

ANNUAL REPORT 2017

ČSOB LEASING pojišťovací makléř, s.r.o.

01 About the Company	03
Basic Information about the Company	04
Company Management	05
Company Introduction	06
02 Highlights of 2017 and 2018	07
03 Insurance Products and Services Offered	09
Insurance Products and Services Offered for the Customers of ČSOB leasing	10
Other Services Offered	11
Partners	12
04 Independent Auditor's Report	13
05 Financial Results	16
Balance Sheet	17
Profit and Loss Statement	20
Cash-Flow Statement	22
Statement of Changes in Shareholder's Equity	23
Notes to Financial Statements	24
Related Parties Report, diagram	36
06 Contacts	40

01

ABOUT THE COMPANY



01

BASIC INFORMATION ABOUT THE COMPANY

TRADING COMPANY	ČSOB Leasing pojišťovací makléř, s. r. o.
SEAT	Na Pankráci 60/310, 140 00 Prague 4, Czech Republic
CORPORATE FORM	limited liability company
REGISTRATION	registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Insert 100163
DATE OF REGISTRATION	17 May 2004
IDENTIFICATION NUMBER	27151221
SUBSIDIARY OF	ČSOB Leasing, a. s., Identification number: 63998980. Seat: Na Pankráci 310/60, 140 00 Prague 4, Czech Republic
URL	www.csoblpm.cz

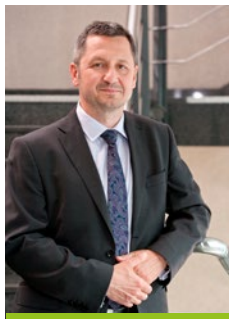
Registered in the Register of Insurance Intermediaries and Independent Loss Adjusters of the Czech National Bank (CNB):

Registered in the Register under no. 007657PA as an insurance agent

Registered in the Register under no. 005818PM as an insurance broker

01

COMPANY MANAGEMENT



Ing. Libor Bosák
chairman of the board of directors



Ing. Josef Rosenkranz
vice-chairman of the board of directors



Ing. Pavel Prokš
member of the board of directors



Ing. Jakub DOLEŽAL
member of the board of directors



Mgr. Petr Neuvirth
member of the board of directors



Bc. Jan Čížek
member of the board of directors

01

COMPANY INTRODUCTION

- ČSOB Leasing pojišťovací makléř, s. r. o.,¹⁾ provides comprehensive insurance brokerage services for the company ČSOB Leasing, a.s.²⁾ and for its clients. It also provides related services including assistance with claim settlement.
- ČSOB Leasing pojišťovací makléř is **a wholly owned subsidiary of ČSOB Leasing**.
- It provides all types of insurance, e.g. third-party motor vehicle insurance, accident and machinery insurance, payment protection insurance and other kinds of insurance that supplement the financial services offered by ČSOB Leasing. **The Company can provide insurance for all of the items financed,**

particularly automobiles, motorcycles, machinery and equipment (also when part of buildings), technology, IT equipment (hardware) and non-standard items (railway carriages, aircraft, ships). The purchase of these items can be financed through a capital lease, loan, or operating lease (and also as part of full-service leasing and fleet management).

- ČSOB Leasing pojišťovací makléř also offers the clients of ČSOB Leasing or the procurement of attractive insurance products for automobiles, technology, machinery and equipment not financed through the financial services of these companies.
- The Company also offers its clients the creation and management of comprehensive insurance programs

including insurance risk management and insurance claims settlement.

- ČSOB Leasing pojišťovací makléř cooperates, in all areas of insurance, with all major domestic and foreign insurers. The high-quality cooperation with insurers makes it possible for ČSOB Leasing pojišťovací makléř to convey benefits from these partnerships to its clients.
- Since 2012, ČSOB Leasing pojišťovací makléř has been cooperating with selected **insurance intermediaries**.

1) hereinafter referred to as ČSOB Leasing pojišťovací makléř or The Company

2) hereinafter referred to as ČSOB Leasing



02

HIGHLIGHTS OF 2017 AND 2018



02

HIGHLIGHTS OF 2017 AND THE BEGINNING OF 2018

Based on the figures of the Czech Insurance Companies Association (ČAP) for the last year, total premium prescribed in 2017 increased year-to-year by CZK 4.4 billion (to total CZK 122.94 billion) which represents 3.8% increase.

Same as last year, non-life insurance which increased by 5.9% strengthened the insurance market, while life insurance increased only by 0.1%.

Non-life insurance was developing positively – prescribed premium increased by CZK 4.4 billion from CZK 74.8 billion in 2016 to the current CZK 79.2 billion. Motor third-party liability insurance premium increased by 4.2%. The increased volume is related mainly to the growing number of cars. (please correct if necessary, I haven't checked)

The growth dynamics continued also in accident insurance in 2017. The accident insurance grew by 8.4% compared to 2016. This development of car insurance is

related to the economic conjuncture and more frequent purchases of new and more expensive vehicles.

Draft law on insurance and reinsurance distribution was supported by the Parliament (1/2018) in the first round. The reason of the law submission is the transposition of the IDD decree. The transposition term has been set to 1 July 2018 at the national level. It is to enter into effect on 1 October 2018.

ČSOB Leasing pojišťovací makléř had a turnover of mediated premium in the amount of CZK 1.227 billion in 2017.

In 2017, the company actively participated in the preparation and implementation of successful marketing sales campaigns of ČSOB Leasing: Car loan Autopůjčka – Give a Nod to “Autopůjčka” Car Loan with the Best Interest / Every Single One of You Will Have Low Interest Rate from Us (KOMPLEX insurance package was offered to ČSOB Leasing clients for the first time), SME

programs focusing on shippers and truckers (“Truck Půjčka”) and programs supporting agricultural technology – such as Zetor.

The company actively participated in the Group's X-sell activities in the area of insurance of CORP, SME and RET clients of ČSOB.

The company further enhanced its activities in the area of non-leasing insurance offer through on-line insurance tools by means of introducing new functionalities to ČSOBL clients with terminating financing agreements.

Last but not least, the company started cooperating with 26 new partners in extending of the network of own cooperating subordinate insurance intermediaries, with the objective of further developing non-leasing insurance with ČSOBL dealers during 2017. Total number of subordinate insurance intermediaries amounts to 94.

03

INSURANCE PRODUCTS AND SERVICES OFFERED



03

INSURANCE PRODUCTS AND SERVICES OFFERED
FOR THE CUSTOMERS OF ČSOB LEASING**BASIC TYPES OF INSURANCE**

- Casco insurance;
- car insurance (obligatory insurance);
- machinery and equipment insurance;

TYPES OF SUPPLEMENTAL INSURANCE

- windshield insurance;
- vehicle occupant insurance;
- luggage insurance;
- assistance service insurance;
- replacement vehicle hire insurance;
- legal expenses insurance;
- GAP (guaranteed asset protection) insurance (for transport equipment) – covers the difference between the actual cash value of the vehicle and its net book value;
- GAP (guaranteed asset protection) insurance (for transport equipment) – covers the difference between the actual cash value of the vehicle and its price as new;
- transport insurance;
- machinery and equipment installation insurance;
- freight insurance.

CLAIM SETTLEMENT STANDARDS

The Company also provides for the settlement of its clients' claims. The Company has negotiated standards with co-operating insurers for processing claims which significantly expedite claim resolution. The standards relate to, among other things, the setting of mandatory inspection dates for the inspection of cars by insurance technicians and of deadlines for indemnification as well as the assessment of the value of a vehicle after an accident, etc.

THE PROVISION OF INSURANCE AFTER THE EXPIRY OF A CUSTOMER'S CONTRACT (A LEASE, LOAN)

ČSOB Leasing pojišťovací makléř offers the clients of ČSOB Leasing the option to continue their insurance after the expiry of their financing contract under the same advantageous conditions as they enjoyed under their previous policy. This service is provided to the clients of ČSOB Leasing free of charge and allows for a hassle-free continuation of their insurance policy.

03

OTHER SERVICES OFFERED

ČSOB Leasing pojišťovací makléř provides comprehensive services to business and non-commercial entities. It provides individual insurance programs to clients. Insurance programs are tailor-made for the client to provide overall insurance protection. The services include initial risk analysis, insurance program implementation, insurance contract management and claims settlement. The insurance programs may also involve the client protection from risks implied from the assets, technical equipment, various forms of liability including insurance of the value of life and health. Within the services provided, ČSOB Leasing pojišťovací makléř puts great emphasis on direct client contacts.

THIS SERVICES INCLUDES:
RISK MANAGEMENT

- risk analysis and evaluation including insurance policy review;
- creation of risks reports;
- design of insurance programs.

IMPLEMENTATION OF INSURANCE PROGRAMS

- insurance tenders;
- placement of risks in Czech and foreign insurance/reinsurance markets.

INSURANCE MANAGEMENT

- administration of insurance contracts;
- payments and settlement accounting;
- suggestions for additions and improvements to the existing insurance program;
- processing of amendments and renewals of insurance contracts.

CLAIMS SETTLEMENT

ČSOB Leasing pojišťovací makléř, s.r.o. provides its clients, within the scope of industry and entrepreneurial insurance, comprehensive services in the area of claims settlement. It resolves all kinds of insured events, from damages to vehicles or property to liability insurance damages. Settling the claims, it most of all defends the clients' interests, prefers an individual approach and supervises the smooth and expedient settlement process.

- expert assistance in settling claims;
- representing clients in negotiations with insurers and defending their interests to prevent reduction in indemnification due to ignorance, etc.;
- damage reports, security inspections, collation of documents;
- ensuring the timely payment of indemnification or advances of indemnification;
- keeping record of claims.

CONSULTING IN THE AREAS OF INSURANCE AND THE INSURANCE INDUSTRY

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

A COMPREHENSIVE RANGE OF INSURANCE PRODUCTS

- property insurance and business interruption insurance;
- building and installation insurance;
- liability insurance, including product liability insurance;
- insurance for members of statutory bodies (D&O);
- employee liability insurance against damage to the employer;
- insurance of motor vehicle fleets;
- insurance for freight companies;
- freight insurance;
- agricultural insurance (crops and livestock);
- aviation and marine insurance;
- trade credit insurance and financial guarantee insurance;
- insurance against the cancellation of cultural or sporting events;
- temporary or permanent disability insurance;
- accident insurance;
- group life insurance;
- pension insurance;
- employee programs.

03

PARTNERS

COOPERATING INSURERS:

INSURANCE RELATED TO LEASING

- Allianz pojišťovna, a. s.;
- Česká podnikatelská pojišťovna, a. s., Vienna Insurance Group;
- Česká pojišťovna;
- ČSOB Pojišťovna, a. s., člen holdingu ČSOB;
- Generali Pojišťovna a. s.;
- Kooperativa pojišťovna, a. s., Vienna Insurance Group;
- Servisní pojišťovna, a. s.;
- UNIQA pojišťovna, a. s.

INSURANCE NOT RELATED TO FINANCING

- AIG Europe Limited, organizační složka
- Allianz pojišťovna, a. s.
- Atradius Crédito y Caucción S.A. de Seguros y Reaseguros, pobočka pro ČR
- AXA pojišťovna a. s.
- BNP Paribas Cardif Pojišťovna, a. s.
- Colonnade Insurance S.A., organizační složka
- 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.
- Direct pojišťovna, 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.
- Servisní pojišťovna, a. s.
- Slavia Pojišťovna, a. s.
- UNIQA pojišťovna, a. s.

04

INDEPENDENT AUDITOR'S REPORT





Independent auditor's report

to the shareholder of ČSOB Leasing pojišťovací makléř, s.r.o.

Opinion

We have audited the accompanying financial statements of ČSOB Leasing pojišťovací makléř, s.r.o., with its registered office at Na Pankráci 60/310, Praha 4 ("the Company") prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2017, the income statement, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law and regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Statutory Body for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the Statutory Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic T: +420 251 151 111, F: +420 251 156 111, www.pwc.com/cz

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 4025521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3037, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Evidence No 021.



Shareholder of ČSOB Leasing pojišťovací makléř, s.r.o.
Independent auditor's report

In preparing the financial statements, the Statutory Body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above stated requirements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above stated requirements, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness of the Statutory Body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Body regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

23 March 2018

PricewaterhouseCoopers Pojišťovna, s.r.o.
represented by partner

Marek Richter

Marek Richter
Statutory Auditor, Evidence No. 1800

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

05

FINANCIAL RESULTS



05

BALANCE SHEET – ASSETS

BALANCE SHEET (IN THOUSAND CZECH CROWNS)						
Ref.	ASSETS	Row			31. 12. 2017	31. 12. 2016
			Gross	Provision	Net	Net
a	b	c	1	2	3	4
	TOTAL ASSETS	001	189 404	(1 169)	188 235	199 970
B.	Fixed assets	003	1 236	(1 169)	67	-
B. I.	Intangible fixed assets	004	1 236	(1 169)	67	-
B. I. 2.	Royalties	006	1 169	(1 169)	-	-
B. I. 2. 1.	Software	007	1 169	(1 169)	-	-
B. I. 5.	Advances paid and intangible fixed assets in the course of construction	011	67	-	67	-
B. I. 5. 2.	Intangible fixed assets in the course of construction	013	67	-	67	-
C.	Current assets	037	188 042	-	188 042	199 745
C. II.	Receivables	046	112 574	-	112 574	127 225
C. II. 1.	Long-term receivables	047	990	-	990	994
C. II. 1. 4.	Deferred tax asset	051	990	-	990	994
C. II. 2.	Short-term receivables	057	111 584	-	111 584	126 231
C. II. 2. 1.	Trade receivables	058	3 568	-	3 568	3 434
C. II. 2. 2.	Receivables – subsidiaries and controlling party	059	40 000	-	40 000	60 000
C. II. 2. 4.	Receivables – other	061	68 016	-	68 016	62 797
C. II. 2. 4. 3.	Taxes – receivables from the state	064	2 724	-	2 724	283
C. II. 2. 4. 5.	Estimated receivables	066	65 237	-	65 237	62 459
C. II. 2. 4. 6.	Other receivables	067	55	-	55	55

05

BALANCE SHEET – ASSETS – CONTINUATION

BALANCE SHEET (IN THOUSAND CZECH CROWNS)						
Ref.	ASSETS	Row			31. 12. 2017	31. 12. 2016
			Gross	Provision	Net	Net
a	b	c	1	2	3	4
C. IV.	Cash	071	75 468	-	75 468	72 520
C. IV. 1.	Cash in hand	072	174	-	174	188
C. IV. 2.	Cash at bank	073	75 294	-	75 294	72 332
D.	Prepayments and accrued income	074	126	-	126	225
D. 1.	Prepaid expenses	075	53	-	53	144
D. 3.	Accrued income	077	73	-	73	81

05

BALANCE SHEET – LIABILITIES AND EQUITY

LIABILITIES AND EQUITY										
Ref.		TOTAL LIABILITIES AND EQUITY						Row	31. 12. 2017	31. 12. 2016
a		b						c	5	6
		TOTAL LIABILITIES AND EQUITY						078	188 235	199 970
A.		Equity						079	174 739	182 846
A. I.		Share capital						080	2 000	2 000
A.	I.	1.	Share capital				081	2 000	2 000	
A. III.		Other reserves						092	200	200
A.	III.	1.	Other reserve funds				093	200	200	
A. V.		Profit / (loss) for the current period						099	172 539	180 646
B. + C.		Liabilities						101	13 496	17 124
B.		Provisions						102	-	4 713
B.	2.		Income tax provision				104	-	4 713	
C.		Liabilities						107	13 496	12 411
C. II.		Short-term liabilities						123	13 496	12 411
C.	II.	4.	Trade payables				129	4 396	3 267	
C.	II.	8.	Liabilities – other				133	9 100	9 144	
C.	II.	8.	3.	Liabilities to employees			136	1 477	1 251	
C.	II.	8.	4.	Liabilities for social security and health insurance			137	799	686	
C.	II.	8.	5.	Taxes and state subsidies payable			138	319	268	
C.	II.	8.	6.	Estimated payables			139	6 505	6 939	

05

PROFIT AND LOSS STATEMENT

INCOME STATEMENT (IN THOUSAND CZECH CROWNS)			2017	2016
Ref.	TEXT		Row	Accounting period
a	b		c	1 2
I.	Sales of products and services		01	265 770 272 904
A.	Cost of sales		03	13 783 14 891
A. 2.	Raw materials and consumables used		05	330 285
A. 3.	Services		06	13 453 14 606
D.	Staff costs		09	36 290 33 256
D. 1.	Wages and salaries		10	26 385 24 517
D. 2.	Social security, health insurance and other social costs		11	9 905 8 739
D. 2. 1.	Social security and health insurance costs		12	8 626 7 855
D. 2. 2.	Other social costs		13	1 279 884
E.	Value adjustments in operating activities		14	- 36
E. 1.	Value adjustments of fixed assets		15	- 36
E. 1. 1.	Depreciation, amortisation and write off of fixed assets		16	- 36
III.	Operating income – other		20	18 31
III. 3.	Other operating income		23	18 31

05

PROFIT AND LOSS STATEMENT – *CONTINUATION*

INCOME STATEMENT (IN THOUSAND CZECH CROWNS)			2017	2016
Ref.	TEXT	Row	Accounting period	
a	b	c	1	2
F.	Operating expenses – other	24	2 273	2 166
F. 3.	Taxes and charges from operating activities	27	1 688	1 545
F. 5.	Other operating expenses	29	585	621
*	Operating result	30	213 442	222 586
VI.	Interest and similar income	39	497	436
VI. 1.	Interest and similar income – subsidiaries or controlling party	40	449	380
VI. 2.	Other interest and similar income	41	48	56
K.	Other financial expenses	47	32	24
*	Financial result	48	465	412
**	Net profit / (loss) before taxation	49	213 907	222 998
L.	Tax on profit or loss	50	41 368	42 352
L. 1.	Tax on profit or loss – current	51	41 364	42 258
L. 2.	Tax on profit or loss – deferred	52	4	94
**	Net profit / (loss) after taxation	53	172 539	180 646
***	Net profit / (loss) for the financial period	55	172 539	180 646
	Net turnover for the financial period = I. + II. + III. + IV. + V. + VI. + VII.	56	266 285	273 371

05

CASH-FLOW STATEMENT

CASH-FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017 (IN THOUSAND CZECH CROWNS)		2016	2017
Cash flows from operating activities			
	Net profit on ordinary activities before tax	222,998	213,908
A.1	Adjustments for non-cash movements:	(400)	(497)
A.1.1	Depreciation/amortisation of fixed assets	36	0
A.1.5	Net interest income	(436)	(497)
A*	Net cash flow from operating activities before tax and changes in working capital	222,598	213,411
A.2	Working capital changes:	(11,319)	(1,663)
A.2.1	Changes in receivables and prepayments and accrued income	(10,247)	(2,748)
A.2.2	Changes in short-term payables, accrued expenses and deferred income	(1,072)	1,085
A**	Net cash flow from operating activities before tax	211,279	211,748
A.4	Interest received	436	497
A.5	Income tax on ordinary activities paid	(34,175)	(48,584)
A***	Net cash flow from operating activities	177,540	163,661
Cash flows from investing activities			
B.1	Acquisition of fixed assets	0	(67)
B.3	Loans to related parties	(10,000)	20,000
B***	Net cash flow from investing activities	(10,000)	19,933
Cash flows from financing activities			
C.2.6	Profit distribution paid	(148,973)	(180,646)
C***	Net cash flow from financing activities	(148,973)	(180,646)
	Net increase in cash and cash equivalents	18,567	2,948
	Cash and cash equivalents as at the beginning of the year	53,953	72,520
	Cash and cash equivalents as at the end of the year	72,520	75,468

05

STATEMENT OF CHANGES IN SHAREHOLDER’S EQUITY

STATEMENT OF CHANGES IN SHAREHOLDER’S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017 (IN THOUSAND CZECH CROWNS)				
	Share capital	Reserve fund	Retained earnings	Total
As at 1 January 2016	2,000	200	148,973	151,173
Profit distribution paid	-	-	(148,973)	(148,973)
Net profit for the period	-	-	180,646	180,646
As at 31 December 2016	2,000	200	180,646	182,846
Profit distribution paid	-	-	(180,646)	(180,646)
Net profit for the period	-	-	172,539	172,539
As at 31 December 2017	2,000	200	172,539	174,739

05

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE COMPANY

ČSOB Leasing pojišťovací makléř, s.r.o. ("the Company") is a limited liability company which was incorporated on 17 May 2004 by the Municipal Court in Prague, Section C, Insert 100163. 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 share 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.

**MEMBERS OF THE STATUTORY BODIES
AS AT 31 DECEMBER 2017 WERE AS FOLLOWS:**

Board of Statutory Representatives		From
Chairman:	Ing. Libor Bosák	27 February 2015
Vice-chairman:	Ing. Josef Rosenkranz	5 March 2014
Member:	Mgr. Petr Neuvirth	1 January 2011
Member:	Ing. Pavel Prokš	27 February 2015
Member:	Ing. Jakub Doležal	1 September 2017
Member:	Bc. Jan Čížek	6 February 2015

Changes to business register in 2017:

Board of Statutory Representatives		Till
Member	Ing. Rudolf Kypta	30 June 2017

The Company updated its Articles of Association that are now fully governed by the new Corporations Act. This change became effective as at 11 March 2014.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic relevant for medium-sized companies and have been prepared under the historical cost convention.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Intangible fixed assets**

All intangible assets with a useful life longer than one year and a unit cost of more than CZK 60 thousand are treated as intangible fixed assets.

Intangible fixed assets 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 LIFE IS AS FOLLOWS:

	Years
Software	3

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by this asset.

Low value intangible assets with a purchase price of less than CZK 60 thousand are expensed in the year of acquisition.

05

NOTES TO FINANCIAL STATEMENTS

b) Financial assets

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

c) Receivables

Receivables are stated at nominal value less an allowance for doubtful amounts. Allowance for doubtful amounts is created on the basis of an ageing analysis and an individual evaluation of the credit worthiness of the customers.

d) Liabilities

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

e) Operational leases

The Company leases passenger cars under operational leases from ČSOBL. Lease payments are booked as expenses. Lease payments which are paid in advance are recorded as prepaid expenses and are being amortized over the lease term.

f) 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 or allowances against risks, losses or

physical damage that are known as at the date of the financial statements.

Insurance commissions are recorded upon the provision of services and once the commission amount can be reliably estimated.

All exchange gains and losses are recorded in the income statement and presented net.

g) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management prepares these estimates and assumptions based on all available relevant information. However, because of the substance of accruals, actual future values might differ from former estimates.

h) Income tax

The corporate income tax expense is calculated with the use of statutory tax rate from profit before taxation, increased or decreased by permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.).

The Company recognizes a provision for its income tax payable which is presented net of advances paid for the

income tax. If advances paid are higher than the estimated income tax payable, the difference is recognized as a short-term receivable.

Deferred tax is recognized on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax asset is recognized if it is probable that sufficient future taxable profit will be available against which the asset can be utilized.

i) Cash flow statement

The Company has prepared a Cash-flow statement using the indirect method. Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash.

j) Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognized in the financial statements in the case that these events provide further evidence of conditions that existed as 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.

05

NOTES TO FINANCIAL STATEMENTS

4. FIXED ASSETS

a) Intangible fixed assets

COST							
	1/1/2016	Additions	Disposals	31/12/2016	Additions	Disposals	31/12/2017
Foundation and organization expenses	509	-	(509)	-	-	-	-
Software	1,169	-	-	1,169	-	-	1,169
Intangible fixed assets in the course of construction	-	-	-	-	67	-	67
Total	1,678	-	(509)	1,169	67	-	1,236

ACCUMULATED AMORTIZATION							
	1/1/2016	Amortization	Disposals	31/12/2016	Amortization	Disposals	31/12/2017
Foundation and organization expenses	509	-	(509)	-	-	-	-
Software	1,133	36	-	1,169	-	-	1,169
Total	1,642	36	(509)	1,169	-	-	1,169
Net book value	36	0	0	0	0	0	67

05

NOTES TO FINANCIAL STATEMENTS

5. RECEIVABLES

RECEIVABLES	31/12/2016	31/12/2017
Trade receivables incl. short-term advanced payments	3,434	3,568
Receivables from controlling party (Note 13)	60,000	40,000
Due from government – tax receivables	283	2,724
Estimated and other receivables	62,514	65,292
Short-term receivables	126,231	111,584
Deferred tax asset	994	990
Long-term receivables	994	990

The company does not have any overdue receivables as of 31/12/2016 and 31/12/2017.
The Company has no receivables secured by collateral or guarantees.
Estimated receivables represent, in particular, commissions for insurance brokerage.
Related parties receivables are described in Note 13.

05

NOTES TO FINANCIAL STATEMENTS

6. EQUITY

Share 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 share capital and will not be further increased.

The profit distribution for 2017 has not been approved as at the date of the financial statements.

There were no movements regarding equity during 2017 and 2016.

The Annual General Meetings held on 21 June 2017 and 22 June 2016, respectively, approved the transfer of profit for 2016 and 2015 to retained earnings and distribution of the profit. Profits were offset against loans

granted to the parent company ČSOBL and remaining part was paid to ČSOBL current bank account.

The company Československá obchodní banka, a. s. with registered office at Radlická 333/150, 150 57, Prague 5 prepares the consolidated financial statements of the smallest group of entities of which the Company forms a part as a subsidiary. Consolidated financial statements can be obtained at the premises of Československá obchodní banka, a. s.

The company KBC Group N. V. with registered office at Havenlaan 2, B-1080 Brussels (Sint-Jans Molenbeek), Belgium prepares the consolidated financial statements of the largest group of entities of which the Company forms a part as a subsidiary. Consolidated financial statements can be obtained at the premises of KBC Group N. V.

05

NOTES TO FINANCIAL STATEMENTS

7. PROVISIONS

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

PROVISION FOR INCOME TAX	
Balance as at 1/1/2016	-
Additions	42,577
Corporate income tax prepayment	(37,864)
Balance as at 31/12/2016	4,713
Additions	40,329
Corporate income tax prepayment	(40,329)
Settlement of provisions	(4,713)
Balance as at 31/12/2017	-

As at 31 December 2017 the prepayments paid in the amount of CZK 42,835 thousand enhanced the expected tax expense of CZK 40,329 thousand by the CZK 2,506 thousand. This amount was disclosed as other short-term receivable.

Advances for income tax of CZK 37,864 thousand paid by the Company by 31 December 2016 are netted off with the provision for income tax of CZK 42,577 thousand as at 31 December 2016.

8. CURRENT LIABILITIES

The Company does not have any overdue payables as at 31 December 2017 and 2016.
The Company has no payables that were secured by collateral or guarantees in favor of a creditor.

CURRENT LIABILITIES	31/12/2016	31/12/2017
Trade payables	3,267	4,396
Payables to employees	1,251	1,477
Liabilities from social security and health insurance	686	799
Due to government – tax payables	268	319
Estimated payables	6,939	6,505
Total payables	12,411	13,496

As at 31 December 2017, the Company had liabilities of CZK 799 thousand owing from the title of social security and health insurance premiums.

Estimated payables represent, in particular, accrual for bonuses and for outsourced back-office services.

Related parties payables are described in Note 13.

05

NOTES TO FINANCIAL STATEMENTS

9. INCOME TAXES

As at 31 December 2017 and 2016, the Company recorded a deferred tax asset of CZK 990 thousand and CZK 994 thousand, respectively, arising from salary bonuses and related unpaid social and health insurance premiums.

INCOME TAXES	2016	2017
Profit before taxes	222,998	213,908
Non-taxable revenues	-	(3,450)
Non-deductible expenses	1,095	1,799
Taxable income	224,093	212,257
Current income tax rate	19%	19%
Tax	42,578	40,329
Adjustment of the tax paid in previous years	(320)	1,035
Current tax expense	42,258	41,364

10. LEASES

The Company leases fixed assets as a lessee, which are not capitalized within balance sheet (see Note 3f).
As at 31 December 2016 and 2017, assets which are being used by the Company under operational leases consist of the following:

LEASING			
Description	Terms/Conditions	Lessor's cost 2016	Lessor's Cost 2017
Passenger cars	48-60 months	4,737	4,407

05

NOTES TO FINANCIAL STATEMENTS

FUTURE COMMITMENTS ARISING FROM OPERATING LEASING CONTRACTS CAN BE SHOWN AS FOLLOWING:

Maturity	31/12/2016	31/12/2017
Due within next year	1,100	1,204
Due after 1 year but within 5 years	1,428	1,753
Total operational lease commitments	2,528	2,957

11. REVENUES AND EXPENSES**ROZPIS VÝNOSŮ SPOLEČNOSTI Z BĚŽNÉ ČINNOSTI:**

	2016	2017
Revenues from insurance brokerage	272,904	261,454
Revenues from provision of services	-	4,316
Total revenues from rendering of services	272,904	265,770

All revenues of the Company are from domestic market. In 2017, the revenues of the Company were concentrated primarily with seven main customers in the insurance industry.

Estimated receivables as at 31 December 2017 and insurance brokerage revenues for 2017 also include estimated volume based and other commissions claimed on insurance companies, which were not related parties to the Company, in the amount of CZK 25,464 thousand (24,326 thousand in 2016). This amount was not yet agreed by counterparty but probable level of commissions can be estimated reliably based on contractual conditions.

The statutory auditor's fee is disclosed in the notes to the consolidated financial statements of Československá obchodní banka, a.s.

There were no revenues or expenses of extraordinary volume or nature during the years 2017 and 2016.

05

NOTES TO FINANCIAL STATEMENTS

12. PERSONNEL AND RELATED EXPENSES

THE BREAKDOWN OF PERSONNEL EXPENSES IS AS FOLLOWS:				
	2016		2017	
	Total personnel	Of which members of management bodies	Total personnel	Of which members of management bodies
Average number of employees	34	2	35	3
Wages and salaries	24,517	4,825	26,385	6,161
Social security and health insurance	7,855	1,117	8,626	1,603
Social costs	884	-	1,279	-
Total personnel costs	33,256	5,942	36,290	7,764

Members and former members of statutory and supervisory bodies did not receive any bonuses in 2017 and 2016, respectively. The Company's management comprises statutory representative who is employee of the Company. The statutory representative can use a company car for private purposes. The vehicle is financed under an operational lease.

05

NOTES TO FINANCIAL STATEMENTS

13. RELATED PARTY INFORMATION

The Company receives services from related parties in the ordinary course of business. Transactions with related parties performed in 2016 and 2015 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.

TRANSACTIONS BETWEEN RELATED PARTIES	31. 12. 2016	31. 12. 2017
Receivables		
ČSOB Pojišťovna, a.s., member of ČSOB holding – trade receivables and unbilled revenues	23,124	25,627
ČSOB Leasing, a.s. – trade receivables	-	10
ČSOB Leasing, a.s. – short-term loan	60,000	40,000
ČSOB Leasing, a.s. – loan interest	81	73
Total receivables	83,205	65,710
Payables		
ČSOB Leasing, a.s. – trade payables and unbilled deliveries	82	-
Československá obchodní banka, a.s. – trade payables	-	19
Total payables	82	19

05

NOTES TO FINANCIAL STATEMENTS

TRANSACTIONS BETWEEN RELATED PARTIES	2016	2017
Expenses		
ČSOB Leasing, a.s.	7,832	5,512
Československá obchodní banka, a.s.	-	53
Total expenses	7,832	5,565
Revenues		
ČSOB Leasing, a.s.	380	469
ČSOB Pojišťovna, a.s., member of ČSOB holding	99,709	103,080
Total revenues	100,089	103,549

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

05

NOTES TO FINANCIAL STATEMENTS

14. SUBSEQUENT EVENTS

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2017.

PREPARED ON: 23 MARCH 2018

Signature of accounting unit's statutory body:



Ing. Josef Rosenkranz



Ing. Pavel Prokš

Person responsible for accounting:
(name, signature)



Ing. Pavel Burša

Person responsible for financial statements:
(name, signature)



Ing. Pavel Burša

The accompanying Balance sheet, Income statement, Cash flow statement and Statement of changes in shareholder's equity are an integral part of the financial statements.

05

RELATED PARTIES REPORT

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

1. 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”).

2. 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.

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

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	Czech Republic
ČSOB Leasing, a.s.	Na Pankráci 310/60, 140 00 Praha 4	Czech Republic
ČSOB Pojišťovna, a. s., a member of the ČSOB holding	Masarykovo náměstí 1458, 532 18 Pardubice – Zelené předměstí	Czech Republic

4. 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.

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

If not stated otherwise, no activities have been committed in the accounting period, that had been induced by interest of the controlling entity or its controlled entities that would affected a property that exceeds 10 % of the Company's equity including common business transactions.

05

RELATED PARTIES REPORT

6. 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 21 June 2017, ČSOB Leasing, a.s. being a single shareholder within scope of competence of General Meeting decided on distribution of 2016 profit in the way that profit (dividends) in the

05

RELATED PARTIES REPORT

value of 180 646 thousand CZK had been paid to the shareholder.

7. ASSESSMENT OF INCURRED DAMAGE FOR CONTROLLED ENTITIES

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

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

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

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.

9. ACCOUNTING PERIOD

This report describes relations for the accounting period from 1 January 2017 to 31 December 2017.

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, 23 MARCH 2018

ČSOB Leasing pojišťovací makléř, s.r.o.

On behalf of the Statutory Representatives



ING. PAVEL PROKŠ

Statutory representative

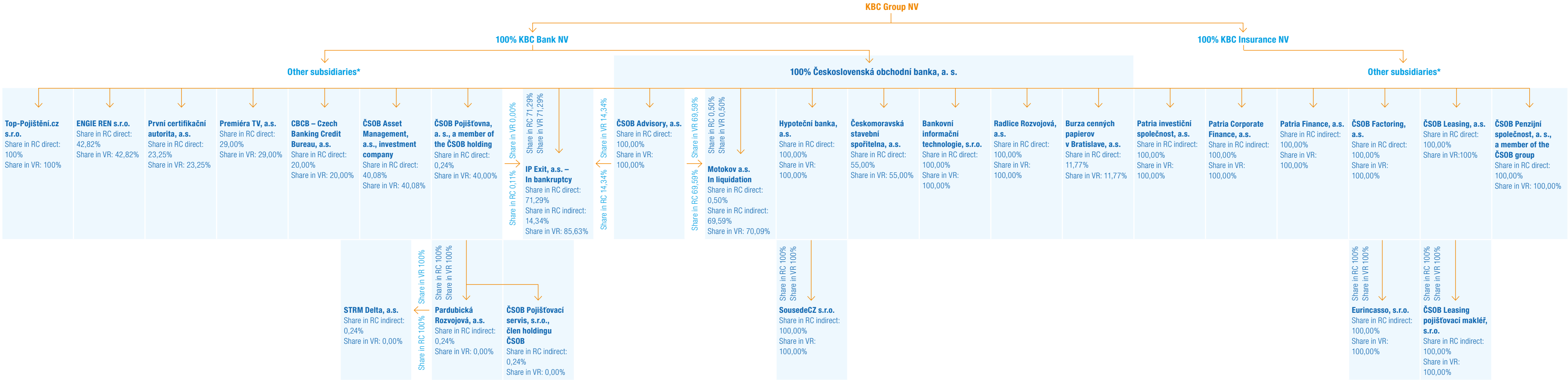


ING. LIBOR BOSÁK

Statutory representative

05

OVERVIEW OF COMPANIES OF THE KBC GROUP AND THE ČSOB GROUP (31 DECEMBER 2017)



EXPLANATORY NOTES:

Percentage shares shown for individual companies are expressed from the ČSOB point of view as a parent company.
All shares of KBC Bank and KBC Insurance are held (directly or indirectly) by the KBC Group.
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, where other details regarding the KBC Group are available.
RC: registered capital VR: voting rights

06

CONTACTS



06

ČSOB LEASING POJIŠŤOVACÍ MAKLÉR, S. R. O.

Na Pankráci 60/310
140 00 Prague 4
phone: +420 222 012 283
fax: 222 012 431
e-mail: info@csoblpm.cz
data box: hygxnff