

ČSOB Leasing pojišťovací makléř, s.r.o.

ANNUAL REPORT  
FOR THE YEAR 2014



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**ČSOB Leasing pojišťovací makléř, s.r.o.<sup>1)</sup>, provides comprehensive services in brokering insurance for ČSOB Leasing, a.s.<sup>2)</sup>, PSA FINANCE ČESKÁ REPUBLIKA, s.r.o.<sup>3)</sup> and their clients.**

It also provides related services, including help in adjusting insured events.

**ČSOB Leasing pojišťovací makléř** is a one hundred per cent subsidiary of ČSOB Leasing. It is involved in brokering all kinds of insurance, in particular accident insurance and machine insurance, compulsory third party motor insurance, payment protection insurance and other supplementary insurance to accompany the financial products offered by ČSOB Leasing and PSA Finance.

It is able to arrange insurance for all items that need to be financed, in particular cars, motorcycles, machinery and equipment (even as part of real estate), technology, IT equipment (hardware) and more unusual objects of financing (wagons, aircraft, vessels) through financial leasing, loans and operative

leasing (including full-service leasing, fleet management and leaseback products).

**ČSOB Leasing pojišťovací makléř** also brokers favourable insurance for the clients of ČSOB Leasing and PSA Finance for cars, technology, machinery and equipment purchased using resources other than those companies' financial products. The company also brokers a number of insurance products relating to insurance for industry and entrepreneurs.

It works with all prominent domestic and foreign insurers in all areas of insurance.

It brokered master and collective contracts for insuring transport technology for both clients together with insurance companies ČSOB Pojišťovna, Allianz, Generali and Kooperativa. It also works together with insurance companies Česká podnikatelská pojišťovna, Česká pojišťovna, UNIQA and Servisní pojišťovna for ČSOB Leasing. Furthermore, it works with insurance companies ČSOB

Pojišťovna, Allianz Pojišťovna, Česká podnikatelská pojišťovna, Česká pojišťovna and Kooperativa when insuring machinery and equipment for ČSOB Leasing.

The company is able to broker various forms of insurance contracts, including so-called master/collective insurance contracts, which enable fast and comfortable insurance arrangement for clients together with financial services from ČSOB Leasing and PSA Finance.

The insurance premium is included in the instalment payments of the client's contract of financing (leasing, loan), meaning that it can be paid monthly, a fact that positively influences the time value of money and that optimises the number of financial transfers.

1) hereinafter referred to as ČSOB Leasing pojišťovací makléř or the company

2) hereinafter referred to as ČSOB Leasing

3) hereinafter referred to as PSA Finance





### COMPANY MANAGEMENT *as at 1 March 2015*



**Ing. Libor Bosák**  
*from 1 March 2015*



**Ing. Josef Rosenkranz**  
*from 5 March 2014*



**Ing. Pavel Prokš**  
*from 1 March 2015*



**Ing. Rudolf Kypta**  
*from 5 March 2014*



**Mgr. Petr Neuvirth**  
*from 1 January 2011*



**Bc. Jan Čížek**  
*from 6 February 2015*



## MAIN EVENTS IN THE YEAR 2014

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- According to statistics from the Czech Insurance Association (ČAP), the development of the Czech insurance market in 2014 brought *a year-on-year increase in premiums of 1.1 %. Non-life insurance rose by 2.3 %*, mainly thanks to the situation in the area of insurance for motor vehicles.

- *The main driving force of growth was compulsory third party motor insurance*, which strengthened 4.6 % year-on-year. This was affected by changes in the premium rates relating to the new Civil Code and the obligation of insurers to transfer a contribution from premiums to the Loss Protection Fund (Fond zábrany škody) and to the Fire Rescue Service (Hasičský záchranný sbor).

- There was significant progress in *the amendment to Act No. 38/2004 Sb. on insurance brokers and independent adjusters of insured events*, which is currently passing through the legislative process without any major delays following the election of new

deputies to the Chamber of Deputies of the Parliament of the Czech Republic.

- ČSOB Leasing pojišťovací makléř recorded *a turnover of brokered insurance of CZK 1.083 billion in 2014*.

- The company played an active part in preparing and ensuring *successful marketing campaigns for ČSOB Leasing* during the year: HIT Kredit, Tune your car as you like ("Vylad'te si auto podle svého" – ČSOB Leasing clients were offered the chance to use the benefits of GAP free-of-charge for the first time as part of this campaign), Entrepreneur (Podnikatel), Renewal and Repair (Obnova a repase), Surgery (Ordinace), Subsidy (Dotace) and MOBILITA+.

- The company continued to offer a wide range of insurance coverage in the form of free vehicle windshield insurance from selected insurance companies.

- *The company successfully completed negotiations and began full cooperation with insurer Česká podnikatelská pojišťovna, a.s., VIG*, in the area of leasing in relation to insurance for transport technology, machinery and equipment.

- The company also amplified its work in offering non-leasing insurance through the *on-line insurance* tool, both in insurance after the end of financing services and in insurance for vehicles outwith financing services (through its own network of subordinate insurance brokers).





# RANGE OF INSURANCE PRODUCTS AND SERVICES FOR CLIENTS OF ČSOB LEASING



## RANGE OF INSURANCE PRODUCTS AND SERVICES FOR CLIENTS OF ČSOB LEASING

### Basic types of insurance:

- accident insurance;
- compulsory third party motor insurance;
- machine insurance;
- payment protection insurance.

### Supplementary types of insurance (examples):

- windshield insurance;
- body injury insurance;
- luggage insurance;
- assistance services;
- replacement vehicle rental cost insurance;
- legal protection insurance;
- GAP (insurance of the difference between the common price of a vehicle and the book residual value);
- shipping insurance;
- Construction/Erection All-Risk (CAR/EAR) Insurance;
- cargo insurance.

### Standards in the adjustment of insured events

The company has standards agreed with cooperating insurance companies in relation to the adjustment of insured events that speed up the process quite considerably. These standards concern, among other, setting binding deadlines within which the insurance company technician has to inspect a vehicle, deadlines for the provision of insurance benefit, setting the price of wrecks and so on.

### Arranging insurance after the expiry of the client's contract (leasing, loan)

ČSOB Leasing pojišťovací makléř offers the clients of ČSOB Leasing the chance to arrange insurance for the time which follows the expiry of their client contracts, in that the same, favourable premium rates that the client enjoys during the contract are maintained. This service is free for the clients of ČSOB Leasing and allows them to smoothly continue their insurance without the need to actually take the vehicle to the insurance company for inspection. At the same time, it is also possible to use no-claims bonuses from the period having passed and bonuses earned during the period of financing from ČSOB Leasing.









**The company provides organisations and individuals engaging in business (and those not) with a comprehensive range of services in the management of insured risks and insurance. In addition to the objects being financed, these cover other property insurance, various forms of liability and offers of benefits for employees etc.**

These services include:



#### **Risk management:**

- the analysis and appraisal of risks, including an audit of insurance contracts;
- compiling risk reports;
- proposals for insurance programmes.

#### **The realisation of insurance programmes:**

- the selection of an insurer;
- locating the risk on the Czech and foreign insurance/re-insurance market.

#### **The administration of insurance:**

- the administration of insurance contracts;
- billing insurance premiums;
- suggestions for supplementing and improving an existing insurance programme;
- compiling addenda and renewals of insurance contracts.

#### **The adjustment of insured events:**

- expert assistance in adjusting losses;
- representing the client in dealings with insurance companies and upholding their interests so that there is no reduction in insurance benefit as a result of lack of knowledge etc.;
- reporting losses, arranging inspections, gathering documents;
- ensuring the timely payment of benefit or advances on such benefit;
- keeping records of insured events.

#### **Consultancy work in insurance and the insurance industry:**

- monitoring the insurance market;
- suggestions for changes to an insurance programme with regard to changes on the insurance market, to the economic environment, etc.

#### **A comprehensive range of insurance products:**

- property insurance and insurance of interruption of operation;
- insurance of construction and assembly work;
- damage liability insurance, including liability for products;
- liability insurance for the members of company governing bodies (directors and officers);
- damage liability insurance for employees for losses caused to the employer;
- insurance of fleets of motor vehicles;
- insurance for carriers;
- cargo insurance;
- agricultural insurance (crops and livestock);
- insurance of aviation risk and ships;
- guarantee and loan insurance;
- insurance for the cancellation of cultural or sporting events;
- insurance for temporary and lasting physical incapacity;
- accident insurance;
- group life insurance;
- programmes for employees.



**Cooperating insurance companies:****The leasing aspect of insurance**

- Allianz pojišťovna, a. s.
- BNP Paribas Cardif Pojišťovna, a.s.
- Česká podnikatelská pojišťovna, a. s., Vienna Insurance Group
- Česká pojišťovna a. s.
- ČSOB Pojišťovna, a. s., a member of the ČSOB holding
- Generali Pojišťovna a. s.
- Kooperativa pojišťovna, a. s., Vienna Insurance Group
- Servisní pojišťovna, a. s.
- UNIQA pojišťovna, a. s.

**Insurance outwith financing**

- AIG Europe Limited, organizační složka
- Allianz pojišťovna, a. s.
- Atradius Credit Insurance N.V., organizační složka
- AXA pojišťovna a.s.
- BNP Paribas Cardif Pojišťovna, a.s.
- Česká podnikatelská pojišťovna, a. s., Vienna Insurance Group
- Česká pojišťovna a. s.
- ČSOB Pojišťovna, a. s., a member of the ČSOB holding
- 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.









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

#### INDEPENDENT AUDITOR'S REPORT

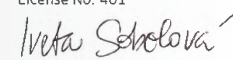
To the Shareholder of ČSOB Leasing pojišťovací makléř, s.r.o.:

- I. We have audited the financial statements of ČSOB Leasing pojišťovací makléř, s.r.o. ("the Company") as at 31 December 2014 presented in the annual report of the Company on pages 17 - 34 and our audit report dated 26 March 2015 related to them is on page 35.
- 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 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

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

				Current year			Prior year 2013
				Gross	Allowances	Net	Net
TOTAL ASSETS				154,976	(1,496)	153,480	173,327
A.	STOCK SUBSCRIPTION RECEIVABLE			0		0	0
B.	FIXED ASSETS			1,677	(1,496)	181	259
B.	I.	Intangible assets		1,677	(1,496)	181	259
B.	I.	1	Foundation and organization expenses	509	(509)	0	
		2	Research and development				
		3	Software	1,168	(987)	181	41
		4	Patents, royalties and similar rights				
		5	Goodwill				
		6	Other intangible assets				
		7	Intangible assets in progress				218
		8	Advances granted for intangible assets				
B.	II.	Tangible assets		0	0	0	0
B.	II.	1	Land				
		2	Constructions				
		3	Separate movable items and groups of movable items				
		4	Perennial crops				
		5	Livestock				
		6	Other tangible assets				
		7	Tangible assets in progress				
		8	Advances granted for tangible assets				
		9	Gain or loss on revaluation of acquired property				



BALANCE SHEET – 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				
C.		CURRENT ASSETS		153,207	0	153,207	173,068
C.	I.	Inventory		0	0	0	0
C.	I.	1	Materials				
		2	Work in progress and semi-finished production				
		3	Finished products				
		4	Livestock				
		5	Goods				
		6	Advances granted for inventory				
C.	II.	Long-term receivables		993	0	993	967
C.	II.	1	Trade receivables				
		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				

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

		Current year			Prior year 2013
		Gross	Allowances	Net	Net
6	Unbilled revenue				
7	Other receivables				
8	Deferred tax asset	993		993	967
C. III.	Short-term receivables	62,601	0	62,601	119,780
C. III. 1	Trade receivables	2,525		2,525	3,091
2	Receivables from group companies with majority control				55,000
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	12,107		12,107	7,703
7	Short-term advances granted	5		5	
8	Unbilled revenue	47,960		47,960	53,983
9	Other receivables	4		4	3
C. IV.	Short-term financial assets	89,613	0	89,613	52,321
C. IV. 1	Cash	282		282	222
2	Bank accounts	89,331		89,331	52,099
3	Short-term securities and interests			0	
4	Short-term financial assets in progress				
D.	OTHER ASSETS – TEMPORARY ACCOUNTS OF ASSETS	92	0	92	0
D. I.	Accrued assets and deferred liabilities	92	0	92	0
D. I. 1	Prepaid expenses	92		92	
2	Prepaid expenses (specific-purpose expenses)				
3	Unbilled revenue				

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

				Current year	Prior year 2013
TOTAL EQUITY & LIABILITIES				153,480	173,327
A.	EQUITY			141,840	163,140
A.	I.	Basic capital		2,000	2,000
A.	I.	1	Registered capital	2,000	2,000
		2	Own shares and own ownership interests (-)		
		3	Changes in basic capital		
A.	II.	Capital funds		0	0
A	II.	1	Share premium (agio)		
		2	Other capital funds		
		3	Gain or loss on revaluation of assets and liabilities		
		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		
A	III.	Funds created from profit		200	200
A	III.	1	Reserve fund	200	200
		2	Statutory and other funds		
A.	IV.	Profit (loss) for the previous years		0	0
	IV.	1	Retained earnings for the previous years		
		2	Accumulated loss of previous years		
		3	Other retained earnings for previous years		
A.	V.	Profit (loss) for the year (+/-)		139,640	160,940



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

				Current year	Prior year 2013
B.	LIABILITIES			11,640	10,187
B.	I.	Provisions		0	0
B.	I.	1	Provisions created under special legislation		
		2	Provision for pensions and similar obligations		
		3	Provision for corporate income tax		
		4	Other provisions		
B.	II.	Long-term liabilities		0	0
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		
		6	Bonds payable		
		7	Long-term notes payable		
		8	Unbilled deliveries		
		9	Other liabilities		
		10	Deferred tax liability		
B.	III.	Current liabilities		11,640	10,187
B.	III.	1	Trade payables	2,668	2,201
		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	1,109	1,148
		6	Liabilities arising from social security and health insurance	645	694

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

	Current year	Prior year 2013
7 Due to government – taxes and subsidies	239	255
8 Short-term advances received		
9 Bonds payable		
10 Unbilled deliveries	6,979	5,880
11 Other liabilities		9
<b>B. IV. Bank loans and borrowings</b>	<b>0</b>	<b>0</b>
B. IV. 1 Long-term bank loans		
2 Short-term bank loans		
3 Borrowings		
<b>C. OTHER LIABILITIES – TEMPORARY ACCOUNTS OF LIABILITIES</b>	<b>0</b>	<b>0</b>
<b>C. I. Accrued liabilities and deferred assets</b>	<b>0</b>	<b>0</b>
C. I. 1 Accruals		
2 Deferred income		

PREPARED ON: 26. 3. 2015

Signature of accounting entity's statutory body:

  
Ing. Rudolf Kypta

  
Ing. Josef Rosenkranz

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	
A.	2	Cost of goods sold	
+		Gross margin	0
II.		Production	220,730
II.	1	Revenue from sale of finished products and services	244,191
	2	Change in inventory produced internally	
	3	Own work capitalized	
B.		Production related consumption	17,175
B.	1	Consumption of material and energy	474
B.	2	Services	16,701
+		Value added	203,555
C.		Personnel expenses	30,574
C.	1	Wages and salaries	22,307
C.	2	Bonuses to members of corporation management	60
C.	3	Social security and health insurance	7,362
C.	4	Other social costs	845
D.	1	Taxes and charges	1,486
E.	1	Amortization and depreciation of intangible and tangible fixed assets	78
III.		Revenue from sale of intangible and tangible fixed assets and materials	0
III.	1	Revenues from sale of intangible and tangible fixed assets	
	2	Revenue from sale of materials	
F.		Net book value of intangible and tangible fixed assets and materials sold	0
F.	1	Net book value of intangible and tangible fixed assets sold	
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)		
IV.	2	Other operating revenues	2,295	2,612
H.	1	Other operating expenses	1,080	538
V.	2	Transfer of operating revenues		
I.	1	Transfer of operating expenses		
*		Profit or loss on operating activities	172,632	198,420
VI.	1	Revenue from sale of securities and interests		
J.	1	Securities and interests sold		
VII.		Income from financial investments	0	0
VII.	1	Income from subsidiaries and associates		
	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		
L.	2	Loss on revaluation of securities and derivatives		
M.	1	Change in provisions and allowances relating to financial activities		
X.	1	Interest income	521	643
N.	2	Interest expense		
XI.	1	Other finance income		18
O.	2	Other finance cost	28	31
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	493	630
Q.	Tax on profit or loss on ordinary activities	33,485	38,110
Q.	1 – due	33,511	38,490
Q.	2 – deferred	(26)	(380)
**	Profit or loss on ordinary activities after taxation	139,640	160,940
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 (+/-)	139,640	160,940
****	Profit or loss before taxation	173,125	199,050

PREPARED ON: 26. 3. 2015

Signature of accounting entity's statutory body:



Ing. Rudolf Kypta



Ing. Josef Rosenkranz

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 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.

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 2014 were as follows:

STATUTORY REPRESENTATIVES	FROM
Mgr. Petr Neuvirth	1. 1. 2011
Jan Starý	17. 5. 2004
Ing. Rudolf Kypťá	5. 3. 2014
Ing. Josef Rosenkranz	5. 3. 2014

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 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 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.

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 Articles of Association, the Company creates a 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.

#### 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.

#### j) *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

COST							
	31/12/2012	Additions	Disposals	31/12/2013	Additions	Disposals	31/12/2014
Foundation and organization expenses	509	0	0	509	0	0	509
Software	868	83	0	951	218	0	1,168
Intangibles in progress	83	218	(83)	218	0	(218)	0
Total	1,460	301	(83)	1,678	218	(218)	1,677

ACCUMULATED AMORTIZATION							
	31/12/2012	Amortization during year	Disposals	31/12/2013	Amortization during year	Disposals	31/12/2014
Foundation and organization expenses	509	0	0	509	0	0	509
Software	868	42	0	910	78	0	987
Total	1,377	42	0	1,419	78	0	1,496
Net book value	83	0	0	259	0	0	181

5. RECEIVABLES

	31/12/2014	31/12/2013
Trade receivables incl. short-term advanced payments	2,530	3,091
Receivables from group companies	0	55,000
Due from government – tax receivables	12,107	7,703
Unbilled revenue and other receivables	47,964	53,986
<b>Short-term receivables</b>	<b>62,601</b>	<b>119,780</b>
Deferred tax asset	993	967
Receivables from group companies	0	0
<b>Long-term receivables</b>	<b>993</b>	<b>967</b>

Overdue receivables	31/12/2014	31/12/2013
1 to 30 days	2,769	0
31 to 90 days	1	0
91 to 180 days	0	0
181 to 365 days	0	0
Over 1 year	0	0

The Company has no receivables secured by collateral or guarantees.

As at 31 December 2014 and 2013, the Company had long-term receivables of CZK 993 thousand and CZK 967 thousand, respectively, arising from a deferred tax asset (see Note 9). Unbilled revenue represents, in particular, commissions for insurance brokerage and interest due on loans. Receivables from related parties (see Note 13).

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

The profit distribution for 2013 was not approved as at the date of the financial statements.

The movements in the capital accounts during 2014 and 2013 were as follows:

	Balance as at 31/12/2012	Increase	Decrease	Balance as at 31/12/2013	Increase	Decrease	Balance as at 31/12/2014
Basic capital	2,000	0	0	2,000	0	0	2,000
Reserve fund	200	0	0	200	0	0	200

The Annual General Meetings held on 25 June 2014 and 25 June 2013, respectively, approved the following profit distribution for 2013 and 2012:

Profit for 2012	161,062	Profit for 2013	160,940
Allocation to legal reserve fund	0	Allocation to legal reserve fund	0
Dividends and profit distribution	161,062	Dividends and profit distribution	160,940
Undistributed profits added to retained earnings	0	Undistributed profits added to retained earnings	0
Retained earnings as at 31/12/2013	0	Retained earnings as at 31/12/2014	0
Accumulated loss as at 31/12/2013	0	Accumulated loss as at 31/12/2014	0

The profit distributions for 2012 and 2013 were made through an offset of loans granted to the parent company ČSOBL and through an additional payment made to the ČSOBL current account.

7. PROVISIONS

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

	Provision for income tax
Balance as at 31/12/2012	0
Additions	37,884
Corporate income tax prepayment	(37,884)
Deductions	0
<b>Balance as at 31/12/2013</b>	<b>0</b>
Additions	33,239
Corporate income tax prepayment	(33,239)
Deductions	0
<b>Balance as at 31/12/2014</b>	<b>0</b>

As at 31 December 2014 and 2013, the paid income tax advances exceed the provision for income tax. Due to this fact, the Company has an income tax receivable of CZK 11,888 thousand and CZK 7,578 thousand as at 31 December 2014 and 2013 presented within Due from government – tax receivables (see Note 5).

8. CURRENT LIABILITIES

The Company had overdue payables of CZK 3 thousand and CZK 46 thousand as at 31 December 2014 and 2013, respectively, as follows:

Overdue payables	31/12/2014	31/12/2013
1 to 30 days	2	46
31 to 90 days	0	0
91 to 180 days	1	0
181 to 365 days	0	0
Over 1 year	0	0

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

	31/12/2014	31/12/2013
Trade payables	2,668	2,201
Other liabilities	0	9
Payables to employees	1,109	1,148
Liabilities from social security and health insurance	645	694
Due to government – tax payables	239	255
Unbilled deliveries	6,979	5,880
<b>Total payables</b>	<b>11,640</b>	<b>10,187</b>

As at 31 December 2014, the Company had liabilities of CZK 645 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 13).

9. INCOME TAXES

	2014	2013
Profit before taxes	173,125	199,050
Non-taxable revenues	(966)	(3,324)
Non-deductible expenses	2,786	3,663
Taxable income	174,945	199,389
Current income tax rate	19%	19%
Tax	33,239	37,884
Adjustment of the tax paid in previous years	272	606
<b>Current tax expense</b>	<b>33,511</b>	<b>38,490</b>

As at 31 December 2014 and 2013, the Company recorded a deferred tax asset of CZK 993 thousand and CZK 967 thousand, respectively, arising from wage bonuses and related unpaid social and health insurance premiums.



10. LEASES

The Company leases fixed assets as a lessee, which are not recorded on balance sheet (see Note 3f).  
As at 31 December 2014 and 2013, assets which are being used by the Company under operating leases consist of the following:

Description	Terms/Conditions	Expense in 2014	Expense in 2013	Cost
Passenger cars	48 months	1,041	1,118	3,496

11. REVENUES AND EXPENSES

The breakdown of revenues on ordinary activities is as follows:

	2014		2013	
	Domestic	Foreign	Domestic	Foreign
Revenues from insurance brokerage	213,447	0	236,908	0
Revenues from provision of services	7,283	0	7,283	0
Other operating revenues	2,295	0	2,612	0
Total revenues	223,025	0	246,803	0

In 2014, the revenues of the Company were concentrated primarily with seven main customers in the insurance industry.  
The statutory auditor's fee is disclosed in the notes to the consolidated financial statements of ČSOB, a.s.

12. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows:

	2014		2013	
	Total personnel	Of which members of management bodies	Total personnel	Of which members of management bodies
Average number of employees	32	1	32	1
Wages and salaries	22,307	2,119	21,718	2,210
Bonuses to members of managerial bodies	60	60	120	120
Social security and health insurance	7,362	509	7,440	605
Social cost	845	0	875	0
Total personnel expenses	30,574	2,668	30,153	2,935

Members and former members of statutory and supervisory bodies received total bonuses of CZK 60 thousand and CZK 120 thousand in 2014 and 2013, 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.

13. RELATED PARTY INFORMATION

The Company receives services from related parties in the ordinary course of business. Transactions with related parties performed in 2014 and 2013 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.

	31/12/2014	31/12/2013
Receivables		
ČSOB Pojišťovna, a.s., member of ČSOB holding – trade receivables and unbilled revenues	34,724	41,171
ČSOB Leasing, a.s. – trade receivables	734	734
Total receivables	35,458	41,905
Payables		
ČSOB Pojišťovna, a.s., member of ČSOB holding – insurance premium collection	0	284
ČSOB Leasing, a.s. – trade payables and unbilled deliveries	651	843
Total payables	651	1,127
	2014	2013
Expenses		
ČSOB Leasing, a.s.	8,972	9,173
Československá obchodní banka, a.s.	1	29
První certifikační autorita, a.s.	1	0
Total expenses	8,974	9,202
Revenues		
ČSOB Leasing, a.s.	7,744	7,283
ČSOB Pojišťovna, a.s., member of ČSOB holding	61,067	114,572
Československá obchodní banka, a.s.	0	170
Total revenues	67,836	122,025

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

14. SUBSEQUENT EVENTS

The following changes to the Commercial Register have been made up to the date of the preparation of the financial statements:

	Statutory Representatives	Until
Statutory Representative:	Jan Starý	30 January 2015
	Statutory Representatives	From
Statutory Representative:	Jan Čížek	6 February 2015
Statutory Representative:	Pavel Prokš	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.

PREPARED ON: 26. 3. 2015

Signature of accounting entity's statutory body:

  
Ing. Rudolf Kypta

  
Ing. Josef Rosenkranz

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 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 2014, 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.



#### 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 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



Report of the Statutory Representatives of ČSOB Leasing pojišťovací makléř, s.r.o., on Relations between Related Parties

01. CONTROLLED ENTITY

ČSOB Leasing pojišťovací makléř, s.r.o. with its registered office at Praha 4, PSČ 140 00, Na Pankráci 60/310, Company ID No. 27151221, incorporated in the Commercial Register, Section C, Insert No. 1000163, maintained at the Municipal Court in Prague (hereinafter referred to as “the Company”).

02. CONTROLLING ENTITY

ČSOB Leasing, a.s. is the sole shareholder of the Company with its registered office at Praha 4, Na Pankráci 310/60,PSČ: 140 00.

The sole shareholder of ČSOB Leasing, a.s. is Československá obchodní banka, a.s. whose only shareholder is KBC Bank NV.

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

03. 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

ČSOB Leasing, a.s. is universal leasing company, which is part of the financial group ČSOB. The ČSOB group is part of the KBC Group.

As for accounting period, the Company 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. The Bank has relations mainly with the following related entities:

COMPANY	Business Address
Československá obchodní banka, a. s.	Radlická 333/150, 150 57 Praha 5, CZ
ČSOB Leasing, a.s.	Na Pankráci 310/60, 140 00 Praha 4, CZ
ČSOB Pojišťovna, a. s., a member of the ČSOB holding	Masarykovo náměstí 1458, 532 18 Pardubice - Zelené předměstí, CZ
První certifikační autorita, a.s.	Podvinný mlýn 2178/6, 190 00 Praha 9, CZ

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

ČSOB Leasing, a.s. controls the Company through decisions of a single shareholder in line with the Law on Commercial Corporations.

The controlling entity also exercises its influence through its representatives in governing bodies of the Company, especially

Statutory Representatives. First and foremost it means cooperation and coordination on the field of consolidated risk management, auditing, financial and business management and compliance with prudential rules that apply for financial institutions and legal requirements.

05. 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 the Company's equity including common business transactions.

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

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

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 concluded under standard business terms and conditions.

OTHER RELATIONS

Loan agreements

In the accounting period, the Company entered into a loan agreement with the Controlling Party, value of which exceeded 10% of company's equity. Alternatively, in the Reporting Period the Company provided performance on the basis of agreements entered into in prior reporting periods. 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.

Cash management

In the accounting 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 concluded under standard business terms and conditions.

#### *Lease and sub-lease agreements*

In the accounting 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 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.

#### *Agreement on the outsourcing of services*

In the accounting period, the Company concluded an agreement on the outsourcing of services or had concluded such agreement

in previous accounting periods. The acquired services relate to administrative agenda such as bookkeeping, taxes, marketing, IT services, controlling. The Company provided counter-performance in the form of contractual fees. The agreement was concluded under standard business terms and conditions.

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

On 25 June 2014, ČSOB Leasing, 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 160,940 thousand CZK had been paid to the shareholder.

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

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

#### **08. 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.

The Company provided especially insurance brokerage services, mainly to the controlling entity.

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.

#### **09. ACCOUNTING PERIOD**

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

#### **10. CONCLUSION**

The Statutory representatives of the Company state that this Report was prepared within the stated period and in line with § 82 of Law on Commercial Corporations. While processing the report the Statutory representatives 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 ČSOB.

**In Prague, 25 March 2015**

**ČSOB Leasing pojišťovací makléř, s.r.o.**

On behalf of the Statutory Representatives

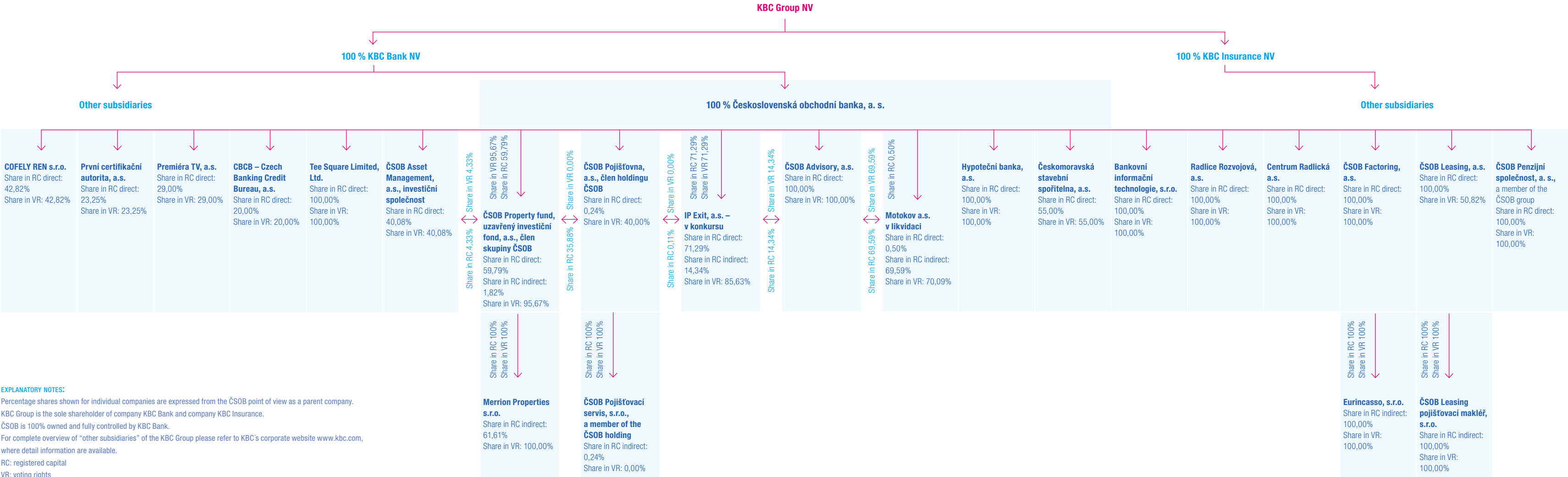


**Rudolf Kypta**  
Statutory  
representative



**Josef Hosenkranz**  
Statutory  
representative

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

**ČSOB Leasing pojišťovací makléř, s.r.o.**

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