

We are spinning the wheels of your business

Annual Report 2012



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**Engines and wheels
are our passion.**



Company Mission and Profile

ČSOB Leasing pojišťovací makléř, s.r.o.¹⁾ provides complex insurance mediation services for ČSOB Leasing, a.s.²⁾ and its clients. It also provides related services, including loss adjustment assistance.

ČSOB Leasing pojišťovací makléř is a wholly owned subsidiary of ČSOB Leasing. It engages in mediation of all types of insurance, particularly motor damage and machinery insurance, liability insurance against damage caused by the operation of motor vehicles (motor third-party liability insurance), payment protection insurance, and other types of supplementary insurance for ČSOB Leasing's financial products.

The Company is able to provide insurance of all items financed by ČSOB Leasing, in particular motor vehicles, motorcycles, machinery and equipment (also as part of property insurance), technologies, IT equipment (hardware) and non-standard assets subject to financing (wagons, airplanes, ships) by means of finance leases, loans or operating leases. ČSOB Leasing offers operating leases under the brand name ČSOB Autolease (including full-service lease, fleet management and leaseback products).

In addition, ČSOB Leasing pojišťovací makléř provides for ČSOB Leasing's customers mediation of money-saving insurance of motor vehicles, technologies, machinery and equipment that were not acquired using ČSOB Leasing's financial products. The Company also mediates a variety of insurance products for insurance of other commodities and for coverage of other insurance risks.

The Company collaborates with all major domestic and foreign insurers. It has mediated for ČSOB Leasing insurance policies related to transport technology with ČSOB Pojišťovna, Allianz pojišťovna, Česká pojišťovna, Generali pojišťovna, Kooperativa pojišťovna, UNIQA pojišťovna and Servisní pojišťovna. The Company has also mediated insurance of the machinery and equipment commodity with ČSOB pojišťovna, Allianz pojišťovna, Česká pojišťovna and Kooperativa pojišťovna.

The Company is capable of mediating various types of insurance policies, including collective insurance policies allowing customers to take out insurance in a speedy and comfortable manner, in addition to the provision of financial services by ČSOB Leasing. The premium is included in the payments stipulated under the customer financing (lease, loan) agreement and may be paid on a monthly basis, which has a positive impact on the value of money over time and reduces the number of cash transfers.

¹⁾ hereinafter "ČSOB Leasing pojišťovací makléř" or the "Company"

²⁾ hereinafter "ČSOB Leasing"

Top Management

Statutory Representatives



Jan Starý
since 17 May 2004



Mgr. Ivana Vondráčková
since 1 January 2011



Mgr. Petr Neuvirth
since 1 January 2011

2012 Highlights and Outlook for 2013

- In 2012, the Czech insurance market continued to stagnate and its results reflected the previous year's trends and the development of the Czech economy as a whole. Insurers generated premiums written in the amount of CZK 115.5 billion in 2012, accounting for a 0.1% decline year-on-year.
- Motor insurance also saw a decline in premium revenue, specifically by 5.6% in motor third-party liability insurance (CZK 19.5 billion) and by 2.1% in CASCO insurance (CZK 14.6 billion). In aggregate, the volume of premium generated by insurers in this segment fell by more than CZK 1 billion, compared to 2011.
- Irrespective of the ongoing market downturn, the mediated premium turnover of ČSOB Leasing totalled a robust CZK 1.318 billion in 2012.
- In the course of the year, the Company actively participated in the preparation and implementation of successful marketing campaigns for ČSOB Leasing, including "Motor Third Party Liability Insurance One Year for Free" and "Spring Collection".
- As a new feature, the Company offered ČSOB Leasing and its customers extended coverage of motor third-party liability insurance with the benefit of free insurance of vehicle windows by selected insurers.
- The Company arranged for ČSOB Leasing and its customers extended coverage of machinery insurance with the addition of insuring electronic risks and parts subject to wear-and-tear without an increase in premiums.
- The Company prepared an offer for ČSOB Leasing and its customers comprising the option to obtain an exclusive assistance services product – "Nadstandard Plus" insurance of assistance services.
- The Company was engaged in negotiating new terms and conditions of loss adjustment standards for ČSOB Leasing with all major insurers, which simplify and define statutory timeframes for processes related to loss adjustment of customers' insurance events.
- In 2013, the Company has continued the effort to improve its services in the non-life insurance segment and to expand the motor insurance offerings through its own PPZ (subordinate insurance intermediaries) network.

Portfolio of Insurance Products and Services

Portfolio of insurance products and services for ČSOB Leasing clients

Basic types of insurance

- motor third-party liability insurance;
- CASCO insurance;
- machinery and equipment insurance;
- payment protection insurance.

Supplementary types of insurance (examples)

- windshield and glass insurance;
- accident insurance for passengers in motor vehicles;
- luggage insurance;
- assistance services insurance;
- replacement vehicle rental costs insurance;
- legal expenses insurance;
- GAP - guaranteed asset protection insurance (for transport equipment);
- transport insurance;
- CAR/EAR insurance;
- cargo insurance.

Loss adjustment standards

The Company has agreed on Standards of cooperation in insurance claim processes with its partner insurance companies, which significantly accelerate claim settlement. Among other things, the standards apply to determining binding timeframes for vehicle inspections by claims technicians, timeframes for the payment of insurance benefits, prices of car wrecks, etc.

Insurance following termination of customer agreements (lease, loan)

ČSOB Leasing pojišťovací makléř offers to provide ČSOB Leasing's clients with insurance after the due expiry of their customer contracts while retaining the same advantageous premium rates valid through the term of the agreement. This service is provided free of charge for ČSOB Leasing's customers, enabling smooth continuous insurance without the need, for instance, to bring the leased vehicle to the insurance company. At the same time, no-claims bonuses received in the previous periods and bonuses received during ČSOB Leasing financing can be applied.

Other Services

The Company provides for corporate entities and individuals comprehensive services related to insurance risk management and insurance, which in addition to the items financed cover other property insurance, various types of liability insurance, including offerings of employee benefits, etc.

The services comprise, for example:

Risk management

- risk analysis and assessment, including audits of insurance policies;
- preparation of risk reports;
- draft insurance programmes.

Insurance programme implementation

- tenders for insurers;
- risk deployment on the Czech and foreign insurance/reinsurance markets.

Insurance management

- administration of insurance policies;
- premium reconciliation;
- proposals for additions to and improvements of insurance programmes;
- preparation of amendments to and renewals of insurance policies.

Loss adjustment

- professional assistance in loss adjustment;
- customer representation in negotiations with insurers and advocacy of customer interests to prevent reduced benefits due to lack of understanding, etc.;
- damage reporting, organizing inspections, gathering documents;
- ensuring timely payment of benefits or advances on benefits;
- maintaining records of insurance events.

Insurance advisory services

- monitoring of the insurance market;
- proposals for changes in insurance programmes with regard to changes in the insurance market, the economic environment, etc.

Other Services

Comprehensive portfolio of insurance products

- property and business interruption insurance;
- construction and assembly insurance;
- liability insurance, including product liability insurance;
- directors & officers liability insurance (D&O);
- liability insurance against damage caused by employees to the employer;
- vehicle fleet insurance;
- carrier insurance;
- cargo insurance;
- agriculture insurance (crops and livestock);
- air hull insurance, river and sea hull insurance;
- guarantee and credit insurance;
- insurance against cancellation of cultural or sporting events;
- temporary and permanent disability insurance;
- accident insurance;
- group life assurance;
- supplementary pension insurance;
- employee programmes.

**Wheels of business
must turn...**



Partner insurance companies

AIIG Europe Limited, organizační složka;
Allianz pojišťovna, a. s.;
Atradius Credit Insurance N.V., organizační složka;
BNP Paribas Cardif Pojišťovna, a.s.;
Česká podnikatelská pojišťovna, a. s., Vienna Insurance Group;
Česká pojišťovna a. s.;
ČSOB Pojišťovna, a. s., člen holdingu ČSOB;
D.A.S. pojišťovna právní ochrany, a.s.;
ERV pojišťovna, a.s.;
Generali Pojišťovna a. s.;
Hasičská vzájemná pojišťovna, a.s.;
Kooperativa pojišťovna, a. s., Vienna Insurance Group;
Pojišťovna VZP, a.s.;
QBE Insurance (Europe) Limited;
Servisní pojišťovna, a. s.;
Slavia Pojišťovna, a. s.;
Triglav pojišťovna, a. s.
UNIQA pojišťovna, a. s.

Independent Auditor's Report on the Annual Report



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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ČSOB Leasing pojišťovací makléř, s.r.o.:

- I. We have audited the financial statements of ČSOB Leasing pojišťovací makléř, s.r.o. ("the Company") as at 31 December 2012 presented in the annual report of the Company on pages 13 - 26 and our audit report dated 29 March 2013 is on pages 27 - 28.
- II. We have also audited the consistency of the annual report with the financial statements described above. The management of ČSOB Leasing pojišťovací makléř, s.r.o. 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 on pages 1 - 10 is consistent with that contained in the audited financial statements as at 31 December 2012. 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.

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

- III. In addition, we have reviewed the accuracy of the information contained in the report on related parties of ČSOB Leasing pojišťovací makléř, s.r.o. for the year ended 31 December 2012 presented in the annual report of the Company on pages 29 - 31. The management of ČSOB Leasing pojišťovací makléř, s.r.o. is responsible for the preparation and accuracy of the report on related parties. Our responsibility is to issue a report based on our review.

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

A member firm of Ernst & Young Global Limited
Ernst & Young Audit, s.r.o. with its registered office at Karlovo náměstí 10, 120 00 Prague 2,
has been incorporated in the Commercial Register administered by the Municipal Court
in Prague, Section C, entry no. 88504, under Identification No. 26704153.

Independent Auditor's Report on the Annual Report



Based on our review, nothing has come to our attention that causes us to believe that the report on related parties of ČSOB Leasing pojišťovací makléř, s.r.o. for the year ended 31 December 2012 is materially misstated.

Ernst & Young

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

Roman Hauptfleisch

Roman Hauptfleisch
Auditor, License No. 2009

28 June 2013
Prague, Czech Republic

A member firm of Ernst & Young Global Limited
Ernst & Young Audit, s.r.o. with its registered office at Karlovo náměstí 10, 120 00 Prague 2,
has been incorporated in the Commercial Register administered by the Municipal Court
in Prague, Section C, entry no. 88504, under Identification No. 26704153.

Financial Statements for the Year Ended 31 December 2012

Balance Sheet – Long Form (CZK thousand)

		Current year			Prior year 2011
		Gross	Allowances	Net	Net
	TOTAL ASSETS	172,789	(1,377)	171,412	191,474
A.	STOCK SUBSCRIPTION RECEIVABLE	0	0	0	0
B.	FIXED ASSETS	1,460	(1,377)	83	300
B. I.	Intangible assets	1,460	(1,377)	83	300
B. I. 1	Foundation and organization expenses	509	(509)	0	0
2	Research and development	0	0	0	0
3	Software	868	(868)	0	300
4	Patents, royalties and similar rights	0	0	0	0
5	Goodwill	0	0	0	0
6	Other intangible assets	0	0	0	0
7	Intangible assets in progress	83	0	83	0
8	Advances granted for intangible assets	0	0	0	0
B. II.	Tangible assets	0	0	0	0
B. II. 1	Land	0	0	0	0
2	Constructions	0	0	0	0
3	Separate movable items and groups of movable items	0	0	0	0
4	Perennial crops	0	0	0	0
5	Livestock	0	0	0	0
6	Other tangible assets	0	0	0	0
7	Tangible assets in progress	0	0	0	0
8	Advances granted for tangible assets	0	0	0	0
9	Gain or loss on revaluation of acquired property	0	0	0	0
B. III.	Financial investments	0	0	0	0
B. III. 1	Subsidiaries	0	0	0	0
2	Associates	0	0	0	0
3	Other long-term securities and interests	0	0	0	0
4	Loans to subsidiaries and associates	0	0	0	0
5	Other long-term investments	0	0	0	0
6	Long-term investments in progress	0	0	0	0
7	Advances granted for long-term investments	0	0	0	0

Financial Statements for the Year Ended 31 December 2012

		Current year			Prior year 2011
		Gross	Allowances	Net	Net
C.	CURRENT ASSETS	171,324	0	171,324	191,173
C. I.	Inventory	0	0	0	0
C. I. 1	Materials	0	0	0	0
2	Work in progress and semi-finished production	0	0	0	0
3	Finished products	0	0	0	0
4	Livestock	0	0	0	0
5	Goods	0	0	0	0
6	Advances granted for inventory	0	0	0	0
C. II.	Long-term receivables	587	0	587	816
C. II. 1	Trade receivables	0	0	0	0
2	Receivables from group companies with majority control	0	0	0	0
3	Receivables from group companies with control of 20% - 50%	0	0	0	0
4	Receivables from partners, co-operative members and participants in association	0	0	0	0
5	Long-term advances granted	0	0	0	0
6	Unbilled revenue	0	0	0	0
7	Other receivables	0	0	0	0
8	Deferred tax asset	587	0	587	816
C. III.	Short-term receivables	67,763	0	67,763	83,068
C. III. 1	Trade receivables	4,640	0	4,640	1,796
2	Receivables from group companies with majority control	0	0	0	0
3	Receivables from group companies with control of 20% - 50%	0	0	0	0
4	Receivables from partners, co-operative members and participants in association	0	0	0	0
5	Social security and health insurance	0	0	0	0
6	Due from government - tax receivables	14,198	0	14,198	20,333
7	Short-term advances granted	0	0	0	200
8	Unbilled revenue	48,919	0	48,919	60,728
9	Other receivables	6	0	6	11
C. IV.	Short-term financial assets	102,974	0	102,974	107,289
C. IV. 1	Cash	244	0	244	134
2	Bank accounts	102,730	0	102,730	107,155
3	Short-term securities and interests	0	0	0	0
4	Short-term financial assets in progress	0	0	0	0
D.	OTHER ASSETS – TEMPORARY ACCOUNTS OF ASSETS	5	0	5	1
D. I.	Accrued assets and deferred liabilities	5	0	5	1
D. I. 1	Prepaid expenses	5	0	5	1
2	Prepaid expenses (specific-purpose expenses)	0	0	0	0
3	Unbilled revenue	0	0	0	0

Financial Statements for the Year Ended 31 December 2012

		Current year	Prior year 2011
	TOTAL EQUITY & LIABILITIES	171,412	191,474
A.	EQUITY	163,262	183,133
A. I.	Basic capital	2,000	2,000
A. I.	1 Registered capital	2,000	2,000
	2 Own shares and own ownership interests (-)	0	0
	3 Changes in basic capital	0	0
A. II.	Capital funds	0	0
A. II.	1 Share premium (agio)	0	0
	2 Other capital funds	0	0
	3 Gain or loss on revaluation of assets and liabilities	0	0
	4 Gain or loss on revaluation of company transformations	0	0
	5 Gain or loss on company transformations	0	0
	6 Gain or loss on revaluation upon company transformations	0	0
A. III.	Reserve funds and other funds created from profit	200	200
A. III.	1 Legal reserve fund	200	200
	2 Statutory and other funds	0	0
A. IV.	Profit (loss) for the previous years	0	0
IV.	1 Retained earnings for the previous years	0	0
	2 Accumulated loss of previous years	0	0
A. V.	Profit (loss) for the year (+/-)	161,062	180,933
B.	LIABILITIES	8,150	8,341
B. I.	Provisions	0	0
B. I.	1 Provisions created under special legislation	0	0
	2 Provision for pensions and similar obligations	0	0
	3 Provision for corporate income tax	0	0
	4 Other provisions	0	0
B. II.	Long-term liabilities	0	0
B. II.	1 Trade payables	0	0
	2 Liabilities to group companies with majority control	0	0
	3 Liabilities to group companies with control of 20% - 50%	0	0
	4 Liabilities to partners, co-operative members and participants in association	0	0
	5 Long-term advances received	0	0
	6 Bonds payable	0	0
	7 Long-term notes payable	0	0
	8 Unbilled deliveries	0	0
	9 Other liabilities	0	0
	10 Deferred tax liability	0	0

Financial Statements for the Year Ended 31 December 2012

		Current year	Prior year 2011
B. III.	Current liabilities	8,150	8,341
B. III. 1	Trade payables	3,069	2,012
2	Liabilities to group companies with majority control	0	0
3	Liabilities to group companies with control of 20% - 50%	0	0
4	Liabilities to partners, co-operative members and participants in association	0	0
5	Liabilities to employees	1,015	916
6	Liabilities arising from social security and health insurance	537	553
7	Due to government – taxes and subsidies	201	207
8	Short-term advances received	0	0
9	Bonds payable	0	0
10	Unbilled deliveries	3,288	4,631
11	Other liabilities	40	22
B. IV.	Bank loans and borrowings	0	0
B. IV. 1	Long-term bank loans	0	0
2	Short-term bank loans	0	0
3	Borrowings	0	0
C.	OTHER LIABILITIES - TEMPORARY ACCOUNTS OF LIABILITIES	0	0
C. I.	Accrued liabilities and deferred assets	0	0
C. I. 1	Accruals	0	0
2	Deferred income	0	0

Prepared on: 29. 3. 2013

Signature of accounting entity's
statutory body:



Jan Starý



Mgr. Ivana Vondráčková

Person responsible
for accounting



Ing. Pavel Burša

Person responsible
for financial statements



Ing. Pavel Burša

Financial Statements for the Year Ended 31 December 2012

Income Statement – Long Form (CZK thousand)

		Current year	Prior year 2011
I.	1 Revenue from sale of goods	0	0
A.	2 Cost of goods sold	0	0
+	GROSS MARGIN	0	0
II.	Production	237,439	260,756
II.	1 Revenue from sale of finished products and services	237,439	260,756
	2 Change in inventory produced internally	0	0
	3 Own work capitalized	0	0
B.	Production related consumption	12,081	12,932
B.	1 Consumption of material and energy	559	183
B.	2 Services	11,522	12,749
+	VALUE ADDED	225,358	247,824
C.	Personnel expenses	27,500	26,484
C.	1 Wages and salaries	20,215	19,212
C.	2 Bonuses to members of company or cooperation bodies	120	120
C.	3 Social security and health insurance	6,340	6,476
C.	4 Other social costs	825	676
D.	1 Taxes and charges	1,224	983
E.	1 Amortization and depreciation of intangible and tangible fixed assets	300	263
III.	Revenue from sale of intangible and tangible fixed assets and materials	0	0
III.	1 Revenues from sale of intangible and tangible fixed assets	0	0
	2 Revenue from sale of materials	0	0
F.	Net book value of intangible and tangible fixed assets and materials sold	0	0
F.	1 Net book value of intangible and tangible fixed assets sold	0	0
F.	2 Materials sold	0	0
G.	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	0	0
IV.	2 Other operating revenues	2,945	3,299
H.	1 Other operating expenses	777	788
V.	2 Transfer of operating revenues	0	0
I.	1 Transfer of operating expenses	0	0
*	PROFIT OR LOSS ON OPERATING ACTIVITIES	198,502	222,605
VI.	1 Revenue from sale of securities and interests	0	0
J.	1 Securities and interests sold	0	0
VII.	Income from financial investments	0	0
VII.	1 Income from subsidiaries and associates	0	0
	2 Income from other long-term securities and interests	0	0
	3 Income from other financial investments	0	0
VIII.	1 Výnosy z krátkodobého finančního majetku	0	0

Financial Statements for the Year Ended 31 December 2012

		Current year	Prior year 2011
K.	2 Expenses related to financial assets	0	0
IX.	1 Gain on revaluation of securities and derivatives	0	0
L.	2 Loss on revaluation of securities and derivatives	0	0
M.	1 Change in provisions and allowances relating to financial activities	0	0
X.	1 Interest income	872	1,170
N.	2 Interest expense	0	0
XI.	1 Other finance income	10	11
O.	2 Other finance cost	48	23
XII.	1 Transfer of finance income	0	0
P.	2 Transfer of finance cost	0	0
*	PROFIT OR LOSS ON FINANCIAL ACTIVITIES	834	1,158
Q.	Tax on profit or loss on ordinary activities	38,274	42,830
Q.	1 – due	38,045	43,519
Q.	2 – deferred	229	(689)
**	PROFIT OR LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	161,062	180,933
XIII.	1 Extraordinary gains	0	0
R.	2 Extraordinary losses	0	0
S.	1 Tax on extraordinary profit or loss	0	0
S.	1 – due	0	0
S.	2 – deferred	0	0
*	EXTRAORDINARY PROFIT OR LOSS	0	0
	1 Transfer of share of profit or loss to partners (+/-)	0	0
***	PROFIT OR LOSS FOR THE YEAR (+/-)	161,062	180,933
****	PROFIT OR LOSS BEFORE TAXATION	199,336	223,763

Prepared on: 29. 3. 2013

Signature of accounting entity's statutory body:



Jan Starý



Mgr. Ivana Vondráčková

Person responsible for accounting



Ing. Pavel Burša

Person responsible for financial statements



Ing. Pavel Burša

Notes to the Financial Statements

1. DESCRIPTION OF THE COMPANY

ČSOB Leasing pojišťovací makléř, s.r.o. ("the Company") is a limited liability company incorporated on 17 May 2004 in the Czech Republic. The Company's registered office is located at Na Pankráci 60/310, 140 00 Prague 4, Czech Republic, and the business registration number (IČ) is 271 51 221. The Company is involved in insurance brokerage activities. No changes were made to the Commercial Register entry in 2012.

The parent company is ČSOB Leasing, a.s. ("ČSOBL"), which holds a 100% interest in the Company's basic capital, and the parent company of the entire group is Československá obchodní banka, a.s. The ultimate parent company is KBC Group N.V., with its registered office in Belgium.

The Company is included in the consolidated group of the parent company ČSOBL, which prepares consolidated financial statements.

Members of the statutory bodies as at 31 December 2012 were as follows:

STATUTORY REPRESENTATIVES	FROM
Mgr. Petr Neuvirth	1 January 2011
Jan Stary	17 May 2004
Mgr. Ivana Vondráčková	1 January 2011

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines and the Czech Accounting Standards as applicable for 2012 and 2011.

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 2012 and 2011 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets are recorded at their acquisition cost and related expenses.

Intangible fixed assets with a cost exceeding CZK 60 thousand are amortized on a straight line basis over their useful economic lives.

Notes to the Financial Statements

Amortization

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

	Years
Foundation and organization expenses	5
Software	3

If the net book value of amortized assets exceeds their estimated value in use, an allowance is created against such assets.

Small intangible assets with a cost of less than CZK 60 thousand are expensed in the year of acquisition.

b) Financial Assets

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

c) Receivables

Receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income.

d) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register.

In accordance with the Commercial Code, the Company creates a legal reserve fund from profit or from amounts contributed by partners above their contributions.

In the first year in which profit is generated, the Company allocates profit to the legal reserve fund (not more than 5% of basic capital). In subsequent years, the legal reserve fund is allocated 5% of profit after tax until the fund reaches 10% of basic capital. These funds can only be used to offset losses.

e) Liabilities

Long-term liabilities and current liabilities are carried at their nominal values.

f) Operating Leases

The Company leases personal automobiles under operating leases from ČSOBL, which are recorded by expensing the lease payments. Lease payments paid in advance are recorded as prepaid expenses and amortized over the lease term.

Notes to the Financial Statements

g) 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 as at the date of the financial statements.

Commissions on insurance are recorded upon the provision of services after the commission amount is determined in a reliable manner.

h) 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 management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

i) 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.

4. FIXED ASSETS

a) Intangible Fixed Assets

COST	31/ 12/ 2010	Additions	Disposals	31/ 12/ 2011	Additions	Disposals	31/ 12/ 2012
Foundation and organization expenses	509	0	0	509	0	0	509
Software	758	110	0	868	0	0	868
Intangibles in progress	0	110	(110)	0	83	0	83
TOTAL	1,267	220	(110)	1,377	83	0	1,460

ACCUMULATED AMORTIZATION	31/ 12/ 2010	Amortization during year	Disposals	31/ 12/ 2011	Amortization during year	Disposals	31/ 12/ 2012
Foundation and organization expenses	509	0	0	509	0	0	509
Software	305	263	0	568	300	0	868
TOTAL	814	263	0	1,077	300	0	1,377
Net book value	453	0	0	300	0	0	83

Notes to the Financial Statements

5. RECEIVABLES

	31/ 12/ 2012	31/ 12/ 2011
Trade receivables	4,640	1,996
Receivables from group companies	0	0
Due from government – tax receivables	14,198	20,333
Unbilled revenue and other receivables	48,925	60,739
Short-term receivables	67,763	83,068
Deferred tax asset	587	816
Receivables from group companies	0	0
Long-term receivables	587	816

Overdue receivables	31/ 12/ 2012	31/ 12/ 2011
1 to 30 days	668	1,261
31 to 90 days	58	0
91 to 180 days	0	1
181 to 365 days	1	0
Over 1 year	1,262	0

The Company has no receivables secured by collateral or guarantees.

As at 31 December 2012 and 2011, the Company had long-term receivables of CZK 587 thousand and CZK 816 thousand, respectively, arising from a deferred tax asset (see Note 10).

Unbilled revenue represents, in particular, commissions for insurance brokerage and interest due on loans.

Receivables from related parties (see Note 14).

6. OTHER ASSETS

Prepaid expenses include, in particular, prepaid licenses and insurance, which are charged to income in the year in which they were incurred.

7. EQUITY

The basic capital of the Company consists of a fully paid interest of ČSOBL, the sole shareholder, with a nominal value of CZK 2,000 thousand.

A legal reserve fund has been created up to the statutory amount of 10% of the basic capital and will not be further increased.

The profit distribution for 2012 was not approved as at the financial statements' date.

Notes to the Financial Statements

The movements in the capital accounts during 2012 and 2011 were as follows:

	Balance as at 31/ 12/ 2010	Increase	Decrease	Balance as at 31/ 12/ 2011	Increase	Decrease	Balance as at 31/ 12/ 2012
Basic capital	2,000	0	0	2,000	0	0	2,000
Legal reserve fund	200	0	0	200	0	0	200

The Annual General Meetings held on 29 June 2012 and 28 June 2011, respectively, approved the following profit distribution for 2011 and 2010:

Profit for 2010	186,599	Profit for 2011	180,933
Allocation to – Legal reserve fund	0	Allocation to – Legal reserve fund	0
Dividends and profit distribution	186,599	Dividends and profit distribution	180,933
Undistributed profits added to retained earnings	0	Undistributed profits added to retained earnings	0
Retained earnings as at 31/ 12/ 2011	0	Retained earnings as at 31/ 12/ 2012	0
Accumulated loss as at 31/ 12/ 2011	0	Accumulated loss as at 31/ 12/ 2012	0

Profit distribution for 2010 and 2011 were made through an offset of loans granted to the parent company ČSOBL and through an additional payment made to the ČSOBL current account.

8. PROVISIONS

The Company creates only a provision for corporate income tax due.

	Provision for income tax
BALANCE AS AT 31/ 12/ 2010	0
Additions	38,458
Corporate income tax prepayment	(38,458)
Deductions	0
BALANCE AS AT 31/ 12/ 2011	0
Additions	36,895
Corporate income tax prepayment	(36,895)
Deductions	0
BALANCE AS AT 31/ 12/ 2012	0

As at 31 December 2012 and 2011, the paid income tax advances exceed the provision for income tax. Due to this fact, the Company has an income tax receivable of CZK 14,075 thousand and CZK 20,210 thousand as at 31 December 2012 and 2011 presented within Due from government – tax receivables (see Note 5).

9. CURRENT LIABILITIES

The Company had overdue payables of CZK 308 thousand and CZK 8 thousand as at 31 December 2012 and 2011, respectively, as follows:

Overdue payables	31/ 12/ 2012	31/ 12/ 2011
1 to 30 days	218	8
31 to 90 days	50	0
91 to 180 days	40	0
181 to 365 days	0	0
Over 1 year	0	0

Notes to the Financial Statements

The Company has no current payables secured by collateral or guarantees in favor of a creditor.

	31/ 12/ 2012	31/ 12/ 2011
Trade payables	3,069	2,012
Other liabilities	40	22
Payables to employees	1,015	916
Liabilities from social security and health insurance	537	553
Due to government – tax payables	201	207
Unbilled deliveries	3,288	4,631
TOTAL PAYABLES	8,150	8,341

As at 31 December 2012, the Company had liabilities of CZK 537 thousand owing to social security and health insurance premiums.

Unbilled deliveries represent, in particular, estimated bonuses and back-office service outsourcing.

Payables to related parties (see Note 14).

10. INCOME TAXES

	2012	2011
Profit before taxes	199,336	223,763
Non-taxable revenues	(5,762)	(26,630)
Non-deductible expenses	610	5,278
Taxable income	194,184	202,411
Current income tax rate	19%	19%
Tax	36,895	38,458
Adjustment of the tax paid in previous years	1,150	5,061
Current tax expense	38,045	43,519

As at 31 December 2012 and 2011, the Company recorded a deferred tax asset of CZK 587 thousand and CZK 816 thousand, respectively, arising from wage bonuses and related unpaid social and health insurance premiums.

11. LEASES

The Company leases fixed assets as a lessee, which are not recorded on balance sheet (see Note 3f).

As at 31 December 2012 and 2011, assets which are being used by the Company under operating leases consist of the following:

Description	Terms/Conditions	Expense in 2012	Expense in 2011	Cost
Passenger cars	48 months	1,118	912	3,242

Notes to the Financial Statements

12. REVENUES AND EXPENSES

The breakdown of revenues on ordinary activities is as follows:

	2012		2011	
	Domestic	Foreign	Domestic	Foreign
Revenues from insurance brokerage	232,063	0	254,772	0
Revenues from provision of services	5,376	0	5,984	0
Other operating revenues	2,945	0	3,299	0
TOTAL REVENUES	240,384	0	264,055	0

In 2012, the revenues of the Company were concentrated primarily with seven main customers in the insurance industry.

Statutory auditor's fee is disclosed in the notes to the consolidated financial statements of ČSOB, a.s.

13. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows:

	2012		2011	
	Total personnel	Of which members of management bodies	Total personnel	Of which members of management bodies
Average number of employees	28	1	28	1
Wages and salaries	20,215	2,210	19,212	2,210
Bonuses to members of managerial bodies	120	120	120	120
Social security and health insurance	6,340	605	6,476	605
Social cost	825	0	676	0
TOTAL PERSONNEL EXPENSES	27,500	2,935	26,484	2,935

Members and former members of statutory and supervisory bodies received total bonuses of CZK 120 thousand and CZK 120 thousand in 2012 and 2011, respectively. The Company's management comprises a statutory representative who is an employee of the Company. The statutory representative can use a company car for private purposes. The vehicle is financed under an operating lease.

Notes to the Financial Statements

14. RELATED PARTY INFORMATION

The Company receives services from related parties in the ordinary course of business. Transactions with related parties performed in 2012 and 2011 are shown in the following table. The Company also sells services to related parties in the ordinary course of business and provides loans to ČSOBL.

	31/ 12/ 2012	31/ 12/ 2011
RECEIVABLES		
ČSOB Pojišťovna, member of ČSOB holding – trade receivables and unbilled revenue	35,944	41,520
ČSOB Leasing, a.s. – trade receivables	538	516
Total receivables	36,482	42,036
PAYABLES		
ČSOB Pojišťovna, a.s., member of ČSOB holding – insurance premium collection	1,317	591
ČSOB Leasing, a.s. – trade payables and unbilled deliveries	662	945
TOTAL PAYABLES	1,979	1,536

	2012	2011
EXPENSES		
ČSOB Leasing, a.s.	8,644	10,863
Československá obchodní banka, a.s.	29	24
Total expenses	8,673	10,887
REVENUES		
ČSOB Leasing, a.s.	6,066	7,045
ČSOB Pojišťovna, a.s., member of ČSOB holding	104,266	120,051
Československá obchodní banka, a.s.	164	61
TOTAL REVENUES	110,496	127,147

Trade receivables and payables arose on an arm's length basis. Loans granted to ČSOBL bear a market interest rate.

15. SUBSEQUENT EVENTS

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

Prepared on: 29. 3. 2013

Signature of accounting entity's
statutory body:



Jan Starý



Mgr. Ivana Vondráčková

Person responsible
for accounting



Ing. Pavel Burša

Person responsible
for financial statements



Ing. Pavel Burša

Independent Auditor's Report



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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ČSOB Leasing pojišťovací makléř, s.r.o.:

We have audited the accompanying financial statements of ČSOB Leasing pojišťovací makléř, s.r.o., which comprise the balance sheet as at 31 December, 2012, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information. For details of ČSOB Leasing pojišťovací makléř, s.r.o., 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.

Independent Auditor's Report



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ČSOB Leasing pojišťovací makléř, s.r.o., as at 31 December, 2012, and its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Ernst & Young

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

Roman Hauptfleisch

Roman Hauptfleisch
Auditor, License No. 2009

29 March 2013
Prague, Czech Republic

Report on Related Parties

Report of Statutory Representatives of ČSOB Leasing pojišťovací makléř, s.r.o. on Related Parties pursuant to Section 66a of Act No. 513/1991 Coll., the Commercial Code, as amended (hereinafter the "Commercial Code")

1. Controlled Party

ČSOB Leasing pojišťovací makléř, s.r.o.

Prague 4, postal code 140 00, Na Pankráci 60/310

Business Registration No. (IČ): 27151221,

entered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert No. 1000163 (hereinafter the "Company")

2. Controlling Party

DIRECTLY CONTROLLING PARTY:

ČSOB Leasing, a.s.,

with its registered office in Prague 4, Na Pankráci 310/60, postal code 140 00

Business Registration No. (IČ): 63998980,

entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert No. 3491

ULTIMATE CONTROLLING PARTY:

KBC Group NV

Belgium, 1080 Brussels, Havenlaan 2

3. Reporting Period

This Report describes relations between Related Parties pursuant to Section 66a of the Commercial Code for the last reporting period, i.e. the period from 1 January 2012 to 31 December 2012.

4. Relations between Related Parties

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

4.1. Core Business Operations of the Company

4.1.1 Insurance brokerage

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 made on an arm's length basis and their performance resulted in no detriment to the Company.

Report on Related Parties

4.2. Other Relations

4.2.1 Loan agreements

In the Reporting Period, the Company entered into a loan agreement with the Controlling Party. Alternatively, in the Reporting Period the Controlling Party provided performance on the basis of agreements entered into in prior reporting periods. The Controlling Party provided counter-performance in the form of payment of loan interest and principals. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.2 Cash management

In the Reporting Period, the Company entered into agreements with some Related Parties. The scope of the agreements comprised provision of services related to maintenance of current accounts or term deposits, and services related to internet banking. 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 fees paid. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.3 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 car leases. Alternatively, in the Reporting Period the Related Parties provided performance on the basis of lease and sub-lease agreements entered into in prior reporting periods. The Related Parties provided counter-performance in the form of contractual fees or lease of assets or sets of assets. All agreements were made on an arm's length basis and their performance resulted in no detriment to the Company.

4.2.4 Cooperation agreements – employee benefits

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

4.2.5 Other agreements

Agreements entered into with Related Parties in the Reporting Period

None.

Report on Related Parties

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

Agreement	Counter-performance	Related Party	Detriment
Agreement on outsourcing of services (incl. Amendments)	Fees paid for services	ČSOB Leasing	none

4.3. Other Legal Actions

Legal action	Related Party executing the action	Related Party benefiting from the legal action
Decision of the single member on distribution of profits	ČSOB Leasing	ČSOB Leasing pojišťovací makléř

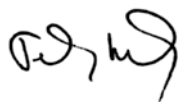
5. Conclusion

The Company's Statutory Representatives hereby represent that they have exercised due care and diligence in determining the group of Related Parties for purposes of this Report. The Statutory Representatives believe that any pecuniary or other performance or counter-performance arising from the foregoing relations between Related Parties was provided on an arm's length basis as in relations to other non-related parties, and resulted in no detriment to the Company. The Statutory Representatives disclosed significant receivables from, liabilities to and transactions with the Related Parties. The respective balances are included in Note 14 to the Financial Statements.

Prague, 29 March 2013

ČSOB Leasing pojišťovací makléř, s.r.o.

Statutory Representatives



Mgr. Petr Neuirth, Statutory Representative



Jan Starý, Statutory Representative

Contact Details

ČSOB Leasing pojišťovací makléř, s.r.o.

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