated balance sheet and consolidated income statement are an integral part of the consolidated financial statements.

Report of the Board of Directors of  
ČSOB Leasing, a. s., on Relations between  
Related Parties

1. CONTROLLED ENTITY

ČSOB Leasing, a. s. with its registered office at Praha 4, Na Pankráci 310/60, PSČ: 140 00, Company ID No. 63998980, incorporated in the Commercial Register, Section B, Insert 3491, maintained at the Municipal Court in Prague (hereinafter referred to as “ČSOBL” or the “Company”).

2. CONTROLLING ENTITY

Československá obchodní banka, a.s. is the sole shareholder of ČSOBL with its registered office at Praha 5, Radlická 333/150, PSČ 150 57, Czech Republic.

KBC Bank NV is the sole shareholder of ČSOB with its registered office at Havenlaan 2, B-1080 Brussels, Belgium.

KBC Group NV which is the ultimate controlling entity of ČSOB is the sole shareholder of KBC Bank NV.

3. STRUCTURE OF RELATIONSHIP  
BETWEEN A CONTROLLING ENTITY  
AND CONTROLLED ENTITY AS WELL AS  
BETWEEN A CONTROLLED ENTITY AND  
ENTITIES CONTROLLED BY THE SAME  
CONTROLLING ENTITY

Československá obchodní banka, a.s. a member of financial bank-insurance group ČSOB is regulated by Czech National Bank. ČSOB Group is member of the KBC Group.

As for accounting period, ČSOBL had various relations with the controlling entity as well as with other companies controlled by the controlling entity (hereafter mentioned as „related entities“ for the purposes of the Related Parties Report) being based as common business.

A basic overview of ČSOB and KBC group companies is provided in Attachment 1 to this report or is available at [www.kbc.com](http://www.kbc.com). The Bank has relations mainly with the following related entities:

COMPANY	BUSINESS ADDRESS
Českomoravská stavební spořitelna, a.s.	Vinohradská 3218/169, 100 17 Praha 10, CZ
Československá obchodní banka, a. s.	Radlická 333/150, 150 57 Praha 5, CZ
ČSOB Factoring, a.s.	Benešovská 2538/40, 101 00 Praha 10 - Vinohrady, CZ
ČSOB Leasing, a.s.	Panónska cesta 11, 852 01 Bratislava, SK
ČSOB Leasing pojišťovací makléř, s.r.o.	Na Pankráci 60/310, 140 00 Praha, CZ
ČSOB Penzijní společnost, a. s., a member of the ČSOB group	Radlická 333/150, 150 57 Praha 5 , CZ
ČSOB Pojišťovna, a. s., a member of the ČSOB holding	Masarykovo náměstí 1458, 532 18 Pardubice - Zelené předměstí, CZ
Hypoteční banka, a.s.	Radlická 333/150, 150 57 Praha 5, CZ
KBC Group NV (legal entity)	Havenlaan 2, 1080 Brussels (Sint-Jans Molenbeek), Belgium

COMPANY	BUSINESS ADDRESS
KBC Group NV Czech Branch, organizational unit	Radlická 333/150, 150 57 Praha 5, CZ
Patria Finance, a.s.	Jungmannova 745/24, 110 00 Praha 1, CZ
První certifikační autorita, a.s.	Podvinný mlýn 2178/6, 190 00 Praha 9, CZ

4. PURPOSE OF A CONTROLLING ENTITY  
MEASURES AND MEANS OF CONTROL

Československá obchodní banka, a.s. controls the Company through decisions of a single shareholder in the scope of competence of the General Meeting in line with the Law on Commercial Corporations.

The controlling entity also exercises its influence through its representatives in governing bodies of ČSOBL namely in the Supervisory Board. First and foremost it means cooperation and coordination on the field of consolidated risk management, auditing and compliance with prudential rules that apply for financial institutions and legal requirements.

5. REVIEW OF ACTIVITIES COMMITTED  
IN THE ACCOUNTING PERIOD, WHICH  
HAD BEEN INDUCED BY INTEREST  
OF THE CONTROLLING ENTITY OR ITS  
CONTROLLED ENTITIES

If not stated otherwise, no activities have been committed in the accounting period, that had been induced by interest of the controlling entity or its controlled entities that would affected a property that exceeds 10%

of ČSOBL equity including common business transactions.

As for the accounting period, the Company repeatedly concluded loan agreements with Československá obchodní banka, a.s., value of which exceeded 10% of company's equity. Purpose of the activity was efficient financial management of the Company. The loan agreements, described above, arose in the ordinary course of business and are subject to the substantially same terms, including interest rates and security, as for comparable transactions with third party counterparties. The Company incurred no damage from the fulfillment of these contracts.

6. REVIEW OF MUTUAL AGREEMENTS  
BETWEEN A CONTROLLED ENTITY AND  
CONTROLLING ENTITY OR AMONG  
CONTROLLED ENTITIES

As for accounting period, ČSOBL had contractual relations in the following areas:

LEASING SERVICES

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. The agreements were concluded under standard business terms and conditions.

*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. The agreements were concluded under standard business terms and conditions.

**OTHER RELATIONS***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 counter-performance in the form of insurance coverage and settlement. The agreements were concluded under standard business terms and conditions.

*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. The agreements were concluded under standard business terms and conditions.

*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. The agreements were concluded under standard business terms and conditions.

*Lease and sub-lease agreements*

In the Reporting Period, the Company entered into agreements with some Related Parties on lease and sub-lease 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. The agreements were concluded under standard business terms and conditions.

*Co-operation Agreements – Employee Benefits*

In the accounting period, the Company concluded co-operation agreements – employee benefits or had concluded these contracts from the previous accounting periods. The consideration consisted of the provision of employee benefits. The agreements were concluded under standard business terms and conditions.

*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. The agreements were concluded under standard business terms and conditions.

Further in connection with the cooperation agreements, ČSOBL 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. The agreements were concluded under standard business terms and conditions.

*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 of 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. The agreements were concluded under standard business terms and conditions.

#### *Agreements on Providing Services – Call Centre*

In the accounting period, the Company concluded agreements or had concluded agreements from the previous accounting periods for providing Call centre services. The consideration consisted of contractual commissions. The contracts and agreements were concluded under standard business terms and conditions.

#### *Agreements on Providing Services – Back Office*

In the accounting period, the Company concluded agreements or had concluded agreements from the previous accounting periods for providing services in the area of back-office and supporting processes, i.e. co-operation in risk management, development of models, management consulting, central procurement, processing of foreign payments. The consideration consisted of contractual commissions and consultations. The contracts and agreements were concluded under standard business terms and conditions.

#### *Agreement on representation in insurance and related activities*

In the Reporting Period, the Company entered into agreements with some Related Parties on business representation, insurance

brokerage and administration and related activities. Alternatively, in the Reporting Period the Related Parties provided performance on the basis of agreements entered into in the 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 concluded under standard business terms and conditions.

#### *Agreements on Providing Services – Other Supporting Services*

In the accounting period, the Company concluded agreements or had concluded agreements from the previous accounting periods for co-operation and providing services in the area of internal audit and compliance, administrative support in the area of finance and accounting, human resource management including labour-law relations and utilization of employees, administrative support. The consideration consisted of services and contractual commissions. ČSOBL also concluded agreements on personal data processing or transmission of information, maintenance confidentiality agreements, etc. The contracts and agreements were concluded under standard business terms and conditions.

#### *Agreement on purchase of used cars*

In the accounting period, the Company concluded agreements or had concluded agreements on the purchase of used cars and its sale to third parties. The consideration

consisted of contractual commissions. The contracts and agreements were concluded under standard business terms and conditions.

#### *Agreement for car hand-washing services*

In the accounting period, the Company concluded agreements or had concluded agreements for car hand-washing services. The consideration consisted of contractual commissions. The contracts and agreements were concluded under standard business terms and conditions.

#### *Agreement on sharing and provision of IT property*

In the accounting period, the Company concluded agreements or had concluded agreements for sharing of IT property, especially servers, disc capacity and virtual architecture and provision of relating IT services. The consideration consisted of contractual commissions. The contracts and agreements were concluded under standard business terms and conditions.

#### **DIVIDENDS AND OTHER MEASURES**

On 16 April 2014, Československá obchodní banka, a.s. being a single shareholder within scope of competence of General Meeting decided on distribution of 2013 profit in the way that profit (dividends) in the value of 445 342 thousand CZK had been paid to the shareholder.

Within the accounting period ČSOBL similarly received revenue in the form of dividends

from the company ČSOB Leasing pojišťovací makléř, s.r.o.

In the accounting period, ČSOBL further adopted a Resolution of the sole partner on behalf of ČSOB Leasing pojišťovací makléř, s.r.o. where the Company is the sole partner. There are approval of the year-end financial statements, settlement of profit and dividends pay-out, election of Board members and their remuneration, change of the Articles of Association.

#### **7. ASSESSMENT OF INCURRED DAMAGE FOR CONTROLLED ENTITIES**

There was no damage incurred from contractual and other relationship between ČSOBL and the controlling entity.

#### **8. EVALUATION OF RELATIONSHIP BETWEEN CONTROLLING ENTITY AND CONTROLLED ENTITY AS WELL AS BETWEEN A CONTROLLED ENTITY AND ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY**

A common synergy within the financial group ČSOB and KBC Group respectively brings positive effects on the fields of effective cost management, human resources and aid with processes setting so to be in line with the company strategy. The cooperation also supports risk reduction for certain transaction risks as e. g. risks connected with providing sensitive information to the third parties.

ČSOBL provides especially leasing services to companies within the group such as

finance are operational lease, asset based loans and fleet management services.

The outstanding balances of assets and liabilities with Československá obchodní banka, a.s. and the entities under common control principally comprise the fair value of derivative financial instruments and debt instruments.

Mutual cooperation of the companies within the groups KBC group and ČSOB as well as other companies, which are controlled by ČSOB, supports building of a common market position and allows extension of range of offered financial services for their clients in the area of products portfolio including mortgages and building savings loans, asset management, collective investment, pension fund products, leasing, factoring as well as insurance products.

### 9. ACCOUNTING PERIOD

This report describes relations for the accounting period from 1 January 2014 to 31 December 2014.

### 10. CONCLUSION

The Board of Directors of ČSOBL states that this Report was prepared within the stated period and in line with § 82 of Law on Commercial Corporations. While processing the report the Board of Directors exercised due professional care and the content of the Report reflects purpose of legal provisions within Law on Commercial Corporations in relation to the ownership structure of ČSOBL.

This Report was submitted to review of the Supervisory Board of ČSOBL.

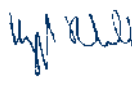
In Prague, 25 March 2015

ČSOB Leasing, a. s.

On behalf of the Board of Directors

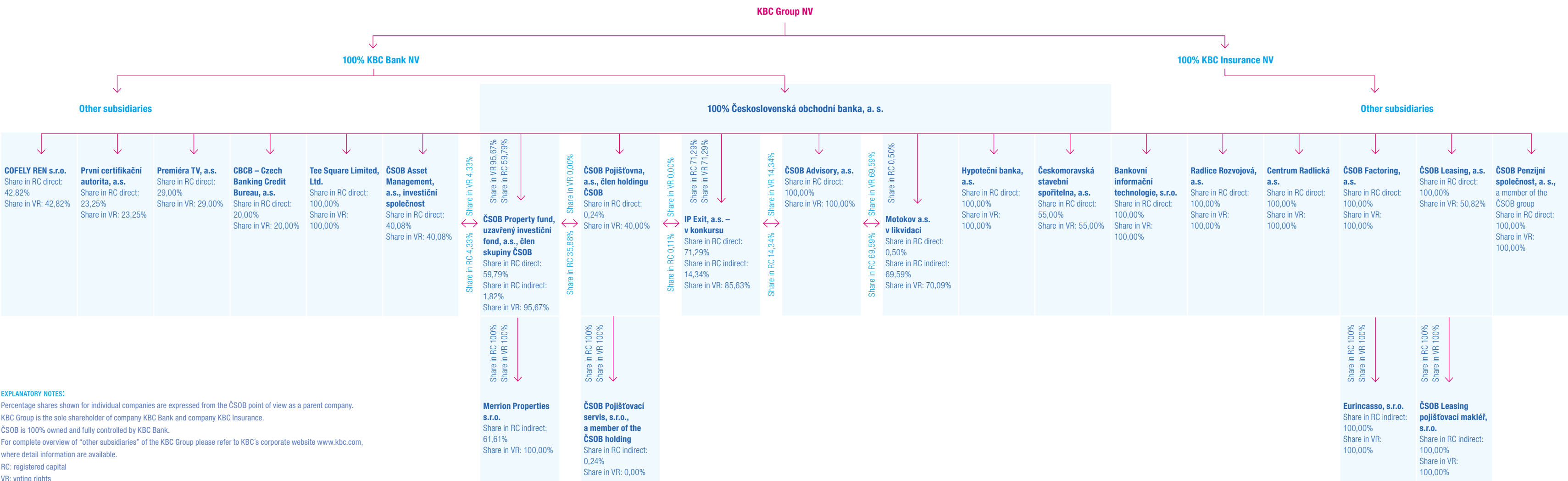


Libor Bosák  
Chairman of  
the Board of Directors



Rudolf Kypta  
Member of  
the Board of Directors

OVERVIEW OF COMPANIES OF THE KBC GROUP AND THE ČSOB GROUP (AS AT 31 DECEMBER 2014)



**EXPLANATORY NOTES:**  
Percentage shares shown for individual companies are expressed from the ČSOB point of view as a parent company.  
KBC Group is the sole shareholder of company KBC Bank and company KBC Insurance.  
ČSOB is 100% owned and fully controlled by KBC Bank.  
For complete overview of “other subsidiaries” of the KBC Group please refer to KBC’s corporate website [www.kbc.com](http://www.kbc.com), where detail information are available.  
RC: registered capital  
VR: voting rights



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